



THE CITY OF NEW YORK
LAW DEPARTMENT
100 CHURCH STREET
NEW YORK, NY 10007

MICHAEL A. CARDOZO
Corporation Counsel

TERRI FEINSTEIN SASANOW
Senior Counsel
Phone:(212) 788-1282
Fax:(212) 788-8871
E-mail:TSasanow@law.nyc.gov

July 11, 2005

Franklin R. Weissberg, Esq.
Lowenstein Sandler PC
1251 Avenue of the Americas
New York, New York 10020

Re: **Siegmund Strauss, Inc. v. Strategic Development Concepts, Inc.,**

Dear Frank:

We have reviewed the document entitled "Finding Alternatives: Options for Keeping the Bronx Terminal Market in the Bronx" prepared by Susan S. Fainstein and James Connolly ("Proposal").

First, I am very disappointed that you chose to disregard my advice, both in court and on the telephone, that EDC is willing to help your clients relocate to off-site existing built space only. Based on our knowledge of today's market, we believe the best solution for the tenants is for them to relocate to existing built space, which we estimate will cost approximately \$8.00 to \$12.00 per square foot. Despite my advice, the Proposal makes no reference to existing built space and lists only sites that would require new construction. EDC will not consider construction of a new market. Unlike the situation at the Fulton Fish Market, the City is not the landlord of the tenants at Bronx Terminal Market, and has no obligation to provide relocation for them.

In addition, three of the sites in the Proposal — the "Southern Edge," "Western Edge" and "Eastern Edge" — involve a significant portion of the existing site. The current market cannot be re-built or remain on the existing site, as these locations are part of the proposed Gateway Center, and thus are already committed to alternative uses. Moreover, the Gateway Center requires the site's footprint for retail space, parking, and access to the waterfront. As is currently the case, your clients would require a significant amount of footprint to provide for ground-floor use and vehicular circulation. These uses are not only incompatible with a retail center, but are inconsistent with the City's goals of redeveloping this area and providing access and use of the waterfront.

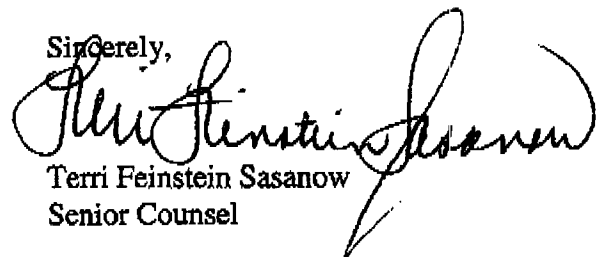
The three other sites — “St. Ann’s,” “Alexander” and “Block 2349” — included in the Proposal are not owned or controlled by New York City. (The “St. Ann’s site” is shown as owned by NYC; our understanding is that this property is owned by the State of New York and is under long-term lease to Harlem River Yard Ventures.) These sites, like the others, require new construction. As stated above, EDC is unwilling to consider that. Moreover, it will not acquire property that is privately owned, and can not acquire property owned by the State.

There are incentives available to assist industrial and distribution businesses. If your clients want to develop a newly-constructed building, we would be happy to explain these incentives, and to review your developer’s proposals. Based on our business knowledge, we believe that rents charged by a developer for newly constructed space would have to be at least \$20.00 per square foot to be viable.

Finally, as we have said many times, EDC is willing to assist your clients in relocating to existing built space within the five boroughs and has offered an \$8 million package to assist the relocation. EDC’s relocation consultant, Cornerstone Group, has identified numerous alternatives. EDC is more than willing to facilitate this effort. As we have maintained all along, alternative locations can include spaces that can accommodate groups of tenants that want to be located together. However, we need further information as to your clients’ spatial requirements, including what areas they are willing to relocate to, which other tenants they’d like to be located with, and a realistic estimate of how much they are willing to pay in rent. Cornerstone would be glad to provide a survey that will help capture this information, and enable them to assist your clients in pursuing appropriate locations.

If you and your clients truly want EDC’s help, you and they must be ready and willing to be realistic about what EDC can and will do.

Sincerely,



Terri Feinstein Sasanow
Senior Counsel

cc: Meredith J. Jones, Esq.