

From: Cynthia Reed <[REDACTED]>
To: Jeffrey Epstein <[REDACTED]>
Subject: Draft letter from Henry Jarecki
Date: Thu, 28 Jan 2010 21:41:25 +0000

October 16, 2002
Mr. Jeffrey Epstein
J. Epstein & Company, Incorporated
The Villard House
457 Madison Avenue, 4th Floor
New York, New York 10022

Dear Jeffrey:

I look forward to your building a house on Norman Island. I think it will be a great addition to the island and that your thinking will be a big help to me as I plan further (if I do).

Inevitably, there will be a whole bunch of things that one must decide about, such as the infrastructure, building standards, staff policies, control of contiguous newcomers, and the like. You had suggested that I put together some notes on how to handle some of these issues and I am doing so in this letter:

1. Infrastructure and its Costs. Having some buildings on the island will require the creation of an infrastructure. The primary elements and my suggestions for how they be handled, are as follows:

a. Roads: I would put one large road along the spine of the island and an access road to it from the dock. Roads leading from the main road to a house-builder's property line would be paid for by that house-builder; if one person builds a road which another house-builder later taps into, the new house-builder should pay the first house-builder(s) his proportionate share of the cost of building the road to the point at which he taps in. Maintenance of a road is the financial responsibility of the persons who paid for it, though the island manager would supervise getting it done.

b. Helipad: I will put up a helipad and a road to it from the road at the spine. Maintenance of the helipad would be reflected in the central maintenance cost of the island.

c. Utilities: Until we have more than 2 residents on the island (you and me) - or at least more than two in our area - I suggest we either each get our own reverse osmosis and electricity units (bearing in mind that they have to be silent) or (if it is more economical) that we share the costs of running electricity lines from a more central generator or water lines from a water plant, the amortization of each of which we would share (with payments by the Pirates Bight restaurant for portions they use at their current cost level). The same principles would govern waste disposal facilities and sewer lines, if any.

2. Building and Building Standards Review. I suggest we nominate somebody to reflect on what you want to build and to help us figure out what to do in case of any dispute: Michael Chan would suit me, so would almost anyone else you choose. Such an advisor should, I think, reflect early on about possible restrictions on use and further development and on limitations, if any, on the ultimate size of the house.

3. Rights to the Land or Building cannot be transferred, pledged or assigned without my agreement. Subject to the other ideas identified in this letter, the house-builder would have complete year-round access to the house. Other island residents (but not the restaurateurs or their clients) will have rights of way over roads up to a house-builder's property line; some overland access must be created for beach and waterfront areas. House-builder may veto a contiguous newcomer. House-builder and guests would have overland access to some, but not necessarily all, beach and waterfront areas. The building would formally be part of the hotel, which in any case enables it to be held under the hotel's

landholding and rental entitlements. Local counsel would draft optimal language to ensure that the concepts of this letter conform to local standards and would define the nature of ownership rights, presumably via a sublease or license type of arrangement with the Norman Island hotel.

4. Staff. Staff must be vetted and approved by island manager. Staff would not have their primary residence on the island: tenancy rights are too easily assured. No family members of staff are to live on island. Accordingly, each staff member should have an apartment or place to live in town and should overnight at such place at least two nights a week, other than when the owners or their guests are in residence or there is some risk of hurricane that needs an on-site caretaker. To ensure island-wide uniformity, the island manager will have input (and ultimate veto) in respect of staff identity, wage scales, and working conditions.

5. Guests. To prevent undesired tenancy rights, guests beyond sixty days should be notified to the island manager and approved.

6. Vehicles. Each house may have up to two golf carts and two quiet two- to three-wheel on-road-only sport vehicles. Dock access for one or two boats may be obtained and, if we can get it from Government, the right to anchor up to two boats in the Bight or elsewhere.

7. Dock Access. The central management fee would include a charge for the amortization of the dock times the proportion of the dock to which a house tenant wants full- or part-time access, if any. If none, a mooring can be used (subject to getting a seabed license).

8. An Island Manager would be appointed; his costs and other administrative and maintenance costs would be shared in proportion to residential and business land used. He would also be responsible for ensuring compliance with the concepts of this letter and local laws and standards; with proration of regulatory costs, taxes, and fees; and for ensuring and providing or engaging all road-building, engineering, construction, dock access and purchasing services; and for all villa and hotel rental and/or brokerage services.

9. Problems Avoidance. Noise, nuisance, sewage, and appearance standards rules would be agreed prior to house building. I think common sense will govern the development of such rules and I look forward to any suggestions. No cats or other pets (other than fish or dogs) are allowed on island; Manager approval is required for keeping a dog as a pet.

10. Are there any conservation or other issues that still need discussion?

Sincerely yours,

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