

Title No. 07NYK10894
Policy No. C30-0045646

**SCHEDULE B MORTGAGE SCHEDULE
CONTINUED**

- b. A lien of \$10,622,447.00, which lien is evidenced by that certain Severed Mortgage ("Mortgage G") dated as of July 3, 2007, made by Atlantic Arts Development Company, LLC, Arena Nominee Sub B, LLC, Arena Nominee Sub C, LLC, Arena Nominee Sub E, LLC, Arena Nominee Sub F, LLC, Brooklyn Arena Sub A, LLC, Atlantic Yards Nominee Sub A, LLC, Seagoing Development Company, LLC, Atlantic Yards Development Sub C, LLC, Atlantic Yards Nominee Sub B, LLC, AY 185 Flatbush, LLC, AY 814 Pacific, LLC, AY 644 Pacific II, LLC, AY 485 Dean, LLC, AY 622 Pacific, LLC, AY 195 Flatbush, LLC, AY 608-620 Atlantic, LLC, AY 177 Flatbush, LLC, Chest Realty Corporation, AY 620 Pacific LLC, Atlantic Yards Development Sub A, LLC, Pacific Vanderbilt Development Company, LLC, AY 473 Dean, LLC, AY 489 Dean, LLC, AY 818 Pacific, LLC, AY 542 Vanderbilt, LLC, AY 622 Atlantic, LLC, AY 524 Vanderbilt, LLC, AY 35-37 Sixth, LLC, AY 645 Dean, LLC, AY 618 Pacific, LLC, and AY 487 Dean, LLC to Gramercy Warehouse Funding II LLC to secure the principal amount of \$10,622,447.00 and to be duly recorded in the Office of the New York City Register, Kings County.

Mortgage H

Gap Mortgage dated as of July 3, 2007, made by Atlantic Arts Development Company, LLC, Arena Nominee Sub B, LLC, Arena Nominee Sub C, LLC, Arena Nominee Sub E, LLC, Arena Nominee Sub F, LLC, Brooklyn Arena Sub A, LLC, Atlantic Yards Nominee Sub A, LLC, Seagoing Development Company, LLC, Atlantic Yards Development Sub C, LLC, Atlantic Yards Nominee Sub B, LLC, AY 185 Flatbush, LLC, AY 814 Pacific, LLC, AY 644 Pacific II, LLC, AY 485 Dean, LLC, AY 622 Pacific, LLC, AY 195 Flatbush, LLC, AY 608-620 Atlantic, LLC, AY 177 Flatbush, LLC, Chest Realty Corporation, AY 620 Pacific LLC, Atlantic Yards Development Sub A, LLC, Pacific Vanderbilt Development Company, LLC, AY 473 Dean, LLC, AY 489 Dean, LLC, AY 818 Pacific, LLC, AY 542 Vanderbilt, LLC, AY 622 Atlantic, LLC, AY 524 Vanderbilt, LLC, AY 35-37 Sixth, LLC, AY 645 Dean, LLC, AY 618 Pacific, LLC, and AY 487 Dean, LLC to Gramercy Warehouse Funding II LLC to secure the principal amount of \$26,739,603.00 and to be duly recorded in the Office of the New York City Register, Kings County.

Title No. 07NYK10894
Policy No. C300045646

**SCHEDULE B MORTGAGE SCHEDULE
CONTINUED**

Consolidated, Amended and Restated Subordinate Mortgage, Assignment of Leases and Rents, Security Agreement and Financing Statement dated as of July 3, 2007, made by Atlantic Arts Development Company, LLC, Arena Nominee Sub B, LLC, Arena Nominee Sub C, LLC, Arena Nominee Sub E, LLC, Arena Nominee Sub F, LLC, Brooklyn Arena Sub A, LLC, Atlantic Yards Nominee Sub A, LLC, Seagoing Development Company, LLC, Atlantic Yards Development Sub C, LLC, Atlantic Yards Nominee Sub B, LLC, AY 185 Flatbush, LLC, AY 814 Pacific, LLC, AY 644 Pacific II, LLC, AY 485 Dean, LLC, AY 622 Pacific, LLC, AY 195 Flatbush, LLC, AY 608-620 Atlantic, LLC, AY 177 Flatbush, LLC, Chest Realty Corporation, AY 620 Pacific LLC, Atlantic Yards Development Sub A, LLC, Pacific Vanderbilt Development Company, LLC, AY 473 Dean, LLC, AY 489 Dean, LLC, AY 818 Pacific, LLC, AY 542 Vanderbilt, LLC, AY 622 Atlantic, LLC, AY 524 Vanderbilt, LLC, AY 35-37 Sixth, LLC, AY 645 Dean, LLC, AY 618 Pacific, LLC, and AY 487 Dean, LLC to Gramercy Warehouse Funding II LLC and to be duly recorded in the Office of the New York City Register, Kings County. Consolidates Mortgages G and H to form a single lien securing the principal amount of \$37,362,050.00.

With respect to the aforesaid mortgages:

Subordination Agreement dated as of _____, 2007 made by Gramercy Warehouse Funding II LLC and to be duly recorded in the Office of the New York City Register, Kings County.

Subordination Agreement dated as of _____, 2007 made by Gramercy Warehouse Funding II LLC and to be duly recorded in the Office of the New York City Register, Kings County

END OF SCHEDULE B MORTGAGE SCHEDULE

EXHIBIT F

ESDC DESIGN AND CONSTRUCTION REQUIREMENTS

(see attached)

EMPIRE STATE DEVELOPMENT CORPORATION
DESIGN AND CONSTRUCTION REQUIREMENTS
FOR INFRASTRUCTURE FOR
ATLANTIC YARDS, BROOKLYN, NY
AUGUST 2007

The following design and construction submissions and review documents shall be supplied to ESDC:

Design Phase

The developer shall furnish to the Design and Construction Department (D&C):

- Project and construction budget (construction estimates to be updated throughout construction)
- Soils analysis (Phase 2 Environmental Site Assessment Report, May 2006, soil analysis on additional properties not included in the Phase 2 ESA as testing is performed, and geotechnical report)
- Surveys
- Engineering Agreements for work funded by ESDC

Construction Phase

For work funded by ESDC under the ESDC Funding Agreement, the developer shall furnish to D&C copies of the following:

- Agency approvals/ permits (MTA, DOT, DEP, etc.), as appropriate
- Approved Infrastructure Plans and Specifications
- Periodic construction schedule updates
- Controlled Inspection Reports, test reports and field reports, if applicable
- Lien waivers
- For scopes of work that have been completed in advance of the termination of the Funding Agreement, final lien waivers and certifications
- Developer shall furnish a sign at the site, reasonably satisfactory to ESDC (see Exhibit H for prototype)

The following attachments to this Exhibit are to be submitted as follows:

Attachment A is to be submitted with the initial requisition
Attachment B is to be submitted with the final requisition
Attachment C is to be submitted with each requisition
Attachment D is to be submitted with the initial requisition
Attachment E is to be submitted with each requisition
Attachment F is to be submitted with each requisition
Attachment G is to be submitted with each requisition

CONSULTANT'S CODE CERTIFICATION LETTER

Attachment A

The following Certification Letter shall be included in the initial report submitted to ESDC for approval. (Required from Mueser Rutledge, Parsons Brinckerhoff, The McKissack Group, Stantec, Vollmuth & Brush, and Thorton Tomasetti)

DATE

Empire State Development
633 Third Avenue
New York, NY 10017-6754

Attention: Senior Vice President
Design and Construction

Re: Consultant's Code Certification of Architect (Engineer)
Atlantic Yards Land Use Improvement and Civic Project, New York

Gentlemen:

The undersigned, a principal of the firm of _____, duly qualified and registered to practice architecture/engineering in the State of New York, in connection with the Atlantic Yards Land Use Improvement and Civic Project, does hereby certify that final plans and specifications will be designed to conform with the New York City Building Code, municipal regulations and requirements of the MTA, to the extent applicable.

IN WITNESS WHEREOF, I have hereunto set my hand this _____ day of _____, 20____.

SIGNATURE

ARCHITECT'S (OR ENGINEER'S) NAME

SEAL

CONSTRUCTION MANAGER'S CERTIFICATION OF COMPLETED CONSTRUCTION

Attachment B

The following Certification shall be submitted to ESDC at completion of construction of the work funded, in full or in part, by ESDC on Construction Manager's letterhead. (Required from TCCo and TMG, or other CM designated by Developer)

DATE

Empire State Development
633 Third Avenue
New York, NY 10017-6754

Attention: Senior Vice President
Design and Construction

Re: Construction Manager's Certification of Completed Construction
Atlantic Yards Land Use Improvement and Civic Project, Brooklyn, NY

Gentlemen:

The undersigned, an officer of _____ (firm name), in connection with the Atlantic Yards Land Use Improvement and Civic Project, does hereby certify that construction of all work required under the construction management agreement to the extent such work is subject to funding under the Funding Agreement among ESDC, Brooklyn Arena LLC and Atlantic Yards Development Company LLC, has been performed in accordance with applicable municipal regulations and MTA requirements, as applicable.

IN WITNESS WHEREOF, I have hereunto set my hand this _____ day of _____, 20____.

Notary Public

SIGNATURE

OFFICER'S NAME & TITLE

Attachment C

G703

A		B		C		D		E		F		G		H		I		J		K		L		M		N	
																						TOTAL THIS PERIOD		TOTAL THIS PERIOD		TOTAL THIS PERIOD	
Item No.	CONTRACTOR/CONSULTANT	Previously Completed (H)	Total Work Completed This Period	Materials* Previously Stored Offsite & Moved Onsite This Period	Cost of Materials* Stored Offsite This Period	Net Completed This Period (D+E-F)	Total Complete & Payable To Date (C+G)	Retainage To Date	Total Previous Payments from ESDC	Total This Period (H-J)	ESDC Share	Other Share	BALANCE OF WORK TO COMPLETE	ESDC Share													
	APPROVED SOFT COSTS: Mueser Rutledge Parsons Brinkerhoff Roux Associates The McKisack Group Slantec (Formerly Volmer Associates) Vollmuth & Brush Thornton Tomasetti	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	
	TOTAL APPROVED SOFT COSTS	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
	HARD COSTS: (Insert Vendors Here)	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
	TOTAL HARD COSTS	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
	TOTAL APPROVED SOFT & HARD COSTS	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00

* This excludes the cost of Yard Materials stored offsite, explicitly allowed to be reimbursed by ESDC pursuant to the State Funding Agreement

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APPLICATION NUMBER: ATLANTIC YARDS									
PROJECT NAME: ATLANTIC YARDS									
REQUISITION DATE: FROM: INCEPTION									
TO: [Insert Date]									
A	B	C	D	E	F	G	H		
Item No.	LAND	TOTAL INCURRED TO DATE	TOTAL REQUISITIONED Previous Applications	TOTAL REQUISITIONED This Period	TOTAL REQUISITIONED TO DATE EDC Share	BALANCE TO COMPLETE EDC Share	BALANCE TO COMPLETE OTHER Share		
	<u>LAND PURCHASE:</u> Arena Land	\$ 103,534,823.65	0.00	40,000,000.00	40,000,000.00	60,000,010.00	3,534,813.65		
	TOTAL	103,534,823.65	0.00	40,000,000.00	40,000,000.00	60,000,010.00	3,534,813.65		

Attachment E

Intentionally Deleted

ATLANTIC YARDS

Table of Approval Authority and Facsimile Signature

Brooklyn Arena, LLC & Atlantic Yards Development Company, LLC

<u>Name/Title/Firm</u>	<u>Facsimile Signature</u>	<u>Initials</u>
David Berliner Senior Vice President & Secretary	_____	_____
Joanne Minieri Senior Vice President & Treasurer	_____	_____
Deborah Levinson Authorized Signatory	_____	_____
Ruence Ratner Chairman and Manager	_____	_____

The above individuals have been delegated authority as stated in accordance with the Operating Agreements.

Secretary

NEW YORK STATE URBAN DEVELOPMENT CORPORATION
d/b/a EMPIRE STATE DEVELOPMENT CORPORATION
Design and Construction Department

Forest City Entity Affidavit

STATE OF NEW YORK)
) ss.:
COUNTY OF)

_____, being first duly sworn, deposes and says:

1. That I reside at _____.
2. That I am _____(OFFICER) of _____ (FC ENTITY), a limited liability company organized and existing under the laws of the State of _____, having its principal offices at 1 Metrotech Center, Brooklyn, NY 11201.
3. That the (FC ENTITY) is the Contractor of the Atlantic Yards Land Use Improvement and Civic Project, pursuant to a Funding Agreement dated the __ day of _____, 20____ between the (FC ENTITY) and ESDC.
4. That the (FC ENTITY) has received all payments due it under the aforesaid Funding Agreement as of the date of the immediately preceding requisition, for which it was paid.
5. That to the best of my knowledge and belief, the (FC ENTITY) has performed all its obligations to the date hereof under the aforesaid Funding Agreement and has paid all just and lawful bills and claims against it in accordance with its contractual obligation with subcontractors and material men who have heretofore performed work and labor or furnished materials and equipment in connection with the aforesaid Funding Agreement.
6. That annexed hereto is a list of all subcontractors and material men who have heretofore performed work and labor or furnished materials and equipment in connection with said Funding Agreement. (If none, state "None".) _____.

(Signature of Officer)

worn to before me this _____ day of _____, 20_____.

(Notary Public)

OC-105c

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Attachment G
RELEASE AND WAIVER OF LIEN
 To be submitted with payment requests from Trade Contractors

Contractor:		Date:	\$
Trade:		Period Ending:	\$
Project:	The Atlantic Yards Project	Contract Price:	\$
Owner:	Atlantic Yards Development Co., LLC Brooklyn Arena, LLC	Net Extras & Deductions:	\$
Site:	[ADDRESS] Kings County, Block ____, Lot ____	Adjusted Contract Price:	\$
		Amount Paid to Date:	\$
		Amount of Current Payment:	\$

CITY OF NEW YORK)
)
 COUNTY OF)

THE UNDERSIGNED, as authorized representative of Contractor, (1) acknowledges receipt of the amount set forth above as payments received to date, (2) to the extent of such payments, and the amount of the current payment set forth above, waives and releases any claim which it may now or hereafter have upon the land and improvements described above, (3) that the amount of payments received to the date of this waiver, plus the amount of the current payment, represents the current amount due in accordance with Contractor's Agreement for work completed, and (4) warrants that it has not and will not assign any claims for payment or right to perfect a lien against such land and improvements and warrants that it has the right to execute this waiver and release. The Contractor represents that the adjusted Contract Price set forth above is inclusive of all additional work performed or additional costs incurred under the Agreement as of the date of this Lien Waiver.

In consideration of the amounts and sums previously received and the Current Payment, Contractor hereby waives, releases and relinquishes any and all claims, rights or causes of action whatsoever, in equity or law, arising out of, through or under the above mentioned agreement and the performance of Work pursuant thereto, up to and including the date of this Lien Waiver.

THE UNDERSIGNED Contractor further warrants that (1) all workmen employed by it or its subcontractors on this Project have been fully paid to the date hereof, (2) all materialmen from whom the undersigned or its subcontractors purchased materials used in the project have been paid for materials delivered on or prior to the date hereof, (3) none of such workmen and materialmen has any claim or demand or right of lien against the land and improvements described above, and (4) stipulates that he is an authorized officer with full power to execute this Lien Waiver.

THE UNDERSIGNED agrees that the Owner of the Project, NYS Urban Development Corp. d/b/a Empire State Development, and any Lender, title insurer, or other entity may rely upon this Lien Waiver.

WITNESS the signature and seal of the undersigned as of this ____ day of ____, 2006.

[CONTRACTOR]

By: _____
 Name:
 Title:

Witnessed to before me this
 ____ day of ____ 20__.

 Notary Public



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State of New York Eliot L. Spitzer, Governor Empire State Development	<h2 style="margin: 0;">Name of Project</h2> <h3 style="margin: 0;">Description of Project</h3> <h3 style="margin: 0;">Description of Project in Spanish <small>(as applicable)</small></h3>									
Name of City or Town CITY OFFICIAL, Title	<table style="width: 100%; border: none;"> <tr> <td style="width: 25%; border: none;">New York State Official Name</td> <td style="width: 25%; border: none;">City Official (Borough) Name, Title</td> <td style="width: 50%; border: none;">Developer/Sponsor Name</td> </tr> <tr> <td style="border: none;">New York State Assemblyman Name</td> <td style="border: none;">City Official (Council) Name, Title</td> <td style="border: none;">Merchant's Association Name, Title</td> </tr> <tr> <td style="border: none;">New York State Senator Name</td> <td style="border: none;"></td> <td style="border: none;">Other Private Sector Name, Title</td> </tr> </table>	New York State Official Name	City Official (Borough) Name, Title	Developer/Sponsor Name	New York State Assemblyman Name	City Official (Council) Name, Title	Merchant's Association Name, Title	New York State Senator Name		Other Private Sector Name, Title
New York State Official Name	City Official (Borough) Name, Title	Developer/Sponsor Name								
New York State Assemblyman Name	City Official (Council) Name, Title	Merchant's Association Name, Title								
New York State Senator Name		Other Private Sector Name, Title								

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ESD CONSTRUCTION SIGN

The contractor shall supply and install one sign identifying the project at commencement of construction which shall remain in place until development is completed. The sign can be a minimum of 4 ft. X 8 ft., up to a maximum of 8 ft. X 16 ft., and constructed of 3/4 in. thick exterior grade plywood, secured or supported to comply with all applicable codes and good construction practice. Exact location will be determined by ESD according to local conditions. The sign shall be painted blue, front and back, with three coats of exterior grade enamel.

The text shall include the name of the Governor, the heads of the sponsoring State agencies, the name of the project and a list of regional legislators and officials. The exact text and layout shall be provided by ESD Public Affairs Dept... at the time of contract award.

GRAPHIC SPECIFICATIONS

Size: Minimum of 4' high X 8' wide
 Maximum of 8' high X 16' wide

Color: Blue lettering on white background.
 State map outline to be light grey

Font: Helvetica Bold
 Helvetica Light

EXHIBIT G

TOTAL PROJECT COST CATEGORIES

Land

- Land Acquisition Costs - costs paid or incurred by FCRC or an affiliate to acquire Project land other than the MTA land
- MTA – purchase price for the fee and air rights of Vanderbilt Yard
- Interest & Other Land Costs – includes, among other things, interest on land loans, real estate taxes, operations and maintenance, legal and closing costs.

Hard Costs

- LIRR – includes costs associated with the construction of the temporary and permanent rail yards for the LIRR
- Infrastructure – includes costs associated with the construction of the project infrastructure such as the transit improvements, the site work and utilities including the water and sewer work, the bridges, the open space and streetscape improvements, the demolition, the environmental remediation, the platform construction and the parking facilities
- Building Hard Costs – include the construction costs related to the project buildings
- Other Hard Costs – includes other hard costs that don't fall into the previous categories such as owner's testing, pre-construction services, permit and bond costs

Soft Costs

- A&E – includes architectural and engineering costs associated with the Project
- Legal – includes legal fees associated with the project including fees associated with drafting of Project documents, litigation and agency regulations
- Other Project Expenses – includes expenses for items such as marketing, overhead, insurance, and public approval and compliance costs
- Financing & Interest Costs – includes underwriters fees, cost of issuance, capitalized interest, LC fees, bond insurance, remarketing fees, liquidity fees, servicing fees, and reserve funds