

FOR CONSIDERATION

March 26, 2010

TO: The Directors

FROM: Dennis Mullen

SUBJECT: New York City (New York County) – Moynihan Station Civic and Land Use Improvement Project

REQUEST FOR: Authorization to Amend Contract for Development and Financial Advisory Services with Washington Square Partners; Authorization to Take Related Actions

Contract Summary

Consultant: Washington Square Partners (“WSP”)

Scope of Service: WSP to continue to assist with real estate development and financial advisory services in connection with the Moynihan Station Project.

Amendment: To increase the amount of WSP’s existing contract by an additional sum not to exceed \$500,000, from the currently authorized \$1,100,000 to a new total contract amount not to exceed \$1,600,000.

Background

For a number of years, Washington Square Partners (“WSP”) has been the principal real estate development and financial advisor for the Moynihan Station Project, advising ESDC and ESDC’s subsidiary Moynihan Station Development Corporation (“MSDC”) in connection with redevelopment of the James A. Farley Post Office Building (“Farley”). Through its prior work on the Project, WSP possesses a unique knowledge, history, and understanding of the Project, including the sites, the development parties, the constituent parties (including railroads), the proposed transactions, actual and potential funding sources, and many other aspects of the Project. WSP’s work has always been thorough, professional, and timely. Based on June 2007 Director authorization, ESDC entered into a contract with WSP for these advisory services in an amount not to exceed \$550,000. In September 2008, the WSP contract was amended to increase the contract amount by an additional \$550,000, to the currently authorized not to exceed limit of \$1,100,000.

In the past few years, WSP has advised ESDC/MSDC on multiple potential iterations of Moynihan and multiple potential financing mechanisms, including producing myriad financial pro formas and project timelines. WSP has worked closely with multiple public and private

parties, and has assisted ably in project negotiations. This work continues, and therefore the current contract limit is nearly exhausted. Therefore, based on WSP's unique knowledge and understanding of the Project and its finances, and the need for continuity in progressing the Project, staff recommends that ESDC amend WSP's existing contract, for an additional sum not to exceed \$500,000, to a new total contract amount of \$1,600,000.

Scope of Services

It is expected that WSP will provide, on an as-directed basis, at a minimum, the following services, and/or support and assistance in connection with the following:

- Development and financial negotiations: with potential private developer re legal transaction documents; and with public Project constituents (including USPS, Amtrak, PANYNJ, New York City, MTA, and NJT) re other financial arrangements.
- Strategic advice related to various issues aspects to the project, such as air rights, retail layout and tenant mix, train station operations budgeting, historic tax credits and interim use of the Farley Building.
- Review and analysis of potential developer financing statements and pro forma projections.
- Review and maintenance of existing Project financing.
- Research and procurement of additional Project financing.
- Review of real estate taxes, PILOTs, and public incentive packages.
- Milestone schedule development and tracking.
- Public train station operating expenses.
- EIS alternatives analysis support.

As the Project progresses, it is likely that WSP will be asked to perform additional related and ancillary services.

Contract Term. Price and Funding

Compensation under the amended contract would not exceed an additional [\$400,000], payable against documented invoices received. WSP will perform contract services at the hourly rates set forth below. The source of funds for such amended contract is initially Port Authority funds. All costs for real estate development and financial advisory services under this contract are expected to be reimbursed by Moynihan Station's current conditionally designated developer, a joint venture of Related and Vornado, in connection with development of the Project.

Partner/Principal	\$325/hour
Senior Vice President	\$295/hour
Vice President	\$185/hour
Researcher/Project Associate	\$150/hour

Pursuant to State Finance Law Sections 139-j and 139-k and ESDC's policy related thereto, staff has: (a) considered WSP's ability to perform the services provided for in the proposed contract; and (b) consulted the list of offerers determined to be non-responsible bidders

and debarred offerers maintained by the New York State Office of General Services. Based on the foregoing, staff considers WSP to be responsible.

Affirmative Action

ESDC's non-discrimination and affirmative action policy will apply to this contract. There is a 20% Minority/Women-owned Business Enterprise contractor and/or subcontractor participation goal during the development of the Moynihan Project, and an overall goal of 25% minority and female workforce participation during construction.

Requested Action

The Directors are requested to authorize the Corporation to increase the amount of existing contract with Washington Square Partners for development and financial advisory services, as described above, by an additional \$500,000, from the present \$1,100,000 to a new aggregate line of \$1,600,000.

Recommendation

Based on the foregoing, I recommend approval of the requested action.

Attachments

Resolutions

March 26, 2010

New York (New York County) – Moynihan Station Civic and Land Use Improvement Project – Authorization to Amend Contract for Development and Financial Advisory Consulting Services with Washington Square Partners; Authorization to Take Related Actions

RESOLVED, that in accordance with the materials presented to this meeting, a copy of which is hereby ordered filed with the records of the Corporation (the “Materials”), the Corporation hereby finds Washington Square Partners (“Consultant”) to be responsible; and be it further

RESOLVED, that the Corporation be, and hereby is, authorized to amend the existing contract with Washington Square Partners to increase the existing amount of such contract by \$500,000 to a new aggregate limit of \$1,600,000, for the purposes and services, and substantially on the terms and conditions, set forth in the Materials; and be it further

RESOLVED, that the President or other Officer of the Corporation, or their designee(s), be, and each of them hereby is, authorized and directed, in the name and on behalf of the Corporation, to execute and deliver any and all documents and to take all actions as may be necessary or proper to implement the foregoing resolutions.

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