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Authorities Budget Office

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June 24, 2020

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Albany, New York 12236

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State of New York
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Albany, New York 12242

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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
240 State Street, #2076
Albany, New York 12220

Re: **Lifetime Building** – Extension of lease between New York City Economic Development Corporation (“NYCEDC”), a New York not-for-profit corporation and Our World Neighborhood Charter School (“OWN”) (“Lease”)– 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.

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NYCEDC intends to extend the Lease for the premises located at 36-12 35th Avenue on the tax map Block 640 Lot 24 in the Borough of Queens, City, County and State of New York (the "Site") for an initial term of 10 years with an option to extend for an additional 5 years. The Site is approximately 43,500 square feet, is currently leased at \$467,471.08 per annum and is currently used as a charter school. It is contemplated that the Site will continue to be used by OWN as a school (the "Project").

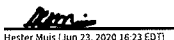
NYCEDC has obtained an appraisal of the Site for its highest and best use, by an independent appraiser. The appraisal valued the fair market annual rent for the Site at \$543,750 or \$12.50/SF based on the highest and best use as restricted. In consideration of OWN's committed capital improvements, NYCEDC allowed a deduction of approximately \$21,750 or \$.50/sf. The extended lease rental rate is (i) no less than \$522,000 (\$12.00/sf) per annum subject to certain escalations for the initial term of 10 years, and (ii) fair market annual rent for the five year option period, which rental value is to be determined pursuant to an appraisal at that time.

It is expected that the Amendment of Lease extending the Lease will be executed within three (3) to six (6) months from the date of this Explanatory Statement.

The Project will have a public benefit for and a positive economic impact on the City and the State of New York (the "State"). In addition to contributing to overall economic activity and increasing tax revenues, the Project will retain permanent jobs in New York and allow OWN to educate approximately 500 students. In addition to maintaining the property, OWN anticipates committing no less than \$800,000 in capital improvements over the initial term of the Lease.

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,



Hester Muis (Jun 23, 2020 16:23 EDT)

Hester Muis
Executive Vice President
New York City Economic Development Corporation