



Authorities Budget Office

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February 7, 2024

New York State Comptroller
110 State Street
Albany, New York 12236

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

President
New York State Senate
State Capitol
Albany, New York 12224

Director
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: **Teleport Industrial Park** – Project of the New York City Economic Development Corporation – 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.

New York City Economic Development Corporation (“NYCEDC”), a New York not-for-profit corporation, is currently lease administrator under a lease, dated as of May 15, 1984 (the “City Lease”), as amended, between the City of New York (the “City”), as landlord, and the Port Authority of New York and New Jersey (“PANYNJ”), a body corporate and politic created by compact between the States of New York and New Jersey with the consent of the United States of America, as tenant, for a portion of the Teleport Industrial Park owned by the City (“Teleport”) which portion is an approximately 90-acre data center and office campus located in the Bloomfield neighborhood on the West Shore of Staten Island, in New York City and is identified on the attached Site Map as “Teleport”. NYCEDC intends to acquire, by assignment

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from PANYNJ, PANYNJ's interest as tenant under the City Lease and assume PANYNJ's obligations thereunder. The City Lease will have a nominal base rent and NYCEDC will not be required to pay any amount in respect of real estate taxes. At the time that NYCEDC assumes the City Lease there will be options to renew the City Lease through March 31, 2025.

Contemporaneously with the assignment of the City Lease to NYCEDC, NYCEDC intends to enter into a sublease with PANYNJ (the "PANYNJ Lease") for the entire 2nd floor and the 1st floor generator room in the building located on Staten Island Block 2165, Lot 85 with a street address of 5 Teleport Drive, Staten Island, New York 10311, for a five year term, in order for PANYNJ to maintain a data center (the "Project") at that location (the "Site"). The Site is approximately 24,384 square feet and is identified on the attached Site Map as the "Site."

The amount proposed to be payable by PANYNJ under the PANYNJ Lease will consist of annual base rent for the first year equal to \$658,368 (\$27.00 per square foot). Thereafter, base rent will increase by 3% annually. PANYNJ will not be required to pay any amount in respect of real estate taxes. It is expected that the PANYNJ Lease will be executed approximately 90 days from the date of this Explanatory Statement.

The acceptance of the assignment of PANYNJ's interest in the City Lease to NYCEDC and NYCEDC's disposition of the Site to PANYNJ pursuant to the PANYNJ Lease have been approved by the NYCEDC Board of Directors.

The Project will have a public benefit for and a positive economic impact on the City and the State of New York (the "State"). Although PANYNJ maintains redundant data centers to ensure continuous delivery and storage of critical information across the agency, the Site is one of PANYNJ's vital locations to house redundant backup computer systems that support its infrastructure and provide continuity for its operations in the event other systems fail. Furthermore, the Site contains network infrastructure that facilitate data communications between agency locations, line departments and business units. PANYNJ has maintained this data center at the Site since the 1980s and continued operations of this facility is important to support the business of this State agency and delivery of agency services to the general public.


NYCEDC has obtained an appraisal of the Site by an independent appraiser. The appraisal valued the fair market annual rent for the 2nd floor portion of the Site at \$26.00 per square foot on a triple net basis based on mid-size office space usage. In arriving at the rent for the Site, NYCEDC negotiated \$27.00 per square foot to account for generator space on the first floor.

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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,

By: 
Francisco Pineda (Feb 8, 2024 15:58 EST)
Francisco Pineda
Executive Vice President
New York City Economic Development Corporation



Legend

- 5 Teleport (the "Site")
- Teleport

Block	Lot
2165	125
2165	200
2165	85
2165	90
2165	140
2165	160
2165	170
2165	190
2165	82
2165	80
2165	1
2165	5
2165	30
2165	35
2165	50
2165	55
2165	60
2165	65
2165	75