

	<b>Project Name</b>	<b>Amount</b>
<b>1</b>	<b>Atlantic Yards Land Use Improvement Project and Civic Project</b>	<b>No direct funding by UDC</b>

FOR CONSIDERATION

December 8, 2006

TO: The Directors

FROM: Charles A. Gargano

SUBJECT: Brooklyn (New York) – Atlantic Yards

REQUEST FOR: Adoption of Findings Pursuant to the State Environmental Quality Review Act; Adoption of Determination and Findings Pursuant to Article 2 of the State Eminent Domain Procedure Law and Section 13 of the UDC Act; Affirmation of Modified General Project Plan; Override of Certain Provisions of the New York City Zoning Resolution and the City Map; Authorization to Acquire Real Property Pursuant to Purchase and Pursuant to the State Eminent Domain Procedure Law; Authorization to Enter into Funding Agreement and Provide Funds; Ratification of UDC Act Findings; and Authorization to Take Related Actions

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Project Summary (Please see the attached Modified General Project Plan for a more detailed description of the Project)

Developer: Forest City Ratner Companies, acting through itself and various affiliates (collectively “Forest City”)

Project Site: The Project Site is generally bounded by Atlantic Avenue, Flatbush Avenue, Dean Street and Vanderbilt Avenue (exclusive of a portion of Block 1128) and also includes a portion of a parcel generally bounded by Atlantic Avenue, Flatbush Avenue, Pacific Street and 4<sup>th</sup> Avenue (referred to as “Site 5”) in Brooklyn, New York. A portion of the Project will be constructed on what is currently the LIRR Vanderbilt train yard and within the air space above the Vanderbilt train yard, as reconfigured. A Block and Lot Map is attached to the Modified General Project Plan.

Project Description: The development of an approximately 18,000 seat arena (the “Arena”), that will serve as the home arena for the relocating New Jersey Nets Basketball franchise and for other suitable events; the development of a reconfigured and improved Vanderbilt train yard and subway facility improvements; the development of 16 buildings for residential, office, and retail uses and potentially a hotel, including up to 6,430 units of housing, including 4,500 rental units, of which 50% (2,250 units) will be affordable to low, moderate and middle income households; and the creation of 8 acres of publicly accessible open space.

Anticipated Funding Sources:

Private Equity	\$ 926,200,000
Private Financing	\$ 2,203,000,000
Arena Financing <sup>1</sup>	\$ 637,200,000
State/ESDC	\$ 100,000,000
NYC	\$ 100,000,000
<u>Total</u>	<u>\$ 3,966,400,000</u>

Funding Uses:

Site Acquisition	\$ 386,100,000
Arena	\$ 637,200,000
Residential	\$ 2,200,200,000
Office / Hotel	\$ 169,000,000
Infrastructure <sup>2</sup>	\$ 554,400,000
Misc.	\$ 19,500,000
<u>Total</u>	<u>\$ 3,966,400,000</u>

Background:

On July 18, 2006, the Directors made Land Use Improvement Project and Civic Project Findings, adopted a General Project Plan (“GPP”), accepted a Draft Environmental Impact Statement and authorized the holding of a public hearing with respect to the development and construction of the Atlantic Yards Land Use Improvement Project and Civic Project (the “Project”). On November 15, 2006 the Directors accepted and approved a Final Environmental Impact Statement for the Project and on November 27, 2006, the Directors accepted and approved a Corrected and Amended Final Environmental Impact Statement for the Project.

As described in the materials presented to the Directors on July 18, 2006, as modified by the changes described herein and the Modified GPP attached hereto, the Project entails:

- (i) an approximately 18,000 seat arena that will serve as the new home for the New Jersey Nets basketball franchise and for other suitable events (the arena is projected to be used for approximately 225 events per year);
- (ii) a reconfigured and improved Vanderbilt train yard to be used by the Long Island Railroad (“LIRR”) for the storage, cleaning and inspection of LIRR trains and to provide better access to the Atlantic Terminal train station;

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<sup>1</sup> Arena Financing is likely to be provided through (i) tax exempt bonds (debt service on the bonds will be supported by payments in lieu of taxes - generated from Arena revenues); and (ii) taxable bonds (debt service to be supported by rent payments - generated from Arena revenues). The Arena funding source is net of cost of issuance, debt service reserve and capitalized interest.

<sup>2</sup> Infrastructure includes the reconfiguration of Vanderbilt Yard, a platform over a portion of the reconfigured yard, transit connections and general infrastructure necessary for the project.

- (iii) the development of 16 buildings for residential, office, and retail uses, as well as a potential hotel, including approximately 336,000 square feet of commercial office space, 165,000 square feet of hotel space (approximately 180 rooms), 247,000 square feet of retail and community facility space, up to 6.4 million gross square feet of residential space (approximately 6,430 units) (with flexibility to reallocate space among commercial, residential and hotel uses); approximately 100,000 square feet of additional space for the sole purpose of establishing a public school; and
- (iv) the development of eight acres of publicly accessible open space.

A more detailed description of the Project and the Project financing plan is set forth within the attached Modified General Project Plan. (See Attachment C hereto.)

### The Public Hearing

On August 23, 2006, the Corporation held a public hearing on the Project at Klitgord Auditorium within the New York City College of Technology in Brooklyn. The public hearing commenced at 4 pm and continued to approximately 11:30 pm. The public hearing was extensively covered by the media and very well attended. Approximately 100 speakers made oral presentations at the hearing, including a number of elected officials. Many individuals registered to speak but did not have an opportunity to be heard, either due to time constraints or because they left the Auditorium prior to being called.

In addition to the public hearing, the Corporation held two community forums, for the purpose of soliciting additional oral comments on the Project. The first community forum was held on September 12 between 4:30 pm and 8:00 pm at the Klitgord Auditorium and the second community forum was held on September 18 between 4:30 and 8:30 pm, also at the Klitgord Auditorium. Over 40 speakers spoke at the first community forum and over 60 speakers spoke at the second community forum. All registered speakers were called and given an opportunity to provide comments at each of the community forums. Additional written comments were received at the hearing and during the comment period that extended through September 29, 2006. In the aggregate, over 1,800 written comments were received during the comment period.

Collectively, for the November 15, 2006 and November 27, 2006 Directors' meetings, the Directors have been provided with a complete transcript of comments received at the public hearing and community forums and a complete set of written comments received during the comment period. The Directors were also provided with a summary of comments and ESDC staff responses.

In addition to the foregoing, ESDC has received a number of comments from the public subsequent to the acceptance of the Corrected and Amended Final Impact Statement on November 27, 2006. Those comments, as well as copies of the legal notice for the public hearing and community forums and affidavits of publication are attached hereto.

## Modifications to the General Project Plan

The Modified GPP, attached hereto, reflects a number of changes from the GPP adopted on July 18, 2006. These changes are in response to comments received from the public, recommendations from the New York City Planning Commission and other changes that reflect agreements reached among the Corporation, New York City and Forest City. The Modified General Project Plan incorporates the following material changes:

- (i) an amendment to the design guidelines reducing the maximum height and mass of several buildings within the Project Site (see revised Exhibit C to the Modified GPP), resulting in an aggregate reduction of 8 % of the original development size (exclusive of the increase to accommodate a new school, per (ii) below).
- (ii) to mitigate a potential adverse impact of the Project, approximately 100,000 square feet will be made available in one of the 16 buildings for the development of a new school, subject to requirements of the School Construction Authority and/or the New York City Department of Education (the allocable cost of the new school, exclusive of any land or acquisition costs, will be borne by the School Construction Authority, Department of Education or other appropriate agencies).
- (iii) the open space requirement within the Project footprint has been increased from 7 acres to 8 acres.
- (iv) various environmental mitigation measures have been identified (see the SEQRA Findings Statement attached hereto as Attachment A and the Modified General Project Plan).

## Affirmative Action

The Corporation has established a 20% goal for minority and women business enterprises (M/WBE) participation in the construction of the Project and a goal of 25 % for minority and women workforce participation. In addition, Forest City has signed a community benefits agreement to provide additional benefits and additional opportunities for M/WBE's and minority and women workers.

## Environmental Review and SEQRA Findings

The Corporation is the lead agency for the environmental review of the Project, pursuant to the requirements of the State Environmental Quality Review Act (SEQRA) and the implementing regulations of the New York State Department of Environmental Conservation, and has concluded the environmental review of the proposed action. A Final Environmental Impact Statement (FEIS) has been issued and duly filed by ESDC and a Findings Statement has been prepared and is attached hereto as Attachment A. ESDC has determined that the proposed action avoids or mitigates all potentially significant adverse impacts to the extent practicable. ESDC staff therefore recommends that the Directors adopt the SEQRA Findings Statement attached as Attachment A.

The Findings Statement contains the facts and conclusions in the Draft Environmental Impact Statement (DEIS) and FEIS relied upon to support the Corporation's actions with respect to the

Project, and indicates the social, economic and other factors and standards forming the basis of its decision.

The findings that the Corporation must adopt prior to affirming the Modified General Project Plan, making findings under the EDPL or taking other actions related to the Project are that:

- The Corporation has given consideration to the DEIS and FEIS;
- The requirements of the SEQRA process, including the implementing regulations of the New York State Department of Environmental Conservation, have been met;
- Consistent with social, economic and other essential considerations from among the reasonable alternatives available, the Project is one that avoids or minimizes adverse environmental effects to the maximum extent practicable, including the effects disclosed in the FEIS;
- Consistent with social, economic and other essential considerations to the maximum extent practicable, adverse environmental effects revealed in the environmental impact statement process will be avoided or minimized to the maximum extent practicable by incorporating as conditions to the decision those mitigation measures which were identified as practicable.

The Findings Statement considers the relevant environmental impacts, facts and conclusions disclosed in the FEIS and weighs the environmental impacts that have been disclosed against the social, economic and other considerations relevant to the Project. The Findings Statement also sets forth the rationale for ESDC's determination under SEQRA that the proposed action avoids or minimizes adverse impacts to the maximum extent practicable. ESDC staff therefore recommends that the Directors adopt the SEQRA Findings Statement attached as Attachment A.

#### Design and Construction:

Design & Construction (D&C) staff have participated in the development of the Design Guidelines, a copy of which is attached to the Modified GPP and will be reviewing all design drawings, construction schedules, and cost estimates related to the Project. D&C will also work with Forest City and the City in the further review of construction related documents and in any modifications to the Design Guidelines.

#### Project Schedule

As set forth in the FEIS, the Project schedule envisions that the entire first phase of the Project (the Arena, Buildings 1-4, Site 5 and the reconfigured train yard) will be completed by 2010. The entire Project is expected to be completed by 2016.

Forest City will commence construction of the arena within 1 year of receiving vacant possession of the Project Site from ESDC, subject to force majeure and material adverse changes that affect the financing of the arena.

## Environmental Monitoring

ESDC expects to retain one or more consultants to assist in ensuring compliance with certain impact avoidance and mitigation measures described in the SEQRA Findings Statement. The reasonable cost of retaining the consultant(s) will be borne by Forest City.

## EDPL Determination and Findings

In furtherance of the Project, ESDC expects to exercise its statutory authority to condemn property, and acquire, by eminent domain a substantial portion of the Project Site, including (i) real property interests owned by Forest City (ii) real property interests owned by the City of New York, including portions of several City streets and (iii) real property interests owned by other private individuals and entities. A summary of ownerships interests of the Project Site is attached as Exhibit E to the Modified General Project Plan.

Attached, as Exhibit F to the Modified GPP, is a Blight Study that the Corporation had prepared with respect to the Project. The Blight Study documents blighted conditions on the Project Site. ESDC intends to exercise the power of eminent domain to remove these blighted conditions.

ESDC received written and oral comments disputing certain findings and conclusions in the Blight Study. Staff has reviewed the comments and find the arguments contained therein unpersuasive.

Among the varied objections that were raised, it was claimed that private development had occurred within the Project Site in the late 1990's and would have continued but for the Project. The Blight Study found that the Project Site is characterized by blighted conditions, including dilapidated and structurally unsound buildings, debris-filled vacant lots, and underutilized properties. Very few properties in the Project Site have undergone substantial redevelopment or investment in recent years. The Blight Study found that many of the conditions in the Project Site are of a longstanding nature.

Some comments that the Corporation received related to the Vanderbilt train yard suggested that: the rail yard is not blighted because it is a functioning, integral part of the regional rail system; the rail yard is not substandard and does not require rehabilitation because the MTA Capital Program has not budgeted any renovations, changes, or improvements for it; the only blight in the Project Site was the rail yard, not the other blocks; and if the MTA rail yard is having a blighting influence, then once that blighting influence is removed it will cease to have a detrimental effect on the other blocks in the Project Site. Staff believes that the Blight Study correctly concluded that the open rail yard has had a blighting influence that has contributed to the blight existing on the other blocks in the Project Site. It is speculative to assume that if the rail yard is covered then the blight existing on the remaining blocks will eventually be removed or that this would occur in a timely manner.

It was also asserted that Forest City was responsible for the blight because many of the properties that they have acquired are presently vacant. To the extent possible, the Blight Study provided information on the duration of each vacancy existing in the Project Site. The Blight Study found that many of the blight conditions are of a longstanding nature and existed prior to Forest City's

recent acquisitions. Vacancies that occurred as a result of the sale of a property to Forest City were identified as such. Residential units and commercial spaces that were vacated as a result of the sale of property to Forest City were not categorized as vacant when calculating the overall vacancy rate for each building. Only those buildings that were at least 50 percent vacant independent of actions by Forest City were considered to meet that particular blight criteria. It should be noted that several of the buildings acquired by FCRC were in such a deteriorated state at the time of Forest City's acquisition that they had to be demolished as an emergency measure. Forest City has maintained, and in some instances improved, other buildings that it has acquired on the Project Site.

It was argued that because the Atlantic Terminal Urban Renewal Area (ATURA) did not include Blocks 1127, 1128 (partial), and 1129, those blocks are not blighted. It was further argued that ATURA did not find that the rail yard had a blighting influence. These arguments are not valid. ATURA was created in 1968 to eliminate blighted conditions on the property located within the ATURA designation. Five of the eight blocks on the Project Site (Blocks 927, 1118, 1119, 1120 and 1121) are located in ATURA. While Blocks 1127, 1128 (partial), and 1129 are not in ATURA, it is incorrect to infer that there is no blight on these blocks. As detailed in the Blight Study, Blocks 1127, 1128 (partial) and 1129 are also blighted.

There was also a challenge to the Blight Study's factual descriptions of each lot in the Project Site. This comment ignored factual evidence, disputed data obtained from the New York City Department of Finance and the New York City Department of Buildings, and misrepresented site conditions. Staff believes that the Blight Study's descriptions are thorough, accurate, and reliable.

It was asserted that the Blight Study misrepresented crime in the Project Site, that street crime is rare, and that most of the crime occurs in the five northern blocks of the Project Site, not on the southern blocks (Blocks 1127, 1128 (partial), and 1129). In fact, the Blight Study accurately reported the crime statistics for the precincts and sectors covering the Project Site, based on consultation with the New York City Police Department. As detailed in the Blight Study, the Project Site falls within three police sectors with the majority of the Project Site (Blocks 927, 1118, 1119, 1120 and 1121) located in Sector 88E, which has the highest crime rate of the three sectors. These Project Site blocks comprise approximately one third of the land area in Sector 88E. While the other two sectors have lower crime rates, because block by block statistics are unavailable, there is no support for the assertion that there is no significant crime on Blocks 1127, 1128 (partial) and 1129.

In accordance with the requirements of the Eminent Domain Procedure Law, the Directors are being requested to make the determinations and findings attached hereto. (See Attachment B.) Without condemnation, ESDC would be unable to assemble the site, remove the blighted conditions on the Project Site and fully develop the Project to achieve the other purposes and uses described in the Modified GPP.

### Override

With the concurrence of the City, ESDC is exercising its statutory authority to override local zoning requirements and the City Map, that are applicable to the Project Site. The Project Site is

currently zoned M1-1, C6-2, C6-1, C4-4A, R7A with a C2-4 overlay, R7A with a C1-4 overlay and R6B. Pursuant to this override, the Project will be developed and constructed in accordance with the Project description set forth in the attached Modified General Project Plan. A description of the specific local requirements that will be overridden is set forth in the Modified General Project Plan.

ESDC has determined to waive compliance with local zoning and other land use controls for the following reasons. The Project Site includes publicly-owned land (such as MTA-owned property) which is not zoned for the proposed Project purposes. It also includes City streets which cannot be built upon without undergoing a lengthy demapping process. The Arena and other Project components cannot be built under existing zoning. It would be extremely time-consuming and burdensome for the Project to go through the local land use process. The City's efforts to eradicate blighted conditions have not proved effective for many years. Thus, an ESDC override is necessary to implement the Project in the desired time frame. The City has concurred in the exercise of this override.

### Funding and Project Structure

Project funding sources are set forth above and include \$100 million to be provided by the State through ESDC. ESDC funding will be made available to reimburse Forest City for infrastructure improvements related to the Project. Funding may be advanced prior to acquisition of the Project Site by the Corporation provided, however, that if the Project is permanently enjoined as a result of litigation, or abandoned by the developer, or if ESDC and Forest City can not reach agreement on definitive Project documentation, or generally if the construction of the arena is not commenced within one year of delivery of vacant possession of the Project Site to Forest City (subject to force majeure and material adverse changes that affect the financing of the arena), then Forest City will be obligated to repay the Corporation all funds advance together with interest thereon. A fuller description of the funding protocol is set forth in the Modified General Project Plan.

With respect to the development of the arena, it is expected that the State will create a Local Development Corporation ("LDC") to facilitate financing that component of the Project. After acquisition of the Project Site by the Corporation, ESDC will lease the arena site to the LDC. The LDC will issue tax exempt and taxable bonds to be repaid, respectively, by payments-in-lieu-of taxes ("Pilot") and rent. Various revenues sources related to the operations of the arena, including, premiums for luxury suite and club seat rentals, concession revenues, and advertising and sponsorship revenues are expected be made available to fund the Pilot and Rent payments. Neither ESDC nor the State will have any liability with respect to the LDC bonds. The leasing structure and financing requirements for the entire Project Site, as well as exemptions and other benefits to be made available to the developer are set forth, in detail, in the Modified GPP.

As part of the Project plan, Forest City has committed to develop not less than 2,250 units of affordable housing. It is expected that Forest City will receive customary housing subsidies that are in existence at the time of such development for the development of the affordable housing.

## Litigation

On or about October 26, 2006 various individuals filed a complaint in federal court against ESDC, Forest City and other named defendants seeking to enjoin the Project. The primary allegations within the complaint are that the proposed condemnation violates the plaintiffs' constitutional rights under the Fifth and Fourteenth Amendments (the plaintiffs allege that the proposed seizure of private property by condemnation is not a taking for public use and that preferential treatment is being given to the developer at the expense of the defendants). The Corporation is vigorously defending the litigation and expects to prevail.

Based on public comments, it is expected that additional legal challenges will be made to the Project. It is possible that those challenges will delay acquisition of the Project site and implementation of the Project.

## Requested Actions

The Directors are being requested to: (i) Adopt Findings pursuant to the State Environmental Quality Review Act; (ii) Adopt Determination and Findings pursuant to Article 2 of the State Eminent Domain Procedure Law and Section 13 of the UDC Act; (iii) Affirm the Modified General Project Plan; (iv) Override Certain Provisions of the New York City Zoning Resolution and City Map; (v) Authorize the Acquisition of Real Property; (vi) Authorize the Corporation to Enter into a Funding Agreement and to Provide Funds; (vii) Authorize the Corporation to Ratify Findings made pursuant to Section 10 of the UDC Act; and (ix) Authorize the Corporation to Take all Related Actions.

## Attachments

### Resolutions

Attachment A - SEQRA Findings Statement

Attachment B - EDPL Determination and Findings

Attachment C - Modified General Project Plan (with Exhibits)

Attachment D – Additional Comments; Exhibits to Public Hearing

Attachment A

SEQRA Findings Statement

Attachment B

Determination and Findings by the New York State  
Urban Development Corporation d/b/a Empire State Development  
Corporation Pursuant to EDPL Section 204 with Respect to the  
Atlantic Yards Land Use Improvement  
Project and Civic Project

Attachment C  
Modified General Project Plan

Attachment D

Additional Comments (After Acceptance of FEIS); Exhibits to Public Hearing (Notices  
Published in the New York Post and City Record together with Affidavits of  
Publication); Notice Published in ENB

**PUBLIC AUTHORITIES CONTROL BOARD**

Project Summary  
December 20, 2006

- 1. Name of Project: Atlantic Yards Land Use Improvement and Civic Project
- 2. Location: Brooklyn
- 3. Project Description:

The development of (i) an approximately 18,000 seat arena; (ii) a reconfigured and improved Vanderbilt train yard; (iii) 16 buildings, primarily for residential, commercial and retail uses including up to 6,430 units of housing, including 4,500 rental units of which 2,250 will be affordable to low, moderate and middle income households; and (iv) 8 acres of open space.

- 4. Estimated Project Costs and Financing Sources:

Funding Sources

Private Equity	\$ 926,200,000
Private Financing	2,203,000,000
Arena Financing	637,200,000
State/UDC	100,000,000
New York City	100,000,000
Total	\$ 3,966,400,000

Project Costs

Site Acquisition	\$ 386,100,000
Arena	637,200,000
Residential	2,200,200,000
Office/Hotel	169,000,000
Infrastructure	554,400,000
Miscellaneous	19,500,000
Total	\$ 3,966,400,000

- 5. Project Schedule:
  - a) UDC Approvals: July 18, 2006; November 15, 2006;  
November 27, 2006; December 8, 2006
  - b) Public Hearing: August 23, 2006

- c) PACB Approval: December 20, 2006
- d) Project Completion: Phase 1 – 2010  
Entire Project -2016

6. Economic Benefits

The proposed Project intends to convert a blighted, underutilized site into a mixed use development, including an arena for a professional NBA basketball team, that will create a substantial number of jobs, up to 64,300 units of housing, including 2,250 units of affordable housing and a new, improved LIRR train yard. It has been projected that the Project will generate 12,596 new construction jobs (based on construction jobs being for one year), 4,538 jobs from operations and that the on a present value basis the Project will generate in excess of \$650 million in City tax revenues and \$745 million in State tax revenues. (See Modified General Project Plan for details.)

December 8, 2006

Brooklyn (New York County) – Atlantic Yards Land Use Improvement Project and Civic Project - Adoption of Findings Pursuant to the State Environmental Quality Review Act; Adoption of Determination and Findings Pursuant to Article 2 of the State Eminent Domain Procedure Law and Section 13 of the UDC Act; Affirmation of Modified General Project Plan; Override of Certain Provisions of the New York City Zoning Resolution and City Map; Authorization to Acquire Real Property By Purchase and Pursuant to the State Eminent Domain Procedure Law; Authorization to Enter into a Funding Agreement and to Provide Funds; Ratification of Findings; Authorization to Take Related Actions

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RESOLVED, that, on the basis of the materials presented to this meeting, a copy of which is hereby ordered filed with the records of the Corporation relating to the Atlantic Yards Land Use Improvement Project and Civic Project (the “Project”), the Corporation hereby makes and adopts, pursuant to the State Environmental Quality Review Act (“SEQRA”), the following findings and determinations, which findings and determinations are made after full consideration of the SEQRA Findings Statement, which Findings Statement is hereby adopted by the Corporation, and copies of which Findings Statement are hereby ordered filed with the records of the Corporation relating to the Project:

- The Corporation has given consideration to the Draft and Final Environmental Impact Statements (“DEIS” and “FEIS”, respectively) prepared for the Project;
- The requirements of the SEQRA process, including the implementing regulations of the New York State Department of Environmental Conservation, have been met;
- Consistent with social, economic and other essential considerations from among the reasonable alternatives available, the Project is one that will avoid or minimize significant adverse environmental effects to the maximum extent practicable, including the effects disclosed in the FEIS and the Findings Statement;
- Consistent with social, economic and other essential considerations, significant adverse environmental effects associated with the development of the Project which were identified in the FEIS and in the Findings Statement will be avoided or minimized to the maximum extent practicable by incorporating as conditions to the decision those mitigation measures that were identified in the FEIS and the Findings Statement as practicable; and
- The Project is in compliance with Section 14.09 of the State Historic Preservation Act;

and be it further

RESOLVED, that the Chief Executive Officer or his designee(s) be, and each of them hereby is, authorized in the name and on behalf of the Corporation to take all actions as he or she may in his or her sole discretion consider to be necessary or proper to comply with the requirements of SEQRA in connection with the Project; and be it further

RESOLVED, that, in connection with the Project, the Corporation hereby makes and adopts, pursuant to the State Eminent Domain Procedure Law (“EDPL”), the EDPL Determination and Findings attached hereto, which Determination and Findings are made after due consideration of: (1) the testimony given at the public hearing on August 23, 2006; (2) all comments received by the Corporation during the comment period concluding September 29, 2006; (3) the DEIS and FEIS prepared in connection with the Project, including comments made at the public hearing and otherwise received on the DEIS and responses to substantive comments on the DEIS; and (4) the UDC Act and SEQRA findings, statement of facts and conclusions and other determinations attached hereto, and the statement of facts and conclusions set forth in the Determination and Findings, all as set forth or referred to in the materials attached to these materials, a copy of which is hereby ordered filed with the records of the Corporation relating to the Project; and be it further

RESOLVED, that, pursuant to Section 16 of the UDC Act, after due consideration of: (1) the testimony given at the public hearing on August 23, 2006 on the proposed General Project Plan; (2) all comments received by the Corporation during the comment period concluding September 29, 2006; (3) the DEIS and FEIS prepared in connection with the Project, including responses to comments made at the public hearing or received thereafter; and (4) the UDC Act, SEQRA, and EDPL findings, statement of facts and conclusions and other determinations attached hereto, the Corporation does hereby affirm the General Project Plan, as modified, a copy of which is attached hereto and which has been presented to this meeting and is ordered filed with the records of the Corporation relating to the Project; and be it further

RESOLVED, that, on the basis of the materials presented to this meeting, pursuant to Section 16 of the UDC Act, the Directors hereby find that, in constructing, reconstructing, rehabilitating, altering or improving the Project Site (as described in the materials presented to this meeting), compliance with the requirements of certain local laws, ordinances, codes, charters or regulations applicable to such construction, reconstruction, rehabilitation, alteration or improvement, including but not limited to the New York City Zoning Resolution, City Map, New York City Charter and New York City Uniform Land Use Review Procedure is not feasible or practicable in the discretion of the Corporation; and be it further

RESOLVED, that it is necessary and convenient for the Corporation to acquire, in furtherance of its corporate purposes, by conveyance or condemnation, the Project Site; and be it further

RESOLVED, that in furtherance of the Project, at such time or times and upon such terms deemed appropriate, the Chief Executive Officer or his designee(s) be, and each of them hereby is, authorized to cause the Corporation to acquire all or any part of the Project Site, and all or any part of the parcels contained therein; and be it further

RESOLVED, that the Chief Executive Officer or his designees(s) be, and each of them hereby is, designated as the officer to execute the certificate of corporate purposes specified in Section 13 of the UDC Act, and to make all agreements, execute all other instruments or take any other action as the Chief Executive Officer or his designee(s) may deem necessary or appropriate in

order that the Corporation may acquire the Project Site pursuant to these resolutions; and be it further

RESOLVED, that in connection with the Project and prior to any acquisition of land therefor, the Corporation shall, to the extent not already done, publish all required notices and comply with any and all other provisions of the EDPL, the UDC Act, or any other applicable law; and be it further

RESOLVED, that the Corporation hereby authorizes the Chief Executive Officer or his designee(s) to enter into one or more funding agreements with the City of New York and Forest City Ratner Companies, or affiliates of Forest City Ratner Companies, (collectively “FCRC”), and to provide funds, in an amount not to exceed \$100 million, and, as appropriate, to provide to FCRC additional funds made available by the City, in furtherance of the Project, on terms consistent with the materials presented to this meeting with such changes as the Chief Executive Officer or his designee(s) deems necessary or appropriate; and be it further

RESOLVED, that the Corporation hereby authorizes the Chief Executive Officer or his designee(s) to enter into any and all acquisition agreements and all other agreements (the “Project Documents”) with FCRC, the City of New York, the Metropolitan Transportation Authority, a Local Development Corporation and other appropriate entities to effectuate the purposes of the Modified General Project Plan, on such terms and conditions as the Chief Executive Officer, or his designee, deems necessary or appropriate; and be it further

RESOLVED, that any and all acts performed by any officers of the Corporation prior to the date of these resolutions in furtherance of these or prior resolutions with respect to the Project are hereby ratified, adopted, confirmed, and approved in all respects; and be it further

RESOLVED, that the Chief Executive Officer or his designee(s) be, and each of them hereby is, authorized and directed, in the name and on behalf of the Corporation, to execute and deliver any and all documents and to take any and all such actions as may be necessary or appropriate to effectuate the foregoing resolutions; and be it further

RESOLVED, that the findings pursuant to Section 10 of the UDC Act, made by the Corporation on July 18, 2006, with respect to the Project, are hereby ratified and reaffirmed.



NEW YORK STATE PUBLIC AUTHORITIES CONTROL BOARD

R E S O L U T I O N No. 06-UD-

APPROVING A SPECIFIED PROJECT OF THE URBAN DEVELOPMENT CORPORATION - City of New York, (Kings County) - Atlantic Yards Land Use Improvement and Civic Project (the "Project")

WHEREAS, the New York State Public Authorities Control Board ("PACB"), created pursuant to Chapter 38, Laws of 1976, as amended, has been empowered by section 51 of the Public Authorities Law to receive applications from designated public benefit corporations, including the Urban Development Corporation ("UDC" or the "Corporation") and its subsidiaries, for approval of the acquisition, construction, or financing of any project by any such public benefit corporation; and

WHEREAS, pursuant to subdivision 1 of section 51 of the enabling legislation, UDC has made an application to the PACB to enable UDC to implement the Project in accordance with the Modified General Project Plan for the Project ; and

WHEREAS, the Project includes the development of an approximately 18,000 seat arena, a reconfigured and improved Vanderbilt train yard to be used by the Long Island Railroad and the development of 16 buildings for assorted uses, including, but not limited to, residential, office and retail uses, on a twenty-two acre site in Brooklyn, New York (the "Project Site")

all as more fully described in the Modified General Project Plan; and

WHEREAS, UDC expects to acquire the Project Site, in part, by condemnation and, in part, by direct conveyance; and

WHEREAS, on July 18, 2006, the UDC Directors authorized the adoption of the original General Project Plan, authorized the holding of a public hearing on the Project and authorized other actions; and

WHEREAS, on August 23, 2006, UDC held a public hearing on the Project, on September 12, 2006 and September 18, 2006 UDC held community forums on the Project and UDC has accepted written comments on the Project through September 29, 2006; and

WHEREAS, on November 15, 2006, the UDC Directors accepted and approved a Final Environmental Impact Statement for the Project and on November 23, 2006, the UDC Directors accepted and approved a Corrected and Amended Final Environmental Impact Statement for the Project; and

WHEREAS, on December 8, 2006, the UDC Directors affirmed the Modified General Project Plan for the Project (the Modified General Project Plan reflects, among other changes, a reduction in the overall size of the Project as compared to the original General Project Plan), authorized the acquisition of the Project Site, authorized the Corporation to enter into a Funding Agreement to provide up to \$100 million dollars of State funds

in furtherance of the Project and took other Project related actions; and

WHEREAS, the application has been submitted to the Comptroller, and he has had the opportunity to comment.

NOW THEREFORE BE IT RESOLVED, that the PACB approves UDC's participation in the Project identified below in accordance with section 51 of the Public Authorities Law:

PROJECT IDENTIFICATION

<u>Project Description</u>	<u>Amount to be Financed by UDC</u>
Atlantic Yards Land Use Improvement Project And Civic Project  (Kings County)	\$100 million dollars

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