

FOR CONSIDERATION

March 26, 2010

TO: The Directors

FROM: Dennis M. Mullen

SUBJECT: Maiden Lane Condominiums

REQUEST FOR: Authorization to Enter into a Contract with Time Equities, Inc. for Brokerage Services in Connection with the Sale of Two Condominiums at 125 Maiden Lane, New York, New York and to Take Related Actions

Background

In November 2006, ESDC acquired seven condominium units at 125 Maiden Lane, an office building in downtown Manhattan, consisting of seven floors and related common areas (164,403 rentable square feet (rsf), with the intention of relocating its corporate headquarters there. ESDC bought the units from Time Equities, Inc., the sponsor of the conversion. After a critical review, ESDC concluded that relocation would not be in the best interest of the Corporation. At their March 15, 2007, April 19, 2007, and May 22, 2008 meetings, the ESDC Directors authorized the sale of Unit 7A (the entire 7th floor), Units 10A, 11A and 12A (entire 10th, 11th, and 12th floors), and Unit 8A (entire 8th floor), respectively. The Corporation has not yet sold Unit 9A (the entire 9th floor consisting of 25,622 rsf) or Unit 14A (the entire 14th floor consisting of 18,201 rsf).

As a result of the downturn in the real estate market, purchaser interest in office condominiums has been tepid. In September 2008, the ESDC Directors authorized entering into an exclusive one-year brokerage contract with GVA Williams & The Cornerstone Group to market and sell the property. (GVA Williams subsequently became FirstService Williams.) This joint venture was chosen as a result of a Request for Proposal process.

Despite the brokers best efforts and some interest, especially from not-for-profit entities, no viable offer was received. Their year contract has expired and a new Request for Proposals was published in the Contract Reporter on February 2, 2010 and posted on the ESDC website.

Six responses were received on February 23, 2010. All responses were from real estate brokers located in New York City, however their experience in selling office condominiums varied greatly—few firms have experience with office condominiums and most have a stronger record with entire building sales or office rentals.

The six firms that responded were: CB Richard Ellis, Concrete Stories (M/WBE*), First Service Williams with The Cornerstone Group (M/WBE), Massey Knakal, Steve Elliot Eluto, and Time Equities, Inc. With the exception of Steve Elliot Eluto who proposed a retainer fee, the firms' work on commission, which vary. CB Richard Ellis, First Service Williams and Time Equities, Inc., commissions were on a sliding scale starting with 3%; Concrete Stories and Massey Knakal's commissions started at 6%.

In addition to having the exclusive contract with FirstService Williams and The Cornerstone Group, ESDC has previously conducted business with both CB Richard Ellis as a broker for sale of condominiums at 633 Third Avenue and Time Equities, Inc., who in addition to being the original seller of the units at Maiden Lane was also the purchaser of the condominiums at 633 Third Avenue.

Firms were not only evaluated according to fee, but more importantly according to relevant experience, knowledge of Manhattan real estate, proposed marketing plan and recent sales.

Proposal

It is proposed that ESDC enter into an exclusive brokerage contract with Time Equities, Inc. ("TEI"), a firm that not only had the lowest commission schedule also has the best track record with selling office condominiums. TEI has completely sold all its units at 125 Maiden Lane with the exception of floors that have been pledged as collateral and therefore has no competing availabilities in that building, although it owns space in other buildings. TEI specializes in office condominiums and already has a strong marketing campaign, web presence and list of potential buyers. It publishes an Office Condominium Market Report, the only one in Manhattan.

Proposed contract:

Term: one year

Compensation: 3% on 1st \$1 million, 2.5% for next \$4 million, 1.75% thereafter; in the event there is a third party broker, there will be a 50% increase to this schedule.

Potential prospects: Potential prospects with whom ESDC or FirstService Williams/Cornerstone Group have commenced discussions will be carved out of the agreement

Marketing Expenses: Marketing is sole expense of TEI

Funding source: Sale proceeds

Environmental Review

Staff has determined that this contract does not constitute an action as defined by the State Environmental Quality Review Act (“SEQRA”) and the implementing regulations of the New York State Department of Environmental Conservation. No further environmental review is required in connection with the project. Any ultimate disposition of a property will be subject to the necessary and appropriate SEQRA review.

Affirmative Action

ESDC’s non-discrimination and affirmative action policy will apply to this contract.

Attachment

Resolution

*M/WBE—Minority/Woman-Owned Business Enterprise

March 26, 2010

NEW YORK (NEW YORK COUNTY) – Authorization to Enter into a Contract with Time Equities, Inc. for Brokerage Services in Connection with the Sale of Two Condominium Units at 125 Maiden Lane, New York, New York

RESOLVED, that in accordance with the materials presented to this meeting and ordered filed with the records of the Corporation, the Corporation hereby wishes to sell two remaining two units at 125 Maiden Lane, New York, New York consisting of Unit 9A and Unit 14A (both the “Property”); and be it further

RESOLVED, that the Chairman and Chief Operating Officer-Designate or other proper Officer(s) of the Corporation be, and each of them hereby is, authorized to enter into a contract with Time Equities, Inc. to act as broker in connection with the sale of the Property, on substantially the terms set forth in the materials presented to this meeting; and be it further

RESOLVED, that the appropriate officers of the Corporation or their designees be, and each of them hereby is, authorized in the name of and on behalf of the Corporation to execute and deliver any and all documents and to take all such action as they may in their sole discretion, consider necessary or proper to effectuate the foregoing.

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