

July 29, 2014

MEMORANDUM TO THE TRUSTEES

FROM THE PRESIDENT and CHIEF EXECUTIVE OFFICER

**SUBJECT: Lease of Office Space – Clarence D. Rappleyea Building –
Berman, Frucro, Gouz, Mitchel & Schub, PC**

SUMMARY

The Trustees are requested to authorize the execution of a lease extension for approximately 7,814 square-feet of office space on the seventeenth floor of the Clarence D. Rappleyea Building (“Rappleyea Building”), White Plains, New York by the Authority, as landlord, to Berman, Frucro, Gouz, Mitchel & Schub, PC (“Berman”) as tenant. The proposed lease extension is for a term of five years, to September 30, 2019, at an average annual base rent of approximately \$24.40 per square foot, exclusive of the electrical factor of \$3.00 per square foot, as more specifically described in Exhibit “A” attached hereto.

BACKGROUND

The Authority acquired the Clarence D. Rappleyea Building by deed dated July 10, 1991. This is a commercial office building with the majority of the existing space occupied by Authority personnel. However, approximately 30% of the building is occupied by private tenants. The Authority initially entered into a lease with Berman’s predecessor on October 21, 1998. This lease was extended on August 4, 2003 and again on February 24, 2009. The current lease, including all extensions and options, expires September 30, 2014, and the tenant wishes to remain in the space for an additional five-year term.

DISCUSSION

Berman is a law firm, primarily engaged in the practice of matrimonial law. Its current lease expires September 30, 2014, and the firm has expressed an interest in renewing and extending its lease at this time. The Authority entered into negotiations with Berman after publicly advertising the space for lease. Preliminary negotiations have resulted in the basic lease terms set forth in Exhibit “A.” Generally, this lease is for a term of five years at an average annual base rental of approximately \$190,662. In addition, Berman will pay an electrical factor of \$3.00 per square foot. A review of the local market conditions indicate that this transaction compares favorably with other space being offered in downtown White Plains. The Real Estate Department’s Expenditure Authorization Procedures require the Trustees’ approval for leases where the annual rent exceeds \$100,000.

FISCAL INFORMATION

Payment for standard brokerage commissions as set forth in Exhibit “A” will be made from the Operating Fund.

RECOMMENDATION

The Acting Vice President – Procurement, the Director – Corporate Support Services and the Director – Site Purchasing, Materials Management and Real Estate, recommend that the Trustees approve the execution a five-year lease extension with Berman, Frucco, Gouz, Mitchel & Schub, PC for office space in the Clarence D. Rappleyea Building on terms substantially in accordance with the foregoing and with Exhibit “A” attached hereto.

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, the Acting Vice President – Procurement and the Director of Site Purchasing, Materials Management and Real Estate be, and hereby are, authorized to enter into a Lease Agreement between the Authority and Berman, Fruccho, Gouz, Mitchel & Schub, PC, on substantially the terms set forth in the foregoing memorandum of the President and Chief Executive Officer and subject to the approval of the documents by the Executive Vice President and General Counsel or his designee; and be it further

RESOLVED, That the Acting Vice President – Procurement or the Director of Site Purchasing, Materials Management and Real Estate 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 Chair, the President and Chief Executive Officer, the Chief Operating Officer, the Executive Vice President and Chief Financial Officer 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.

BASIC LEASE TERMS
AUTHORITY TO BERMAN

PREMISES: 7,814 rsf on the 17th floor of the C. D. Rappleyea Building

TERM: Five years commencing October 1, 2014. No extension terms or options.

ELECTRIC: \$3.00 per rentable square foot for the term of the lease.

FIXED ANNUAL RENTAL RATE¹:

October 1, 2014 – September 30, 2016 \$24.00/s.f. or \$187,536 per annum
October 1, 2016 – September 30, 2018 \$24.50/s.f. or \$191,443 per annum
October 1, 2018 – September 30, 2019 \$25.00/s.f. or \$195,350 per annum

RENT COMMENCEMENT: October 1, 2014

TERM COMMENCEMENT: October 1, 2014

LANDLORD'S CONTRIBUTION TO TENANT'S WORK: None

ESCALATIONS: Proportionate share of increases in real estate taxes over a base year of 2014. Proportionate share of increases in operating expenses over a base year of 2015.

EARLY TERMINATION: Tenant may elect to terminate after 1 year upon 6 months' notice.

PARKING: Tenant to have seven (7) reserved parking spaces at \$125 per space and seven (7) unreserved spaces at \$105 per space.

BROKERAGE COMMISSIONS: A brokerage commission to be paid as set forth in the Authority's exclusive brokerage agreement with CBRE, Inc.

¹ Exclusive of electricity.