

MOYNIHAN STATION DEVELOPMENT CORPORATION

MEETING OF THE DIRECTORS

THURSDAY

MARCH 20, 2014

3:00 p.m.

MOYNIHAN STATION DEVELOPMENT CORPORATION

Meeting of the Board of Directors of the Moynihan Station Development Corporation

At the offices of the
New York State Urban Development Corporation
d/b/a Empire State Development
633 Third Avenue –33rd Floor
New York, New York 10017

Thursday

March 20, 2014 – 3:00 p.m.

PROPOSED AGENDA

CORPORATE ACTION

1. Approval of the Minutes of the December 13, 2013 Directors' Meeting
2. Appointment of Officer – General Counsel
3. Approval of MSDC's Operating Budget Spending Plan and Annual Capital Expense Authorization and the Farley Building's Annual Capital Expense Authorization for FY 2014-2015

FOR CONSIDERATION

4. Authorization to Renew Insurance Policies with Affiliated Factory Mutual and the Chubb Group; and to Take Related Actions

FOR INFORMATION

5. President's Report (Oral Report)

EXECUTIVE SESSION

6. Report on Moynihan Phase II Real Estate Issues (Oral Report)

ITEM 1

MOYNIHAN STATION DEVELOPMENT CORPORATION

Meeting of the Directors
Held at the Offices of the
Empire State Development Corporation
633 Third Avenue
37th Floor Conference Room
New York, New York 10017

December 13, 2013

MINUTES

In Attendance

Directors:

John Porcari, Chairman (via video conference)
Karen Hedlund (via video conference)
Anita Romero (via telephone)
Tokumbo Shobowale
Paul Williams

**Present for the Empire
State Development
Corporation:**

Ingrid Barbosa-Santiago, Director of Subsidiary Finance
Joseph Chan, Executive Vice President – Business Development
Richard Dorado, Senior Counsel
Andrew Grossman, Senior Director – Finance Admin. Operations
Kerri Jew, Compliance Officer
Carlos Otero, Vice President – Contract Admin./Subsidiary
Finance
Sankar Singh, Manager – Contract Audit & Admin.
Frances Walton, Chief Financial & Administrative Officer

**Present for the
Moynihan Station**

Development Corporation:

Fred Bartoli, Project Manager
Michael Evans, President
Rebecca Pellegrini – Financial Project Manager
Regina Stephens, Acting Corporate Secretary
Thelma Washington, Executive Secretary

Present for FRA/USDOT: Amy Tovar, FRA/USDOT (via video conference)
Rebecca Reyes-Alicea, USDOT/FRA

Also Attending: Kelly Eustice, PANY&NJ
Patrick Higgins, PANY&NJ
Andrew Lynn, PANY&NJ
Angel Martinez, PANY&NJ
Bruno Signorelli, PANY&NJ
Doug Carr, Jones, Lang, LaSalle
Emil Crutcher, Jones, Lang, LaSalle
Patrick Flynn, Jones, Lang, LaSalle
Mike Shenot, Jones, Lang, LaSalle

The meeting of the Moynihan Station Development Corporation (“MSDC” or the “Corporation”) was called to order by Chairman John Porcari at approximately 2:00 pm. Chairman Porcari noted for the record that the meeting was being webcast. He also noted for the record the Corporation’s policy to welcome public comments on the items on the current Agenda. Chairman Porcari briefly reviewed the protocol for comments.

The first order of business was the approval of the Minutes of the July 26, 2013 Directors meeting. There being no changes or corrections to the minutes, upon motion duly made and seconded, the following resolution was unanimously adopted:

203. MOYNIHAN STATION DEVELOPMENT CORPORATION - APPROVAL OF MINUTES AND RATIFICATION OF ACTIONS TAKEN AT THE JULY 26, 2013 MEETING OF THE DIRECTORS OF THE MOYNIHAN STATION DEVELOPMENT CORPORATION

RESOLVED, that the Minutes of the meeting of the Corporation held on July 26, 2013, are hereby approved and all actions taken by the Directors present at such meeting, as set forth in such Minutes, are hereby in all respects ratified and approved as actions of the Corporation.

* * *

Next, Chairman Porcari asked Michael Evans to present his President's report. In his report Mr. Evans discussed, among other things that a great deal of progress has been made on the Project since the last Directors' meeting on July 26, 2013. He stated that there has been aggressive construction work with the C Yard work and the start of the erection of the concourse steel work which will be on going for all of 2014. Before asking the Port Authority of New York and New Jersey ("PANYNJ") to proceed with their progress report, Mr. Evans informed the Directors that Angel Martinez who has been working on the Project since 2011 has been promoted and will be leaving the Moynihan Project to oversee LaGuardia Airport's Capital Improvements and Central Terminal Building Redevelopment Projects. Mr. Evans stated that Mr. Martinez has been a fantastic and important Project team member and he is confident that he will be able to reach out to Mr. Martinez whenever necessary. He then informed the Directors that although Mr. Martinez is leaving, his replacement will be Bruno Signorelli who is doing a fantastic job overseeing the day to day Project construction, providing his technical expertise and the great attitude he brings to the Project through the management of his staff as well as the entire construction team. Mr. Evans stated that he is pleased that Mr. Signorelli will be taking over Mr. Martinez's job on the Project.

Chairman Porcari congratulated Mr. Signorelli on his promotion and thanked Mr. Martinez for his services and a job well done on the Moynihan Project. In response to the Chairman's comments, Mr. Martinez thanked Chairman Porcari and expressed his appreciation for all the kind comments made by the Chairman and Mr. Evans. Mr. Martinez stated that working on the Moynihan Project has been a fantastic experience and he believes that the

Project has all the elements to be successful going forward.

Before Mr. Signorelli gave his Project report, Mr. Evans reminded the Directors that at the last board meeting, the Directors acted on a strategy for contingency due to unforeseen issues discovered in the C-Yard which required the use of a large amount of the contingency. He stated that he was pleased to report that there has been an excellent construction period since the prior meeting and Mr. Signorelli would provide them with more details in his Project report. Mr. Evans distributed a handout to the Directors titled Moynihan Station Progress Photos.

In his report, Mr. Signorelli stated among other things, that several milestones had been reached since the last Directors' meeting. He stated that the installation of all mini piles for the West End Concourse had been completed. In addition, steel had been erected in the West End Concourse over two platforms and across-tracks between the two platforms. He continued that extended outages in the C-Yard for the fan plant structure had also been completed. Mr. Signorelli further stated that the Post Office steps on 33rd Street and along the North wall had been removed and they broke ground in the Connecting Corridor.

Mr. Signorelli continued stating that he expects all of the steel for the West End Concourse and the waiting area will be installed by November 2014. He continued, by referencing the Phasing diagram in the Progress Photos handout and explained that when the stairs on the 33rd Street were removed they found the existing structure to be in poor

condition which required additional mitigation work. As a result of the poor condition of the structure of the 33rd Street stairs, the team determined it necessary to determine the condition of the structure of the Eighth Avenue stairs. He continued by explaining that, surveys have been performed to determine the condition of the structure and so far no major problems have been discovered, however, the survey should continue for another four to six weeks.

Mr. Signorelli stated that there is an issue of concern with the interface between the existing steel and the new steel for the West End Concourse. He explained that currently, the exact condition of the existing structure is unknown, until the existing façade is removed and surveyed. He stated that Skanska will remove portions of the façade during weekend outages, conduct surveys of the existing conditions and prepare shop drawings.

Mr. Signorelli continued that another item of concern is the phasing of the shutdown of the existing West End Concourse platform stairs. He stated that these stairs are highly used from the West End Concourse to the platforms and currently exist on platforms 7 through 11. Mr. Signorelli explained that contractually, the stairs must be removed in order to install the new West End Concourse platform stairs, however, in order to reduce the time that these stairs will be out of use and the installation of the new stairs, Skanska is researching alternate staging plans and working with Amtrak and others to development a plan that can be executed to shorten the duration of time that the platform stairs will be out of use.

Following Mr. Signorelli's report, Mr. Evans informed the Directors that the weekend outage scheduled for the coming weekend had been cancelled due to the inclement weather

forecasted for Saturday. He also let the Directors know that Mr. Signorelli is working with Amtrak on rescheduling the outage.

Director Tokumbo Shobowale inquired about the magnitude of the issue of the stairs with respect to cost. In response, Mr. Signorelli stated that the cost with respect to the stairs it depends on the condition of the structure.

Next, Mr. Evans presented his report on events at the Farley Building. He stated that since hiring the firm to manage events, the Corporation has had a very successful events season. He continued that in August, Nike held an event for the US Tennis Open which was followed by Fall Fashion week, and then by the Whitney Museum Annual Gala. Mr. Evans stated that Nike will be taking over the entire space for several weeks during the Super Bowl period. Mr. Evans informed the Directors that since August the Corporation has booked over \$2 million in events.

Following Mr. Evan's President's Report, Chairman Porcari entertained a motion to conduct an Executive Session pursuant to paragraph (h) of Subdivision 1 of Section 105 of the New York State Open Meetings Law, more specifically to discuss real estate negotiation issues related to the development of the Farley Building. Upon motion duly made and seconded, the following resolution was unanimously adopted:

204. EXECUTIVE SESSION – Pursuant to Paragraph (h) of Subdivision 1 of Section 105 of the New York State Open Meeting Law

RESOLVED, that the Directors conduct an Executive Session to consider matters pertaining to paragraph (h) of Subdivision 1 of Section 105 of the New York State Open Meetings Law.

* * *

The meeting was temporarily adjourned to conduct the Executive Session. All persons were requested to leave the room with the exception of the Directors, members of ESD's senior staff and others.

Once the meeting was back in Open Session, Chairman Porcari informed the board members and staff that he would be transitioning to a different position and starting a new job on January 1, 2014. He stated that the Federal representation on the Project will continue to be Director Karen Hedlund and another board member will be appointed, presumably Chair, as well. He thanked everyone who has worked to get the Project to where it is today, personally thanking the Board members for the time they have put in on the Project. Lastly, he commented that everyone has done an excellent job and he looks forward to seeing continued progress on the Moynihan Project.

Mr. Evans thanked Chairman Porcari for his commitment and guidance in moving the Project into construction. He commented that it's been an immense pleasure and learning experience to have worked with Chairman Porcari.

Following comments by Mr. Evans, Chairman Porcari noted for the record that no votes were taken during the Executive Session.

There being no additional business, the meeting was adjourned at approximately 3:41.
p.m.

Respectfully submitted,

Regina Stephens
Acting Corporate Secretary

ITEM 2

Empire State Development

FOR CONSIDERATION

March 20, 2014

TO: The Directors

FROM: Michael Evans

SUBJECT: Officers of the Corporation

REQUEST FOR: Appointment of Officer – General Counsel

BACKGROUND

The office of General Counsel to the Moynihan Station Development Corporation (the “Corporation” or “MSDC”) is currently vacant as a result of Lawrence A. Jacobs resignation. Mr. Jacobs who was also Executive Vice President – Legal and General Counsel to the Corporation’s parent corporation, the New York State Urban Development Corporation, doing business as Empire State Development (“ESD”). In the past, ESD’s General Counsel is also appointed General Counsel to its subsidiaries.

Elizabeth R. Fine has been nominated to the position of Executive Vice President – Legal and General Counsel of ESD, and at its February 20, 2014 meeting, ESD Directors appointed Ms. Fine to that position. It is proposed that Ms. Fine be appointed General Counsel of the Corporation.

Ms. Fine brings over two decades of legal expertise and most recently served as General Counsel for the New York City Council since 2006. During that period, she was responsible for all aspects of legal representation for the Council, Council Speaker, Council Members and Council divisions, including federal and state litigation, external and internal investigations, legal screening of proposed legislation, compliance, and crisis management and strategy in response to media and public inquiries. Before that, Liz was Legal Counsel at Spence-Chapin Services to Families and Children (New York) and Principal Deputy Assistant Attorney General at the U.S. Department of Justice, where she served as senior policy advisor under Attorney General Janet Reno. She also held various counsel positions at the U.S. Citizenship and Immigration Services, The White House and the Georgetown University Law Center.

Also, at this time it is recommended that MSDC authorize the automatic ex-officio appointment as MSDC General Counsel of the person appointed by the ESD Directors as ESD General Counsel, provided, however, that the Board may act to remove such person from that position. This will allow for future staff changes without the need for additional Board actions and ensure that this officer position will not be unnecessarily vacant.

REQUESTED ACTION

The Directors are requested: (i) to approve the appointment of Elizabeth R. Fine to the office of General Counsel, ex-officio, to the Corporation and to confirm that she is an officer of the Corporation within the meaning of the New York State Urban Development Corporation Act and the provisions of the Corporation's bylaws, including the indemnification provisions thereof; and (ii) authorize the automatic ex-officio appointment as MSDC's General Counsel of the person appointed by the ESD Directors as ESD's General Counsel.

RECOMMENDATION

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

ATTACHMENT

Resolutions

March 20, 2014

Moynihan Station Development Corporation Officers of the Corporation - Appointment of Officer – General Counsel

BE IT RESOLVED, that Elizabeth R. Fine be, and she hereby is, appointed to the office of General Counsel to the Moynihan Station Development Corporation (the "Corporation"); until her earlier resignation or removal, her appointment being effective as of the date indicated in the attached materials, a copy of which is hereby ordered to be filed with the records of the Corporation; and be it further

RESOLVED, that in accordance with and for all the purposes of the New York State Urban Development Corporation Act and the bylaws of the Corporation, including but not limited to the indemnification provisions thereof, the foregoing individual is an "officer" of the Corporation, and be it further

RESOLVED, that it is hereby authorized that the appointment to the position of the General Counsel of the Corporation shall be an ex-officio appointment of the person, from time to time, appointed by the ESD Directors as ESD General Counsel, provided, however, that the Board of the Corporation may by Board action remove such person from that position; and be it further

RESOLVED, that the title of ESD General Counsel is an ex-officio appointment as General Counsel to the Corporation and confirms that this position is an "officer" of the Corporation within the meaning of the provisions of the Corporation's bylaws, including the indemnification provision thereof.

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ITEM 3

FOR CONSIDERATION

March 20, 2014

TO: The Directors

FROM: Michael Evans

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

REQUEST FOR: Approval of the MSDC Operating Budget Spending Plan, Moynihan Station Phase 1 Annual Capital Expense Authorization and the Farley Building Annual Capital Expense Authorization for FY 2014-15

PROJECT UPDATE

The Moynihan Station Project (the “Project”) will create a new intercity passenger rail facility and commercial development within the James A. Farley Post Office Building (the “Farley Building”), located on the Manhattan superblock between Eighth and Ninth Avenues and West 31st and 33rd Streets.

Subject to appropriate Director Authorization, activities for the coming 2014-15 Fiscal Year are expected to include:

- Negotiation with the Conditionally Designated Developer on Phase 2 of the train hall project, use of the remaining portions of the Farley Building, and the transfer of 1 million square feet of Farley building Transferable Development Rights (TDRs);
- Work with Empire State Development, the Port Authority of New York and New Jersey and the City of New York on plans for the disposition of 1.5 million sq ft of remaining Farley building TDRs—including the hiring of a broker to facilitate the sale of these development rights;
- Planning and design work with Amtrak on Phase 2 of Moynihan Station;
- Development of a revised Phase 2 financing strategy and operating plan; and
- Continued operation of the Farley Building, including investments to increase interim uses.

New York State Finance Law requires corporate directors to approve operating and capital spending plans prior to the end of the preceding fiscal year. In order to comply with this Law, the MSDC Directors are being asked to approve MSDC's proposed FY 2014-15 budgets as described below.

The Directors are also asked to review the Annual Justification of Contracts, which is included as part of the attachments to these materials. The Annual Justification of Contracts provides an overview of the outstanding Corporation contracts as well as anticipated contracts for the coming Fiscal Year.

MSDC OPERATING BUDGET

Projected expenses for FY2013-14 are tracking 4% below what was budgeted.

For FY2014-2015, MSDC requests authorization of an operating budget of **\$493,843**, which would represent an approximately 17% increase over the \$423,349 in planned spending for FY2013-14.

This increase is driven primarily by the move of Rebecca Pellegrini from half-time status at MSDC to full-time status at MSDC. For the previous two years, Rebecca worked half-time at ESD and half-time at MSDC and her salary and benefit costs were split between the two entities. Rebecca is being shifted to full-time at MSDC once again to ensure that MSDC has the staffing necessary to manage both Phase 1 and Phase 2 of the Moynihan Station project as well as the management of the Farley Building and its now robust events business. Rebecca will play a key role in assisting in the management of the Farley Building events.

It is important to note that over the course of 2012 and early 2013, MSDC reduced its staff by 3 FTE's, which still remain unfilled. Shifting Rebecca to full-time is the most cost effective way to ensure continued quality operations at MSDC given the overall reduced staffing.

Other increases from FY2013-14 in the Operating Budget result from adjustments to the non-personal services budget. Specifically, it is requested that the planned non-personal services budget increase from \$103,929 to \$109,829—an increase of 5.7%. However, the actual projected non-personal services expenses for FY2013-14 are \$67,629—65% less than the planned budget. While the planned budget represents a slight increase, MSDC will continue to manage spending with the aim of spending less than what is planned.

The slight increase requested is largely due to increased insurance costs, specifically MSDC's share of ESD corporate insurance, insurance advisory services, Directors and Officers insurance, Worker's Compensation, Accidental Death and Disability. The phone, postage and IT budgets are all increased slightly. The advertising and public notice/hearing budget is also increased slightly in anticipation of possible public hearings for air rights sales or project updates.

Certain other items were reduced as a result of continued lower than projected expenses year over year—Dues & Memberships, Agency Temps, Printing, and Miscellaneous Expenses.

The budgeted operating expenses for MSDC for FY2014-15 are set forth in **Attachment A**.

Source of Funds

The MSDC Operating Budget is partly funded—60%—from the overall project budget for Phase 1 of the Moynihan Station Project, through a grant administered by the Federal Railroad Administration (FRA).

The remaining portion of the MSDC Operating Budget—40%—is funded from Farley Building rents and fees.

MOYNIHAN STATION PHASE I CAPITAL EXPENSE AUTHORIZATION

The FY2014-15 capital expense authorization for Moynihan Station Phase 1 totals **\$77,375,000** and includes the following items:

Design & Other Soft Costs

Construction Phase Design Services	\$1,600,000
PANYNJ Program Management	930,000
Integrity Monitor	480,000
<i>Subtotal</i>	<i>\$3,010,000</i>

Legal Costs

(Holland & Knight)	35,000
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<i>Insurance</i>	0
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Construction

Skanska—WEC & C-yard	53,400,000
Skanska—Connecting Corridor	6,745,000
Amtrak Force Account	7,945,000
LIRR Force Account	690,000
NYCT Force Account	550,000
Construction Management	5,000,000
<i>Subtotal</i>	<i>\$74,330,000</i>

<i>Total</i>	<i>\$77,375,000</i>
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The above figures are the expected cash payments in FY2014-15 as set forth in **Attachment B**.

Source of Funds

Funding for MSDC Capital Budget for Phase 1 for FY2013-14 will come from existing funding agreements with the FRA, PANYNJ, Amtrak and the Metropolitan Transit Authority (MTA).

FARLEY BUILDING CAPITAL EXPENSE AUTHORIZATION

This capital expense authorization covers the operation and maintenance of the Farley Building as well as pre-development costs incurred to advance Phase 2 of the Moynihan Station Project and redevelopment of the Farley Building. MSDC is requesting approval of a FY2014-15 Farley Building Capital Expense Authorization of \$7,795,000, in line with the prior fiscal year.

Projected expenses for FY2013-14 are tracking \$1,397,030 below the budgeted amount of \$7,800,000—18% lower than planned. This is largely because legal costs relating to Phase 2 of Moynihan Station have been lower than projected, and the water tank replacement project was delayed so that those costs will now largely occur in FY2014-15. Additionally, capital reserves and contingencies for building repairs and improvements were not tapped to a significant degree.

The planned budget for FY2014-15 takes into account the end of the water tank project as well as one less principal payment for the mortgage and a slight reduction in the capital reserve and contingency budget. However, the bulk of the costs for the ESD contract with Ernst & Young for infrastructure finance advisory services will be paid for in the coming fiscal year. While this is an ESD contract, the funding will come from Port Authority and MTA funds provided for overall Moynihan Station project soft costs.

The FY2014-15 planned expenses for the Farley Building total **\$7,795,000** and include the following items:

Acquisition Costs -- \$250,000

- \$250,000 to cover the August 2014 principal repayment required as part of the terms of the mortgage. The amount is reduced by \$250,000 from last fiscal year since only one payment will be due in the coming fiscal year.

Design & Other Soft Costs -- \$775,000

- \$25,000 for real estate advisory services provided by Washington Square Partners ("WSP").
- \$15,000 for URS for support on major building maintenance projects. This is a reduction of \$10,000 from the planned budget for last fiscal year.

- \$15,000 is budgeted for environmental consulting work by AKRF as may be necessary to advance the sale of Farley Building development rights.
- \$120,000 is budgeted for the outstanding balance on the SOM/JLL market feasibility work carried out in 2013. MSDC is awaiting the final invoices from SOM/JLL.
- \$600,000 is budgeted for infrastructure financing advisory services provided by Ernst & Young.

Legal Costs -- \$375,000

- \$125,000 for Bryan Cave, land use and public approvals counsel. The amount requested is equal to the previous fiscal year.
- \$250,000 for Kramer Levin, real estate transaction counsel. The amount requested is reduced by \$200,000 from the previous fiscal year. Depending on the state of negotiations with Related-Vornado or parties interested in the Farley Building development rights, this budgeted amount may need to be revisited at a later date.

Property Management/Maintenance -- \$4,800,000

- \$4,800,000 to cover the cost of the property management contract with the New York State Office of General Services. This contract includes within it the steam, electricity, security, and building management and maintenance costs for the Farley building. The amount requested is equal to the previous fiscal year.

Insurance -- \$795,000

- \$795,000 for the cost of commercial property and general liability insurance policies.

Construction Costs--\$400,000

- \$400,000 for the replacement of the water tank. A portion of the costs for this project have shifted from FY2013-14 into FY2014-15 due to delays with the start of construction on the project.

Contingency & Capital Reserve--\$400,000

- Given the age and deterioration of the Farley Building, MSDC and ESD believe it prudent to budget \$400,000 for general contingency and capital reserve. Use of these funds would require Board authorization in accordance with the procurement guidelines adopted by MSDC.

The above figures are the expected cash payments in FY2014-15 as set forth in **Attachment C**.

Source of Funds

Farley building spending will be funded from building rents and funds provided by PANYNJ.

ENVIRONMENTAL REVIEW

ESD staff, on behalf of MSDC, has determined that the requested authorization constitutes a Type II action as defined by the New York State Environmental Quality Review Act ("SEQRA") and the implementing regulations for New York State Department of Environmental Conservation. No further environmental review is required in connection with the requested authorization.

REQUESTED ACTION

The Directors are requested to approve the attached MSDC Operating, MSDC Phase 1 Capital and Farley Capital Budgets for Fiscal Year 2014-15.

RECOMMENDATION

Based on the foregoing, MSDC staff recommends approval of the requested action.

ATTACHMENTS

Resolutions

Attachment A – FY2014-15 MSDC Operating Budget

Attachment B – FY2014-15 MSDC Phase 1 Capital Budget

Attachment C – FY2014-15 Farley Capital Budget

March 20, 2014

NEW YORK (NEW YORK COUNTY) – Moynihan Station Civic and Land Use Improvement Project
– Approval of MSDC Operating Budget Spending Plan, Moynihan Station Phase 1 Annual Capital
Expense Authorization and Farley Building Annual Capital Expense Authorization for FY 2014-15

RESOLVED, that on the basis of the materials submitted to this meeting, a copy of which is ordered filed with the records of the Corporation, the Corporation does hereby authorize, approve, and adopt, subject to the availability of funds, the Moynihan Station Development Corporation – FY2014-15 Operating Budget Plan, the Moynihan Station Phase 1 – FY2014-15 Annual Capital Expense Authorization, and the Farley Building – FY2014-15 Annual Capital Expense Authorization substantially in the form set forth in the materials; and be it further

RESOLVED, that the President of the Corporation or his designees be, and each of them hereby is, authorized and directed to take all actions and execute all documents in connection with the establishment and implementation of the Corporation's Budget; and be it further

RESOLVED, that the President of the Corporation or his designees be, and each of them hereby is, authorized and directed to execute and deliver all documents and to take all related actions as each of them deems necessary or appropriate to effectuate the forgoing resolutions.

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ATTACHMENT A

Empire State Development
 Moynihan Station Development Corp
 Operating Budgets FY 2014-15

	Actual Expense FYE 2013	Spending Plan FYE 2014	Projected Expense FYE 2014	Spending Plan FYE 2015
<u>PERSONAL SERVICES (PS)</u>				
Salaries (FTE)	478,463	238,373	251,500	278,271
Fringe Benefits	196,364	81,047	87,489	105,743
TOTAL PERSONAL SERVICES	674,827	319,420	338,989	384,014
HEADCOUNT (FTE)	3.0	3.0	3.5	3.5
<u>NON-PERSONAL SERVICES (PS)</u>				
Professional Fees				
Legal Fees	0	0	0	0
Consultant Fees	0	0	0	0
Accounting / Audit Fees	0	0	0	0
Total Professional Fees	0	0	0	0
Other Non-Personal Services				
Employee Travel & Meals	2,195	1,000	0	1,000
Seminars & Conferences	0	500	0	500
Dues & Memberships	0	1,000	225	250
Subscriptions & On-Line Services	0	0	0	0
Office Occupancy Expenses	0	0	0	0
Insurance	36,068	23,929	23,929	26,329
Agency Temps	0	5,000	1,833	2,500
Telephone/Fax/Internet	49,167	30,000	34,639	35,500
Postage/Express Mail/Messenger	912	1,000	1,434	1,500
Office Supplies	0	500	0	500
Advertising/Promotion/Public Hearing Notice	0	30,000	0	35,000
Printing & Reproduction	0	5,000	0	1,000
Computers/Software/Equipment	2,563	3,000	3,738	3,500
Other Outside Service	0	1,000	0	1,000
Property Management Expense	0	0	0	0
Repairs & Maintenance	0	0	0	0
Other Expenses	1,769	2,000	1,081	1,250
Total Other Non Personal Services	92,673	103,929	66,879	109,829
TOTAL NON-PERSONAL SERVICES (NPS)	92,673	103,929	66,879	109,829
TOTAL PS & NPS	767,501	423,349	405,868	493,843

ATTACHMENT B

Empire State Development
 Moynihan Station Development Corp
 Annual Capital Expense Authorization FY 2014-15

	Actual Expense FYE 2013	Spending Plan FYE 2014	Projected Expense FYE 2014	Spending Plan FYE 2015
Acquisition Costs	0	0	0	0
Design & Other Soft Costs	14,576,432	4,750,000	4,638,516	3,010,000
Legal Costs	0	50,000	42,097	35,000
Property Management/Maintenance Costs	0	0	0	0
Insurance	130,539	150,000	204,791	0
Demolition & Site Clearance	0	0	0	0
Construction Costs	20,377,880	75,750,000	73,098,198	74,330,000
Other Misc. Costs	400,600	0	0	0
	<u>35,485,451</u>	<u>80,700,000</u>	<u>77,983,602</u>	<u>77,375,000</u>

ATTACHMENT C

Empire State Development
James A. Farley Building
Annual Capital Expense Authorization FY 2014-15

	Actual Expense FYE 2013	Spending Plan FYE 2014	Projected Expense FYE 2014	Spending Plan FYE 2015
Acquisition Costs	0	500,000	500,000	250,000
Design & Other Soft Costs	168,785	50,000	365,000	775,000
Legal Costs	272,569	475,000	64,335	375,000
Property Management/Maintenance Costs	4,500,000	4,800,000	4,800,000	4,800,000
Insurance	749,433	750,000	776,276	795,000
Demolition & Site Clearance	0	0	0	0
Construction Costs	1,291,600	600,000	200,000	400,000
Other Misc./Contingency/Capital Reserve	0	625,000	0	400,000
	<u>6,982,388</u>	<u>7,800,000</u>	<u>6,705,611</u>	<u>7,795,000</u>

**CONTRACT SUMMARY/CONTRACT STATUS REPORT
OPERATING/CAPITAL SPENDING BY CONTRACT
MOYNIHAN STATION DEVELOPMENT CORPORATION(MSDC)**

Vendor Name		Contract Amount	Spent thru 12/31/13	12/31/2013 Balance	Spending Plan FY 2014-2015	Scope of Work	Execution Date	Anticipated Completion Date	Justification of Continuation	Funding Source & Status
					Operating \$	Capital \$				
ACTIVE MULTI-YEAR CONTRACTS TO BE CONTINUED IN FY 14/15:										
Holland & Knight LLP	900,000	775,859	124,161				Provide legal advice and assistance with respect to a proposed expansion in the scope of the Moynihan Station Civic and Land Use Improvement project, which includes but is not limited to agreements with public transportation entities, construction contracts, contract claims, and real estate transactions. Lease of Copier for use by MSDC at the J.A Farley Building.	6/29/2010	12/31/2016	FRA/PA/MTA
Konica Minolta Business Solutions	16,320	1,130	35,190		36,320.00		Provide MSDC with AMTRAK's pre-construction services required for the AMTRAK review and approval of the design package for MSDC -Phase 1	9/11/2011	12/31/2016	FRA/PA/MTA
National Railroad Passenger Corp. (AMTRAK)	1,742,162	0	1,742,162				Provide MSDC with AMTRAK Force Account Construction labor for construction related services necessary for safe and efficient train operations during construction.	7/11/2011	12/31/2016	FRA/PA/MTA
National Railroad Passenger Corp. (AMTRAK)	33,000,000	12,779,112	20,229,888				Provide architectural and engineering services related to the redevelopment of the J.A Farley Building.	6/26/2012	12/31/2016	FRA/PA/MTA
P.B Americas	3,435,443	2,817,626	617,817				Provide MSDC with engineering staff to oversee management of schedules and budgets.	12/23/2010	12/31/2016	FRA/PA/MTA
Port Authority of NY & NJ	4,500,000	1,396,796	3,103,202				Provide MSDC with engineering staff to oversee management of schedules and budgets.	7/11/2011	12/31/2016	FRA/PA/MTA
Skanska(Incl amend of \$22,261,000)	170,011,000	57,743,837	112,267,163				To provide construction and related services for the Phase 1 of the Moynihan Station Project including the expansion of the West End Concourse and the installation of an emergency platform ventilation system beneath the J.A Farley Building.	6/13/2012	8/31/2016	FRA/PA/MTA
Skanska(Connecting Corridor)	15,915,000	0	15,915,000				To provide construction and related services for the Moynihan Station Phase 1 Connecting Corridor Improvement and Subway Entrance relocation work.	6/20/2013	8/31/2016	FRA/PA/MTA
Skidmore, Owings, Merrill LLP	12,269,604	8,415,524	3,875,080				Provide architectural and engineering services related to the redevelopment of the J.A Farley Building with regards to the West End Concourse expansion- Phase 1.	2/22/2011	12/31/2016	FRA/PA/MTA
STA Joint Venture	19,821,743	7,120,190	12,801,553				To provide Construction Management and Related Technical Services for Phase 1 of the Moynihan Station project.Services include support during final design, bidding, and construction phase including, construction document reviews, cost monitoring, schedule management, inspection, contractor coordination and contract administration.	11/9/2011	12/31/2016	FRA/PA/MTA
Systra Engineering Inc	4,039,312	2,892,750	1,146,562				To produce and submit design review packages for MSDC, Port Authority, and Railroad review and approval also produce final construction documents related to catenary and signaling.	2/11/2011	12/31/2016	FRA/PA/MTA
Thacher Associates LLC	1,825,000	296,530	1,526,470				To provide integrity monitoring services to MSDC. The services will include independent oversight of the Construction Contractor(s) and Construction Manager related to the Phase 1 of the Moynihan Station Project.	10/12/2012	12/31/2016	FRA/PA/MTA
URS Corporation	7,662,982	7,455,781	227,211				Provide owner's representative services to Moynihan Station Development Corporation which includes pre-construction construction oversight, and project management services with regards to the redevelopment of the J.A Farley Buildings.	5/15/2000	12/31/2016	FRA/PA/MTA
					\$16,320	\$76,135,000				
Subtotal: Active Contracts	\$275,279,576	\$101,697,118	\$173,582,458							

**CONTRACT SUMMARY/CONTRACT STATUS REPORT
OPERATING/CAPITAL SPENDING BY CONTRACT
MOYNIHAN STATION DEVELOPMENT CORPORATION (J.A Farley Building)**

Vendor Name	Contract Amount	Spent thru 12/31/13	12/31/2013 Balance	Spending Plan FY 2014-2015 Operating \$	Capital \$	Scope of Work	Execution Date	Anticipated Completion Date	Justification of Continuation	Funding Source & Status
ACTIVE MULTI-YEAR CONTRACTS TO BE CONTINUED IN FY 14/15:										
AKRF	5,281,503	5,264,659	16,801		15,000,000	Prepare supplemental environmental impact studies in connection with proposed modifications to the J.A. Farley Building.	11/25/2002	12/31/2015	Need for environmental consultations.	PANYNJ
Bryan Cave LLP	5,462,163	5,072,491	389,702		125,000,000	Provide legal services to the Empire State Development Corporation with respect to the acquisition of the J.A. Farley Building.	4/18/2003	12/31/2015	Environmental and land use counsel.	PANYNJ
Jerome Halms Realty, Inc.	285,000	278,300	6,700			Provide appraisal services in connection with the valuation as well as the Empire State Development Corporation's existing mortgage on the J.A. Farley Building.	8/28/2007	12/31/2015	Services may be required to update and attest to prior appraisal work.	PANYNJ
JFD Sales Consulting Services	45,000	0	45,000			Provide general contract services on standby basis. Services include miscellaneous interior carpentry services, floor repairs, painting, ceiling tile replacement and minor plumbing and electrical repairs at the J.A. Farley Building.	5/9/2012	12/31/2014	Needed for unanticipated Farley Bldg repairs.	PANYNJ
Kramer Levin Naftalis & Frankel LLP	750,000	147,944	602,056		250,000,000	Provide legal advice and assistance with respect to a proposed expansion in the scope of the Moynihan Station Civic and Land Use Improvement Project, which includes demolition and removal of existing water tank at the Farley Building and design and replace with a new 25,000 gallon steel water tank. Services also include maintenance and cleaning of replacement tank for four additional years.	2/15/2012	12/31/2017	Real estate negotiations.	PANYNJ
Rosenwach Tank Co. LLC	630,000	0	630,000		400,000,000	Abatement, demolition and removal of existing water tank at the Farley Building and design and replace with a new 25,000 gallon steel water tank. Services also include maintenance and cleaning of replacement tank for four additional years.	3/22/2013	7/31/2014	Water tank reconstruction.	PANYNJ
Office of General Services (OGS)	27,427,658	24,403,862	3,023,796	4,800,000,000		Provide building management services and act as building manager for the acquired J.A. Farley Building.	8/24/2007	12/31/2017	Building management.	PANYNJ/Farley Rents
Washington Square Partners	1,600,000	1,294,578	305,422		25,000,000	Provide real estate development and financial consulting services in connection with a potential expanded Moynihan Station Development Project.	11/27/2007	12/31/2015	Real estate advisory services.	PANYNJ
Ernst & Young	973,000	0	0		600,000,000	Provide infrastructure finance advisory services to ESD and MSDC.	11/18/2013	12/31/2014	Deal finance expertise.	PANYNJ/MTA
Subtotal: Active Contracts	\$42,454,351	\$36,459,874	\$5,021,477	\$4,800,000	\$1,415,000					

ANTICIPATED NEW CONTRACTS AND AMENDMENTS IN FY 14/15:

			n/a				n/a			
			n/a				n/a			
			n/a				n/a			
			n/a				n/a			
			n/a				n/a			
			n/a				n/a			
			n/a				n/a			
Subtotal: Anticipated Contracts	\$0	\$0	\$0	\$0	\$0					
GRAND TOTAL:	\$42,454,351	\$36,459,874	\$5,021,477	\$4,800,000	\$1,415,000					

I attest that all the contracts above have been evaluated and confirmed as necessary and cannot be deferred, eliminated, reduced or conducted by ESDC staff at this time.

ITEM 4

FOR CONSIDERATION

March 20, 2014

TO: The Directors

FROM: Michael Evans

SUBJECT: New York (New York County) - Moynihan Station Civic and Land Use Improvement Project - Insurance for the James A. Farley Post Office Building and Annex

REQUEST FOR: Authorization to Renew Insurance Policies with Affiliated Factory Mutual and the Chubb Group; and to Take Related Actions

I. BACKGROUND

In March 2007, Empire State Development (“ESD”) acquired the James A. Farley Post Office Building and Annex (“Farley”) in Manhattan (bounded by 31st and 33rd Streets and 8th and 9th Avenues) for use in the Moynihan Station Civic and Land Use Improvement Project.

On Farley there is Property coverage, as well as a Commercial General Liability policy and a \$25,000,000 Umbrella Liability policy. These policies are separate and distinct from the coverage in place for Phase 1 of the re-development project.

For the coming FY2014-15, renewals or replacements must be secured for: (a) Real Property insurance, for financial losses in the event of significant physical damage to Farley; and (b) General Liability insurance, for personal injury and property damage that may result from activity at Farley.

Since 2010, MSDC placed coverage through Cool Insuring Agency, Inc. (“Cool”)—ESD’s approved broker. Annually, Cool has provided premium quotations for Commercial General and Excess Liability Insurance and for Real Property and Excess Property Insurance for Farley after seeking premium quotes from a wide range of insurance carriers. The following is a summary of Cool’s efforts for this year’s renewal.

For the expiring 2013/14 term, Property coverage is provided by Affiliated Factory for a limit of \$250,000,000. The Chubb Group of Insurance Companies writes both the primary General Liability as well as the \$25,000,000 Umbrella policy.

Cool has secured a renewal of both policies with the same carriers.

Cool has secured a renewal of both policies with the same carriers.

Cool began the FY2014-15 renewal process by soliciting quotations from the following 11 carriers:

- Affiliated Factory Mutual (“Affiliated FM”)
- Chubb Group
- Travelers Insurance
- CNA Insurance
- Liberty Insurance
- Allianz Insurance
- AIG Insurance
- Hanover Insurance
- Harleysville Insurance
- Hartford Insurance
- Philadelphia Insurance

All the carriers they approached are licensed in New York State and have A.M. Best ratings of A- or better. All but a few of the carriers approached declined to provide a quotation. The primary reasons cited were a lack of underwriting appetite for a building in the heart of midtown across the street from Penn Station/Madison Square Garden, concerns with the integrity of the building’s roof, and the very high limit of coverage needed on the building (\$250,000,000).

Affiliated FM again provided a very aggressive quote for the commercial property coverage — equal to the expiring premium. And the Directors are reminded that for the FY2013-14 term, Affiliated FM provided a quote that was actually 1.4% less than the expiring FY2012-13 premium. Affiliated FM is renowned as a market of choice for high value, single location risks. It has the underwriting appetite for more difficult placements and tremendous capacity. As such, it is able to provide coverage on the entire \$250,000,000 limit. No single carrier aside from Affiliated FM is willing to write the entire \$250,000,000. Cool had verbal indications from other carriers of their willingness to provide coverage for only a portion of the \$250,000,000 limit, none of which were competitive & therefore were not pursued for formalized quotes.

Based on the indications from the solicited carriers, Cool recommends MSDC continue to place its General Liability and Umbrella coverage through the Chubb Group. Chubb’s overall pricing is up versus the expiring policy, but it is still more competitive than what the other carriers indicated that they could provide. As is the case on the Property coverage, the underwriting appetite for midtown Manhattan exposure is somewhat limited and the pricing is rather conservative.

Based on the indications from the solicited carriers, Cool recommends MSDC continue to place its General Liability and Umbrella coverage through the Chubb Group. Chubb’s overall pricing is up approximately 5% versus the expiring policy, but it is still more competitive than what the other carriers indicated that they could provide. Cool advises that this rate increase is in line with the general market in NYC. As is the case on the Property coverage, the underwriting appetite for midtown Manhattan exposure is somewhat limited and the pricing is rather conservative.

Below is a comparative summary of the premiums for MSDC’s commercial insurance program:

	FY2013-14	FY2014-15
Property	\$565,704	\$565,704
General/Umbrella Liability	\$210,572	\$229,500
TOTAL	\$776,276	\$795,204

The overall increase from the previous fiscal year is 2.44%, which in light of the current state of the market is on the lower end of the range of increases commercial insurance buyers are facing as they renew their programs in 2014.

II. FUNDING

Building insurance for FY2014-15 will be funded out of funds provided by the Port Authority of New York and New Jersey (“PANYNJ”).

III. ENVIRONMENTAL REVIEW

ESD staff, on behalf of MSDC, has determined that the requested authorization constitutes a Type II action as defined by the New York State Environmental Quality Review Act (“SEQRA”) and the implementing regulations for New York State Department of Environmental Conservation. No further environmental review is required in connection with the requested authorization.

IV. NON-DISCRIMINATION AND CONTRACTOR & SUPPLIER DIVERSITY

Pursuant to New York State Executive Law Article 15-A, MSDC recognizes its obligation under the law to promote opportunities for maximum feasible participation of certified minority- and women-owned businesses (MWBES) in the performance of its projects. The Office of Contractor and Supplier Diversity has reviewed the project and has determined that there exists no potential for MWBE participation. As such, participation goals will not be established or required for this project.

V. RESPONSIBLE PARTY

Pursuant to State Finance Law Sections 139-j and 139-k and the Corporation's policy related thereto, staff has: (a) considered the ability of Cool Insuring Agency, Inc., the Chubb Group of Insurance Companies, and Affiliated Factory Mutual 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 Cool Insuring Agency, Inc., the Chubb Group of Insurance Companies, and Affiliated Factory Mutual to be responsible.

VI. REQUESTED ACTIONS

The Directors are requested to: (1) authorize procurement of: (a) Commercial General Liability Insurance and Umbrella Coverage with the Chubb Group; (b) Real Property Insurance with and Affiliated Factory Mutual, for March 30, 2014 through March 30, 2015 at a total annual premium of \$795,204; (2) approve, ratify, and confirm any and all actions previously taken on behalf, or in the name, of ESD/MSDC in connection with this matter; and (3) authorize the taking of related actions.

VII. RECOMMENDATION

Based on the foregoing, MSDC staff recommends approval of the requested actions.

VIII. ATTACHMENT

Resolutions

March 20, 2014

New York (New York County) - Moynihan Station Civic and Land Use Improvement Project - Insurance for the James A. Farley Post Office Building and Annex - Authorization to Renew Insurance Policies with Affiliated Factory Mutual and the Chubb Group of Insurance Companies; and 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 Cool Insuring Agency, Inc., Affiliated Factory Mutual and the Chubb Group of Insurance Companies; to be responsible; and be it further

RESOLVED that, in accordance with the Materials, the President or Other Officer of the Corporation, or their designee(s), are hereby authorized, in the name and on behalf of MSDC, to enter into all contracts, agreements, and instruments necessary or appropriate in connection with the placement of insurance for the James A. Farley Post Office Building and Annex with Affiliated Factory Mutual and the Chubb Group; and be it further

RESOLVED that the total annual cost of such insurance shall not exceed \$795,204; and be it further

RESOLVED that all actions heretofore taken in regard to the replacement of the foregoing insurance policies are hereby approved, ratified, and confirmed.

* * *