

NYISO / USI FACILITY CONSOLIDATION STUDY

Draft Outline Format – For Discussion Purposes Only

October 26, 2004

I. Executive Summary Presentation

This will be a high-level presentation (10-15 slides) summarizing the key elements of the Own vs. Lease report as outlined below.

II. Own vs. Lease Analysis Report

This will be a formal bound report containing the following sections:

- Executive Summary
- Discussion of Background and NYISO objectives
 - USI overview and qualifications
 - Currently in three leased locations (administrative offices and ACC)
 - Desire to consolidate for enhanced operating efficiencies
 - Current ACC facility is inadequate
 - Have identified an available facility that meets requirements
 - Require an independent professional financial analysis comparing the current state to two alternative scenarios
- Discussion of Methodology and Assumptions
 - Description of three scenarios compared to Status Quo:, (1) Relocate ACC to New Lease, (2) Consolidate All Leases to New Owned Building, (2a) Consolidate All Leases to New Leased Building
 - Discussion of current market conditions
 - Explanation of analytical framework, including 20-year discounted cash flow and four-year budget impact
 - Explanation/justification of selected discount rate
- Financial Analysis substantially in the form attached
- Discussion of Results
- Conclusions/Recommendations

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	<u>Status Quo</u>	<u>Scenario 1 Move ACC</u>	<u>Scenario 2 Purchase Bldg</u>	<u>Scenario 2a Lease Bldg</u>
Square Feet				
Annex	15,600	15,600	-	-
Washington Ave Ext.	25,508	25,508	-	-
New ACC Leased	-	38,826	-	-
Wolf Road	19,239	-	-	-
Wolf Road Temp Space	5,740	-	-	-
Building A Square Feet	-	-	139,000	139,000
Total	66,087	79,934	139,000	139,000

Capital Costs

ACC Retrofit	-	-	-	-
Building A Purchase Price	-	-	-	-
Office Retro Fit	-	-	-	-
Total	-	-	-	-

Term		5 Years	20 Years	20 Years
Interest Rate		6.00%	6.00%	6.00%
Security Cost	-	-	-	-
Migration Cost	-	-	-	-
Furniture Cost	-	-	-	-
Total Capital	-	-	-	-
Rent Annex - 2005	249,600			
Rent Wash Ave - 2005	473,232			
Rent Wolf Road - 2005	387,128			
Operating Expenses:	-			
Real Estate Taxes	-			
Utility Costs Wash Ave	-			
Utility Costs Wolf Road	-			
Building A	-			

General Assumptions

Discount Rate	6.00%	6.00%	6.00%	6.00%
Inflation Rate General	3.50%	3.50%	3.50%	3.50%

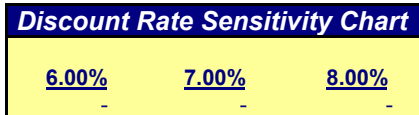
<u>Annex</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>Total</u>
Base Rent	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Operating Expense	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Real Estate Taxes	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Electric	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Capital Cost	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Total	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0

<u>Washington Ave</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>Total</u>
Base Rent	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Operating Expense	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Real Estate Taxes	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Electric	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Capital Cost	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Total	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0

<u>Wolf Road</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>Total</u>
Base Rent	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Operating Expense	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Real Estate Taxes	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Electric	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Capital Cost	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Total	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0

Total Cash Flow	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
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Net Present Value **\$0**



United Systems Integrators Corporation (USI) is the nation's fastest-growing corporate real estate services firm. USI is headquartered in Stamford, CT with 40+ regional offices throughout North America and overseas. The objective of USI's business is to form real estate alliances with clients with a goal to contain, control and reduce real estate costs.

By virtue of its commitment to represent only corporate tenants, USI's provides a conflict-free service model. We accomplish this by integrating all of the services, such as strategic consulting, transaction management, design and construction, technical document advisory, and information management, that a corporate real estate department would typically buy from multiple vendors, thereby delivering greater process efficiencies substantial cost savings. USI's clients can select from this full menu of integrated services to tailor solutions most appropriate for their individual needs.

USI was founded upon the principle that its clients' real estate management strategies should align with their business strategies. USI's diverse team of architects, attorneys, project and construction managers, transaction managers, research analysts, and strategic and financial consultants integrate our clients' business missions, strategies, and objectives with the tactical delivery of real estate solutions.

USI's long-term alliances comprise an aggregate portfolio of more than 25,000 sites comprising over 300 million square feet of office, industrial and retail space. USI's alliance partners range from Fortune 500 firms to mid-size service organizations to high-growth companies. The following represents a selection of USI's clients:





UNITED SYSTEMS INTEGRATORS CORPORATION

USI Clients

Real Estate Alliances:

Adecco
ADS Corporation
Alta Bates
Arch Chemicals
Atlantic Southeast Airlines
Avaya Communication
Beazer Homes
BISYS Group
Boeing
Centex
CDI Corporation
Computer Sciences Corporation
DaVita
Delta Air Lines
Farmers Insurance
GE Capital Card Services
Henry Schein
Hubbell
Interface
Kodak Polychrome Graphics
LESCO
LSG SkyChefs
Main Street Bank
Malcolm Pirnie
Manpower
Newark InOne
ORS Nasco
The Princeton Review
Randstad North America
RBC Dain Rauscher
Russell Investments
Sutter Health
T-Mobile
Toshiba
Unidare
United Technologies
United Rentals

Design & Construction:

Adecco
American Federation of the Arts
Arch Chemicals
Anvicom
Bank of America
Bender Financial Group
Bridgestone/Firestone
Calumet Breweries
CDI Corporation
Centex
Conning Capital Partners

Dolce & Gabbana
Drake Management
Farmers Insurance
Fasken Martineau
Fleet Bank.
Galileo Global Advisors
Henry Schein
Interface
Kaplan
Kelly, Drye & Warren
Northern Trust
Manpower
Malcolm Pirnie
Pfizer
Quick & Reilly
RBC Dain Rauscher
RER Resources
Sciens Capital Partners
TeleSuite Corporation
T-Mobile
United Rentals
United Technologies
Warner Bros.
Warner Music

Strategic Consulting:

Chiron
Farmers Insurance
Forstmann-Leff Associates
Henry Schein
Hertz
Loews
Lucent Technologies
Naval Undersea Warfare Center
Novavax
Main Line Health
MetLife
Russell Investments
Scotiabank
T-Mobile
Welsh, Carson, Anderson & Stowe
United Rentals
United Technologies
ZelnickMedia Corporation



UNITED SYSTEMS INTEGRATORS CORPORATION

USI Clients (page 2)

Tenant Representation:

Akabas & Cohen
Allied Security
American Pioneer Life
AnviCom
Arone Lowth Fanning Wilson & Rubin
Banco Espanol de Credito
Belfer Management
Capital Source Finance LLC
Center for Excellence in Edu.
Cone Mills
Cooper Brown & Behrle
Decision Strategies
Drake Management
Emjoi
Filene's Basement
Freeman & Co.
Galileo Global Advisors
Garwin Bronzaft et al.
Goldsmith Agio Helms
Holiday Temps
Institute of Hazardous Materials Mgmt.
Messier Partners LLC
Novavax
Opti Genex
Professional Healthcare Resources
RBC Dain Rauscher
Richardson Electronics
Ripplewood Holdings
Ryan Beck
Sciens Capital
Siren Public Relations
Stark Carpet
SureScripts
Telesuite Corporation
Tendler Beretz
USF Collectoins
William A.M. Burden
WRB Communications
Yeager Wood & Marshall
Vittorio Testa
ZelnickMedia Corporaiton

Sequentra Solutions:

Adecco
Anteon
Avaya
Avon
Centex
City of New York/EDC
Chiron
Colgate-Palmolive
Computer Sciences Corporation
Delta Air lines
Farmers Insurance
General Electric
GMAC
Henry Schein
Interface
Kaplan
LSG Sky Chefs
Loews
Manpower
New York Economic Development Corporation
Quick & Reilly
Randstand North America
Royal Bank of Canada/Dain Rauscher
Temple Inland
Times Mirror
T-Mobile
Toshiba Corporation
Trademark Properties
United Technologies
Warner Music
WebMD
Wells Fargo

International

Adecco
Alcoa
BISYS
CDI Corporation
Delta Air Lines
Interface
Kelly Services
NCH
Richardson Electronics
United Technologies (Asia PAC/CALA)