

# New York Liberty Bond Program

## The Goldman Sachs Group, Inc. – Site 26 at Battery Park City

<b>Applicant</b>	The Goldman Sachs Group, Inc. or its affiliated special purpose entity (“Goldman”)
<b>Applicant Interest:</b>	Financial Services Firm
<b>Project Location</b>	Site 26 at Battery Park City
<b>Project Description/Use(s)</b>	Construction of up to approximately 1.9 million zoning sq. ft. (FAR) office building with trading facilities
<b>Prospective Users</b>	Global Corporate Headquarters for Goldman Sachs
<b>Total Project Cost (estimated)</b>	\$2,400,000,000
<b>Bond Issuance for the Purpose of:</b>	Construction and permanent financing of an office building with trading facilities
<b>Financing Rates and Terms:</b>	To be determined.
<b>Issuer:</b>	New York Liberty Development Corporation (“LDC”)
<b>Anticipated Bond Issuance Date:</b>	To be determined

### **PROJECT DESCRIPTION**

Goldman has proposed to develop up to approximately 1,900,000 zoning square feet (FAR) of Class A office space on Site 26 at Battery Park City, New York, New York. It is estimated that the building will contain up to approximately 1,900,000 zoning square feet of office space, including approximately 6 floors of trading (approximately 500,000 square feet). The 76,000 square foot site is located on the western side of West Street and the north side of Vesey Street in Lower Manhattan. The site is in the Liberty Zone.

Goldman, a leader in global investment banking, securities and investment management, plans to develop the building. Goldman intends to be the primary tenant of the building and will use it to relocate, consolidate and expand its global corporate headquarters in New York City. Battery Park City Authority, the fee owner of the site, entered into a ground lease with Goldman on August 23, 2005 with an initial term currently ending on June 17, 2069. Goldman believes that

once the building is completed, it will provide offices for approximately 7,400 employees and allow room for growth of up to 3,600 additional employees over the course of 20 years. It is anticipated that Goldman employees will be located in other Lower Manhattan locations as well. The total project cost is estimated to be \$2,400,000,000.

**DEVELOPMENT SCHEDULE**

Goldman has chosen Pei Cobb Freed & Partners as the design architect. Construction is expected to begin later this year with initial occupancy scheduled for 2009.

**PROJECT SOURCES AND USES**

<b>PROJECT SOURCES AND USES</b>		
<b>Sources</b>	<b>Amount</b>	<b>Percent</b>
GS Contribution	\$750,000,000	31%
Liberty Bonds	\$1,650,000,000	69%
<b>Total Project Sources</b>	<b>\$2,400,000,000*</b>	<b>100%</b>
<b>Uses</b>	<b>Amount</b>	<b>Percent</b>
New Construction	\$1,150,000,000	48%
Tenant Improvements	\$600,000,000	25%
Soft Costs	\$200,000,000	8%
General & Administrative Expenses	\$200,000,000	8%
Financing	\$250,000,000	11%
<b>Total Project Uses</b>	<b>\$2,400,000,000*</b>	<b>100%</b>
* estimate		

**PUBLIC AGENCY PARTICIPATION/REQUIRED PERMITS AND APPROVALS**

The Project required an environmental impact statement, which was prepared by the Battery Park City Authority, as lead agency. The Battery Park City Authority issued a Notice of Completion on June 30, 2004. Other permits to be determined.

**EVALUATION OF PROJECT AGAINST PROGRAM SELECTION REQUIREMENTS**

1. The Project meets federal eligibility requirements because the project is located in the Liberty Zone.
2. The Project satisfies additional minimum investment requirements as it involves new construction.
3. The Project satisfies Program Principles as follows:

- a. The Project will provide modern high-tech office space enabling a premiere financial services firm to establish a permanent headquarters within New York City, in Lower Manhattan.
  - b. The Project provides services for NYC-based corporate and other users and supports the financial services industry.
  - c. The design of the building is environmentally responsible and it will meet or exceed all energy conservation code requirements.
4. Project's demonstration of need for financial assistance:

As a public company, Goldman must justify the headquarters project cost to its shareholders. Existing, high-end Class A office space is readily available. Goldman, however, would prefer to occupy space that is built to its specifications and that it controls. The premium above-market rents that Goldman is willing and able to pay for such space does not cover the expected costs of constructing this facility. In addition and perhaps more importantly, Goldman has available Class A office space (including a high tech trading floor) at 30 Hudson Street in Jersey City. Goldman could relocate a significant portion of its workforce to Jersey City should the Project not be constructed.

5. Other Benefits:

- a. The proposed project will reinforce Lower Manhattan as the capital of financial services. As noted above, Goldman is a world-renowned financial services firm that has an existing building in Jersey City.
- b. The proposed project will speed up the pace of utilization of Site 26, currently a non-income producing vacant lot. Without assistance to ensure development in the near term, it is unlikely that development of this site would occur until redevelopment of the World Trade Center is completed.

**Conclusion:** The Project satisfies the threshold and other requirements and the program goals.

## **ECONOMIC AND SOCIAL IMPACTS**

The new construction project is estimated to generate substantial direct, indirect, and induced taxes for New York City over the construction period, and for New York State.

Economic benefits are anticipated from construction and operation of the proposed Project. Over the period of construction, it is estimated to generate approximately 18,649 total full-time jobs within New York City and New York State from spending on construction and soft costs. Once developed, the Project will increase the level of permanent economic activity at the site. The facility is expected to become the new site of Goldman's headquarters.