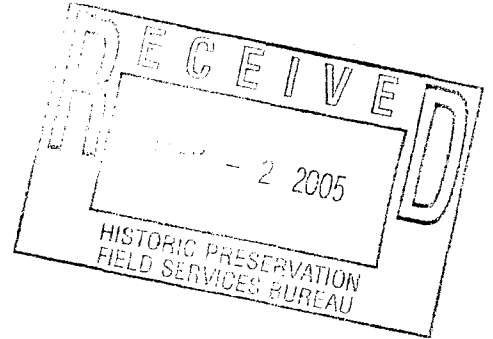


April 27, 2005

Ms. Ruth Pierpont
Director, Field Services Bureau
New York State Office of Parks,
Recreation and Historic Preservation
Peebles Island
P.O. Box 189
Waterford, NY 12188-0189



Re: Museum of Arts & Design at 2 Columbus Circle
New York, New York County

Dear Ms. Pierpont:

The Empire State Local Development Corporation anticipates authorizing funding through the Port Authority Transportation, Economic Development & Infrastructure Renewal Program in support of the above referenced project. Please find enclosed for your review:

1. Project Review Cover Form
2. City of New York's Environmental Assessment Statement, March 18, 2003, and Negative Declaration, March 26, 2003
3. The Existing Conditions of Two Columbus Circle Exterior Cladding, March 26, 2003
4. Building Services Assessment Report, January 2003
5. Existing Condition and Feasibility Study - Structural Considerations, January 20, 2003
6. Existing Condition/Feasibility Study, January 22, 2003
7. Water Damage Estimate Breakdown, October 23, 2003
8. CD of Images Showing Existing Conditions

We would appreciate your review of the enclosed materials. If you have any questions or require additional information, please do not hesitate to call me at 212-803-3253 or email me at skang@empire.state.ny.us. Thank you.

Sincerely,

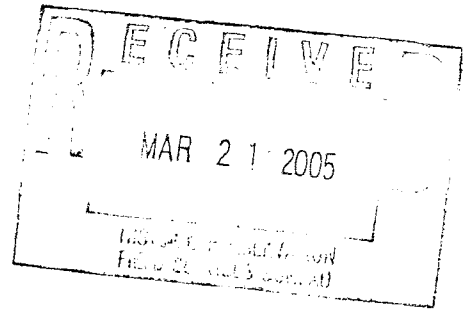
A handwritten signature in black ink that reads 'Soo Kang'.

Soo Kang
Senior Planner, Planning & Environmental Review

Enclosures

Cc: Laurie Beckelman, Museum of Arts & Design (w/o enclosures)

05 PR01407



March 17, 2005

Ms. Ruth Pierpont
New York State Office of Parks,
Recreation and Historic Preservation
Peebles Island
P.O. Box 189
Waterford, NY 12188-0189

Re: Museum of Arts & Design at 2 Columbus Circle
New York, New York County

Dear Ms. Pierpont:

Enclosed are hard copies of the Museum of Arts & Design project funding description and the Agreement between the Port Authority and Empire State Local Development Corporation (ESLDC) for the Transportation, Economic Development and Infrastructure Renewal (TEDIR) program, which were emailed to you today. I am sending them for your agency's review in anticipation of a project review request for the Museum of Arts & Design project at 2 Columbus Circle, which is being funded through the ESLDC under the TEDIR program. If you need any further information, please call me at 212-803-3253. Thank you.

Sincerely,

A handwritten signature in cursive script that reads "Soo Kang".

Soo Kang
Senior Planner
Planning & Environmental Review

Enclosures

Museum of Arts and Design Project Funding Description

A portion of the costs of the Museum of Arts and Design project (the "Project") will be reimbursed from a grant to be provided by the Empire State Local Development Corporation ("ESLDC") (subject, of course, to approval of the Project by the ESLDC Board of Directors), using grant funds provided by the Port Authority of New York and New Jersey ("PA"). Neither ESLDC nor the PA has an active role in project implementation. Rather, ESLDC will provide a portion of total project funding.

Project funding will come from a program of capital expenditure, in an aggregate amount not to exceed \$250 million, which program was authorized by the PA on June 2, 2000, for transportation, economic development and infrastructure renewal ("TEDIR") projects in that portion of the State of New York that lies within the Port Authority District. These projects are initially identified by the Governor of New York but must be concurred in, in writing, by the PA as consistent with, among other things, existing legislation affecting the PA and agreements with the holders of the PA's obligations. Moreover, as a condition to receiving TEDIR program funding, prospective grantees may be required to provide certain commitments to the PA. The TEDIR program was certified as a "facility" of the Port Authority at its meeting of November 21, 2002.

Certain projects being funded under the TEDIR program are being funded through the New York State Urban Development Corporation d/b/a Empire State Development Corporation ("ESDC") and others are being funded through the ESLDC. This Project is being funded through ESLDC, as stated above, as part of a number of economic development projects identified as critical for assuring the continued attractiveness of major cultural institutions as a source of tourism and center of community life for the City of New York (which is within the Port Authority District) in the aftermath of the events of September 11, 2001.

AGREEMENT

THIS AGREEMENT, made as of the 30th day of November, 2003 between THE PORT AUTHORITY OF NEW YORK AND NEW JERSEY, a body corporate and politic created by Compact between the States of New York and New Jersey with the consent of the Congress of the United States, having its principal office at 225 Park Avenue South, New York, New York 10003, hereinafter referred to as the "Port Authority," and the EMPIRE STATE LOCAL DEVELOPMENT CORPORATION, a local development corporation organized under the laws of the State of New York with its principal office located at 633 Third Avenue, New York, New York 10017, hereinafter referred to as "ESLDC";

WITNESSETH:

WHEREAS, the Board of Commissioners of the Port Authority, at its meeting of June 2, 2000, authorized a program of capital expenditures in an aggregate amount not to exceed \$250 million for transportation, economic development and infrastructure renewal projects in the State of New York, to be designated by the Governor of New York, said program being certified as a facility of the Port Authority at its meeting of November 21, 2002; and

WHEREAS, the Board of Commissioners of the Port Authority also authorized the Executive Director of the Port Authority to effectuate such projects consistent with existing legislation and agreements with the holders of the Port Authority's obligations; and

WHEREAS, the Port Authority and the Empire State Development Corporation ("ESDC") entered into a Master Agreement, as of March 14, 2003, governing the provision of capital funds for certain projects eligible to receive funds under the Board's authorization of June 2, 2000 (that agreement hereinafter referred to in this Agreement as the "Initial Agreement"); and

WHEREAS, Governor George E. Pataki of New York requested the Port Authority to provide funds from such authorization for certain projects identified in the Initial Agreement; and

WHEREAS, Governor Pataki requested that the Initial Agreement also provide for the designation by ESDC of additional projects eligible to receive funds under the Board's authorization of June 2, 2000; and

WHEREAS, among the projects for which Governor George E. Pataki of New York requested the Port Authority to provide funds are: 1) the purchase of the James A. Farley Post Office Building by ESDC from the United States Postal Service for the purpose of redeveloping the building as an intermodal railroad station; 2) replenishment of the Metropolitan Economic Revitalization Fund; 3) the development and staffing of

several ESDC Community Network Offices in the City of New York and; 4) the redevelopment of Governors Island (collectively, these four projects are referred to hereinafter as the "Initial ESDC Projects"); and

WHEREAS, the Port Authority and ESDC wish to terminate the Initial Agreement and replace it with this Agreement, which will pertain to the provision by the Port Authority of funding for the projects, other than the Initial ESDC Projects, approved for funding in the Initial Agreement and to any additional projects that become eligible to receive funds under the terms of this Agreement; and

WHEREAS, funding for the Initial ESDC Projects and any additional projects that become eligible to receive funds under the terms of the ESDC Agreement will be governed by a separate new agreement to be entered into between the Port Authority and the ESDC,

NOW, THEREFORE, the Port Authority and ESLDC hereby agree as follows:

SECTION A – TERMINATION OF INITIAL AGREEMENT

Upon execution of this Agreement and the ESDC Agreement, the Initial Agreement is terminated, and all the terms and provisions of the Initial Agreement shall be null and void.

SECTION B – PROJECTS

Each Initial ESLDC Project, as defined in Section C hereof and described in Schedule A attached hereto, and any future eligible project included in this Agreement pursuant to Section E hereof, shall be a "Project" under this Agreement; such projects are hereinafter collectively in this Agreement referred to as the "Projects."

Any entity receiving funds from ESLDC under this Agreement for the effectuation of a Project is hereinafter referred to in this Agreement as a "Receiving Entity."

"Project Expenditure Authorization" shall be for each Project the maximum amount that the Board of Commissioners of the Port Authority has been advised may be expended for such Project.

SECTION C – INITIAL ESLDC PROJECTS

The Initial ESLDC Projects under this Agreement are the Projects described on Schedule A attached to this Agreement. The descriptions and other terms and conditions set forth in Schedule A are hereby made a part of this Agreement as if fully set forth in this Section C.

SECTION D – REQUISITION OF FUNDS FOR PROJECTS

On or about January 1, 2004 and every three months thereafter beginning April 1, 2004, ESLDC may transmit to the Port Authority a request for an amount equal to the total of the amounts ESLDC anticipates to disburse to Projects during the subsequent three-month period. Such request shall be made in the form of, and shall contain the information specified in, the Quarterly Request attached hereto as Schedule B. The Port Authority shall, within 15 business days, transfer to ESLDC an amount equal to the total amount requested in the Quarterly Request for the next quarter. Each Quarterly Request from ESLDC shall constitute a certification by ESLDC that the amounts requested for each Project are: (1) proper payments to be made under the provisions of this Agreement, (2) reasonably expected to be disbursed during the quarterly period covered by the Request, and (3) within the limits of the Project Expenditure Authorization for such Project. Under no circumstances shall the amounts payable by the Port Authority under this Agreement, when combined with the amounts payable by the Port Authority under the ESDC Agreement, exceed \$250 million. Any funding already provided by the Port Authority to ESDC for any of the Initial ESLDC Projects or any of the Initial ESDC Projects under the Initial Agreement shall be included in calculating whether the total \$250 million funding limitation and the Project Expenditure Authorization set forth in this Agreement have been reached. ESLDC understands and agrees that the Port Authority shall have no responsibility for verifying or confirming the use of any of the funds provided to ESLDC under this Agreement.

SECTION E – IDENTIFICATION OF FUTURE PROJECTS

ESLDC may at any time and from time to time identify, on behalf of the Governor of New York, projects in the portion of the Port District located in the State of New York, in addition to the Initial ESLDC Projects, for funding under this Agreement pursuant to the June 2, 2000 authorization of the Board of Commissioners of the Port Authority. Such identification shall be made in the form of the Project Letter Request attached hereto as Schedule C. No project for which a request is made by ESLDC shall become a Project under this Agreement unless and until such request has been concurred with in writing by the Port Authority, as provided for in the Project Letter Request. In this regard, ESLDC understands that the Projects to be eligible for funding under this Agreement must be consistent, among other things, with existing legislation affecting the Port Authority and agreements with the holders of the Port Authority's obligations. ESLDC also understands that future projects may require certain commitments to be made to the Port Authority by the Receiving Entity for such project as a condition for eligibility for funding under this Agreement, and that the Port Authority may require, as a condition for the inclusion of a project under this Agreement, that ESLDC and the Receiving Entity enter into an agreement with respect to such commitment in form and substance satisfactory to the Port Authority. Until further notice, each Project Letter Request shall be addressed to the Executive Director of the Port Authority at 225 Park Avenue South, 15th Floor, New York, New York 10003.

SECTION F – NO PORT AUTHORITY LIABILITY

The Port Authority shall have no responsibility of any kind for any agreement, contract, or project utilizing funds provided under this Agreement. Without limiting the generality of the foregoing, the Port Authority shall have no responsibility for the design, effectuation, maintenance, ongoing operation, or any other aspect (including all environmental matters) of any of the Projects or any contract entered into in connection with any of the Projects, nor shall the Port Authority have any responsibility or liability of any nature associated with any risks of other damages, to whomsoever occurring, arising out of or in any way connected with or related to any of the Projects or any agreement entered into in connection with any of the Projects, including without limitation the design, effectuation, maintenance, operation, or any other aspect (including all environmental matters) of any of the Projects. The Port Authority shall have no responsibility for providing any monies for any of the Projects except as provided in this Agreement.

SECTION G – REPORTING REQUIREMENTS

At the request of the Port Authority, which may be made at any time and from time to time, ESLDC shall provide to the Port Authority such reports, schedules, and documents with respect to utilization of the funds provided by the Port Authority and any other information that the Port Authority may reasonably request relating to any of the Projects.

SECTION H – GENERAL

1. The Port Authority may, upon reasonable notice, during regular business hours, examine all records of ESLDC or a Receiving Entity relating to any of the Projects or agreements entered into in connection with any of the Projects.

2. By execution, delivery, and performance of this Agreement, each party represents to the other that it has been duly authorized by all requisite action on the part of the Port Authority and ESLDC, respectively. This Agreement constitutes the legal, valid, and binding obligation of the parties hereto.

3. Without limiting the generality of Section F hereof, it is expressly understood and agreed that the Port Authority has not reviewed and shall not review any plans, specifications, drawings, or other similar documents relating to the work performed or to be performed in connection with the effectuation of any of the Projects or any agreement entered into in connection with or relating in any way to any of the Projects.

4. All disagreements under this Agreement shall be submitted to the Executive Director of the Port Authority and the President of ESLDC for their review and decision, which decision shall be binding upon the parties. In the event that the Executive Director of the Port Authority and the President of ESLDC shall disagree, then either party may seek all legal or equitable remedies to the extent permitted by applicable law.

5. Notices and any communications under this Agreement shall be in writing and sent certified mail, return receipt requested, and (other than Project Letter Requests) shall be directed as follows, or to such other address as the party receiving such notice shall have previously specified by notice to the party sending such notice:

(1) If to the Port Authority:

The Port Authority of New York and New Jersey
Newark Legal Center
One Riverfront Plaza – 9th Floor
Newark, NJ 07102

Attn.: A. Paul Blanco, Chief of Regional and Economic
Development

(2) If to ESLDC:

Empire State Local Development Corporation
633 Third Avenue
New York, NY 10017

Attn.: Kevin S. Corbett, President

6. This Agreement shall not be construed to create any rights on behalf of any person or entity other than the Port Authority and ESLDC. Neither this Agreement nor any rights or duties hereunder may be assigned or delegated by either party hereto without the written consent of the other party, and any such purported assignment or delegation shall be null and void and of no force or effect.

7. a) No Commissioner, director, officer, agent, or employee of the Port Authority shall be held personally liable under any provision of this Agreement or because of its execution or attempted execution or because of any breach or alleged breach hereof.

b) No Commissioner, director, officer, agent or employee of ESLDC shall be held personally liable under any provision of this Agreement or because of its execution or attempted execution or because of any breach or alleged breach hereof.

8. If any provisions of this Agreement shall be such as to destroy its mutuality or to render it invalid or illegal, then, if it shall not appear to have been so material that without it this Agreement would not have been made by the parties, it shall not be deemed to form a part hereof but the balance of this Agreement shall remain in full force and effect.

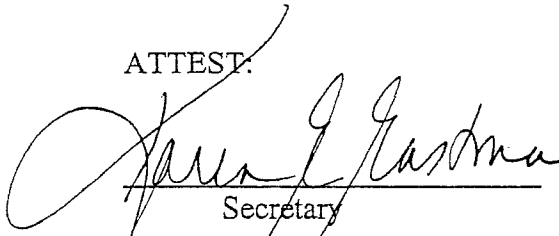
9. The entire agreement between the parties is contained herein and no change or modification, termination, or discharge of this Agreement shall be effective unless in writing and signed by the party to be charged therewith.

10. This Agreement shall be governed by and construed in accordance with the Laws of the State of New York, without reference to choice of law principles.

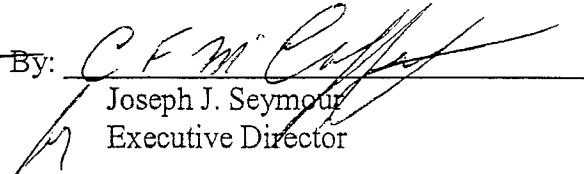
IN WITNESS WHEREOF, the parties hereto have caused this instrument to be signed, sealed, and attested.

ATTEST:

THE PORT AUTHORITY OF NEW YORK AND
NEW JERSEY


Secretary

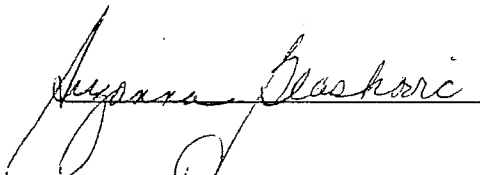
By:


Joseph J. Seymour
Executive Director

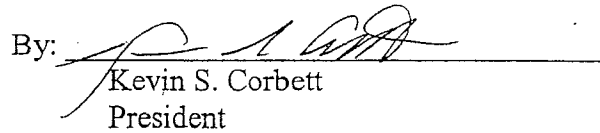
DATE: January 5, 2004

ATTEST:

EMPIRE STATE LOCAL DEVELOPMENT
CORPORATION


Suzanna Blaskovic

By:


Kevin S. Corbett
President

DATE: December 15, 2003

SUZANNA BLASKOVIC
NOTARY PUBLIC, State of New York
No. 01BL5079348
Qualified in Queens County
Commission Expires June 2, 2007

SCHEDULE A – PORT AUTHORITY / ESLDC AGREEMENT

INITIAL LIST OF APPROVED PROJECTS

Pursuant to Section B of the attached Agreement dated as of November 30, 2003 between the Port Authority and ESLDC, each of the following Projects are approved for funding subject to and in accordance with the provisions of said Agreement up to but not exceeding the amount specified for such project, which shall be the Project Expenditure Authorization (as defined in Section B of the attached Agreement) for such Project:

1. \$4 million toward planning and infrastructure improvements to the Hudson River Piers at 125th St. in New York City and immediately adjacent upland areas. It is intended that the Pier will provide a location for a ferry facility for eventual ferry service from West 125th Street to Midtown and Lower Manhattan. ESLDC certifies and agrees that Port Authority funds will not be used for the development of retail or recreational facilities.
2. \$2.5 million for planning, design and environmental remediation analysis in support of the planned 23-acre redevelopment of the Bush Terminal into a community destination park. ✓
3. \$6.15 million toward the development of the portion of a Bronx Borough Center Library/Latino & Puerto Rican Cultural Center to replace the existing Fordham Library Center. The new facility will serve as the main library for the growing Bronx population and provide for the cultural, educational, business and technological research needs of the Borough. The Library Center will focus its services on small business owners and entrepreneurs, and on technology and workforce training. No funds will be provided by the Port Authority for this Project unless and until ESLDC and the Library Center have entered into an agreement, in form and substance satisfactory to the Port Authority pursuant to which the Library Center will commit to provide research support to the Port Authority and users of its facilities, including Bathgate Industrial Park, through dedicated staff and other resources.
4. \$2 million for capital improvements to the piers, buildings and grounds of the site of the National Lighthouse Museum on Staten Island located next to the Staten Island Ferry Terminal. No funds will be provided by the Port Authority for this Project unless and until ESLDC and the National Lighthouse Museum have entered into an agreement, in form and substance satisfactory to the Port Authority, pursuant to which the Museum will commit to provide exhibition space from time to time for Port Authority sponsored exhibits. ✓

5. \$2 million for the development of a ferry landing and related improvements in the Rockaways in anticipation of the initiation of ferry service to Lower Manhattan

6. A \$34.7 million program (the "Program"), in response to the events of September 11, 2001, to help assure the continuation of planned projects and initiatives deemed critical by ESLDC for assuring the continued attractiveness of major cultural institutions as a source of tourism and center of community life for the City of New York. The following projects have been initially identified by ESLDC as projects under the Program and are hereby made Projects under this Agreement. The amount listed below for each of these Projects shall be the Project Expenditure Authorization for such Project; funds for each of these Projects shall be used primarily for planning, construction and related purposes in connection with such Project:
 - i) \$6.15 million to the New York Botanical Gardens for a new Visitor's Center;
 - ii) \$4 million to the New York Botanical Gardens for a new plant research laboratory;
 - iii) \$250,000 in connection with the redevelopment of Lincoln Center and the surrounding public areas and streets;
 - iv) \$3.5 million for the development of an auditorium to be used for Jazz at Lincoln Center programs;
 - v) \$2.3 million to the Brooklyn Academy of Music for neighborhood revitalization;
 - vi) \$2 million for the development of a Brooklyn Public Visual and Performing Arts Library;
 - vii) \$5 million for the expansion and renovation of the Museum of Modern Art Building on West 53rd St. in Manhattan;
 - viii) \$1 million for a new facility for the Roundabout Theatre in Manhattan;
 - ix) \$1 million for a new facility for the Alvin Ailey Dance Company;
 - x) \$1 million for a new facility for the Brooklyn Children's Museum in Crown Heights Brooklyn;
 - xi) \$1.5 million for a new facility in Manhattan for the American Craft Museum;
 - xii) \$6.5 million for the American Museum of Natural History for work in connection with the Frederick Phineas and Sandra Priest Rose Center for Earth and Space;
 - xiii) \$500,000 for the Guggenheim Museum for improvements to the Frank Lloyd Wright Building on Fifth Avenue.

SCHEDULE C – PORT AUTHORITY / ESLDC AGREEMENT

FORM OF PROJECT LETTER REQUEST

Dear _____:

As provided for in Section E of the Agreement between The Port Authority of New York and New Jersey (the “Port Authority”) and the Empire State Local Development Corporation (“ESLDC”) made as of November 30, 2003, (the “Agreement”), ESLDC, at the request of the Governor of the State of New York, hereby asks that the Port Authority concur in the addition of the project described below as an eligible Project under the Agreement:

[DESCRIPTION OF PROJECT—SHOULD INCLUDE AMOUNT
SOUGHT FOR THE PROJECT AND
THE IDENTITY OF THE ENTITY RECEIVING FUNDS FOR THE PROJECT]

ESLDC understands and agrees that all the provisions of the Agreement shall apply to the inclusion of the above-described project as an eligible Project under the Agreement and all references in the Agreement to “Project” or “Projects” shall be deemed to include the above-described project. When this letter is countersigned below, the amount of Port Authority funding requested for the Project shall constitute the Project Expenditure Authorization, as defined in the Agreement

Sincerely,

President
Empire State Local
Development Corporation

CONCURRED: THE PORT AUTHORITY OF NEW YORK AND NEW JERSEY

By: _____
Executive Director