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C. Cho  
W. Weems**DEPARTMENT OF CITYWIDE ADMINISTRATIVE SERVICE  
DIVISION OF REAL ESTATE SERVICE**

MUNICIPAL BUILDING, - Room 2053S  
NEW YORK, N.Y. 10007  
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**WILLIAM J. DIAMOND**  
*Commissioner*

**LORI FIERSTEIN**  
*Deputy Commissioner*

July 2, 1998

Ms. Catherine T. Gilberti  
Silverstein Properties, Inc.  
120 Broadway  
New York, NY 10271

**Re: Mayor's Office of Emergency Management  
7 World Trade Center  
1st, 7th, & 23rd Floors  
NY, NY  
Project # 96-1346**

JUL - 6 1998

Dear Ms. Gilberti

We thank you for your timely response to the various clarifications/additional information requested by this office with respect to the construction cost estimates. Listed below is a summary of documentation reviewed to evaluate and approve the work cost.

- Original cost estimate dated May 27, 1998 in the amount of \$11,423,238.00.
- Revised trade cost dated June 10, 1998 including work associated with addendum 1, in the amount of \$11,645,746.00.
- Cost Estimate dated June 11, 1998 for additional work related to A.V. equipment in the amount of \$34,475.00.
- Cost of using the existing fuel lines in the amount of \$302,410.00 dated June 16, 1998.
- Tapping cost in the amount of \$219,800.00 dated June 12, 1998.
- A/E fees proposal in the amount of \$91,500.00 dated June 30, 1998 this includes reimbursable up to a maximum of \$14,750.00.
- Cost estimate incorporating scope reductions/modifications as requested by this office dated June 26, 1998.

Based on the above the following costs are approved subject to audit.

|    |                                                                                         |                      |
|----|-----------------------------------------------------------------------------------------|----------------------|
| 1. | Revised cost bid including addendum 1.                                                  | \$11,645,746.00      |
| 2. | Additional cost for A & E contractor.                                                   | \$ 34,475.00         |
| 3. | Cost to use existing fuel lines.                                                        | \$ 302,410.00        |
| 4. | Tapping fees (Electrical)                                                               | \$ 219,800.00        |
| 5. | A/E fees                                                                                | \$ 91,500.00         |
| 6. | Cost of generators approved April 17, 1998                                              | \$ 717,890.00        |
| 7. | All scope reductions as per your letter date June 26, 1998                              | - \$ 503,388.00      |
| 8. | Revised "Hurricane Wall" inclusive of upgrading as per your letter dated June 26, 1998. | <u>\$ 356,186.00</u> |
|    | Total                                                                                   | \$12,864,619.00      |

The approval of the estimate is based on the contractor having visited the space and satisfied himself to the existing conditions and to the work called for in the drawings and specification. Therefore, the only change order will be for additional work/scope changes requested in writing by this office.

The following is a breakdown of the project's budget.

|                                |                   |
|--------------------------------|-------------------|
| Construction Cost Budget       | \$14,287,986.00   |
| Landlord's Contribution        | - \$ 1,668,858.00 |
| Maximum City Construction Cost | \$12,619,128.00   |
| Construction cost approved     | \$12,864,619.00   |
| Less Landlord's contributions  | - \$ 1,668,858.00 |
| Amount payable by City         | \$11,195,761.00   |
| Balance remaining in Budget    | \$ 1,423,367.00   |

Thank you for your cooperation.

Sincerely,



Richard J. Ramos

Executive Director of Space Design

c: Jerry Hauer, OEM  
Iris Weinshall, DCAS  
Lori Fierstein, DRES  
Jeff Kondrat, DRES  
Patrick Ronan, OEM

Joseph Menasce, DRES  
Josep Dominguez, DRES  
Vinicius Castagnola, DRES  
Glenn Pymonto, DRES

Contribution shall be made as construction cost additional rent as follows: (i) within 60 days following approval of the bids of all trades necessary for Substantial Completion of the Demised Premises, but not earlier than 60 days after receipt by Tenant of an invoice therefor, Tenant shall pay to Landlord the sum of \$3,500,000.00, (ii) within 120 days following approval of the bids of all trades necessary for Substantial Completion of the Demised Premises, but not earlier than 60 days after receipt by Tenant of an invoice therefor, Tenant shall pay to Landlord an additional sum of \$3,500,000.00, and (iii) 30 days after Substantial Completion, Tenant shall pay to Landlord the balance of the Work Cost in excess of Landlord's Contribution. Said payment by Tenant upon Substantial Completion may exclude the undisputed value of uncompleted punch list items and uncompleted Scheduled Items, which amount shall be paid promptly by Tenant after completion by Landlord. Any late payment by Tenant after the said above stated dates shall be made together with interest at 10% per annum, compounded daily from date due to date of payment, but in no event more than the highest rate of interest which at the time shall be permitted under the laws of the State of New York.

(J) Any dispute regarding the determination of Substantial Completion of Tenant's Initial Work shall be resolved by arbitration, in the manner by the rules and before the American Arbitration Association (or any successor organization) in New York County. The party desiring arbitration shall appoint as arbitrator on its behalf, a person having at least 10 years relevant experience and give notice written notice to the other party who shall, within 15 days thereafter, appoint a second person having at least 10 years relevant experience and give written notice thereof to the first party. The arbitrators so appointed, shall within 15 days following the appointment of the second arbitrator appoint a third disinterested person having no less than 10 years relevant experience.

Said arbitrators shall, as promptly as possible (but in any event within 30 days following the appointment of the third arbitrator) determine the dispute by a majority of the arbitrators, whose decision shall be binding and conclusive upon the parties hereto. Each party shall bear its own fees and expenses of (i) its own attorneys and other experts and the arbitrator that it selected and (ii) be responsible for one-half the fees and expenses of the third arbitrator.

The arbitrators shall have no power to vary or modify any of the provisions of this Lease, and their powers and jurisdiction are limited accordingly. The decision of the arbitrators shall be binding upon the parties, and may be entered as a judgment in any court having jurisdiction thereover.

(K) If Tenant shall fail to make timely payment of any sums payable to Landlord pursuant this Article, then, in addition to all other rights and remedies afforded Landlord in the event of such non-payment, Landlord may, without notice to Tenant, discontinue the performance of Tenant's Initial Work, including any additional work (or any items thereof) until such time as Tenant makes payment to Landlord of all such past due sums and provides Landlord with adequate assurance of the timely payment of all additional sums which may or shall be payable by Tenant pursuant to this Article. Any delay resulting from the discontinuance of Tenant's Initial