Atlantic Yards Phase II Memorandum of Understanding (MOU)

August 2026

The Atlantic Yards Phase II MOU, executed on July 28, 2026, is an agreement between Empire State Development (ESD) and the Development Team that creates a framework for development of the Phase II project sites by outlining key topics such as the proposed program.

The components of the MOU will inform the content of the future Atlantic Yards project transaction documents. The advancement of the project and the finalization and execution of binding documents remain subject to all required public reviews and approvals, which include the SEQRA environmental review and the Modified General Project Plan (MGPP) amendment process.

The proposed program in this MOU is consistent with what is expected to be analyzed in the Second Supplemental Environmental Impact Statement (SSEIS) and the details that have been shared publicly to date.

July 28, 2026

Empire State Development Corporation
655 Third Avenue
New York, NY 10017

Brooklyn Ascending Owner LLC
c/o Cirrus Real Estate Partners, L.P.
555 Madison Avenue, 6th Floor
New York, New York 10022

Atlantic Yards Memorandum of Understanding

Ladies and Gentlemen,

This memorandum of understanding ("**MOU**") summarizes understandings among New York State Urban Development Corporation d/b/a Empire State Development Corporation ("**ESD**") and Brooklyn Ascending Owner LLC ("**BAC**"), Pacific Park Site 5 Developer, LLC, and one or more legally affiliated entities referred to in the signatures below (collectively, the "**Development Team**", together with ESD, the "**Parties**" and where referred to individually, a "**Party**"), with respect to the potential amendment of the existing Modified General Project Plan for Pacific Park (f/k/a Atlantic Yards Land Use Improvement and Civic Project) (the "**MGPP**") and implementation of the same, including, without limitation, amendments to that certain Development Agreement, dated as of March 4, 2010, by and among ESD, Atlantic Yards Development Company, LLC and certain other parties thereto (the "**Development Agreement**" and related instruments and other agreements, as each have been amended and assigned from time to time, i.e., as they exist presently are referred to as the "**Project Documentation**").

Subject to the required approvals and the provisions of this MOU, the Parties anticipate and shall endeavor in good faith to enter into amendments to, or restated or superseding versions of, the Project Documentation, including but not limited to the Development Agreement and Interim Leases, in each case to give effect to the Amended MGPP and to facilitate development of the **"Project Site"** (as defined in Section 6 of this document) in accordance with the Amended MGPP. Collectively, the MGPP and modified or new Project Documentation are the "**Transaction Documents**." The Project Documentation shall govern the Project until execution of the Transaction Documents. The desired improvements and agreements set forth above are collectively referred to hereinafter as the "**Project**". The Parties intend to begin negotiating the Transaction Documents promptly after execution of this MOU and to execute any new documentation after the completion of all necessary approvals.

1. Non-Binding.

The Development Team and ESD agree that (a) neither the provisions of this MOU, nor any discussions had or to be had between the Development Team and ESD in respect of this MOU, shall in any event form the basis for any action against, or claim of liability on the part of, Development Team or ESD and (b) except as set forth in Section 3 hereof, this MOU is non-binding and does not create or give rise to any legally enforceable rights or legally enforceable

obligations or liabilities of any kind on the part of any Party. The Parties acknowledge and agree that this MOU does not constitute an "action" under the State Environmental Quality Review Act ("**SEQRA**"). Following the public engagement and review process as well as the adoption and affirmation by the ESD Board of Directors of the subject amendments to the Modified General Project Plan ("**Amended MGPP**"), the Parties shall promptly execute the Transaction Documents, subject to all necessary approvals, including any other governmental approvals, and finalization of programs, structures, sequences and milestones only after completion of such required reviews. The terms of this Section 1 shall survive the expiration or earlier termination of this MOU.

2. Legal Requirements.

It is understood and agreed that the actions and approvals contemplated herein are and shall be subject to all applicable legal requirements, which may include, without limitation, compliance with, among others, legislation, the State Environmental Quality Review Act. ESD and the Development Team shall cooperate regarding compliance with all applicable legal requirements, any approvals and/or legislation as may be necessary in connection therewith and any and all materials required for the purposes of any applications related thereto.

3. Confidentiality.

ESD and the Development Team shall keep all written and oral communications related to the transactions contemplated herein (excluding this MOU) in confidence until such time as the Parties mutually agree to publicly disclose such communications (or any of them), except to the extent (i) required by law or (ii) requested by governmental authorities, including subsidiaries and employees thereof. Each Party may disclose the same to its legal counsel, employees, affiliates (which, in the case of ESD, shall include other New York State governmental authorities), and consultants. This Section 3 shall terminate upon the earlier of the execution of the Transaction Documents or the termination of this MOU.

4. Consultant and Other Third-Party Costs.

Pursuant to that certain "**Cost Agreement**" executed by the Parties and dated as of October 7, 2025, affiliates of the Development Team will be required to pay all fees, costs, and expenses incurred by ESD in connection with the Project. All costs of due diligence and other preliminary work by the Development Team, as well as the fees described above, are solely at the risk and expense of Development Team.

5. <u>Development Team</u>

Permitted Developer: The Development Team, which is a joint venture between affiliates of Cirrus Real Estate Partners and affiliates of LCOR Inc. ("**LCOR**"), was required to and, by those certain four letters dated as of October 7, 2025 (the "**Permitted Developer Approval Letters**"), did obtain certain approvals from ESD, including designation as a "Permitted Developer" as defined under the existing Project Documentation and subject to the Permitted Developer Approval letters and its conditions.

Qualified Construction Manager: The Development Team has executed a Preconstruction Services Agreement, together with an accompanying LOI for a future Guaranteed Maximum Price (GMP) agreement for construction of the Phase II (as defined in Section 6 hereof) with Plaza Construction. The construction manager for Phase II shall conform to the requirements of the Permitted Developer Approval Letters. Per the Permitted Developer Approval Letters, the construction manager shall be subject to ESD's approval, which shall not be unreasonably conditioned, denied, withheld or delayed. The Transaction Documents will include details with respect to the process and timeframes in which ESD will review and approve construction management entities. Per the Permitted Developer Approval Letters, ESD approval of the construction manager shall be required prior to the construction of any platform or individual building.

Property Manager: The property manager(s) for the completed residential developments and the agreement(s) for such property manager(s) shall be subject to ESD's prior written approval (which shall not be unreasonably conditioned, denied, withheld or delayed) and, subject to such approval, shall be either: (i) LCOR's in-house property management team; or (ii) a reputable and recognized third-party property manager with experience and expertise in managing market and income-restricted housing similar in size, scope, use and value as the residential development to be managed within the Project (and shall not be subject to a bankruptcy proceeding). Both market rate rental and income-restricted rental units will be managed by the same property management entity, unless otherwise approved by ESD. The property manager for the condominium units shall be determined by the Development Team, subject to ESD's approval, which shall not be unreasonably conditioned, denied, withheld or delayed.

6. Project Site

The Atlantic Yards project area is governed by the existing MGPP and encompasses approximately 22 acres in Prospect Heights, Brooklyn. The Project Site is generally bounded by Atlantic Avenue to the north, Dean Street to the south, Vanderbilt Avenue to the east, and Flatbush Avenue and 4th Avenue to the west (the **"Project Site"**). The Project Site includes all property located within the boundaries of the MGPP, including areas developed in Phase I and areas to be developed as part of Phase II.

The portion of the Project Site designated as "**Phase I"** is generally bounded by Flatbush Avenue to the west, Vanderbilt Avenue to the east, Dean Street to the south, and Pacific Street to the north. Phase I includes Blocks 1118, 1128, 1129, which consists of the Barclays Arena, and 8 residential buildings. Phase I buildings contain 3,212 total units, 1,374 of which are designated as affordable. It also features 3 acres of publicly accessible open space, managed by the Pacific Park Conservancy. The Phase I residential buildings were completed by 2023.

The portion of the Project Site designated as "**Phase II**" encompasses the remaining approved development areas. Phase II includes Blocks 1120 and 1121 (the "**Platform Sites**"), which consist of the rail yards between Atlantic Avenue and Pacific Street, from 6th Avenue to Vanderbilt Avenue. It also includes Block 927 or "**Site 5**", located at the intersection of Flatbush and 4th Avenues, as well as the westernmost portion of the Barclays Arena Plaza on Block 1118, or "**B1**". This MOU primarily applies to Phase II.

7. Previously Approved Plan (Total):

The previously approved MGPP permits up to 6,430 total residential units and 4,500 rental units. 2,250 rental units must be affordable for households earning between 30% and 165% of Area Median Income (AMI). The MGPP also allows for up to 1,930 condominium units, representing about 30% of the total unit count. In addition to residential uses, the MGPP approved ground floor community facility spaces, including a health care center and an intergenerational community center offering space for at least 100 children for publicly funded childcare and youth and senior activities. At full build-out, the approved MGPP calls for at least 336,000 GSF of commercial office space, 165,000 GSF of hotel use (approximately 180 rooms), and 247,000 GSF of retail space. Retail/community facility space is evenly divided among the buildings in each block. The Project as approved (Exhibit M) contemplated the provision of 1,065 total permanent parking spaces. Parking currently consists of 825 total spaces, comprised of 67 spaces on the arena block (B3), 290 spaces on B12, 165 spaces on B13, and 303 spaces at B14. Per Exhibit M, 240 spaces are contemplated for Site 5.

The previously approved MGPP and Design Guidelines call for eight acres of publicly accessible open space on the Project Site. A minimum of 2.0 and a maximum of 3.25 acres of the required publicly accessible open space shall be located on Block 1120. A minimum of 4.75 and a maximum of 6.00 acres of the required publicly accessible open space shall be located on the block created by Block 1121, Block 1129, and Pacific Street between Vanderbilt Avenue and Carlton Avenue. Additional open space, either private or publicly accessible, may be provided at the option of developer. As set forth in the Design Guidelines, the publicly accessible open space would be available for public use seven days a week, with reasonable closing hours, security and lighting. On the eastern end of the Project Site, Blocks 1121 and 1129 and the current intervening bed of Pacific Street would be combined to create a large unified, publicly accessible open space, while Block 1120 would have substantial open space on its southern edge. The publicly accessible open space would be easily accessed from the surrounding neighborhoods, with at least 60-foot-wide landscaped spaces extending to Atlantic Avenue to the north and to Pacific and Dean Streets to the south between each of the buildings.

8. Previously Approved Plan (Phase II)

Per the previously-approved MGPP framework, as set forth in the Design Guidelines and the latest Exhibit M of the Development Agreement, Phase II development is capped at a total of 4,139,128 Gross Square Feet (GSF) across the Platform Sites, B1, and Site 5. The core of Phase II consists of six buildings (B5 through B10) to be constructed upon a structural platform over the LIRR rail yards between 6th and Vanderbilt Avenues. These sites would also contain the remaining approximately five acres of the approved public open space.

These buildings are approved to range in height from 219 feet (B6) to 460 feet (B7), and total floor areas ranging from approximately 445,000 GSF to over 733,000 GSF. Located west of the Barclays Center, Building B1 is currently approved as the Project's tallest feature with a maximum height of 620 feet. With an approved 1,106,009 GSF, it is designated for a mix of commercial, office, and hotel uses. Site 5, situated at the intersection of Flatbush and 4th Avenues, is approved

for residential and commercial use. The current plan permits a building height of 250 feet and a total of 439,050 GSF for this site.

9. Phase II Proposal

The proposed Amended MGPP plan for Phase II prioritizes construction on solid ground sites, specifically Site 5 and B6, to allow for development independent of the Platform Sites and related infrastructure. This strategy is intended to accelerate the delivery of residential units and income-restricted housing. The proposal also accounts for technical constraints on the platform blocks, including the existing B5 foundations and the complex track configurations at Blocks 1120 and 1121.

GSF and Unit Count: The proposed plan would increase the Project's total size from approximately 8.0 million GSF to approximately 9.6 million GSF and the total unit count from 6,430 to approximately 8,800 units. Under this proposal, maximum building heights would be increased across all Phase II parcels.

Housing Program:

All income-restricted units within Phase II shall be permanently affordable. It is anticipated that the income-restricted housing program shall consist of the breakdowns below:

- Rental components of Site 5 and B6 would require: 25% of rental units in each building to set rents affordable to households earning an average of 60% of Area Median Income ("**AMI**", which is adjusted for household size), and no income restricted units' rent exceeding levels affordable to 100% of AMI, consistent with the affordability profiles of NYS Real Property Tax Law Sec. 485-x.
- Rental components of Sites B5 and B10 would require: 27.5% of rental units in each building to set rents affordable to households earning an average of 80% of AMI and with no less than 7.5% of such income-restricted units affordable to households earning 40% of AMI or below. No income restricted units' rent may exceed levels affordable to 120% of AMI.
- Rental components of B7 and B9 would require: 30% of rental units in each building to set rents affordable to households earning an average of 90% of AMI, and with no less than 7.5% of such income restricted units' rents affordable to households earning 40% of AMI or below. No income restricted units' rent may exceed levels affordable to 120% of AMI.
- A minimum of 30% of the total units in each building in Phase II must have 2 or more bedrooms. Based on site constraints, the Development Team may seek non-material adjustments to the requirement contained in the preceding sentence (and in reviewing such request, ESD shall not unreasonably condition, deny, withhold or delay approval), but in no case shall there be fewer than 30% of the units within each of the three components (Site 5, Block 1120, and Block 1121) having 2 or more bedrooms.

The income-restricted units will be governed by a Regulatory Agreement entered into with the Division of Housing and Community Renewal ("**HCR**") (or with another appropriate governmental authority) that, among other things, will dictate affordability requirements (including rental limits and marketing bands), monitoring, and compliance, and the payment of

any applicable monitoring fee to HCR. To the extent permitted under applicable laws, as well as NYC and NYS housing policy, the Parties will explore the incorporation of a community preference for some percentage of the income-restricted units, which will be subject to the final approval of ESD.

Community Space: The proposal anticipates a commitment to create at least 20,000 sq. ft. of non-residential and community-oriented spaces, which shall include an approximately 14,000 sq.-ft. intergenerational community center, and approximately 6,000 sq. ft. of additional public indoor space, which is accessible to the community. The Development Team shall submit to ESD a plan for the operations of community-oriented and public spaces as part of the Amended MGPP process.

Retail/Hotel/Parking/Other Nonresidential Space: The proposed plan anticipates up to approximately 233,000 GSF of retail and commercial space across all Phase II Parcels. On Site 5 the proposed plan would allow for a Hotel use of up to ~92,000 GSF as well as ~73,000 GSF of retail uses. On the Platform Sites, the proposed plan would allow for retail uses of ~68,000 GSF on the first and second floors. Additionally, sub-grade spaces may be utilized for commercial, mechanical, parking, back of house, and building service uses. Sub-grade GSF will not be included in the total GSF of the future developments. The proposed plan would not obligate the Development Team to construct a hotel, though it allows for the construction of a hotel on Site 5. Further, the proposed Phase II plan would also facilitate small retail and commercial spaces in the Phase II open space. With respect to the retail and commercial spaces, the Development Team will attempt to incorporate small, local retailers where feasible. The proposed parking plan will be defined and analyzed in the SSEIS and reflected in the amended MGPP.

Open Space: The open space plan is also proposed to be modified to provide more than five acres of public space within Phase II, including the conversion of Parcel B8 into a dedicated open space area instead of a building site. This would result in a total of greater than eight acres of open space across the Project Site, inclusive of Block 1129. The new open space may be managed by Pacific Park Conservancy. However, the Parties will evaluate as part of the Amended MGPP process other options for optimal management of the open space, including other non-profit groups and/or the NYC Department of Parks & Recreation.

See **Exhibit 1** for a summary table and site plan of the Phase II proposal.

10. Sustainability

The Development Team shall design energy efficient buildings that meet all applicable New York State and local building, energy, and sustainability codes, laws and regulations. These include but are not limited to the Climate Leadership and Community Protection Act and NYS All-Electric Buildings Law. In addition, the Development Team shall design and construct all buildings to LEED Building Design and Construction (BD+C) v4 Silver and Enterprise Community Partner's Green Communities standards or higher. For buildings that involve HCR partnership, the Development Team shall fully comply with HCR's Sustainability Design Guidelines.

11. Transaction Structure

Site 5 and Blocks 1120 and 1121 are currently subject to interim leases between ESD and the Development Team including terms governing Assignment, Transfer and Equity Interest Disposition. Subject to the required approvals described in this MOU, the Development Team shall enter into development leases with ESD for the Phase II sites in accordance with the Transaction Documents. The Development Team shall have the right to partner with or designate other entities to develop individual vertical sites, subject to prior written approval by ESD, which shall not be unreasonably conditioned, denied, withheld or delayed. Any such proposed partnerships or designations (under which a new Permitted Developer is designated for vertical development) shall be accompanied by certification of adherence to the material requirements of the MGPP with respect to such individual site subject to the form of certification with objective standards negotiated by the parties in the Transaction Documents.

12. Financing of Phase II.

As of the effective date of this MOU, the Development Team has presented ESD project underwriting for all of Phase II, including project underwriting for Site 5/Block 1120 that reflects a viable project. ESD's review of the underwriting for Phase II remains subject to all applicable reviews and approvals outlined in Section 2 above.

Public funding: The Block 1120 platform and infrastructure underwriting, which takes into account the affordability requirements of Section 9 of this MOU, is contingent on New York State funding resources in the amount of $350MM. As of the effective date of this MOU, $175MM of public funding has been appropriated to fund the Project, and ESD is working to identify the remaining $175MM, which the parties agree is necessary to fund the Block 1120 platform and infrastructure. Following execution of this MOU, the parties shall endeavor in good faith to negotiate and execute the necessary instruments to allow use of the appropriated funds, including a funding agreement that requires a showing of full capitalization before funds are dispersed. The parties anticipate that the $350MM of public funding resources outlined in this MOU are the sole state financial contribution to Block 1120 Platform and infrastructure.

Updates: The Development Team shall submit to ESD Block 1120 Platform underwriting updates on a twice annual basis (every six months) until the initial disbursement of funds. Updates will reflect any material changes to the Block 1120 underwriting presented to ESD prior to execution of this MOU.

Further ESD Review: In the event that there are (a) material changes to Phase II requiring an amendment to the Amended MGPP and/or (b) material changes proposed to the underwriting plan (as submitted to ESD immediately prior to the execution of this MOU) for the Block 1120 Platform, the Development Team shall ensure prompt updates (within 30 days) to underwriting to allow for ESD's review and approval. For the avoidance of doubt (a) material changes to the Block 1120 Platform budget that the Development Team or its affiliates committed to cover through identified alternative private sources shall not be grounds for ESD denials or objections; and (b) ESD shall not be responsible for any funding shortfalls that arise.

Other Reviews: This MOU addresses review of Phase II underwriting by ESD's Real Estate Division. Nothing in this MOU shall waive any rights of review or approval for vertical development of another agency, including standard reviews conducted by other ESD departments (e.g., Loans and Grants) and any customary reviews performed by HCR with respect to vertical developments HCR participates in.

The parties will negotiate standards for prior review and approval of the Phase II, Block 1121 underwriting plan in the Transaction Documents. In each case above the term "approval" shall mean ESD's approval, which shall not be unreasonably conditioned, denied, withheld or delayed.

13. Lease and Tax Payments.

The Parties recognize that Phase II will require certain exemptions in order to be financially feasible and to achieve the proposed affordability program, which exemptions shall be subject to any required approvals by governmental entities. As-of-right exemptions, PILOT structures or other measures will be considered to provide this exemption on both residential and nonresidential components of Phase II. The terms and conditions of any exemptions would be established as part of the Transaction Documents. As noted in Section 12 above, the PILOT and tax payments outlined in the underwriting plan submitted to ESD by the Development Team prior to the MOU are essential to the viability of Phase II (for both ESD and the Development Team) and the parties agree that these PILOT estimates shall remain (in tax, lease or other payment form) unless material modifications to the Housing Program require modification thereto.

The residential rental portion of the Phase II may utilize a ground lease and/or PILOT exemption structure to provide a full exemption (not including the payments set forth in the final underwriting plan approved prior to this MOU) for 40 years.

If a PILOT structure is utilized, it is anticipated that the commercial components of Phase II may be exempt from property taxes pursuant to a ground lease and/or PILOT structure under the UDC Act only to the extent as would be permitted by the version of the New York City Industrial and Commercial Abatement Program in effect as of the date of this MOU.

Under a payment-in-lieu-of or ground lease (or similar) structure, it is anticipated that Phase II shall be exempt from payment of PILOST and PILOMRT. The PILOMRT would allow for an exemption from mortgage recording taxes for construction financing on the Platform Components and Vertical Developments. The PILOST would allow for an exemption from required sales taxes. ESD reserves the right to structure PILOST and PILOMRT programs as exemptions and/or payments to maximize benefit to Phase II.

14. Project Schedule, Coordination, and Accountability Measures.

The Parties acknowledge and agree that the current timeframes set forth in the Project Documentation for commencement and construction of Phase II will be extended. The Project shall be developed in a specific sequence designed to prioritize the delivery of income-restricted housing units alongside critical Platform infrastructure (although the parties agree that the sequence may be subject to certain adjustments to ensure timely Project completion and to take into account potential market changes and logistical efficiencies of projects with similar infrastructure and coordination needs).

ESD and the Development Team will negotiate Transaction Documents that will include the following structure of accountability to ensure that the Development Team is delivering the intended community benefits (taking into account the complexity of multi-phased, mixed-use infrastructure and high rise development in an urban environment similar to the Project). The Transaction Documents shall reflect the following sequencing requirements and milestones (individually, a "Milestone" and, collectively, the "Milestones"):

1. Subject to the completion of the funding agreement, commence[1] the Block 1120 Platform prior to obtaining the initial TCO of residential condominium or hotel units on Site 5.
2. Obtain the initial TCO for income-restricted units on Site 5 prior to obtaining an initial TCO for Site 5 residential condominium units or a hotel.
3. Obtain the initial TCO for the B6 vertical development prior to obtaining an initial TCO for both the B5 vertical development and the B7 vertical development.
4. Refrain from completion of any transfer of B5 or B7 until the Block 1120 Platform has been commenced.
5. Refrain from completion of any transfer of B9 or B10 until the Block 1121 Platform has commenced, which commencement shall include an identified capitalization of the B8 open space.
6. Complete the B8 open space prior to obtaining an initial TCO for the B9-vertical development.
7. Block 1120 Platform: Complete by 12/31/2032. A one-year extension is available with a $500,000 contribution to the affordable housing trust fund and ESD; a second, one-year extension is available with a $1,000,000 contribution to the affordable housing trust fund; further extensions will be available based on the Development Team's diligent efforts to prosecute development completion, in ESD's reasonable discretion. Failure to comply with this milestone may result in default for the platform and vertical portions of Block 1120 which have not commenced.
8. Block 1120 Buildings: Complete all obligations of Site 5 and Block 1120 by 12/31/2037, with same extension structure noted in Milestone 7 above. Failure to comply with this milestone may result in default on the portion of Site 5 and/or Block 1120 causing such failure.
9. Block 1121 Buildings: Complete (1) by 12/31/2040 assuming a funding agreement for Block 1121 has been timely executed with same extension structure noted in Milestone 7 above; and (2) further by 12/31/2042 regardless of completion of funding

[1] In the case of Platform work, commencement shall mean that the MTA Notice to Proceed has been issued. In the case of vertical development, commencement shall mean that work has begun under at least one work type under the New Building permit, which DOB has approved. In either case, commencement shall also mean that the component is fully-capitalized.

agreement. Failure to comply with this milestone may result in default on Block 1121.

Prior to the execution of any development lease for the vertical construction on Block 1121, the Development Team shall have commenced all vertical portions of Site 5 and Block 1120 (and substantial completion of B6 subject to any final MTA approvals) in accordance with the requirements of the MGPP. Failure to comply with any Milestone concerning Block 1120 or Site 5 may result in a default or a pause on Block 1121.

Failure to comply with any of the Milestones above may result in ESD's requiring replacement of general contractors or other consultants.

15. MGPP Approvals.

ESD intends to subject the Project to a comprehensive review of all programmatic and design elements. This will include consultation with applicable City and State agencies. In completing its review, ESD will request, and the Development Team will provide, all necessary design, planning, and engineering documents.

The proposed program is subject to public review and approvals, "**MGPP Approvals**", including but not limited to:

- Adoption of Design Guidelines for the Project (the "**Design Guidelines**");
- Adoption and affirmation of Amended MGPP. The Amended MGPP, among other things, will define Project parameters, reference the Design Guidelines, describe environmental review findings, override local zoning, and outline the Project's anticipated public benefits, including public realm improvements, job creation, and economic development;
- Compliance with the State Environmental Quality Review Act ("**SEQRA**"), including preparation of a second supplemental environmental impact statement ("**SSEIS**") and adoption of SEQRA findings by all applicable government authorities;
- Approval of the transaction terms by the ESD board pursuant to the UDC Act; and
- Public Authorities Control Board ("**PACB**") approval, as applicable.

16. Pre-conditions to Development Lease Closing.

The Development Team and ESD anticipate the following pre-conditions with respect to the relevant Platform or parcel to be achieved by the Development Team prior to execution of a development lease (such execution being, a "**Closing**"):

- Approval by MTA of all applicable documents;
- Approval by ESD of Design Guidelines Compliance Package;
- Evidence of securing a New Building plan approval from the New York City Department of Buildings;
- Evidence of financing for the portion of Phase II subject to such Closing that is reasonably satisfactory to ESD ("**Financial Requirements**"); and
- Other pre-conditions agreed to by parties and necessary to effectuate purposes and intent of this MOU.

17. Coordination of MTA Agreements and Oversight.

Except to the extent modified by mutual agreement with MTA, the Development Team shall continue to make MTA air rights payments annually, on June 1st. The Development Team anticipates negotiating with MTA concerning amendments to relevant MTA Project Documents. ESD is aware that MTA requirements must be aligned with the Amended MGPP, the Financial Requirements, the Transaction Documents, and the intent and purpose of this MOU.

18. Community Engagement and Public Announcements

The Parties will work collaboratively and coordinate all activities regarding community engagement during the process.

The Parties agree to assign construction monitoring and quality of life point people upon commencement of construction. To ensure responsive communication, the Development Team commits to establishing a staffed dedicated phone number and email address for residents who may be affected by construction activities. The Development Team will hold quality-of-life meetings with the community to receive feedback and establish processes for collecting and addressing community concerns and comments.

The Development Team agrees to attend community engagement meetings, including quality of life and Atlantic Yards Community Development Corporation (AYCDC) meetings, upon ESD's reasonable request. ESD and the Development Team agree to cooperate and coordinate with respect to any public announcement or public disclosure of the terms of the transaction described in this MOU or of any information of any type or nature given by one Party to the other Party (or otherwise obtained) relating to the transaction described in this MOU. At ESD's request, the Development Team will host stakeholder feedback sessions, with the public, during the approvals process. The Development Team will not make any public announcement or other disclosure of terms of the Transaction Documents without ESD's prior written approval.

19. Labor, Minority and Women-Owned Businesses, Local Residents.

ESD and the Development Team are dedicated to furthering the participation of organized labor, minority and women-owned businesses and the hiring of minorities, women and local residents with respect to the Project and agree to establish a mutually acceptable program to facilitate that goal, including without limitation, a new Project Labor Agreement per the terms of the draft PLA MOU provided to ESD for review prior to this MOU.

Further, ESD's Office of Contractor and Supplier Diversity ("OCSD") Minority and Women-Owned Business Enterprises ("MWBE") Participation Policy as stated in Form OCSD-1 will apply to Phase II. The overall Minority- and Women-owned Business Enterprise ("MWBE") participation goal for Phase II shall be no less than 30% of total eligible project costs, divided between New York State or City certified Minority-Owned Business Enterprise ("MBE") participation and New York State certified Women-owned Business Enterprise ("WBE") participation in a proportion agreed upon by ESD. The Development Team will use Good Faith Efforts (pursuant to 5 NYCRR Section 142.8) to maximize participation of MBEs and WBEs. The

Development Team also agrees to comply with ESD's Non-Discrimination Policy and will ensure material and ongoing participation of MWBEs in the Phase II's operational workforce.

Final MWBE requirements and local hiring goals shall be incorporated into the Transaction Documents.

Please execute this MOU below to indicate your acknowledgement of, and agreement to, the foregoing.

Very truly yours,

NEW YORK STATE URBAN DEVELOPMENT CORPORATION d/b/a EMPIRE STATE DEVELOPMENT CORPORATION

By: _____
Name:
Title:

BROOKLYN ASCENDING OWNER LLC
a Delaware limited liability company

By: Brooklyn Ascending Mezz, LLC
its sole member

By: Brooklyn Ascending Landco LLC,
its sole member

By: Cirrus Ascending Brooklyn Owner, LLC,
its Manager

By: _____
Name:
Title:

EXECUTION VERSION

Please execute this MOU below to indicate your acknowledgement of, and agreement to, the foregoing.

Very truly yours,

NEW YORK STATE URBAN DEVELOPMENT CORPORATION d/b/a EMPIRE STATE DEVELOPMENT CORPORATION

By: _____
Name:
Title:

BROOKLYN ASCENDING OWNER LLC
a Delaware limited liability company

By: Brooklyn Ascending Mezz, LLC
its sole member

By: Brooklyn Ascending Landco LLC,
its sole member

By: Cirrus Ascending Brooklyn Owner, LLC,
its Manager

By: _____
Name: Joseph McDonnell
Title: Authorized Signatory

PACIFIC PARK SITE 5 DEVELOPER, LLC
a Delaware limited liability company

By: Site 5/B1 Holding LLC
a Delaware limited liability company

By: _____
Name: Joseph McDonnell
Title: Authorized Signatory

Please execute this MOU below to indicate your acknowledgement of, and agreement to, the foregoing.

Very truly yours,

NEW YORK STATE URBAN DEVELOPMENT CORPORATION d/b/a EMPIRE STATE DEVELOPMENT CORPORATION

By: _____
Name: Hope Knight
Title: President & CEO

BROOKLYN ASCENDING OWNER LLC
a Delaware limited liability company

By: Brooklyn Ascending Mezz, LLC
its sole member

By: Brooklyn Ascending Landco LLC,
its sole member

By: Cirrus Ascending Brooklyn Owner, LLC,
its Manager

By: _____
Name:
Title:

Exhibit 1 – Phase II Proposal

Table 1

Proposed Project Development Program—Option 1 (with Site 5 Hotel)

Project Component	Block 927	Block 1120			Block 1121			Total
	Site 5	B5	B6	B7	B8	B9	B10	
Residential (gsf)	1,263,929	633,029	909,394	908,924	-	823,343	749,287	**5,287,906**
Total Dwelling Units	1,223	700	1,000	895	-	792	810	**5,420**
Hotel (gsf)	91,733	0	0	0	-	0	0	**91,733**
Hotel Keys	180	0	0	0	-	0	0	**180**
Retail (gsf)	72,981	22,858	13,466	7,511	-	9,426	15,128	**141,370**
Community Facility (gsf)	0	3,000	17,000	0	-	0	8,000	**28,000**
Parking/BOH/Service (gsf)	28,876	30,503	18,647	17,576	-	21,887	21,005	**138,494**
Accessory Parking Spaces	240	0	0	0	-	0	0	**240**
Total (gsf)	**1,457,518**	**689,389**	**958,508**	**934,012**	-	**854,656**	**793,420**	**5,687,503**
Open Space (acres)	**0**	**0.73**	**0.83**	**0.68**	**1.47**	**0.98**	**0.87**	**5.56**
Total Number of Stories	**76**	**43**	**64**	**65**	-	**55**	**46**	-
Height above grade (feet)	**799**	**452**	**650**	**684**	-	**569**	**463**	-

Notes: gsf = gross square feet; building heights do not include mechanical bulkhead

Table 2

Proposed Project Development Program—Option 2 (without Site 5 Hotel)

Project Component	Block 927	Block 1120			Block 1121			Total
	Site 5	B5	B6	B7	B8	B9	B10	
Residential (gsf)	1,360,606	633,029	909,394	908,924	-	823,343	749,287	**5,384,583**
Total Dwelling Units	1,403	700	1,000	895	-	792	810	**5,600**
Hotel (gsf)	0	0	0	0	-	0	0	**0**
Hotel Keys	0	0	0	0	-	0	0	**0**
Retail (gsf)	68,037	22,858	13,466	7,511	-	9,426	15,128	**136,426**
Community Facility (gsf)	0	3,000	17,000	0	-	0	8,000	**28,000**
Parking/BOH/Service (gsf)	28,876	30,503	18,647	17,576	-	21,887	21,005	**138,494**
Accessory Parking Spaces	240	0	0	0	-	0	0	**240**
Total (gsf)	**1,457,518**	**689,389**	**958,508**	**934,012**	-	**854,656**	**793,420**	**5,687,503**
Open Space (acres)	**NA**	**0.73**	**0.83**	**0.68**	**1.47**	**0.98**	**0.87**	**5.56**
Total Number of Stories	**76**	**43**	**64**	**65**	-	**55**	**46**	-
Height above grade (feet)	**799**	**452**	**650**	**684**	-	**569**	**463**	-

Notes: gsf = gross square feet; building heights do not include mechanical bulkhead

EXAMPLE HOUSING PROGRAM - FOR ILLUSTRATIVE PURPOSES ONLY

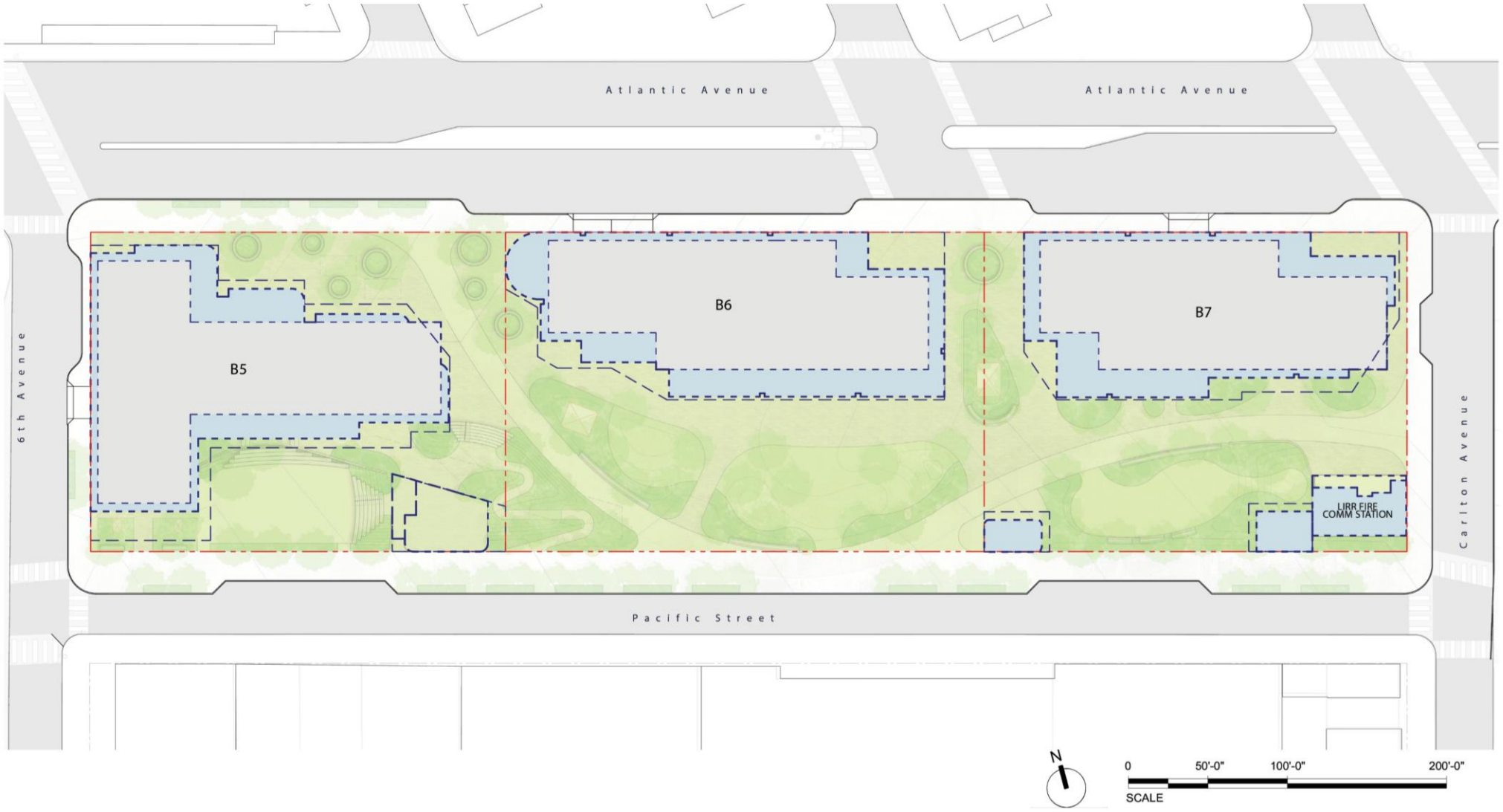
Project Component	Site 5		B5		B6		B7		B8	B9		B10		Total	
	Count	% of Rental	Count	% of Rental	Count	% of Rental	Count	% of Rental	-	Count	% of Rental	Count	% of Rental	Count	% of Rental
Rental Dwelling Units	1,030	100%	670	100%	979	100%	584	100%	-	518	100%	819	100%	4,600	100%
Affordable Units	*258*	*25.0%*	*184*	*27.5%*	*245*	*25.0%*	*175*	*30.0%*	-	*155*	*30.0%*	*225*	*27.5%*	*1,242*	*27.0%*
40% AMI	*52*	5.0%	*18*	2.7%	*74*	7.5%	*13*	2.2%	-	*12*	2.3%	*23*	2.7%	*191*	4.1%
60% AMI	*155*	15.0%	*46*	6.9%	*98*	10.0%	*35*	6.0%	-	*31*	6.0%	*56*	6.9%	*421*	9.2%
80% AMI	*52*	5.0%	*55*	8.2%	*74*	7.5%	*35*	6.0%	-	*31*	6.0%	*68*	8.2%	*314*	6.8%
100% AMI	*0*	0.0%	*46*	6.9%	*0*	0.0%	*35*	6.0%	-	*31*	6.0%	*56*	6.9%	*168*	3.7%
120% AMI	*0*	0.0%	*18*	2.7%	*0*	0.0%	*57*	9.7%	-	*51*	9.8%	*23*	2.7%	*148*	3.2%
Average Affordable AMI	60%		80%		60%		90%		-	90%		80%		74.6%	
Condo Dwelling Units	400		0		0		300		-	300		0		1,000	
Total Dwelling Units	1,430		670		979		884		-	818		819		5,600	

SITE PLAN – PHASE II PROPOSED

OVERALL

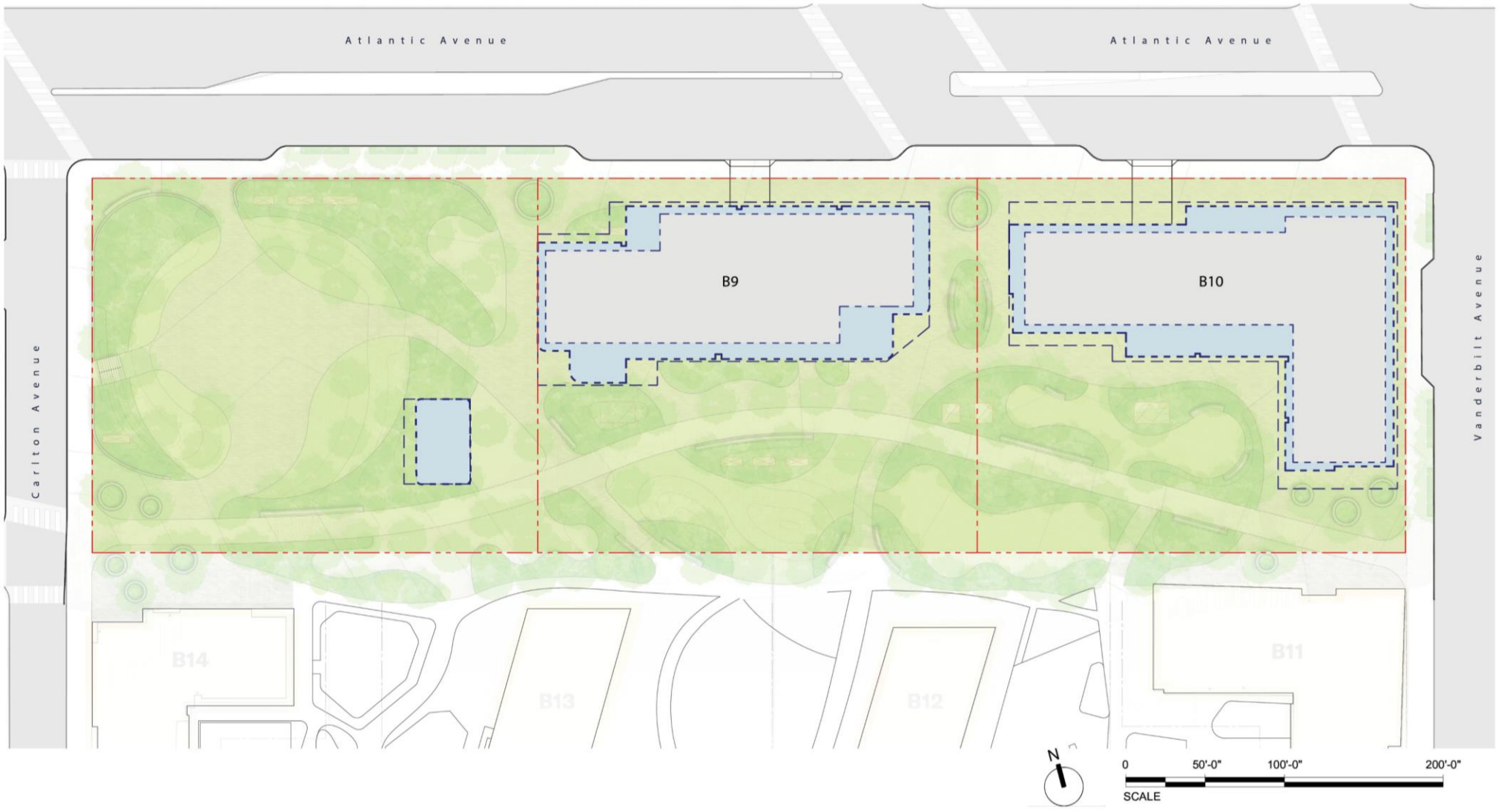
SITE PLAN

BLOCK 1120



SITE PLAN

BLOCK 1121

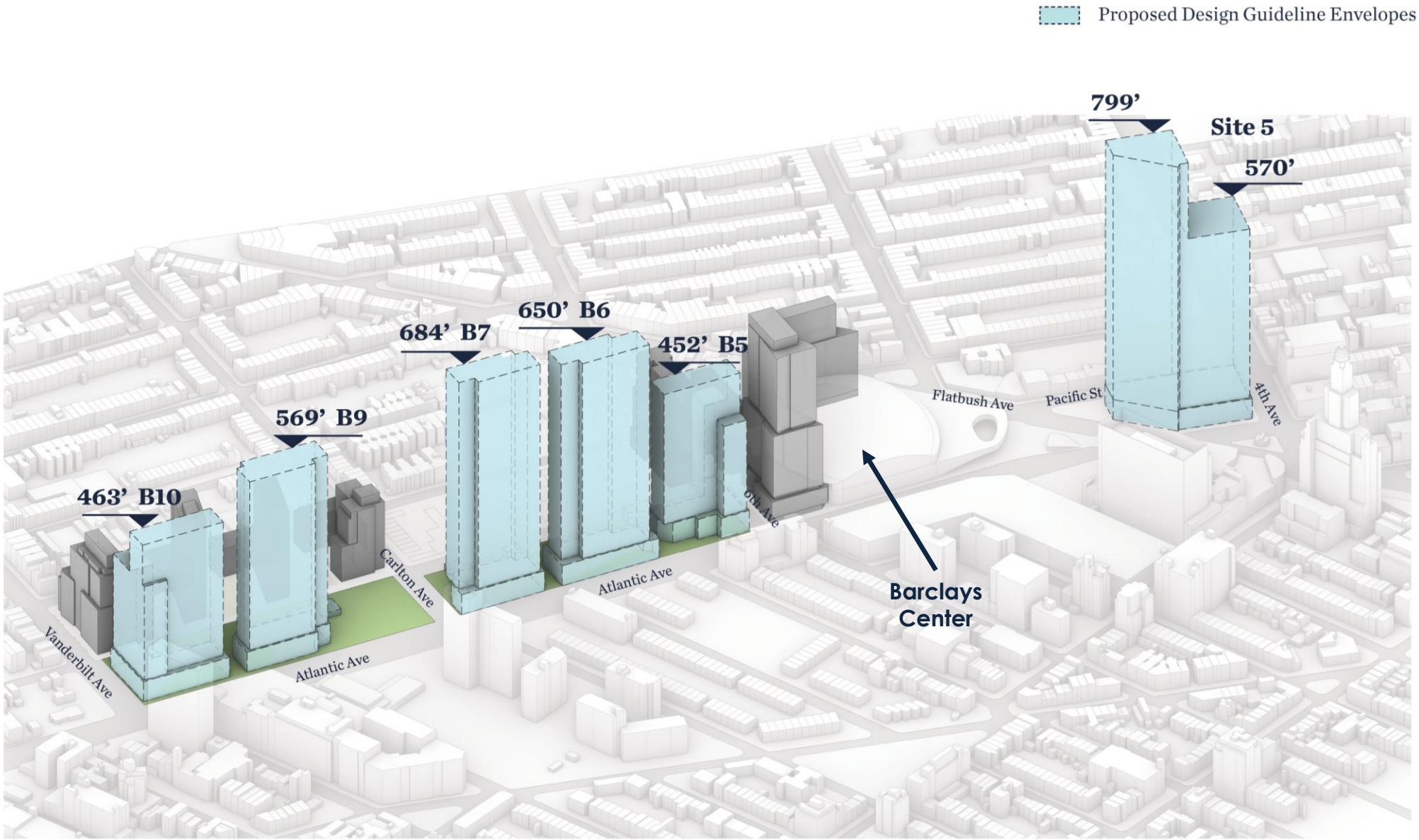


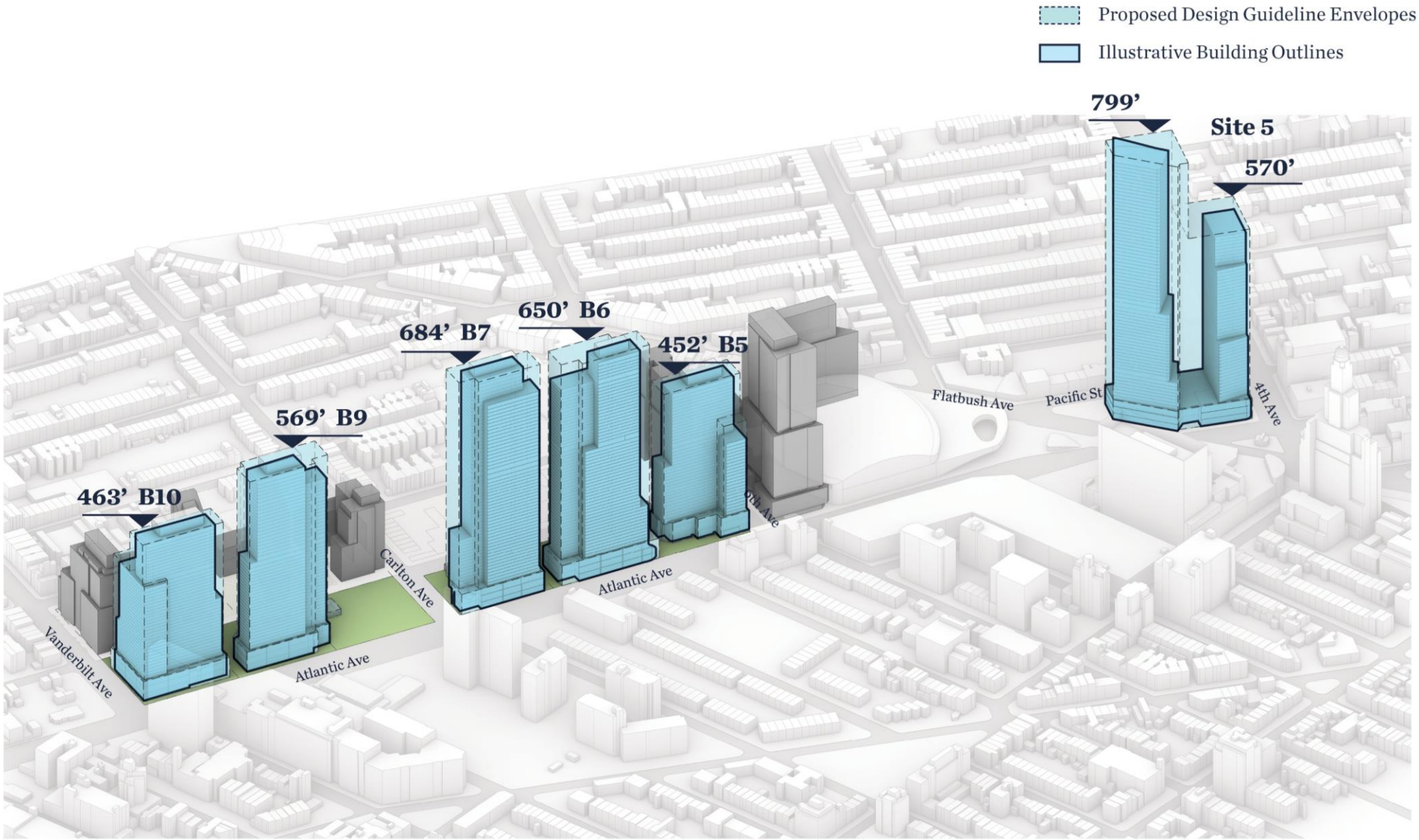
SITE PLAN

SITE 5

PROPOSED DESIGN GUIDELINE ENVELOPES

PHASE II BUILDINGS



ILLUSTRATIVE BUILDING OUTLINES

PHASE II BUILDINGS