

**WRITTEN STATEMENT OF DANIEL LEVY  
COUNSEL TO UNION STATION INVESTCO LLC  
BEFORE THE  
SUBCOMMITTEE ON ECONOMIC DEVELOPMENT, PUBLIC BUILDINGS AND  
EMERGENCY MANAGEMENT  
COMMITTEE ON TRANSPORTATION AND INFRASTRUCTURE,  
U.S. HOUSE OF REPRESENTATIVES**

*JULY 22, 2008*

Chairwoman Norton, Ranking Member Graves and the Members of the Subcommittee, I thank you for the opportunity to speak before you today on behalf of Union Station Investco LLC (USI) regarding the team behind Union Station Investco LLC, the operation and management of Union Station, its plans for the future of Union Station and assessment of the District of Columbia's possessory interest tax on Union Station and its likely effects.

***Union Station Investco LLC***

Union Station Investco LLC, as entity of Ben Ashkenazy, was the recent purchaser of the leasehold interest in Union Station. With over 20 years of experience in real estate and as Chairman and Chief Executive Officer of Ashkenazy Acquisition Corp, he leads the company's vision and under his stewardship the firm has developed into one of the leading real estate investors and operators in the United States. Mr. Ashkenazy has concluded real estate transactions valued over \$5 billion throughout his career.

Headquartered in New York City, Ashkenazy Acquisition Corporation (AAC) is a private, real estate investment firm, focusing on retail and office assets. AAC is an experienced team of in-house, seasoned professionals. With more than seventy properties, AAC has a superior performance history in purchasing and managing premier assets. AAC has acquired over 13 million square feet of retail, office and residential properties, located throughout the United States and Canada, some of which have been listed below.

Selected Portfolio Assets:

<b>650 Madison Avenue</b> (600,000 sq. ft. / Retail, Office) <i>New York, New York</i>	<b>Barney's New York</b> (440,000 sq. ft. / Retail) <i>Madison Avenue, New York</i> <i>Beverly Hills, California</i> <i>Chicago, Illinois</i>
<b>Monmouth Mall</b> (1,500,000 sq. ft. / Retail) <i>Eatontown, New Jersey</i>	<b>Rivercenter Mall</b> (1,000,000 sq. ft / Retail) <i>San Antonio, Texas</i>
<b>Shops at 69<sup>th</sup> Street</b> (800,000 sq ft / Retail) <i>Philadelphia Metro, Pennsylvania</i>	<b>Eastland Center</b> (1,400,000 sq ft / Retail) <i>Detroit Metro, Michigan</i>
<b>700 North Michigan Avenue</b> (310,000 sq ft / Retail) <i>Chicago, Illinois</i>	<b>Douglaston Plaza</b> (300,000 sq ft / Retail) <i>Douglaston, New York</i>
<b>1346 Chestnut Street</b> (285,000 sq ft / Retail & Condo) <i>Philadelphia, Pennsylvania</i>	<b>Bay Harbour Shopping Center</b> (300,000 sq ft / Retail) <i>Long Island, New York</i>
<b>Cross County Mall</b> (263,568 sq ft / Retail) <i>Yonkers, New York</i>	<b>Toms River Shopping Center</b> (240,000 sq ft / Retail) <i>Toms River, New Jersey</i>
<b>Lafayette Square Mall</b> (1,214,000 sq ft / Retail) <i>Indianapolis, Indiana</i>	<b>The Shops at Grand Avenue</b> (425,000 sq ft / Retail) <i>Milwaukee, Wisconsin</i>
<b>Hechinger Mall</b> (190,000 sq ft / Retail) <i>Washington DC</i>	<b>The Pepsi Forum</b> (340,000 sq ft / Retail) <i>Montreal, Canada</i>
<b>Washington Bridge Plaza</b> (50,000 sq ft / Retail) <i>Fort Lee, New Jersey</i>	<b>145 East 57<sup>th</sup> Street</b> (60,000 sq ft / Retail) <i>New York, New York</i>
<b>Cross Bronx Shopping Center</b> (133,368 sf / Retail) <i>Bronx, New York</i>	<b>616 Collins Avenue</b> (15,000 sq ft / Retail) <i>South Beach, Florida</i>

## **The Purchase of Leasehold Interest**

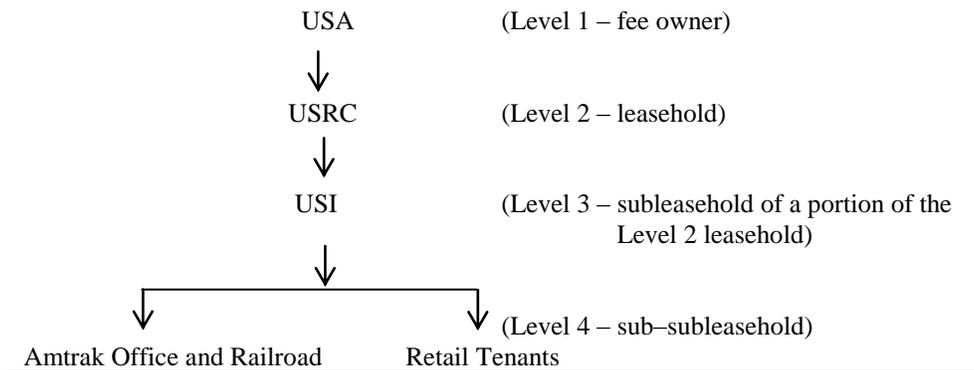
On January 25, 2007, Union Station Investco LLC acquired the leasehold interest for Union Station in Washington D.C. The leasehold interest was acquired from Union Station Venture II, LLC (USV), a group of institutional and private-equity investors. Prior to the date of closing, AAC was selected as the purchaser by USV and was approved by the USRC to acquire the leasehold interest.

Union Station is a well-established asset with more than 120 stores and restaurants and is one of the most productive retail properties in the country. The office portion of the property is 100% occupied by Amtrak's corporate offices.

USI purchased the leasehold interest in Union Station with the intent to advance the initial goals of its predecessors and the creators of this vibrant intermodal transportation facility, a living and working museum.

## **Structure of Union Station Leasehold Interests**

USI currently holds a leasehold interest in Union Station pursuant to that certain Sublease Agreement dated October 31, 1985 by and between Union Station Redevelopment Corporation (USRC) as sublessor and USI as successor in interest to USV as sublessee. USRC derives its leasehold interest from the Federal Government pursuant to that certain Agreement dated October 31, 1985, between the United States of America as lessor and USRC as lessee as per the following chart:



As shown above, USI leases and operates certain parts of Union Station and in turn has multiple retail sub-subleases with the individual owners of the various stores and restaurants occupying Union Station as well as a sub-sublease with Amtrak for offices and railroad operations.

Jones Lang LaSalle (JLL) is currently engaged by USI to serve as development manager and property agent. JLL has been involved with Union Station for the past 20 years, and has been largely responsible for the revitalization of Union Station.

## *Future of Union Station*

Union Station it is not only a historic landmark but an architectural gem. One of USI's goals is to enhance the functionality of the station while keeping with the original concept of a major intermodal transportation hub. The project will reorganize pedestrian traffic flows to make the station more navigable and ease congestion. Directional signage and information screens will be added throughout the station. Attached as Exhibit "A" and described below are some of the initiatives USI intends to undertake.

### *Current Bus and Tour Operators and Greyhound Lines, Inc.*

Union Station encourages tour bus traffic to Union Station and the Union Station Parking Garage provides over 98 spaces for bus parking. Union Station is one of a few locations that can provide this service. Additionally, several tour operators (Old Town Trolley, DC Ducks and TourMobile) utilize Union Station as pick up and drop off points for passengers.

With the proposed addition of Greyhound Lines, Inc., Union Station will further diversify the transportation options to its visitors. Greyhound queuing would be accessed by a new mezzanine deck directly connected to the parking garage along with rental cars and other travel services. Thus all Greyhound amenities would be on the same level. The Train Concourse will be restructured to intuitively streamline the congestion around waiting areas, queue areas and walkways.

### *Cutting Edge Bicycle Transit Center*

In conjunction with The District of Columbia Department of Transportation (DDOT) a Bicycle Transit Center will be installed at the west end of the property at no rent to the city. The new bicycle center is being built to provide convenience and access to commuters and visitors alike wishing to travel within the city by bike.

### *Improvements to Access and Circulation*

Access from the street level will be expanded to improve pedestrian circulation on all floors to open up and create greater connection to the lower and mezzanine levels. To ease navigation challenges and eliminate dead ends a corridor near the termination of the train and shopping concourses will be added to improve all access.

USI is working with Amtrak to make improvements which would include dividing and reorienting the ticket counters. This would direct traffic through the Main Hall and train platform gates and remove the ticket queues from blocking traffic. Also, passengers would now be able to view their gates without obstruction. There will be a direct sight line and better pedestrian access from the Main Hall entrance to the train terminal by improving access to the gates and waiting areas.

*Burnham Place and Columbus Plaza Developments*

USI and its architects continually work with the USRC, Amtrak and Akridge to improve Union Station and for the addition of Burnham Place which will be developed utilizing the air rights located over the train tracks at Union Station. Improvements to Union Station include the installation of bollards around the perimeter of the premises.

Finally, USI is in agreement with the National Park Service, District of Columbia and USRC for the enhancements to be made to Columbus Plaza adjacent to Union Station. As part of the overall improvement project, City Metro buses will have a convenient location, front and center, for passenger boarding and drop off.

## **Possessory Interest Tax**

The District of Columbia's Possessory Interest tax legislation (PIT) is the greatest threat to the future success of Union Station and has the potential to unwind two decades of revitalization.

Over a relatively short period of time, Union Station has been transformed from a dilapidated building condemned as unfit for human habitation to a major transportation hub, retail center and tourist destination catering to the residents of the District of Columbia, tourists and commuters from both the DC area and across America.

The success of Union Station as an intermodal transportation facility is based on a careful and strategic balance of (1) budgeting for the ever growing costs of maintaining, securing and operating the century old National Landmark, (2) preserving the crucial tenant mix at Union Station and (3) the costs to improve Union Station as an intermodal transportation facility.

USI has been working with the District of Columbia City Council and has appealed to the BRPAA to save Union Station from the inevitable downwards spiral it may experience as a result of the PIT assessment. However, fearing the worst and without some kind of relief, it is unlikely that USI will be able to pay that amount together with all of the other increased operating costs, security costs and improvements that are required to maintain and improve Union Station as intermodal transportation facility.

\*\*\*

Chairwoman Norton, Ranking Member Graves and the Members of the Subcommittee, I thank you again for the opportunity to speak before you today on behalf of Union Station Investco LLC.

**EXHIBIT A**



ASHKENAZY ACQUISITION CORPORATION

433 Fifth Avenue | Suite 200 | New York, NY 10016

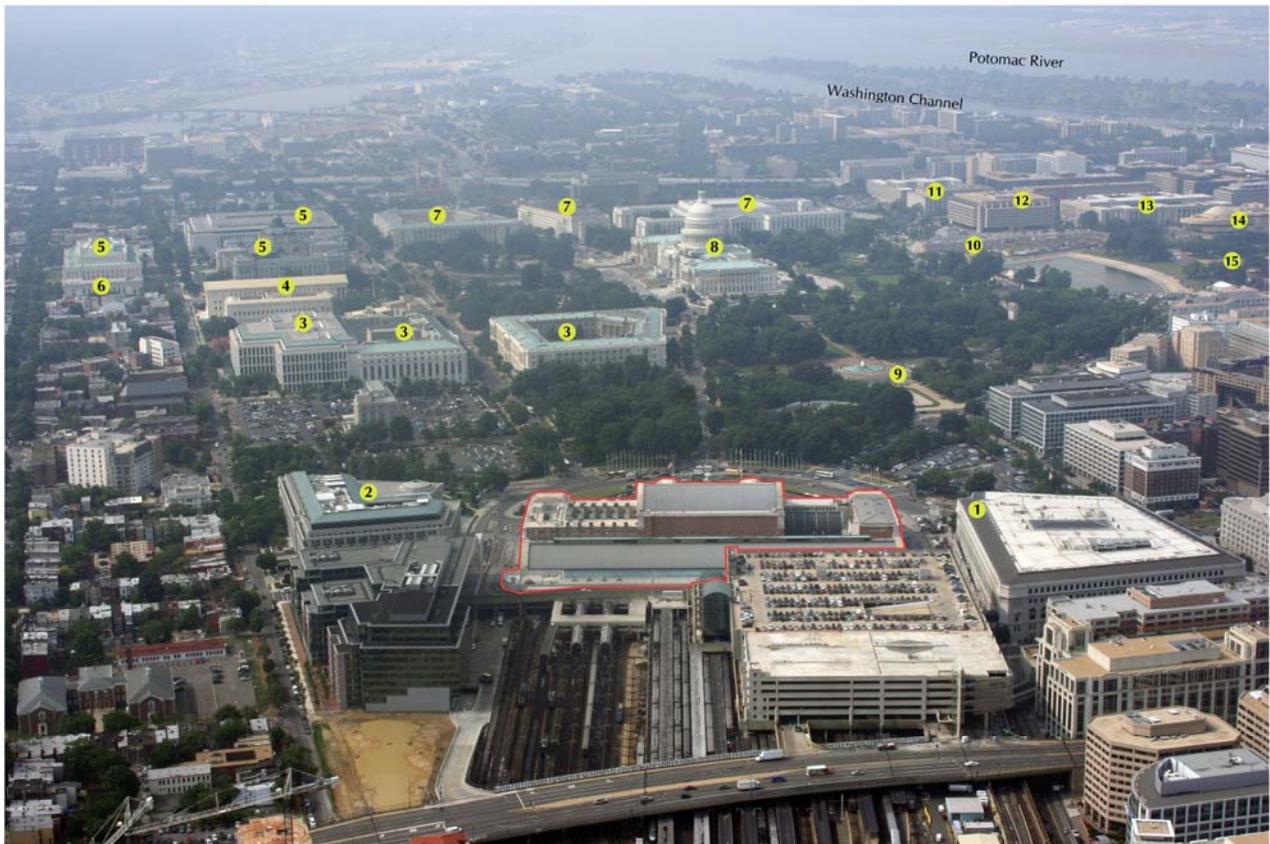
Office: 212.213.4444

# UNIONSTATION<sup>®</sup>

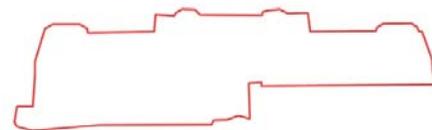
WASHINGTON D.C.

Exhibit A

Disclaimer: The contents herein are subject to modification and or rescission and may be further subject to governmental or third party approvals.



1. Postal Museum
2. Thurgood Marshall Federal Judiciary Building
3. Senate Office Buildings
4. United States Supreme Court
5. Library of Congress Buildings
6. Shakespeare Library
7. House Office Buildings
8. Capital of the United States
9. Union Station Plaza
10. US Botanical Gardens
11. Food and Drug Administration Building
12. US Department of Health & Human Services
13. Voice of America
14. American Indian Museum
15. The National Mall



UNION STATION

## Project Objective

Union Station Investco, LLC (USI) purchased the leasehold interest of Union Station on January 25, 2007. Everyone who has been to Union Station knows it is not only a historic landmark but an architectural gem. One of USI's goals is to enhance the functionality of the station while keeping with the original concept of a major transportation hub. The project will reorganize pedestrian traffic flows to make the station more navigable and ease congestion. Directional signage and information screens will be added throughout the station.

In conjunction with The District of Columbia Department of Transportation (DDOT) a Bicycle Transit Center will be installed at the west end of the property at no rent to the city. The new bicycle center is being built to provide convenience and access to commuters and visitors alike wishing to travel within the city by bike. Union Station encourages tour bus traffic to Union Station and the Union Station Parking Garage provides over 98 spaces for bus parking. Union Station is one of a few locations that can provide this service. Also, several tour operators (Old Town Trolley, DC Ducks and TourMobile) pick up and drop off passengers at Union Station. USI is in agreement with the National Park Service, District of Columbia and USRC for the enhancements to be made to Columbus Plaza adjacent to Union Station. As part of the overall improvement project, City Metro buses will have a convenient location, front and center, for passenger boarding and drop off.

With the proposed addition of Greyhound Lines, Inc., USI will enhance this intermodal transportation center. Greyhound queuing would be accessed by a new mezzanine deck directly connected to the parking garage along with rental cars and other travel services. Thus all Greyhound amenities would be on the same level. The Train Concourse will be restructured to intuitively streamline the congestion around waiting areas, queue areas and walkways.

Access from the street level will be expanded to improve pedestrian circulation on all floors to open up and create greater connection to the lower and mezzanine levels. To ease navigation challenges and eliminate dead ends, a corridor near the termination of the train and shopping concourses will be added to improve all access.

USI is working with Amtrak to make improvements which would include dividing and reorienting the ticket counters. This would direct traffic through the Main Hall and train platform gates and remove the ticket queues from blocking traffic. Also, passengers would now be able to view their gates without obstruction. There will be a direct sight line and better pedestrian access from the Main Hall entrance to the train terminal by improving access to the gates and waiting areas.

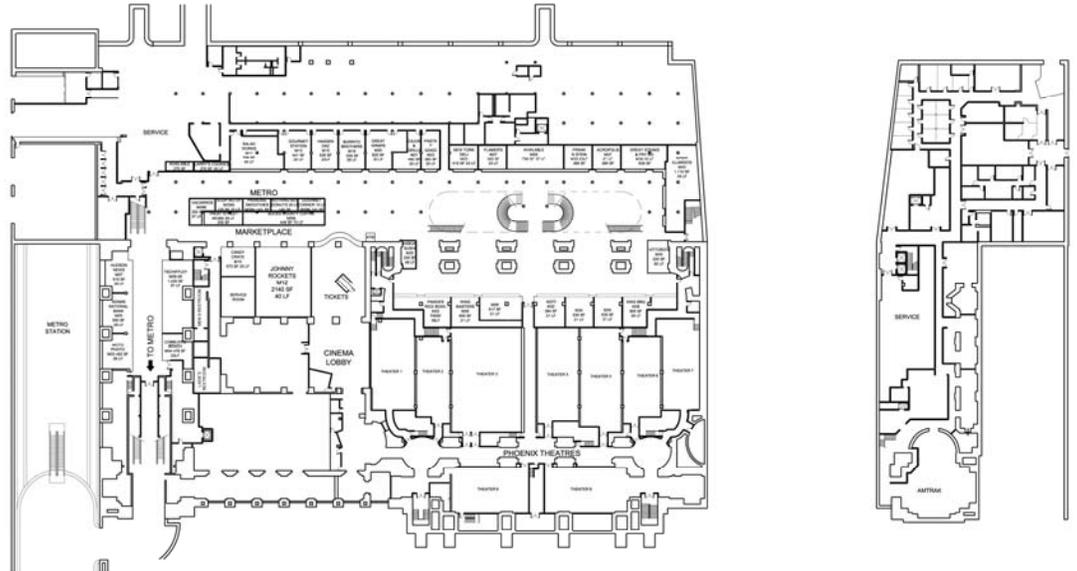
USI and our architects continually work with Union Station Redevelopment Corporation (USRC), Amtrak and Akridge to improve Union Station and for the addition of Burnham Place which will be developed in the air rights located over the train tracks at Union Station.

In summary, USI is excited to have the opportunity to work with all stakeholders of Union Station to improve exterior and interior vehicle and pedestrian circulation and enhance the intermodal capabilities of the project.

## Lower Level (Existing)

### EXISTING CONDITIONS

- The subterranean movie theatre is underutilized and suffers low attendance
- Lower Level is poorly connected to the Main Hall or Street Level entrances



## Lower Level (Proposed)

### PROPOSED SOLUTION

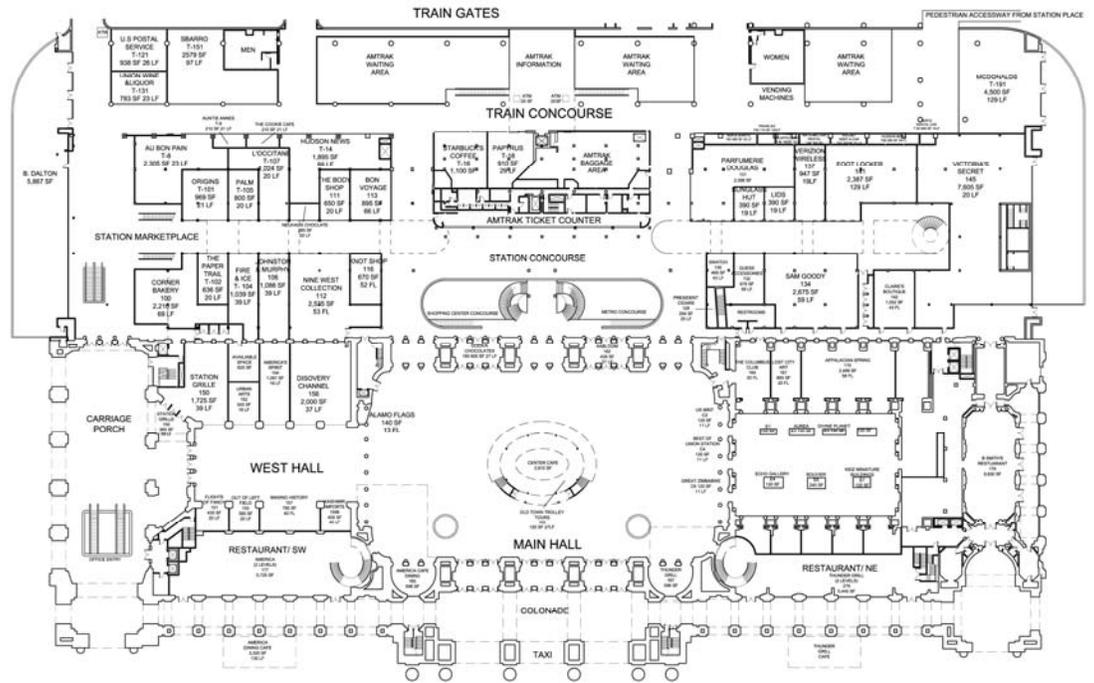
- Overhaul the existing Food Court to update and freshen its appearance
- Increase visibility and connection between the Lower Level and Main Hall by creating new stair access and adjacent opening to above.



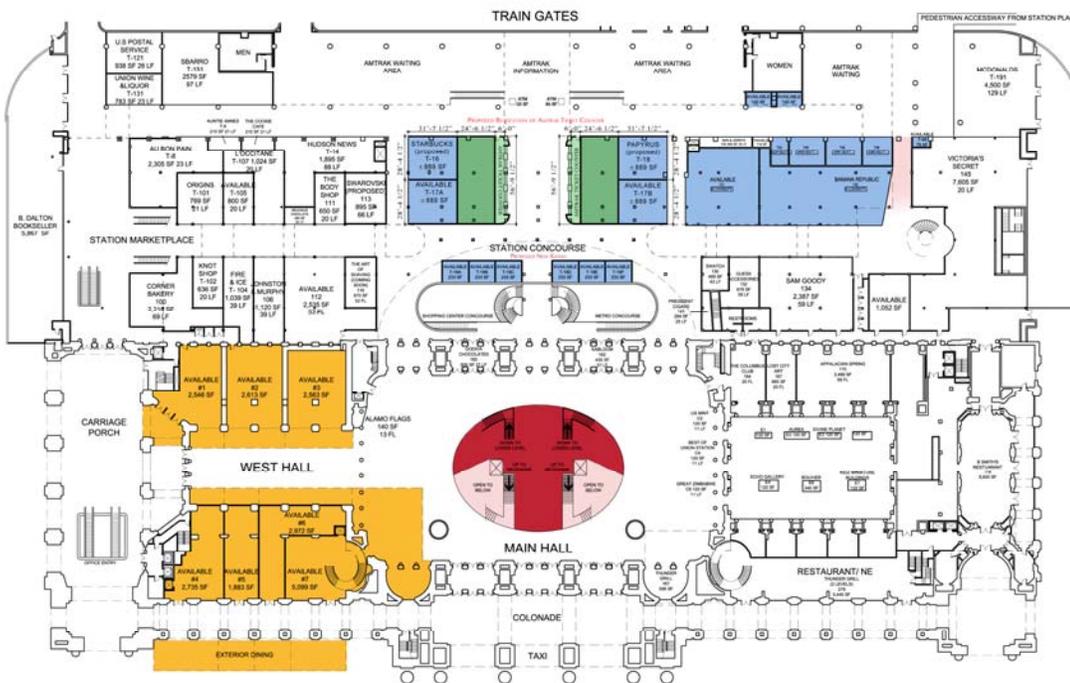
EXISTING CONDITIONS

- Heavy congestion around Train Concourse and Amtrak Ticket Counter
- Amtrak ticket counter queues extend into the major thoroughfare, clogging traffic
- Traffic entering from the Station Place entrance (upper right hand corner) must wind past crowded lines and waiting areas to reach the exit
- Train Concourse is laid out haphazardly, navigation is difficult, tracks are not easy to locate
- Train Concourse is difficult to find when entering through the Main Hall.

**Street Level (Existing)**



**Street Level (Proposed)**



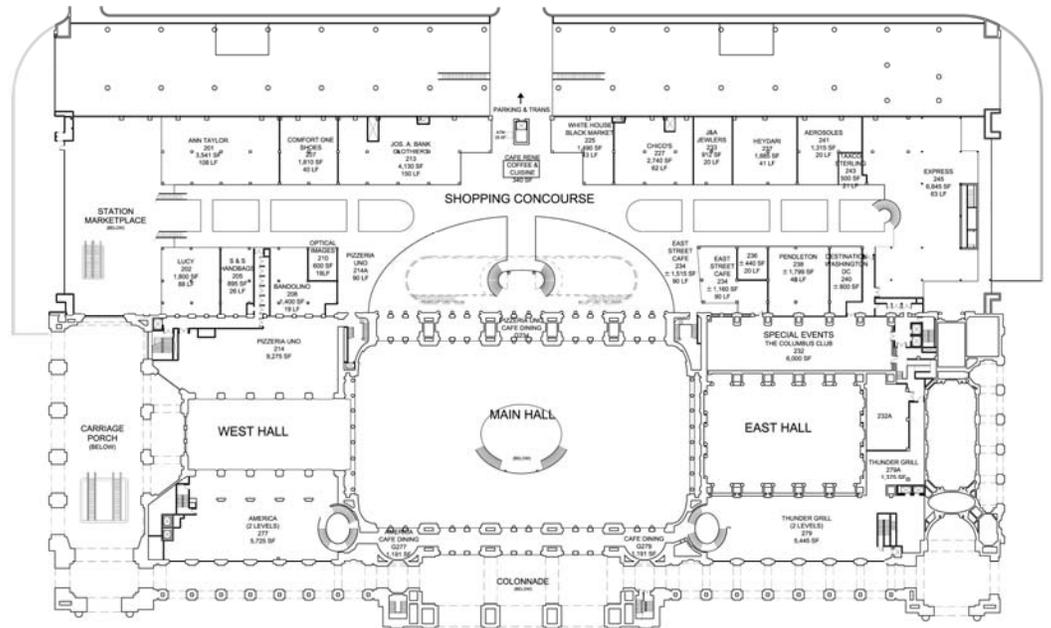
PROPOSED SOLUTIONS

- Amtrak ticket counter is divided and reoriented, improving traffic circulation and removing the existing ticket queues which now block traffic.
- The Center Café is enlarged, pulling natural light through its glass structure to the lower level from above and creating a friendlier environment.
- By splitting the ticket counter and raising the Main Hall Café, passengers exiting the Train Concourse will have a clear line of vision through the Main Hall to the Front Entrance
- A new hallway is cut near the Station Place entrance to allow traffic access to the Station Concourse thus eliminating the dead end corridor.

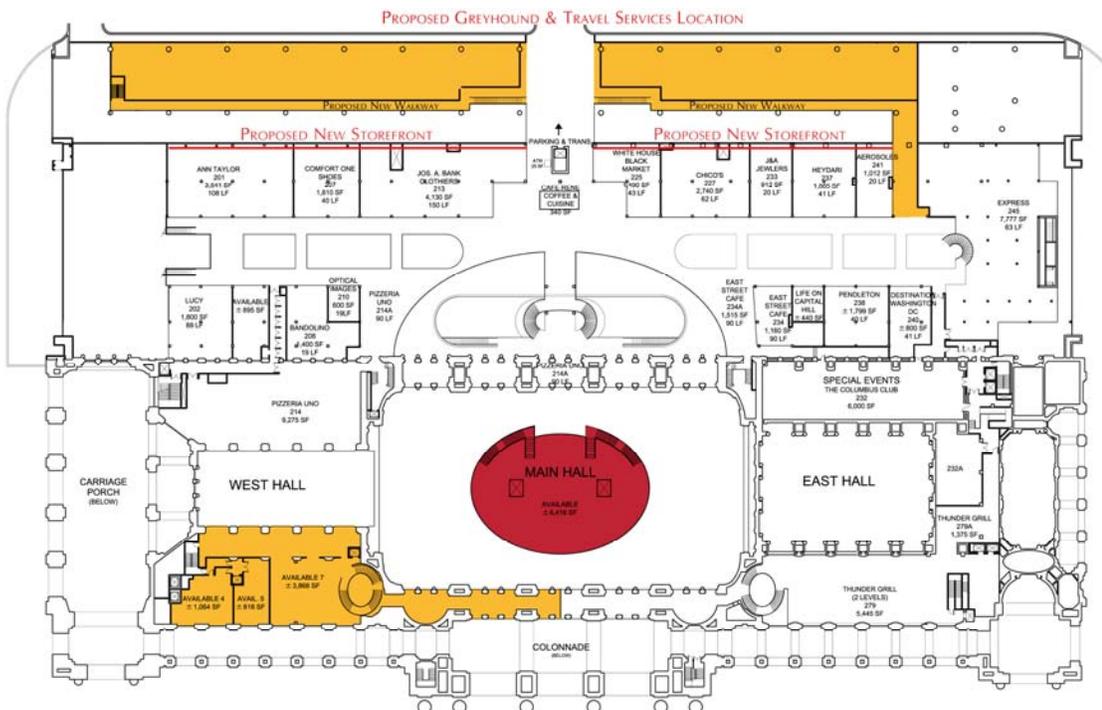
## Mezzanine (Existing)

### EXISTING CONDITIONS

- The back of the Mezzanine Level retail stores abut the open space above the Amtrak Waiting Area. To look up from the waiting area, it is not apparent that there are stores on the Mezzanine Level. The wall is aesthetically unappealing, and misses an opportunity to create visibility of retail located on the mezzanine level.

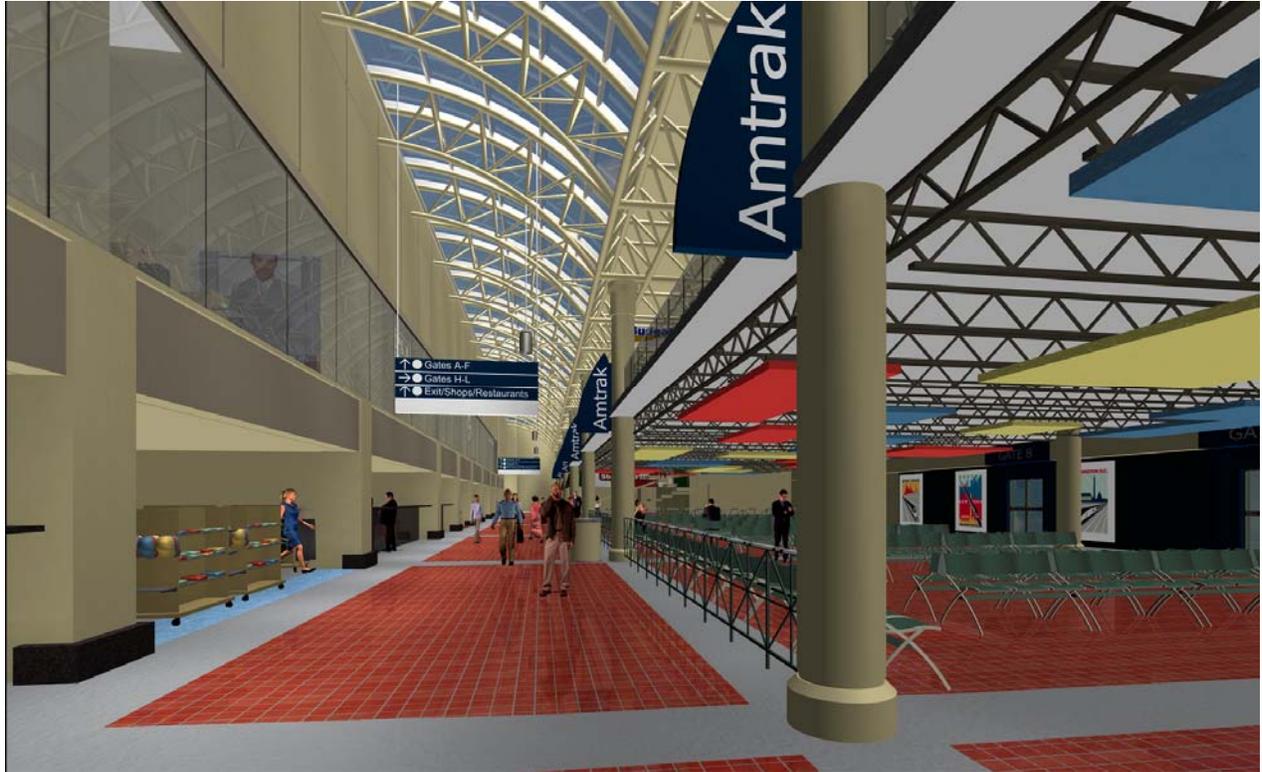


## Mezzanine (Proposed)

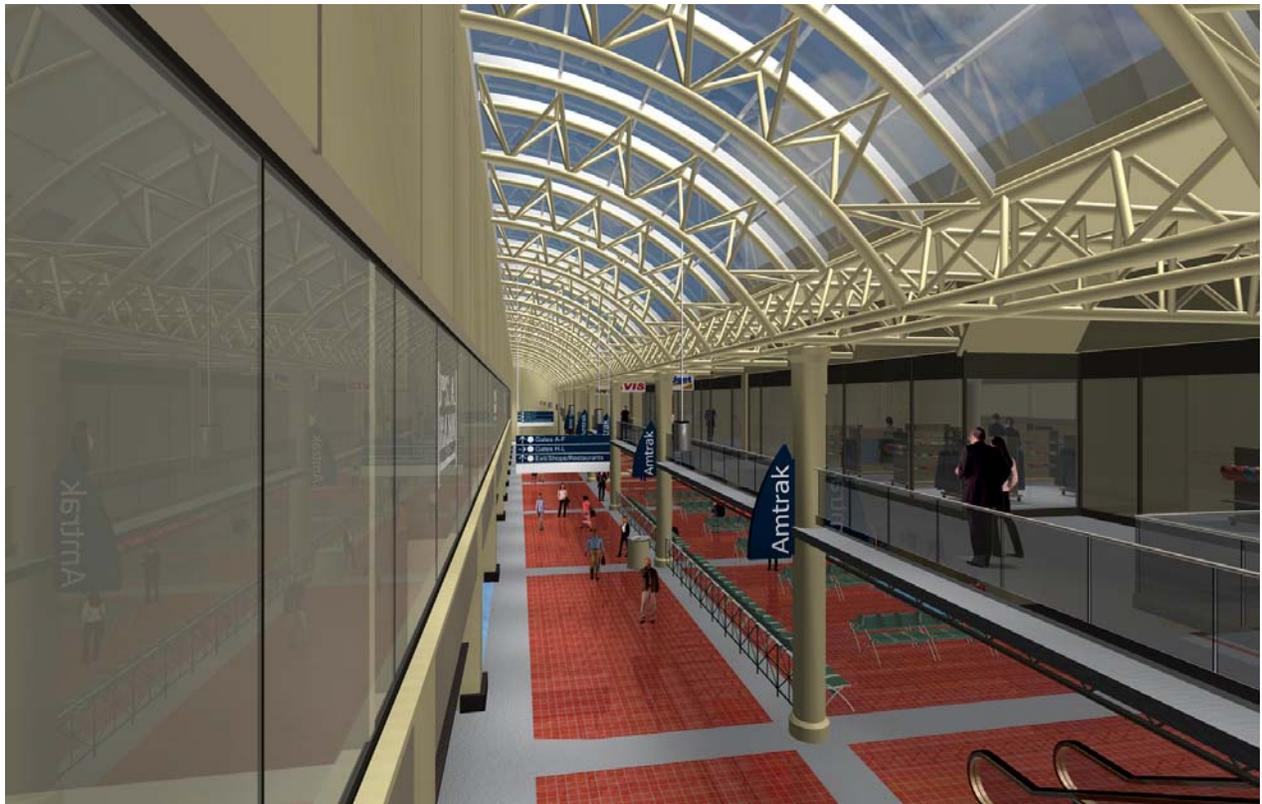


### PROPOSED SOLUTIONS

- New construction to add additional square footage above the Amtrak Waiting Area for Travel Services, ie Greyhound and car rental counters, etc.
- New Travel Services area to be connected to the garage, with direct access to Greyhound bus service and rental car fleets
- Separation of Amtrak from new Travel Services area will ensure that the Train Concourse remains navigable
- Storefront glass will be added to the back of the retail shops facing the new walkway



*New glass storefronts added to the back of Mezzanine Level retail spaces*

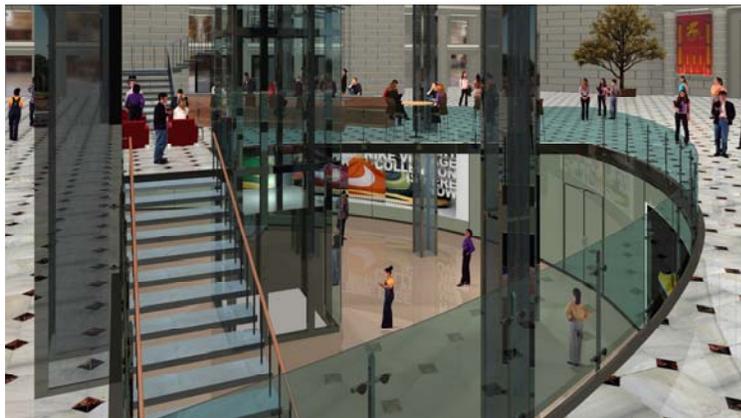


*New deck with retail spaces added at Mezzanine Level, above Train Concourse waiting areas*

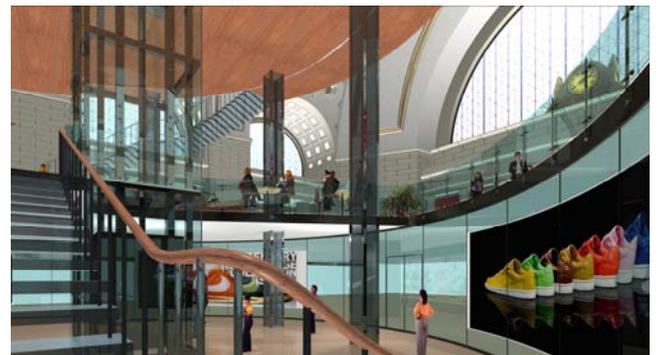
## Main Hall Café



*Main Hall Café at Street Level and Mezzanine Level dining with piece of art yet to be commissioned*



*Street Level view looking down through the new view to the Lower Level*



*Lower Level looking up to Street Level; new retail spaces replace existing movie theater*

## Bike Transit Center

The new Bike Transit Center is being built to provide convenience and access to commuters and visitors alike wishing to travel within the City by bike.

Features of the Bike Transit Center will include:

- 1,700 square feet of space enclosed in glass
- Lockers for up to 150 bikes
- Bike rental, sales and storage areas
- Open 24 hours a day, seven days a week



Courtesy images