

FOR CONSIDERATION

October 22, 2009

TO: The Directors

FROM: Dennis Mullen

SUBJECT: New York City (New York County) – Moynihan Station Civic and Land Use Improvement Project – Amendment of Contract for Valuation Services

REQUEST FOR: Authorization to Amend Contract with Jerome Haims Realty, Inc. for Valuation Services; Authorization to Take Related Actions

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I. Contract Summary

Consultant: Jerome Haims Realty, Inc. (“JHRI”)

Scope of Service: New York State Urban Development Corporation d/b/a Empire State Development Corporation (“ESDC”), with its subsidiary Moynihan Station Development Corporation, is planning and developing the Moynihan project, including redevelopment of the Farley Post Office Building (“Farley” or the “Building”). In order to comply with the Public Authorities Accountability Act, independent appraisals are required to value real property related to potential transactions. In June 2007, ESDC Directors authorized the retention of JHRI, an independent appraiser with the experience and capacity to perform required appraisal and valuation work, in an amount not to exceed \$81,400. In April 2008, the Directors authorized amendment to the JHRI contract, to a new total amount of \$156,400. Appraisal services to date have included valuation of Farley itself and of Farley’s transferable development rights. JHRI has performed satisfactorily under the existing contract. Now, additional valuation services are required in connection with ESDC’s existing mortgage on Farley and with relocation from and within Farley by the United States Postal Service (“USPS”). Accordingly, staff recommends that the JHRI contract be amended to permit such additional services.

Contract Amount: Current Limit \$156,400; Proposed Increase \$100,000; New Limit \$256,400.

## II. Background

Pursuant to previously authorized contract, USPS is set to downsize its presence in Farley, both by relocating certain services out of the Building and by consolidating within the Building. This downsizing is also a pre-requisite for beginning train station construction. Certain relocation payments will be due to USPS and the valuation of certain vacated spaces will be required as part of this process. Staff recommends that JHRI provide, on an as-directed basis, requisite valuation services in connection with this activity. In addition, the ESDC \$75 million mortgage on Farley becomes due as of March 2010. ESDC is discussing a possible extension of this mortgage with mortgagee, and certain updated valuations of Farley also are expected to be required in connection with any such transaction.

Accordingly, ESDC Directors are requested to authorize ESDC to amend the existing JRHI contract by increasing the upset amount of such contract by \$100,000, to a new upset amount of \$256,400, for requisite valuation services. JHRI will perform contract services on a payment for deliverables basis. The source of funds for such amended contract is Port Authority grant monies, already received, for Farley acquisition and other pre-construction costs such as these.

Pursuant to State Finance Law Section 139-j and 139-k and ESDC's policy related thereto, staff has (a) considered JHRI's ability to perform the services provided for in the proposed amendment, 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 JHRI to be responsible.

## III. Environmental Review

The requested authorization to amend a consultant contract constitutes a Type II action as defined by the New York 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 this authorization.

## IV. Affirmative Action

The Corporation's non-discrimination and affirmative action policy will apply to this contract.

## V. Requested Actions

The Directors are requested to: (1) make a determination of responsibility with respect to JHRI; and (2) authorize ESDC to amend the JHRI contract, as described above.

## VI. Recommendation

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

## VII. Attachments

Resolutions

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BE IT RESOLVED, that upon the basis of the materials presented to this meeting (the “Materials”), a copy of which is hereby ordered filed with the records of the Corporation, the Corporation hereby finds Jerome Haims Realty, Inc. (the “Contractor”) to be responsible; and be it further

RESOLVED, that the Corporation is hereby authorized to amend the existing contract with the Contractor to increase the existing amount of such contract by \$100,000, from the present \$156,400 to a new aggregate amount not to exceed \$256,400, for the purposes and services, and substantially on the terms and conditions, set forth in the Materials; and be it further

RESOLVED, that the Chief Executive Officer, or other Officer of the Corporation, or his or her designee(s), be, and each of them hereby is, authorized to take such action and execute such documents as may be necessary or appropriate to carry out the foregoing Resolutions.

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