

Date: July 26, 2016

To: THE TRUSTEES

From: THE PRESIDENT and CHIEF EXECUTIVE OFFICER

Subject: Lease of Premises – 30 South Pearl Street, 5th Floor, Albany NY

SUMMARY

The Trustees are requested to authorize negotiation of and entry into a lease with PS Associates, L.P. (“Landlord”) for approximately 12,000 square feet of space located on the fifth floor at 30 South Pearl Street, Albany NY (“30 South Pearl Street”) to serve as the headquarters for the New York Canal Corporation (“Canal Corporation”). It is intended that the lease for the new space will commence on or about September 1, 2016. It is anticipated that the initial per-square-foot rental cost will not exceed \$23 per square foot or \$276,000 per annum, plus any build-out costs in excess of the Landlord’s contribution, plus the cost of furnishings, parking charges, and standard pro-rata contributions toward operations and maintenance and property taxes.

BACKGROUND

The Authority’s Expenditure Authorization Procedures governing real estate require the Trustees’ approval for the acquisition of lease interests in real property where the annual rent exceeds \$100,000.

Pursuant to Part TT of Chapter 54 of the Laws of 2016 (“Part TT”), the Canal Corporation, a New York State Thruway Authority (“Thruway Authority”) subsidiary, will be continued and reconstituted as a subsidiary corporation of the Power Authority, and certain powers, duties and obligations relating to the New York State Canal System will be transferred from the Thruway Authority to the Power Authority, as provided for in Part TT (collectively, the “Canal Transfer”).

Canal Corporation headquarters staff (currently 28 employees) presently maintains offices at the Albany location of the Thruway Authority. In response to above-referenced legislation, it is necessary to relocate these employees to new office space. As Authority staff from various departments will be involved in supporting the day-to-day management and operation of Canal Corporation, it is most advantageous for the new Canal Corporation offices to be located in close proximity to the Authority’s current Albany office at 30 South Pearl Street.

DISCUSSION

Real estate staff viewed several possible locations in the downtown Albany business district, and ultimately recommended a space comprising approximately 12,000 square feet on the fifth floor of 30 South Pearl St. as best suited to meet the needs of both Canal Corporation and Authority staff.

The terms of the new lease have not yet been finalized, but after preliminary discussion with the Landlord it is anticipated that the term will be for 10 years, at a per-square-foot rental rate not to exceed \$23.00, or \$276,000 per annum, together with any build-out costs in excess of the Landlord's contribution, plus the cost of furnishings, parking charges and standard Tax and Operation and Maintenance costs. The Authority will incur no brokerage fees in this transaction. The rental rates and other charges set out above are competitive with similar space in the Albany area.

Although the Canal Transfer is not effective until January 1, 2017, earlier occupancy is required to allow sufficient time for installation of IT and security equipment, furniture, etc. by Authority staff.

FISCAL INFORMATION

Funds required for rent will come from the Authority's Operating Fund.

RECOMMENDATION

The Vice President – Enterprise Shared Services recommends that the Trustees approve the entry into a lease with PS Associates, L.P. ("Landlord") for approximately 12,000 square feet of space located on the fifth floor at 30 South Pearl Street, Albany NY to serve as the headquarters for the New York Canal Corporation.

For the reasons stated, I recommend the approval of the above-requested action by adoption of the resolution below.

Gil C. Quiniones
President and Chief Executive Officer

RESOLUTION

RESOLVED, that the President and Chief Executive Officer and the Vice President – Enterprise Shared Services be, and hereby are, authorized to enter into a lease with PS Associates, L.P. for approximately 12,000 square feet of space located on the fifth floor at 30 South Pearl Street, Albany NY to serve as the headquarters for the New York Canal Corporation on substantially the terms set forth set forth herein, subject to approval of lease documents by the Executive Vice President and General Counsel or his designee; and be it further

RESOLVED, That the Vice President – Enterprise Shared Services, or designee, is hereby authorized to execute any and all other agreements, papers or instruments on behalf of the Authority that may be deemed necessary or desirable to carry out the foregoing, subject to the approval by the Executive Vice President and General Counsel; and be it further

RESOLVED, that the Chairman, the Vice Chairman, the President and Chief Executive Officer, the Chief Operating Officer, the Senior Vice President – Wholesale Commercial Operations and all other officers of the Authority are, and each of them hereby is, authorized on behalf of the Authority to do any and all things and take any and all actions and execute and deliver any and all agreements, certificates and other documents to effectuate the foregoing resolution subject to the approval of the form thereof by the Executive Vice President and General Counsel.