

Underwriting Services for Financing the World Trade Center Redevelopment

Committee on Finance

June 28, 2012

Background – Capital Expenditures for WTC Redevelopment

- **Citigroup**

- Authorized by the Committee on Finance in 2008
- Underwriter for Negotiated Issuance for 1 WTC, Retail and Site Infrastructure
- 2009-2011 - issued \$2.6 billion of Consolidated Bonds

- **Liberty Bonds**

- \$672.48 million issued in December 2011 for One WTC
- Issued by the New York Liberty Development Corporation
- Negotiated basis with JPMorgan as senior managing underwriter

- **Remaining WTC Funding**

- Primary source of funding = Port Authority debt obligations, direct investment, direct equity investments by others, and other capital sources

Request for Proposals for Underwriting Services

- **RFP - Publicly Advertised in April 2012**
 - **Scope of Services- Retention of 4 Firms to provide underwriting services related to financing remaining WTC Redevelopment Costs**
- **Flexibility in Underwriting Syndicates**
 - **Identification of lead book-running underwriter with participation of remaining firms as co-managers**
 - **Multiple underwriters working jointly**
 - **Additional members of syndicate to be determined prior to each transaction**
- **Underwriting Services Provided**
 - **Planning and scheduling of debt issuances for WTC redevelopment costs**
 - **Marketing and distribution of Port Authority debt obligations**
 - **Financial analysis of WTC debt as a component of the Port Authority's overall plan of financing**
 - **Related services to ensure that the WTC redevelopment projects are financed with the best terms and at the lowest cost available**

Selection of Underwriters

- **RFP Responses:**
 - 24 Proposals Received and 9 Firms Interviewed
- **Weighted Ranking Criteria:**
 - Staff Qualifications and Experience (40%)
 - Firm Qualifications and Experience (35%)
 - Technical Approach (15%)
 - Management Approach (10%)
- **Recommended Awardees:**
 - Bank of America Merrill Lynch
 - Barclays Capital, Inc.
 - Citigroup Global Markets Inc.
 - RBC Capital Markets, LLC
- **Fee proposals represent maximum takedown for each debt issuance**
 - Each of the 4 firms agreed to maximum of \$1.75 per \$1,000 of principal issued

Selection of Underwriters - Authorization

- **Authorization to enter into Agreements for Remaining WTC Financing with:**
 - **Bank of America Merrill Lynch**
 - **Barclays Capital, Inc.**
 - **Citigroup Global Markets Inc.**
 - **RBC Capital Markets, LLC**
- **Syndicate: Include other firms, including M/WBE firms**
- **Specific Debt Issuance:**
 - **Authorization will be requested prior to the issuance and sale of Port Authority debt obligations for purposes of capital expenditures in connection with the redevelopment of the World Trade Center on a negotiated basis**