

EMPIRE STATE DEVELOPMENT CORPORATION 8/14/06
and
MOYNIHAN STATION DEVELOPMENT CORPORATION

**MOYNIHAN STATION
CIVIC AND LAND USE IMPROVEMENT
PROJECT**

at
James A. Farley Post Office Building
421 Eighth Avenue, New York, New York 10199

with
The Related Companies, L.P. and Vornado Realty L.P.
60 Columbus Circle, New York, New York 10023

FINAL GENERAL PROJECT PLAN – August 2006

I. Background

Today, the Pennsylvania Station complex in Manhattan (“**Penn Station**”) is America’s busiest passenger transportation facility, handling over 550,000 people daily -- more than any airport in the United States, and more than Kennedy, LaGuardia and Newark Airports combined. Yet the three-level, largely subterranean complex that now comprises Penn Station is inadequate to meet the needs of today’s passengers. Already operating at capacity, Penn Station is expected to experience significant operational stress in coming years due to increasing demand for service and a rapidly growing passenger load.

The Moynihan Station Civic and Land Use Improvement Project, as described in more detail herein (the “**Project**”), is a comprehensive initiative to build a major transportation hub which will: (a) create the new Daniel Patrick Moynihan Station (“**Moynihan Station**”), inclusive of grand new Train and Intermodal Halls for use by New Jersey Transit and Long Island Railroad commuters, among others; (b) be physically connected to Penn Station so as to improve Penn Station circulation and capacity; (c) create dynamic mixed-use development; (d) restore and preserve an important historical resource in Midtown West; and (e) serve as the gateway to expected new development in Midtown West.

The Project would be constructed primarily at the James A. Farley Post Office Building (“**Farley**”) and its Western Annex (the “**Annex**”; Farley and the Annex collectively, the “**Farley Complex**”). Farley was constructed between 1910 and 1913 for the United States Postal Service. It was designed as a companion to the original Pennsylvania Station then located across Eighth Avenue. Farley was expanded in 1934 by the creation of the Annex stretching to Ninth Avenue. The Farley Complex was constructed directly above then open-cut railroad tracks some 40 feet below (and, at the time, created a critical mail-rail link). All three projects, the original Pennsylvania Station, Farley, and the Annex, were designed by the legendary New

York architectural firm of McKim, Mead & White. The Farley Complex is currently owned by the United States Postal Service (“USPS”), is listed on the State and National Registers of Historic Places, and is a designated New York City Landmark.

The New York State Urban Development Corporation, d/b/a Empire State Development Corporation (“ESDC”), will acquire the Farley Complex from USPS. ESDC and its subsidiary, Moynihan Station Development Corporation (“MSDC”), will implement the Project.

II. Project Location

The Project would be constructed at two locations:

(a) Moynihan Station and accompanying commercial components would be developed at the Farley Complex, located on the superblock bound by 31st and 33rd Streets and Eighth and Ninth Avenues in the Borough of Manhattan, County, City and State of New York, within Manhattan Tax Block 755, Lot 40. The Farley Complex contains not more than approximately 1,400,000 square feet of useable space and is entitled to approximately 2,000,000 square feet of unused development rights under current City zoning (the Farley Complex was up-zoned by New York City in 2004). More specifically, the Farley Complex is contained within a rectangle approximately 740 feet wide (from Eighth to Ninth Avenues) and approximately 390 feet long (from 31st to 33rd Streets), or a “footprint” of approximately 288,600 square feet. The redevelopment of the Farley Complex, including creation of the new Moynihan Station, is sometimes referred to herein as the “**Farley Component**”.

(b) off-site development would be located between 33rd and 34th Streets on the east side of Eighth Avenue in the Borough of Manhattan, County, City and State of New York, within the western portion of Manhattan Tax Block 783 (the “**Off-Site Premises**”). The Off-Site Premises represent a rectangle approximately 179 feet in width (from Eighth Avenue to the eastern Off-Site Premises boundary) and 197.5 feet in length (from 33rd to 34th Streets), or a “footprint” of approximately 35,352 square feet. The construction of a new mixed-use building at the Off-Site Premises, expected to contain residential, hotel, and retail components, is sometimes referred to herein as the “**Off-Site Component**”.

A “**Project Location Map**” is attached hereto as **Attachment A**. The Farley Component and the Off-Site Component are hereinafter referred to collectively as the “**Project**”.

III. Project Description

The Project consists of the design, development, construction, and operation of the Farley Component and the Off-Site Component, each in accordance with agreed plans and standards (the “**Standards**”), as follows. Basic “**Project Renderings**” are attached hereto as **Attachment B**.

(a) Required work (“**Required Work**”) consists of:

(i) Moynihan Station, a flagship transportation facility consisting of approximately 300,000 square feet (the “**Train Station Premises**”) for transit and cultural uses, including a grand concourse granting direct access to train platforms (the “**Train Hall**”). The Train Hall will be connected by a grand staircase to an

intermodal transportation hall, which will have direct access to Ninth Avenue and 31st and 33rd Streets (the “**Intermodal Hall**”). The Train Hall and the Intermodal Hall both will be open, high-ceiling, sky-lit, public spaces with high quality finishes and iconic architecture. The Intermodal Hall will incorporate dramatic mid-block entrances to Moynihan Station from both 31st and 33rd Streets, and the Train Station Premises will include new entrances to Moynihan Station from Eighth Avenue to enhance commuter access directly to the Station. The Train Station Premises also will include “core and shell” improvements of: (A) approximately 34,000 square feet for New Jersey Transit (“**NJT**”) operations; (B) approximately 4,700 square feet for an inter-city rail user; (C) approximately 19,000 square feet for airport access and operation space operated by The Port Authority of New York and New Jersey (“**PANYNJ**”), with below-grade loading dock space, to facilitate passengers traveling to Kennedy, LaGuardia and Newark Airports; and (D) approximately 1,300 square feet for transit police space.

(ii) a substantial expansion of the existing West End Concourse beneath Farley, and approximately thirty new vertical circulation points (stairs, escalators, and elevators) by which passengers can access tracks and platforms throughout Farley, resulting in a dramatic increase in passenger access/egress and circulation space which will reduce train loading and unloading times, thereby reducing lost commuter time and permitting additional train movements.

(iii) “core and shell” improvements and loading docks totaling approximately 250,000 square feet of space for continuing postal operation by the USPS at the Farley Complex (the “**USPS Premises**”).

(iv) repair, preservation, and protection of the historic features of the Farley Complex, including the exterior façade and the Eighth Avenue monumental stairs, Corinthian columns and entrance. If signage is permitted on the exterior of the Farley Complex, subject to all requisite approvals, such signage shall reflect and respect the historic and architectural features of the Farley Complex.

(v) state-of-the-art, emergency platform ventilation for the below-grade trainshed areas west of Eighth Avenue (the “**Platform Ventilation Work**”).

(vi) widened and improved underground connection between Farley, the Eighth Avenue Subway, and Level A of Penn Station (the “**33rd Street Connector**”), running under Eighth Avenue between Penn Station and Moynihan Station, reconfigured to comply with ADA requirements. (The 33rd Street Connector will remain under the control of the Metropolitan Transportation Authority (“**MTA**”), and the proposed improvements will be closely coordinated with MTA and NYC Transit staff.) The subway entrance at southwest corner of 33rd Street and Eighth Avenue will be relocated within the Project property line.

(vii) “core and shell” improvements of a maximum of 100,000 square feet for private transit-oriented retail development (“**Station Retail**”), such that the Train Station Premises and the Station Retail shall, in the aggregate, consist of

approximately 400,000 square feet. Station Retail shall not compromise or impede pedestrian access to or movement through the Train Station Premises.

(vii) additional façade restoration, exterior lighting, and sidewalk improvement for the entire perimeter of the Farley Complex.

(ix) a covered, minimum thirty foot clear width, thirty foot high, well-lit, through-block connection (the “**32nd Street Pedestrian Corridor**”) for pedestrians, visitors, and commuters, at grade between the Intermodal Hall and Ninth Avenue within the Annex, not more than ten feet from the centerline of 32nd Street, with Ninth Avenue street entrance and signage at both ends of the Corridor stating that the space is open to the public daily (during hours to be agreed, but expected to be during commuting hours, approximately 6AM to 10PM).

(x) loading dock(s) and associated ramps and structural work with sufficient capacity to accommodate Farley Complex users (in addition to PANYNJ and USPS loading facilities).

(b) Private commercial components (the “**Tenant Work**”) consist of approximately 750,000 square feet of private development, to include an approximately 150-room boutique hotel within the upper floors of Farley (the “**Hotel**”), a merchandise mart on the upper floor of the Annex (the “**Mart**”), destination retail (including large format stores and fine dining) within the Annex, inclusive of “core and shell” improvements of approximately 500 linear feet of first floor retail frontage adjacent to the 32nd Street Pedestrian Corridor (the “**Commercial Retail**”), cultural uses, and digital art and media opportunities. Tenant Work use requirements are set forth at Section VI(H)(iii) below.

(c) Private commercial Off-Site Component consists of an approximately 1,000,000 square foot mixed-use building expected to contain residential (including units under 80/20 affordable housing program), hotel, and retail components, subject to **Attachment D** attached hereto.

IV. The Project’s Public Constituents

New Jersey Transit

NJT (inclusive of NJT operations which provide service for Metro-North Railroad in New York’s Orange and Rockland Counties) is the fastest growing commuter railroad in the United States. NJT’s separate “Access to the Region’s Core” project (“**ARC**”) will accommodate greatly expanded train capacity into and out of Moynihan and Penn Stations. In order to accommodate anticipated growth in existing ridership, and additional ridership expected as a result of employment growth in Midtown West, NJT has signed a Memorandum of Understanding with MSDC agreeing to become the “anchor transportation tenant” of Moynihan Station. Moynihan Station will address NJT needs for new and improved horizontal and vertical commuter circulation space, new ticketing and administrative space, improved safety, and passenger amenities. NJT will lease approximately 34,000 square feet within Moynihan Station. Further, the West End Concourse currently existing beneath Farley will be expanded (from 20 feet to 40 feet wide) and will be extended to Platform 3 (to the south) as part of the Project,

permitting further extension to NJT's Platforms 1 and 2 which will be constructed by NJT. This will enable NJT riders to access all existing tracks serviced by NJT from the new Moynihan Station. Moynihan Station will have a train display, gateboards and announcements to inform NJT customers of track assignments.

Amtrak and Long Island Railroad

Although the National Railroad Passenger Corporation (“**Amtrak**”) and the Long Island Railroad (“**LIRR**”) presently do not contemplate having administrative space in Moynihan Station, both railroads will benefit from the creation of the new facility due to dramatically improved passenger circulation, additional points of ingress/egress and vertical and horizontal circulation, installation of platform ventilation to below-grade platform levels west of Eighth Avenue, enhanced safety, and a general reduction in congestion at Penn Station. The Project anticipates, and provides the opportunity for, the future re-introduction of Amtrak, or some future inter-city rail tenant, into Moynihan Station. The Moynihan Station train display also will provide information for LIRR track assignments, and LIRR ticket vending machines are expected to be placed within Moynihan Station.

Metropolitan Transportation Authority

As stated above, the 33rd Street Connector, running under Eighth Avenue between Penn Station and Moynihan Station, will be widened to accommodate the growing numbers of commuters and will be reconfigured to comply with ADA requirements. The 33rd Street Connector will remain under the control of the MTA, and the proposed improvements will be closely coordinated with MTA and NYC Transit staff. Current sidewalk subway entrances at the southwest and northeast corners of 33rd Street and Eighth Avenue will be moved within Project building lines.

United States Postal Service

In recent years, USPS has been consolidating its Farley Complex operations into the Morgan General Mail Facility and Annex, located at West 28th to West 30th Streets and Ninth to Tenth Avenues in Manhattan, and other USPS facilities within New York City. As a result of these consolidations, and increased USPS efficiencies, USPS is prepared to reduce its presence in the Farley Complex to approximately 250,000 square feet.

V. The Project's Primary Benefits

The Project will provide multiple public benefits, including but not limited to:

Transportation Hub. Moynihan Station will provide the greater New York City metropolitan area with a gleaming major new transportation hub. Amtrak, NJT and LIRR railroad tracks all run directly beneath the Farley Complex, and customers of each railroad will be able to access their connections through Moynihan Station. Multiple New York City subway lines and two PATH lines are in close proximity. NJT's proposed “Access to the Region's Core” project (“**ARC**”) will bring greatly expanded train capacity to Moynihan and Penn Stations, as stated, and to a new station located one block north. PANYNJ will provide airport access space for passengers traveling to Kennedy, LaGuardia, and Newark Airports. As stated, Moynihan Station will improve circulation and relieve capacity constraints within existing Penn Station by adding a large new train hall concourse at grade off Eighth Avenue, a greatly enlarged West End Concourse, and approximately thirty new vertical circulation points – stairs, escalators

and elevators – by which passengers can more efficiently access train platforms. This will enable the complex to handle significantly increased passenger loads expected as a result of: (i) additional train movements; (ii) longer trains; and (iii) double-decker trains.

Far West Side Gateway. The Farley Complex is located wholly within New York City’s Special Hudson Yards District, projected to ultimately contain more than 40 million square feet of new development. The Project is consistent with the new zoning and will provide transportation infrastructure to benefit Far West Side development. The Project can be expected to support the development of new commercial and residential development in the area, subject to the new Hudson Yards rezoning, and elsewhere on the Far West Side of Manhattan.

Historic Preservation and New Iconic Architecture. Historic external and internal features of the Farley Complex will be retained and preserved. At the same time, the new Train and Intermodal Halls both will be sky-lit public atriums covered by “signature” or “iconic” roofscapes. These spaces will be dramatic indoor public spaces similar to the main concourse and Vanderbilt Hall at Grand Central Station.

Economic Benefits. Moynihan Station will provide substantial economic benefit to New York City, New York State, and to the greater metropolitan area as a whole. Initial benefit will be derived from the immediate creation of jobs and income from the construction of the Project (see “Interim construction benefits” below). Thereafter, it is estimated that Moynihan Station, the commercial space within the Annex, and the mixed-use building to be constructed at the Off-Site Premises will result in 3,300 more permanent jobs in the Project area once the Project is complete, and \$50 million per year more in total tax revenue for the City and State than would have been collected without the Project. Property values in the vicinity of the Project can be expected to rise. Commuter accessibility and convenience can be expected to translate into increased worker productivity for businesses in the area.

Enhanced Subway Connections and Pedestrian Circulation. On-street subway entrances at the Project location will be relocated within the Project’s property lines. The 33rd Street Connector will provide enhanced underground connection between Penn Station and the new Moynihan Station, and the 32nd Street Pedestrian Corridor will provide a covered, boulevard-like walkway from Ninth Avenue to the Intermodal Hall.

Interim construction benefits. Construction of the Project is expected to commence in 2006 and conclude in 2010, inclusive of interior fit-outs. This work will create direct benefits resulting from expenditures on labor, materials and services, and indirect benefits due to expenditures by material suppliers, construction workers, and others involved in the Project. Such expenditures will result in substantial tax revenues to the State and City of New York.

VI. Essential Transaction Terms

A. (i) Acquisition of Farley Complex; Condominium Regime

ESDC will acquire title to the Farley Complex from USPS. ESDC will, prior to completion of the Required Work, subject the Farley Complex to a condominium regime pursuant to Article 9-B of the Real Property Law of the State of New York and in accordance

with a condominium declaration and by-laws. The condominium will consist of: (a) NJT, PANYNJ, inter-city rail, and Station Retail transportation-related condominium units (the “**Transportation Units**”); (b) USPS and Tenant Work commercial units (the “**Commercial Units**”); and (c) common elements consisting of the balance of the Farley Complex, including the Train and Intermodal Halls, the enlarged West End Concourse, and the 32nd Street Pedestrian Corridor (all of which will be open to the public). Required Work use requirements are set forth in Section VI(H)(i) below.

(ii) Landlord/Tenant Relationship

ESDC will lease the Commercial Units, including the Commercial Unit to be occupied by USPS (the “**USPS Unit**”), directly to an entity (hereinafter, “**Tenant**”) to be owned and controlled by The Related Companies, L.P. (“**Related**”) and Vornado Realty L.P. (“**Vornado**”). Tenant in turn will have the right to sublease the Commercial Units to individual users (and will be required to sublease the USPS Unit to USPS).

ESDC will transfer ownership of the Transportation Units to MSDC. MSDC in turn will sublease the Transportation Units to Tenant. Tenant in turn will be required to sublease the Transportation Units to NJT, PANYNJ, inter-city rail, and Station Retail users, respectively. If no inter-city rail user wishes to lease the inter-city rail Transportation Unit, MSDC will permit Tenant to sublease such Unit to a private user at fair market value and upon other agreed terms.

The aforesaid subleases and sub-subleases to Tenant each will have a term not longer than 99 years and will be subject to, among other things, this General Project Plan and any legal requirements arising out of the Farley Complex being designated by the State and National Registers of Historic Places and as a New York City Landmark.

(iii) Construction

ESDC and MSDC will enter into a Leasehold Improvement Agreement with Tenant pursuant to which Tenant will be obligated to design, develop and construct the Required Work (inclusive of the first \$10,500,000 of Platform Ventilation Work) for a total cost not to exceed \$556,000,000. Required Work may be constructed in phases. Payment will be made only for work-in-place, subject to audit. Tenant, at its sole cost and expense, will pay all other costs and expenses of design, development, and construction of the Project, specifically including the Tenant Work and the Off-Site Component (but excluding Platform Ventilation Work in excess of \$10.5M, and excluding tenant fit-outs). Platform Ventilation Work (above \$10,500,000) will be funded via Project contingency (see Section VI.E(iii) below). ESDC and MSDC have no obligation to fund tenant fit-outs. Construction of the Farley Component is expected to commence in 2006 and conclude in 2010. Final Project design will be developed in consultation with the New York State Office of Parks, Recreation and Historic Preservation in order to ensure that such design is compatible with the historic character of the Farley Complex.

(iv) Off-Site Premises

ESDC will either lease the Off-Site Premises from its owner, or sublease the Off-Site Premises from an entity to be owned and controlled by The Related Companies, L.P. and Vornado Realty L.P. (hereinafter, “**Off-Site Entity**”). In either case, ESDC will sublease (or sub-sublease) the Off-Site Premises to the Off-Site Entity so that the Off-Site Entity can develop

the Off-Site Component. The Off-Site Entity is expected to construct the Off-Site Component within the same timeframe as the Farley Component, namely, 2006 to 2010. The Off-Site Component will be developed in accordance with the Off-Site Premises Building and Site Plan (attached hereto as **Attachment E**), and shall have a principal sky-lit space with a 70 foot width, 85 foot depth, and height of no less than 60 feet. The design of the interior public space and through block connection shown on the Off-Site Premises Building and Site Plan shall be acceptable to the Chair of the City Planning Commission. Such design acceptance shall be obtained by the Off-Site Entity prior to commencement of construction of the Off-Site Premises. Design elements shall include but not be limited to seating, plantings, lighting, and other appropriate amenities. Hours of operation should be similar to other indoor public spaces (approximately 7AM to 10PM) and prominent signage should be provided to indicate the public nature of this space. The Off-Site Entity shall be required to execute an instrument agreeing that the interior public space, subway stair relocation, and through block connection must be substantially complete prior to the issuance of a Temporary Certificate of Occupancy for the Off-Site Premises.

B. Project Location

See Section II above.

C. Project Description

See Section III above.

D. Tenant and ESDC/MSDC Payments

In return for rights to develop the Project, Tenant will pay to ESDC/MSDC:

(i) Payments in Consideration of Project Participation

Tenant will make the following cash payments:

- (a) \$150,000,000 at closing;
- (b) \$40,000,000 not later than six months after closing; and
- (c) \$123,760,000 upon substantial completion of the Required Work (but not later than January 1, 2011).

Total: \$313,760,000

(ii) Payments for rent and payments in lieu of real property tax (PILOT)

It is anticipated that the Project location will be tax exempt. However:

(a) Tenant will make annual rent payments to ESDC/MSDC for the Farley Complex, on a semi-annual basis, in amounts equal to the amounts shown on the schedule attached hereto as **Attachment C(1)**. After such period, Tenant will make rent payments equivalent to the actual real estate taxes that would otherwise be due but for ESDC/MSDC interest in the Farley Complex. Tenant may also make percentage rent payments to ESDC/MSDC.

(b) Tenant also will make payments directly to The City of New York or its designee ("City"), on behalf of ESDC/MSDC, for the Off-Site Premises in an amount not less than the PILOT schedule attached hereto as **Attachment D**, it being understood and agreed that such payment schedule requires participation of the Off-Site Premises in the 80/20 affordable

housing program or other affordable housing program acceptable to the City. It being further understood and agreed that the failure of the Off-Site Premises to so participate in any such affordable housing program will require the payment of full real estate taxes applicable to the Off-Site Premises. Tenant can request any tax incentive available at the time from the City.. Prior to and after such period, Tenant will make payments equivalent to the actual real estate taxes that would otherwise be due but for ESDC interest in the Off-Site Premises.

(c) ESDC/MSDC will make annual PILOT payments to the City for the Farley Complex, on a semi-annual basis, in amounts equal to the amounts shown on the schedule attached hereto as **Attachment C(2)**. Such ESDC/MSDC PILOT payments shall consist of: (I) Tenant’s rent payments pursuant to Attachment C(1) (see D(ii)(a) above); and (II) the positive differential, if any, between payments due under Attachment C(2) and payments due under Attachment C(1). Tenant’s rent payments pursuant to Attachment C(1) shall be dedicated by ESDC/MSDC to payment of PILOT to the City. Any such positive PILOT differential required to be paid by ESDC/MSDC to the City shall be paid as a Project operating expense (see “Operation and Maintenance”, Section VI.E(iv) below). Please note that full property taxes for office buildings in Hudson Yards in 2012 are assumed at \$16 per SF in the New York City Industrial Development Agency (“IDA”) briefing on its “Proposal to Amend the Uniform Tax Exemption Policy for Hudson Yards Commercial Construction Projects”. Full taxes at \$16 per SF in Moynihan Station Year 1 (assumed to be 2010), escalating at 3% per year, yield a potential positive PILOT differential of approximately \$20,270,000 (nominal dollars; or \$13,130,000 NPV), inclusive of Project Years 1 through 12.

E. Financial Terms (dollars listed at nominal, not net present, value)

(i) Acquisition. Farley Complex purchase price will be \$230,000,000 (of which approximately \$55,000,000 is deferred until completion of the Tenant Work). PANYNJ has funded (or will fund) \$140,000,000 of this price, and the remaining \$90,000,000 will be funded from Tenant payments set forth in D(i) above.

(ii) Construction. The \$556,000,000 for design, development, and construction of the Required Work is anticipated to be funded as follows:

Source	Amount
Federal Funds	\$115,982,594
State Funds	85,808,054
MTA Funds	35,000,000
City Funds	154,141,531
Tenant payments	<u>165,067,821</u>
TOTAL	556,000,000

(iii) Platform Ventilation and Contingency. Current estimates indicate that the cost of Platform Ventilation Work may be in the \$50,000,000 range. The Platform Ventilation Work in excess of \$10,500,000 is anticipated to be funded as follows, and any additional funds constitute Project contingency:

Source	Amount	
Federal Funds	\$15,000,000	
PANYNJ	10,000,000	
Tenant payments	58,692,179	[Total nominal payment of \$313,760,000 less total \$90,000,000 for acquisition less \$165,067,821 for Required Work.]

(iv) Operation and Maintenance. Public sector contribution to operating expenses for the condominium unit common areas in year one of operation are projected currently at approximately \$4,600,000 (nominal 2010 dollars; exclusive of any potential operating expense deficit related to USPS Premises). The ESDC/MSDC contributions to these common charges, as well as any positive PILOT differential (see Section VI.D(ii)(c) above), will be funded by revenues derived from condominium unit leases, including the NJT, PANYNJ and inter-city rail leases.. Revenues are projected to exceed charges (specifically including any positive PILOT differential) for a period of several decades, during which time a sinking fund will accrue which will be sufficient to enable coverage of ESDC/MSDC common charge contributions for the remaining lease terms.

(v) Other

(a) The Farley Component will be exempt from mortgage recording taxes for initial development mortgages. It is anticipated that the 421-A (80-20) program elements only, if any, of the Off-Site Component will be exempt from mortgage recording taxes for initial development mortgages.

(b) Farley Component construction materials will be exempt from sales tax (including initial build-out of all tenant spaces in the Farley Component). It is anticipated that at the Off-Site Component, 421-A (80-20) construction materials only, if any, will be exempt from sales tax (including initial build-out of all tenant spaces in the Off-Site Component).

(c) Tenant will pay all out-of-pocket fees and costs actually incurred by ESDC/MSDC from and after November 12, 2004 in connection with the preparation and review of the Project environmental impact statement, including but not limited to any reasonable consulting and legal fees.

(d) Tenant will pay: (1) all reasonable out-of-pocket fees and costs incurred by ESDC/MSDC relating to negotiation of the transaction, up to a maximum of \$4,150,000; plus (2) all reasonable legal fees incurred through closing.

(e) Tenant will pay all transfer taxes due and owing as a result of the transaction contemplated by the Project.

(f) Tenant will collaborate with and support the Moynihan Station Arts Foundation in its role as curator of all public art, cultural and educational endeavors for the Project.

F. Loan Concept

The Project currently contemplates that the \$556,000,000 in funding for the Required Work (Federal, State, City, and Tenant, as listed above under Section VI.E(ii), "Financial Terms, Construction") will be paid to Tenant for design, development and construction of the Required Work in monthly installments against work-in-place, subject to audit. Alternately, Tenant has requested that ESDC instead loan certain portions of the publicly funded dollars to Tenant (also in monthly installments against work-in-place, subject to audit), subject to repayment by Tenant,

and that certain of Tenant payments to ESDC instead be direct Tenant contribution to construction, so that Tenant may obtain historic tax credits in connection with the expenditure of such funds. MSDC is willing to consider further Tenant's request for the loan concept subject to review by the MSDC Directors once the terms and conditions of the loan concept have been worked out. If such a loan arrangement is implemented:

(i) Tenant will not make all of the Tenant payments set forth in Section VI D(i), "Tenant Payments, Payments in Consideration of Project Participation" above, but will instead apply certain of such funds directly to Project design, development and construction costs, inclusive of Platform Ventilation costs in excess of \$10.5M.

(ii) Tenant's repayment obligation will be in an agreed upon amount, it being understood that total Tenant payment obligation under Section VI.D(ii) and Attachment C(1) shall remain the same, and even if any Tenant payments are deemed to be loan repayment for purposes of this Section VI.F, such payments shall be deemed to constitute rent for the purposes of the calculation of the payments due under Section VI.D(ii)(a) and VI.D(ii)(c) above.

G. Guarantees

Tenant's parent entities, Related and Vornado, collectively, will guarantee to ESDC/MSDC:

- (i) payment of Section VI D(i) payments not paid at closing.
- (ii) completion of Required Work (or by phase, if the Required Work is constructed in phases).
- (iii) payment of a portion of environmental liability arising from Farley Complex condominium units or from space controlled by or subject to easements in favor of Amtrak within or below the Farley Complex.

H. Use

(i) Required Work (other than USPS Premises and the Station Retail) will be used for the operation of a first-class train station, and such restricted use shall be set forth in a Restrictive Declaration which shall run with the land, enforceable as necessary by ESDC/MSDSC and/or by The City of New York;

(ii) Station Retail will be used for such retail and other uses as are compatible with the operation of a first-class train station, and such restricted use shall be set forth in a Restrictive Declaration which shall run with the land, enforceable as necessary by ESDC/MSDSC and/or by The City of New York;

(iii) Tenant Work will be used for commercial uses (which, absent MSDC Director approval, can include only retail, hotel, and merchandise mart uses) during the twenty (20) year period immediately following substantial completion of the Required Work; and

(iv) USPS Premises will be sublet to USPS.

I. Purchase Option

After completion of Required Work, and payment of Tenant payments set forth in Section VI D(i) above, Tenant will have option to purchase the Commercial Units from ESDC (excluding the USPS Unit) for a purchase price equal to the greater of: (i) One Dollar; or (ii) the then Net Present Value of the aggregate amount of Tenant rent payments that are utilized by

ESDC/MSDC to finance any portion of the \$556,000,000 cost (or, in the event that the loan described in Section VI F above is implemented, utilized by ESDC/MSDC for repayment of the loan, or the portion thereof allocable to the Commercial Unit being purchased).

J. Assignment

Before completion of Required Work, and payment of Tenant payments set forth in Section VI D(i) above, Tenant may not assign the Project or any Commercial or Transportation Unit (except to a related or tax credit entity).

VII. ESDC and MSDC Participation

In order to implement the Project, ESDC will conclude: (1) appropriate environmental review under the New York State Environmental Quality Review Act (“**SEQRA**”); (2) all necessary transaction documents; (3) required override of local law under the New York State Urban Development Corporation Act (the “**UDC Act**”); and (4) acquisition of the Farley Complex and an interest in the Off-Site Premises. Specifically:

(A) ESDC will serve as lead agency pursuant to SEQRA and be responsible for preparing Draft and Final Environmental Impact Statements analyzing all environmental aspects of the Project;

(B) ESDC will acquire the Farley Complex and subject it to a condominium regime pursuant to Article 9-B of the Real Property Law of the State of New York and in accordance with a condominium declaration and by-laws;

(C) ESDC and MSDC will enter into Transportation and Commercial Unit condominium leases, the Leasehold Improvement Agreement, and other related transaction documents with Tenant, upon the terms generally described under Section VI, “Essential Transaction Terms” above, pursuant to Sections 6 and 9 of the UDC Act;

(D) ESDC will acquire an interest in the Off-Site Premises; and

(E) ESDC will override local law as it would otherwise apply to the Project, pursuant to Section 16 of the UDC Act (as specifically set forth under Section VIII, “Override of Local Law; Standards” below).

As a result of ESDC/MSDC ownership/interest, the Farley Complex and the Off-Site Premises will be exempt from taxation. However, as set forth under Section VI, “Essential Transaction Terms” above, Tenant will be required to make payments to ESDC/MSDC (in the nature of rent, or a combination of rent and loan amortization) in lieu of taxes.

ESDC and MSDC also are coordinating the Project with:

New York City Economic Development Corporation

New York City Department of City Planning

New York City Department of Buildings

New York City Department of Transportation

New York State Office of Parks, Recreation and Historic Preservation

New York State Department of Transportation
Metropolitan Transportation Authority
New Jersey Transit
Port Authority of New York and New Jersey
United States Postal Service
National Railroad Passenger Corporation (“Amtrak”)
Federal Railroad Administration

VIII. Override of Local Law; Standards

Although rail passenger stations are not as-of-right under New York City zoning regulations, the Project would not conflict with overall zoning policy for the Farley Complex. The Project’s proposed changes to the Farley Complex would simply extend existing rail passenger service westward, and would not require any new structures or expansion of building floor area. Nonetheless, ESDC will exercise its powers under the UDC Act to override local regulation inconsistent with the Farley Component, including New York City Zoning Resolution (“ZR”) 74-62 (railroad passenger stations). Further, in connection with the Off-Site Component, ESDC would override portions of the ZR relating to FAR and bulk regulations otherwise applicable at the Off-Site Premises, as specifically set forth below. The required size of the Off-Site Project dictates instead that such portion of the Project will be developed in accordance with Project Standards.

ESDC and MSDC find that it is not practicable for the Project to comply with the ZR. Specifically, ESDC and MSDC will override the ZR, including:

- (i) ZR 74-763 and 81-231: Reduction in size of previously bonused urban plaza;
 - (ii) ZR 81-211: Permitted floor area;
 - (iii) ZR 81-26 and 81-27: Height and setback regulations;
 - (iv) ZR 81-45: Pedestrian circulation space;
- and, to the extent necessary:
- (v) ZR 81-46: Relocation of subway stairway entrance onto zoning lot; and
 - (vi) ZR 74-52: Special Permit required for public parking.

Nonetheless, the override will not create a new zoning lot on Block 783, which shall continue to be one zoning lot. The Off-Site Premises will be consistent generally with underlying zoning, which encourages taller towers on the avenues, and will be compatible with neighboring dense commercial and residential developments in the area.

Project renderings are attached hereto as Attachment B. Approval of any material modifications from Project Standards shall be within ESDC’s sole discretion.

IX. UDC Act Section 10d, 10(c) and 10g Findings; Public Purpose

ESDC and its subsidiaries, including MSDC, were created to implement the “policy of the state to promote a vigorous and growing economy, to prevent economic stagnation and to encourage the creation of job opportunities”. UDC Act Section 2. To this end, ESDC and MSDC are empowered, pursuant to UDC Act Section 10, to undertake Projects upon making the necessary statutorily mandated findings. Such projects, including Moynihan Station, “are public

uses and public purposes for which public money may be loaned and private property may be acquired and tax exemption granted". UDC Act Section 2. Accordingly, based on the information set forth in this General Project Plan and in other due investigation conducted by ESDC and MSDC, ESDC and MSDC hereby find that:

A. Civic Project Findings: UDC Act Section 10(d)

- (1) There exists in the area in which the project is to be located, a need for the educational, cultural, recreational, community, municipal, public service or other civic facility to be included in the project.
There exists within the Project location on the West Side of Manhattan in New York City a need for the Project, inclusive of Moynihan Station.
- (2) The project shall consist of a building or buildings or other facilities which are suitable for educational, cultural, recreational, community, municipal, public service or other civic purpose.
The Project, inclusive of Moynihan Station, consists of facilities suitable for the civic purpose of providing transportation facilities.
- (3) Such project will be leased to or owned by the state or an agency or instrumentality thereof, a municipality or an agency or instrumentality thereof, a public corporation, or any other entity which is carrying out a community, municipal, public service or other civic purpose, and that adequate provision has been, or will be, made for the payment of the cost of the acquisition, construction, operation, maintenance and upkeep of the project.
The Project will be owned by ESDC and/or MSDC, or a successor ESDC subsidiary, and adequate provision has been, or will be, made for the payment of the cost of the acquisition, construction, operation, maintenance and upkeep of the Project.
- (4) The plans and specifications assure or will assure adequate light, air, sanitation and fire protection.
The plans and specifications for the Project assure adequate light, air, sanitation and fire protection for the Project.

B. Land Use Improvement Project Findings: UDC Act Section 10(c)

- (1) The area in which the project is to be located is a substandard or insanitary area, or is in danger of becoming a substandard or insanitary area and tends to impair or arrest sound growth and development of the municipality.
The Farley Complex and the Off-Site Premises are currently significantly underutilized.
- (2) The project consists of a plan or undertaking for the clearance, replanning, reconstruction and rehabilitation of such area and for recreational and other facilities incidental or appurtenant thereto.
The Project calls for the rehabilitation of the Farley Complex and for the development of the Off-Site Component.
- (3) The plan or undertaking affords maximum opportunity for participation by private enterprise, consistent with the sound needs of the municipality as a whole.

Tenant will design, develop and construct the Project pursuant to Agreement with ESDC and MSDC.

C. UDC Act Section 10(g)

Necessary relocation of any Project location site occupants will be performed in accordance with applicable law. ESDC and MSDC understand that there are no residential occupants at the Project location and, accordingly, no residential relocation is required under UDC Act Section 10(g).

X. Environmental Review

ESDC, acting as lead agency pursuant to the requirements of the State Environmental Quality Review Act (“SEQRA”), is required to comply with SEQRA and the implementing regulations of the New York State Department of Environmental Conservation in connection with the Project. In addition, USPS is required to comply with the National Environmental Policy Act (“NEPA”) in connection with the sale of the Farley Complex, and the Federal Railroad Administration (“FRA”) and the Federal Highway Administration (“FHWA”) are required to comply with NEPA and related laws and regulations in connection with the Federal funding being extended to MSDC in connection with Moynihan Station. During the initial stages of the Project, FRA had taken the lead in conducting the environmental review under NEPA and had issued a Finding of No Significant Impact for the Train Station Premises and the Station Retail in September 1999. USPS has now assumed the role of NEPA lead agency with FRA and FHWA participating as cooperating agency and consulting agency, respectively. ESDC will be completing an environmental impact statement under SEQRA with respect to the Project. Tenant shall be responsible for the payment of fees and costs incurred in connection with this environmental impact statement.

XI. Building Code

The construction of the Project will conform to the New York City Building Code except in designated areas of the Farley Component only where design renders conformance not feasible. In such areas of the Farley Component only, an engineered solution acceptable to NYC Department of Buildings will be developed and agreed to by ESDC and MSDC, USPS, Tenant, and NYC Department of Buildings.

XIII. Affirmative Action

ESDC’s Non-Discrimination and Affirmative Action policies will apply. There is a 20% Minority/Women-owned Business Enterprise contractor and/or subcontractor participation goal during development of the Project, and an overall goal of 25% minority and female workforce participation during construction of the Project.

XIV. MSDC Directors

Any material modifications of the terms and conditions of this General Project Plan are subject to approval by MSDC Directors as set forth in the MSDC Certificate of Incorporation and the MSDC By-Laws.

Attachments

- A. Project Location Map
- B. Project Renderings
- C(1). Farley Component Rent Schedule
- C(2). Farley Component PILOT Schedule
- D. Off-Site Component PILOT Schedule
- E. Off-Site Premises Building and Site Plan