

HUGH L. CAREY
BATTERY PARK CITY AUTHORITY

REQUEST FOR PROPOSALS

SITE 18A

Timothy S. Carey,
President & Chief Executive Officer

James F. Gill,
Chairman

Charles J. Urstadt,
Vice Chairman

Lewis B. Stone,
Member

George E. Pataki, Governor, State of New York

January 2000

TABLE OF CONTENTS

	Page
I. INTRODUCTION.....	1
II. SUBMISSION OF PROPOSAL.....	2
III. INQUIRIES.....	3
IV. THE PROJECT.....	3
V. THE SITE.....	6
VI. INFRASTRUCTURE.....	7
VII. DESIGN STANDARDS AND DEVELOPMENT CONTROLS.....	8
VIII. GROUND LEASE.....	11
IX. PILOT AND OTHER PAYMENTS.....	12
X. SECURITY.....	17
XI. FINANCING.....	19
XII. AFFIRMATIVE ACTION.....	19
XIII. MINORITY DEVELOPER ASSISTANCE	20
XIV. SELECTION CRITERIA.....	20
XV. PROPOSALS.....	22
XVI. SELECTION PROCESS.....	25
XVII. EXECUTION OF DESIGNATION LETTER AND GROUND LEASE.....	26
XVIII. APPROVAL OF DESIGN.....	29
XIX. BROKERS.....	29
XX. INFORMATION SUPPLIED BY PROPOSERS.....	30
XXI. REPRESENTATIONS AND WARRANTIES.....	31

EXHIBITS A, B, C, D

APPENDIX I

APPENDIX II (AVAILABLE ON REQUEST)

I.

INTRODUCTION

The Hugh L. Carey Battery Park City Authority (the "Authority") requests proposals for the development of Site 18A (the "Site"). The Site is located in the North Neighborhood of Battery Park City (the "Project") as shown on the drawings annexed hereto as Exhibits A, B, C, and D. The Authority is a public benefit corporation created under the laws of the State of New York to develop the Project, in cooperation with the private sector, as a mixed commercial and residential community with substantial civic facilities.

Proposers are invited to submit proposals for the development of the Site in accordance with the terms and conditions of this request for proposals, including the appendices and exhibits (the "Request"). Development must comply with and proposers may not seek amendments to the New York City Zoning Resolution (the "Zoning Regulations") and other applicable codes and regulations, and with the Authority's North Neighborhood Design Guidelines, dated 1994, as modified to date and the Design Guidelines for Parcel 18A dated 2000, a copy of which is included with this Request (jointly, the "Design Guidelines"). The Authority intends to enter into a long-term ground lease for the development of the Site (the "Ground Lease") with the selected proposer (the "Developer"). Appendix II includes the 1994 Design Guidelines, the Battery Park City Special District text, which is part of the Zoning Regulations, the Ground Lease, and other documents described in this Request; it is available upon request.

II.

SUBMISSION OF PROPOSAL

A. SUBMISSION DATE AND PLACE

To be eligible for consideration, proposals must be received by the Authority no later than 5:00 p.m. on February 18, 2000 addressed to:

Hugh L. Carey Battery Park City Authority
One World Financial Center, 24th floor
New York, New York 10281-1097
Attn: Carl D. Jaffee,
Senior Development Counsel
(212) 416-5345

B. PROPOSALS

One original and six bound copies of each proposal containing all forms and attachments required in Appendix I must be received by the Authority on or before 5:00 p.m. on February 18, 2000. The original proposal must be signed by a representative of the proposer authorized to bind the proposer, and must also provide the name, address, and telephone number of individuals with authority to bind the proposer and who may be contacted during the period of proposal evaluation.

C. INITIAL DEPOSIT

Each proposal must be accompanied by a good faith deposit of \$25,000 (the "Initial Deposit") in the form of a check made payable to the order of "Battery Park City Authority." Initial Deposits will, upon request, be returned to proposers who are not selected. No interest will be paid on the Initial Deposits that are returned to proposers. Proposals submitted without Initial Deposits will not be considered.

III.

INQUIRIES

All inquiries concerning the Request should be directed to Carl D. Jaffee of the Authority at (212) 416-5345 or by telefax at (212) 416-5315. Mr. Jaffee is authorized only to direct the attention of proposers to various portions of this Request (including all Appendices) and to consider requests for clarifications. Neither Mr. Jaffee nor any other employee of the Authority is authorized to give interpretations of this Request or to give information as to the requirements thereof in addition to that contained in the Request. Interpretations or additional information, if provided, will be communicated to proposers only by public notice or written addenda over the name of the President of the Authority or Mr. Jaffee and shall be considered part of the Request. Proposers should not contact other employees or consultants of the Authority or any other governmental entity regarding this Request or send proposals to them. Failure to observe this requirement may result in the proposer's disqualification from consideration pursuant to this Request.

IV.

THE PROJECT

The Project is located at the southwest tip of Manhattan, and consists of 92 acres created from landfill during the 1970's. Since then the Project has emerged as a premier location for both commercial and residential development in New York City.

The Project overlooks New York harbor and the Statue of Liberty to the southwest, the Hudson River and the New York and New Jersey shorelines to the west and north and the skyline of Lower Manhattan to the east. The Project is adjacent to New York City's downtown financial district and the World Trade Center, which is a major

office, shopping and restaurant complex and a significant transportation hub. Within a reasonable distance from the Project are many of the City's well-known neighborhoods, including Tribeca, Greenwich Village, Chinatown, Little Italy, SoHo and the South Street Seaport area. City Hall and a large complex of state and federal offices are several blocks to the northeast of the Project.

As part of the Wall Street financial district, the Project has attracted major financial institutions, including Merrill Lynch & Company, Inc., American Express Company, Inc., Dow Jones & Company, Inc. and Oppenheimer and Co. The World Financial Center contains 6,000,000 square feet of office space in four towers, and includes as its centerpiece the acclaimed Winter Garden. The World Financial Center also contains more than 200,000 square feet of retail and restaurant space, and is adjacent to the World Financial Center's outdoor Plaza and the North Cove Yacht Harbor. Two pedestrian bridges crossing West Street connect the World Financial Center to the World Trade Center area. In 1997 the New York Mercantile Exchange completed a 500,000 square foot building adjacent to the World Financial Center to provide its headquarters and trading facilities. Immediately to the north of the World Financial Center, construction is underway on a hotel with approximately 460 rooms, which will include a 15-screen multiplex movie theatre; this development is scheduled to be complete in May 2000.

The southern portion of the Project is a residential community considered to be one of New York's most architecturally distinguished and valuable neighborhoods. Approximately 4,700 residential units have been completed there and are currently

occupied. An additional 200-unit building is near completion, and construction has recently begun on a luxury hotel/condominium at the southernmost end of the Project.

Only a five-minute walk to the east of the Project's South Neighborhood is the Wall Street office district which traditionally has been the workplace of many people living in the Project. This area is being transformed into a 24-hour community with many more residential housing units, stores and restaurants than existed in the past. It is hoped that these additional services will be attractive to people living in the Project as well.

The northern part of the Project is planned to be a residential neighborhood containing approximately 4,000 apartments. Tribeca is across West Street from the Project's North Neighborhood, providing a link to another of the city's most desirable residential neighborhoods, with access to a growing array of restaurants and retail amenities. Stuyvesant High School is in operation at the northeast corner of the Project, as is the eight-acre Nelson A. Rockefeller Park and a third pedestrian bridge across West Street (the Tribeca Bridge at Chambers Street). Across Chambers Street from Stuyvesant High School, the Authority has built an elementary and middle school (PS/IS 89), which began operation in the fall of 1998. Five residential projects have been undertaken in the North Neighborhood since 1996. One of these, Tribeca Bridge Tower, which consists of 151 units, the bulk of which have two or three bedrooms, was developed by the Authority itself in conjunction with PS/IS 89. The Authority intends to lease its interest in Tribeca Bridge Tower to a private sector entity in the near future. In addition to Tribeca Bridge Tower, two other sites to the north of the Site have recently been completed and are occupied, and a residence for senior citizens is in construction, with occupancy scheduled

to begin in June 2000. Finally, construction of a residential building immediately to the north of the Site is scheduled to begin early in 2000. Together, these five projects will provide approximately 1,400 apartments.

V.

THE SITE

As shown on Exhibit A, the Site is located in the North Neighborhood of the Project on the western portion of the block between North end Avenue and River Terrace, and between Murray Street and Park Place West. To the west of the Site is the acclaimed Rockefeller Park, comprising eight acres which include lawns, a playground, a lily pond, sculpture and beautifully designed plantings, with the esplanade along the Park's western border overlooking the Hudson River. To the east and northeast of the Site, the Authority has commissioned a design for the public open space shown on Exhibits A and C. Directly south of the Site is a large undeveloped parcel.

The Site has an estimated land area of 18,063 square feet and a maximum floor area of 335,000 square feet. The term "floor area" as used herein is the same as floor area as defined in the Zoning Regulations. Proposers must satisfy themselves as to the size of the Site and the development permitted on the Site under the applicable Zoning Regulations. Wherever the Design Guidelines are more restrictive than the Zoning Regulations, the Design Guidelines govern.

The Authority has proposed a series of alterations to the Battery Park City Special District text contained within the Zoning Regulations. If this proposal (the "Zoning Proposal") were approved, the North Neighborhood (including the public open space

adjacent to the Site referred to above) would be affected as shown on Exhibits C and D. The Zoning Proposal would not affect the Zoning Regulations applicable to the Site.

Proposers are encouraged to inspect the Site in order to determine its condition and suitability for proposed development. A report prepared by Mueser Rutledge Wentworth & Johnston Consulting Engineers, which contains a description of the subsurface conditions at the Site, is available for inspection at the Authority's offices.

VI.

INFRASTRUCTURE

The Site is served by a network of mass transportation facilities located in and around the World Trade Center, including the Port Authority Trans-Hudson trains running between New Jersey and the Trade Center, the city subway stations in and to the north of the Trade Center, as well as city and private bus systems. The Port Authority of New York and New Jersey has established a commuter ferry service between Hoboken and Exchange Place, New Jersey, and the World Financial Center. The Site is also accessible to the entire regional highway system via major roads, bridges and tunnels.

The Authority will have no liability or obligation with respect to any infrastructure, except as specifically set forth in the Ground Lease. The Authority, or a consultant designated by it, will assist the Developer in coordinating development with the Project's infrastructure. The Developer will be required to coordinate construction with the Authority and with any other parties developing sites in the Project. The Developer will be required, at its expense, to provide sidewalks (including street trees and street lighting) and landscaped areas associated with development on the Site, as set

forth in the Design Guidelines. For additional information about the infrastructure of the Site, proposers should consult the Design Guidelines.

VII.

DESIGN STANDARDS AND DEVELOPMENT CONTROLS

Development of the Site must be in accordance with the provisions applicable to the Battery Park City Special District text contained in the Zoning Regulations, a copy of which is included as part of Appendix II, and other applicable statutes, codes and regulations. The Lease will prohibit the Developer from seeking changes to the Zoning Regulations. Development of the Site must also be consistent with the Design Guidelines, the Master Lease (as defined in Section VIII below), and the Master Development Plan. Copies of the Master Lease and the Master Development Plan are also included as part of Appendix II.

A. GREEN BUILDING REQUIREMENTS

An important goal of the Authority is to develop an environmentally responsible building on the Site that can serve as a model for high-rise residential construction in this region and elsewhere. The Authority's policy is to implement financially feasible, technologically sound strategies to conserve energy and to surpass current norms for water conservation, waste management/recycling and the quality of the indoor environment (including quality of indoor air, light, acoustics and personal controllability of building systems). The Authority will require that such strategies be fully explored in the development of the Site. Specifically, the Authority will require schematic designs for

the building to be analyzed by an experienced consultant using an energy use computer simulation model such as DOE-2. The results of this analysis will be used to determine whether alternative design choices could increase the energy efficiency of the building, and what the incremental cost/benefit of these alternatives would be over the life of the building. The DOE-2 analysis would be repeated during the design process at design development phase and upon preparation of construction drawings. The Authority is prepared to assist the Developer in applying for any available funding from the New York State Energy Research and Development Authority to help defray the cost of this analysis as well as the incremental cost of incorporating energy efficiency measures in the building design.

Appendix II to this Request includes High Performance Building Guidelines, issued by the New York City Department of Design and Construction and Lessons Learned From Four Times Square – An Environmental Information and Resource Guide, published by a number of entities active in commercial real estate development. These materials are intended to provide proposers with strategies available to produce a significantly more environmentally responsible building on the Site than would result from adhering to current norms for high-rise residential construction. The Green Building Council's Leadership in Energy and Environmental Design is another useful reference tool and may be downloaded from the Council's website (www.usgbc.org).

Proposers must state in Appendix I the steps they would take to achieve 'green building' goals for the Site. These steps should include construction procedures, choices of materials, and building design elements (including FF&E and building systems), as well as operating procedures to be implemented after completion of the building.

B. USE AND PROGRAM

Proposals must provide for the development of the Site as a residential building. The Authority encourages proposals that contain a large percentage of apartments with more than 1,000 square feet. Design Guidelines set forth certain requirements with regard to the Site, including massing, materials, entrances and façade.

The Site is required to provide a minimum of 1,400 square feet of ground floor area for use by the Authority or its affiliate, the Battery Park City Parks Conservancy, without rental or other charge. This space must have a street-level entrance on Murray Street (the residential entrance is on River Terrace). The Authority currently intends to use this space to provide public restrooms to accommodate users of the parks and open spaces in the north neighborhood. The Authority intends to have the Conservancy operate and maintain this facility in a manner consistent with the high standards characteristic of other public amenities in Battery Park City. The space may also be used for storage.

C. ZONING

The City of New York has approved the Zoning Regulations applicable to the Site. An Environmental Impact Statement under the New York State Environmental Quality Review Act ("SEQRA") has been prepared, and findings under SEQRA have been made for development of the Site consistent with the Zoning Regulations and Master Development Plan. No proposal may be conditioned on the Authority's obtaining

any other specific zoning approvals. No further SEQRA or zoning approvals will be required for the development of the Site.

D. APPROVALS

The Developer will be required, at its own expense, to comply with all applicable federal, state and local laws and regulations, and to obtain from all appropriate government authorities all construction and ancillary approvals for the development of the Site including, but not limited to, all building permits and approvals that would be required were the Developer the fee owner of the Site. The Developer is responsible for making all filings and obtaining all approvals required for the connection of utilities to, or the furnishing of services at the Site. The Developer will be required, at its own expense, to comply with the New York State Attorney General's requirements for cooperative or condominium development which may be applicable in the event the development involves that type of residential occupancy.

E. OTHER

A proposer may not condition its proposal or its execution or delivery of the Ground Lease on (i) the Authority's restricting the development of any other portion of the Project, (ii) the Authority's granting such proposer the right to develop any other portion of the Project, or (iii) the status or progress of development in any other portion of the Project.

VIII.

GROUND LEASE

The Authority will enter into a Ground Lease for the Site with the Developer. A copy of the form of Ground Lease for the Site is included as part of Appendix II, which is available upon request. The Developer will be required to execute the Ground Lease in the form provided except as modified to reflect the financial structure proposed by the Developer. Proposers may not condition the submission of proposals or the execution of the Ground Lease on any substantive revision of the terms of the Ground Lease other than specific financial terms and structures set forth in their proposals. The Ground Lease contains terms and conditions in addition to those set forth in this Request, and all such terms and conditions are deemed to be set forth herein. In the event of any variance between the Ground Lease and this Request or the Design Guidelines, the Ground Lease will govern.

The Authority is both the fee owner and ground lessee of the Project under an underlying master lease (the "Master Lease"). The Authority's leasehold estate has not merged with its fee estate. All development on the Site is subject to the provisions of the Master Lease.

Section XVII below sets forth further information as to the execution of the Ground Lease.

IX.

PILOT AND OTHER PAYMENTS

As described below, the Ground Lease will require the Developer to make payments to the Authority beginning with the execution of the Ground Lease and continuing through June 17, 2069, the fixed termination date of the Ground Lease, in a number of forms as follows:

- (A) Aggregate Payments; Base Rent
- (B) Transaction Payments relating to condominium or cooperative unit sales (optional)
- (C) Payments in lieu of real estate taxes (“PILOT”)
- (D) Payments in lieu of sales taxes (“PILOST”)
- (E) Civic Facilities Payments
- (F) Percentage Rent relating to gross non-residential revenue

These payments are described below and reference should be made to the Ground Lease for more complete descriptions. Proposers should also be aware that contingent or subordinated payments will be significantly discounted.

A. AGGREGATE PAYMENTS; BASE RENT

The Authority must receive a contractual payment each year commencing on the execution of the Ground Lease. Each such Aggregate Payment will be deemed to equal the sum of the Annual Base Rent and PILOT. Consequently, the Base Rent for any year may be computed by subtracting the PILOT for such year from the Aggregate Payment for such year. The computation of PILOTs is discussed in Section C below. In the event

the PILOT for any year in fact exceeds the Aggregate Payment for such year, the Developer must pay the difference as an additional Aggregate Payment.

B. TRANSACTION PAYMENTS

Proposers may offer to make Transaction Payments to the Authority for each residential unit sold as or converted to a condominium or cooperative form of ownership. Such payments shall not be conditioned on one form of ownership or the other, and shall be paid as specified in the Ground Lease.

C. PILOT

PILOTs are a component of the Aggregate Payments described in paragraph A above. Because the Authority holds title to the Project, the Site is exempt from real estate taxes. However, the Developer will be required to make annual PILOT payments equal to the taxes that would otherwise be payable if the owner of the fee interest in the Site was not a tax-exempt entity (taking into account any tax abatement program utilized by the Developer). The Site has not yet been designated as a separate tax lot by the City of New York and accordingly has not been assessed for real property tax purposes.

The Authority wishes to ensure that it receives total payments in accordance with amounts proposed by the Developer. Accordingly, proposers must estimate PILOT, and the Developer must pay annually as PILOT the greater of the amount it has estimated or the actual amount of taxes that would be payable if the Authority were not tax-exempt, based on the assessment and the applicable City tax rate. As noted above, the difference between the Aggregate Payment and PILOT in any year will be the Base Rent, so that if

PILOT increases or decreases, Base Rent will decrease or increase by the same amount, and the Aggregate Payment will remain unchanged from the amount proposed by the Developer. In no event, however, will the Aggregate Payment for any year be less than the PILOT payable for such year.

Proposals may assume the availability of the following real estate tax abatement programs:

- The “80/20 program” established pursuant to Section 11-245(b) of the New York City Administration Code and the regulations promulgated thereunder, which permits reductions in PILOT equal to the reductions in real property tax available under the 20-year exemption schedule set forth in Section 421-a of the Real Property Tax Law. This program is available to developers who agree, among other things, to rent 20 percent of the units in the building to persons of moderate income. This program may be used in conjunction with conventional taxable financing, or with tax-exempt financing. Proposers should be aware, however, that there is limited availability of “volume cap”, which restricts the aggregate amount of tax exempt housing bonds that can be issued in the State.
- The “certificate program”, which permits reductions in PILOT equal to the reductions available under the 10-year exemption schedule set forth in Section 421-a. This program is available to developers who create or rehabilitate, or purchase certificates from those that create or rehabilitate, low- or moderate-income housing units in other areas of New York City.

If a proposer elects not to proceed under the 80/20 program or the certificate program, the bid submitted must assume no exemption or abatement of real property taxes. Proposers may submit alternative bids assuming up to four different PILOT scenarios (full-tax; 10-year “certificate program”; 20-year “80/20 program” with tax exempt financing; and 20-year “80/20 program” with conventional financing).

A tax lot corresponding to the Site will be not be created until the Developer of the Site is selected. Proposers should make appropriate assumptions as to assessed value in estimating PILOT. Proposers should become familiar with New York City tax assessment policies in order to make appropriate assumptions as to assessed value in estimating PILOT for the 20-year cash flow projections required pursuant to Section XV below. Information concerning New York City real estate tax and assessment policies may be obtained from the New York City Department of Finance.

D. PILOST

Because the Authority will hold title to the improvements to be constructed on the Site, the Developer will not be required under State law to pay sales and compensating use taxes on the materials incorporated therein during construction. The Developer will, however, be required to pay PILOST to the Authority in accordance with the Ground Lease. The Authority has fixed the PILOST for the Site at \$4.50 per square foot of the floor area). PILOST will be payable in eight equal quarterly installments commencing at the beginning of the construction period.

E. CIVIC FACILITIES PAYMENTS

The Developer will be required to pay, as its allocable share of the cost of maintaining portions of the Project infrastructure, including open spaces, parks, art works

and other public areas, an annual payment as determined by the Authority ("Civic Facilities Payments"). For the first two lease years after the first temporary certificate of occupancy is issued for any portion of the development, the Civic Facilities Payment will be \$300 per residential unit and \$.30 per square foot of non-residential floor area per year; for the next three years, \$350 per residential unit and \$.35 per square foot of non-residential floor area per year. "Non-residential floor area" as referred to herein shall include all professional, laundry and other income-producing space, but not, for example, lobby areas generally used by the residents. After the initial two-year period, the Civic Facilities Payment for the Site will be based upon the Site's share of actual cost of operating and maintaining the infrastructure of the North Neighborhood, based on the ratio of the floor area of the Site to the total residential floor area built or to be built in the North Neighborhood. At the Authority's option, this determination may be made solely with respect to the cost of maintaining the infrastructure in the entire Project and the total residential floor area in the entire Project. In neither case will any annual increase in the Civic Facilities Payments exceed 25% of the Civic Facilities Payments for the previous year).

F. PERCENTAGE RENT

The Authority must receive percentage rent with respect to any non-residential uses located on the Site.

X.

SECURITY

Upon execution of the Ground Lease or 30 days after the Developer is designated by the Authority, whichever occurs earlier, the Developer must post a letter of credit in

the amount of \$ 5.00 per square foot of floor area to secure the Developer's obligations during the period prior to the Ground Lease commencement date (the "Pre-Lease Period L/C"), as set forth below. On the Ground Lease commencement date, the Developer must post a letter of credit in the amount of \$ 10.00 per square foot of floor area to secure the Developer's obligations under the Ground Lease during the design and construction period (the "Design/Construction Period L/C"), including without limitation the timely performance of the Design/Construction Period Obligations as defined below (the "Design/Construction Period L/C"). The foregoing letters of credit must be irrevocable, and must be in form and substance and from an issuer satisfactory to the Authority.

The Pre-Lease Period L/C will, among other things, secure the Developer's obligation to make Pre-Lease Period Payments described in Section XVII below, to make timely submissions of design documents such as the Schematic Plans, the Design Development Plans and the Construction Documents, and to take all other actions required of it pursuant to the Designation Letter described in Section XVII below. The Pre-Lease Period L/C will be returned to the Developer when the Design/Construction L/C is provided.

The Design/Construction Period L/C will, among other things, secure the Developer's obligations with regard to timely submission of documents such as the Pre-Schematics, the Schematics, the Design Development Plans and Construction Documents (to the extent such documents have not been submitted and approved during the Pre-Lease Period), as well as Developer's obligation to proceed with construction in a timely manner as set forth in the Ground Lease. The rights of the Authority under the

Design/Construction Period L/C shall be in addition to, and shall not diminish any other rights of the Authority under the Ground Lease with respect to any failure of the Developer to comply with any of its obligations thereunder, including failure to meet the Design/Construction Period Obligations. One year after commencement of construction of the development on the Site, the Design/ Construction Period L/C may be reduced by one-third. One year later the Design/Construction Period L/C may be reduced by another third. Upon completion of construction and satisfaction of the requirements for Completion of the Buildings (as defined in the Ground Lease) the Design/Construction Period L/C will be returned to the Developer. All such reductions assume no default by the Developer with respect to obligations under the Ground Lease.

In the event the Developer wishes to commence construction prior to obtaining commitments for all required financing, the Authority may permit the Developer to proceed, but in no event will such permission be granted unless all required design approvals have been obtained as required under the Ground Lease, and the Authority has received (1) a guarantee of completion of the phase of construction of the building being undertaken, executed by a party that in the reasonable judgment of the Authority has access to resources available to it sufficient to cover the cost of completion of such construction, and (2) further security in the form of an additional or increased letter of credit (such additional or increased letter of credit being the "Pre-Financing L/C"). The amount of the Pre-Financing L/C may be required to increase during the course of construction in a manner to be specified by the Authority. The Pre-Financing L/C will be returned when financing commitments are obtained and the Design/Construction L/C is provided.

XI.

FINANCING

Proposers are required to submit a preliminary financing plan satisfactory to the Authority as part of their response to this Request. This preliminary financing plan should include the following:

- A) An estimate of total development cost and a cost breakdown
- B) The amount of proposer's equity contribution and other sources of equity, if any
- C) The amount proposer proposes to finance
- D) The proposed source and terms of financing
- E) The proposed development schedule.

XII.

AFFIRMATIVE ACTION

The Developer will be required to comply with the affirmative action and affirmative fair marketing programs of the Authority, copies of which are attached as Exhibits to the Ground Lease included as part of Appendix II

XIII.

MINORITY DEVELOPER ASSISTANCE

Development teams not including meaningful minority participation will be required, upon execution of the Ground Lease, to make a contribution to the Minority Developer Assistance Corporation ("MDAC"), an affiliate of the Authority, or to participate in Minority Developer Assistance programs by providing employment or

educational opportunities to minority persons. Contributions to MDAC will be used in the sole discretion of MDAC to assist minority persons through programs designed to provide them with an understanding of real estate development, including financing, construction, marketing and operation of development projects.

The terms and conditions of Developer participation in Minority Developer Assistance programs will be set forth in a letter agreement between the Developer and the Authority.

XIV.

SELECTION CRITERIA

The Authority will primarily consider the following criteria in selecting the development proposal and Developer for the Site:

- A. The proposer's experience in the development, construction, management, marketing and design of projects of a scale, complexity and quality similar to that required by this Request.
- B. The commitment of the proposer to creating a 'green' building that can serve as a model for high-rise residential construction in the region and elsewhere, using financially feasible and technologically sound design strategies to conserve energy and otherwise minimize the environmental impacts of developing the Site.
- C. The amounts the Authority determines likely to be paid to the Authority pursuant to the proposal, the timing thereof, and any guarantees or other firm legal obligations with respect thereto.

The following other factors will also be taken into consideration:

- A. The quality of the development program, including (but not limited to) the extent to which the program reflects the Authority's interest in preserving the environment, including the construction of buildings that employ 'green' strategies for meeting energy needs.
- B. The priority that the proposer places on the project relative to the proposer's other projects.
- C. The proposer's demonstrated intention (for example, the architect proposed for the development) as to the exterior quality of the building.
- D. The proposer's financial plan, proposed development schedule and the demonstrated commitment and capacity of the proposer to meet its Pre-Lease Period and Design/Construction Period Obligations.
- E. The proposer's financial qualifications (including its proven ability to obtain financing for projects of similar size, experience with institutional lenders and evidence of the willingness of such lenders to finance the proposed development), and the amount of equity or personal risk the proposer intends to contribute or assume for the project.
- F. The proposer's record of performance in business dealings with any municipal, state or federal agencies, including the Authority.
- G. The extent to which the proposer includes meaningful minority or woman participation. Such factors as the extent of the minority's or woman's ownership

interest and decision-making role in the development and active participation in the day-to-day management of the development will be among the factors considered.

- H. The proposer's previous record in achieving affirmative action goals in the construction, operation and management of other projects.
- I. The proposer's and its principals' good moral character and freedom from any criminal conduct involving moral turpitude or other violations of law. The Developer selected by the Authority is expected to adhere to standards of business conduct justifying the confidence of the Authority obligations under the Ground Lease.

The Authority reserves the right to consider criteria other than the foregoing and to assign to each of the above and to such other criteria as are considered such weight as the Authority may in its absolute discretion determine (all criteria used by the Authority being collectively called the "Selection Criteria").

XV.

PROPOSALS

Proposals are to be submitted using the forms included in Appendix I. The information to be provided on each form is briefly summarized below.

A. THE PROPOSER

Proposers must complete the Proposer's Financial Reporting and Development Experience Form (part A of Appendix I), which includes information regarding:

- (1) Description of the proposer
- (2) Description of contemplated development team (including design professionals)

- (3) Description of comparable developments completed in recent years

B. PROJECT INFORMATION

Proposers must complete the Project Information Form (part B of Appendix I), which calls for the following:

- (1) Program Description: A narrative description of the proposed development program, including the anticipated target market for the apartments, amenities and non-residential uses, the size and configuration of the building, the number, type and characteristics of the apartments, number of rooms per unit, number of units per floor, corridor widths, and floor-to-ceiling heights. A ground-floor plan must be included, showing entrances, curb cuts, lobby locations, and non-residential uses. The proposer must submit a development schedule showing the anticipated first occupancy date.

- (2) Payments to Authority: A schedule of Aggregate Payments (PILOT and Base Rent) and other payments to the Authority (including percentage rent and transaction payments), and any contingent payments based on sale, refinancing or otherwise. Estimates of any amounts payable for Percentage Rent should be included, but the Authority will determine its own valuation of any contingent payments. The proposal must state whether any tax abatement is anticipated and provide assumptions made for assessments and tax rates in deriving estimates of PILOT.

(3) Cash Flow Projections. A projected 20-year cash flow analysis for the project. The pro forma analysis must include information and assumptions on development and construction costs, the cost of capital, proposed sales prices or rental rates, sale and rental revenues for all residential and other uses, projected occupancy, other revenues, operating expenses, and the basis therefor. Proposers must demonstrate a viable financial structure for the development over the life of the Ground Lease with the Authority. For purposes of the cash flow analysis, PILOT and Base Rent should be shown separately, with Base Rent being computed by subtracting PILOT from the Aggregate Payment. If the Aggregate Payment is less than the PILOT for any year, the Developer will be required to pay the difference as an additional Aggregate Payment.

(4) Preliminary Financing Plan: A plan of financing containing the elements set forth in Section XI above.

Note that proposals may include alternative bids assuming different PILOT programs, as described in Section IX.

XVI.

SELECTION PROCESS

The Authority will review all proposals for completeness and compliance with the terms and conditions of this Request, and may request from any or all of the proposers additional material, clarification, confirmation or modification of any proposal. The Authority may also make requests for additional material or for clarification or modification of any proposal that is incomplete or non-conforming as submitted. Except

at the request or by the consent of the Authority, proposers will not be entitled to change their proposals once submitted. The Authority will select the proposal/Developer for the Site that, in the sole discretion of the Authority, most successfully fulfills the Selection Criteria.

The Authority may at any time exclude those proposals that, in the sole discretion of the Authority, fail to demonstrate the necessary qualifications or which fail to comply with the terms and conditions of this Request. The Authority reserves the right, in its sole discretion, to reject at any time any or all proposals, to withdraw the Request without notice, to use the proposals as a basis for negotiation and to negotiate with one or more proposers and/or to negotiate with respect to, and dispose of, the Site (including to parties other than those responding to this Request) on terms other than those set forth herein. The Authority reserves the right to waive compliance with and/or change any of the terms of this Request. Under no circumstances will the Authority pay any costs incurred by a proposer in responding to this Request or in connection with the leasing or development of the Site.

XVII.

EXECUTION OF DESIGNATION LETTER AND GROUND LEASE

It is estimated that within 60 days after submission of a final proposal and any additional information requested by the Authority, the Authority will select the Developer with which it will execute a Ground Lease. The Initial Deposit of the Developer will become the exclusive property of the Authority immediately upon such designation.

Upon being notified by the Authority of its pending designation, but before official action by the Members of the Authority, the selected proposer must execute and

deliver to the Authority a Designation Letter substantially in the form contained in Appendix II. The Designation Letter, which will be executed by the Authority upon designation of the Developer by the Members, is intended to set forth the respective rights and obligations of the Developer and the Authority between the time of Developer selection and the commencement date of the Ground Lease, which will be executed and held in escrow until the Developer has secured its construction financing. The Designation Letter specifies, in sum, that the Developer will execute a Ground Lease within 30 days of designation; that the parties will take certain steps to secure both financing for the building and other governmental approvals of the Ground Lease; that Pre-Lease Period Payments equal to the Aggregate Payments for the first year of the Ground Lease and payable upon the Ground Lease commencement date, will begin to accrue on the date six months following the date of Developer designation if such date is earlier than the Ground Lease commencement date, and that the Developer's obligations prior to the Ground Lease commencement date will be secured by the Pre-Lease Period L/C (or the Pre-Financing L/C, if applicable). The Designation Letter also specifies that if the Developer does not voluntarily accept a form of rent regulation in consideration of tax or other governmental benefits, it will be expected to enter into an agreement with the New York State Division of Housing and Community Renewal pursuant to Section 14.1(w) of the Public Housing Law, providing that new housing units to be constructed on the Site will not be subjected to rent regulation.

Prior to designation by the Authority, the Developer must also deliver with the executed Designation Letter a further deposit of \$75,000 by certified or cashier's check payable to the Authority (the "Second Deposit"). The Second Deposit will be held in

escrow until the Developer is designated, and upon the Developer's designation will become the exclusive property of the Authority. The Initial Deposit and Second Deposit of the Developer will be used by the Authority, among other things, to offset the costs of the Authority in connection with the preparation and issuance of this Request, the selection of the Developer and the preparation and execution of the Designation Letter and the Ground Lease. The Initial Deposit and Second Deposit will not be refunded to the Developer except as otherwise provided below, and they will in no event be applied to rent or other payments due under the Ground Lease.

As provided in the Designation Letter, in the event that the Developer fails to execute a Ground Lease within the 30-day period following designation, the Developer's rights thereunder will automatically terminate, the Authority will retain the Initial Deposit and Second Deposit, and may dispose of the Site to any other proposer or party.

The selection of a Developer will create no legal or equitable rights in favor of the Developer, including, without limitation, rights of enforcement or reimbursement. The Developer will, however, have the exclusive right, as well as the obligation, to execute a Ground Lease during the 30-day period after designation, provided that the Developer is in compliance with the terms and conditions of this Request and the Designation Letter. The right to execute the Ground Lease will not be assignable. Only the Developer will have the right to execute a Ground Lease, and no party other than the parties identified in the Developer's submission will be permitted to execute a Ground Lease or have an interest in the entity executing a Ground Lease or in the development.

Before the Ground Lease may become effective, approval by the Members of the Authority and by the New York State Public Authorities Control Board (the "PACB")

will be required. In the event a Ground Lease is executed by the Developer in accordance with the terms and conditions of this Request and the Designation Letter, but the Ground Lease is not approved by the Members of the Authority or by the PACB for a reason unrelated to the Developer's failure to comply with the terms and conditions of this Request or the Designation Letter or any other acts or omissions of the Developer, the Initial Deposit and Second Deposit will be returned to the Developer, but in no event shall interest be payable on such deposits by the Authority, and the Developer will have no other legal or equitable rights against the Authority.

Except as otherwise provided in the preceding paragraph, failure by the Authority for any reason to execute a Ground Lease with the Developer will not create any liability on the part of the Authority or any of its members, officers, employees, agents, consultants or contractors. Submission of a proposal in response to this Request will constitute a waiver by the proposer of any claim against any of the foregoing for any costs incurred or for any matters arising thereunder or in connection with the negotiation or execution of (or failure to execute) a Ground Lease.

XVIII.

APPROVAL OF DESIGN

PROFESSIONALS AND PLANS

The Authority is committed to high-quality architecture and urban design and will require that design professionals, including architects, proposed for the Site be able to demonstrate an overall body of work recognized by their peers as showing excellence of design. The architect, engineers and other design professionals to be retained in

connection with each proposed development are subject to the approval of the Authority, which approval may be granted or denied in the Authority's sole discretion. In light of the Authority's goal of creating a green building on the Site, the design team should have significant architectural and engineering experience in creating environmentally responsible buildings in dense urban settings, as well as a demonstrated interest in this goal.

The proposal must contain information related to all design professionals to be employed in connection with development of the Site. The Authority's approval of the design professionals will be set forth in the Designation Letter. Each phase of the Developer's plans (Pre-Schematic Plans, Schematic Plans, Design Development Plans and Construction Documents) must be approved by the Authority in accordance with the schedule set forth in the Designation Letter to insure that the proposed development complies with the Design Guidelines, Master Lease, Master Development Plan and Ground Lease. The Authority must approve any changes to the final Construction Documents that may affect such compliance, whether prior to or during construction.

XIX.

BROKERS

No brokerage fees, finders' fees, commissions or other compensation will be payable by the Authority in connection with the selection of the Developer or the leasing of the Site. Submission of a proposal by a proposer in response to this Request will constitute an undertaking by such proposer to hold harmless and indemnify the Authority from and against any and all expenses, damage or liability (including, without limitation,

attorney's fees and disbursements) arising out of any claim for such fees, commissions or other compensation made in connection with such proposer's response to this Request, selection or non-selection thereunder or negotiation and execution (or non-execution) of the Ground Lease.

XX.

INFORMATION SUPPLIED BY PROPOSERS

Public access to material submitted by proposers in response to this Request shall be governed by the relevant provisions of the Freedom of Information Law, which constitutes Article 6 of the New York State Public Officers Law ("FOIL"), and regulations adopted pursuant thereto. If any proposer submits information which it believes to be a trade secret or otherwise exempt from disclosure under FOIL, it must specifically identify such information and state in writing the reasons why the information should be exempt from disclosure.

In the event that the Authority becomes aware of any material misrepresentation in the information supplied by a proposer, the Authority shall have the right to reject at any time the proposal of the proposer, to refuse to negotiate or continue negotiations with the proposer and to take any other action, including retaining any deposit made by the proposer, as shall be deemed appropriate by the Authority in its sole discretion.

The Authority reserves the right to request, at any time in the selection process, such additional information or materials as it may deem useful or appropriate to evaluate each proposer's qualifications and past experience. Submission of a proposal shall constitute the proposer's permission to the Authority to make such inquiries concerning

the proposer and members of the development team as the Authority, in its sole discretion, deems useful or appropriate.

XXI.

REPRESENTATIONS AND WARRANTIES

The Authority makes no representations or warranties, including without limitation representations or warranties as to the accuracy of any information or assumptions contained in this Request or otherwise furnished to proposers by the Authority; the use or progress of development of any sites or any other portion of the Project; site conditions or the suitability of the Site for any specific use or development; and tax assessments that may be made by the City, tax rates that may be established by the City, or the amount of PILOT payable with respect to the Site.