



Legislation Text

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Res. No. 760

Resolution supporting the financing plan for the Hudson Yards infrastructure projects in accordance with the terms of this Resolution

By the Speaker (Council Member Miller) Council Members Weprin, Katz, Quinn and Sears

Whereas, The Council and the Administration are in agreement that the redevelopment of the Hudson Yards, as described in the definition of the Hudson Yards Redevelopment Area set forth in 93-01 of the zoning resolution, requires principal infrastructure elements in such area such as the extension of the Number 7 subway line, the building of a platform over the Eastern Rail Yards and the network of streets and open spaces (collectively the “Hudson Yards infrastructure projects”); and

Whereas, For purposes of this resolution, the Hudson Yards infrastructure projects do not include any components of the New York Sports and Convention Center; and

Whereas, The Administration has proposed to finance the Hudson Yards infrastructure projects in the Hudson Yards Redevelopment Area through the issuance by a local development corporation, the Hudson Yards Infrastructure Corporation (“HYIC”), of indebtedness; and

Whereas, The indebtedness will be repayable from certain revenue sources assigned by the City to HYIC for such purposes, consisting primarily of payments in lieu of taxes (“PILOTS”) on new commercial development in the area, sale of development rights on the Eastern Rail Yards, sale of development rights from the Eastern Rail Yards to other development sites in the area, and payments made for the District Improvement Bonus, as permitted by the Zoning Resolution, as amended; and

Whereas, The Council believes that a substantial savings can be achieved by having the City undertake, subject to appropriation by the Council in accordance with the Charter, to pay current interest, to the extent not

paid from the revenues of HYIC, on all HYIC indebtedness issued for Hudson Yards infrastructure projects, so long as such indebtedness remains outstanding, resulting in a reduction in the borrowing from approximately \$4 billion to approximately \$3 billion; and

Whereas, The Administration has proposed that the New York City Transitional Finance Authority (“TFA”) agree to permit the use of its credit to support the HYIC’s financing of the infrastructure projects by means of an investment agreement between HYIC and the TFA, under which, in the event HYIC is unable to meet its commitments to its bondholders or its letter of credit banks or other enhancers, the TFA may purchase up to a certain amount of HYIC’s debt, allowing HYIC to meet its obligations; and

Whereas, The Council believes that use of the TFA in this manner will result in additional savings in borrowing costs; and

Whereas, The Council also recognizes that HYIC’s ability to borrow would be furthered, if the City were to undertake, subject to appropriation by the Council in accordance with the Charter, to pay to HYIC revenues provided by residential real property taxes or other real property taxes in the Hudson Yards Redevelopment Area not captured by PILOT mechanisms; and

Whereas, The Council further believes that additional savings can be achieved over the life of the borrowing, if HYIC revenues in excess of HYIC’s debt service costs are applied to discharge HYIC debt early, subject to appropriation by the Council in accordance with the Charter; now, therefore be it

Resolved, That the Council of the City of New York hereby:

- (i) Supports the approximately \$3 billion in borrowing by HYIC for the financing of the Hudson Yards infrastructure projects;
- (ii) Supports an undertaking, by the City, subject to appropriation by the Council in accordance with the Charter, to pay current interest, to the extent not paid from the revenues of HYIC, on all HYIC indebtedness issued for Hudson Yards infrastructure projects, so long as such indebtedness remains outstanding;

- (iii) Supports an undertaking, by the City, subject to appropriation by the Council in accordance with the Charter, to pay to HYIC revenues provided by residential real property taxes or other real property taxes in the Hudson Yards Redevelopment Area not captured by PILOT mechanisms, necessary to support such indebtedness;
- (iv) In these particular circumstances, conditioned upon a unanimous vote of the Board of Directors of the TFA to take such action and approve any and all such agreements, supports and hereby approves of the use of the TFA's credit to support no more than \$750 million of the HYIC indebtedness, and the use by the TFA of revenues not exceeding an amount necessary to support such indebtedness, subject to the rights of its bondholders, to purchase the HYIC indebtedness if called upon; and
- (v) Supports an undertaking by HYIC to apply revenues in excess of HYIC's debt service costs to begin to discharge HYIC debt early, subject to appropriation by the Council of such excess revenues back to HYIC in accordance with the Charter.