

## NEGOTIATING THE MEGA-REBUILDING DEAL AT THE WORLD TRADE CENTER: PLANS FOR REDEVELOPMENT

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Good morning. The current state of Lower Manhattan is the result of multiple years of planning and refinement of designs. Later I will spend a couple of minutes discussing the various buildings that we are constructing. First, to give you a little sense of perspective, Larry Silverstein,<sup>1</sup> a quintessential New York developer, first got involved at the World Trade Center and with the Port Authority, owner of the World Trade Center,<sup>2</sup> in 1980 when he won a bid to build 7 World Trade Center.<sup>3</sup> In 1987, Silverstein completed the seventh tower, just north of the World Trade Center site.<sup>4</sup> As Alex mentioned, 7 World Trade Center was not the most attractive building in New York and completely cut off Greenwich Street. Greenwich Street is the main street running through Tribeca and connects one of the most dynamic and interesting neighborhoods in New York to the financial district.<sup>5</sup> Greenwich serves as a major link to Wall Street.

I used to live in SoHo. I would walk to work at the Twin Towers every morning down Greenwich Street past the Robert DeNiro Film Center, Bazzini's Nuts, the parks, and the lofts of movie stars, and all of a sudden I would be in front of a 656-foot brick wall of a building. There were huge wind vortexes which often swept garbage all over the place, you could never get a cab, and it was a very

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<sup>1</sup> Silverstein Properties, Management, [http://www.silversteinproperties.com/inner\\_page.aspx?id=0](http://www.silversteinproperties.com/inner_page.aspx?id=0) (follow "About Silverstein Properties" hyperlink; then follow "Management" hyperlink).

<sup>2</sup> World Trade Center, Silverstein Properties as Leaseholder, <http://www.wtc.com/about/silverstein-properties-as-wtc-leaseholder> [hereinafter Silverstein Properties]; Skyscraper.org, The World Trade Center, [http://www.skyscraper.org/TALLEST\\_TOWERS/t\\_wtc.htm](http://www.skyscraper.org/TALLEST_TOWERS/t_wtc.htm).

<sup>3</sup> Wikipedia.com, Larry Silverstein, [http://en.wikipedia.org/w/index.php?title=Larry\\_Silverstein&printable=yes](http://en.wikipedia.org/w/index.php?title=Larry_Silverstein&printable=yes) (last visited Apr. 13, 2008).

<sup>4</sup> Press Release, Mark Egan, Silverstein Properties, Developer Silverstein Ready to Reopen at WTC Site, *available at* [http://www.silversteinproperties.com/news\\_content.aspx?news\\_id=18](http://www.silversteinproperties.com/news_content.aspx?news_id=18) (last visited Apr. 13, 2008).

<sup>5</sup> See Matthew Schuerman, *Ground Zero is Rebranded with Tribeca Patina*, NEW YORK OBSERVER, Sept. 11, 2007, *available at* <http://www.observer.com/2007/ground-zero-rebranded-tribeca-patina>.

oppressive part of New York. As Alex mentioned, this oppression was the result of placing a large sixteen-acre superblock in the middle of a city that runs on a grid. You can get anywhere you want in Manhattan by going north, south, east, or west on a street or a sidewalk,<sup>6</sup> except at the World Trade Center, where you were forced to determine which steps to go up or which escalator to take. The World Trade Center was difficult to access.

Mr. Silverstein tells a story about when he first opened the building: In 1987 at the ribbon-cutting ceremony, he looked up at the Twin Towers, and said in awe, “Wouldn’t it be wonderful to some day own that real estate?”<sup>7</sup> It was not until the end of the 1990s that Governor Pataki decided that it was not the best idea to have the Port Authority in the real estate business and decided to privatize the World Trade Center.<sup>8</sup> Vornado Realty Trust won a public bid process by outbidding Mr. Silverstein by more than \$50 billion.<sup>9</sup> Mr. Silverstein bid \$3.2 billion,<sup>10</sup> and he now says that when you are bidding \$3.2 billion for a real estate project, which at the time was the largest amount of money bid on real estate in New York City’s history, \$50 million is a rounding error.<sup>11</sup> If he had known [Vornado’s bid], of course, he would

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<sup>6</sup> See MSN Encarta, Manhattan (New York), Urban Landscape, [http://encarta.msn.com/text\\_761569999\\_\\_\\_0/Manhattan\\_\(New\\_York\).html](http://encarta.msn.com/text_761569999___0/Manhattan_(New_York).html) (last visited Apr. 13, 2008).

<sup>7</sup> Tom McGeveran, *Mike Sees City Taking Control at Ground Zero*, NEW YORK OBSERVER, Mar. 16, 2003, available at <http://www.observer.com/node/47252>.

<sup>8</sup> Press Release, The Port Authority of New York and New Jersey, Governor Pataki, Acting Governor DiFrancesco Laud Historic Port Authority Agreement to Privatize World Trade Center (July 24, 2001), available at <http://www.panynj.gov/abouttheportauthority/presscenter/PressReleases/PressRelease/index.php?id=80> (stating that Governor Pataki pushed for the privatization of the management and operation of the World Trade Center since his first days in office; the agreement to privatize the World Trade Center was announced in July 2001).

<sup>9</sup> Silverstein Properties, *supra* note 2. But see Charles V. Bagli, *Vornado Realty is Highest Bidder to Win Lease for the Twin Towers*, N.Y. TIMES, Feb. 21, 2001, available at <http://query.nytimes.com/gst/fullpage.html?res=9D02E7D91739F932A15751C0A9679C8B63> (stating that Vornado’s bid was more than \$500 million above competing offers) [hereinafter Bagli, *Vornado Realty is Highest Bidder*].

<sup>10</sup> Charles V. Bagli, *As Trade Center Talks Stumble, No. 2 Bidder Gets Another Chance*, N.Y. TIMES, Mar. 20, 2001, available at <http://query.nytimes.com/gst/fullpage.html?res=9A03E5DB113DF933A15750C0A9679C8B63&sec=&pagewanted=1a>.

<sup>11</sup> See Deborah Sontag, *Broken Ground: The Hole in the City’s Heart*, N.Y. TIMES, Sept. 11, 2006, available at <http://www.nytimes.com/2006/09/11/nyregion/nyregionspecial3/11groundzero.html?pagewanted=14&r=1> (“On the day that Mr. Silverstein was discharged from the hospital, he received a call that he

have bid more. As it turned out, Vornado, a public company, found it very difficult to consummate the deal with the Port Authority.<sup>12</sup> They could not get it done. Frustrated with Vornado, the Port Authority called Mr. Silverstein to see if he was still interested in the project.<sup>13</sup>

Mr. Silverstein had worked with the Port Authority since 1980 and knew how the organization worked. On July 24, 2001, he consummated the deal and signed a ninety-nine year lease for the World Trade Center.<sup>14</sup> On September 11, 2001, just seven weeks after signing the lease,<sup>15</sup> the unthinkable happened. Silverstein Properties lost four employees,<sup>16</sup> and Larry woke up trying to figure out what he was going to do, not only with the rest of his life, but with this project. At that time, Mr. Silverstein was a seventy-year-old developer. He had promised Klara - his wife of forty-five years - that this project would be his last. It was the brass ring, he was going to retire, and they were going to build a boat, sail around the world, and enjoy their grandchildren. Suddenly, he was getting calls from the Mayor and the Governor wanting to know what he was going to do. Mr. Silverstein sat down with his wife and asked her what she wanted him to do. His wife said she knew he would not be happy unless he rebuilt the World Trade Center, so they should spend the next ten years of their lives on the project.<sup>17</sup>

Mr. Silverstein's next meeting was with his lawyers, Herb Wachtell and Marty Lipton, who indicated he had some serious obligations under the lease. First, he had an obligation to pay ground rent to the Port Authority for ninety-nine years regardless of what was at the site.<sup>18</sup> Second, he had an obligation to rebuild the

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had lost to Vornado Realty, the largest commercial landlord in Manhattan, by \$50 million. 'Really, it's de minimis when you're talking about that much money, what I call a rounding error,' he said.'").

<sup>12</sup> *Id.*

<sup>13</sup> *Id.*

<sup>14</sup> Silverstein Properties, *supra* note 2.

<sup>15</sup> McGeeveran, *supra* note 7.

<sup>16</sup> *Id.*

<sup>17</sup> See generally Atticus Gannaway, *On Rebuilding the World Trade Center*, New York University Law, Oct. 24, 2007, [http://www.law.nyu.edu/newscalendar/2007\\_2008/LarrySilverstein.htm](http://www.law.nyu.edu/newscalendar/2007_2008/LarrySilverstein.htm) (noting that "the ultimate decision about whether or not to rebuild on the site, Silverstein said, occurred during a conversation with [his wife,] Klara. "I said, 'Tell me what you want to do, because whatever you want to do, I'll do.' So she looked at me and said, 'You're not going to be happy doing anything else, so let's get on with it and let's rebuild the Trade Center'").

<sup>18</sup> See *id.*

World Trade Center should anything happen to it.<sup>19</sup> Of course, nobody anticipated that anything like this would happen, but he had an obligation to rebuild in like kind and like quality. Third, Mr. Silverstein had an obligation to collect on his insurance policies, because, at the time, the insurance policies were the only monies available for rebuilding.<sup>20</sup> Thus, it was absolutely imperative that Mr. Silverstein do everything in his power to collect on those insurance policies, which took five years to accomplish.<sup>21</sup> Mr. Silverstein was forced to think seriously about why he was going to do this project and why he was staying in the deal. These thoughts led to a crucial series of discussions with his advisors and others at Silverstein Properties.

Mr. Silverstein passionately believes in downtown. He is a developer who started out with absolutely nothing. He put himself through law school and went to work for his father, a real estate broker in the Garment District. At that time, rents were one or two dollars per square foot, which meant brokerage commissions were pennies. He realized that if he continued on this path, he could not survive on his wife's teacher's salary and was going to starve. He sat down with his dad and told him that the only people who make any money in the real estate business are the owners; thus, they had to figure out a way to buy a building. They managed to do just that by going to every person to whom they had rented space and asking them to contribute five or six hundred dollars. They put together a syndicate and bought their first building in the 1950s. Mr. Silverstein went to the local army surplus store and bought florescent bulbs and cans of paint. He painted the lobby and converted the building from an industrial warehouse where shirts were made into an office building.

His project was a success. Within a couple of years, the investors came back and asked him to do it again. This became his way of doing business—he would buy a building that was falling into disrepair, fix it up, change the tenants, and charge higher rents. However, over the years, Mr. Silverstein realized that while he was renovating the buildings, it was also important to know how the neighborhoods themselves were evolving. Thus, he broadened his vision. In 1980, Mr. Silverstein bought a parcel of land on 42nd Street, the far west side of town, predicting that the entire West Side neighborhood would change over the next twenty or thirty years, and, in fact, it has. He bought buildings along Fifth Avenue near Grand Central Station at a time when nobody wanted to be farther south than Saks Fifth Avenue,

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<sup>19</sup> *Id.*

<sup>20</sup> *Id.*

<sup>21</sup> Charles V. Bagli, *Insurers Agree to Pay Billions at Ground Zero*, N.Y. TIMES, May 24, 2007, available at <http://www.nytimes.com/2007/05/24/nyregion/24insure.html>.

and over the years that part of Manhattan became very popular because it was so close to Grand Central Station and Times Square. In short, Mr. Silverstein was, and is, a developer who looks at a neighborhood and sees that within ten or twenty years, the entire neighborhood could change depending upon the tenants in the buildings.

While this skill was important, and was the one thing that kept him in business throughout many years of drama and dispute, Mr. Silverstein always focused on real estate fundamentals. In New York City, there is a lack of first-class office space. Nobody builds spectacular office buildings because it is too expensive and financing is difficult to obtain. Most developers build only after they have tenants and a letter of credit from the bank. Developing a building specifically for office space is very risky, but Mr. Silverstein did just that. He did it with the original 7 World Trade Center which was very difficult to fill, but he managed to do it. After September 11, 2001, Mr. Silverstein knew that it was important to rebuild first-class office space at this site because without it, downtown was doomed as a business district. Many companies had already begun drifting to Midtown or looking to move outside of the city. Mr. Silverstein knew that downtown offered the densest concentration of mass transit in the city,<sup>22</sup> and to build anything but office space at the World Trade Center site would be a huge loss for the city

Mr. Silverstein also had a personal interest in rebuilding. The original 7 World Trade Center was under a separate lease, and he committed to rebuilding it as quickly as possible.<sup>23</sup> The first design meeting was held on October 15, 2001,<sup>24</sup> he broke ground in May 2002, and he opened the building four years later in May 2006.<sup>25</sup> It was the first building to be rebuilt at the World Trade Center site.<sup>26</sup>

Mr. Silverstein realized that rebuilding the World Trade Center was

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<sup>22</sup> See Regional Plan Association, Transportation, <http://www.rpa.org/> (follow "Transportation" hyperlink) (last visited Apr. 13, 2008) (general discussion of transportation in the tri-state area).

<sup>23</sup> See Charles V. Bagli, *Developer's Pace at 7 World Trade Center Upsets Some*, N.Y. TIMES, Jan. 21, 2002, available at <http://query.nytimes.com/gst/fullpage.html?res=9C01E4DD1F3AF932A05752C0A9649C8B63&sec=&spon=&pagewanted=all>.

<sup>24</sup> NewYorkology, A New York Travel Guide, Apr. 12, 2006, [http://www.newyorkology.com/archives/2006/04/the\\_views\\_from.php](http://www.newyorkology.com/archives/2006/04/the_views_from.php).

<sup>25</sup> LowerManhattanInfo.com, New Stories Archives, 7 World Trade Center Opens with Musical Fanfare (May 22, 2006), [http://www.lowermanhattan.info/news/7\\_world\\_trade\\_center\\_50451.aspx](http://www.lowermanhattan.info/news/7_world_trade_center_50451.aspx).

<sup>26</sup> World Trade Center, About the WTC, Rebuilding the WTC, <http://www.wtc.com/about/rebuilding-the-wtc> (last visited Apr. 13, 2008).

important for the city and for the nation. In regards to the various interest groups that Alex talked about who had a say in the development process, all wanted pretty much the same thing—to rebuild something. Larry, in his heart, felt the same way. However, at the time, downtown was itself changing.<sup>27</sup> It was not just a nine-to-five business neighborhood; it was becoming a residential neighborhood as well.<sup>28</sup> This is even more evident now when, if you visit downtown, you will see a lot of the people walking around pushing strollers, walking dogs, and carrying shopping bags. Nearly 45,000 people live south of Chamber Street in downtown Manhattan.<sup>29</sup> It is becoming a very popular residential neighborhood. There is great transportation and more retail stores, including Tiffany's and Hermés, that have opened within the last few months.<sup>30</sup> Along Wall Street, there is a BMW showroom where there was once Brown Brothers Harriman. In fact, if you walk along Wall Street today, virtually every building along the south side of Wall Street is a residential apartment building. A lot of these buildings are older masonry buildings with small elevators, small windows, and low ceilings—not a great place to work, but a great place to live.

Looking at a map of all the various subway lines that are downtown, you can see that virtually every subway line in the city comes within a couple of blocks of the World Trade Center, including the PATH trains to New Jersey and the ferries.<sup>31</sup> I live in Red Bank, New Jersey, which is an hour by train from Penn Station, but it takes me thirty minutes to get to Manhattan on a ferry, traveling under the Verrazano Bridge and past the Statue of Liberty. The ferry has a deck and a bar and is a great way to commute into the city. Many people who work downtown also live downtown and are only five minutes away.

Three or four years from now, the downtown transportation will be even better. A new Broadway Fulton Transit hub is designed to be built a couple of blocks from the World Trade Center.<sup>32</sup> This subway stop was previously one of the

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<sup>27</sup> See Parke M. Chapman, *A Retail Reinvention of Manhattan's Financial District*, NAT'L REAL ESTATE INVESTOR, Jan. 1, 2008, available at [http://nreionline.com/property/retail/manhattans\\_district\\_reinvention/](http://nreionline.com/property/retail/manhattans_district_reinvention/).

<sup>28</sup> *Id.* (noting that “[l]arger shifts in the residential population are behind [the transformation]”).

<sup>29</sup> *Id.* (stating that the early 2001 population of 26,900 living south of Chambers Street jumped to 44,700 people by July 2007 and more increases are expected in 2008).

<sup>30</sup> *Id.*

<sup>31</sup> See LMDC, et al., *Lower Manhattan Transportation Strategies* 18-31, 71-83, Apr. 24, 2003, available at [http://www.renewnyc.com/plan\\_des\\_dev/transportation/pdf/all\\_pages.pdf](http://www.renewnyc.com/plan_des_dev/transportation/pdf/all_pages.pdf) (discussing subway and ferry transportation in Manhattan and the plans for improvement).

<sup>32</sup> *Id.* at 24-25.

oldest, dingiest subway stops in New York.<sup>33</sup> It was similar to something in London 120 years ago—very dark, no light, had a shoe shine guy, a newspaper guy, a barber, and was a maze to enter and exit. The building replacing the old station is completely the opposite of its predecessor. The new building is glass, allows light to filter in all the way down to the track level, and overlooks an underground connection that will go to the new PATH station.<sup>34</sup> The new PATH station is being designed by Santiago Calatrava, a Spanish architect.<sup>35</sup> Nowhere else in New York is there a building like this one. Calatrava's work is absolutely spectacular—everything is white with a large amount of glass, and it is phenomenally expensive.<sup>36</sup> The train station will cost \$2.5 billion and is being funded primarily by the federal government.<sup>37</sup> It will serve as a spectacular addition to what we are doing and a great way to commute to work.<sup>38</sup>

In 2002, Libeskind developed a master plan for the entire World Trade Center site, and the plan was accepted in February 2003.<sup>39</sup> Libeskind's model was three-dimensional. Most master plans, like maps, are two-dimensional because it is a way to lay out the location of future buildings, streets, and transportation mechanisms. This is where a lot of the confusion arose; people looked at Libeskind's models and drawings and they expected to see future buildings. Also, from an engineering perspective, many of those buildings were incapable of being built. The master plan replaced ten million square feet of lost office space, enhanced a train station, added a performing arts center, and reintroduced the street grid all in a very elegant way.<sup>40</sup> Instead of rebuilding the Twin Towers as they were before,

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<sup>33</sup> *Id.* at 19, 24-25.

<sup>34</sup> *Id.* at 24-25.

<sup>35</sup> *Sontag, supra* note 11; World Trade Center, About the WTC, Transportation Hub, <http://www.wtc.com/about/transportation-hub> (last visited Apr. 13, 2008) [hereinafter WTC, Transportation Hub].

<sup>36</sup> WTC, Transportation Hub, *supra* note 35.

<sup>37</sup> *See id.* (stating that the Federal Transit Administration (FTA) "has committed approximately \$1.92 billion toward the more than \$2 billion project").

<sup>38</sup> *Id.*

<sup>39</sup> Studio Daniel Libeskind, Memory Foundations Project, <http://www.daniel-libeskind.com/projects/show-all/memory-foundations/>.

<sup>40</sup> *See* Press Release, Lower Manhattan Development Corporation, The Lower Manhattan Development Corporation and Port Authority of New York & New Jersey Announce Selection of Studio Daniel Libeskind: Memorial Foundations as Design Concept for World Trade Center Site (Feb. 27, 2003), *available at* <http://www.renewnyc.com/displaynews.aspx?newsid=ef439d25-9e94-4e38-bc34-8cea4f3262a5>; Studio Daniel Libeskind, *supra* note 39; LMDC Selects Libeskind Design

Libeskind envisioned a spiral of buildings that would envelope and protect the memorial, starting with Freedom Tower and descending in height all the way around.<sup>41</sup> The plan we are building is remarkably close to Libeskind's vision. The Freedom Tower, Tower 2, the train station, Tower 3, Tower 4, and Tower 5, which is going to be the JPMorgan Chase Trading Headquarters,<sup>42</sup> all surround an eight-acre memorial.<sup>43</sup> The memorial is a large public park<sup>44</sup> which is one-and-one-half times the size of Bryant Park in Midtown. The memorial includes a museum and a visitor center below ground.<sup>45</sup> It is really a living memorial, part of a living downtown, so it worked particularly well. That is the World Trade Center today.

7 World Trade Center is a very different building. It is glass and green and it was the first LEED-certified building in New York City.<sup>46</sup> There is also a new public park at 7 World Trade Center situated between Greenwich Street and West Broadway.<sup>47</sup> The redevelopment opened up the entire neighborhood and reconnected Tribeca with the financial district.<sup>48</sup> The base of the building is a Con Edison substation that feeds electricity to one million downtown users.<sup>49</sup> There are no offices or coffee shops. Mr. Silverstein and the architect, David Childs, brought

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Plan, Feb. 27, 2003,

[http://www.lowermanhattan.info/news/lmdc\\_selects\\_libeskind\\_design\\_28336.aspx](http://www.lowermanhattan.info/news/lmdc_selects_libeskind_design_28336.aspx).

<sup>41</sup> See Selection of Studio Daniel Libeskind, *supra* note 40; Studio Daniel Libeskind, *supra* note 40; LMDC Selects Libeskind Design Plan, *supra* note 40.

<sup>42</sup> World Trade Center, About the WTC, Office Towers, Tower 5, About the Building, <http://www.wtc.com/about/office-tower-5> (last visited Apr. 13, 2008) [hereinafter Tower 5, About the Building].

<sup>43</sup> Press Release, Lower Manhattan Development Corporation, World Trade Center Memorial Foundation and Port Authority Begin Construction of Footings for Memorial and Museum (Aug. 17, 2006), available at <http://www.renewnyc.com/displaynews.aspx?newsid=b582b930-8dc0-4e7e-831f-eab0c659626f>; Schuerman, *supra* note 5; World Trade Center, About the WTC, Rebuilding the WTC, <http://www.wtc.com/about/rebuilding-the-wtc> (last visited Apr. 13, 2008).

<sup>44</sup> World Trade Center, About the WTC, Memorial and Museum, Design, <http://www.wtc.com/about/memorial-and-museum-design> (last visited Apr. 14, 2008).

<sup>45</sup> *Id.*

<sup>46</sup> World Trade Center, About the WTC, Office Towers, 7 WTC, Green Features, <http://www.wtc.com/about/office-tower-7/office-tower-7-green> (last visited Apr. 14, 2008).

<sup>47</sup> World Trade Center, About the WTC, Office Towers, 7 WTC, About the Building, <http://www.wtc.com/about/office-tower-7/office-tower-7-about> (last visited Apr. 14, 2008) [hereinafter 7 WTC, About the Building].

<sup>48</sup> Schuerman, *supra* note 5.

<sup>49</sup> 7 WTC, About the Building, *supra* note 47.

in a local artist, Jamie Carpenter, who designed an interactive light show in the base of the building.<sup>50</sup> If you walk past 7 World Trade Center at night, you will see a half million LED lights that light up behind the base of the building.<sup>51</sup> The lights are connected to a motion sensor so that if one person walks past, there is an eighty-foot strip of light that follows the person around the building; however, if two people walk past, there are two strips of light.<sup>52</sup> The entire neighborhood will know if you sneak out for a cigarette.

For many years, 7 World Trade Center was seen as a white elephant.<sup>53</sup> The building was built with no tenants, and it was not until after the building was complete that people started signing leases.<sup>54</sup> Without tenants, we were criticized during the design process.<sup>55</sup> Critics would ask why we were building first-class offices, and why were we building an office building at ground zero. They said that nobody will want to move in, that it would never be a success, and that our rents were too high. Now that 7 World Trade Center is seventy-five percent leased,<sup>56</sup> it has proved that rebuilding the office space at the World Trade Center was the right thing to do.

In 2006, the builders, designers, and owners reached an agreement with the Port Authority which answered many of the remaining questions involved in the project.<sup>57</sup> The agreement made clear who would pay for what, who would get the insurance proceeds, and how to divide the site.<sup>58</sup> Most importantly, the agreement

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<sup>50</sup> World Trade Center, About the WTC, Office Towers, 7 WTC, Design, <http://www.wtc.com/about/office-tower-7/office-tower-7-design> (last visited Apr. 14, 2008).

<sup>51</sup> *Id.*

<sup>52</sup> *Id.*

<sup>53</sup> See Sontag, *supra* note 11.

<sup>54</sup> Charles V. Bagli, *Even as Foundation is Set, a New 7 World Trade Center Faces Barriers*, N.Y. TIMES, Jan. 16, 2003, available at <http://query.nytimes.com/gst/fullpage.html?res=9C04E3D91131F935A25752C0A9659C8B63>.

<sup>55</sup> *Id.*

<sup>56</sup> See Silverstein Properties, 7 World Trade Center Current Space Availabilities, [http://www.silversteinproperties.com/inner\\_page.aspx?id=5](http://www.silversteinproperties.com/inner_page.aspx?id=5) (last visited Apr. 14, 2008).

<sup>57</sup> Alex Frangos, *Silverstein, Port Authority Reach Agreement for World Trade Center*, WALL ST. J., Apr. 28, 2006, available at <http://www.realestatejournal.com/regionalnews/20060428-frangos.html>.

<sup>58</sup> See Charles V. Bagli, *An Agreement is Formalized on Rebuilding at Ground Zero*, N.Y. TIMES, Sept. 22, 2006, at B2, available at [http://www.nytimes.com/2006/09/22/nyregion/nyregionspecial3/22rebuild.html?\\_r=1&fta=y](http://www.nytimes.com/2006/09/22/nyregion/nyregionspecial3/22rebuild.html?_r=1&fta=y) [hereinafter Bagli, *An Agreement is Formalized*]; Frangos, *supra* note 158; Press Release, Lower

stated who was going to get the Liberty Bonds that were part of the \$20 billion federal package.<sup>59</sup> Under the terms of the agreement, Mr. Silverstein returned ownership of Tower 1 (the Freedom Tower) and Tower 5 to the Port Authority.<sup>60</sup> In return, Mr. Silverstein received the right to rebuild Towers 2, 3, and 4.<sup>61</sup> Additionally, the Port Authority agreed to provide deadlines for when it would give Mr. Silverstein the sites so that he could begin rebuilding.<sup>62</sup> Silverstein committed to completing his part of the project in six years.<sup>63</sup> This agreement finally allowed New York City, the State of New York, the State of New Jersey, the Port Authority, Larry Silverstein, and the LMDC to be on the same page.<sup>64</sup>

In 2007, the insurance companies finally paid the money they owed, thanks in large part to Governor Eliot Spitzer and the state insurance superintendent, Eric Dinallo, who pressured the insurance companies to pay.<sup>65</sup> The first deadline for the Port Authority to deliver the sites expired on December 31, 2007,<sup>66</sup> and ninety percent of that work has been completed. This is a huge success because it means that in two or three weeks, Silverstein will have the sites on which to construct its buildings. For the first time we will have shovels in hand and break ground on these buildings.

Very quickly, I am going to run through some of the buildings being constructed. Freedom Tower, now being built by the Port Authority, will be a

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Manhattan Development Corporation, Governor Pataki, Governor Corzine and Mayor Bloomberg Announce World Trade Center Site Global Realignment Agreements and New Milestones (Sept. 21, 2006) *available at* <http://www.renewnyc.com/displaynews.aspx?newsid=526cabb0-4569-4c3c-8a86-25eaff9e898f> [hereinafter Press Release, Global Realignment Agreements].

<sup>59</sup> Frangos, *supra* note 158.

<sup>60</sup> Bagli, *An Agreement is Formalized*, *supra* note 159; Press Release, Global Realignment Agreements, *supra* note 159.

<sup>61</sup> Bagli, *An Agreement is Formalized*, *supra* note 159; Press Release, Global Realignment Agreements, *supra* note 159.

<sup>62</sup> Bagli, *An Agreement is Formalized*, *supra* note 159; Press Release, Global Realignment Agreements, *supra* note 159.

<sup>63</sup> Construction is to be completed as early as 2012. Bagli, *An Agreement is Formalized*, *supra* note 159; Press Release, Global Realignment Agreements, *supra* note 159.

<sup>64</sup> Press Release, Global Realignment Agreements, *supra* note 159.

<sup>65</sup> Bagli, *Insurers Agree to Pay Billions at Ground Zero*, *supra* note 122.

<sup>66</sup> Bagli, *An Agreement is Formalized*, *supra* note 159; Press Release, Global Realignment Agreements, *supra* note 159.

symbolic 1,776 feet tall.<sup>67</sup> It already has one million square feet of leases from the Federal Government and, in all likelihood, will be a government building.<sup>68</sup>

The architects hired by Mr. Silverstein for Towers 2, 3, and 4 are Norman Foster of the United Kingdom, Richard Rogers, also of the United Kingdom, and Fumiko Maki of Japan, respectively.<sup>69</sup> Each of these architects is a Pritzker Prize winner, the Nobel Prize of architecture.<sup>70</sup> When three world-class architects come together with Santiago Calatrava<sup>71</sup> and Frank Gehry, who is doing the Performing Arts Center,<sup>72</sup> it is a once-in-a-lifetime opportunity to build something truly spectacular. Uniquely, we required that these architects and engineers move from Tokyo and London to 7 World Trade Center.<sup>73</sup> We built them a design studio on the tenth floor overlooking the site, and for the last year-and-a-half they have been working together to design these buildings.<sup>74</sup> There is the Libeskind spiral of office towers descending in height around an eight-acre memorial.<sup>75</sup> In the heart of the memorial there are the footprints of the Twin Towers marked out by cascading pools.<sup>76</sup> Each building is unique, but they are all first-class, top-quality office space designed to attract New York's leading companies.

Tower 2 was designed by Norman Foster,<sup>77</sup> who also designed the Swiss Re

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<sup>67</sup> World Trade Center, About the WTC, Office Towers, Freedom Tower, About the Building, <http://www.wtc.com/about/freedom-tower/freedom-tower-about> (last visited Apr. 14, 2008) [hereinafter Freedom Tower, About the Building]; World Trade Center Tower One Freedom Tower, Architectural Fact Sheet, June 2005, [http://www.renewnyc.com/content/pdfs/freedom\\_tower\\_fact\\_sheet.pdf](http://www.renewnyc.com/content/pdfs/freedom_tower_fact_sheet.pdf).

<sup>68</sup> Charles V. Bagli, *U.S. and State Plan to Occupy Freedom Tower*, N.Y. TIMES, Sept. 17, 2006, available at <http://www.nytimes.com/2006/09/17/nyregion/nyregionspecial3/17freedom.html>.

<sup>69</sup> Sontag, *supra* note 11; World Trade Center, WTC Design Team, <http://www.wtc.com/about/wtc-design-team> (last visited Apr. 14, 2008) [hereinafter WTC Design Team].

<sup>70</sup> The Pritzker Architecture Prize, Past Laureates, [http://www.pritzkerprize.com/full\\_new\\_site/alphabetical.htm](http://www.pritzkerprize.com/full_new_site/alphabetical.htm) (last visited Apr. 14, 2008).

<sup>71</sup> Sontag, *supra* note 11; WTC Design Team, *supra* note 170.

<sup>72</sup> WTC Design Team, *supra* note 170.

<sup>73</sup> *Id.*

<sup>74</sup> *Id.*

<sup>75</sup> Studio Daniel Libeskind, *supra* note 140.

<sup>76</sup> World Trade Center, About the WTC, Memorial & Museum, <http://www.wtc.com/about/memorial-and-museum> (last visited Apr. 14, 2008).

<sup>77</sup> WTC Design Team, *supra* note 170.

building in London, which is nicknamed The Gherkin,<sup>78</sup> and the Hearst Tower.<sup>79</sup> Each of his buildings is unique, yet they all have some common features, including very tall lobbies and sixty- to seventy-foot tall ceilings. New York is a city of skyscrapers; however, normally the lobbies are tiny. Foster's buildings have grand lobbies, and Tower 2 will have several windows overlooking the Trade Center site. His idea was to bring as much of the memorial park into the building as possible.

All of the office entrances are on Greenwich Street, and each building was given a Greenwich Street address to celebrate the fact that this street was running through the site for the first time since the 1960s.<sup>80</sup> At the back of the buildings is retail space.<sup>81</sup> There is over a half million square feet of retail being rebuilt at the site, which is large enough to house a department store.<sup>82</sup> This retail is not entirely underground the way most of it was at the World Trade Center; a lot of it is above ground as well.

Tower 3, designed by Richard Rogers, is very different.<sup>83</sup> Early in his career, Rogers designed the Pompidou Center in Paris in which everything is inside out; the ductwork and the pipes are on the outside.<sup>84</sup> On Tower 3 much of the building's bracing is on its exterior. Towers 2 and 3 are also a little unusual in that the bases of these buildings are very large, to accommodate trading floors. Thus, an investment bank could move in and occupy the entire building or an entertainment company that needs a large studio space could do the same. There are very few parcels of land

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<sup>78</sup> Foster + Partners, Projects, 1990-99, <http://www.fosterandpartners.com/Projects/Chronological/1990.aspx>; World Trade Center, About the WTC, Office Towers, Tower 2, Architect, Foster and Partners, <http://www.wtc.com/about/office-tower-2/office-tower-2-architect>.

<sup>79</sup> Foster + Partners, Projects, 2000-08, <http://www.fosterandpartners.com/Projects/Chronological/2000.aspx> (last visited Apr. 14, 2008).

<sup>80</sup> Schuerman, *supra* note 5.

<sup>81</sup> World Trade Center, About the WTC, Office Towers, Tower 2, About the Building, <http://www.wtc.com/about/office-tower-2/office-tower-2-about> (last visited Apr. 14, 2008).

<sup>82</sup> About.com: Architecture, World Trade Center Tower 2, <http://architecture.about.com/od/worldtradecenter/ig/World-Trade-Center-Plans/Tower-2--4N.htm> (last visited Apr. 14, 2008).

<sup>83</sup> World Trade Center, About the WTC, Office Towers, Tower 3, About the Building, <http://www.wtc.com/about/office-tower-3> (last visited Apr. 14, 2008).

<sup>84</sup> World Trade Center, About the WTC, Office Towers, Tower 3, Architect, <http://www.wtc.com/about/office-tower-3/office-tower-3-architect> (last visited Apr. 14, 2008); Great Buildings, Centre Pompidou, [http://www.greatbuildings.com/buildings/Centre\\_Pompidou.html](http://www.greatbuildings.com/buildings/Centre_Pompidou.html) (last visited Mar. 21, 2008).

in Manhattan that provide such a large amount of space for that sort of activity. With the tall lobbies and a lot of glass, these buildings were designed to be as transparent, open, and welcoming as possible.

Tower 4, designed by Fumiko Maki,<sup>85</sup> can be described as being very Japanese, minimalist, and sleek with its signature element being the silver shimmering curtain wall.<sup>86</sup> This building will be the new headquarters of the Port Authority, which rented over a half million square feet of space as part of the 2006 agreement.<sup>87</sup> The front of the building is on Greenwich Street.<sup>88</sup> Tower 4 is probably the most spiritual of the buildings because Maki took full advantage of the fact that this building was directly across the street from the memorial. Maki did everything possible to bring the memorial inside the building, including designing a polished granite wall at the back of the lobby that would reflect the memorial as you are walking into the building.<sup>89</sup>

When you spend \$20 billion on a sixteen-acre parcel of land in a five-year time frame, the economic impact is quite extensive on both the city and the surrounding region. Silverstein is spending \$7 billion on its three buildings,<sup>90</sup> the Port Authority and the Federal Government are spending \$5 billion on infrastructure and the train station,<sup>91</sup> and the Port Authority is spending \$3 billion on the Freedom Tower.<sup>92</sup> In addition, costs are being incurred to build Goldman Sachs' world headquarters across the street<sup>93</sup> and JPMorgan Chase & Co.'s headquarters located at

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<sup>85</sup> World Trade Center, About the WTC, Office Towers, Tower 4, Architect, <http://www.wtc.com/about/office-tower-4/office-tower-4-architect> (last visited Apr. 14, 2008).

<sup>86</sup> World Trade Center, T About the WTC, Office Towers, Tower 4, Design, <http://www.wtc.com/about/office-tower-4/office-tower-4-design> (last visited Apr. 14, 2008) [hereinafter Tower 4, Design].

<sup>87</sup> Bagli, *An Agreement is Formalized*, *supra* note 142; Press Release, Global Realignment Agreements, *supra* note 159.

<sup>88</sup> Tower 4, Design, *supra* note 187.

<sup>89</sup> *Id.*

<sup>90</sup> Ben Hallman, *Silverstein's Army*, AMERICAN LAWYER 29.9, Sept. 1, 2007, at 84, 90 available at <http://www.law.com/jsp/tal/PubArticleTAL.jsp?hubtype=Cover+Story&id=1188378146307>.

<sup>91</sup> WTC, Transportation Hub, *supra* note 35.

<sup>92</sup> Freedom Tower, About the Building, *supra* note 151.

<sup>93</sup> World Trade Center, About the WTC, Office Towers, <http://www.wtc.com/about/office-towers> (last visited April. 14, 2008).

Tower 5.<sup>94</sup> In addition, the memorial costs \$500 million to build.<sup>95</sup> The entire rebuilding process, with the exception of the performing arts center, is scheduled for completion in 2012.<sup>96</sup> Under the 2006 agreement, if Mr. Silverstein does not deliver his buildings on time, he loses the entire project.<sup>97</sup> Thus, there is a lot of pressure on us to get the job done. We are very anxious to begin building and know it is something the city desperately needs. For the last six years there has been a hole in the New York City skyline, which we hope these buildings will fill.

Thank you very much.

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<sup>94</sup> Tower 5, About the Building, *supra* note 143.

<sup>95</sup> W. Dunlap, *9/11 Contamination is High at Bank Tower, Study Says*, N.Y. TIMES, Sept. 15, 2004, available at <http://www.nytimes.com/2004/09/15/nyregion/15deutsche.html>.

<sup>96</sup> World Trade Center, About the WTC, <http://www.wtc.com/about/> (last visited Apr. 14, 2008).

<sup>97</sup> Bagli, *An Agreement is Formalized*, *supra* note 142; Hallman, *supra* note 174, at 89.