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Deal eyed to restart work on 3 WTC

The Port Authority of New York and New Jersey is considering using \$150 million in insurance proceeds to help developer Larry Silverstein finance the construction of his long-stalled tower at the Trade Center site. A vote, which follows several aborted attempts by the agency to spur construction, is expected at a board meeting Wednesday.

[Daniel Geiger](#)

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To help finance construction of the planned 80-story tower at 3 World Trade Center, The Port Authority of New York and New Jersey will consider releasing more of the funds paid by the insurers of the original Trade Center after the complex's destruction on 9/11. In a scheduled board meeting Wednesday, the Port Authority's board of commissioners will decide whether to free up roughly \$150 million of insurance money that has been held in a reserve fund and convert it into cash that would help developer Larry Silverstein pay for the construction of the 2.5 million-square-foot, \$2 billion tower.

The building is presently capped at eight-stories and Mr. [Silverstein has raced in recent months to line up private-sector financiers](#) for the project in time to complete a major leasing deal at the building with GroupM, The media company has agreed to lease 20% of the tower's space. Time, however, is running out on that deal.

GroupM has the right to cancel its lease, which is about 515,000 square feet in size, after June 30. The shot of money that is now being looked at by the Port Authority could be seen by the tenant as a key sign of progress that could persuade it to remain patient and give Mr. Silverstein more time to arrange the necessary funds to build the tower.

The transfer of the insurance money, which was won in court by Mr. Silverstein against the WTC's insurers, is being proposed by the [Port Authority's vice chairman, Scott Rechler](#), who has led efforts to try to work out a deal to fund 3 World Trade Center, whose construction he has said would largely finish the rebuilding of the WTC site.

Earlier this year, Mr. Rechler negotiated a deal in which the Port Authority would provide a guarantee for up to \$1.2 billion of the tower's financing and in return receive tens of millions of dollars of fees and other major perks. But the arrangement met resistance from the Port's board.

Mr. Rechler, who has also led efforts to reform the Port after the Bridgegate scandal, changed tack and has focused on helping Mr. Silverstein try to secure private financing instead. The \$150 million is being used as a way to hopefully buy Mr. Silverstein more time to raise more than a billion dollars of private money for the tower. The breathing room could come at a fortuitous moment. [Leasing downtown has picked up](#) and sentiments about the area's office market are growing more optimistic—progress that may prompt lenders to loosen their purse strings.

Mr. Silverstein, who turned 83 last month, has already spent the roughly \$460 million in insurance that was allocated to 3



Associated Press

3 World Trade Center (left) under construction.

World Trade Center building its below-ground space and an eight-story podium that now stands at the site. That space is being used for retail, which is not owned by Mr. Silverstein, and also mechanical systems for the PATH hub next door.

The \$150 million was originally slated as money for 2 World Trade Center, another office tower that Mr. Silverstein wants to build at the site. In an agreement struck in 2010 between Mr. Silverstein and the Port, that money was transferred over into a reserve fund to cover potential cost overruns for 3 World Trade Center.

Per that agreement in 2010, the Port agreed to give Mr. Silverstein a \$200 million financial guarantee for the tower, and the city and state together pledged about \$400 million in additional guarantees. But even with that backing, and the lease with GroupM, Mr. Silverstein has so far struggled to secure a lender or large equity partner for 3 World Trade Center. The \$150 million infusion would reduce the amount of money Mr. Silverstein needs to raise and hopefully keep GroupM committed.

At least 400,000 square feet of pre-leasing at 3 World Trade Center is needed, according to the 2010 agreement, in order for Mr. Silverstein to qualify for the financial backing being provided by the Port, the city and state—making the GroupM lease critical to the tower's construction.



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