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


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

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 facade is removed and 
surveyed. He stated that Skanska will remove portions of the facade 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:
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
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 herby 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

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<td>Construction Phase Design Services</td>
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<td>PANYNJ Program Management</td>
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<td>Integrity Monitor</td>
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<td><strong>Subtotal</strong></td>
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Legal Costs

(Holland & Knight) 35,000

Insurance

0

Construction

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<td>Skanska—WEC &amp; C-yard</td>
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<td>Skanska—Connecting Corridor</td>
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<td>Amtrak Force Account</td>
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<td><strong>Subtotal</strong></td>
<td><strong>$74,330,000</strong></td>
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Total $77,375,000
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
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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<td>Telephone/Fax/Internet</td>
<td>49,167</td>
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<td>34,639</td>
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<td>Postage/Express Mail/Messenger</td>
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<td>1,000</td>
<td>1,434</td>
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<td>Office Supplies</td>
<td>0</td>
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<td>Advertising/Promotion/Public Hearing Notice</td>
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<td>30,000</td>
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<td>Printing &amp; Reproduction</td>
<td>0</td>
<td>5,000</td>
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<td>Computers/Software/Equipment</td>
<td>2,563</td>
<td>3,000</td>
<td>3,738</td>
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<td>Other Outside Service</td>
<td>0</td>
<td>1,000</td>
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<td>Property Management Expense</td>
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<tr>
<td>Repairs &amp; Maintenance</td>
<td>0</td>
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<tr>
<td><strong>Total Other Non Personal Services</strong></td>
<td>92,673</td>
<td>103,929</td>
<td>66,879</td>
<td>109,829</td>
</tr>
<tr>
<td><strong>TOTAL NON-PERSONAL SERVICES (NPS)</strong></td>
<td>92,673</td>
<td>103,929</td>
<td>66,879</td>
<td>109,829</td>
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<tr>
<td><strong>TOTAL PS &amp; NPS</strong></td>
<td>767,501</td>
<td>423,349</td>
<td>405,868</td>
<td>493,843</td>
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ATTACHMENT B
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<tr>
<td>Acquisition Costs</td>
<td>0</td>
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<tr>
<td>Design &amp; Other Soft Costs</td>
<td>14,576,432</td>
<td>4,750,000</td>
<td>4,638,516</td>
<td>3,010,000</td>
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<td>Legal Costs</td>
<td>0</td>
<td>50,000</td>
<td>42,097</td>
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<td>Property Management/Maintenance Costs</td>
<td>0</td>
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<td>Insurance</td>
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<td>Demolition &amp; Site Clearance</td>
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<td>Construction Costs</td>
<td>20,377,880</td>
<td>75,750,000</td>
<td>73,098,198</td>
<td>74,330,000</td>
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<td>Other Misc. Costs</td>
<td>400,600</td>
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<td><strong>Total</strong></td>
<td><strong>35,485,451</strong></td>
<td><strong>80,700,000</strong></td>
<td><strong>77,983,602</strong></td>
<td><strong>77,375,000</strong></td>
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<td>----------------------</td>
<td>-------------------------</td>
<td>------------------------</td>
<td>-----------------------------</td>
<td>------------------------</td>
</tr>
<tr>
<td>Acquisition Costs</td>
<td>0</td>
<td>500,000</td>
<td>500,000</td>
<td>250,000</td>
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<tr>
<td>Design &amp; Other Soft Costs</td>
<td>168,785</td>
<td>50,000</td>
<td>365,000</td>
<td>775,000</td>
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<td>Legal Costs</td>
<td>272,569</td>
<td>475,000</td>
<td>64,335</td>
<td>375,000</td>
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<td>Property Management/Maintenance Costs</td>
<td>4,500,000</td>
<td>4,800,000</td>
<td>4,800,000</td>
<td>4,800,000</td>
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<tr>
<td>Insurance</td>
<td>749,433</td>
<td>750,000</td>
<td>776,276</td>
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<td>Demolition &amp; Site Clearance</td>
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<tr>
<td>Construction Costs</td>
<td>1,291,600</td>
<td>600,000</td>
<td>200,000</td>
<td>400,000</td>
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<tr>
<td>Other Misc./Contingency/Capital Reserve</td>
<td>0</td>
<td>625,000</td>
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<td>400,000</td>
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<tr>
<td><strong>Total</strong></td>
<td><strong>6,982,388</strong></td>
<td><strong>7,800,000</strong></td>
<td><strong>6,705,611</strong></td>
<td><strong>7,795,000</strong></td>
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</tbody>
</table>
## CONTRACT SUMMARY/CONTRACT STATUS REPORT
### OPERATING/CAPITAL SPENDING BY CONTRACT
#### MOYNIHAN STATION DEVELOPMENT CORPORATION (MSDC)

<table>
<thead>
<tr>
<th>Vendor Name</th>
<th>Contract Amount</th>
<th>Spent thru 12/31/13</th>
<th>12/31/2013 Balance</th>
<th>Spending Plan FY 2014-2015 Operating $</th>
<th>Capital $</th>
<th>Scope of Work</th>
<th>Execution Date</th>
<th>Anticipated Completion Date</th>
<th>Justification of Continuation</th>
</tr>
</thead>
<tbody>
<tr>
<td>Holland &amp; Knight LLP</td>
<td>900,000</td>
<td>775,859</td>
<td>124,141</td>
<td>35,000,000</td>
<td></td>
<td>Provide legal advice and assistance with respect to a proposed expansion in the scope of the Moynihan Station CLC 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.</td>
<td>6/29/2016</td>
<td>12/31/2016</td>
<td>Legal advice for Phase 1 construction.</td>
</tr>
<tr>
<td>Skanska Minato Business Solutions</td>
<td>18,200</td>
<td>5,153</td>
<td>13,047</td>
<td>16,300.00</td>
<td></td>
<td>Leverage of Cooper for use by MSDC at the J.A. Farley Building.</td>
<td>9/1/2011</td>
<td>12/31/2015</td>
<td>MSDC COPC contract.</td>
</tr>
<tr>
<td>National Railroad Passenger Corp.</td>
<td>1,742,162</td>
<td>0</td>
<td>1,742,162</td>
<td>0</td>
<td></td>
<td>Provide MSDC with AMTRAK’s pre-construction services required for the AMTRAK review and approval of the design package for MSDC - Phase 1</td>
<td>7/1/2011</td>
<td>12/31/2016</td>
<td>AMTRAK design review for Phase 1.</td>
</tr>
<tr>
<td>National Railroad Passenger Corp.</td>
<td>33,000,000</td>
<td>12,779,112</td>
<td>20,220,888</td>
<td>2,945,000.00</td>
<td></td>
<td>Provide MSDC with AMTRAK Force Account Construction labor for construction related support services necessary for safe and efficient train operations during construction.</td>
<td>5/1/2012</td>
<td>12/31/2016</td>
<td>AMTRAK engineering and protection for Phase 1.</td>
</tr>
<tr>
<td>P.B. Americas</td>
<td>3,415,443</td>
<td>2,817,935</td>
<td>617,507</td>
<td>300,000.00</td>
<td></td>
<td>Provide architectural and engineering services related to the redevelopment of the J.A. Farley Building.</td>
<td>12/23/2010</td>
<td>12/31/2016</td>
<td>Phase 1 emergency ventilation system design services and construction advisory design support.</td>
</tr>
<tr>
<td>Port Authority of NY &amp; NJ</td>
<td>4,600,000</td>
<td>1,398,769</td>
<td>3,201,231</td>
<td>990,000.00</td>
<td></td>
<td>Provide MSDC with engineering staff to oversee consultant team in the coordination of the design process, management of schedules and budgets.</td>
<td>7/11/2011</td>
<td>12/31/2016</td>
<td>Project management for Phase 1.</td>
</tr>
<tr>
<td>Skanska (incl. amend of 22,291,000)</td>
<td>170,011,000</td>
<td>57,743,833</td>
<td>112,267,166</td>
<td>53,400,000</td>
<td></td>
<td>To provide construction and related services for the Phase 1 of the Moynihan Station Project including the expansion of the West Concourse and the installation of an emergency platform ventilation system beneath the J.A. Farley Building.</td>
<td>8/13/2012</td>
<td>8/9/2014</td>
<td>Contractor for Phase 1.</td>
</tr>
<tr>
<td>Skanska (Connecting Concourse)</td>
<td>16,915,000</td>
<td>0</td>
<td>15,915,000</td>
<td>5,000,000.00</td>
<td></td>
<td>To provide construction-related services for the Phase 1 of the Moynihan Station Project 1 Connecting Concourse Improvement and Subway Entrance relocation work.</td>
<td>3/20/2013</td>
<td>4/9/2014</td>
<td>Contractor for Phase 1.</td>
</tr>
<tr>
<td>Skidmore, Owings, Merrill LLP</td>
<td>12,280,614</td>
<td>8,415,524</td>
<td>3,875,090</td>
<td>1,000,000.00</td>
<td></td>
<td>Provide architect and engineering services related to the redevelopment of the J.A. Farley Building and regards to the West End Concourse expansion Phase 1.</td>
<td>2/22/2012</td>
<td>12/31/2016</td>
<td>Phase 1 West End Concourse expansion design services and construction advisory design support.</td>
</tr>
<tr>
<td>STA Joint Venture</td>
<td>19,821,743</td>
<td>7,120,190</td>
<td>12,701,553</td>
<td>5,000,000.00</td>
<td></td>
<td>To provide Construction Management and Related Technical Services for Phase 1 of the Moynihan Station Project. Services include support during design, bidding, and construction phases including, construction document reviews, cost monitoring, schedule management, inspection, contractor coordination and contract administration.</td>
<td>1/9/2011</td>
<td>12/31/2016</td>
<td>Construction Manager for Phase 1.</td>
</tr>
<tr>
<td>Systma Engineering Inc.</td>
<td>4,039,310</td>
<td>2,982,750</td>
<td>1,056,562</td>
<td>1,144,562</td>
<td></td>
<td>To provide and submit design review packages for MSDC, Port Authority, and Railroad reviews and approval also provide final construction documents related to controversy and litigation.</td>
<td>2/1/2011</td>
<td>12/31/2016</td>
<td>Phase 1 railroad system design services and construction advisory design support.</td>
</tr>
<tr>
<td>Thacher Associates LLC</td>
<td>1,825,000</td>
<td>298,530</td>
<td>1,526,470</td>
<td>1,526,470</td>
<td></td>
<td>To provide specialty monitoring services to MSDC. The services will include independent oversight of the Construction Contractor(s) and Construction Management related to the Phase 1 of the Moynihan Station Project.</td>
<td>10/12/2012</td>
<td>12/31/2016</td>
<td>Integrity Monitor for Phase 1.</td>
</tr>
<tr>
<td>LRS Corporation</td>
<td>7,442,992</td>
<td>7,455,781</td>
<td>227,211</td>
<td>48,000.00</td>
<td></td>
<td>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 Building.</td>
<td>5/15/2013</td>
<td>12/31/2014</td>
<td>Owner's Rep in Planning and Design Phase. Continued on-call service as necessary.</td>
</tr>
</tbody>
</table>

**Subtotal: Active Contracts**
- Operating: $375,779,676
- Capital: $119,493,118
- Subtotal: $495,272,794

**Anticipated Completion Date**
- 12/31/2016

**Justification of Continuation**
- Legal advice for Phase 1 construction.
- MSDC COPC contract.
- AMTRAK design review for Phase 1.
- AMTRAK engineering and protection for Phase 1.
- Phase 1 emergency ventilation system design services and construction advisory design support.
- Project management for Phase 1.
- Contractor for Phase 1.
- Phase 1 West End Concourse expansion design services and construction advisory design support.
- Construction Manager for Phase 1.
- Phase 1 railroad system design services and construction advisory design support.
- Integrity Monitor for Phase 1.
## CONTRACT SUMMARY/CONTRACT STATUS REPORT

**OPERATING/CAPITAL SPENDING BY CONTRACT**

**MOYNIHAN STATION DEVELOPMENT CORPORATION (MSDC)**

<table>
<thead>
<tr>
<th>Vendor Name</th>
<th>Contract Amount</th>
<th>Spent thru 12/31/13</th>
<th>12/31/2013 Balance</th>
<th>Spending Plan FY 2014-2015 Operating $</th>
<th>Capital $</th>
<th>Scope of Work</th>
<th>Execution Date</th>
<th>Anticipated Completion Date</th>
<th>Justification of Continuation</th>
<th>Funding Source &amp; Status</th>
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<td>n/a</td>
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<td>n/a</td>
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</table>

Subtotal: Anticipated Contracts:

| $0 | $0 | $0 | $0 | $0 | $0 |

**GRAND TOTAL:**

$275,779,576  $101,667,118  $173,582,458  $56,320  $76,135,800

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

Signature Of Department Head
## CONTRACT SUMMARY/CONTRACT STATUS REPORT
## OPERATING/CAPITAL SPENDING BY CONTRACT
## MOYNIHAN STATION DEVELOPMENT CORPORATION [J.A. Farley Building]

### ACTIVE MULTI-YEAR CONTRACTS TO BE CONTINUED IN FY 14/15:

<table>
<thead>
<tr>
<th>Vendor Name</th>
<th>Contract Amount</th>
<th>Spent thru 12/31/13</th>
<th>12/31/13 Balance</th>
<th>2014-2015 Spending Plan</th>
<th>Operating $</th>
<th>Capital $</th>
<th>Scope of Work</th>
<th>Execution Date</th>
<th>Justification of Continuation</th>
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</thead>
<tbody>
<tr>
<td>AKRF</td>
<td>5,281,500</td>
<td>5,264,659</td>
<td>16,851</td>
<td></td>
<td></td>
<td>15,000</td>
<td>Prepare supplemental environmental studies in connection with proposed modifications to the J.A. Farley Building</td>
<td>11/24/2012</td>
<td>Need for environmental consultations.</td>
</tr>
<tr>
<td>Bryan Cave LLP</td>
<td>8,462,163</td>
<td>5,072,481</td>
<td>3,389,682</td>
<td></td>
<td></td>
<td>125,000</td>
<td>Provide legal services to the Empire State Development Corporation with respect to the acquisition of the J.A. Farley Building</td>
<td>8/31/2013</td>
<td>Environmental and land use counsel.</td>
</tr>
<tr>
<td>Jerome Halms Realty, Inc.</td>
<td>285,000</td>
<td>278,300</td>
<td>6,700</td>
<td></td>
<td></td>
<td></td>
<td>Provide appraisal services in connection with the valuation of the Empire State Development Corporation's existing mortgage on the J.A. Farley Building</td>
<td>8/18/2012</td>
<td>Services may be required to update and adjust to prior appraisal work.</td>
</tr>
<tr>
<td>JPU Sales Consulting Services</td>
<td>45,000</td>
<td></td>
<td>45,000</td>
<td></td>
<td></td>
<td></td>
<td>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</td>
<td>5/9/2011</td>
<td>Needed for unanticipated Farley Building repairs.</td>
</tr>
<tr>
<td>Kuarner Levin Narrlett &amp; Frenkel LLP</td>
<td>750,000</td>
<td>147,044</td>
<td>602,956</td>
<td></td>
<td></td>
<td>250,000</td>
<td>Provide legal advice and assistance with respect to a proposed expansion in the scope of the MTA's facilities renewal project, which includes modifications to the J.A. Farley Building</td>
<td>3/13/2013</td>
<td>Real estate negotiations.</td>
</tr>
<tr>
<td>Rosenthal Tink Co. LLC</td>
<td>600,000</td>
<td></td>
<td>600,000</td>
<td></td>
<td></td>
<td>400,000</td>
<td>Abatement, demolition and removal of existing water tank at the Farley Building and design and replacement of a new 25,000 gallon steel water tank. Services also include maintenance and cleaning of replacement tank for four additional years.</td>
<td>3/12/2013</td>
<td>Water tank reconstruction.</td>
</tr>
<tr>
<td>Office of General Services (OGS)</td>
<td>27,427,658</td>
<td>24,402,862</td>
<td>3,025,796</td>
<td></td>
<td></td>
<td>4,800,000</td>
<td>Provide building management services and act as building manager for the acquired J.A. Farley Building</td>
<td>8/14/2013</td>
<td>Building management.</td>
</tr>
<tr>
<td>Washington Square Partners</td>
<td>1,090,000</td>
<td>1,294,578</td>
<td>305,422</td>
<td></td>
<td></td>
<td>25,000</td>
<td>Provide real estate development and financial consulting services in connection with a potential expanded MTA's facilities renewal project, which includes modifications to the J.A. Farley Building</td>
<td>1/27/2013</td>
<td>Real estate advisory services.</td>
</tr>
<tr>
<td>Erne &amp; Young</td>
<td>973,000</td>
<td></td>
<td>973,000</td>
<td></td>
<td></td>
<td>600,000</td>
<td>Provide infrastructure finance advisory services to ESD and MTA.</td>
<td>11/19/2013</td>
<td>Deal finance expertise.</td>
</tr>
</tbody>
</table>

Subtotal: Active Contracts $42,454,351 $36,459,874 $5,021,477 $4,800,000 $1,415,000

### ANTIQUATED NEW CONTRACTS AND AMENDMENTS IN FY 14/15:

<table>
<thead>
<tr>
<th>Vendor Name</th>
<th>Contract Amount</th>
<th>Spent thru 12/31/13</th>
<th>12/31/13 Balance</th>
<th>2014-2015 Spending Plan</th>
<th>Operating $</th>
<th>Capital $</th>
<th>Scope of Work</th>
<th>Execution Date</th>
<th>Justification of Continuation</th>
</tr>
</thead>
</table>

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.

Page 3 of 1

Signature Of Department Head
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:

<table>
<thead>
<tr>
<th></th>
<th>FY2013-14</th>
<th>FY2014-15</th>
</tr>
</thead>
<tbody>
<tr>
<td>Property</td>
<td>$565,704</td>
<td>$565,704</td>
</tr>
<tr>
<td>General/Umbrella Liability</td>
<td>$210,572</td>
<td>$229,500</td>
</tr>
<tr>
<td>TOTAL</td>
<td>$776,276</td>
<td>$795,204</td>
</tr>
</tbody>
</table>

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.

*   *   *