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HEADLINE: DURST AND BOFA EYEING \$650M IN LIBERTY BONDS

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BODY:

Moving swiftly to tap a pool of tax-exempt financing while it lasts, developer Douglas Durst and Bank of America have put dibs on \$650 million of federally authorized Liberty Bonds for the bank's planned new headquarters on West 42nd Street.

The Industrial Development Agency, a unit of the city's Economic Development Corp., has scheduled a Sept. 29 public hearing on the bond request, to be followed by an IDA board vote the next day.

As The Post first reported, Durst and B of A signed a "term sheet" agreement - precursor to a lease - last spring that would make the bank the anchor tenant in One Bryant Park, one of Midtown's longest-awaited new projects. It would be next door to Durst's Conde Nast tower.

Meanwhile, an EDC spokesman said, the IDA has yet to schedule a hearing on a Liberty Bond request for another big planned Midtown scheme: the New York Times Co. headquarters on Eighth Avenue.

Although the \$8 billion in Liberty Bonds was mainly meant to rebuild downtown after 9/11, as much as \$2 billion of it is earmarked by Washington for commercial projects outside Lower Manhattan. It's up to the city and state to determine which ones can participate.

Liberty Bonds are not government obligations, but commercial loans exempt from federal, state and city tax on the interest - savings which banks can pass on to borrowers such as B of A and Durst.

Some developers say it's not a question of cost, but about being able to obtain financing at all. Banks are now wary about making conventional loans for new office buildings, even ones with anchor tenants lined up. The IDA is also considering incentives, including sales and other tax breaks for B of A.

Sources said the tower, costing more than \$1 billion to build, would require a total construction loan of \$800 million. It would have 57 stories and 2.1 million square feet, of which B of A would occupy about 1.1 million square feet.

Forest City Ratner, the Times Co.'s development partner in its planned new headquarters on Eighth Avenue, has requested \$400 million in Liberty Bond financing.

Asked why the IDA had scheduled a hearing on the Durst-B of A project but not yet on the Ratner-Times one, EDC spokesman Michael Sherman said the B of A proposal "made immediate sense as a deal that's good for the city.

Durst had no comment. A rep for Ratner had no comment by deadline.