



July 6, 2005

Metropolitan Transportation Authority
Real Estate Department
347 Madison Avenue, 8th Floor
New York, NY 10017

Attention: Roco Krsulic, Director of Real Estate

Dear Mr. Krsulic:

MTA's decision to offer for sale or lease the Long Island Rail Road's Vanderbilt Yard represents an historic opportunity for the development and further revitalization of this property and the surrounding neighborhoods in Brooklyn. Extell Development Company, one of the nation's premier residential and commercial developers, is pleased to submit this proposal – including an all cash offer of \$150 million - to participate with MTA in this opportunity. Our hope and objective is to rapidly advance what we believe will be contextually appropriate mixed use development which responds not only to MTA's financial and functional requirements, but also to the public sector commitment to foster a development project providing significant benefits to the overall community and economy.

Specifically, our mixed use development proposal provides for the construction of 1,940 units of housing consisting of 573 low and moderate income apartments, 1,367 condominium units, 116,000 square feet of retail space and 75,000 square feet for a school and/or community facility use, 1,000 parking spots, and 167,137 square feet of parks and open space. In all, our development will comprise approximately 2,700,000 square feet, and can be encompassed within a C6-3, 7.5 FAR zone. Our proposal assumes that the area will be rezoned to permit development within these parameters, and we are confident that a rezoning permitting our proposal could be rapidly advanced in the City's ULURP process. In terms of scale, our buildings will range from 4 to 28 floors, complementing the existing neighborhood context.

Our proposal also fully respects the RFP's requirements concerning MTA and LIRR transportation uses, which must be maintained during construction and permanently thereafter. Both we and our engineering consultant, Daniel Frankfurt, P.C., have great familiarity in designing and building projects adjacent to vital transportation facilities, and we fully appreciate the constraints imposed by your requirements. We are also confident in the financial feasibility

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