LINCOLN TUNNEL – DECLARATION OF SURPLUS PROPERTY AND TRANSFER OF TITLE OF A PORTION OF WEST 30TH STREET PROPERTY

It was recommended that the Board authorize: (1) the declaration of approximately 1,200 square feet of land located in the vicinity of the Lincoln Tunnel adjacent to an access road along West 30th Street, between Ninth Avenue and Dyer Avenue (Block 728, portion of Lot 1) in the Hudson Yards Development District of Manhattan, City and State of New York, as surplus property (the Property); and (2) the Executive Director to enter into a contract of sale with Arisa Realty Company X LLC (Arisa) for the transfer of fee title to the Property for the sum of $4,155,120.

The Property, originally acquired by the Port Authority in 1952 for tunnel-related purposes, now consists of a portion of a paved bus parking lot. The triangular-shaped Property is located on the north side of a Lincoln Tunnel access road that runs parallel to West 30th Street, and contains a total land area of approximately 1,200 square feet. Arisa would reimburse the Port Authority for the cost of reconfiguring the bus parking lot so that the current capacity of 21 buses is maintained. The required reconfiguration would include moving a fence line and reducing the size of a curb cut, so that buses can properly turn out of the bus parking lot onto the Lincoln Tunnel Expressway.

The Property adjoins the Arisa development site to the north (the Arisa Development), consisting of approximately 3,800 square feet. Arisa is planning to develop a 211-room hotel on the Property and an adjacent parcel. The Arisa Development site is located in the Hudson Yards Development District.

Arisa has determined that the Property will provide it with a better floor plate, and that the additional development rights attributed to the Property could be utilized to increase the size of its proposed building.

Arisa is a subsidiary of The Shushana Company (Shushana). Today, Shushana and its subsidiaries, Morel Operating Company and Arisa, own and operate numerous residential, retail and industrial properties throughout the Tri-State area.

Should Arisa sell more than 50 percent of its ownership interest (the Capital Event) in its proposed building, including associated land area, at any time after the issuance of a permanent Certificate of Occupancy, the Property would be reappraised as unimproved land. If Arisa does not sell more than 50 percent of its ownership interest, the reappraisal would be triggered automatically 25 years after execution of the contract of sale. Should the appraised value of the Property be more than Arisa paid, 50 percent of the appreciation in land value, less monetary inflation, would be paid to the Port Authority at the closing of the Capital Event (the Capital Event Fee). The obligation to pay the Port Authority the Capital Event Fee would be recorded in the deed of sale. Therefore, if Arisa sells its interest in the development prior to the issuance of a Certificate of Occupancy, the successor owner of the development would have the obligation to pay this fee to the Port Authority. This would be a one-time obligation that would terminate upon payment of the Capital Event Fee. A transfer of ownership within the development project, related to residential condominium units, would not be considered a Capital Event. As part of this transaction, Arisa has given the Port Authority a right of first offer, the exercise of which would be subject to Board authorization, should Arisa decide to sell the development in the future.

Pursuant to the foregoing report, the following resolution was adopted with Commissioners Bauer, Blakeman, Chasanoff, Coscia, Hochberg, Holmes, Mack, Pocino, Sartor, Silverman and Steiner voting in favor; none against:

RESOLVED, that the Board hereby finds and determines that the real property consisting of approximately 1,200 square feet of land located in the vicinity of the Lincoln Tunnel, adjacent to an access road along West 30th Street, between Ninth Avenue and Dyer Avenue (Block 728, portion of Lot 1) in the Hudson Yards Development District of Manhattan, City and State of New York (the Property), is no longer required for the purposes for which it was acquired; and it is further

RESOLVED, that the Chief Engineer of the Port Authority be and he hereby is authorized and directed, for and on behalf of the Port Authority, to execute a certificate to be annexed to the appropriate Port Authority Map stating that the Property is no longer required for the purposes for which it was acquired, such map to be filed with the Office of the Secretary of the Port Authority; and it is further

RESOLVED, that the Executive Director be and he hereby is authorized, for and on behalf of the Port Authority, to enter into a contract of sale with Arisa Realty Company X LLC (Arisa) for the transfer of fee title to the Property for the sum of $4,155,120, plus fifty percent of any increase in the assessed value of the unimproved Property, such assessment to occur upon Arisa's sale of an interest greater than 50 percent in any development that may be constructed upon the Property or, if no such interest is sold, then 25 years following the execution of the contract of sale by the Port Authority and Arisa, substantially in accordance with the terms outlined to the Board; and it is further

RESOLVED, that the form of all contracts and agreements in connection with the foregoing shall be subject to the approval of General Counsel or his duly authorized representative.