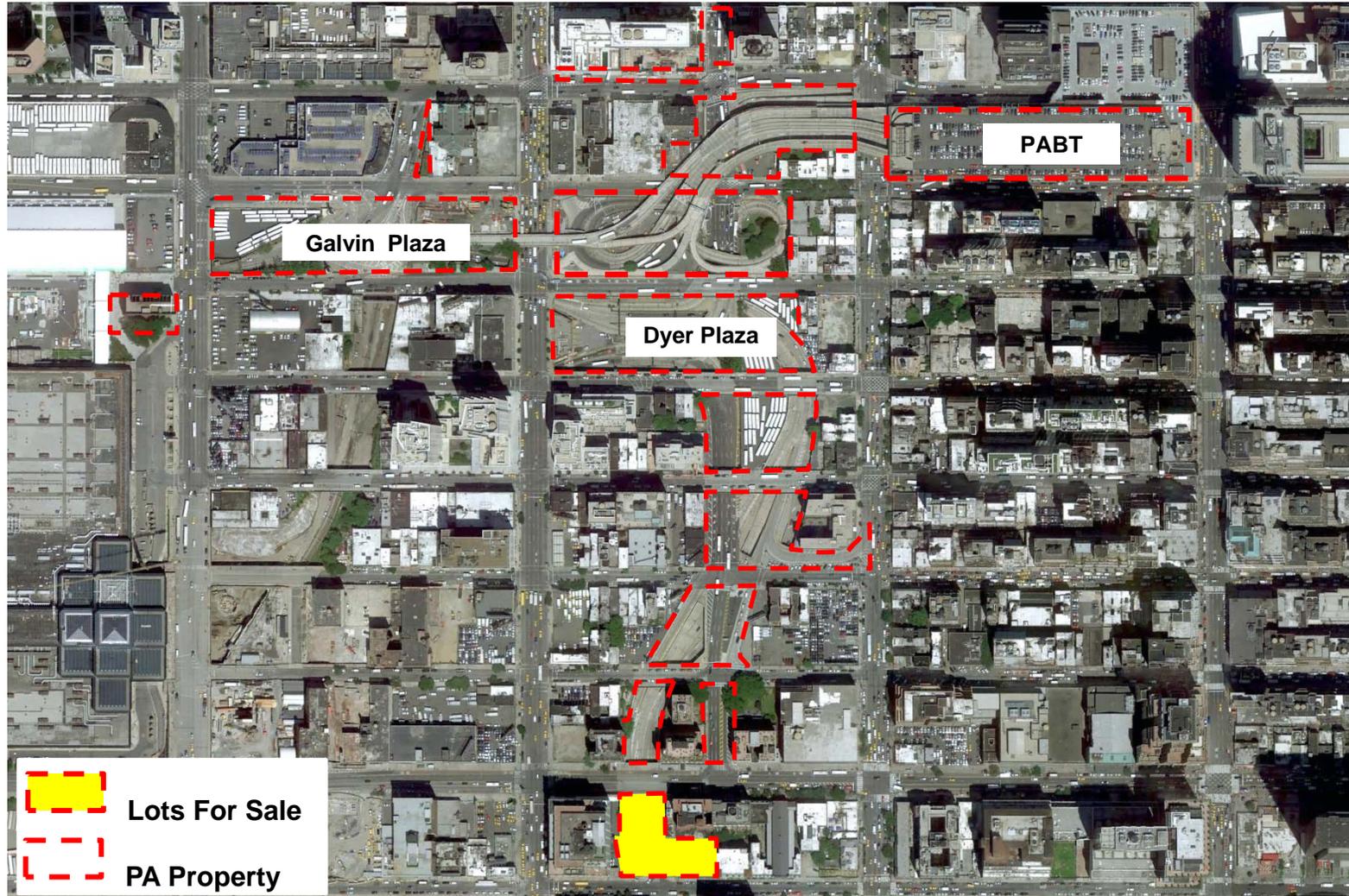


Lincoln Tunnel Expressway – Sale of Land and Development Rights

Committee on Operations

June 25, 2014

Port Authority Dyer Avenue Properties



Goals

- Sale of certain real property and development rights no longer required for the purposes for which they were acquired.
- Provide the Port Authority with proceeds to advance core transportation projects.
- Capitalize on the strong demand for properties located in the Hudson Yards section of Midtown Manhattan.

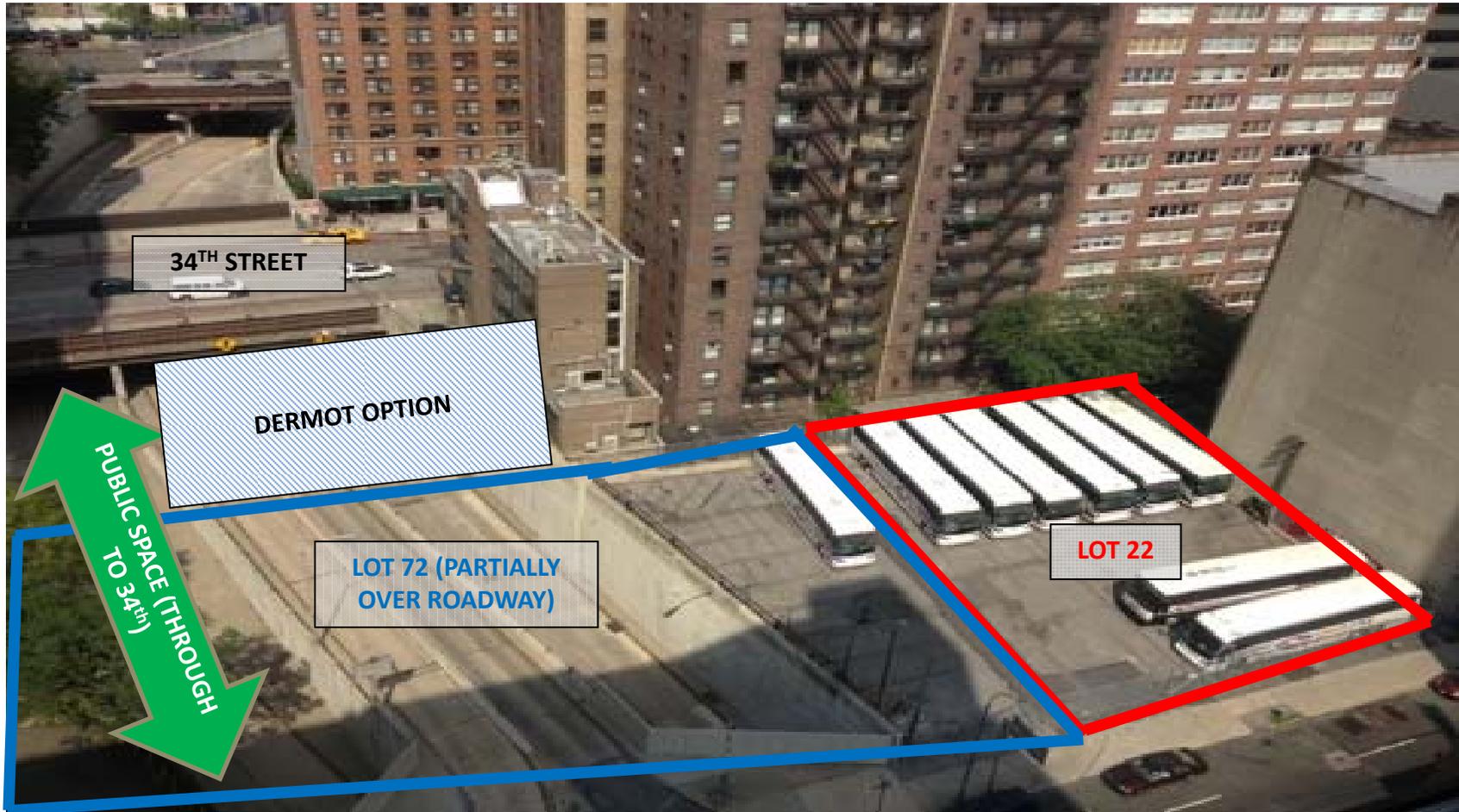
Procurement Process

- A Publicly Advertised Request for Proposals for the sale of the property was issued in February 2014.
- Thirteen proposals were received from 11 developers.
- Following a technical review of proposals, six proposers were interviewed and four were asked to submit a best and final offer.
- Evaluation Criteria were (i) Purchase Price; (ii) Ease of Deal Closure; and (iii) Firm and Staff Qualifications.
- Recommended award to The Dermot Company, Inc.
 - Highest rated proposer;
 - Best value to the Port Authority.



- The Dermot Company, Inc. is a fully-integrated real estate enterprise with over 15 years of experience and nearly \$2 billion in assets under management and under development.
- Formed in 1991 as a real estate and management company focused on multi-family sector opportunities, Dermot today is a broad-based, diverse company experienced in all facets of the industry.
- As a diversified firm, they develop, invest in, and manage multi-family units in New York City and nationally, including multiple luxury high-rise residences under development.
- Other areas of expertise include:
 - JV Co-investing with investment companies
 - Providing GP or managing partner capital
 - Providing mezzanine capital for multi-family/mixed use projects

Location of Land and Development Rights



Land and Development Rights

- **Lot 22**
 - Approximately 7,406 square foot vacant lot located on the north side of 33rd Street, to the east of the Lincoln Tunnel Expressway.
- **Lot 72**
 - Approximately 3,800 square feet of vacant land immediately adjacent to Lot 22, to the east of the Lincoln Tunnel Expressway.
- **Development Rights**
 - Transfer of approximately 91,546 square feet of development rights appurtenant to the land from Lot 72.
- **The Port Authority will retain ownership and control over the portion of the Lincoln Tunnel Expressway that occupies Lot 72.**

Transaction Structure

- **The Authority will:**
 - Transfer title to Lot 22 and the land portion of Lot 72;
 - Enter into a Zoning Lot Development Agreement to transfer the development rights from the portion of Lot 72 occupied by the roadway to Lot 22;
 - Agree to a Light and Air Easement over the roadway on Lot 72; and
 - Provide Dermot with a 2-year option to purchase the balance of the Lot 72 development rights for \$59,657,500 (\$700 PSF).
- **Dermot will:**
 - Pay the Authority \$115,342,500 (\$700 PSF) subject only to standard diligence;
 - Develop and maintain a north-south public open space between 33rd and 34th Streets.

Benefits

- Realize \$115 million in calendar year 2014 with no zoning or approval contingencies;
- Create an option to receive an additional \$60 million in the next two years if the developer elects to pursue a larger tower subject to City zoning modifications;
- Maintain ownership and control over the Lincoln Tunnel Expressway while monetizing associated development rights.

Requested Authorization

- Seeking Board authorization to:
 - Enter into a Purchase and Sale Contract with The Dermot Company;
 - Subdivide Lot 72;
 - Enter into a Zoning Lot Development Agreement;
 - Provide a Light and Air Easement; and
 - Provide a Public Space Easement.