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Exchange Considers Move to Trade Center Site

By CHARLES V. BAGLI

Four days before the city was to vote on $920 million in bond financing for a trading complex and office tower on Wall Street, Richard A. Grasso, chairman of the New York Stock Exchange, cast a cloud of doubt over the project yesterday when he said he would instead consider building a new home blocks away on the former site of the World Trade Center.

The New York Stock Exchange has told the Giuliani administration that it will wait to see what the city's plans are for "rebuilding ground zero," Mr. Grasso said yesterday at the Securities Industry Association meeting in Boca Raton, Fla.

But, he added, if the city and the exchange do go forward with the original $1.1 billion plan to build a new trading complex across the street from the historic home of the New York Stock Exchange, the project will include a much shorter tower, "so it won't be the tallest building in Lower Manhattan."

The three-year-old proposal entailed a 50-story office tower rising above a 10-story trading floor on a site bounded by Wall, Broad and William Streets and Exchange Place.

A 900-foot tower post Sept. 11 is not a salable transaction," Mr. Grasso said.

Government officials yesterday were fuming at Mr. Grasso's very public remarks about the exchange project. In discussions with the Giuliani administration recently, Mr. Grasso explained his misgivings about moving into what would be one of the city's tallest skyscrapers and a possible terrorist target. But they did not expect him to take his fears public, said one downtown executive, nor did they urge him to consider moving to a redeveloped complex on the site of the World Trade Center.

Neither Deputy Mayor Robert M. Harding nor Michael Carey, president of the city's Economic Development Corporation, returned calls requesting comment. Ray Pellecchia, a spokesman for the New York Stock Exchange, said Mr. Grasso was unavailable for further comment.

The city's Industrial Development Agency is to vote on a proposal next Tuesday to issue $920 million in tax-free bonds to finance the project, which was first announced in December 1998. It is the largest bond issue ever proposed by the agency. Under the terms of the bond, the state and city's debt payments would be $52 million a year.

In addition to the $920 million in cash from the bond sale, the state and the city had agreed to provide the exchange with $160 million in tax breaks. The exchange, in turn, had agreed to invest about $400 million in new equipment and pay an annual rent of $10 million.

The deal has come under criticism as costs have soared and some analysts have questioned the need for an expanded trading floor.

In recent months, the city signed contracts to buy the office buildings and an apartment house on the site and to relocate the tenants, at an estimated cost of nearly $480 million.

The city is temporarily moving the Bank of New York, a tenant displaced by the Sept. 11 attack, into a 37-story building on the site, 15 Broad Street.

Some developers have suggested that the New York Stock Exchange and the Board of Trade, a commodities exchange that was at the trade center, would be ideal tenants in a development at ground zero.

But Mr. Grasso's decision to say publicly that the exchange would consider moving there has reopened a debate. More than three years ago, Mr. Grasso threatened to move the exchange to New Jersey because it had outgrown its quarters on Wall Street and could not find an alternate location in the financial district.

City officials scrambled to come up with a plan for a new trading complex. Landlords and city officials feared that the New York Stock Exchange's departure would ignite a real estate disaster if nearby investment banks followed suit. The Giuliani administration agreed to give the exchange the largest subsidy package in city history.



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Richard A. Grasso says a tall tower "is not a salable transaction."

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