

NEW YORK STATE URBAN DEVELOPMENT CORPORATION
d/b/a Empire State Development

Empire State Development works to promote business investment and growth that leads to job creation and prosperous communities across New York State

Meeting of the Directors

Friday

September 30, 2016 – 9:30 a.m.

AGENDA

FOR CONSIDERATION

I. PROJECTS

MOYNIHAN STATION CIVIC AND LAND USE IMPROVEMENTS PROJECTS

- A. New York City (New York County) – Empire Station Complex – Moynihan Station Civic and Land Use Improvement Project – Authorization to Amend a Contract with Skidmore, Owings & Merrill LLP (“SOM”) for Architectural, Engineering, Design, Development and Related Services; and Authorization to Take Related Actions
- B. New York City (New York County) – Empire Station Complex – Moynihan Station Civic and Land Use Improvement Project – Authorization to Assume and Amend a Contract with Parsons Brinkerhoff (f/k/a PB Americas, Inc.) for Architectural, Engineering, Design, and Construction Phase Services; Authorization to Take Related Actions

EXECUTIVE SESSION

- Empire Station Complex – Moynihan Station Civic and Land Use Improvement Project

MOYNIHAN STATION CIVIC AND LAND USE IMPROVEMENT PROJECTS

- C. New York (New York County) – Moynihan Station Civic and Land Use Improvement Project - Adoption of Supplement to the General Project Plan; Determination that No Supplemental Environmental Impact Statement is Required; Determinations Regarding Proposed Transfers of Property; Authorization to Hold Public Hearing(s); and Authorization to Take Related Actions

Item I. A.



FOR CONSIDERATION

September 30, 2016

TO: The Directors

FROM: Howard A. Zemsky

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

REQUEST FOR: Authorization to Amend a Contract with Skidmore, Owings &
Merrill LLP (“SOM”) for Architectural, Engineering, Design,
Development, and Related Services; and Authorization to Take
Related Actions

I. Background

In January of 2016, Governor Andrew M. Cuomo commenced implementation of an initiative for the development of a commuter and intercity passenger railroad terminal to be known as the Empire Station Complex (“Empire Station”). In furtherance of that initiative, New York State Urban Development Corporation d/b/a Empire State Development (“ESD” or the “Corporation”) with the Metropolitan Transportation Authority (“MTA”), MTA’s operating entity Long Island Rail Road (“LIRR”) and National Passenger Railroad Corporation (“Amtrak”) have issued a *Joint Solicitation for the Development of the Empire Station Complex*. (the “Joint Solicitation”). The Joint Solicitation consists of (i) a request for expressions of interest and qualifications for the redevelopment of New York Pennsylvania Station (the “Penn Station”), owned by Amtrak and, in part, long term net leased to LIRR by Amtrak and (ii) a request for proposals (“RFP”) for the private redevelopment (the “Farley Project”) of the ESD-owned James A. Farley Building property (“Farley”) that would include (i) a new railroad passenger train hall (the “Moynihan Train Hall”), (ii) new facilities in the Penn Station train-shed (the “Train Shed”) that will provide vertical circulation between the Moynihan Train Hall and the Train Shed’s passenger platforms and concourses, (iii) and passenger facing operations and back office facilities for LIRR and Amtrak (collectively, the “Train Hall Work”).

ESD’s subsidiary, Moynihan Station Development Corporation (“MSDC”), conducts the Farley Project’s Phase 1 work beneath Farley in the Train Shed and associated work in Farley (the “Train Shed Work”). Phase 1 is nearing completion. As part of the Empire Station Complex initiative, ESD must now advance the Farley Project’s Phase

2, which will occur mostly within ESD-owned Farley. Skidmore, Owings & Merrill LLP ("SOM") has been the Farley Project architect since 1998. SOM entered into the Farley Project contract with MSDC (formerly known as Pennsylvania Station Redevelopment Corporation). SOM has prepared all of the current plans and specifications for both Phase 1 and Phase 2 of the Farley Project.

Phase 2 is the construction by a private developer (selected by ESD in accordance with the RFP) of the Train Hall Work. In order to proceed with the process of solicitation of the developer for Phase 2, ESD requires the services of SOM to perform the additional scope of work described below (the "Phase 2 Work").

II. The Proposed Contract Amendment

The amendment requested in these materials will provide for (i) an addition to the contract amount of \$987,023, inclusive of contingency; and (ii) an increase of the current contract amount of \$31,860,481 to \$32,847,504. The Port Authority of New York and New Jersey has reviewed the work that will be added to the contract scope of work and affirmed that the increase in the contract amount is fair and reasonable. The amendment requested in these materials will provide for (i) the a partial assignment to and assumption by ESD of the SOM contract with respect to the Phase 2 Work, (ii) the addition of the Phase 2 Work to the contract's scope of work; (iii) extension of the contract term, with respect to ESD, through December 31, 2017; The amendment will also provide that ESD will be responsible to SOM with respect to the Phase II work only for an amount not to exceed \$3,357,023 (*i.e.* \$2,370,000 from the prior amendment plus this amendment's \$987,023) the maximum amount to be paid to SOM by ESD for the Phase 2 Work. The amendment will not affect the contract with respect to MSDC which will continue to be responsible for the payment to SOM for all work performed pursuant to the contract other than the Phase 2 Work.

III. Contractor History With the Project

In 1998, after a competitive bidding process and pursuant to Director authorization, MSDC (then Pennsylvania Station Redevelopment Corporation) entered into the contract (the "Contract") pursuant to which SOM would "provide all architectural, structural, mechanical and electrical engineering services necessary for the programming, design, contract documentation and construction administration of the restoration and redevelopment of a portion of the historic James A. Farley Post Office Building in New York City into an intermodal transportation facility" for an amount not to exceed \$23,000,000. In 1999, the Directors authorized an increase in the total contract amount to \$44,700,000. By 2003, approximately \$34,500,000 had been expended against the Contract, and SOM had performed ably in all aspects of its original scope, including completion of construction documents at the 80% level for the project iteration current at that time.

With the decision in 2010 to advance the Moynihan Station Project in two distinct phases—Phase 1, which is the below-grade critical infrastructure work now under construction, and Phase 2, which is the completion of the train hall—and with all previously performed Contract work having been performed, accepted, and paid for in full, the Directors authorized the amendment and restatement of the Contract. The amended and restated Contract terms superseded the previous terms, provided for SOM to repackage drawings for the advancement of Phase 1, and established a new maximum Contract amount of \$5,775,928. This amount was within the previously authorized but unspent amount for the Contract.

Since 2010, the Contract has been amended nine times in order to provide for: new insurance requirements for Phase 1, for pedestrian flow modeling work, construction-phase advisory services for Phase 1, the re-bid repacking of designs for the 33rd Street Connector, test-fits for the purposes of updating the feasibility study for potential commercial development surrounding the train hall, the repackaging of the 2006 train hall designs for Phase 2 of the project, construction-phase advisory services to support the execution of early action work in Farley, resiliency moat improvements, Phase 1 construction support, and Phase 2 final documents and bid support. In April 2016, the SOM bid support and design services pertaining to the Empire Station solicitation were contractually assigned to Empire State Development. These amendments plus change orders within the authorized contingency amounts have increased the Contract's current maximum value to \$31,860,481. The requested amendment will increase the maximum current value of the contract to \$32,847,204.

The contract has been previously partially assigned to ESD in the amount of \$2,370,000 and that amount is now being increased by \$987,023 as described in these materials so that ESD's payments under the Contract shall not exceed \$3,357,023.

IV. Responsible Parties

Pursuant to State Finance Law Section 139-j and 139-k and the Corporation's policy related thereto, staff has: (a) considered proposed contractor'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 the proposed contractor to be responsible.

V. Funding

Funding received by ESD from events held at the ESD-owned James A. Farley Building and from the Federal Railroad Administration will cover the additional amount added to the contract.

VI. Non-Discrimination and Contractor & Supplier Diversity

ESD's Non-Discrimination and Contractor & Supplier Diversity policies will apply to this contract. The Contractor shall be required to use good faith efforts (pursuant to 5 NYCRR Section 142.8) to achieve a Minority-owned Business Enterprise participation goal of 15% and a Women-owned Business Enterprise participation goal of 5% of the total dollar value of work performed pursuant to contracts or purchase orders entered into in connection with the construction work related to the project. This is a comprehensive goal for all areas of the project (i.e., professional, construction and purchasing of supplies), and therefore the overall MWBE goal for the project is 20%.

VII. Environmental Review

The requested authorization 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 with this authorization.

VIII. Requested Actions

Staff requests that the Contract be amended to authorize (i) an addition to the contract amount of \$987,023, inclusive of contingency; and (v) increase the current contract amount to \$32,847,504.

IX. Recommendation

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

X. Attachments

Resolution

September 30, 2016

NEW YORK (NEW YORK COUNTY) – Empire Station Complex - Moynihan Station Civic and Land Use Improvement Project – Authorization to Amend a Contract with Skidmore, Owings & Merrill LLP (“SOM”) for Architectural, Engineering, Design, Development, and Related Services; and Authorization to Take Related Actions

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 Skidmore Owings & Merrill LLP (“SOM”) to be responsible; and be it further

RESOLVED, that the Directors hereby authorize the Corporation to assume and amend the contract with SOM as described in the Materials so that the amount to be paid to SOM by ESD pursuant to the contract will be increased by \$987,023 and will not to exceed \$3,357,023 for the purposes and services and substantially on the terms and conditions, as set forth in the Materials; and be it further

RESOLVED, that the President, or other Officer of the Corporation, or his 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.

* * *

Item I. B.

FOR CONSIDERATION

September 30, 2016

TO: The Directors

FROM: Howard A. Zemsky

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

REQUEST FOR: Authorization to Assume and Amend a Contract with Parsons Brinkerhoff (f/k/a PB Americas, Inc.) for Architectural, Engineering, Design, and Construction Phase Services; Authorization to Take Related Actions

I. BACKGROUND

In January of 2016, Governor Andrew M. Cuomo commenced implementation of an initiative for the development of a commuter and intercity passenger railroad terminal to be known as the Empire Station Complex (“Empire Station”). In furtherance of that initiative, New York State Urban Development Corporation d/b/a Empire State Development (“ESD” or the “Corporation”) with the Metropolitan Transportation Authority (“MTA”), MTA’s operating entity Long Island Rail Road (“LIRR”) and National Passenger Railroad Corporation (“Amtrak”) have issued a *Joint Solicitation for the Development of the Empire Station Complex*. (the “Joint Solicitation”). The Joint Solicitation consists of (i) a request for expressions of interest and qualifications for the redevelopment of New York Pennsylvania Station (the “Penn Station”), owned by Amtrak and, in part, long term net leased to LIRR by Amtrak and (ii) a request for proposals (“RFP”) for the private redevelopment (the “Farley Project”) of the ESD-owned James A. Farley Building property (“Farley”) that would include (i) a new railroad passenger train hall (the “Moynihan Train Hall”), (ii) new facilities in the Penn Station train-shed (the “Train Shed”) that will provide vertical circulation between the Moynihan Train Hall and the Train Shed’s passenger platforms and concourses, (iii) and passenger facing operations and back office facilities for LIRR and Amtrak (collectively, the “Train Hall Work”).

ESD’s subsidiary, Moynihan Station Development Corporation (“MSDC”), conducts the Farley Project’s Phase 1 work beneath Farley in the Train Shed and associated work in Farley (the “Train Shed Work”). Phase 1 is nearing completion. As part of the Empire Station Complex initiative, ESD must now advance the Farley Project’s Phase 2, which will occur mostly within ESD-owned Farley. Parson Brinkerhoff (“PB”) entered into the Farley Project contract with MSDC (formerly known as Pennsylvania Station Redevelopment Corporation). PB has provided architectural and engineering services on all of the current plans and specifications for Phase 1 of the Moynihan Station Project, specifically pertaining to the design of the Emergency Ventilation Sub-Project.

Phase 2 is the construction by a private developer (selected by ESD in accordance with the RFP) of the Train Hall Work. In order to proceed with the process of solicitation of the developer for Phase 2, ESD requires the services of PB to perform the additional scope of work described below (the "Phase 2 Work").

II. The Proposed Contract Amendment

The amendment requested in these materials will provide for (i) the a partial assignment to and assumption by ESD of the PB contract with respect to the Phase 2 Work, (ii) the addition of the Phase 2 Work to the contract's scope of work; (iii) extension of the contract term, with respect to ESD, through December 31, 2018; (iv) an addition to the contract amount of \$127,490, inclusive of a 10% contingency, for the Phase 2 Work; and (v) an increase of the current contract amount to \$3,945,049. The Port Authority of New York and New Jersey has reviewed the Phase 2 Work that will be added to the contract scope of work and affirmed that the increase in the contract amount is fair and reasonable. ESD will only be responsible for the assigned portion of the contract and the amount of the contract with respect to ESD shall not exceed \$127,490.

III. Phase 2 Work to be Added to the PB Contract Scope of Work

PB will repackage the 2011 Platform Ventilation drawings and specifications in a manner consistent with the Empire Station Complex initiative. The scope of services provides a drawing by drawing breakdown of the revisions required for the Structural, Mechanical, Electrical and Architectural disciplines. The proposal for this work is \$115,900, with an additional 10% contingency, for a total amendment amount of \$127,490.

IV. Contractor History With the Project

In April 2010, the MSDC Directors authorized a contract with Parson Brinkerhoff, formerly known as PB Americas, Inc., ("PB") for architectural and engineering services on Phase 1 of the Moynihan Station Project, specifically pertaining to the design of the Emergency Ventilation Sub-project.

In May 2012, the Directors awarded the construction contract for the West End Concourse Expansion Sub-project ("WEC") to Skanska USA Civil Northeast, Inc. ("Skanska").

In September 2012, USDOT awarded a \$30 million grant to NYSDOT/MSDC for to advance the 33rd Street Connector sub-project and to construct the fan room structures over C-Yard for the Emergency Ventilation System.

In order to advance the structural work in C-Yard, in October 2012 the Directors authorized an amendment to the contract with PB to repackage the Platform Ventilation System plans and specifications so structural work could proceed in C-Yard.

In January 2013, the Directors authorized an amendment to the Skanska contract in order to include the construction of the C-yard fan room structures. Work began in C-Yard in February 2013 and is nearing completion. Due to significant construction challenges in C-Yard resulting from fracturing and fissuring of the northern Penn Station retaining wall a significant redesign of C-Yard was required in summer of 2013 in the middle of construction. This delayed the completion of work in C-Yard and resulted in change orders in substantial amounts.

In September 2014, the Directors authorized an amendment to the PB contract to allow for PB to review the plans for the fan room structures in E-yard in advance of MSDC initiating this work, in order to improve the design based on lessons learned from C-Yard, thereby reducing the likelihood for significant change orders and delays during the course of construction.

Subsequent to this amendment, it was necessary to conduct a more comprehensive visual survey of the existing conditions in E-Yard. This work needed to be accomplished by Severud Associated Consulting Engineers P.C. ("Severud"), serving as a sub-consultant to PB. In February 2015, the Directors authorized an amendment to the PB contract in order to accommodate the Severud survey. This work had to proceed in advance of PB's redesign efforts in order to expedite the design review process.

These amendments plus change orders within the authorized contingency amounts have increased the Contract's current maximum value to \$3,817,559. The requested amendment will increase the maximum current value of the contract to \$3,945,049.

V. Responsible Parties

Pursuant to State Finance Law Section 139-j and 139-k and the Corporation's policy related thereto, staff has: (a) considered proposed contractor'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 the proposed contractor to be responsible.

VI. Funding

Funding for this contract will be provided through pre-development funds for Phase 2 of Moynihan Station provided by PANYNJ.

VII. Non-Discrimination and Contractor & Supplier Diversity

ESD's Non-Discrimination and Contractor & Supplier Diversity policies will apply to this contract. The Contractor shall be required to use good faith efforts (pursuant to 5 NYCRR Section 142.8) to achieve a Minority-owned Business Enterprise participation goal of 15% and a Women-owned Business Enterprise participation goal of 5% of the total dollar value of work performed pursuant to contracts or purchase orders entered into in connection with the construction work related to the project. This is a comprehensive goal for all areas of the project (i.e., professional, construction and purchasing of supplies), and therefore the overall MWBE goal for the project is 20%.

VIII. Environmental Review

The requested authorization 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 with this authorization.

IX. Requested Actions

Staff requests that the Contract be amended to authorize (i) the a partial assignment to and assumption by ESD of the PB contract with respect to the Phase 2 Work, (ii) add the Phase 2 Work to the contract's scope of work; (iii) extension of the contract term through December 31, 2018; (iii) an addition to the contract amount of \$127,490, inclusive of 10% contingency, for the Phase 2 Work; and (v) increase the current contract amount to \$3,945,049.

X. Recommendation

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

XI. Attachments

Resolution

September 30, 2016

NEW YORK (NEW YORK COUNTY) – Empire Station Complex - Moynihan Station Civic and Land Use Improvement Project – Authorization to Assume and Amend a Contract with Parson Brinkerhoff (“PB”) for Architectural, Engineering, Design, Development, and Related Services; and Authorization to Take Related Actions

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 Parsons Brinkerhoff (“PB”) to be responsible; and be it further

RESOLVED, that the Directors hereby authorize the Corporation to assume and amend the contract with PB as described in the Materials so that the amount to be paid to PB by ESD pursuant to the contract will not to exceed of \$127,490 for the purposes and services and substantially on the terms and conditions, as set forth in the Materials; and be it further

RESOLVED, that the President, 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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Item I. C.



FOR CONSIDERATION

September 30, 2016

TO: The Directors

FROM: Howard Zemsky

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

REQUEST FOR: Adoption of Supplement to the General Project Plan; Determination that No Supplemental Environmental Impact Statement is Required; Determinations Regarding Proposed Transfers of Property; Authorization to Hold Public Hearing(s); and Authorization to Take Related Actions

I. BACKGROUND

It is requested that The New York State Urban Development Corporation d/b/a Empire State Development (“ESD” or the “Corporation”) adopt the accompanying proposed Supplement to the General Project Plan (the “Supplement”) for the Moynihan Station Civic and Land Use Improvement Project (the “Project”) in accordance with the New York State Urban Development Corporation Act (the “UDC Act”) in order to effectuate certain modifications to the August 2006 General Project Plan (“2006 GPP”) for the Project, as amended in March 2007 and June 2010 (the GPP as so amended the “Existing GPP”). It is also requested that the Corporation hold one or more public hearings and receive public comment on the Supplement and the transactions described in these materials. If the adopted Supplement is subsequently affirmed or affirmed with further modifications by the Directors, the Existing GPP, as amended by the affirmed Supplement, would constitute the amended General Project Plan for the Project.

The Project includes the leasing and redevelopment of the ESD-owned James A. Farley Post Office Building and Annex (“Farley”), also known as 421 Eighth Avenue, located on a superblock between West 31st and West 33rd Streets and Eighth and Ninth Avenues in the Borough of Manhattan, County, City and State of New York, Manhattan Tax Block 755, Lot 40. The building covers the entire superblock site to the surrounding public sidewalk. Farley is also located on a supporting slab and columns directly above the western portion of the New York Pennsylvania Station (“Penn Station” or “Penn”) train shed (*i.e.*, the space in which Penn Station’s tracks and platforms are located, and referred to in these materials as the “Train Shed”). National Railroad Passenger Corporation (“Amtrak”) possesses and controls the Train Shed. Long Island Rail Road commuter trains and Amtrak inter-city trains use the tracks and platforms in this western portion of the Train Shed.

For more than forty-five years, ever-increasing numbers of commuter and inter-city rail passengers have entered New York City through the subterranean maze of concourses that is New York’s Penn Station. With over 650,000 passenger trips per day, Penn Station is the busiest, and most congested, transport passenger facility in North America; busier than Kennedy, LaGuardia, and Newark Airports combined. Penn Station already operates at more than 100% of its designed capacity and the station’s rapidly growing passenger load must be addressed.

In early 2016, Governor Andrew Cuomo put forth the Penn-Farley complex initiative. The complex would comprise new iconic passenger rail facilities and mixed-use destinations in the heart of New York City. The complex would improve the primary transportation anchor for Manhattan's Midtown West Central Business District, the country's largest central business district. Virtually all recent and currently projected growth in Midtown is in the areas west of Seventh Avenue. The improvements would support the increasing number of passengers and future job growth. The complex would extend from Seventh Avenue to Ninth Avenue and from 31st Street to 33rd and 34th Streets. The complex would be developed through public-private partnerships in which private developers construct transit improvements while developing and operating new commercial development.

Acting on the Governor Cuomo's initiative, ESD and the Metropolitan Transportation Authority ("MTA"), with its affiliated operating entity, The Long Island Rail Road Company ("LIRR,"), joined with Amtrak, in January 2016, in order to issue the Joint Solicitation that included an ESD request for proposals ("RFP") for the private redevelopment of Farley, including the construction of a new spacious sun-lit train hall, the Daniel Patrick Moynihan Train Hall (the "Moynihan Train Hall" or the "Train Hall").¹ By issuing the RFP, ESD recognized the important role that Farley and the Project will play in relieving the current overcrowded condition of Penn Station. Additional LIRR back-of-house and passenger facing operations in Farley would alleviate increasingly overcrowded conditions in the Penn Station LIRR corridor and allow for MTA to pursue public-private partnerships for renovation and reconstruction of LIRR's existing passenger facilities. Amtrak's relocation to Farley from Penn Station of most of Amtrak's back-of-house and passenger facing operations would open up much of Penn Station to passenger oriented redevelopment and allow Amtrak to structure public-private partnerships for such redevelopment. In addition to these potential benefits, the Project will provide benefits that are separate from those that would be derived from the improvement of Penn Station, in that the Project will create within Farley a modern, sun-lit commuter and inter-city rail facility, restore and preserve Farley, one of New York City's most iconic landmarked buildings, and further the economic development in the region. Accordingly, while the Project is supportive of the Penn Station improvements under the Penn-Farley complex initiative, the Project has its own independent utility and is not dependent upon the potential improvements to Penn Station east of Eighth Avenue.

The Project continues to include the redevelopment of Farley, including a new passenger rail facility and the accompanying commercial components. In 2010, the Project was divided into two phases for design, financing, construction, and logistical considerations. Phase 1, which was publicly funded, is currently under construction mostly beneath Farley in the Train Shed. Phase 1 consists of below-grade infrastructure improvements to provide additional passenger circulation space and two new vertical access points through Farley's Eighth Avenue facade. The Project's Phase 2 would include the development of the Moynihan Train Hall and be a public/private partnership funded with proceeds from the private redevelopment of Farley, from some public sources, including MTA, Amtrak, The Port Authority of New York and New Jersey ("PANYNJ") and ESD.

The Project's architectural and engineering components remain substantially the same as set forth in the Existing GPP. As with the Existing GPP, Amtrak passenger operations space (customer facing and back-of-house space) will be located adjacent to the Moynihan Train Hall, and the United States Post

¹ The Joint solicitation also included a MTA and Amtrak request for expressions of interest and request for qualifications ("RFEI/RFQ") from private teams interested in redeveloping the portions of Penn Station respectively used by LIRR and Amtrak. After their review of the RFEI/RFQ responses, MTA and Amtrak will consider how to proceed with the Empire Station Complex east of Eighth Avenue.

Office ("USPS") will continue to operate its existing retail postal lobby and lease substantial support space within Farley pursuant to existing leases (the "USPS Leases"). The Project also continues to include the mixed-use redevelopment of the western portion of the Manhattan Tax Block 783, located between 33rd and 34th Streets along the east side of Eighth Avenue referred to in the Supplement as "Off-Site Premises".

Changes to the Existing GPP in the Supplement include the following: (i) LIRR, and potentially its sister MTA operating entity, Metro-North Commuter Railroad ("Metro North"), and Amtrak will be the principal railroads using the Moynihan Train Hall and each will have a substantial presence in Farley; (ii) the Farley tenant (the "Tenant") will be a new special purpose entity owned by subsidiaries of Vornado Realty, L.P. and The Related Companies L.P. and the Tenant work described in the Supplement replaces the Tenant Work set out in the Existing GPP; (iii) Farley will have neither a big-box store nor "Mart" use and that use space will contain office and other commercial uses; (iv) the Farley redevelopment will comply with the requirements of the New York State Uniform Fire Prevention and Building Code; and (v) the Supplement overrides ZR 93-13 (the special office use regulations of the Special Hudson Yards District). These changes enhance the Project benefits set forth in the Existing GPP and do not alter the fundamental benefits and utility to be derived from the Project and promote the prompt commencement and expeditious completion of the Project's Phase 2.

II. SELECTION PROCESS FOR CONDITIONAL DESIGNATION OF THE PROJECT TENANT

ESD conducted a competitive RFP process for the identification of the RFP respondent to be recommended for conditional designation as the Project's tenant. Due to the complex nature of the Project, as summarized in these materials and as described in the Existing GPP and the proposed Supplement, the RFP process obtained such competition as was feasible under the circumstances and there is no reasonable alternative to the proposed transfers that would achieve the purposes of Project. The process obtained proposals from major real estate development teams. The conforming proposals were reviewed, analyzed and evaluated. The submissions of the respondents that provided the required best and final offers were scored according to the evaluation criteria and weightings set forth in the RFP. The respondent with the best score is RVS Partners LLC, a team composed of Vornado Realty, L.P. and The Related Companies, L.P., as project developers and equity investors, Skanska USA Building, Inc. and Skanska USA Civil Northeast, Inc., as the developers' construction contractors, and Jones Lang LaSalle, for operation of the Project. In the event that ESD and the conditionally designated developer do not close on the leasing and redevelopment of Farley, ESD may seek to close with one of the other RFP respondents.

III. ESSENTIAL TRANSACTION TERMS

All of the Essential Transaction Terms in the 2006 GPP portion of the Existing GPP are replaced by the essential transaction terms set out in the attached proposed Supplement. A brief summary is set out below, but the essential transaction terms are those set out in the Supplement.

ESD shall establish a condominium regime for Farley. The condominium shall have at least six (6) units, including: (i) the Train Hall unit (the "Train Hall Unit") including the main passenger concourse, new public circulation space, new entrances from Eighth and Ninth Avenues and mid-block at 31st and 33rd Streets, and new vertical access facilities connecting the Train Hall to the Train Shed; (ii) the LIRR back-of-house and passenger facing operations space unit (the "LIRR Unit"); (iii) the Amtrak back-of-house and passenger facing operations space unit (the "Amtrak Unit"); (iv) the Train Hall related retail space

unit (the "Train Hall Retail Unit"); (v) the USPS retail lobby and back office and operations space unit (the "USPS Unit"), and (vi) one or more commercial use space units (collectively, the "Commercial Unit"). ESD shall own fee title to each unit.

The Tenant will be a special purpose entity formed by Vornado Realty, L.P. ("Vornado") and The Related Companies, L.P. ("Related"). ESD will long-term net lease to the Tenant all of the condominium units. The lease term shall be ninety-nine years. At commencement of the lease term, the Tenant shall make initial payment in the amount of \$230,000,000 (the "Initial Payment"). Tenant shall make periodic additional payments ("Additional Payments") that will include amounts that approximate the amount of property taxes that would be due if the Tenant, rather than ESD, was the owner of the Train Hall Retail Unit and the Commercial Unit and had access to as-of-right property tax abatements. Amounts payable under the Tenant lease shall be absolutely net to ESD. The Tenant shall pay operating and maintenance charges ("O&M") and pay to the condominium association common area maintenance and assessments ("CAM") for the units. Tenant will also assume ESD's obligations under the USPS leases which allow USPS to lease the USPS Unit for a nominal amount and provide for USPS to pay a specified portion of the common costs of the Farley building based on the ratio of the square footage of USPS leased premises to the aggregate gross square footage of the Farley building. The lease obligations of the Tenant to ESD will be jointly and severally guaranteed by affiliates of the Tenant, who meet certain net worth requirements, pursuant to a guaranty in form and substance acceptable to ESD.

ESD and the Tenant will enter into a leasehold improvement agreement pursuant to which the Tenant shall be responsible for all of the leasehold improvements, including: (i) leasehold related improvements in the Train Shed; (ii) the Train Hall Unit; (iii) the core and shell of the LIRR Unit, the Amtrak Unit; Train Hall Retail Unit; (vi) installation of new entrance canopies; (vii) mid-block taxi amenities; (viii) replacement of various building systems and infrastructure; (ix) restoration of the exterior of the Farley building; (x) perimeter sidewalk improvements ; (xi) the Commercial Unit; and (xi) other improvements (all of these improvements, exclusive of the Commercial Unit, collectively the "Train Hall Improvements").

The Tenant will undertake to complete the Train Hall Improvements for a cost of approximately \$1,264,000,000 with such adjustments as may subsequently be agreed to by the Tenant and ESD (the "Train Hall Improvements Cost"). The Tenant will have full and complete responsibility for completion of the design and performance of the construction of the Train Hall Improvements as set forth in the existing drawings and specifications referred to in the RFP, including the signed and sealed drawings, dated July 15, 2016, prepared by Skidmore, Owings & Merrill LLP with such changes as may be agreed between the Tenant and ESD. The Train Hall Improvements work shall be performed by Skanska Moynihan Train Hall Builders, a joint venture comprised of Skanska USA Building, Inc. and Skanska USA Civil Northeast, Inc. The performance of the Train Hall Improvements work will be guaranteed jointly and severally by Vornado, Related and Skanska AB. ESD plans to utilize as sources of funding for Train Hall Improvements Cost funding received from Amtrak, MTA, PANYNJ, the Initial Payment, the proceeds of monetization of the Additional Payments, and other ESD sources.

Upon substantial completion of the LIRR Unit and the Amtrak Unit, the Tenant's lease will terminate with respect to such units. ESD shall (i) long-term net lease to LIRR and/or MTA the LIRR Unit and (ii) convey to Amtrak fee title to the Amtrak Unit. Each of LIRR/MTA and Amtrak will arrange and be responsible for the cost of the fit-out of its unit. Each of LIRR/MTA and Amtrak will pay for its unit's O&M and the unit's share of CAM. In addition, both LIRR/MTA and Amtrak will pay to Tenant a share of

the Train Hall Unit's O&M and CAM. If LIRR and MTA permanently cease to use the LIRR Unit for passenger rail operations, the lease for the LIRR Unit will terminate. If Amtrak permanently ceases to use the Amtrak Unit for passenger rail operations, title to the Amtrak Unit will revert to ESD.

Tenant shall operate and use the Train Hall Unit as a train station in a manner consistent with the quality found in a first-class, up-to-date transportation-oriented multi-use facility which is operated and maintained in accordance with best management practices (the "Operating Standard"). The Tenant shall use, operate and maintain in accordance with the Operating Standard (i) the Commercial Units for office and retail restaurant uses and ancillary uses thereto or, to the extent reasonably approved by ESD and subject to the terms of the USPS Leases, other legal uses and (ii) the Train Hall Retail Unit for retail, restaurant, and ancillary uses, as determined by Tenant, subject to an agreed-upon list of standards and prohibited uses. MTA and its operating entities, LIRR and potentially Metro North, Amtrak and PANYNJ will have such subleases, easements, and licenses with respect to the Train Hall Unit as are necessary for the use of the Train Hall by these entities and their passenger operations and customer services.

IV. UDC ACT SECTION 10(d), 10(c) AND 10(g) FINDINGS; PUBLIC AUTHORITIES LAW ARTICLE 9, TITLE 5-A DETERMINATIONS

The proposed findings pursuant to UDC Act Sections 10 (d), 10 (c) and 10(g) are set out in the attached proposed Supplement.

Public Authorities Law Article 9, Title 5-A, permits a negotiated transfer of real property by a public authority when the transferring authority has obtained such competition for the transfer as is feasible under the circumstances and such transfer is otherwise authorized by law.

As described in the Existing GPP and these materials, including the Supplement, the circumstances of the Project are complex. The Project involves the preservation and redevelopment of a historic landmarked Farley building that is located above one of the world's busiest passenger transportation facilities and that will continue to function as a major USPS as a postal facility. The Project will also create a new spacious sun-lit Train Hall comparable in size to Grand Central Station Terminal's main train hall, with new entrances from Eighth and Ninth Avenues and 31st and 33rd Streets, and forty new vertical transportation points between the new Train Hall and the Train Shed. The Project also includes, among other things: (i) major improvements to the Train Shed's platforms and ventilation system beneath Farley; (ii) new back-of-house and customer facing operation space for LIRR and Amtrak that include new passenger waiting areas and a baggage handling system adjacent to the Train Hall; (iii) a new below grade direct rail passenger connection to the New York City Transit ("NYCT") Eighth Avenue subway lines and a new above grade public entrance to those lines at 33rd Street and Eighth Avenue that the Project will relocate to the Property's 33rd Street plaza from the public sidewalk; (iv) rail passenger oriented retail space; (v) space for commercial uses, including office, destination retail, and hospitality uses, (vi) replacement of the Farley building's roof and mechanical, electrical and plumbing systems; (vii) and other improvements as described in the Existing GPP and the Supplement. The project must also coordinate the interests of the stakeholders, including USPS, MTA, including LIRR and potentially Metro North, Amtrak, PANYNJ, NYCT, and the Tenant. In addition, the Tenant is primarily responsible for the design, construction, operation and maintenance of the Project and the associated costs.

As described in the Essential Terms of the Transaction section of these materials, ESD will long-term net lease to Tenant all of Farley. As the project progresses: (i) the lease to the Tenant of the LIRR Unit will

terminate and ESD will lease to MTA and/or LIRR the LIRR Unit for a 99-year term, and MTA and/or LIRR will be responsible for operating and maintaining the unit and the payment of all the O&M and CAM for the unit; and (ii) the lease to the Tenant of the Amtrak Unit will terminate and ESD will transfer to Amtrak fee title to the Amtrak Unit, and Amtrak will be responsible for operating and maintaining the unit and the payment of all the O&M and CAM for the unit. Each of the LIRR Unit and the Amtrak Unit must be used for back-of-house and passenger facing operations related to the Train Hall. If such use permanently ceases, then the LIRR Unit lease will terminate and the Amtrak Unit fee title will revert to ESD.

As described in the Selection Process section of these materials, ESD conducted a competitive RFP process for the disposition of Farley that obtained such competition as is feasible under the circumstances.

ESD's governing statute is the UDC Act. The proposed transfers are within the purposes, mission, and powers of ESD under UDC Act, including UDC Act Sections 2, 3, 5, 6, and 9. ESD's purpose and mission include: (i) promotion of a vigorous and growing economy, to prevent economic stagnation and to encourage the creation of new job opportunities in order to protect against the hazards of unemployment and to achieve stable and diversified local economies; (ii) encouraging maximum participation by the private sector of the economy, including the sale or lease of the Corporation's interest in projects at the earliest time deemed feasible; (iii) providing or obtaining the capital resources necessary to acquire, construct, reconstruct, rehabilitate or improve such industrial, manufacturing, commercial, educational, recreational, civic and cultural facilities and facilities incidental or appurtenant thereto; (iv) implementing projects, or portions of projects, designed and intended for the purpose of providing facilities for educational, cultural, recreational, community, municipal, public service or other civic purposes.

The estimated initial ten-year net economic impact of the Project is approximately 12,666 construction related jobs with an estimated economic impact of approximately \$1,283,000,000 and approximately 2,455 long-term jobs with an estimated economic impact of approximately \$3,337,300,000 and an aggregate economic impact of approximately \$4,620,300,000. The proposed transfers will: create a mixed-use facility with civic, cultural, and commercial uses that will create a new commuter and inter-city railroad passenger facility; substantially improve the commuter and inter-city passenger rail transportation in the region; restore and preserve a culturally significant historic landmarked building; revitalize a mostly vacant, underused, and deteriorating commercial facility; create jobs; and spur private investment. Accordingly, the proposed dispositions will promote a vigorous and growing economy, encourage maximum participation of the private sector, provide necessary capital resources for the Project, and provide facilities for cultural, community and civic purposes.

Based on the foregoing: (i) the competitive RFP process for the disposition of Farley obtained such competition as is feasible under the circumstances; (ii) the contemplated transfers of real property described in these materials are consistent with the purpose, mission and governing statute of ESD; and (iii) there is no reasonable alternative to the proposed transfers that would achieve the purposes of Project.

V. CONTRACTOR AND SUPPLIER DIVERSITY

The Tenant will use Good Faith Efforts (pursuant to 5 NYCRR Section 142.8) to achieve participation of New York State certified Minority-owned Business Enterprises ("MBE") totaling 15% and New York State

certified Women-owned Business Enterprises (“WBE”) totaling 15% of the total value of the Train Hall Improvements Cost. The overall Minority-and Women-owned Business Enterprise (“MWBE”) participation goal for the Train Hall Improvements shall be no less than 30% of the total value of the Train Hall Improvements Cost. In addition, Tenant will use Good Faith Efforts to achieve participation of Service-Disabled Veteran-Owned Businesses (SDVOB) totaling 3% of the Train Hall Improvements Cost. Tenant also will agree to implement ESD’s Non-Discrimination policy and will ensure material and ongoing participation of minorities and women in the project operational workforce. These goals and other participation requirements, as may be modified by the State of New York from time to time in accordance with applicable law, regulation or policy generally applicable to projects of this type, shall apply to all future development of the Train Hall for the duration Tenant lease term. Tenant also will provide periodic MBE and WBE reports and relevant supporting documents to be agreed in the Tenant lease transaction documents. Tenant’s compliance will be monitored by appropriate procedures and overseen by ESD staff in the Office of Contractor and Supplier Diversity.

VI. ENVIRONMENTAL REVIEW

In connection with the 2006 GPP and as lead agency under the State Environmental Quality Review Act (“SEQRA”), ESD prepared an Environmental Impact Statement (“EIS”) for the Project in 2006. In 2010, ESD prepared a Technical Memorandum (the “2010 Tech Memo”) to analyze changes to the 2006 GPP described in ESD’s Final Amended General Project Plan dated June 2010. On July 20, 2010, based on an Environmental Assessment dated April 2010, the Federal Railroad Administration (“FRA”) issued a Finding of No Significant Impact with respect to the Project under the National Environmental Policy Act (“NEPA”).

In order to assess the proposed Supplement, and to determine whether the modifications described in the Supplement would result in any potential significant adverse environmental impacts not identified or adequately addressed in ESD’s previous environmental review, ESD had a new Technical Memorandum prepared (the “2016 Tech Memo”). The 2016 Tech Memo concludes that the proposed modifications would not result in any significant adverse environmental impacts not previously identified and adequately addressed for the Existing GPP approved project. Therefore, a Supplemental Environmental Impact Statement is not needed and no further environmental review is required in connection with the Supplement. As described in the Existing GPP, ESD will consult with the New York City Department of Transportation as appropriate to implement traffic control measures and cross-walk widenings identified in the environmental review for the Project.

Furthermore, ESD will continue consultation with the State Historic Preservation Office (“SHPO”) as designs for Phase 2 are developed, pursuant to the First Amended and Restated Programmatic Agreement executed in July 2010 (the “Programmatic Agreement”). In addition, the opportunity for certain consulting parties with a recognized interest in the preservation of the historic character of Farley to comment on the design submissions to SHPO, as stipulated in the Programmatic Agreement, will be continued.

VII. REQUESTED ACTIONS

The Directors are requested to: (i) determine that the 2016 Supplement to the General Project Plan would not result in any significant adverse environmental impacts not previously identified in the Project’s prior environmental reviews and that no Supplemental Environmental Impact Statement is required in connection with the Supplement; (ii) adopt the attached proposed 2016 Supplement to the

General Project Plan, inclusive of findings and the essential transaction terms for purposes of soliciting public comment thereon; (iii) authorize ESD to hold public hearing(s) (including pursuant to UDC Act Sections 6 and 16); (iv) make the determinations that the competitive RFP process for the disposition of Farley obtained such competition as is feasible under the circumstances, the proposed property transfers are consistent with the purpose, mission and governing statute of the Corporation, and there is no reasonable alternative to the proposed transfers that would achieve the purposes of Project; and (v) authorize all actions related to the foregoing.

VIII. RECOMMENDATION

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

ATTACHMENTS

Resolutions
2016 Supplement to the General Project Plan

September 30, 2016

New York (New York County) – Moynihan Station Civic and Land Use Improvement Project - Adoption of Supplement to the General Project Plan; Determination that No Supplemental Environmental Impact Statement is Required; Determinations Regarding Proposed Transfers of Property; Authorization to Hold Public Hearing(s); and Authorization to Take Related Actions

RESOLVED, that based on the materials presented to this meeting and ordered filed with the records of the New York State Urban Development Corporation d/b/a Empire State Development (the "Corporation") relating to the Moynihan Station Civic and Land Use Improvement Project (the "Project"), the Corporation does hereby adopt, for purposes of the public hearing(s) required by the Urban Development Corporation Act of 1968, as amended (the "UDC Act") and as may be required by or appropriate to other applicable laws, the 2016 Supplement to the General Project Plan set forth in the Materials, inclusive of findings and essential transaction terms (the "Supplement"), together with such changes therefrom as the President and Chief Executive Officer of the Corporation or any of his designee(s) may deem appropriate; and be it further

RESOLVED, that the Corporation finds that the Supplement to the General Project Plan would not result in any significant adverse environmental impacts not previously identified in the Project's prior environmental reviews and that no Supplemental Environmental Impact Statement is required in connection with the Supplement; and be it further

RESOLVED, the Supplement shall not be final until action is taken by the Directors as provided in the UDC Act and until such time as all requirements of the UDC Act and other applicable laws in connection therewith have been satisfied; and be it further

RESOLVED, that on the basis of the materials submitted to the Directors, the Directors hereby determine that (i) the competitive request for proposals process for the disposition of the James A. Farley Post Office Building and Annex obtained such competition as is feasible under the circumstances, (ii) the proposed property dispositions described in the materials are consistent with the purpose, mission and governing statute of the Corporation, and (iii) there is no reasonable alternative to the proposed transfers that would achieve the same purposes of such transfers; and be it further

RESOLVED, that the President and Chief Executive Officer or his designee(s) be, and each of them hereby is authorized and directed, in the name and on behalf of the Corporation, to hold one or more public hearings and to provide requisite notice of such public hearings; and be it further

RESOLVED, that the President and Chief Executive Officer or his 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 any and all such actions as may be necessary or appropriate to effectuate the foregoing resolutions.

* * *

2016 SUPPLEMENT TO THE GENERAL PROJECT PLAN

NEW YORK STATE URBAN DEVELOPMENT CORPORATION
d/b/a EMPIRE STATE DEVELOPMENT

**MOYNIHAN STATION CIVIC AND LAND USE IMPROVEMENT
PROJECT**

James A. Farley Post Office Building and Annex,
bounded by Eighth and Ninth Avenues and 33rd and 31st Streets,
421 Eighth Avenue, New York, New York 10199

SUPPLEMENT TO THE GENERAL PROJECT PLAN

September 2016

I. INTRODUCTION

The New York State Urban Development Corporation d/b/a Empire State Development (“**ESD**”) adopts this Supplement to the General Project Plan for the Moynihan Station Civic and Land Use Improvement Project (the “**Project**”) in accordance with the New York State Urban Development Corporation Act (the “**UDC Act**”) in order to effectuate certain modifications to the August 2006 General Project Plan (“**2006 GPP**”) for the Project, as amended in March 2007 and June 2010 (the GPP as so amended the “**Existing GPP**”). The Existing GPP, together with the modifications set forth in this supplement (the “**Supplement**”), shall constitute the amended General Project Plan for the Project (collectively, the “**GPP**”).

II. LOCATION SUMMARY

421 Eighth Avenue, also known as The James A. Farley Post Office Building and Annex (“**Farley**”), is located on the superblock bounded by West 31st and West 33rd Streets and Eighth and Ninth Avenues in the Borough of Manhattan, County, City and State of New York, Manhattan Tax Block 755, Lot 40. The site is approximately 455 by 800 feet. The Farley building covers the entire superblock site to the surrounding public sidewalk and contains approximately 1.374 million square feet of usable space. The building rests on supporting columns and a slab above the western portion of the New York Pennsylvania Station (“**Penn Station**”) tracks and passenger platforms that are located approximately forty feet beneath Farley in a space (the “**Train Shed**”) that is in the possession and control of National Railroad Passenger Corporation (“**Amtrak**”) and in which The Long Island Railroad (“**LIRR**”) and New Jersey Transit conduct commuter rail passenger services and Amtrak conducts inter-city passenger rail service.

The western portion of Manhattan Tax Block 783 is located between 33rd and 34th Streets on the east side of Eighth Avenue in the Borough of Manhattan, County, City and State of New York, and that site is approximately 179 feet in width, from Eighth Avenue to the site’s eastern boundary and 197.5 feet in length, from 33rd to 34th Streets with a footprint of approximately 35,352 square feet (the “**Off-Site Premises**”).

III. PROJECT DESCRIPTION

Generally

The Project continues to include the design, redevelopment, construction, and operation of Farley, improvements in the Train Shed, and the mixed-use redevelopment of the Off-Site Premises. As to uses and architectural and engineering matters, the Project remains substantially similar to the Project set forth in the Existing GPP. Farley will be long-term net leased to a private tenant (the “**Tenant**”) that will construct, operate, and maintain the Farley improvements. The United States Postal Service (“**USPS**”) will continue to operate its historic retail lobby at Eighth Avenue and lease for nominal rent approximately 228,000 square feet of space within Farley. Farley’s historic features will be repaired, preserved and protected, including façade restoration, exterior lighting, and sidewalk improvements. The Project sill calls for redevelopment of the Off-Site Premises will as a mixed-use development utilizing approximately 1,000,000 square feet of development rights associated with Farley.¹

The Supplement’s changes to the Existing GPP include the following: (i) LIRR, and potentially its sister Metropolitan Transportation Authority (“**MTA**”) operating entity, Metro-North Commuter Railroad (“**Metro North**”), and Amtrak will be the principal railroads using the new Daniel Patrick Moynihan Train Hall (the “**Train Hall**”) and each will have a substantial presence in Farley; (ii) the Tenant will be a new special purpose entity owned by subsidiaries of Vornado Realty, L.P. and The Related Companies L.P., and the Tenant work described in the Supplement replaces the Tenant Work set out in the Existing GPP; (iii) Farley will have neither a big-box store nor “Mart” use and that use space will contain office and other commercial uses; (iv) the Farley redevelopment will comply with the requirements of the New York State Uniform Fire Prevention and Building Code; and (v) the Supplement overrides ZR 93-13 (the special office use regulations of the Special Hudson Yards District). These changes enhance the Project benefits set forth in the Existing GPP and do not alter the fundamental benefits and utility to be derived from the Project.

Train Hall Improvements

The new iconic Train Hall will be approximately 250,000 square feet. The Train Hall will include Farley’s interior courtyard enclosed by a sky-lit glass roof-scape. The Train Hall will provide multiple points of passenger vertical access to the redeveloped West End Concourse (“**WEC**”) and Train Shed’s passenger platforms below. The public will access the Train Hall

¹ The Off-Site Premises design requirements of the 2006 GPP remain incorporated into the GPP as follows: (i) development shall be in accordance with the Off-Site Premises Building and Site Plan (annexed as Attachment E to the 2006 GPP portion of the Existing GPP and incorporated into the Supplement by reference); (ii) the structure shall have a principal sky-lit space with a 70 foot width, 85 foot depth, and a height of 60 feet; (iii) design elements shall include but not be limited to seating, planting, lighting, and other appropriate amenities; (iv) hours of operation should be similar to those of other indoor public spaces (approximately 7:00AM to 10:00PM) and prominent signage should be provided to indicate the public interior space; and (v) the developer shall execute an instrument agreeing that the interior public space, subway stair relocation, and through block connection must be substantially complete prior to the issuance of the Temporary Certificate of Occupancy for the Off-Site Premises. ESD would acquire fee title to the Off-Site Premises.

through the new entrances at the corners of 31st and 33rd Streets on Eighth Avenue, a new entrance from Ninth Avenue, and new mid-block entrances, on 31st and 33rd Streets. The new mid-block entrances will lead to a large sky-lit public circulation hall, located one level up from the Train Hall concourse (accessed from the Train Hall concourse by grand stairs and elevators) and connected to a taxi drop-off and pick-up area. In order for Farley to connect to the new development west of Ninth Avenue, the Project will also include an interior, high ceilinged, well lit, through-block corridor (the “**32nd Street Pedestrian Corridor**”) between that public circulation hall and the new Ninth Avenue entrance so that the public can enter Farley through that entrance and proceed to the Train Hall.

The Train Hall will include new passenger amenities, including information displays, ticketing facilities, waiting areas, customer service, and ADA accessibility. Farley’s interior courtyard walls will be restored, and the stonework and mortar will be cleaned and refurbished. Adjacent to the Train Hall, LIRR, and potentially Metro North, will have new facilities in addition to those in the LIRR corridor of Penn Station. Amtrak will transfer to spaces adjacent to the Train Hall most of Amtrak’s operations from Penn Station, including: (i) boarding and detraining for Amtrak trains; (ii) passenger-facing operations (*e.g.*, ticketing, arrival and departure information, waiting, baggage, *etc.*); and (iii) some back-of-house employee functions (although some functions are expected to remain at Penn Station and/or the Amtrak Service Building on 31st Street).

Nine platforms, including all LIRR platforms, and 17 tracks will be accessible from Farley. These forty new vertical access points will: (i) increase passenger access/egress and circulation space, which will relieve congestion at platform and concourse levels throughout the Penn Station complex as a whole; (ii) reduce train dwell time, thereby reducing lost passenger time and permitting additional train movements; and (iii) improve safety and security by permitting, as necessary, faster evacuation of platforms, corridors, and concourses. As compared to the existing Penn Station, the new Farley vertical access and passenger circulation space would result in an approximately thirty percent (30%) increase in the combined total of passenger stairs, escalators, and elevators and an approximately fifty percent (50%) increase in passenger circulation space.

Transit-oriented retail development (“**Train Hall Retail**”) will be located adjacent to the Train Hall. Train Hall Retail will not compromise or impede passenger access to or movement through the Train Hall or connecting corridors.

Annexed as Attachment A are Train Hall Improvements Illustrative Plans.

Train Shed Improvements

Improvements to the Penn Station train shed (the “**Train Shed**”) below Farley will support the construction and operation of the Train Hall. The structure supporting the Farley building will be reinforced and modified as required for the construction of the Train Hall skylight and for the installation of passenger escalators connecting the Train Hall to the Train Shed boarding platforms. Eleven passenger escalators with enclosures will be constructed and installed between the Train Hall and six of the Train Shed’s passenger boarding platforms.

These new vertical circulation elements will improve egress time from platforms to street exits. Four freight elevators will be installed in four former mail elevator shafts to support Amtrak checked baggage service on four Train Shed platforms. One new elevator shaft will be constructed for the installation of a freight elevator to support Amtrak checked baggage service on platform six of Penn Station. The optional renovation and activation of the "Diagonal" (or "Mail") Platform (a/k/a "Platform 12") will not occur because its operation would interfere with the functioning of tracks connecting to other platforms.

New components of a segment of the Penn Station emergency smoke evacuation system will be constructed and installed in the area of the Train Shed below Farley. These components include three fan room platforms to be constructed above the tracks along the south perimeter of the Train Shed. Also included is the installation of seven ventilation fans, with their related operating machinery and power/communications conduits, into a total of seven of these fan room platforms (four of which were previously constructed as part of the Project). The new components will improve adherence, to the maximum extent practicable, to guidelines established by the *National Fire Protection Association (NFPA) Standard 130: Standard for Fixed Guideway Transit and Passenger Rail Systems* ("**NFPA 130**").

Structural reinforcement of the slabs and walls of the depressed moats adjacent to the north and south facades of the Farley building will be performed to prevent water infiltration into Farley and the Train Shed to protect against damage and disruption from severe weather.

Commercial Development

Private commercial development, in addition to the Train Hall Retail, will include approximately 675,000 square feet at Farley that is expected to consist primarily of commercial office and retail and restaurant uses and ancillary uses thereto. Annexed as Attachment B are Commercial Development Illustrative Plans. If USPS reduces its space (other than the historic lobby, which USPS will retain), it is expected that such surrendered space would become additional private commercial development and/or Amtrak space.

IV. ESSENTIAL TRANSACTION TERMS

Essential Transaction Terms set out in the Supplement replace the Essential Transaction Terms in the in the 2006 GPP portion of the Existing GPP.

Condominium Regime

ESD will make Farley a commercial condominium (the "**Condominium**"). The Condominium units would include: (i) the Train Hall space unit (the "**Train Hall Unit**"), (ii) the LIRR space unit (the "**LIRR Unit**"), (iii) the Amtrak space unit (the "**Amtrak Unit**"), (iv) the Train Hall Retail unit (the "**Train Hall Retail Unit**"), (v) the USPS space unit (the "**USPS Unit**"), and (vi) one or more commercial space units (collectively, the "**Commercial Unit**"). ESD shall own and lease to Tenant (the "**Tenant Lease**") all of the units. The premises covered under the Tenant Lease from time to time is referred to as the "**Leased Premises**". After Tenant's substantial

completion of the LIRR Unit and the Amtrak Unit, the Tenant Lease will terminate with respect to each such unit. The Condominium documents will set out the structures and procedures for coordinating the operations of LIRR, Amtrak, and the Tenant.

Landlord/Tenant Relationship

Tenant Lease term will be ninety-nine years, and at commencement the Tenant shall pay \$230,000,000 (the “**Initial Payment**”) and also make periodic additional payments (collectively, the “**Additional Payments**”) that will include amounts based on property taxes that would have been due, subject to as of right abatements, as if the Tenant, rather than ESD, owned the Train Hall Retail Unit and the Commercial Unit. Tenant Lease payments shall be absolute and unconditional and net to ESD.

Leasehold Improvements

ESD and the Tenant will enter into an agreement that makes the Tenant responsible for leasehold improvements. Tenant will have responsibility for the design and construction of the Train Hall related improvements (the “**Train Hall Improvements**”), including: (i) improvements in the Train Shed; (ii) the Train Hall, including main passenger concourse, the new public mid-block circulation hall and other new circulation spaces, entrances from Eighth and Ninth Avenues and 31st and 33rd Streets, new vertical access connecting the Train Hall to the Train Shed, skylights, and other new facilities for rail passengers such as waiting areas and baggage handling; (iii) the core and shell of the LIRR Unit, the Amtrak Unit, and the Train Hall Retail Unit; (iv) replacement of building systems and infrastructure; (v) new entrance canopies; (vi) mid-block taxi drop-off and pick-up areas; (vii) restoration of Farley’s exterior; (viii) perimeter sidewalk improvements; and (ix) other improvements inferable from the plans prepared by Skidmore, Owings & Merrill LLP (the “**SOM Plans**”) and provided to the Tenant by ESD. The Tenant may revise or supplement those plans, and ESD will consider such changes for approval. The Tenant will agree to complete the Train Hall Improvements for approximately \$1,264,000,000 with such adjustments as may be agreed to by the Tenant and ESD. ESD plans to utilize as sources of funding for the Train Hall Improvements funding from Amtrak, MTA, PANYNJ, the Initial Payment, monetization of the Additional Payments, and other ESD sources.

LIRR and Amtrak

Upon substantial completion of the core and shell of the LIRR Unit and the Amtrak Unit, the Tenant Lease will terminate for such Units. ESD shall: (i) long-term net lease to LIRR the LIRR Unit that LIRR shall operate and maintain, and (ii) convey to Amtrak the Amtrak Unit and Amtrak that shall own, operate and maintain. Each of LIRR and Amtrak with respect to its unit will: (i) arrange and be responsible the unit’s fit-out, (ii) pay the unit’s operations and maintenance costs (“**O&M**”) and the unit’s share of the Condominium’s common area maintenance costs and assessments (“**CAM**”) and (iii) pay to Tenant a share of the Train Hall Unit’s O&M and CAM. If LIRR and MTA permanently cease to use the LIRR Unit for passenger rail operations, the lease for the LIRR Unit will terminate. If Amtrak permanently ceases to use the Amtrak Unit for passenger rail operations, title to the Amtrak Unit will revert to ESD.

Train Hall Use

Tenant shall use the Train Hall Unit only for uses that are compatible with the operation of a train station and of the quality found in a first-class, up-to-date transportation-oriented multi-use facility operated and maintained in accordance with the best management practices (“**First Class Transportation Facilities**”), and proposed use changes to such uses subject to approval by ESD, LIRR and/or MTA, and Amtrak. The Commercial Unit may be used for office and retail and restaurant uses and ancillary uses thereto or, to the extent reasonably approved by ESD, other legal uses as determined by Tenant that are of the quality found in First Class Transportation Facilities. The Train Hall Retail Unit may be used for retail, restaurant and ancillary uses only, as determined by Tenant, subject to agreed-upon list of standards and prohibited uses, and such uses and the applicable users shall be of the quality found in First Class Transportation Facilities and shall be subject to the reasonable approval of ESD, the railroads and Amtrak, to the extent such users occupy spaces that face the Train Hall Unit. The Leased Premises will not be used for any unlawful or illegal uses or in any manner that constitutes a nuisance or for certain prohibited uses that detract or degrade the Project for use as a First Class Transportation Facility. MTA and its operating entities, LIRR and potentially Metro North, Amtrak and PANYNJ will have such subleases, easements, or licenses with respect to the Train Hall Unit as are necessary for the use of the Train Hall by these entities and their passenger operations and customer services.

V. OVERRIDE OF LOCAL LAW; STANDARDS

The Supplement does not disturb the override of local law in the Existing GPP in which ESD found that it is not feasible or practicable for the Project to comply with the New York City Zoning Resolution (“ZR”). ESD has overridden the ZR, including: (i) ZR 74-62: Railroad passenger stations; (ii) ZR 74-763 and 81-231: Reduction in size of previously bonused urban plaza; (iii) ZR 81-211: Permitted floor area; (iv) ZR 81-26 and 81-27: Height and setback regulations; (v) ZR 81-45: Pedestrian circulation space; (vi) to the extent necessary: ZR 81-46: Relocation of subway stairway entrance onto zoning lot; and (vii) ZR 74-52: Special Permit required for public parking.

In addition, for the inclusion of office space in the Farley building, ESD hereby overrides ZR 93-13 (the special office use regulations of the Special Hudson Yards District) as not feasible or practicable. It is ESD’s intention to override the ZR as necessary for the construction of the Project.

The WEC was constructed in accordance with the *National Fire Protection Association (NFPA) Standard 130: Standard for Fixed Guideway Transit and Passenger Rail Systems*. The Uniform Fire Prevention and Building Code as adopted by the State of New York (the “State Code”) is the applicable standard for the LIRR facilities in Penn Station. Due to the differing applicable standards, LIRR’s presence in Farley, and Farley’s physical connection to the existing LIRR facilities, ESD determined that it is not practicable to apply the local code and that the State Code will govern Farley except as otherwise indicated in Section VII below.

If and to the extent that the New York City Landmarks Law (codified in Title 25 of the New York City Administrative Code) would be applicable to an ESD-sponsored project in an ESD-owned building, ESD further finds that it is not feasible or practicable for the Project to comply with that local law. However, ESD has held informational meetings with the staff of the Landmarks Preservation Commission to apprise it of the design plans for the Project and will continue to comply with the New York State Historic Preservation Act.

VI. UDC ACT SECTION 10(d), 10(c) AND 10(g) FINDINGS

The changes to the Project described in the Supplement are consistent with and do not disturb the Civic Project and Land Use Improvement Project findings of the Existing GPP and such findings remain in full force and effect for the reasons described below.

A. Civic Project Findings: UDC Act Section 10(d)

- (1) There exists in the area in which the project is to be located, a need for the educational, cultural, recreational, community, municipal, public service or other civic facility to be included in the Project.

There exists within the Project location on the West Side of Manhattan in New York City a need for the Project, inclusive of the Train Hall. Farley, which is largely vacant, is an important historic and cultural resource and is in need of protection, repair, preservation, and beneficial reuse. Penn Station operates above capacity and is not adequately designed for its existing passenger load or the expected growth in passenger load. Additional station capacity and the integration of that additional capacity with Penn Station and the mass transit facilities currently serving the area will provide to New York City and the region the modern, interconnected and cohesive rail transportation hub that is essential to support economic growth.

- (2) The Project consists of a building or buildings or other facilities that are suitable for educational, cultural, recreational, community, municipal, public service or other civic purpose.

The Project consists of facilities suitable for the civic purposes of preserving an historic and cultural resource and providing transportation facilities. The Project will remediate, restore, and preserve the historic features of this important cultural resource. Within and beneath Farley, the Project will consist of public transportation improvements, including, but not limited to: (i) new emergency ventilation facilities; (ii) a substantially expanded WEC; (iii) an expansive Train Hall, including a grand concourse; (iv) the mid-block public circulation hall between 31st and 33rd Streets; (v) new entrances from Eighth and Ninth Avenues and mid-block from 31st and 33rd Streets; (vi) additional back-of-house and passenger facing operations space for LIRR and Amtrak; and (vii) multiple new vertical access points between Farley and the Train Shed. The Project will re-use and redevelop the underutilized Farley building in a manner that avoids the adverse effects that “overbuild” construction would have on the historic building and preserves an important civic and historic resource. In addition, the Project substantially widens and improves the underground 33rd Street corridor that connects the Train Hall, Penn Station and the Eighth Avenue Subway (the 33rd Street Connector). With construction of these improvements, the Project will consist of a multi-dimensional transportation facility integrating newly

constructed transportation components with related adjoining and supporting private development and existing transportation facilities.

(3) The Project will be leased to or owned by the state or an agency or instrumentality thereof, a municipality or an agency or instrumentality thereof, a public corporation, or any other entity which is carrying out a community, municipal, public service or other civic purpose, and adequate provision has been, or will be, made for the payment of the cost of the acquisition, construction, operation, maintenance and upkeep of the Project.

ESD owns Farley and may eventually have ownership of the Off-Site Premises. Except with respect to the Amtrak Unit, ESD will own all of the Condominium units. MTA and/or its operating entity LIRR will long-term net lease from ESD the LIRR Unit. Amtrak will own the Amtrak Unit. The Project owned or leased by these entities is for the creation and improvement of a commuter and inter-city rail passenger facility to be used by the public, and adequate provision has been, or will be, made for the payment of the cost of the acquisition, construction, operation, maintenance and upkeep of the Project. Any sale or lease of these facilities, or portions thereof, will require that the owner or lessee carry out the Project's civic purposes and operate, maintain, and upkeep the Project.

(4) The plans and specifications assure or will assure adequate light, air, sanitation and fire protection.

The plans and specifications for the Project assure adequate light, air, sanitation and fire protection for the Project. The creation of additional passenger circulation space and vertical access points and the improvement to the platform ventilation system will substantially enhance safety and security for the Train Shed, Farley, and the Penn Station complex as a whole.

B. Land Use Improvement Project Findings: UDC Act Section 10(c)

(1) The area in which the Project is to be located is a substandard or insanitary area, or is in danger of becoming a substandard or insanitary area and tends to impair or arrest sound growth and development of the municipality.

Considered as a whole, the Project site (comprised of Farley, the Off-Site Premises, and the 33rd Street Connector, an adjoining below-grade pedestrian passageway connecting Penn Station to the WEC and Eighth Avenue Subway) is substandard, and the area is significantly underutilized. Farley is a 100-year old facility that is virtually unoccupied and is in need of significant systems upgrade, façade renovation, and capital improvement. The 33rd Street Connector is too narrow for the volume of passenger/pedestrian traffic that it must bear and does not meet ADA-accessibility standards. At present, approximately 75% of Farley's total 1.4 million square feet is vacant, but the Project would restore that vacant space to productive use. At Farley, there are approximately 2,500,000 additional square feet of unused development rights (over and above the approximately 1,400,000 square feet of built area) available under the New York City Zoning Resolution. The Project calls for utilization of approximately 1,000,000 square feet of the Farley development rights with respect to the Off-Site Premises. The utilization of these development rights at that Project site location will foster efficient regional

growth due to the site's immediate proximity to the City's largest regional rail and mass transit hub and is in the public interest.

(2) The Project consists of a plan or undertaking for the clearance, replanning, reconstruction and rehabilitation of such area and for recreational and other facilities incidental or appurtenant thereto.

The Project calls for Farley's rehabilitation, redevelopment of the Off-Site Premises, new rail and transit interconnections, and improvement of the 33rd Street Connector.

(3) The plan or undertaking affords maximum opportunity for participation by private enterprise, consistent with the sound needs of the municipality as a whole.

The private development at Farley and utilization of Farley development rights at Off-Site Premises afford the maximum opportunity for participation of private enterprise without compromising the design or operation of the Train Hall or the Project's other public benefits.

C. UDC Act Section 10(g)

Necessary relocation of any Project location site occupants will be performed in accordance with applicable law. ESD understands that there are no residential occupants at the Project location and no residential relocation is required under UDC Act Section 10(g).

VII. ENVIRONMENTAL

In connection with the 2006 GPP and as lead agency under the State Environmental Quality Review Act ("**SEQRA**"), ESD prepared an Environmental Impact Statement ("**EIS**") for the Project in 2006. In 2010, ESD prepared a Technical Memorandum (the "**2010 Tech Memo**") to analyze changes to the 2006 GPP described in ESD's Final Amended General Project Plan dated June 2010. On July 20, 2010, based on an Environmental Assessment dated April 2010, the Federal Railroad Administration ("**FRA**") issued a Finding of No Significant Impact with respect to the Project under the National Environmental Policy Act ("**NEPA**").

In order to assess the proposed modifications to the Existing GPP described in the Supplement, and to determine whether such modifications would result in any potential significant adverse environmental impacts not identified or adequately addressed in ESD's previous environmental review, ESD has had a new Technical Memorandum prepared (the "**2016 Tech Memo**"). The 2016 Tech Memo concludes that the proposed modifications would not result in any significant adverse environmental impacts not previously identified and adequately addressed for the Existing GPP approved project. Therefore, a Supplemental Environmental Impact Statement is not needed and no further environmental review is required in connection with the modifications to the Existing GPP described in the Supplement. As described in the Existing GPP, ESD will consult with the New York City Department of Transportation as appropriate to implement traffic control measures and cross-walk widenings identified in the environmental review for the Project.

Furthermore, ESD will continue consultation with the State Historic Preservation Office (“SHPO”) as designs for Phase 2 are developed, pursuant to the First Amended and Restated Programmatic Agreement executed in July 2010 (the “**Programmatic Agreement**”). In addition, the opportunity for certain consulting parties with a recognized interest in the preservation of the historic character of Farley to comment on the design submissions to SHPO, as stipulated in the Programmatic Agreement, will be continued. The Programmatic Agreement will be amended as necessary in order to add the Tenant as a party to that agreement; however, such amendment would continue to stipulate the ongoing consultation with SHPO and the involvement of the consulting parties.

In the event that FRA or another federal agency were to consider taking a future action with respect to the Project, such agency may undertake additional environmental review, as and to the extent required by National Environmental Policy Act.

VII. BUILDING CODE

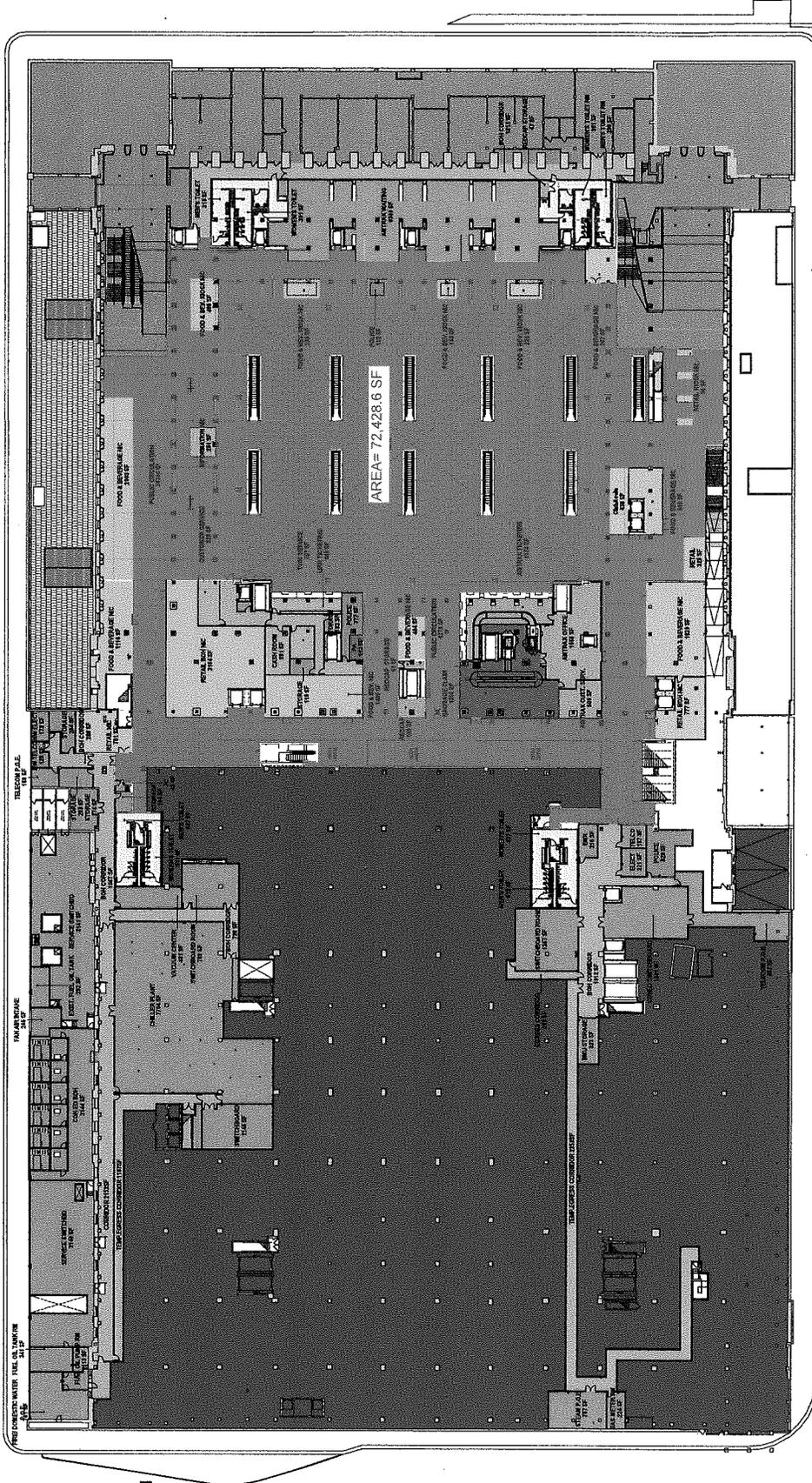
With the exceptions set out below, the Uniform Fire Prevention and Building Code as adopted by the State of New York (the “**State Code**”) will govern the Farley work and improvements. With respect to fire and life safety matters, if the New York City Building Code provides a more appropriate approach for an element of the Farley work, a variance from the State Code may be sought in order to implement such approach. Any portion of the Project conveyed to Amtrak may be subject to federal railroad entity exemptions from State Code and local municipal codes.

ATTACHMENTS

Attachment A	Train Hall Related Improvements Illustrative Plan
Attachment B	Commercial Development Illustrative Plans

Attachment A -Train Hall Related Improvements Illustrative Plan

38RD STREET



9TH AVENUE

8TH AVENUE

NO ASSIGNMENT
 PHASE 1
 PHASE 3
 NO ASSIGNMENT

AMTRAK PUBLIC AMTRAK
 AMTRAK BOH AMTRAK
 BAGGAGE OPERATION AMTRAK

CIRCULATION PUBLIC
 CIRCULATION (BOH)
 SHARED? CONFIRM

RETAIL RETAIL
 CLUB ACELA
 AMTRAK

LIRR LIRR
 PA
 PA? CONFIRM

CONTROLLED WAITING
 BAGGAGE OPERATION
 AMTRAK

SHARED RR OR AMTRAK
 ONLY? CONFIRM
 MECHANICAL
 BOH
 SHARED? CONFIRM

POLICE CONFIRM DESIGNATION
 RESTROOM SHARED RR

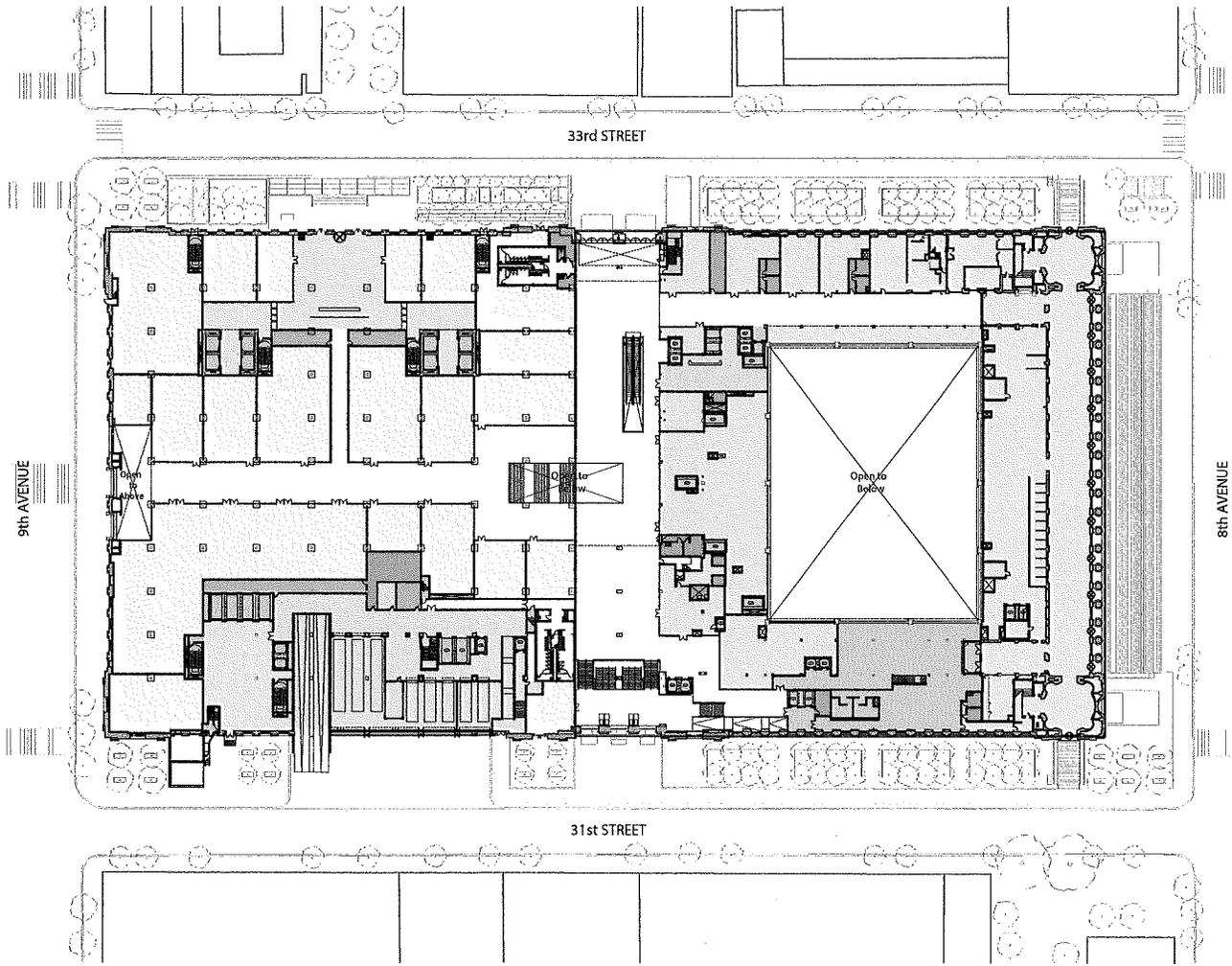
MOYNIHAN STATION

CONCOURSE LEVEL



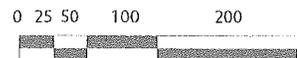
SOM
 SKIDMORE OWINGS & MERRILL LLP
 ARCHITECTS

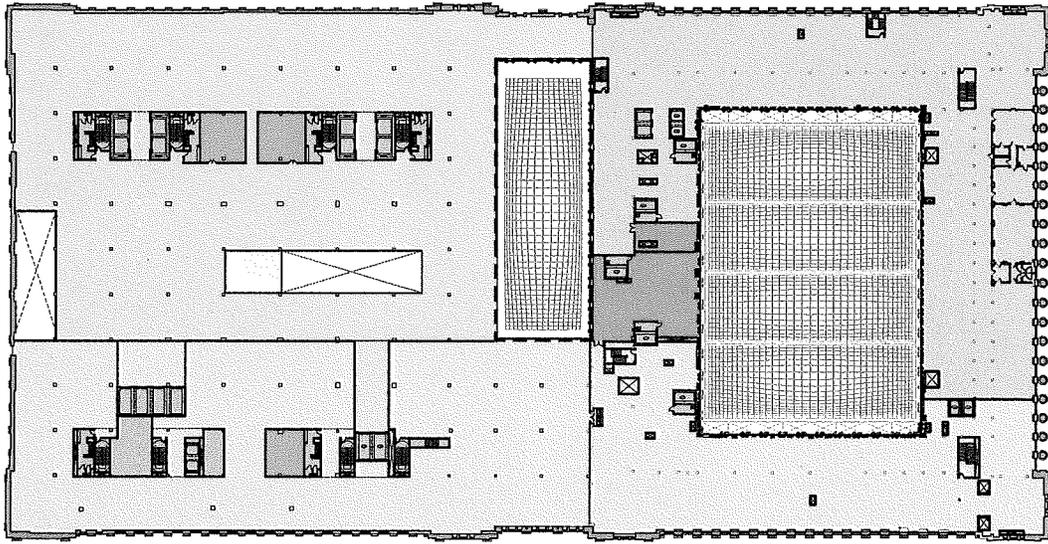
Attachment B - Commercial Development Illustrative Plans



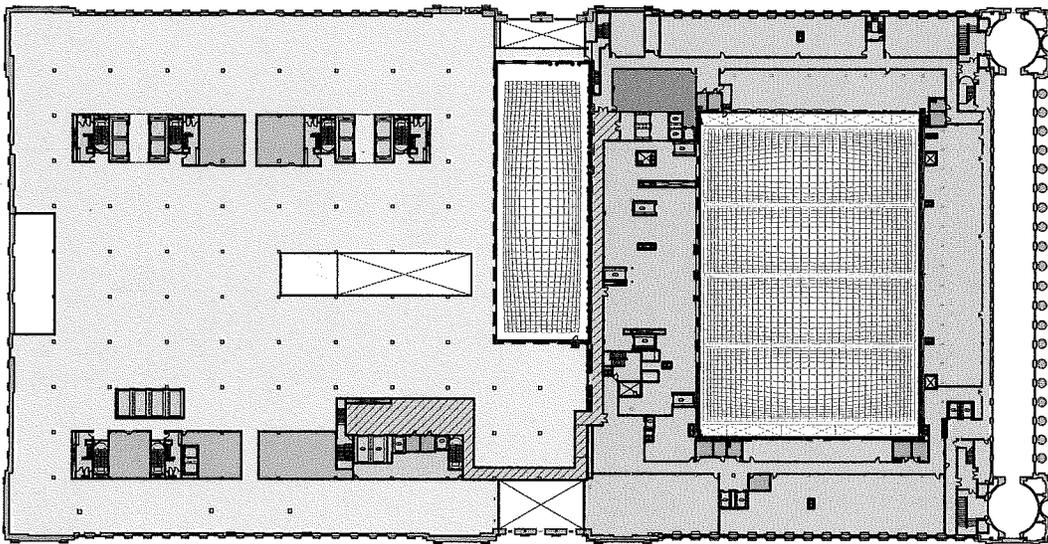
Level 1

- | | | | |
|--|-------------------|--|------------------|
| | Circulation | | Annex Office |
| | Annex Retail | | Ring Office |
| | Train Hall Retail | | Loading |
| | LIRR & MNRR | | MEP - Private |
| | Train Hall | | MEP - Train Hall |
| | Amtrak | | MEP - Common |
| | USPS | | |





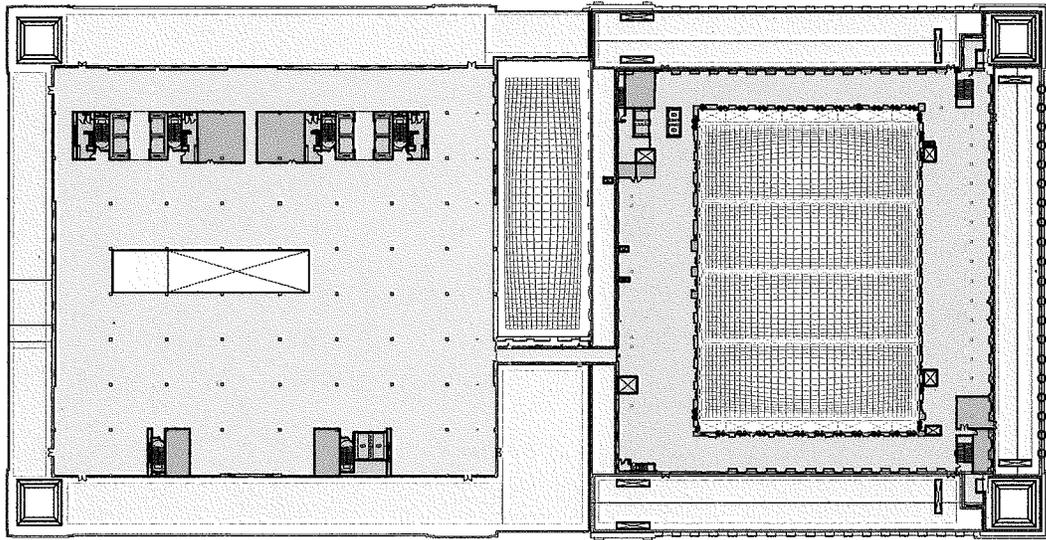
Level 3



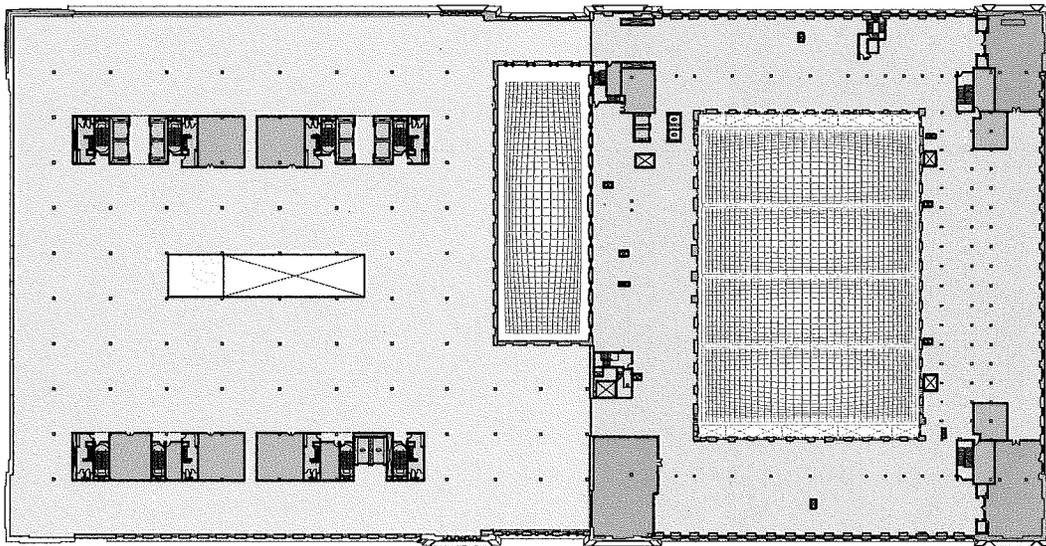
Level 2

- | | | | |
|---|--------------|---|------------------|
|  | LIRR & MNRR |  | MEP - Private |
|  | Amtrak |  | MEP - Train Hall |
|  | USPS |  | MEP - Common |
|  | Annex Office |  | Shared Corridor |
|  | Ring Office | | |





Level 5



Level 4

- | | | | |
|---|--------------|---|------------------|
|  | LIRR & MNRR |  | MEP - Private |
|  | Amtrak |  | MEP - Train Hall |
|  | USPS |  | MEP - Common |
|  | Annex Office | | |
|  | Ring Office | | |

