

RESOLUTION OF THE NEW YORK CITY INDUSTRIAL DEVELOPMENT AGENCY AUTHORIZING CERTAIN ADDITIONAL PROJECT LOCATIONS TO BE INCLUDED IN A PROJECT FOR THE BENEFIT OF THE HEARST CORPORATION AND CERTAIN AFFILIATES THEREOF; AUTHORIZING THE EXECUTION AND DELIVERY OF INTERIM COMPANY LEASE AGREEMENTS, INTERIM LEASE AGREEMENTS, INTERIM SUBLEASE AGREEMENTS, A PRELIMINARY SALES TAX LETTER; AUTHORIZING THE EXECUTION AND DELIVERY OF A DEED, A LEASE AGREEMENT (959 EIGHTH AVENUE), A LEASE AGREEMENT (959 EIGHTH AVENUE—PILOT PREMISES), THE LEASE AGREEMENTS, AN EQUIPMENT LEASE AGREEMENT, A PROJECT AGREEMENT, A PILOT AGREEMENT, A TAX AGREEMENT, A SALES TAX LETTER AND SUCH RELATED DOCUMENTS, AND AUTHORIZING OTHER MATTERS IN CONNECTION THEREWITH WITH RESPECT TO ITS STRAIGHT-LEASE TRANSACTION FOR THE BENEFIT OF THE HEARST CORPORATION AND CERTAIN AFFILIATES THEREOF

WHEREAS, the New York City Industrial Development Agency (the "Agency") is authorized under the laws of the State of New York, and in particular the New York State Industrial Development Agency Act, constituting Title 1 of Article 18-A of the General Municipal Law, Chapter 24 of the Consolidated Laws of New York, as amended, and Chapter 1082 of the 1974 Laws of New York, as amended (collectively, the "Act"), to promote, develop, encourage and assist in the acquiring, constructing, reconstructing, improving, maintaining, equipping and furnishing of industrial, manufacturing, warehousing, commercial, civic and research facilities and thereby advance the job opportunities, general prosperity and economic welfare of the people of the State of New York and to improve their prosperity and standard of living; and

WHEREAS, pursuant to a resolution adopted by the New York City Industrial Development Agency (the "Agency") on December 11, 2001, the Agency authorized The Hearst Corporation and certain of its affiliates (collectively the "Company") to undertake a project (the "Initial Project"), consisting of, among other things, (i) the construction, renovation, equipping, installation and maintaining by the Agency from time to time, pursuant to a "Straight-Lease transaction" as such term is defined in the Act, of certain commercial facilities consisting of improvements and renovations to certain fee and/or leasehold premises (the "Project Premises (Facility Improvements)"), and (ii) the acquisition, leasing, installation and maintenance from time to time of machinery, equipment, furniture, fixtures and other tangible personal property all to be undertaken, installed at certain fee and/or leasehold premises (the "Project Premises (Facility Equipment)"); and

WHEREAS, the Company has requested that the Agency authorize the following fee and/or leasehold premises as additional Project Premises (the "Amended Project") (i) in connection with tenant improvements, and the purchase and/or lease of machinery, equipment, furniture, fixtures and other tangible personal property at the following locations: approximately 67,800 square feet of office space on Floors 3-6, 11, 12, 14 and 18 at 1790 Broadway, New York, New York, and approximately

113,288 square feet of space on the Sub Concourse level and Floors 1-13 at 250 West 55th Street, New York, New York (the "Additional Project Premises (Facility Improvements)"), and (ii) in connection with the purchase and/or lease of machinery, equipment, furniture, fixtures and other tangible personal property at the following locations: approximately 90,010 square feet on Floors 20, 28, 30, 36-38 and 42 at 1700 Broadway, New York, New York; approximately 30,875 square feet of space of Floor 2 at 1755 Broadway, New York, New York; approximately 20,500 square feet of space on Floor 6 at 810 7th Avenue, New York, New York; approximately 2,100 square feet of space on Floor 6 at 230 Park Avenue, New York, New York; approximately 51,475 square feet of space on Floors 2, 4, 6, 13 and 27 at 888 7th Avenue, New York, New York; approximately 126,272 square feet of space on the Concourse Level and Floors 1-10 at 224 West 57th Street, New York, New York; and approximately 30,572 square feet of space on Floors 2 and 3 at 235 East 45th Street, New York, New York (the "Additional Project Premises (Facility Equipment)", together with the Additional Project Premises (Facility Improvements), the "Additional Project Premises"); and

WHEREAS, the Agency desires to authorize such Additional Project Premises; and

WHEREAS, the Company has advised the Agency that it is in the process of converting the Project Premises (959 Eighth Avenue) into a condominium form of ownership and has requested that the Agency provide a Preliminary Sales Tax Letter (the "Preliminary Sales Tax Letter") until such time when conversion is complete and the Company may enter into the Project Documents (as defined herein); and

WHEREAS, in order to provide the Preliminary Sales Tax Letter to the Company, the Agency will obtain a leasehold interest in the Project Premises (Facility Improvements) and the Additional Project Premises (Facility Improvements) (collectively, the "Facility Improvements"), pursuant to one or more Interim Company Lease Agreements (the "Interim Company Lease Agreements"), one or more Interim Lease Agreements (the "Interim Lease Agreements"), and/or one or more Interim Sublease Agreements (the "Interim Sublease Agreements", together with the Preliminary Sales Tax Letter, the Interim Company Lease Agreements, the Interim Lease Agreements, and the Interim Sublease Agreement, the "Interim Project Documents"); and

WHEREAS, upon completion of the condominium conversion, fee title to one or more condominium units (the "PILOT Premises") at the Project Premises (959 Eighth Avenue) will be transferred by the Company to the Agency pursuant to a deed (the "Deed") and the Agency will lease the PILOT Premises to the Company pursuant to a Lease Agreement (959 Eighth Avenue—PILOT Premises) (the "Lease Agreement (959 Eighth Avenue—PILOT Premises)"); and

WHEREAS, the City of New York and the Company may enter into a Tax Agreement (the "Tax Agreement") with respect to the assessment of the Project Premises (959 Eighth Avenue); and

WHEREAS, the Company will enter into a PILOT Agreement with the Agency (the "PILOT Agreement") whereby the Company will make certain payments in lieu of real estate taxes to The Bank of New York, as PILOT Trustee, with respect to the PILOT Premises; and

WHEREAS, leasehold title to one or more units (the "959 Eighth Avenue—Non-PILOT Premises") at the Project Premises (959 Eighth Avenue) will be transferred by the Company to the Agency pursuant to a Company Lease Agreement (959 Eighth Avenue) (the "Company Lease Agreement (959 Eighth Avenue)") and the Agency will sublease the 959 Eighth Avenue—Non-PILOT Premises to the Company pursuant to a Lease Agreement (959 Eighth Avenue) (the "Lease Agreement (959 Eighth Avenue)"); and

WHEREAS, in order to provide sales and use tax exemptions with respect to the Facility Improvements, the Agency will obtain a leasehold interest in the Facility Improvements, pursuant to one or more Company Lease Agreements (the "Company Lease Agreements"), one or more Lease Agreements (the "Lease Agreements"), and/or one or more Sublease Agreements (collectively, the "Lease Agreements"); and

WHEREAS, it is further proposed that the Agency and the Company will enter into an Equipment Lease Agreement (the "Equipment Lease Agreement") pursuant to which the Agency will lease to the Company all equipment and furniture acquired pursuant to the Preliminary Sales Tax Letter and/or the Sales Tax Letter (collectively, the "Sales Tax Letters") for installation at any of the Equipment Locations; and

WHEREAS, in order to provide certain covenants and agreements on the part of the Company, the Agency and the Company will enter into a Project Agreement (the "Project Agreement"); and

WHEREAS, in order to provide financial assistance to the Company for the Project, the Agency intends to grant the Applicant financial assistance through a straight-lease transaction in the form of sales and use tax exemptions, real property tax abatements and mortgage recording tax exemptions, all pursuant to the Act;

NOW, THEREFORE, NEW YORK CITY INDUSTRIAL DEVELOPMENT AGENCY HEREBY RESOLVES AS FOLLOWS:

Section 1. The Agency hereby authorizes the Initial Project and the Amended Project (collectively, the "Project") for the purposes set forth herein.

Section 2. To accomplish the purposes of the Act and to provide financial assistance to the Company for the Project, a straight-lease transaction is hereby authorized subject to the provisions of this Resolutions and the Agency Documents hereinafter authorized.

Section 3. The Agency is hereby authorized to enter into such agreements with the Company, including, without limitation, a Preliminary Sales Tax Letter, the Interim Company Lease Agreements, Interim Lease Agreements and/or the Interim Sublease Agreements, each being substantially in the form approved by the Agency for prior transactions (collectively, the "Interim Project Documents"), and such other documents as the Chairman, Vice Chairman, Executive Director, Deputy Executive Director, General Counsel or Vice President for Legal Affairs and such other authorized representatives of the Agency (the "Agency Officers") may deem necessary in order to accomplish the above. The execution and delivery of the Interim Project Documents by one or more Agency Officers shall be conclusive evidence of due authorization and approval of such Interim Project Documents in their final form.

Section 4. With respect to the Project Premises (Facility Equipment), the Additional Project Premises (Facility Equipment) (collectively, the "Equipment Locations") and the Facility Improvements (other than the Project Premises (959 Eighth Avenue)), the Agency, as lead agency, hereby determines, based upon information furnished to the Agency by the Company and such other information as the Agency has deemed necessary to make this determination, that the Project, a Type II action, pursuant to the State Environmental Quality Review Act, being Article 8 of the New York State Environmental Conservation Law and the implementing regulations, will not have a significant effect on the environment and that a Draft Environmental Impact Statement will not be prepared. The reasons supporting this determination are as follows:

(a) The Agency is issuing this determination pursuant to the State Environmental Quality Review Act (SEQRA) (Article 8 of the Environmental Conservation Law) and implementing regulations contained in 6 N.Y.C.R.R. Part 617. This determination is based upon the Agency's review of information provided by the Company and such other information as the Agency has deemed necessary and appropriate to make this determination.

(b) The Agency has determined that the proposed Amended Project is a Type II action pursuant to 6 N.Y.C.R.R. Part 617.5(C)(25) which will not result in adverse environmental impacts requiring the preparation of an Environmental Impact Statement.

Section 5. The construction of a new office tower at the Project Premises (959 Eighth Avenue) (the "Hearst Tower") was subject to an Environmental Impact Statement issued by the New York City Planning Commission (the "Hearst Tower Project Final Environmental Impact Statement" or "FEIS") for which a Notice of Completion was issued on October 17, 2002.

The Agency, as an involved agency, is issuing this determination pursuant to the State Environmental Quality Review Act (SEQRA) (Article 8 of the Environmental Conservation law) and implementing regulations contained in 6 N.Y.C.R.R. Part 617. This determination is based upon the Agency's review of information provided by the Company, and such other information as the Agency has deemed necessary and appropriate to make this determination. With respect to the Hearst Tower Project, the following environmental effects are anticipated:

(a) Land Use, Public Policy, and Zoning

The proposed Hearst Tower would be compatible with and supportive of the existing land uses in the area. The size and scale of the project will also be consistent with neighboring buildings. While the intensity of use on the project site would change, the land use remains the same, and no significant adverse land use impacts are anticipated. The Company will seek a special permit pursuant to Sections 81-292 and 74-634 of the New York City Zoning Resolution for a floor area bonus of 3.0 FAR in conjunction with subway improvements. The additional FAR will create a total of 18.0, which is consistent with the site's C6-6 zoning and the density of neighboring modern buildings around the site. Thus, the Hearst Tower will not have any significant adverse impacts on land use, public policy and zoning.

(b) Historic Resources

The proposed Hearst Tower would require demolition or alteration of portions of the existing building. The building would become a long, slender tower above a wider base, as was the original intention when originally built. Construction of the Hearst Tower will, therefore, fulfill the original intent for the existing building to be a base for a larger structure. The New York City Landmarks Preservation Commission (LPC) granted a Certificate of Appropriateness for the Hearst Tower. LPC also concluded that the project site, including the subway improvements area, has no archaeological significance and that an archaeological analysis is not warranted. Overall, the proposed Hearst Tower will not have a significant adverse impact on architectural and archaeological resources.

(c) Urban Design and Visual Resources

The proposed Hearst Tower is consistent with other developments north and west of the project site. The contemplated materials of the proposed tower, glass and metal, would be similar to those of towers in the surrounding area, while the existing building to remain would relate more to the older brick

and masonry structures in the area and would maintain the existing streetwall. The Hearst Tower would be prominent in surrounding views due to its height, which is similar to the other large-scale buildings in the area. Based on the foregoing, there would be no significant adverse impacts on urban design and visual resources as a result of the proposed project.

(d) Traffic and Transportation

The proposed Hearst Tower is expected to create vehicular traffic impacts: 12 impacts at 9 intersections in the AM peak period, 10 impacts at 8 intersections in the midday peak period, and 10 impacts at 9 intersections in the PM peak period. The implementation of the proposed mitigation measures would fully mitigate the impacts. Mitigation measures include shifting green time on traffic lights, creating exclusive right-turn and left-turn lanes at certain intersections, restriping roads to create additional lanes, and developing new signal timing plans at certain locations. In addition, the intersection of Eighth Avenue and Broadway at West 57th Street would experience significant safety impacts. A high visibility crosswalk as per *Manual on Uniform Traffic Control Devices (MUTCD)* specifications should be provided. To mitigate the safety impact at the intersection of Broadway and West 57th Street, regulatory sign "Turning Traffic Must Yield to Pedestrians" and Warning sign W11-2 as per MUTCD specifications should be installed at all approaches. These measures in place shall be adequate to mitigate any significant adverse impacts on traffic and transportation.

Findings

Having considered the FEIS, the Notice of Completion, EAF and related materials, and having considered the preceding written facts and conclusions relied upon to meet the requirements of 6 N.Y.C.R.R. Part 617.9, the Agency hereby finds that:

- (1) The requirements of 6 N.Y.C.R.R. have been met;
- (2) Consistent with the social, economic and other essential considerations from among the reasonable alternatives available, the action approved is one that avoids or minimizes adverse environmental impacts to the maximum extent practicable, including the effects disclosed in the environmental impact statement and subsequent environmental reviews; and
- (3) Consistent with social, economic and other essential considerations, to the maximum extent practicable, adverse environmental impacts revealed in the environmental impact statement and subsequent environmental reviews would be minimized or avoided by incorporating as conditions to the decision those mitigation measures which were identified as practicable.

Section 6. The execution and delivery of the Deed, the Lease Agreement (959 Eighth Avenue), the Lease Agreement (959 Eighth Avenue—PILOT Premises), the Equipment Lease Agreement, the Lease Agreements, the Project Agreement, the PILOT Agreement, a Tax Agreement, the Sales Tax Letter, any leases, bills of sale or other instruments relating to the Project Premises (959 Eighth Avenue), the Facility Improvements and the Equipment Locations (collectively the "Project Premises") or any other documents related thereto and authorized hereby (collectively, the "Project Documents"), each being substantially in the form approved by the Agency for prior transactions, is hereby authorized and each of the Agency Officers is hereby authorized to execute, acknowledge and deliver each such Project Documents in the name of the Agency. The execution and delivery of the Project Documents by one or more Agency Officers shall be conclusive evidence of due authorization and approval of such Project Documents in their final form.

Section 7. All covenants, stipulations, obligations and agreements of the Agency contained in this Resolution, the Interim Project Documents and the Projects Documents (collectively, the "Agency Documents") shall be deemed to be the covenants, stipulations, obligations and agreements of the Agency to the full extent authorized or permitted by law, and such covenants, stipulations, obligations and agreements shall be binding upon the Agency and its successors from time to time and upon any board or body to which any powers or duties affecting such covenants, stipulations, obligations and agreements shall be transferred by or in accordance with law. Except as otherwise provided in this Resolution, all rights, powers and privileges conferred and duties and liabilities imposed upon the Agency or the officers thereof by the provisions of this Resolution or any of the Agency Documents shall be exercised or performed by the Agency or such officers, or by officers, board or body as may be required by law to exercise such powers and to perform such duties.

No covenant, stipulation, obligation or agreement herein contained or contained in any Agency Document or any leases, bills of sale or instruments relating to the Project Premises shall be deemed to be a covenant, stipulation, obligation or agreement of any member, director, officer, agent or employee of the Agency in the individual capacity thereof and neither the members nor the directors of the Agency nor any officer executing any Agency Document or entering into or accepting any such leases, bills of sale or instruments relating to the Project Premises shall be liable personally for any amounts payable thereunder or arising from claims thereon or be subject to any personal liability or accountability by reason of the execution and delivery or acceptance thereof.

Section 8. The Agency is hereby authorized to cause the Company, as agent of the Agency, to proceed with the Project in accordance with the Agency Documents; provided, however, that it is acknowledged and agreed by the Company that (i) any leasehold and/or fee interest in the Project Premises shall be in the Agency only for purposes of the provision by the Agency of the financial assistance to the Company, through the straight lease between the Agency and the Company, as contemplated by this Resolution, and (ii) the Company is hereby constitutes the agent for the Agency solely for the purpose of undertaking the Project in accordance with the Agency Documents, and neither the Agency nor any of its members, directors, officers, employees or agents (other than the Company) shall have personal liability for any such action taken by the Company or any director, officer, employee, agent or affiliate thereof for such purpose.

Section 9. The Agency Officers are hereby designated the authorized representatives of the Agency and each of them is hereby authorized and directed to execute and deliver any and all papers, instruments, opinions, certificates, affidavits and other documents and to do and cause to be done any and all acts and things necessary or proper for carrying out this Resolution and the Agency Documents.

Section 10. This Resolution is to take effect immediately.

Adopted: November 12, 2002