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Congress of the United States

House of Representatives

COMMITTEE ON OVERSIGHT AND GOVERNMENT REFORM

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The Honorable Michael R. Bloomberg
Mayor
City of New York
City Hall
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Dear Mr. Bloomberg:

Over the course of the 110th Congress, the Domestic Policy Subcommittee has been examining the use of federal tax-exempt financing for construction of professional sports stadiums and arenas. As part of its oversight, the Subcommittee has held three hearings. In the first two hearings, we heard testimony about the fate of tax-exempt financing for sports stadiums in a number of cities, including Detroit, Minneapolis, Seattle, and the City of New York (the City).¹ These city-specific inquiries helped to inform our examination of the policy questions raised by public subsidization of sports stadiums and the U.S. Department of Treasury's (Treasury Department) ongoing rulemaking on an innovative mechanism to finance these projects, the use of payments of lieu of taxes (PILOTs). The City, operating through its development authority, the New York City Industrial Development Agency (NYCIDA), was the first and only municipality to propose the use of PILOTs in this context, and has pursued PILOT-backed bonding to fund new stadiums for the New York Yankees and New York Mets and a new arena for the New Jersey Nets.

¹ Domestic Policy Subcommittee, House Committee on Oversight and Government Reform, Hearings on *Build It and They Will Come: Do Taxpayer-Financed Sports Stadiums, Convention Centers and Hotels Deliver as Promised for America's Cities?*, 110th Cong. (Mar. 29, 2007) (online at frwebgate.access.gpo.gov/cgi-bin/getdoc.cgi?dbname=110_house_hearings&docid=f:38037.pdf) and *Professional Sports Stadiums: Do they Divert Public Funds from Critical Public Infrastructure?*, 110th Cong. (Oct. 10, 2007);

The Subcommittee expanded its policy and regulatory oversight to investigate an allegation by an unnamed City official that “[o]ur assessors jacked up” the stadium site assessment and evidence that there was a possible deliberate inflation of the \$204 million stadium site assessment.² The Subcommittee investigated these allegations in order to understand whether material misrepresentations may have been made by the NYCIDA to IRS in the NYCIDA’s application for a private letter ruling seeking tax-exempt treatment for \$942 million of PILOT-backed bonds for the new Yankee stadium (the Private Letter Ruling). Treasury Department regulations cap the value of PILOTs at the level of the foregone property tax that the PILOTs ostensibly replace.³ An inflation of the stadium assessment would allow the Yankees to benefit from the City’s issuance of more PILOT-backed bonds, saving the Yankees from the need to choose between making a larger contribution toward the cost of constructing the stadium or playing in a less expensive new stadium.

In late July, the Subcommittee requested documents from all parties involved in the stadium projects, including the Office of the Mayor of the City of New York, the New York City Economic Development Corporation (NYCEDC),⁴ the New York City Department of Finance (NYCDOF), the Internal Revenue Service (IRS), the Yankees, and the Mets.⁵ To date, the City’s cooperation with the Subcommittee’s investigation has been insufficient: Despite repeated assurances that it would comply with the Subcommittee’s requests, the City has failed to produce many essential documents requested by the Subcommittee. For example, the documents related to the assessment were due on August 6, 2008. As of today—more than two months after the deadline—the City has still not complied with the Subcommittee’s request for these documents.

Despite the City’s failure to cooperate in a timely manner, the Subcommittee has continued its investigation. On September 18, 2008, the Subcommittee held a hearing focused on the Treasury Department’s rulemaking on the use of PILOTs to finance tax-exempt bonds and the

² See *Congress Probing Whether City Wildly Inflated Value of Land for New Stadium*, New York Daily News (July 28, 2008) (online at www.nydailynews.com/news/2008/07/27/2008-07-27_congress_probing_whether_city_wildly_inf.html?page=).

³ See 26 C.F.R. § 1.141-4(e)(5) (requiring PILOT payments to be commensurate with and not greater than the amounts imposed by the statute for a tax of general application).

⁴ NYCEDC is the parent entity of the NYCIDA.

⁵ The requests to the NYCIDA were by the broadest in scope; the Subcommittee requested documents that were produced to New York State Assemblyman Richard Brodsky, who, as was investigating many aspects of the projects. The NYCIDA produced the closing documents in the Yankees’ and Mets’ bond issuances and its applications to the IRS for the ultimately favorable private letter rulings. The Subcommittee further requested documents relating to two topics: (1) documents relating to the valuation, appraisal, or assessment of the new Yankee Stadium and stadium site; and (2) documents relating to provisions in the Yankees’ and Mets’ lease agreements with the NYCIDA that provided the City with a luxury boxes in each stadium and preferential ticket purchase rights for Yankee and Mets home games.

The Honorable Michael R. Bloomberg
October 14, 2008
Page 3

legal requirements for accuracy of the NYCIDA's valuation of the Yankee stadium site and stadium.⁶

The Subcommittee's investigation has raised serious questions that require explanation by City officials. These questions are: (1) Did the NYCDOF use improper comparables that inflated the value of the stadium site? (2) Why did the NYCDOF initially assess a 17 acre stadium site when the real stadium site was 14.5 acres, and why did the NYCIDA fail to inform IRS of a lowered valuation based on the smaller acreage? (3) Did the stadium valuation improperly include certain soft and hard costs; and (4) Did the NYCIDA provide IRS with inaccurate projections of the future value of the stadium. The Subcommittee notes that each of these allegedly improper practices served to increase the value of the new Yankee Stadium, which in turn supported the NYCIDA's petition to IRS for tax-exempt status for bonds financed by PILOT payments.

A hearing on these issues is scheduled for October 24, 2008, and the City has agreed to testify. I must reiterate my previous requests for documents from the City; it is essential that these documents be received in timely fashion in advance of the scheduled hearing. The investigation also is relevant to ongoing rulemaking by the federal government and the City's pending requests for further tax-exempt bonding for stadium projects, including the ability of IRS to rely on the representations made by the NYCIDA in each of these projects.⁷ After promising to begin producing these documents, first requested in July, the City still has not produced many of them, including interagency and intra-agency documents regarding the assessment issue.

I must also request the presence at the hearing of both Mr. Seth Pinsky, President of the NYCEDC, and Ms. Martha Stark, Commissioner of the NYCDOF. It is crucial that the Subcommittee gain a complete understanding from the City about its basis for its decisions that led to inflation of the assessment.

⁶ See Domestic Policy Subcommittee, House Committee on Oversight and Government Reform, *Hearing on Gaming the Tax Code: Public Subsidies, Private Profits, and Big League Sports in New York* (Sept. 18, 2008). The City, after consistently agreeing to make Mr. Pinsky available to testify, reversed itself the week before the hearing and contended that it would be unfair for Mr. Pinsky to testify before the City had fully produced the documents relating to the assessment that the Subcommittee had requested in late July. Later, the City claimed that the financial crisis made it impossible for Mr. Pinsky to testify. The Yankees refused to make a witness available for the September 18, 2008 hearing and have failed to produce many documents to the Subcommittee.

⁷ NYCIDA has requests pending to IRS for tax-exempt treatment of \$360 million of tax-exempt bonds to complete construction of the new Yankee Stadium, additional bonds to complete the new stadium for the New York Mets, and bonds to construct a new arena for the New Jersey Nets.

I. INFLATED ASSESSMENT OF STADIUM SITE

The NYCIDA reported to IRS only the highest of several widely disparate valuations of the stadium site, which ranged from \$21 million to \$204 million. In fact, two vastly different valuations for the stadium site were reported by different City agencies to two different federal agencies. To the National Park Service (NPS), the City reported a \$21 million appraisal of the stadium site. However, the NYCIDA represented to IRS that the stadium site was worth \$204 million. While the acreage of the sites is not identical, the difference in size is not nearly enough to account for such an immense discrepancy between the valuations. The higher land valuation was an important component of the total property assessment and allowed the Yankee to benefit from the issuance of more PILOT-backed bonds.

The \$21 million appraisal (the Park Appraisal), dated May 9, 2006, is of a 10.7 acre portion of McCombs Dam Park, a parcel that formed the majority of the new Yankee Stadium site. The appraisal was commissioned by the New York City Department of Citywide Administrative Services and completed by PATJO Appraisal Services, Inc. The Park Appraisal was conducted pursuant to the requirements of the NPS's Land & Water Conservation Fund (LWCF), which provides matching grants to states and local governments for the acquisition and development of public outdoor recreation facilities. The LWCF requires that a state or local government that destroys a park that is funded by the program replace the park with one of at least equivalent value.⁸ On July 7, 2006, the New York State Office of Parks, Recreation and Historic Preservation (NYSOPRHP) submitted the Park Appraisal as part of its request to allow the conversion of the park site to stadium use.⁹ Pursuant to federal law, states and localities are responsible for ensuring that the appraisals meet federal appraisal standards, including the Uniform Appraisal Standards for Federal Land Acquisition.¹⁰

The Park Appraisal arrived at the \$21 million figure based on a rate of \$45 per square foot. According to the NYCIDA, it was unaware—or at least did not have in its possession—the Park

⁸ 16 U.S.C. § 4601-8(f)(3); *see also* Act of July 19, 2005, ch. 238, §§ 3, 7, 2005 N.Y. ALS 238 (requiring the City to dedicate the stadium site to park use or acquire additional park lands currently inaccessible by the public thereby, for park or recreational purpose, that is of equal or greater fair market value).

⁹ *See* Letter from Kevin Burns, NYSOPRHP, to Jean Sokolowski, National Park Service, Department of the Interior (DOI) (July 7, 2006), and Letter from PATJO Appraisal Services, Inc. to New York City Department of Citywide Administrative Services (May 9, 2006) (attaching Park Appraisal).

¹⁰ In 1998, the NPS dropped its practice of reviewing certain appraisals submitted under LWCF provided that their accuracy was certified by the submitter. *See* Memorandum from Jack Howard, Manager Recreation, Conservation & Grants Assistance, National Park Service, DOI, to Elisa Kunz (July 29, 2008).

Appraisal until July 22, 2008—well after it relied on other, much higher, land valuations for the stadium site for its IRS submissions and bond offering.¹¹

While land appraisals are complex, the Subcommittee has consulted with experts and has reached a provisional judgment that the Park Appraisal is, if not completely accurate, reasonable based on the comparable properties used to calculate value.

In 2006, the NYCEDC commissioned another land valuation of the Yankee Stadium site (Lease Appraisal).¹² The appraisal was conducted by Grubb & Ellis Consulting Services Company (Grubb & Ellis), and it arrived at a market value of \$40 million, or \$63 per square foot, on the 14.5 acre stadium site. The Lease Appraisal was dated July 1, 2006, but appears not to have been finalized until some time in August 2006. From the correspondence provided to the Subcommittee, it not clear exactly when NYCIDA officials became aware that the property was appraised at \$40 million, but the July 1, 2006, date is reasonable given that it is the date of the appraiser's certification. Over the May-August period in which the Lease Appraisal was conducted, NYCIDA, the Yankees, and their attorneys were aware that Grubb & Ellis was conducting an appraisal of the Yankee site.¹³ In fact, these City officers directed Grubb & Ellis on the scope and terms of this appraisal.¹⁴

Grubb & Ellis used an income capitalization method to arrive at market value for the Lease Appraisal instead of the sales method, which was employed in the Park Appraisal and the NYCDOF's appraisals. The appraiser declined to employ the sales method because of the

¹¹ Memorandum from Robert LaPalme, Assistant General Counsel, NYCEDC, to Richard Brodsky, Chairman, New York State Assembly Committee on Corporations, Authorities and Commissions (August 5, 2008) (“NYCEDC has been informed that the Park Appraisal, which was provided to NYCEDC on July 22, 2008, was performed for the purpose of valuing a portion of McComb’s Dam Park . . .”).

¹² Grubb & Ellis, *Appraisal of Future Yankee Stadium Site, The Bronx, New York, Subject to Typical Stadium Lease* (effective as of July 1, 2006) (hereinafter the “Lease Appraisal”), 16.

¹³ See, e.g., E-mail from Robert LaPalme to Stephen Lefkowitz, Fried Frank Harris Shriver & Jacobson LLP (May 2, 2006) (requesting that Mr. Lefkowitz confirm with his client the reimbursement for the cost of the appraisal and that the parties “would bill for any additional expenses later.”).

¹⁴ See, e.g., E-mail from Maureen Babis, NYCEDC, to John Brengelman, Senior Managing Director, Grubb & Ellis (copy to Miles Mercer, NYCEDC) (June 28, 2006) (stating that as discussed, she hopes he “ha[s] been able to proceed with the alternative valuation method”) and E-mail from Maureen Babis to John Brengelman (copy to Robert LaPalme) (July 3, 2006) (directing Grubb & Ellis for purposes of its analysis, to assume a 40-year lease term and “reversion for baseball stadium or other stadium support functions, such as parking, given the likely use of [the] future site.”).

“absence of any comparable sales of similar properties.”¹⁵ While it may be that Grubb & Ellis could not identify similar plots in the South Bronx, it is also possible that the appraisers believed that comparables were unavailable because it was “instructed” by NYCIDA to value the best use of the site, the appropriate indicator of market valuation, as if the site could “only be used for purposes of locating a major league baseball stadium.”¹⁶ The NYCIDA’s email correspondence is not illuminating on the issue of proper methodology, and it is unclear whether the assumptions under which Grubb & Ellis were instructed to conduct the appraisal made sense and whether their rejection of the sales approach was valid.

From our review of documents submitted by NYCIDA to IRS, it is clear that NYCIDA did not apprise IRS of the existence of the \$40 million Lease Appraisal. In addition, there is no evidence that the NYCIDA provided the appraisal to either the NYCDOF, which was in the process of reassessing the stadium site, or the NYSOPRHP, which at the time was providing a lower appraisal to the NPS for the same property.¹⁷

In contrast, in May 2006, the NYCIDA represented to IRS that the market value of the stadium site was \$204 million.¹⁸ This was based on an April 10, 2006 assessment by the NYCDOF, using a rate of \$275 per square foot for a site encompassing 17 acres.¹⁹ The NYCDOF valued the stadium site so highly because it inappropriately compared the stadium site to smaller lots in different neighborhoods where real property values are significantly higher. Both these practices violate basic principles governing real property assessment.

First, the NYCDOF derived the \$275 per square foot rate by comparing the stadium site to City assessments of significantly smaller lots.²⁰ Smaller lots are typically worth more per square foot than larger locations. In addition, the “comparables” used by the NYCDOF were located in more expensive neighborhoods in other boroughs, such as Manhattan Valley and Alphabet City,

¹⁵ Lease Appraisal at 16.

¹⁶ *Id.*

¹⁷ Similarly, the Official Statement for the \$942,555,000 PILOT Revenue Bonds, Series 2006 does not refer to the Lease Appraisal by Grubb & Ellis.

¹⁸ See “New Yankee Stadium Company Bond Financing PILOT Calculation and Debt Service Schedule,” prepared by Goldman, Sachs & Co. (“Goldman Sachs”) (May 11, 2006) (attached here as Exhibit 1 and hereinafter the “PILOT Calculation and Debt Service Schedule”). The schedule was submitted to IRS as Exhibit H to the May 19, 2006, letter from Mitchell Rapaport and Bruce Serchuk, each of Nixon Peabody LLP, to Rebecca Harrigan, IRS.

¹⁹ Letter from Dara Ottley-Brown, Assistant Commissioner, NYCDOF, to Gregory Carey, Managing Director, Goldman, Sachs & Co. (Goldman Sachs) (Apr. 10, 2006) (hereinafter the “Ottley-Brown Letter”) (attached here as Exhibit 2).

²⁰ *Id.* at 3 (using seven properties as “comparables properties” but where six of the seven lots were each smaller than eight acres.).

both located in Manhattan.²¹ The new Yankee Stadium is located, in contrast, in the South Bronx. Comparables in the immediate vicinity of the stadium site show land valuation more in line with the \$45 rate used in the Park Appraisal, including an apartment building site on 162nd Street valued at \$14 per square foot, and a nearby site under development as a retail shopping plaza that has an averaged assessed market value of \$9 per square foot.²² From the documents provided, it is unclear who decided to use inappropriate comparable properties and who, if anyone, put pressure on the NYCDOF to submit such a widely inflated land assessment.²³ The IRS did not question NYCIDA's use of the \$204 million real property valuation.

II. FAILURE TO NOTIFY IRS OF REDUCTION IN ASSESSMENT FROM \$204 MILLION TO \$175 MILLION

In its submissions to IRS, NYCIDA relied on the NYCDOF's valuation of the stadium site of \$204 million, which was based on a 17-acre site. According to lease documents, however, the stadium site is only 14.5 acres.²⁴ The documents reviewed by the Subcommittee do not reveal how and why NYCDOF had decided that the stadium site was 17 acres and not 14.5 acres. It is also unclear why NYCIDA agreed with the NYCDOF's conclusion. At the same time the NYCIDA submitted information about the stadium assessment to IRS that included the \$204 million site valuation for 17 acres,²⁵ the NYCIDA was commissioning a Lease Assessment for a

²¹ *Id.* (Manhattan Valley comparable, 16.237 acres, valued at \$430 per square foot; Alphabet City comparable, 4.324 acres, valued at \$343 per square foot).

²² Domestic Policy Subcommittee, House Committee on Oversight and Government Reform, Testimony of Richard Brodsky, Chairman, New York State Assembly Committee on Corporations, Authorities and Commissions including the report, "*The House That You Built*": *An Interim Report into the Decision by New York City to Subsidize the New Yankee Stadium*, (released Sept. 17, 2008) (online at <http://domesticpolicy.oversight.house.gov/documents/20080918100954.pdf>) (hereinafter the "Brodsky Report"), 9, Appendix A, *Hearing on Gaming the Tax Code: Public Subsidies, Private Profits, and Big League Sports in New York* (Sept. 18, 2008).

²³ NYCIDA and the City have thus far refused to produce any interagency and intra-agency documents regarding the assessment issue. Initially the NYCIDA and the City cited privilege concerns for their non-compliance. Letter from Seth Pinsky to Chairman Dennis J. Kucinich (Aug. 18, 2008) (explaining that NYCEDC did not produce "documentation that includes inter- and intra-agency communications and communications between outside and in-house counsel to NYCEDC, New York City Industrial Development Agency and the City of New York.") It is precisely these categories of documents that would reveal if any pressure was placed on the NYCDOF.

²⁴ Act of July 19, 2005, ch. 238, § 2(c), 2005 N.Y. ALS 238; Exhibit A to the Lease Agreement between NYCIDA and Yankee Stadium LLC for Premises to be referred to as the New Yankee Stadium 1 East 161st Street, Bronx, New York 10407 (Aug. 1, 2006).

²⁵ PILOT Calculation and Debt Service Schedule.

valuation of a site that was described as 14.5 acres.²⁶ The NYCIDA was aware or should have been aware of the true site size.

Moreover, no NYCDOF documents produced to the Subcommittee indicate that the \$204 million valuation was entered into the City's official assessment rolls. The summary record indicates the site was valued at \$6,906,084 for the 2006/2007 tax year.²⁷ In January 2007, NYCDOF assigned a market value of \$175 million to the 14.5 acre site, which was officially entered on the assessment rolls for the 2007/2008 tax year.²⁸ It appears that NYCIDA never informed IRS that the NYCDOF's changed its market valuation for the site from \$204 million to \$175 million.

The Subcommittee's provisional estimate at the true land value of the stadium site is about \$30 million—\$174 million lower than and a fraction of NYCIDA's figure. This figure is derived from the Park Appraisal adjusted to reflect the stadium site of 14.5 acres.

III. POSSIBLY IMPROPER INCLUSION OF CERTAIN HARD AND SOFT COSTS IN STADIUM ASSESSEMENT

There is also substantial doubt as to the \$1 billion valuation of stadium itself. In its submissions to the IRS and for the purposes of its bond offering, the NYCIDA relied on the NYCDOF's assessed value of the stadium of \$1,025,283,187. The stadium value was derived almost exclusively from an estimate of hard costs of \$749,396,309²⁹ and soft costs of

²⁶ Exhibit A to the Lease Agreement between NYCIDA and Yankee Stadium LLC for Premises to be referred to as the New Yankee Stadium 1 East 161st Street, Bronx, New York 10407 (Aug. 1, 2006).

²⁷ See NYCDOF Aug. 13, 2008 Production at 17.

²⁸ From NYCDOF documents, it appears that for purposes of assessment, the stadium site size had changed between the 2006/2007 and 2007/2008 tax years. NYCDOF Aug. 13, 2008 Production at 8 (Final Assessment Roll 2006-2007, describing an irregularly shaped 654.13' by 653.44' lot); *id.* at 10 (Final Assessment Roll 2007-2008, describing an irregularly shaped 798.13' by 611.63' lot); *id.* at 25 (describing 798.13' by 611.63' as 624,335 square feet (14.5 acres)).

²⁹ It appears that the NYCDOF revised the hard costs figure by increasing it about 2.5 million. Brodsky Report at 20, n.84.

\$275,886,878 provided by the project's bond underwriter³⁰ and apparently not independently verified by the NYCDOF.³¹

Stadium valuation is a complex task, and there are legitimate disputes about methodologies. Perhaps the most important dispute is whether to apply a cost method or income method to the valuation. The cost method essentially analyzes how much money it would take to build a replacement stadium; the income method values the stadium on how much income it produces. It is generally thought that the cost method is more appropriate for a new stadium, but that over the life of the stadium, a shift to the income method—or at least a comparison of the results from both methods—should occur. Here, the NYCDOF used a cost method for its initial assessment.

The stadium assessment is made up of both “soft costs” and “hard costs.” There is reason to believe that both these categories of costs have been improperly inflated. In his report reflecting his independent investigation of the accuracy of the stadium assessment, New York State Assemblyman Richard Brodsky has outlined a number of soft and hard costs that were included in the NYCDOF's assessment that might be improper:

- The inclusion of two hard costs, \$25 million for “Equipment and Furnishing” and \$17.5 million for “Audio Visual Systems” are not normally included in replacement value assessments. While they do have business value they are not usually associated with real property values.³²
- The inclusion in hard costs of \$53 million for “Luxury/Sky/Boxes” may have been improper to include as real estate costs because they belong to a category of costs known as “Furniture, Fixtures, and Equipment,” which are not normally part of real estate costs.³³
- The inclusion of \$36 million for “Escalation” and \$34 million for “Project Contingency” as hard cost may have been improper.³⁴

³⁰ Letter from Gregory Carey to Dara Ottley-Brown (Feb. 27, 2006) (hereinafter the “Goldman Sachs Letter”) (including hard (major) costs, soft (direct) costs and additional costs, among other data) (attached as Exhibit 3).

³¹ Ottley-Brown Letter (providing that with respect to Building Value, the DOF prepared a list of the data required, and Goldman Sachs provided the construction costs); Brodsky Report at 20 (providing that nowhere in the documents provided to his Committee, or in response to questions asked of the NYCDOF in a meeting with NYCDOF staff, was there any indication that NYCDOF verified or sought independent verification of the hard costs and soft costs numbers).

³² Brodsky Report at 20.

³³ *Id.*

³⁴ *Id.*

- The inclusion of some soft costs may have been improper and the total amount of hard costs is unusually high as a proportion of total costs. The Yankees included \$119 million for “Architectural, Engineering, and Development Costs” and \$122.5 million for “General Conditions and Fees (Financing Costs).” The propriety of including of certain financing costs including certain reserve funds is not clear here.³⁵
- The inclusion of construction costs for a new police station at the stadium is likely improper because it is not legally part of the stadium because it is explicitly exempted from the ownership agreement governing the stadium.³⁶ While the legal status of the police station was known by the NYCIDA,³⁷ it is unclear whether the NYCDOF was informed that it should not be included and maintain that “our valuation method did not take into account a substation,”³⁸ an assertion which appears to be contradicted by the evidence.

In total, there are \$407 million of possible construction costs plus costs associated with police station that were possibly improperly included in the assessment of the stadium itself. Without more information from the NYCDOF and further analysis by a stadium valuation professional, it is difficult to analyze the appropriateness of the inclusions of the hard and soft costs. But it is troubling that it appears that the NYCDOF accepted the breakdown of costs provided by the bond underwriter; none of the documents that we have received so far indicates a sophisticated cost analysis appropriate for such a complex evaluation of a \$1 billion property.

IV. POSSIBLY INACCURATE STADIUM TAX ASSESSMENT PROJECTIONS

There is reason to question the accuracy of the projections of stadium tax assessments that NYCIDA provided to IRS and whether the projected tax assessments would exceed the negotiated PILOT payments over the long term of the bonds. In conjunction with its application for the Private Letter Ruling, the NYCIDA represented to IRS that it expected that the PILOT payments from the Yankees to the NYCIDA would be less than the New York City real estate

³⁵ Brodsky Report at 21. The Subcommittee’s own investigation has revealed that soft costs typical constitute about 10%-12% of total stadium costs. Here, the soft costs are around \$250 million or 25% of stadium costs.

³⁶ Brodsky Report at 21 (citing Section 3 of the Certificate of The City of New York regarding Stadium, Exhibit C to the Tax Certificate as to Arbitrage and the Provisions of Sections 103 and 141-150 of The Internal Revenue Code of 1986, which provides that the police station is neither part of the property leased to the NYCIDA nor the property leased to the Yankee Stadium LLC).

³⁷ Brodsky Report at 21 (citing E-mail from Robert LaPalme to Steven Lefkowitz (Dec. 6, 2001) (stating that “[t]he IDA excludes the substation parcel, but the tentative tax lot appears to include it.”)).

³⁸ *Id.* at 21 (citing Letter from Sam Miller, NYCDOF, to Richard Brodsky (Sept. 15, 2008)).

taxes that the PILOTs ostensibly replaced for each and every year until the stadium bonds reached maturity until 2045.³⁹ Treasury Department regulations prohibit PILOT payments from exceeding the taxes that they replace.⁴⁰ In response to a specific query, the NYCIDA provided IRS an estimated projection of the tax assessments, PILOT payments, and debt service beginning in 2009 until 2046, one year after the stadium bonds reach maturity.⁴¹ The yearly tax assessment is calculated by multiplying the value of the stadium and stadium site by a fixed equalization ratio and fixed property tax rate. For example, the NYCIDA estimated that the 2009 tax assessment at \$62,494,650 based on the following calculation: \$1,229,000,000 (stadium and land value) x .45 (equalization ratio) x 11.3% (property tax rate). The tax assessment barely exceeds the \$60,000,000 PILOT payment that the NYCIDA reported to IRS had been agreed to by the Yankees and the NYCIDA.

In addition, NYCIDA may have failed to account properly for depreciation in the stadium's market value in an effort to ensure that future projected tax assessments exceed PILOTs. Assuming a fixed equalization ratio and property tax rate, projected tax assessments on the stadium rise and fall directly with of the market value of the stadium and the stadium site. Here, the NYCIDA projects the new Yankee Stadium would appreciate in value at 3% a year for the next 37 years.⁴² According to stadium valuation experts who the Subcommittee has consulted, these projections are highly questionable. Sports stadiums depreciate in value over time; the key question is how quickly the depreciation occurs for a particular stadium. Historically, stadiums have typically been replaced every 35 to 40 years, and their value trends toward zero over this period. According to the NYCDOF's own "cost-based" stadium valuation methodology that it submitted to IRS, the value of the stadium over time would be calculated by initial valuation

³⁹ PILOT Calculation and Debt Service Schedule. The schedule was submitted to IRS in response to its request for "the projected size of the taxable and tax-exempt bonds, the projected amount of pilots and actual taxes, and the proposed amortization schedule for the taxable and tax-exempt bonds." Letter from Mitchell Rapaport and Bruce Serchuk to Rebecca Harrigal, 12 (May 19, 2006).

⁴⁰ 26 C.F.R. § 1.141-4(e)(5).

⁴¹ See PILOT Calculation and Debt Service Schedule. It appears that these projections were prepared by the stadium project's bond underwriter, Goldman Sachs at the request of the NYCIDA. See e-mail from Bruce Serchuk, Nixon Peabody LLP, to Gregory Carey (May 9, 2006) ("the estimated [sic] of value of the stadium will be helpful with irs, but can you also use this information to come up with a projection of what actual taxes are expected to be over the term of the bond."). As in the case of the initial stadium valuation, we have found no evidence that either the NYCIDA or any City official undertook any independent review of the market valuations and projections provided by the bond underwriter.

⁴² For example, the projected 2010 tax assessment, \$64,369,490 is 3% greater than the projected 2009 tax assessment, \$62,494,650. See PILOT Calculation and Debt Service Schedule.

increased by inflation in construction costs and decreased by three factors: physical depreciation, economic obsolescence, and functional obsolescence.⁴³ While the location and market niche of the new Yankee Stadium may conceivably allow it to maintain its value longer, there is no indication that the NYCDOF took specific attributes of the stadium into account or applied either its own or any other recognize valuation methodology in projecting the future value of the stadium.⁴⁴

VI. IMPLICATIONS

Because the Yankees and the City have for two months refused to comply adequately with document requests related to the stadium site appraisal, many questions remain regarding the numerous choices made by the City, its agencies, and the NYCIDA in reporting a stadium and stadium site value of \$1.229 billion to the IRS and for the bond offering. But these numerous choices all had a common result: each choice helped to increase the site value for the purposes of the tax assessments over a number of years where more accurate assessment may have endangered the financing agreed to by the Yankees and the City.

The NYCIDA has pending a petition for another private letter ruling from IRS for an additional bond issuance of \$360 million and has advocated for an exception to a draft Treasury Department regulation intended to minimize the use of PILOTs as security for tax-exempt bonds. Requests for private letter rulings are considered by the IRS's Office of the Chief Counsel, and

⁴³ Memorandum from Mitchell H. Rapaport and Bruce M. Serchuk to Rebecca L. Herrigal, IRS, 42 (Feb. 1, 2006).

⁴⁴ While the Subcommittee cannot reach a firm conclusion absent more investigation, NYCDOF may have departed from its standard assessment procedures and New York State law when it increased the stadium site assessment from \$3,107,738 for the 2006/2007 tax year to \$78,750,000 for the 2007/2008 tax year. New York State law requires changes in assessments attributable to market valuation increases receive a "transition assessment," which means the full assessed value cannot be immediately charged to the real property owners, but instead are phased in 20 percent a year over five years. N.Y. REAL PROP. TAX § 1805(3). In contrast, increases in assessment attributable to physical increases may be immediately assessed in full. N.Y. REAL PROP. TAX § 1805(5). Following the phase-in rule for transition assessment of market value increases, NYCDOF initially entered a transition assessment at \$17,654,787 for the 2007/2008 tax year. However, in October 2007, NYCDOF remitted the \$75,642,262 market value increase and immediately replaced it with an identical increase of \$75,642,262 now classified as a physical increase. The result was that the site assessment for the 2007/20008 tax year was increased from \$17,654,787 to \$78,168,597. The reclassification may have increased the size of the PILOT that the Yankees could pay to the NYCIDA without exceeding the tax assessment. As part of its previous document request to the City, the Subcommittee awaits the production of documents that would explain the reasons for the reclassification.

factual assertions made by petitioners are not routinely subjected to audit or independent confirmation. Rather, they are generally accepted as accurate. But now that serious questions about the accuracy of those representations have been raised and are being investigated by the Subcommittee and others, the accuracy of the NYCIDA's representations of the Yankee Stadium project cannot be relied on.

If either the initial stadium market valuation or the projected increases in valuation were inaccurate, there could be a number of years in which PILOTs exceed property tax assessments. For example, if the stadium assessment were inflated only 5 percent, the PILOT would exceed the tax assessment for 2009.⁴⁵ Larger inaccuracies in the assessment would lead to the PILOT exceeding the tax assessment for many additional years.⁴⁶ Pursuant to the contractual agreements among the Yankees, the NYCIDA, and the City, in the event that the scheduled PILOT payment exceeds actual taxes for any given year, the City would only be obligated to pay the actual tax amount. If the reduced PILOT drops below the debt service on the bonds, City taxpayers would be obligated to make up the deficiency in order to pay ensure bondholders receive their interest payments.

In addition, if the stadium valuation or projected yearly tax assessments were inaccurate, there are a number of other possible consequences. First, if the NYCDOF failed to base the

⁴⁵ In the NYCIDA's submission to IRS, the 2009 property tax assessment was projected to be \$62,494,650. *See* PILOT Calculation and Debt Service Schedule. If the market value of the property was reduced 5 percent, the 2009 tax assessment would decline to \$59,369,917, which is below the \$60,000,000 PILOT described in this submission. *Id.* While the NYCIDA amended the timing and size of the PILOT payment scheduled presented in the bond offering documents, an inflation of the tax assessment would create similar problems. *See* Official Statement for the \$942,555,000 PILOT Revenue Bonds, Series 2006 (Aug. 16, 2006) ("Official Statement"), 6 (describing yearly PILOT payments of \$56,700,000 beginning in 2011 without providing a projection of actual tax assessments.).

⁴⁶ A 20 percent reduction in the assessed value of the stadium and a corresponding drop in the project tax assessments would result in the \$60,000,000 yearly PILOT exceeding the assessment for the first seven years of the bond financing according the NYCIDA's submissions to IRS. *See* PILOT Calculation and Debt Service Schedule (2009 projected tax assessment of \$62,494,650 would be reduced to \$49,995,720; 2010 projected tax assessment reduced from \$64,369,490 to \$51,495,592; 2015 projected tax assessment reduced from \$74,621,880 to \$59,697,504). A 20 percent reduction in the stadium assessment is not a far-fetched scenario: if the true market value of the stadium site is \$30 million instead of \$204 million, this \$174 million reduction alone would account for more than 14 percent reduction in the total assessed property of \$1.229 billion. This reduction would be absent any further decline in the assessment attributable any improper inclusion of certain hard or soft stadium costs.

stadium tax assessment on an accurate market valuation of the stadium site and property, there would be a violation of New York State law.⁴⁷

Second, If IRS's enforcement arm audits the NYCIDA's sworn representations made to IRS and finds them false, the NYCIDA officials could be guilty of perjury if the misrepresentation were deliberately inaccurate. If the stadium assessment was inflated, deliberately or not, IRS may have reason to retract its Private Letter Ruling and consequently treat some or all of the bonds as taxable. Furthermore, IRS may have cause to deny the private letter ruling currently sought by the City for an additional \$360 million in tax-exempt bonds to be used in the construction of the new Yankee Stadium.⁴⁸

Third, if IRS retracts the tax-exempt status treatment for the stadium bonds, investors who thought they were buying tax-exempt bonds in exchange for receiving a lower interest rate would find themselves paying taxes on the lower rate. It is likely that these bond holders could sue the City and other parties for violations of securities laws alleging material misstatements in the bond offering statements if the parties to the offering knew or should have known of the inaccuracies.⁴⁹

⁴⁷ N.Y. REAL PROP. TAX § 305(2) (requiring that “[a]ll real property in each assessing unit shall be assessed at a uniform percentage of value”); *Foss v. Rochester*, 65 N.Y.2d 247, 253 (N.Y. 1985) (“value” in § 305(2) means “market value”).

⁴⁸ Given how close the Yankees' PILOT payments are to the limit set by the stadium's property tax assessment, even in the unlikely event that the NYCIDA's representations of the stadium's current and projected values are 100% accurate, the NYCIDA must demonstrate a significant increase in the stadium valuation to support a new bond issue of this size. From a review of the uses for which the Yankees anticipate applying the new bond proceeds, it is difficult to understand how construction financed by the new bonds would add sufficient value to the stadium. *See* Letter from Irwin Kishner, Herrick, Feinstein LLP, to Robert LaPalme (July 17, 2008) (describing \$196.1 million for scope modifications; \$59.8 million for City police and fire department security and requirements; and \$70 million for capitalized interest and debt service reserve fund depositions and bond issuance/delivery date expenses.) Nevertheless, it appears that the NYCDOF is already beginning the process of increasing the market value of the stadium to support the NYCIDA's and the Yankees' financing priorities. On October 10, 2007, an assessor entered a note on the NYCDOF's computer system reflecting a revision of the “NEW YAKEE[sic] STADIUM [to] AN ESTIMATED COST ESTIMATE OF \$1.265B EXCLUSIVE OF LAND.” NYCDOF Aug. 13, 2008 Production at 26. In the documents produced to the Subcommittee, there is not further discussion of this \$250 million increase in the stadium assessment.

⁴⁹ *See* Official Statement, 70 (“It is currently anticipated that Actual Taxes will exceed the scheduled PILOTs and PILOTs will be sufficient in each year to provide for the Bond Year Requirement for the Series 2006 PILOT Bonds.”).

The Honorable Michael R. Bloomberg
October 14, 2008
Page 15

Finally, if the NYCIDA's representations constitute perjury, and IRS fails to retract the Private Letter Ruling and/or awards the City with the additional private letter ruling it seeks, federal taxpayers will be saddled with subsidizing a fraudulent project: the tax-exempt treatment for the stadium bonds effectively transfers a significant component of the construction cost from the Yankees and the City to federal taxpayers. In this case, the federal share of this project would be measured in terms of hundreds of millions of dollars in foregone tax revenues.

VII. CONCLUSION

It is imperative that the City cooperate fully with the Subcommittee's investigation because of the numerous outstanding questions regarding the accuracy of the City's and the NYCIDA's valuations of the new Yankee Stadium, the possible violations of state and federal law arising from the valuations, and the ongoing federal rulemaking pertaining to this and related projects. Specifically, I request that the City promptly fully comply with the Subcommittee's requests for documents that should have been produced on August 6, 2008—over two months ago—and provide two witnesses for the upcoming Subcommittee hearing.

If you have any questions regarding this request, please contact Jaron Bourke, Staff Director, or Charles Honig, Counsel, at (202) 225-6427.

Sincerely,



Dennis J. Kucinich
Chairman
Domestic Policy Subcommittee

Enclosure

cc: Darrell Issa
Ranking Minority Member

Mr. Seth W. Pinsky
President
New York City Economic Development Corporation

Ms. Martha E. Stark
Commissioner
New York City Department of Finance

The Honorable Michael R. Bloomberg
October 14, 2008
Page 16

Mr. Douglas Shulman
Commissioner
Internal Revenue Service

Mr. Eric Solomon
Assistant Secretary for Tax Policy
U.S. Department of the Treasury

Mr. Christopher Cox
Chairman
Securities and Exchange Commission

Exhibit 1

New Yankee Stadium Company Bond Financing PILOT Calculation and Debt Service Schedule

Calculation of PILOT

Estimated Market Value of new Yankee Stadium for NYC DOF	1,025,000,000
Land Value and Improvements	254,000,000
Total Assessed Value	1,279,000,000
Property Tax Valuation Basis	X 45%
Property Tax Rate	553,050,000
Property Tax Assessment	X 11.3%
PILOT Payment	62,494,650
	60,000,000

Bond Sizing	803,275,000
Tax-Exempt Par	25,000,000
Taxable Par	928,275,000
Total	

Debt Service Schedule

	Projected Property Tax Assessment	PILOT Payment	Synthetic Fixed Tax-Exempt Bond Debt Service	Excess PILOT	Rent Payment	Fixed Rate Taxable Bond Debt Service
2008	62,494,650	60,000,000	6,872,397	53,127,603	56,498	56,498
2010	64,369,480	60,000,000	31,501,547	28,488,053	1,241,592	1,241,592
2011	66,500,574	60,000,000	48,829,688	11,170,304	1,686,483	1,686,483
2012	68,289,591	60,000,000	48,838,172	11,161,828	1,689,802	1,689,802
2013	70,338,278	60,000,000	48,849,669	11,150,131	1,687,223	1,687,223
2014	72,448,428	60,000,000	48,858,642	11,181,356	1,689,045	1,689,045
2015	74,621,860	60,000,000	48,829,489	11,170,511	1,689,969	1,689,969
2016	76,860,537	60,000,000	48,836,678	11,153,734	1,689,984	1,689,984
2017	79,166,353	60,000,000	48,836,678	11,163,322	1,689,120	1,689,120
2018	81,541,343	60,000,000	48,825,727	11,174,273	1,691,760	1,691,760
2019	83,987,584	60,000,000	48,837,268	11,162,734	1,693,166	1,693,166
2020	86,507,211	60,000,000	48,844,002	11,150,999	1,693,320	1,693,320
2021	89,102,428	60,000,000	48,844,002	11,155,211	1,692,240	1,692,240
2022	91,775,600	60,000,000	48,830,482	11,161,518	1,694,920	1,694,920
2023	94,529,765	60,000,000	48,848,933	11,161,067	1,691,050	1,691,050
2024	97,364,628	60,000,000	48,848,933	11,151,149	1,690,940	1,690,940
2025	100,285,567	60,000,000	48,837,068	11,162,912	1,694,280	1,694,280
2026	103,294,134	60,000,000	48,837,068	11,162,912	1,695,760	1,695,760
2027	106,392,958	60,000,000	48,847,782	11,152,208	1,695,360	1,695,360
2028	109,584,747	60,000,000	48,840,673	11,159,327	1,692,860	1,692,860
2029	112,872,289	60,000,000	48,838,987	11,180,003	1,693,505	1,693,505
2030	116,258,458	60,000,000	48,843,471	11,156,528	1,696,943	1,696,943
2031	119,746,212	60,000,000	48,848,802	11,151,198	1,692,880	1,692,880
2032	123,338,688	60,000,000	48,828,588	11,171,302	1,696,630	1,696,630
2033	127,038,755	60,000,000	48,832,013	11,167,967	1,697,568	1,697,568
2034	130,849,019	60,000,000	48,830,309	11,189,692	1,695,683	1,695,683
2035	134,775,416	60,000,000	48,826,522	11,173,478	1,696,005	1,696,005
2036	138,818,678	60,000,000	48,846,291	11,153,709	1,693,193	1,693,193
2037	142,983,239	60,000,000	48,844,656	11,155,144	1,697,255	1,697,255
2038	147,272,737	60,000,000	48,846,707	11,153,283	1,696,804	1,696,804
2039	151,680,919	60,000,000	48,838,783	11,170,217	1,692,554	1,692,554
2040	156,241,646	60,000,000	48,841,782	11,159,208	1,694,507	1,694,507
2041	160,929,898	60,000,000	48,828,146	11,171,852	1,692,028	1,692,028
2042	165,756,762	60,000,000	48,836,558	11,153,441	1,695,119	1,695,119
2043	170,729,465	60,000,000	48,837,441	11,162,558	1,693,145	1,693,145
2044	175,857,349	60,000,000	48,827,353	11,172,647	1,691,108	1,691,108
2045	181,125,880	60,000,000	48,827,658	11,172,142	1,689,690	1,689,690
2046	186,550,596	60,000,000	48,812,815	11,172,915	1,692,200	1,692,200
			534,702,061	534,702,061	80,823,248	80,823,248

Exhibit 2

cc: Tracy L
ZACH E



**FINANCE
NEW YORK**
MARTHA E. STARK
COMMISSIONER

April 10, 2006

Gregory B. Carey
Managing Director
Municipal Finance Department
Goldman, Sachs & Co.
85 Broad Street
New York, NY 10004

Post-it* Fax Note	7671	Date	# of pages
To	Gregory Carey	From	
Co/Org.		Co.	
Phone #		Phone #	
Fax #	212-902-2933	Fax #	

Re: Estimate of Yankee Stadium Market Value as of January 5, 2006

Dear Mr. Carey:

After examining the "Data Required to Value Proposed Stadium" and estimating the land value of the new site for Yankee Stadium assuming all amenities were in place, the Department of Finance estimates that if the stadium were built today the market value would be \$1.229 billion as of January 5, 2006. We estimate that the land value after all amenities are completed would be \$204 million and estimate the stadium value as \$1.025 billion or just under \$20,000 per seat.

As you know, this estimated market value is provided for information purposes only and is not binding on the Department of Finance. Therefore, it is possible that the value when the stadium is completed might be different from our estimate since we cannot predict what, if any, changes there might be in the market, or applicable laws and assessment policies.

On behalf of my staff, we appreciate the opportunity to be of service.

Sincerely,

Dara Otley-Brown
Assistant Commissioner, Property Division
Department of Finance

C: Corporation Counsel
New York City Economic Development Corporation

ESTIMATED MARKET VALUE
FOR
PROPOSED YANKEE STADIUM

The estimate of market value for the proposed Yankee stadium is based on the schedule of construction cost provided by Goldman, Sachs & Co. and Finance's independent estimate of land value for an improved development site and prospective ambience and enhancements in the immediate area. The date of this estimated market value is January 5, 2006.

THE SITE

The location of the proposed site is North of the present location in the Bronx. The boundaries are: South by 161st Street, West by Macombs Lane and Jerome Ave, North by East 164th Street and East by River Ave. This site is now used as city parks know as the Macombs Dam Park and John Mullaly Park.

The present zoning for this site is R7-1. The present Yankee Stadium site has a zoning designation of C8-3. The site covers approximately 17.04 acres or 742,300 square feet.

TRANSPORTATION

The Metropolitan Transit Authority #4 train and two bus routes, the #6 and #13 serve this location. These two bus routes traverse between Manhattan and the Bronx and are feeder routes to Yankee Stadium from myriad routes in the two neighboring boroughs.

The proposed Yankee Stadium is still a short distance from the George Washington Bridge which provides easy access to the New Jersey fans traveling by vehicle. Part of the new proposal calls for 4,735 parking spaces. These spaces are supplemented by private parking lots in the area.

PARK LAND

According to information made available to the Department of Finance, the City will spend \$130 million on the new and existing parks. This will provide improved facilities and add 2.1 acres to the existing acreage. The improvement will enhance the community while providing sporting facilities for basketball, tennis, baseball, handball and softball.

THE STADIUM

The new stadium will have a capacity of 53,000 seats and the square footage is estimated at 1,300,000.

LAND VALUE

The Yankee new site is approximately 17 acres. This size parcel does not go on the open market regularly in the City of New York. Even when similar size lots are sold, the prospective use is not for sports entertainment.

Harlem is located in the Northern section of Manhattan starting from 110 Street. The neighborhoods of Harlem have seen major revitalization over the past five years. In addition, this revitalization has also spread across the river to the South Bronx and Concourse neighborhood where the New Yankee Stadium is sited. Washington Heights located North of Harlem and directly West of the Yankee site has also gained from this growth in land value.

A significant reason why Northern Manhattan land sales have been enhanced is because of government investment in the area. Given the significant city investment planned around the Yankee Stadium site, we expect that the land value will be similarly enhanced.

Over the past three years, land sales north of 100 Street in Manhattan range from \$200 to \$323 per square foot. After adjusting these sales, the estimated land value per square foot is \$275. Here is a recap of the sales below.

LAND SALES

BLOCK	LOT	ZONING	SALE DATE	SALE PRICE	LOT SIZE	ADJUSTED \$P.S.F.	BORO/LOCATION
2132	144	R7-2	6/2005	\$1,200,000	4,413	\$284	M / WASH HTS
2039	03	R7-2	5/2005	\$1,100,000	4,000	\$294	M / HARLEM
1754	40	C8-3	7/2004	\$1,025,000	4,993	\$244	M / HARLEM
1789	1	C4-4	6/2004	\$2,100,000	6,574	\$387	M / HARLEM
378	40	R7-2	10/2003	\$1,150,000	4,324	\$343	M / HARLEM
1988	111	R7-1	4/2005	\$1,600,000	7,494	\$231	M / ALPHABET CITY
1843	9	R7-2	6/2003	\$3,250,000	16,237	\$430	M / MANK VALLEY

The Yankee Stadium site has 742,300 square feet. We estimate the value of the land at \$204 million.

BUILDING VALUE

The Department of Finance prepared a list of "Data Required to Value Proposed Stadium" and Goldman, Sachs & Co. prepared the data for construction cost of Yankee Stadium.

Exhibit 3

Goldman, Sachs & Co. | 85 Broad Street | New York, New York 10004
Tel: 212-902-4316

Gregory B. Carey
Managing Director
Municipal Finance Department

**Goldman
Sachs**

February 27, 2006

Dara Ottley-Brown
Assistant Commissioner, Property Division
The City of New York Department of Finance
66 John Street
New York, NY 10038

Re: Preliminary Yankee Stadium Assessment Data

Dear Commissioner Ottley-Brown:

Attached please find the preliminary data required to value the proposed Yankee Stadium. The data relates to the Stadium structure only and does not include costs associated with building the proposed parking garages or the ancillary improvements to the parks and neighborhood associated with the project. As we discussed, the value of the land will be part of the assessment and the assessment will be enhanced by the new parking garages and ancillary improvements.

The City is spending approximately \$130 million on new and existing parks in the vicinity of the new Stadium. The work will increase parkland by roughly 2.1 acres. The new and improved facilities will provide upgrades in amenities over existing facilities, which are expected to enhance the value of the Stadium land. The scope of work related to parks currently includes the following:

- A full-size, artificial turf soccer field encircled by a 400-meter track field, with a grandstand;
- Sixteen (16) tennis courts which are open air in the summer and enclosed in the winter;
- A little league baseball field and two softball fields with 60 foot infields;
- A baseball field with a 90 foot infield;
- Four (4) basketball courts with stands for spectator viewing;
- Nine (9) handball courts;
- Planting of thousands of new trees in the neighborhood;
- An esplanade will extend from the northern end of the waterfront park, wrap around the waterfront to the existing ferry landing, and extend east to the pedestrian connection at Exterior Street below the Major Deegan Expressway; and

- Comfort stations, tot-lot with climbing and play equipment, drinking fountains, benches, landscaping, pedestrian walkways, passive rest areas, sculptured play elements in civic spaces, etc. would also be scattered throughout the replacement facilities, New Parking Garages, and open space for the comfort and convenience of the public.

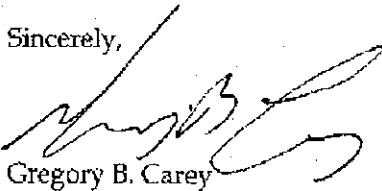
Additionally, four (4) new parking garages are being constructed by the City and BSDC at a total cost of approximately \$247 million. The parking garages are expected to greatly enhance the value of the new stadium. The parking garages are described in greater detail below:

- Garage Facility A – A two-level, 1700 space garage located partially below grade between East 157th and East 161st Streets and bounded by the Macombs Dam Bridge Approach viaduct on the northwest, Ruppert Place on the southeast by the site of the existing stadium, East 157th Street on the southwest, and East 161st Street on the northeast.
- Garage Facility B – A 966 space, five level (including rooftop) parking garage located south of East 164th Street at the northern end of the proposed new Stadium, between Jerome Avenue to the west and River Avenue to the east.
- Garage Facility C – A 1120 spaces facility with four levels of parking, including one level of rooftop parking located southwest of East 161st Street between Jerome Avenue, Macomb's Dam Bridge Approach, and the Major Deegan Expressway off-ramp.
- Garage Facility D – A five level above grade garage (including one level of roof parking) with 949 spaces, located south of the proposed New Stadium at East 151st Street between River and Gerard Avenues.

While not directly related to the Yankee Stadium project, the nearby redevelopment of the Bronx Terminal Market by a private developer will enhance the value of the new Yankee Stadium and properties throughout the neighborhood. The project's scope of work includes one million square feet of retail development, tree-lined streets, curbside restaurants, a waterfront park, and new roads near Yankee Stadium. The estimated cost of the redevelopment is \$394 million.

Please do not hesitate to reach out to us for further clarification as you go through the assessment process. As you are aware, these are preliminary construction figures that may change over the coming months. We will keep you apprised of the changes. Thank you for your continued cooperation on this project.

Sincerely,



Gregory B. Carey
Managing Director

DATA REQUIRED TO VALUE PROPOSED STADIUM

Hard (Major) Costs

Excavation and Foundation	\$	71,728,330.32
Structural Frame		142,888,566.72
Roofing and Waterproofing		21,366,093.56
Exterior Wall		55,496,658.44
Interior Partitions & Finishes		94,808,732.32
Building Specialties		6,709,118.12
Stadium Specialties - Luxury/Sky/Boxes		53,252,332.08
Elevators/Escalators		17,876,682.00
Electrical		98,110,429.20
Plumbing		32,623,770.64
HVAC		43,955,822.84
Fire Protections		10,157,026.84
Equipment & Furnishings		25,155,797.84
Audio Visual Systems		17,531,586.52
Escalation		35,993,242.80
Subtotal	\$	727,654,190.24
Number of Seats		53,000
Cost of Seats ^(a)	\$	6,746,000.00

Soft (Direct) Costs

Architectural, Engineering, and Development Costs	\$	119,000,000.00
Project Contingency		34,341,971.00
General Conditions & Fees (Financing Costs)		122,544,906.61
Subtotal	\$	275,886,877.61

Additional Costs

Site preparations	\$	15,609,002.36
Demolition & Joining		190,380.00
Hoisting & Public Protection		3,293,116.80
Subtotal	\$	19,092,499.16

If Enclosed Stadium

Retracable Roof and Associated Cost		N/A
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If Part of Project

Museum or Exhibition Cost, etc. (Expected to hold Yankee artifacts - separate from Monument Park)	\$	2,840,000.00	Exclusive of Exhibits
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Itemize the Gross Square Footage and Purpose of each Structure

Estimated Square Footage of Stadium		1,300,000 SF
-------------------------------------	--	--------------

Size and Location of Land assigned to Stadium

Block 2492, Lot 1 and
Block 2493, Lot 9

Cost of Field Preparation

	\$	3,000,000.00
Total	\$	1,022,633,567.01

NOTE: The total given does not include the value of the land on which the Stadium sits or account for the parking garages, the Parks improvements, or nearby Bronx Terminal Market improvements.

(a) Total Cost to furnish and install 53,000 seats. Included in the hard cost figure.

SURVEYORS CERTIFICATION

1. I, the undersigned, am a duly Licensed Professional Engineer in the State of New York, and I am duly Licensed as a Professional Surveyor in the State of New York.
2. I have personally supervised the execution of the survey herein, and I am satisfied that the same has been correctly and lawfully made.
3. The boundaries shown on this plan were determined by the following methods:
 - a. By direct measurement.
 - b. By astronomical observations.
 - c. By magnetic observations.
 - d. By the intersection of lines.
 - e. By the intersection of angles.
 - f. By the intersection of distances.
 - g. By the intersection of bearings and distances.
 - h. By the intersection of bearings and angles.
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 - x. By the intersection of bearings, angles, distances and bearings and distances and bearings and distances and bearings and distances and bearings and distances and bearings and distances and bearings and distances and bearings and distances.
 - y. By the intersection of bearings, angles, distances and bearings and distances and bearings and distances and bearings and distances and bearings and distances and bearings and distances and bearings and distances and bearings and distances.
 - z. By the intersection of bearings, angles, distances and bearings and distances and bearings and distances and bearings and distances and bearings and distances and bearings and distances and bearings and distances and bearings and distances.
4. I have caused to be shown on this plan the names of the owners of the lands surveyed, and I have caused to be shown on this plan the names of the owners of the lands surveyed, and I have caused to be shown on this plan the names of the owners of the lands surveyed.
5. I have caused to be shown on this plan the names of the owners of the lands surveyed, and I have caused to be shown on this plan the names of the owners of the lands surveyed, and I have caused to be shown on this plan the names of the owners of the lands surveyed.
6. I have caused to be shown on this plan the names of the owners of the lands surveyed, and I have caused to be shown on this plan the names of the owners of the lands surveyed, and I have caused to be shown on this plan the names of the owners of the lands surveyed.
7. I have caused to be shown on this plan the names of the owners of the lands surveyed, and I have caused to be shown on this plan the names of the owners of the lands surveyed, and I have caused to be shown on this plan the names of the owners of the lands surveyed.
8. I have caused to be shown on this plan the names of the owners of the lands surveyed, and I have caused to be shown on this plan the names of the owners of the lands surveyed, and I have caused to be shown on this plan the names of the owners of the lands surveyed.
9. I have caused to be shown on this plan the names of the owners of the lands surveyed, and I have caused to be shown on this plan the names of the owners of the lands surveyed, and I have caused to be shown on this plan the names of the owners of the lands surveyed.
10. I have caused to be shown on this plan the names of the owners of the lands surveyed, and I have caused to be shown on this plan the names of the owners of the lands surveyed, and I have caused to be shown on this plan the names of the owners of the lands surveyed.

NOTICE

This plan is subject to the provisions of the General Statutes of the State of New York, and to the provisions of the General Statutes of the State of New York, and to the provisions of the General Statutes of the State of New York.

Approved: *[Signature]*
 Licensed Professional Engineer
 State of New York
 License No. 12345
 Date: 10/10/2024

Approved: *[Signature]*
 Licensed Professional Surveyor
 State of New York
 License No. 67890
 Date: 10/10/2024

Approved: *[Signature]*
 Licensed Professional Engineer
 State of New York
 License No. 11111
 Date: 10/10/2024

Approved: *[Signature]*
 Licensed Professional Surveyor
 State of New York
 License No. 22222
 Date: 10/10/2024

Approved: *[Signature]*
 Licensed Professional Engineer
 State of New York
 License No. 33333
 Date: 10/10/2024

Approved: *[Signature]*
 Licensed Professional Surveyor
 State of New York
 License No. 44444
 Date: 10/10/2024

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 Licensed Professional Engineer
 State of New York
 License No. 55555
 Date: 10/10/2024

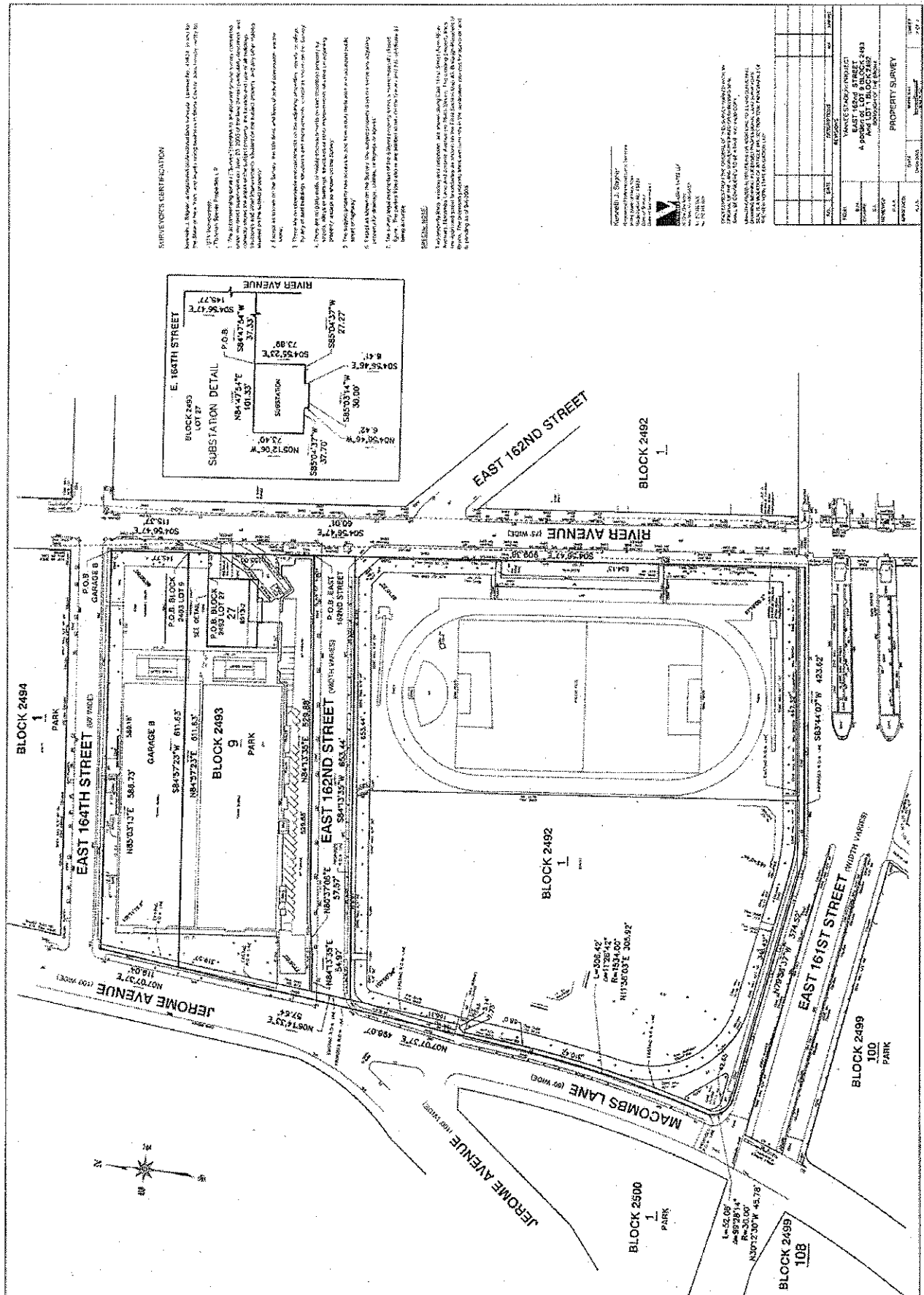
Approved: *[Signature]*
 Licensed Professional Surveyor
 State of New York
 License No. 66666
 Date: 10/10/2024

Approved: *[Signature]*
 Licensed Professional Engineer
 State of New York
 License No. 77777
 Date: 10/10/2024

Approved: *[Signature]*
 Licensed Professional Surveyor
 State of New York
 License No. 88888
 Date: 10/10/2024

Approved: *[Signature]*
 Licensed Professional Engineer
 State of New York
 License No. 99999
 Date: 10/10/2024

Approved: *[Signature]*
 Licensed Professional Surveyor
 State of New York
 License No. 00000
 Date: 10/10/2024



NO.	DATE	DESCRIPTION	BY
1	10/10/2024	PROPERTY SURVEY	[Signature]
2	10/10/2024	PROPERTY SURVEY	[Signature]
3	10/10/2024	PROPERTY SURVEY	[Signature]
4	10/10/2024	PROPERTY SURVEY	[Signature]
5	10/10/2024	PROPERTY SURVEY	[Signature]
6	10/10/2024	PROPERTY SURVEY	[Signature]
7	10/10/2024	PROPERTY SURVEY	[Signature]
8	10/10/2024	PROPERTY SURVEY	[Signature]
9	10/10/2024	PROPERTY SURVEY	[Signature]
10	10/10/2024	PROPERTY SURVEY	[Signature]

THIS PROPERTY SURVEY WAS MADE BY THE UNDERSIGNED SURVEYORS IN ACCORDANCE WITH THE PROVISIONS OF THE GENERAL STATUTES OF THE STATE OF NEW YORK, AND TO THE PROVISIONS OF THE GENERAL STATUTES OF THE STATE OF NEW YORK, AND TO THE PROVISIONS OF THE GENERAL STATUTES OF THE STATE OF NEW YORK.

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