



Statement remarks made by Margaret Donovan at the Liberty Bonds Hearing on 12/21/09

Good morning. My name is Margaret Donovan of the Twin Towers Alliance. I am here to assert that rubber-stamping the Silverstein bond issue would be reckless and indefensible. Our challenge does not rest on the fact that there is a plan to rebuild the Twin Towers that makes more sense at every level – a plan that is much more popular, economical, buildable, and appropriate. That, of course, does matter. But the salient point here is plain:

Ground Zero has become the ultimate disconnect between the American people and their government. No official has the right or authority to impose any plan on the citizens of the United States, unless they can defend its worthiness. Anything that taxpayers are forced to pay for must be able to withstand scrutiny to be lawful.

We have therefore formally asked the Senate Finance Committee to make the reauthorization of the Liberty Bond Program *subject to an independent cost/benefit analysis*. What could be more reasonable than giving the public a long overdue accounting? What could be *less* reasonable than giving a billionaire the means to siphon public funds for his own enrichment when there are widespread doubts about the project's future?

The LDC issued a press release on December 16th advising that “the meeting is open to the public for observation and comment,” but that is obviously just for appearances. After speaking with an LDC spokeswoman, a reporter for the *The Wall Street Journal* wrote the next day:

A \$2.6 billion tax-exempt bond issue to help finance rebuilding of the stalled World Trade Center complex is expected to be sold in the last week of December, a spokeswoman for a New York State agency involved in the financing said Thursday.

Rebuilding of the site by developer Larry Silverstein is years behind schedule, but Silverstein asked for the December financing to be completed because the Liberty Bond authorization runs out at year's end.

A call to the Senate Finance Committee to check on the progress of H.R. 4213 revealed that if the program does expire, it will be voted on when Congress is back in session and made retroactive to the first of the year. In fact, we learned that the year-end extensions have been handled in that manner three out of the past five years. So the urgency is bogus. If it was that easy for us to learn of the procedure, it would seem that a “reporter” could have looked into it as well, instead of just planting the phony rationale.

Furthermore, it is fair to say that a bond issuance now might strengthen the Silverstein position in the arbitration ruling that is due any day, by giving him more of a presumptive edge. That may not be in the public's best interests, particularly since the Port Authority's ability to satisfy any demands is always at the public's expense.

Whether it would have any bearing or not is speculation, but if Mr. Silverstein wins approval for the bonds it will give him the momentum to start something he may not be able to finish without more Port Authority concessions and public funds. What is *not* conjecture is that he won't be using his own money.

So it becomes a form of extortion, which is what both sides have been engaging in all along. "We have gotten this far, so the public HAS TO provide what we need to continue..." *So what, if the people don't want it? So what, if it makes no sense?*

In a commentary entitled "Can the Port Authority legally finance Silverstein's white elephants?" Avram Frisch, a real estate attorney, noted that "As a specially formed entity meant to serve specific purposes, and authorized to borrow funds to do so, the Port Authority is not allowed to spend money on unrelated private projects, as nowhere does the bi-state compact or related statute allow such expenditures. It is important to remember that the New Jersey Constitution has strict limits on borrowing by the State and frowns upon expansive borrowing without voter approval. The New York Constitution has similar limitations on borrowing. A court reviewing these types of expenditures would have to look at the legal powers of the Authority and decide if this is within those powers, and as this would be a challenge to corporate authority, the Port Authority's determination should not be entitled to any deference.

"If the Authority does provide financing," Mr. Frisch concluded, "even for one tower, a court challenge to its actions would be appropriate and hopefully successful."

Pesky citizens, with naive ideas about the way America works, apparently aren't worth a second thought. Otherwise, how could the LDC spokeswoman know that the bonds will be approved? But once you were informed last Friday of a credible effort to get the feasibility of the project independently evaluated, and given that the request will be decided within a matter of weeks, there is no way you they can legitimately vote to issue the bonds preemptively, when the viability of the whole project is being questioned.

There is nothing compelling that requires that the bonds be issued now, as opposed to a month from now, if it is deemed to be in the public's best interests after the plan is examined. If the bonds are issued now and the rider does make it into the reauthorization — which is not so far-fetched — the cumulative deficiencies and disadvantages of the project will be exposed, and an investigation would be required into why these good faith efforts failed to register *before* bonds were issued for a desperately ill project.

Our objection is based not on what we would prefer to see at the WTC, but on the fact that giving Mr. Silverstein this money will automatically put taxpayers on the hook for a project that appears to be fatally flawed. An urgent evaluation is required before another public penny goes down the WTC drain. Hasn't the "too big to fail" myth done enough harm? It has blighted Ground Zero and done a job on our economy.

Even with this \$2.6 billion dollars and the remainder of the insurance money, Silverstein Properties, needs the Port Authority's access to the public purse to complete what they start. There is a cloud over the project that makes a bond issue at this time the height of irresponsibility.

Thank you.

