



HENEGAN
Construction Co., Inc.

CONSTRUCTION MANAGEMENT PROPOSAL

ZIFF BROTHERS INVESTMENTS
HEADQUARTERS
RELOCATION PROJECT

350 Park Avenue,
New York City



SUBMITTED BY: HENEGAN CONSTRUCTION CO., INC.



June 28, 2015

Ziff Brothers Investments
153 East 53rd Street, 43rd Floor
New York, NY 10022

Attn: Ms. Eileen Esposito

Re: Construction Management Services
Ziff Brothers Investments (ZBI)
Headquarters Relocation
350 Park Avenue, NYC
HCC # 250274

Dear Ms. Esposito:

We are pleased to present herewith our Construction Management Services Proposal for the above referenced project.

Should you have any questions or require any additional information, please do not hesitate to contact this office.

Very truly yours,
HENEGAN CONSTRUCTION CO., INC.

Paulinus J. Bryce
President

PJB:ajr
Encs.



CONSTRUCTION MANAGEMENT SERVICES PROPOSAL

for

ZIFF BROTHERS INVESTMENTS (ZBI) Headquarters Relocation 350 Park Avenue New York, New York

Submitted To:

Ziff Brothers Investments
153 East 53rd Street, 43rd Floor
New York, NY 10022

Attn: Ms. Eileen Esposito

Submitted By:

Henegan Construction Co., Inc.
250 West 30th Street
New York, NY 10001

June 28, 2015
HCC # 250274



1. Construction Manager Qualifications

A. Firm Information

- Description of your firm's background and origin.
- Size of organization,

History of Henegan Construction Co., Inc.

Founded in 1959 by Paul J. Henegan, Henegan Construction has grown and changed with the business community we serve. From a small core team and our first assignment, for Bache & Co., we have expanded in size – to a firm of some 200 – and capabilities, to meet our clients' needs for increasingly large, complex, and sophisticated projects. Our portfolio of successfully completed projects numbers in the thousands, representing engagements with hundreds of clients, notably:

- Financial service firms
- Insurance companies
- Building owners and developers
- Industrial corporations
- Public service corporations
- Professional service firms
- Retail and restaurant establishments
- Not-For-Profit organizations
- Public authorities

More than 80% of Henegan's clients turn to us for repeat assignments, some over the course of several decades. For us, every project is an opportunity to establish or enhance a long-term relationship, based on the dedication, fairness, and outstanding performance our clients know they can expect from Henegan.

For nearly fifty years, Henegan has maintained an unwavering commitment to quality and service, assured by the active, hands-on involvement on all projects by our top executives. With professional management and unbroken family participation in the company, we uphold the traditions of principled leadership, unparalleled performance, and enduring relationships established by Paul Henegan.

Principal Areas of Operation

Although we have completed projects throughout the country, we operate primarily in the Greater New York/New Jersey area. Today, as throughout our history, we are dedicated exclusively to interior construction: organizing, planning, and constructing new interiors, expansions, upgrades, alterations, and related projects. Henegan offers the full range of construction management and general contracting services, from pre-construction – including conceptual budgeting, value engineering, scheduling, and project approach – through construction, post-construction, and beyond, serving our clients following project completion on an on-going or emergency basis.

Capabilities

Henegan plays a key role in creating every type of space and system required to support and enhance the operations of 21st century business. The majority of our projects are large and complex and frequently include re-stacks and alterations of occupied space; building-wide upgrades of MEP systems; building lobby and core upgrades; and standard and high-end fit-outs. We offer our clients our extensive experience and special proficiency in such state-of-the-art technological systems as data and telecommunications, UPS, generator power, fire protection and warning, and other technologically-advanced requirements of modern business facilities.

We also routinely perform Building Code and Local Law compliance upgrades for access by persons with disabilities, emergency warning systems, asbestos abatement, stair pressurization, and related safety and security systems.

Henegan's great breadth of resources includes our Information Technology Department, which uses the latest electronic systems and programs to support our operations and administrative procedures and practices. A fully-integrated computer network and communications system ties Henegan's headquarters to our project field offices – and, as needed, to other project team members and to the client – via the Internet or direct connection. We have developed and employ a proprietary reporting system that details budgets, schedules, and costs and is readily customizable to meet a client's particular needs.



Staff by Function

Henegan’s staff includes highly-skilled professionals: construction experts, engineers, architects, estimators, business managers, and information technology specialists. We number among them the following:

Principals	3
Construction Executives	8
Project Directors	10
Project Managers	9
Information Technology Specialists	2
MEP Specialists	2
Construction Superintendents	20
Licensed Professionals	4
Estimators	7
Administrative Personnel	7
Accounting	10
Laborers	60
Quality Control	3
Building Department Expeditors	3
Systems Administrator/Systems Support	3
Plan Desk Coordinators	3

▪ **Describe your current insurance coverage, financial stability.**

Henegan is a financially sound and stable company with no outstanding loans of any kind. We have the financial strength to successfully undertake and manage major as well as small projects. Our certified financial statements are available upon request.

Henegan owns its headquarters office building at 250 West 30th Street, New York, New York while our branch office, which serves our clients with facilities in New Jersey, is located in Jersey City. We also maintain several permanent field offices at various locations in the metropolitan area.

Insurance

Henegan is currently insured by **Travelers** Insurance and National Union Fire Insurance Co. (AIG).

Our agent is: Aviette Agency, Inc.
1571 Route 66
Ghent, New York 12075



Insurance coverage of \$50,000,000 is currently in place. Additional insurance can be obtained as required. Our Current Experience Modification rating is .74. Additional safety information is available upon request.

➤ Please see attached Sample Certificate of Insurance.

Bonding

Travelers Property Casualty & Surety Company is in a position to consider Henegan projects as large as \$100,000,000.00. Travelers enjoys an A.M. Best rating of A++.

Bonding Reference: Travelers Property Casualty & Surety Company of America
Metro Park III
399 Thornall Street
Edison, New Jersey 08818-2090





- **Provide a listing of recently completed similar projects. Include a description, completion date, and client reference and phone number.**

AXA/Equitable Life Assurance Society

██
1290 Avenue of the Americas, New York, NY 10104

- Henegan has been engaged in extensive, ongoing, full-time construction management and general contracting services for Equitable throughout their 1290 6th Ave. complex. The project has included the complete restack of major departments while working within stringent time restraints and phasing schedules.

Project Size: 650,000 sq. ft.

Project Value: \$ 75 M

Architect: Linear Three Design Group

Engineer: AMA Associates

Brinson Advisors (UBS/Warburg/PaineWebber)

██
51 West 52nd Street, New York, NY 10019

- Three full floor total renovations with the 16th floor being the executive floor. Trading areas completed with necessary technology on two floors. The 16th floor comprised of four conference rooms with extensive A/V capability and intricate millwork and glass details throughout. Installed six IDF/data rooms, one with UPS backup, IT along with 12 HVAC units for these rooms and controls, all interfaced to existing data room for UBS/PaineWebber. The entire project comprised of eight supplemental HVAC units.

Project Size: 80,000 sq. ft.

Project Value: \$ 10 M

Project Completion: December 2001

Architect: Gensler

Engineer: Jaros, Baum & Bolles Consulting Engineers

Davis Polk & Wardwell

██
450 Lexington Avenue, New York, NY 10017

- The build-out of two new partner floors extending DP&W's contiguous space at 450 Lexington Avenue from the 18th floor through the 30th floor. The project included the construction of new partner and associate offices, built-in secretarial stations, caucus and conference rooms with video conferencing capability and new elevator lobbies and reception area on the 18th and 19th floors. The project also included the extension of the existing monumental staircase to the 19th floor and a secondary stair from the 19th floor to the 18th floor.

Project Size: 60,000 sq. ft.

Project Value: \$ 7.8 M

Architect: Gensler

Engineer: MEP: FMC Associates / Structural: Severud Associates / A/V: Cosentini Information Technologies

Deutsche Bank, AG

██
60 Wall Street, New York, NY 10260

- The build-out of the new Deutsche Bank NYC Headquarters at 60 Wall Street, Floors 2, 3, 4, 6, 7, 11 thru 19: The project included the complete interior renovation of (24) floors including the construction of (3) trading floors with a total of 1,625 trading positions. The project also included a 16,000 sq. ft. Data Center, 6 MW UPS system, replacement of twelve building service transformers, upgrade of the chiller plant and cooling towers, installation of a building wide Telecommunications system and lobby renovation.

Project Size: 900,000 sq. ft.

Project Value: \$ 125 M

Project Completion: September 2003

Architect: Gensler

Engineer: Robert Derector Associates

Client Rep.: Advocate Consulting Group, Bryce Cohan, Managing Director / Telephone: 212-525-2903



JP Morgan Chase

575 Washington Boulevard, Jersey City, NJ 07310

- 270 Park Avenue, NYC: Henegan has been engaged in extensive, ongoing, full-time construction management and general contracting work for Chase, serving their need for base building upgrade and retrofitting as well as trading and office facility construction for restack and reorganization of operations. Interior renovation of corporate headquarters building involving a new technology plant and riser, related global trading MEP infrastructure and trading spaces. Including (8) 1750 kV diesel generators, a 10,000-amp emergency switchboard, and (1) 20,000 gal. Fuel tank and room, (1) ton electric Chiller, (1) 1000 ton Plate frame heat exchanger, 16,000 sq. ft. Data Center with new trading risers, 165,000 sq. ft. of trading and trading office support including an initial installment of (440) trading positions with future services for an additional (440) positions. We have since the original project increased that number to (1880) positions.

Project Size: 400,000 sq. ft.

Project Value: \$ 200 M

Project Completion: 1997

Architect: Gensler

Engineer: Edwards & Zuck, P.C.

King & Spalding

1185 Avenue of the Americas, New York, NY 10017

- Multi-floor and multi-phase build-out of partner and associates offices, secretarial stations, conference rooms and video conferencing facilities. The project also included the renovation of elevator lobbies, reception areas, core and private toilet facilities and a new Data Center. High end finishes throughout the floor-included wood, glass and metal office fronts, stone floors and wood paneling in the elevator lobbies and reception areas and fabric wrap panels throughout public corridors, conference areas and the construction of a new 3 floor-interconnecting staircase.

Project Size: 100,000 sq. ft.

Project Value: \$ 11 M

Architect: Gensler

Engineer: Robert Derector Associates

Lehman Brothers

745 Seventh Avenue, New York, NY 10019

- 1301 Sixth Avenue: Construction of 300,000 sq. ft.

Project Size: 300,000 sq. ft.

Project Value: \$ 55 M

Architect: Gensler

Engineer: Jaros, Baum & Bolles Consulting Engineers

Lehman Brothers

Mr. Stephen Coogan, Senior Vice President Corporate Real Estate / Telephone: 212-526-2348

745 Seventh Avenue, New York, NY 10019

- 3 World Financial Center: Construction of 80,000 sq. ft. trading facility consisting of 740 trading positions, upgrading of existing UPS, cooling and cable infrastructure systems. This project also included the relocation of 500 personnel, which required the buildout of offices, trading spaces and conference room on 20 different floors prior to the start of the trading floor project. and offices for 100 support personnel. 300 KVA and 500 KVA UPS, 16-week schedule. Executive dining facilities. Multi-purpose, expandable, audio-visual conference rooms. New elevator lobby and restrooms.



Project Size: 80,000 sq. ft.
Project Value: \$ 14 M
Architect: Gensler
Engineer: Jaros, Baum & Bolles Consulting Engineers

Lehman Brothers

██
745 Seventh Avenue, New York, NY 10019

- 70 Hudson Street, Jersey City: Construction and of the entire interior of this site including general office space and a 900 desk trading facility as well as 150,000 sq. ft. of disaster recovery space, a large Training Center and Commercial Bank.

Project Size: 400,000 sq. ft.
Project Value: \$ 35 M
Project Completion: March 2004
Architect: Gensler / Ted Moudis Associates
Engineer: Robert Director Associates / AKF

MetLife

██
501 U S 22 West, Bridgewater, NJ 08807

- 27-01 Queens Plaza North, Long Island City, NY, Cellar, 2nd thru 13th Floors - 13 floors of new construction including data infrastructure, cafeteria expansion, conference center, CEO and executive suites, roof garden and general offices.

Project Size: 320,000 sq. ft.
Project Value: \$ 23 M
Project Completion: March 2004
Architect: Gerner Kronick & Valcarcel
Engineer: Jaros, Baum & Bolles Consulting Engineers

Morgan Stanley, Dean Witter Discover & Co.

██
825 Eighth Avenue, New York, NY 10019

- Our services for Morgan Stanley have been performed on an on-call, time-and-materials basis. The types of work performed for Morgan Stanley have included: General alterations to executive, administrative and trading areas, support for HVAC maintenance, support for intra-office moves and furniture relocations, base-building hardware coordination, and participation on behalf of tenant with landlord in preventative maintenance of base-building utilities and systems. In addition to the projects listed above, we regularly perform a wide range of services for Morgan Stanley at all of their facilities throughout the NYC area. Through an in-place on-call agreement, the scope of services range from the replacement of a single door or the painting of a few offices to the phased build-out of a fully occupied floor.

Project Size: 40,000 sq. ft.
Project Value: \$ 5 M
Architect: David A. Hunter, Architects
Engineer: Robert Director Associates

Morgan Stanley, Dean Witter Discover & Co.

██
1585 Broadway, New York, NY 10019

- Construction of trading facility consisting of 2,000 trading positions, 10 equipment rooms, state of the art A/V systems, executive fitness center and mail/sorting facility.

Project Size: 250,000 sq. ft.
Project Value: \$ 60 M
Project Completion: 1998
Architect: Gensler
Engineer: Robert Director Associates

NY Life Insurance

Mr. Edmund Novajoski, Second Vice President / Telephone: 212-576-5544
51/63 Madison Avenue, New York, NY 10010

- Construction of 4th, 6th – 9th, 11th & 12th floors as well as infrastructure upgrade 16 new MER's (2) per floor 17th – 24th floors. New core toilets 16th – 33rd floors. New 30,000 SF machine room on 26th floor serving lower and upper



WellChoice, Inc. (Empire BlueCross BlueShield)

[REDACTED]

11 West 42nd Street, New York, NY 10036

- One and Two World Trade Center, relocation of Corporate Headquarters with four phases, 6,500 sq. ft. Data Center, 6,000 sq. ft. Video Conference Center, four machine rooms and two IDF closets per floor.

Project Size: 475,000 sq. ft.

Project Value: \$ 42 M

Project Completion: 1999

Architect: Linear Three Design Group

Engineer: MEP: Robert Derector Associates / Structure: The Cantor Seinuk Group P.C.



2. Project Team:

A. Structure of project team and the percentage of time committed to this assignment.

How Henegan Organizes For Your Project

Upon award of a new project to Henegan, an experienced project manager, superintendent, and project executive are assigned. The timing of involvement by the various team members will depend on the scope of services Henegan is to provide as well as the overall project schedule. Proper sequencing of personnel minimizes construction costs.

All personnel as outlined in organization chart are available once the project commences. All costs associated with preconstruction/construction personnel are included in our percentage for General Conditions.

Pre-Construction

Project Executive	As Needed
Project Director	As Needed
Project Manager	Full Time
Project Estimator	Full Time

Construction

Project Executive	As Needed
Project Director	As Needed
Project Manager	Full Time
Assistant Project Manager	Full Time
Estimating	As Needed
Cost Control	As Needed
Project Superintendent	Full Time
Laborer(s)	Full Time

Post Construction

Project Executive	As Needed
Project Director	As Needed
Project Manager	Full Time
Project Superintendent	Full Time

B. Describe roles of Principal-in-Charge, Account Executive, Project Manager, Superintendent, Project Estimator, etc.

Vice President Operations/Construction

Primary Function:

Direct the day-to-day operations of Building construction Unit, implementing plans and policies to achieve overall corporate objectives to insure maximum operating results.

Typical Duties:

1. Implement corporate policies, procedures, and organizational structure for assigned operating unit within the framework of corporate policy.
2. Assist in the establishment and insure compliance of operational units short-term and long-range goals with overall corporate objectives.
3. Plan, Staff, and supervise all assigned work unit activities through subordinate managers to insure a cohesive operational unit.
4. Provide advice, guidance, and direction to subordinate executives and managers toward their professional development.
5. Coordinate and confer with professional staff to resolve operating problems and difficulties, and authorize department operational procedures within corporate framework. May serve as management team member.
6. Perform additional assignments as required by the needs of the Project.

Project Director

Primary Function:



Provide overall management direction for existing projects and develop new business opportunities relative to a particular Client, group of Clients, geographical area or type of project.

Typical Duties:

1. Plan, organize and staff key field positions, subordinate project managers, construction managers, etc.
2. Establish project objectives, policies, procedures and performance standards within boundaries of corporate policy.
3. Initiate and maintain liaison with client and A/E contacts, to facilitate construction activities.
4. Monitor/control construction through administrative direction on-site Superintendent to ensure project is built on schedule and within budget; investigate potentially serious situations and implement corrective measures.
5. Represent company in project meetings, assist in labor negotiations/strategy meetings, etc.
6. Manage financial aspects of contracts (fee payment, rental equipment, income/expenses, etc.) to protect company's interest and simultaneously maintain good relationship with Client.
7. Supervise the work of Project Managers.
8. Assume additional responsibilities as directed by corporate executives.

MEPS Project Director

Primary Function:

Plans, develops, organizes, and supervises the design efforts for all major projects or for several smaller projects of moderate scope. Provide full technical direction of Henegan personnel.

Typical Duties:

1. Research, plan, and administer engineering design projects for clients (or corporate management for design/build), applying knowledge of design, construction procedures, zoning and building codes and building materials.
2. Function as the prime client contact coordinating the resolution of problems, reviewing progress, recommending alternatives and advising on project objectives.
3. Develop or evaluate plans/criteria or special analyses required in support of the design effort. Provide consulting expertise within an area of specialization.
4. Supervise subordinate, technical specialists and support personnel; including, estimating manpower needs, developing work assignments, scheduling, personnel appraisals and the like.
5. May conduct special studies or analysis of major importance requiring a staff of specialists or highly experienced engineers.
6. Perform additional assignments per supervisor's direction.

Project Manager

Primary Function:

Provide overall administrative and technical direction for one large, complex project. May direct several small and/or medium size projects through subordinate managers.

Typical Duties:

1. Oversee total construction effort to ensure project is constructed in accordance with design, budget and schedule. Includes interfacing with client representatives, A/E representatives, union officials, subcontractors, security, etc.
2. Plan, coordinate and/or supervise activities of all company personnel on assigned project(s).
3. Authorize/approve all purchase requisitions, change requests.
4. On union projects, may assist in jurisdictional disputes and negotiations as required.
5. Ensure all company, client, and project policies, procedures, standards, etc., are adhered to interpret policies as required.
6. Maintain official project log and documentation files.
7. Assist with implementation/interpretation of safety programs.
8. Provide direction to planning, scheduling, and engineering functions as required.
9. Perform additional assignments per supervisor's direction.



Project Superintendent

Primary Function:

Provide overall on-site logistical and technical management on construction project site.

Typical Duties:

1. Supervise total construction effort to ensure project is constructed in accordance with design, budget and schedule. Includes interfacing with client representatives, AE representatives, other contractors, etc.
2. Plan, coordinate and supervise onsite functions.
3. Supervise craft employees and/or other contractors as required by the contract.
4. May authorize and/or approve all project personnel transactions, purchase requisitions, field design change requests, etc.
5. Provide technical assistance, i.e., interpretation of drawings, recommending construction methods and equipment, etc., as required.
6. Assist project management in developing and implementing project procedures, working documents, standards, etc.
7. Ensure responsibility for productivity of crafts, efficient use of materials and equipment, and contractual performance of the project.
8. Perform additional assignments per Supervisor's direction.

Vice President of Estimating

Primary Function:

Provide direction of all estimating activities in the company, providing technical and administrative direction to insure corporate objectives are met.

Typical Duties:

1. Establish overall estimating department policy and direction within overall corporate.
2. Manage and administer department functions including operating budgets, staffing, wage reviews, work assignments, performance evaluations, etc.
3. Assist corporate and project management to determine what types of projects to bid, strategies, techniques, etc. Review all final estimate packages to insure accuracy and completeness, prior to formal quotation and presentation.
4. Participate in presentations to other corporate managers and clients. As member of corporate management team may be responsible for closing the "sale".
5. Provide administrative and technical direction in negotiating contracts, change orders, etc. as required.
6. Supervise the preparation of studies, materials and methods, recommendations, and cost estimates as required.
7. Perform additional assignments per President's or Executive Vice President's direction.

Senior Estimator

Primary Function:

Provide and/or coordinate full estimating services on large, complex work and all types of contracts.

Typical Duties:

1. Review and incorporate historical data from purchase orders, subcontracts, productivity analysis reports, etc. into unit and man hour figures.
2. Review proposal specifications, drawings, attend pre-bid meeting, etc. to determine scope of work and required contents of estimate.
3. Provide complete conceptual (or bid work) and final estimating input on complex projects.
4. Provide technical support to personnel preparing discipline estimates for assigned bids.
5. Insure all working documents and data are maintained to back-up estimate figures.



6. Assist contracting department during preparation of inquiries and final evaluation of submitted bids as required.
7. Track awarded contracts as required – may include estimating/pricing extra work items, change orders, credit; procuring materials, etc.
8. Perform additional assignments per supervisor's direction.

Accountant

Primary Function:

Perform various accounting tasks to insure accurate and timely completion of work within one or more sections, such as accounts payable, payroll, or general accounting.

Typical Function:

1. Make practical applications found in accounting standards and procedures for routine transactions.
2. Assume responsibility for the day-to-day operation of one or more sections, such as payroll, accounts payable, general accounting, or a subordinate section.
3. Prepare and reconcile payroll; process and place in line for payment vendor or contractor invoices; client invoice preparation, equipment rental accounting, backcharges, bank reconciliation, etc.
4. Resolve discrepancies on invoices or reports by interfacing with other sections, departments, vendors (contractors), and clients.
6. Prepare special reports and complete other projects as directed.
7. Perform additional assignments per supervisor's directions.

C. Relevant experience of all team members (include resumes) and references.

Ultimately, the success of any project depends to a large degree on the people who comprise the overall project team. People build projects, not systems or computers or paper -- although they are important to support the project organization. It is the experience, the attitude, the commitment and the relationships in the industry built over many years of the CM's personnel who will make the difference between a "problem" job or one that will be built on schedule, within budget, and with relatively few "headaches" for all involved.

- Please see attached Project Organization Chart and accompanying Professional Profiles which includes individual references.



3. Construction Management Approach

A. Provide a Description of your Preconstruction Services

- Cost Estimating & Sample Documentation
- Constructability Assessment
- Value Engineering
- Subcontractor Due Diligence

Henegan's CM approach begins with working with the team to assist in preliminary planning, design schemes, budget and schedules all up dated through-out this phase as noted below.

Preliminary schedule will be developed for the project early in the planning stage incorporating completed design, lead times and construction sequencing. A critical path schedule or Gantt chart would be provided at this time. This would be updated as information develops and orders for long lead items are placed insuring component availability when needed during the construction process.

Proper cost management is critical in the early stages of the project. Based upon the agreed scope of work, Henegan will develop a preliminary budget. Henegan excels at providing preliminary estimates that are very close to the final cost, exclusive of changes to the base job. Lead items would be identified and obtained through pre-purchase to insure availability at the required time. As the design information develops the preliminary budget will be updated on a regular basis leading towards a final budget amount prior to bid drawings being available. This would be illustrated to the project team by use of a detailed Cost Budget and Project Budget Tracking Report highlighted to indicate variances from previous budget report issues.

In addition to the services noted in the RFP, Charts will be provided to illustrate the value of each trade expense relative to the project. This tool assists the design team in adjusting specifications and requirements enabling them to accomplish their design objective without compromising the integrity or intent of the design.

Henegan will value-engineer the project by investigating alternate approaches, solutions or substitutions providing a cost-effective manner of realizing the design team's objective.

Upon completion of drawings and specifications, Henegan will review them for trade coordination. This review minimizes the possibility of trade omissions and jurisdictional disputes that could later add unanticipated costs and time to the project. It also prepares us for trade bid evaluation.

Together with the design team, Henegan will develop a list of trade contractors for each trade. As the performance of the trade contractors is critical to the success of any project, Henegan favors the use of pre-qualified trade contractors that we can count on for quality work and sound pricing. We have long-term relationships with reputable trade contractors and vendors and obtain favorable pricing from them, with positive impact on the ultimate cost of construction.

Henegan will assist in providing a complete package of documents for each trade bid. Each package will highlight information and instructions specific to the building or project and the manner and time frame in which the work is to be performed. As information is provided, Henegan will modify early budget information and submit to the team all variances.

Each trade's proposal will be reviewed for a complete scope of work with an eye toward omissions or areas misunderstood. When these are found, values will be obtained and added or deleted, further insuring a complete scope at a specific price. To further lock down pricing and avoid future disputes, Henegan will obtain unit pricing on labor, materials and standard items of installation. These price lists will be developed with the design team. When this bid evaluation is completed a recommendation of subcontractor award will be made.

As soon as plans, specifications and subcontractor selection has been finalized a guaranteed maximum price will be provided. Upon budget approval, a contract will be entered into between Henegan and each trade or vendor. In addition to trade percentage cost analysis Henegan will perform comparative costs analysis of similar projects adjusted for specific differences.

Cash flow diagrams will be developed to insure a consistent processing of funds to keep the project on track.



Our involvement through this phase would be all-inclusive to assure that all matters of pre-construction are being considered. Henegan will assist in the coordination of all consultants required including acoustical, lighting, building department, communication, structural, etc.

Henegan will perform the above services as noted and if desired due diligence reviews of prospective sites, supplying all assistance with regard to costing data for lease negotiations.

The preliminary budget is developed as the project's design and engineering evolves. Close liaison with the consultants from an early stage enables a comprehensive interpretation of the design in budgetary terms. This team approach also encourages a coordinated investigation of important considerations, such as constructibility, timing and value engineering.

Through these efforts of team communication and participation, schematic designs and outline work scopes become available for the development of conceptual budget estimates. These estimates are fine-tuned as the design components develop thus developing the initial detailed preliminary budget. As the design evolves, budget updates are developed on an incremental basis as indicated on the attached Budget Tracking Reports, along with the design document milestone issues of 50% and 70% for example. At 85% of drawing completion and 100% design scope Henegan will commit to a guaranteed maximum price.

The guaranteed maximum price would then become the base reference for the client and project design team as "the original budget." The consultants will, when ready, provide the coordinated design documents (the "bid issue") to Henegan. We then solicit competitive bids for each trade package from the pre-selected subcontractors. During this "bid period", our construction team examines the documents to highlight areas that must be addressed before any bid awards can be made.

Sealed bids are opened in the presence of the client by the team. These bids are evaluated and analyzed, subcontractors interviewed and their bids scrutinized for content, to ensure complete scope coverage. The bids are tabulated and presented in a bid analysis with a recommendation for award. As the trade packages are awarded, these amounts are entered into the cost control system as committed contracts.

B. What internal methods do you use to control:

▪ Construction Quality

Quality control for any project and especially one of this magnitude must begin in the pre-construction stage. A project manager with experience in this field will assist with the quality assurance/quality control (QA/QC) program during both pre-construction and construction. The first step at the onset of the pre-construction phase will be the development of QA/QC guidelines. These guidelines address some of the following issues:

- Constructability
- Mock-ups
- Compliance with design drawings and specifications
- Shop drawing review in concert with MEPS project managers
- Attendance at weekly meetings
- Internal and consultant pre-punchlists
- Specific quality practices
- Defining individuals at all levels who will be responsible for QA/QC maintenance
- Creation of QA/QC checklists
- Testing procedures and compliance
- Protection of finishes
- Inspection of products upon arrival
- Non-conformity reviews
- Corrective action plans
- Preventative action plans
- Close-out and acceptance
- Pre-punchlists
- Punchlists
- Signoffs
- O&M manuals
- Record drawings



As pre-construction continues, the team must analyze issues such as constructability and economy without sacrificing quality. A log is established to track all quality related issues, derived from drawing review, and ensure that they are remedied. The aforementioned issues should be incorporated in the pre-construction meetings.

The next step of the process is the selection of the subcontractors as they must be able to produce the level of quality that the project, the designers, their consultants, and Henegan demand. In addition, all subcontractors' workloads should be monitored prior to award to ensure the necessary resources remain available for the project.

One aspect of the project that must not be overlooked when quality is concerned is the procurement phase. Bid packages and scope review meetings must include the intent to provide a high level of quality throughout. Scope review meetings must discuss the QA/QC requirements as well as ensure that the specified materials are supplied. The latter prevents confusion as to what needs to be installed in the construction phase. All information will likewise be incorporated into the subcontractor's purchase orders, establishing QA/QC contractual obligations at the subcontractor level.

As the project enters the construction phase, the program shifts to a monitoring mode. The Project Managers will take the lead in including all parties in the quality control process. At this stage, the inspections begin and the various methodologies as outlined above are initiated. Here non-compliance notices, corrective action notices, pre-punch list forms, etc. are distributed and logged in. All items posted will be addressed creating a polished product for the project as well as a diminished punchlist.

To properly archive the project and aid in the turnover of the facility to the Client's facilities, the close-out phase of the project is critical. Close-out procedures will begin prior to the completion of physical work. Record drawings, sign-offs, inspection reports, mechanical systems balancing sheets, commissioning logs, and other important documents are logged, submitted for review, and neatly compiled for the client. Henegan compiles the majority of the major documents on CAD to allow for ease of future access and security.

Henegan will assume a major role as a team player dedicated to enhancing and enforcing the highest standards and quality throughout every aspect of this project. Henegan has always been synonymous with service and quality and would surely compliment the mindset of this team with its philosophies.

- **Schedule adherence**

After the schedule has been finalized (including review by all team members and awarded subcontractors), Henegan will save a baseline of the schedule. During each weekly trade meeting, every subcontractor's progress will be discussed and noted and subsequently verified in the course of the following week by walking the project.

This information is then entered on the schedule in columns for actual start and finish dates and illustrated on the graphic portion of the schedule with a different bar under or over the baseline bar. We can then choose either to display the impact upon the end date of changes in the actual progress will affect the end date, or to defeat this feature and anticipate that the time lost or gained will be compensated for elsewhere and thus maintain the completion date.

The importance of this tracking effort cannot be over-emphasized, as it often highlights an area that is falling behind schedule and, equally significantly, alerts us to any potential change in the overall critical path, as tasks change in actual duration.

The manner in which this information is displayed can be readily tailored to the Client's needs or, with only certain sections showing, as needed for presentation to other parties. Variances between planned and actual progress can also be displayed in table form.

It is common to find, over the course of a project, that certain assumptions made during the formulation of the schedule cease to hold true and need to be altered without affecting the remainder of the baseline schedule. These adjustments can easily be made by using a selected task-saving feature of the baseline plan.

The subcontractors are contractually bound to the schedule that is included in their bid package. If the trade falls behind due to their lack of manpower or material acquisitions, they will be held accountable for their delays to the project including their affects to other trades. If a circumstance arises that is beyond any firms' control, Henegan mandates that schedule impacts be raised immediately such that the issue can be addressed and resolved quickly. Receiving timely information may allow Henegan and the team to formulate a contingency plan to allow the project to be completed on time despite unforeseen setbacks.



▪ Change Order mitigation

The best method for limiting and controlling changes begins with proper planning. Therefore, limiting contract extras requires strict diligence on the part of the team during the pre-construction phase of the project. The major sources of changes are users, errors and omissions, unpurchased scope, and field conditions. The first three, which are also those with the greatest potential for cost impact, can be addressed during the pre-construction and bid phases. Among the tactics Henegan has deployed successfully to mitigate change orders are:

- Establishing a thorough review process of the progress drawings throughout their development. This allows the representatives of different constituencies on the team to comment on items such as constructability, value engineering suggestions, lead times, schedule implications, and budget effects. It also allows all parties to absorb the extensive scope of project at a comfortable rate.
- Ensuring that the needs of the end-users are addressed and implemented early in design phase. This tactic works well in conjunction with the one described above. If the facilities team reviews the contract documents regularly and shares the information with the users, it is likely to alleviate the need for post-award changes. We note that while substantial user changes in the construction phase can create significant cost implications, the same changes made during planning may have negligible price ramifications.
- Instituting a change order review program during pre-construction that addresses:
 - Change order format
 - Owner/Consultant review responsibilities and durations
 - Change order meeting frequency
 - CM proposal turnaround
 - Required backup
 - Authorized signing personnel
- Creating trade scope sheets during the bid process for review with the project team to ensure that all of the construction, commissioning, signoff, and closeout tasks are captured.
- Establishing and enforcing a unit price program that includes labor and material breakdowns. The unit prices are submitted with the subcontractor bid, allowing for price competition at this level. Beyond providing additional price protection, this program fosters an expeditious change order review and approval process. Furthermore, the labor and material cost escalations can be minimized if the units are enforced for the duration of the contract.
- Utilizing the Henegan cost reporting documents to track forecast, pending, approved, and voided change orders and backcharges. As these documents are updated throughout the construction process, the Owner can readily review the current financial status of the project, providing a powerful decision-making tool.
- Incorporating “lessons learned” items, as groups of floors enter the bid process, to refine the scope purchased in the subcontracts.
- Close coordination of shop drawings, especially as the project enters the construction phase, is an important element in the elimination of field condition extras, because conflicts uncovered in ink and paper and resolved before work has started are inexpensive compared to those discovered at a point where work has to be re-done.

Once the project moves into the construction phase, we make sure that the cost control/estimating transition is as seamless as possible. The construction phase estimators will consist of one or more members of the estimating group that have been a part of the project from its inception. These estimators will join the rest of the construction personnel in the field office where they will remain until project closeout. The estimators will have in their possession a job kit that explicitly details all of the scope that was purchased, copies of the schedule, purchase orders, leveling sheets, and all drawings. They will work in tandem with the project management staff, superintendents, VVA and ultimately the client to discern the validity of change orders and ensure fair pricing.

Our Henegan field estimators will be your key contacts for all cost control issues. They will update and maintain the change order logs that become an integral part of the master floor cost reports. These documents will be the backbone for all aspects of financial tracking for your project and will be a powerful vehicle for cost tracking and decision making. This is especially true when reviewing pending and forecast change orders or even for



construction phase value engineering. As these logs are updated, the estimators will coordinate with our project accountant ensuring accurate committed costs are entered and billed in a timely fashion.

Our field estimators will assume the responsibility for ensuring that the costs submitted by the subcontractors are both fair and accurate. They will reference the unit rates that were finalized in the bid process and compare the proposals to our in house takeoffs. If situations arise where an extra may not be covered by unit rates, Henegan will implement other cost tracking methods. We may elect to use daily tickets verified by our superintendents, payroll reports, original third party vendor bills or other forms of justification to protect the client. All change orders will have passed through Henegan's scrutiny prior to their presentation to the client and its consultants.

▪ **Cost management and control**

Cost control is one element of overall project management that encompasses other areas such as scheduling, resource planning, procurement, subcontractor management, labor planning and control, and project administration. Effective project cost control and reporting is essential to a project's success. The cost control system provides significant operating data to management to assist in monitoring contract performance and identify contract problems.

Henegan's main accounting software system is Timberline Gold software. Henegan has expended a great deal of resources to have this program customized to allow for many additional reports and functions. We have used our experience and feedback from a variety of clients to extract and compile data in a way that is concise while remaining user friendly.

The basis of our accounting system follows the guidelines of GAAP on Generally Accepted Accounting Principles. The main structure is formatted within Timberline and based on a purchase order system with client approved change orders. All invoices to the client use standard AIA billing procedures and forms.

All accounting reports can be customized to meet the client's needs. The project can be divided into multiple components using one job number and a different suffix. Here floors, pre-purchased items, large MEP components, etc. can have their costs clearly defined and tracked. The reports can be adapted to mark the client's various cost centers if required.

In addition, it is at the client's discretion relating to the frequency that the documents are produced and reviewed. Typically, the reports are prepared weekly usually in conjunction with project meetings.

C. Discuss your firm's policy and obligation to the client as a CM with regard to ownership of design intent, field conditions and other issues that may arise during construction. Identify any circumstances that would require a change order other than client driven change in scope.

As a Construction Manager, we would have a fiduciary responsibility to ZBI in the protection of their interests. As described in detail within Change Order Mitigation, we would make all efforts to capture the scope contained in the contract documents in our awards to the Subcontractors. In addition to purchasing scope we would provide cost protection in areas such as site investigation (given access is available), coordination of the trade installations, separation of the scope per local trade jurisdictions, and comments to constructability and schedule. Cost impacts arising from the latter issues would be the responsibility of the CM or its Subcontractors.

As Henegan is obligated to certain liabilities, the balance of the projects' Design Professionals must assume similar responsibilities to ZBI with regard to providing accurate, constructable and code compliant design documents. In this situation, Ziff Brothers Investments will benefit from two key components of cost protection. The first is division of accountability with multiple firms responsible for different aspects of the overall scope. The second component is numerous layers of protection that filters out costs that are the responsibility of the different project consultants/professionals and in turn this will minimize the ultimate cost exposure to ZBI.

Ziff Brothers Investments, being the party that has initiated this project, would be responsible for costs that fall outside the realm of control of the projects' professionals including unforeseeable field conditions and "acts of God".

To date, Ziff Brothers Investments has already taken many of the proper steps to ensure a successful project. ZBI has secured the services of the City's top design and construction professionals. Henegan hopes to become a part of this team that will truly look to protect the best interests of the Firm and bring the overall exposure to an absolute minimum.





4. PROPOSED COMPENSATION

Please state your fees on a guaranteed lump sum basis. List the pre-construction services separately as a lump sum including the preparation of “front end” bid packages for the sub-contractors. Bidders must complete the General Conditions Matrix (Exhibit “A”) contained in this RFP without modification or exclusions.

Fee Component	Fee Total
Pre-Construction Fee	0.00 %

Please advise if the Pre-construction fee will be waived if your CM services are continued based on the fee structure below.

Fee Component	Fee Percentage Base Job	Lump Sum Base Job	Fee Percentage Change Orders
CM Fee	2.0 %	2.0 %	2.0%
General Conditions	5.5 %	5.5 %	5.5 %
Insurance	1.1 %	1.1 %	1.1 %
Cumulative Fee Total	8.6 %	8.6 %	8.6 %

Please refer to the attached sheet for exclusions and additional qualifications.

All percentages are based on a project cost of \$ 21,250,000.

The following has been assumed concerning the project schedule:

- Overall time line 52 weeks
- Preconstruction phase 25 weeks
- Construction phase 27 weeks
- Demolition phase 4 weeks
- We assume that there will be three bid phases: demolition, infrastructure and construction

5. General

D. ZBI reserves the right to elect to convert the CM agreement to a G.M.P. (Guaranteed Maximum Price) lump sum. Please advise at what point in the process you are willing to convert to a Lump Sum contract amount.

E. ZBI reserves the right to terminate CM services at any point for any reason and without obligation other than the proportionate fee for services rendered up to the time of termination.

The preliminary budget is developed as the project's design and engineering evolves. Close liaison with the consultants from an early stage enables a comprehensive interpretation of the design in budgetary terms. This team approach also encourages a coordinated investigation of important considerations, such as constructibility, timing and value engineering.

Through these efforts of team communication and participation, schematic designs and outline work scopes become available for the development of conceptual budget estimates. These estimates are fine-tuned as the design components develop thus developing the initial detailed preliminary budget. As the design evolves, budget updates are developed on an incremental basis as indicated on the attached Budget Tracking Reports, along with the design document milestone issues of 50% and 75% for example. At 85% of drawing completion and 100% design scope Henegan can commit to a guaranteed maximum price.

The guaranteed maximum price would then become the base reference for the client and project design team as "the original budget." The consultants will, when ready, provide the coordinated design documents (the "bid issue") to Henegan. We then



solicit competitive bids for each trade package from the pre-selected subcontractors. During this "bid period", our construction team examines the documents to highlight areas that must be addressed before any bid awards can be made.

Based upon availability of information from the design team it may be required to develop allowance/contingencies for specific trades or part of that particular trade. Henegan will utilize historical data to develop what we feel will accurately represent a fair amount of monies to complete this task. All allowances/contingencies will be reviewed with the project team before they are implemented.

Sealed bids are opened in the presence of the client by the team. These bids are evaluated and analyzed, subcontractors interviewed and their bids scrutinized for content, to ensure complete scope coverage. The bids are tabulated and presented in a bid analysis with a recommendation for award. As the trade packages are awarded, these amounts are entered into the cost control system as committed contracts.



A. Items which are included in our General Conditions:

1. Preconstruction budget and schedule updated value engineering and pre-purchasing of long lead items.
2. On-site project management and administrative cost.
3. On-site administrative office and expenses of office equipment therein (such as fax, personal computers, copy machines, etc.).
4. On-site supervision of labor.
5. Laborers (full-time and part-time).
6. Telephone and Messengers.
7. Reproduction costs of samples and shop drawings.
8. Protection materials for OSHA requirements.
9. Small tools.
10. Safety precautions and programs for personnel on job site.
11. Miscellaneous petty cash items in connection with the work.
12. Estimators.
13. Secretaries.
14. Plan clerks.
15. Billing clerk.
16. Petty cash/local travel.
17. General cleaning and cleaning supplies.
18. Final clean-up.
19. Miscellaneous stationery.
20. Postage and Express Service (Federal Express, Express Mail, etc.).
21. N.Y.C. Building Department permit pickup.
22. Coordination of Not in Contract ("N.I.C.") vendors (such as telephone cabling, computer equipment, furniture, shelving, signage, mover, etc.), including: (a) integration of vendor work with construction schedule; (b) assignment, floor and wall protection and locksets for offices to be used as temporary "shanties"; (c) meeting attendance.

B. Items which are excluded from our General Conditions:

1. Labor costs for work performed during overtime hours (except for stated allowance).
2. N.Y.C. Building Department filing fees and related costs.
3. Major Equipment Rentals.
4. Authorized travel expenses outside the tri-state area.
5. Hoisting Engineer, Elevator and Building charges.
6. Consumption costs for heat, power and water.
7. Reproduction costs of specifications, blueprints, and other contract documents.
8. Security service.
9. Bonding.
10. Permits limited to permit pick up only.
11. Scaffolding.
12. Protection.
13. Field/laboratory testing.
14. On-site storage.
15. Minor construction work.

C. Definition of Project Reimbursable expenses:

1. N.Y.C. Building Department filing fees and permits.
2. Reproduction costs of specifications, blueprints, and other contract documents.
3. Authorized travel expenses outside the tri-state area.
4. Insurance.
5. Labor costs for work performed during overtime hours.



D. Staff Charged to the Project:

1. Project Director
2. Project Manager
3. Estimator
4. Superintendent
5. Laborers

E. Staff included in Fee:

1. Project Executive
2. Cost Control
3. Accounting

F. Taxes

We assume this project is a Capital Improvement project

G. Items and Services outside our scope:

1. Building Department expediting
2. Professional Licensed Surveyors
3. Structural Steel Inspections
4. Testing

Costs for various outside services cannot be determined at this time due to the limited scope of work.