

## MEMORANDUM OF UNDERSTANDING

August 1, 2011

This Memorandum of Understanding ("MOU") sets forth the mutual understandings among The City of New York (the "City"), the State Senator, 25th District or such successor district (the "State Senator") that includes the Brooklyn Bridge Park project (the "Project"), and the State Assembly Member, 52nd District or such successor district that includes the Project (the "State Assembly Member") concerning the development of the John Street and Pier 6 sites. Each of the City, the State Senator, and the State Assembly Member, a "Party," collectively, the "Parties."

1. This MOU supersedes the Memorandum of Understanding dated March 8, 2010 entered into by the City, the State Senator and the State Assembly Member ("2010 MOU") and the Agreement Regarding the Project dated June 15, 2010 (the "Agreement") by and among the Brooklyn Bridge Park Corporation ("BBPC"), the State Senator and the State Assembly Member. Subject to the terms and conditions of this MOU, the State Senator and State Assembly Member expressly agree that the 2010 MOU and the Agreement are hereby terminated and waive all of their rights with respect thereto, and further agree that they shall not be entitled to enforce any of the terms contained therein against the City or any other parties, including BBPC.

2. The Parties agree to support a resolution, to be presented to the Board of Directors of BBPC (the "BBP Board"), to adopt certain recommended revenue alternatives from the Bay Area Economics Report issued on June 9, 2011, as modified and identified in Appendix I ("Approved Alternatives") annexed hereto and made a part hereof, provided that such resolution be limited only to the adoption of the recommended revenue alternatives from the Bay Area Economics Report issued on June 9, 2011, as modified and identified in Appendix I.

3. As a result of the Approved Alternatives, the Parties agree that the maximum permissible residential development on the John Street site as described in the Brooklyn Bridge Park Civic and Land Use Improvement Project Modified General Project Plan ("GPP"), located on Block 1, Lot 1 (the "John Street site") shall be reduced by 40,000 residential square feet to no more than 101,000 residential square feet (exclusive of any ground floor retail and other usable space), and the height of such development shall be no more than 130 feet.

4. The State Senator and State Assembly Member agree to the permanent extinguishment of any veto authority held by them or their appointed representatives on the BBP Board on any matters relating to approvals of residential development on the John Street site or on the Pier 6 site as described in the GPP (the "Pier 6 site"), subject to the terms and conditions of this MOU. In connection with the foregoing, the Parties will support an amendment to the by-laws and other organizational documents of BBPC to reflect the terms and conditions of this MOU, including extinguishing the requirements that any matters relating to approvals of residential development on the John Street site or on the Pier 6 site require an affirmative vote of the Directors appointed upon the nominations of the State Senator and the State Assembly Member, provided that such amendment to the by-laws and other organizational documents of BBPC be limited only to changes that reflect the terms and conditions of this MOU.



5. With respect to the properties listed in Appendix II annexed hereto and made a part hereof ("Watchtower Properties"), the Parties agree as follows:

- a. If prior to December 31, 2013 (the "MOU Deadline"), (i) a fee owner of any of the Watchtower Properties (an "Applicant") undertakes the process to apply for a zoning map amendment and any other land use approvals (a "Rezoning") of all or a portion of the Group A Watchtower Properties to permit residential use (with or without ground floor retail), and/or (ii) an Applicant seeks a Rezoning to increase the permissible square feet of development of any of the Watchtower Properties, the Parties shall cooperate reasonably with the Applicant throughout the Rezoning process (including those periods prior to certification, during any required environmental review, and during the ULURP process). The City shall support land use changes requested in a Rezoning which are consistent with relevant City land use, zoning and environmental policies and standards, it being understood that the City Council Member, 33rd District or such successor district that includes the Project has previously, affirmatively indicated his or her support therefor. The Applicant will be responsible for all costs customarily borne, and all steps customarily undertaken, by an applicant in connection with zoning map amendments and other land use approvals. Nothing in this paragraph 5a. is intended to limit the performance of legally mandated procedures or the need to obtain approval(s) for a Rezoning under applicable law, nor shall this paragraph 5.a serve to in any way limit the role of the City Planning Commission pursuant to law.
- b. If prior to the MOU Deadline, (i) all or a portion of the Group A Watchtower Properties have been successfully rezoned to permit residential use (with or without ground floor retail) thereof and/or all or a portion of the Watchtower Properties has been successfully rezoned to create incremental residential (and/or ground floor retail) FAR, and (ii) ownership to any such rezoned Watchtower Properties has been transferred to an individual or entity that is not exempt from the payment of real property taxes, then the permissible residential development on the Pier 6 site will be reduced as follows: (x) for every square foot of FAR permitted on the Group A Watchtower Properties that has been successfully rezoned to permit residential use (and/or incremental ground floor retail) and that has been sold pursuant to this paragraph 5(b), and (y) for every incremental square foot of FAR permitted on the Group B Watchtower Properties that has been successfully rezoned to permit incremental residential (and/or ground floor retail) FAR and that has been sold pursuant to this paragraph 5(b), the permissible residential development on the Pier 6 site will be reduced by 0.30 square feet, with Site A, which is the larger of the two proposed developments, reduced first from the current planned size of 306,000 residential square feet (exclusive of any ground floor retail and other usable space) until it is the same height as Site B (which is currently planned to be 148,000 residential square feet (exclusive of any ground floor retail and other usable space)) prior to any reduction, and, thereafter with the two sites reduced on an alternating basis between the two sites on a floor by floor basis (i.e., a reduction would occur at Site B until a residential floor is reduced and then a reduction at Site A would occur until a residential floor is reduced) (it being



agreed that such reduction may result in the elimination of residential development at the Pier 6 site).

- c. After the MOU Deadline, BBPC will be permitted to proceed with residential development at the Pier 6 site, subject to the reductions described in paragraph 5(b) above, and at such time as the President of BBPC deems appropriate.

6. The portion of incremental revenues generated by the Watchtower Properties pursuant to Section 5 that will be transferred to BBPC will be capped at \$6.27 million per fiscal year, escalating from FY2012 at 3% per annum, minus all PILOT, ground lease and any other annual revenues received by BBPC from any Pier 6 development.

7. The City agrees to reaffirm the \$55 million in capital budget for FY2013 relating to BBP (as set forth in the 2010 MOU) as well as the capital projects planned to be undertaken in connection therewith. For the avoidance of doubt, the following provisions of the 2010 MOU are reaffirmed with the exception that \$19 million of the \$55 million to be used pursuant to paragraph 7(c) may not be committed until after the MOU Deadline:

- a. BBPC will continue construction of all remaining portions of the Park that are funded with the \$139 million and \$85 million previously committed by the City and State respectively on a schedule consistent with that currently contemplated. In addition, prior to the completion of Pier 5, BBPC will release a request for proposals for a concessionaire to maintain and operate a "bubble" at Pier 5 permitting indoor recreation during the winter season. The RFP will encourage applicants to propose uses that are affordable for community members from a broad range of income levels. Such concession will be dependent on a BBPC board determination that such "bubble" will not result in any material negative impact to the structure of Pier 5 or require any capital investment, which investment would exceed \$750,000 from BBPC or the City. The board of BBPC will select a concessionaire that expressly provides that he or she will assume all capital obligations in excess of \$750,000 and all operating obligations and liability relating to the "bubble", provided that the board may, by majority vote and at its discretion, choose to select a concessionaire that does not meet these requirements if the board determines that (i) doing so is in the interest of the Park, and (ii) the capital obligations in excess of the \$750,000 and/or the operating obligations and liability that would not be covered by the concessionaire can be entirely absorbed by the cash flow of BBPC given then-current and then-projected future revenues and obligations (it being agreed that, in the event of such a choice, any concession agreement will require the concessionaire expressly to limit the financial exposure of BBPC under the concession and will be terminable by BBPC if BBPC's exposure at any time exceeds or is reasonably expected to exceed such limit).
- b. BBPC will work in good faith to commence construction within eighteen months of the date hereof (and, in any event, will commence such construction within two years subject to *force majeure*) of the currently-anticipated Pier 2 park and the currently-anticipated John Street park, provided that the total capital cost of constructing the Pier 2 and John Street parks does not, in aggregate, exceed \$36 million. The City will also work in good faith to commence construction



within eighteen months of the full funding (and, in any event, will commence such construction within two years, subject to *force majeure*) for the Squibb Park bridge.

- c. BBPC will work in good faith to commence construction within four years of the date hereof (and, in any event, will commence such construction within five years subject to *force majeure*) of additional elements of the Park provided that the total capital cost of constructing such elements, when combined with the total capital cost to comply with paragraph 7(a) and 7(b) above, in aggregate, do not exceed \$55 million.
- d. Upon completion of reconstruction work relating to the Brooklyn Bridge, BBPC will release a request for proposals, subject to the next sentence, for a concessionaire to operate an ice skating rink within the Park during the winter season and, if appropriate, a roller skating rink in the same location during warm weather. No City funds shall be allocated to construction, maintenance or operation of such rink (it being agreed that, for purposes of this sentence, "City funds" shall not be deemed to include capital or operating funds the use of which are designated during the budget process solely by a member of the New York City Council or a Borough President). Any BBPC funds to be allocated to construction, maintenance or operation of such rink shall be subject to availability.
- e. The Parties agree that the Maintenance and Operations building for BBPC planned for a location adjacent to Pier 2, when constructed, will include at least 2,200 square feet of community space and two rooftop tennis courts.

8. The City agrees to provide a temporary pool in the Park for the duration of the summer season beginning in 2012 and continuing for the following four summers.

9. All notices and other communications between the Parties shall be dated and in writing and shall be deemed to have been given (a) when delivered, if delivered personally, or (b) on the next business day if sent by nationally-recognized overnight courier. Such notices shall be delivered to the address set forth below, or to such other address as a party shall have furnished to the other party in accordance with this paragraph 9:

If to Deputy Mayor for Economic Development:

Office of the Mayor  
City Hall  
New York, New York 10007  
Attention: Deputy Mayor for Economic Development

With a copy to:

New York City Law Department  
100 Church Street  
New York, New York 10007  
Attention: Chief of Economic Development

If to State Senator:

State Senator, 25th District  
250 Broadway, Suite 2011  
New York, New York 10007  
Attention: Senator

If to State Assembly Member:

State Assembly Member, 52nd District  
341 Smith Street  
Brooklyn, New York 11231  
Attention: Assembly Member

10. Notwithstanding anything to the contrary contained herein, the City and/or BBPC will have the right at any time and from time to time to value engineer elements of the Park to ensure that expected revenues will cover the expected operating expenses generated by such elements and that capital costs do not exceed capital sources available.

11. The Parties agree to work in good faith to carry out the terms of this MOU.


12. This MOU may be signed in counterparts, and each counterpart shall be deemed an original.

SIGNATURE PAGE FOLLOWS



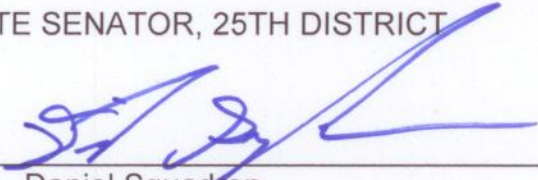
CITY OF NEW YORK

By: \_\_\_\_\_

  
Robert Steel  
Deputy Mayor for Economic Development


STATE SENATOR, 25TH DISTRICT

By: \_\_\_\_\_

  
Daniel Squadron  
State Senator

STATE ASSEMBLY MEMBER, 52ND DISTRICT

By: \_\_\_\_\_

  
Joan Millman  
State Assembly Member

## Appendix I

Alternative	Revenue
Concessions	\$50,000
Events	\$200,000
Fee-Based Recreational Facilities	\$150,000
Parking Revenues	\$350,000
<b>Total</b>	<b>\$750,000</b>

**Appendix II**  
**WATCHTOWER PROPERTIES**



# Appendix II: Watchtower Owned Properties

Neighborhood	Block	Lot	Watchtower Address	Land Use	Lot Size	Bldg GSF	Zoning
<b>GROUP A: PROPERTIES CURRENTLY NOT ZONED FOR RESIDENTIAL USE</b>							
Brooklyn Heights	204	1	25 Columbia Heights	Commerical Office bldg	32,000	304,650	M2-1
Brooklyn Heights	208	2	30, 50 Columbia Heights; 55 Furman St	Commercial Office bldg	67,494	402,308	M2-1
Brooklyn Heights	208	12	48, 58 Columbia Heights	Vacant Lot	1,352		M2-1
Brooklyn Heights	208	1	67 Furman St	Vacant Lot	1,235		M2-1
DUMBO	87	9	90 Sands St	28.5 Story Public Facility	21,175	363,100	M1-6
DUMBO	87	5	175 Pearl St	8 Story Industrial	21,218	191,688	M1-6
DUMBO	63	1	55 Prospect Street	11 Story Industrial	20,704	206,000	M1-6
DUMBO	77	1	77 Sands St	14 Story Industrial	14,800	191,800	M1-6
DUMBO	64	25	81 Prospect St	9 Story Industrial	8,253	81,000	M1-6
DUMBO	76	1	117 Adams St	8 Story Industrial	20,600	162,000	M1-6
<b>GROUP B: PROPERTIES ZONED FOR RESIDENTIAL USE (ONLY UPZONED AMOUNT WOULD APPLY)</b>							
Brooklyn Heights	230	1	21 Clark Street	15 story Residential	20,267	356,000	R6
Brooklyn Heights	229	10	86 Willow; 119 Columbia Heights	3 bldg office (5 story)	8,530	34,452	R6
Brooklyn Heights	219	1	97 Columbia Heights	12 Story Residential	7,575	90,426	R6
Brooklyn Heights	224	5	107 Columbia Heights	11 Story Public Facility	20,427	104,239	R6
Brooklyn Heights	208	101	124 Columbia Heights	10 Story Public Facility	12,607	115,920	R6
Brooklyn Heights	208	106	124 Columbia Heights	7 Story Public Facility	7,554	36,750	R6
Brooklyn Heights	225	13	34 Orange Street	3 Story Public Facility	1,692	3,040	R6
Brooklyn Heights	226	8	50 Orange Street	5 Story Residential	2,733	4,112	R7-1
Brooklyn Heights	248	14	67 Remsen	4 Story Residential	1,717	4,575	R6
Brooklyn Heights	224	20	76 Willow	3.5 Story Residential	859	3,060	R6
Brooklyn Heights	229	21	80 Willow	3 Story Residential	1,784	4,520	R6
Brooklyn Heights	248	15	98 Montague	12 Story Public Facility	15,600	187,200	R7-1 (C1-3 Overlay)
Brooklyn Heights	235	37	105 Willow	4 Story Residential	1,792	4,755	R6
Brooklyn Heights	234	29	161 Columbia Heights	4 Story Residential	2,652	5,694	R6
Brooklyn Heights	234	28	165 Columbia Heights	2 Story Residential	2,340	3,960	R6
Brooklyn Heights	234	17	183 Columbia Heights	7 Story Residential	2,525	15,750	R6
DUMBO	45	25	1 York Street	Parking Lot	52,600	-	R7-1
DUMBO	52	4	69 Adams St	3 Story Public Facility	17,564	41,150	M1-5/R9-1
DUMBO	51	25	74 Adams St	1 Story Parking	11,450	11,450	M1-2/R8A
DUMBO	51	20	74 Adams St	1 Story Parking	11,958	11,958	M1-2/R8A
DUMBO	54	1	85 Jay St	Parking Lot	134,988	-	M1-2/R8A
DUMBO	41	44	173 Front St	Lot	3,700	-	M1-4/R8A
DUMBO	41	42	177 Front St	1 Story Parking	5,200	5,000	M1-4/R8A M1-4/R7A
DUMBO	41	13	185 Front St	3 Story Industrial	21,500	42,000	M1-4/R7A