

# RED APPLE GROUP, INC.

Real Estate  
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November 5, 2008

Yehuda Mor  
Mivar International, Inc.  
87 Chambers, LLC.  
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New York, NY 10016  
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Re: 87 Chambers Street Hotel  
New York, NY

Dear Mr. Mor:

As Director of Construction of Red Apple Group, responsible for, among other things, the project known as 218 Myrtle Ave., Brooklyn, NY (formally 180 Myrtle Ave.), I came to know Mr. Rinaldi and The Rinaldi Group (TRG) in January 2008. Since then, I have worked rather closely and personally with him and his team, starting with the core-and-shell construction of Building D, a 9-Story rental that includes 95-residential units and a gross coverage of roughly 112,000 SF.

When we first met Tony, our project consisted of two significant buildings, a low-to-moderate income, residential rental totaling 600,000 SF and \$140-MM, ranging from 9-Stories to 15-Stories under one footprint and a 40-Story luxury condominium tower totaling some 400,000 SF and \$160-MM. Given the size and nature of the project, we required the high-rise sophistication, technical ability, experience and depth of NYC's nationally ranked CM firms, only in the form of a non-Union CM.

After pursuing many of the most recognized and prestigious CM-firms known throughout New York, we entertained a proposal we received from TRG, who had just recently extended its operations beyond the umbrella of George A. Fuller, with whom they share a close working relationship.

Of all the companies bidding our project, none were able to meet all our conditions, labor being the most significant. That is, with the exception of TRG. With our 421-A classification facing a June 30 deadline milestone, we had to break-up the original rental project into three (3) phases, starting with the 9-Story Building D. With that challenge, TRG had to address what turned-out to be a \$1-M environmental clean-up never before part of their scope. Finally, they had to do both while meeting an optimistic budget of \$210/SF.

TRG met all these challenges head-on. While working without a contract, they began concrete foundation and helped us achieve our 421-A classification by 6/30/08, while removing contaminated earth and fill material and establishing a GMP contract-value set at \$193/SF, all-in, including contingency and the \$1-M of added scope in the environmental clean-up.

They have worked through numerous foundation and superstructure design changes made by Goldstein Associates, continual environmental monitoring and surveying performed by Langan Engineering and constant challenges imposed by our lender, Bank of America, while maintaining our political good-will with the neighborhood, which includes City University of New York.

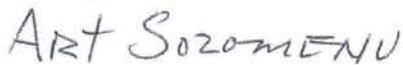
When TRG could have stood on ceremony, they didn't and worked without a contract because they knew that, by waiting, we would have missed our 421-A deadline. They put us and our well-being ahead of their own. When faced with an unforeseen and unanticipated environmental impact, they could have papered the record and established reasons why we couldn't then meet the 6/30/08 deadline for foundation, which would have been their every right. Instead, they worked longer hours and Saturdays at no additional cost, working through both conditions concurrently and achieving the 421-A status, regardless. And, when they met the \$210/SF budget, including the environmental scope, they could have stopped there and we as a client would have been happy they met our budgetary goals. Yet, they didn't. Instead, they pushed the budget and their purchasing even harder, getting our GMP down to \$193/SF, saving us virtually \$2-M on top of the \$1-M of added environmental clean-up that was never part of their original contract.

With foundations virtually completed and our building now coming out-of-the-ground, we look forward and ahead to continuing and growing our business relationship with Mr. Rinaldi and TRG, who have been like few construction firms I've met in my 30-years in this business. They have the organizational, managerial and administrative infrastructure of all the major NYC Union CM-firms, only in a non-union company. They have some of the most skilled and talented construction professionals I've met, many of whom came from the NYC, Union high-rise marketplace. Finally, they have the leadership and no nonsense, nose-to-the-grindstone work ethic of Mr. Rinaldi, who is a developer's ally and partner in construction.

As much as I am writing to you today on behalf of Mr. Rinaldi and TRG, I am equally writing to assist you and your project as well, as you could not have a better non-Union, GC-CM firm available for your building and construction.

If I could be of any further service, please feel free to call at your earliest convenience.

Sincerely,

A handwritten signature in dark ink that reads "ART SOZOMENU". The letters are in all caps and have a cursive, slightly slanted appearance.

Arthur Sozomenu  
Director of Construction

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JAC@urc.com

Executive Offices

John Catsimatidis  
Chairman  
Chief Executive Officer



**RED APPLE REAL ESTATE, INC.**

823 Eleventh Avenue • New York, NY 10019-3535

June 8, 2010

To whom it may concern  
C/O The Rinaldi Group  
1 Harmon Plaza  
Secaucus, New Jersey 07094

Gentlemen:

In July 2008, we entered into a Guaranteed Maximum Price, Construction Management Agreement with the The Rinaldi Group, LLC ("TRG") for the construction of an 110,000 sq. ft., block and plank, residential/retail mixed used building in Brooklyn.

I am pleased to inform you that the project was completed on time, on budget, and without any serious injury to the men on the job. TRG was instrumental in the helping us reduce the cost of construction through value engineering; and the quality of the end product has met our expectations.

Given the benefit of 20/20 hind sight, we are pleased we chose TRG for this project.

Very truly yours,

JAC:afl

A large, stylized handwritten signature in blue ink, likely belonging to John Catsimatidis, written over the typed name JAC:afl.