May 21, 2019
BPCA Park Conservancy Meeting

George Tsunis: The Battery Park City Park's Conservancy Meeting of the Directors, May 21, 2019. I'd like a motion for the approval of the April 10, 2018 Minutes.

McVay Hughes: Motion to move.

George Tsunis: Second?

Bevilacqua: Second.

George Tsunis: All in favor?

Members: Aye.

George Tsunis: Unanimous. We have a matter for corporate action, the approval of the IRS Form 990, and the New York State Form CHAR 500 for the fiscal year 2018. Do I have a motion?

Gallo: So moved.

George Tsunis: Second?

McVay Hughes: Second.

George Tsunis: All in favor?

Members: Aye.

George Tsunis: Unanimous. Could I have a motion to adjourn the meeting?

Pamela Frederick: We have one item today.

George Tsunis: Oh, I'm sorry. We have an addition.

Pamela Frederick: Okay.

Female: This is the conservancy meeting.

Pamela Frederick: Yes.

Female: Okay.

Pamela Frederick: Okay. We wanted to make sure you didn't have any questions.

George Tsunis: We received it. We're all good.

Pamela Frederick: Okay. Good.

George Tsunis: Okay. Can I have a motion to adjourn?

McVay Hughes: Motion to adjourn.

George Tsunis: Second?

Bevilacqua: Second.

George Tsunis: All in favor?

Members: Aye.

George Tsunis: Unanimous. So I call to order the May 21, 2019 meeting of the members of the Hugh L. Carey Battery Park City Authority. I would like a motion for the approval of the April 23, 2019 Minutes.

Gallo: So moved.

George Tsunis: All in favor? Unanimous. We'll move to public comment. Alexis?

Alexis: Hi, good afternoon Chairman, members. My name is Alexis. I'm the Chief of Staff and I will be conducting the public comment portion on behalf of Nicholas Sbordone who's away on leave for this week. We received two requests. The first one from Ms. Fran Dickson regarding the South End Avenue West Thames project.

Fran Dickson: Hi. Thank you. I was here last month because I wanted to talk about safety and I know a couple of suggestions that I was hoping that could be considered to make it safer, the street, South End Avenue, but I realize they're beyond the scope of this group. But one thing that is in your responsibility is the project for the South End Avenue West Thames. And I would really like to see that happen faster than I believe it's going to happen. I know that, my understanding is that the request for proposals has not gone out yet. It's supposed to go out within the last half of this year. And then get, well it's supposed to go out so that the designer could be picked and then start the design process in the last half of this year and then start the construction next year, which I assume it'll be the end of the year. If there's any way that a request for proposal could go out before next meeting and then get that going because safety's a really big issue for South End. And I know we're putting in the, the lights are going to be put in on Rector Place, which is great. The other thing was the city bikes, and again, it's not your responsibility, it's DOT to move the city bikes from Gateway over to the west side, but if you could put some pressure on the DOT that would be much appreciated.

George Tsunis: Okay. If you are patient for a couple of minutes, Gwen is going to give us an update on the West Thames bridge.

Fran Dickson: That's not the South End Avenue West Thames project. That's different.

George Tsunis: Okay. So let's, Gwen, would you meet with the community and sort of let them know where we're at and give them a timeline on everything?

Fran Dickson: That'd be great. A real timeline, this way we know what's happening. Yeah. And we, you know, tomorrow is the Memorial for Arlene that we're having which you guys are sponsoring which is great. So I mean in her memory I'm doing this, so.

George Tsunis: I appreciate that. And there's also, would you reach out to DOT regarding the city bike?

B.J. Jones: Yes. They are on our regular call rotation now.

George Tsunis: I think what B.J. is saying is we promise you a very, very good faith effort and we can't always guarantee the result, but --

Fran Dickson: Yeah. For some reason, the Deputy Mayor, who's in charge of that has got to really be, somebody's got to light a fire under him, which I assume are the public officials who are already --

George Tsunis: Let's see if we can continue to utilize a little respectful diplomacy.

Fran Dickson: Okay.

George Tsunis: Thank you.

Fran Dickson: Appreciate it. Okay. Thank you.

Alexis: Thank you, Fran. The next request is from Mr. Jonathan Jossin regarding ground rent negotiation.

Johnathan Jossin: Good afternoon. My name is Jonathan Jossin. I've been living down here for 25 years and I'm very much involved in the real estate world in Battery Park City. I've been hearing a lot of different rumors because every rumor that I do hear directly affects me and everybody that buys and sells real estate in Battery Park City. We all know it's a land lease and we all know how many years we have left. But now I'm hearing the Mayor and the Governor are now using the land lease to put pressure on the owners of the rental buildings to bring in low and middle income housing. So that really changes the complete dynamic on what's going on down here. So I would like to put that out there so people know what's going on. I'm hearing that the people that are rent stabilized might have to then go and re-establish what their income, that they belong in the rent stabilized apartments. That's basically what I have. And then on some of the buildings, three of them for sure, I know that the land lease is from 25 to 26 explode, so those buildings had a very low basis from the beginning and then they catch up from 25 to 27 where the other buildings who had a high basis now they have very small increments. So is that all being looked at building by building? And that's what I have to say.

George Tsunis: Okay.

Jonathan Jossin: Thank you.

George Tsunis: All right. Thank you.

Alexis: Thank you, Mr. Jossin. And that concludes our public comment portion for this afternoon.

George Tsunis: We move to our MWBE report. Jahmeliah?

Jahmeliah Nathan: Good afternoon, Mr. Chairman and members of the Board. My name is Jahmeliah Nathan. I am the Vice President of Administration. For the month of April, 2019 38.05 percent, or approximately $756,000 of the Authority's total allowable expenditures of close to $2 million was paid to MWBEs. Of this total amount, approximately 30.26 percent was paid to MBEs as prime contractors. And approximately 7.79 percent was paid to WBEs. 1.12 percent of that amount was paid to WBE subcontractors. I'd also like to provide a quick update on the Authority's SDVOB program. As you know, last month the Board approved Walker Diving Underwater Construction to be the prime contractor on the Phase 6 Pile Remediation Project. The contract amount is $9.8 million. Recently, at this year's GovBuy Procurement Forum in Albany, the Authority was acknowledged by the State for having awarded the largest contract to an SDVOB in the history of that program, which I think is amazing and can be attributed to Anthony Peterson and the entire Procurement Department's hard work and dedication to that program. So I wanted to acknowledge that and thank them for their work.

George Tsunis: Thank you.

Jahmeliah Nathan: Thank you.

George Tsunis: I also wanted to acknowledge Anthony Peterson. After decades of extraordinary service to Battery Park City, he has decided to move on to greener pastures. We certainly, I know you all will join me in wishing him the best of luck in his future endeavors. But I know that our Department at MWBE and disabled veterans in our procurement policies, our best practices, and the bench is very deep. So thank you for taking on this responsibility.

Resiliency update. I'm sorry. West Thames Bridge update. Gwen?

Gwen Dawson: Thank you. I wanted to just give the Board a very quick update on the status, progress of the West Thames Pedestrian Bridge project. As I think most of you know, Battery Park City Authority is a funding partner in the project for the construction of a pedestrian bridge over West Street at West Thames. And we are monitoring that project. The project is being performed by New York City EDC, but we are now coming up upon the date for installation of that bridge. It's a pretty complicated endeavor and the bridge span will be delivered via barge on the Hudson, and then craned onto West Thames Street and stored briefly, staged at South End Avenue at its southern end. So folks around here are going to start seeing some impact actually starting in the next couple of days when the City Bike Station on West Thames Street is removed for a period of time while this bridge installation occurs. There will be some parking restrictions that start going into place, especially starting next Monday the bridge spans will actually arrive. Next Wednesday will be craned into their temporary storage location at the end of South End Avenue and then next weekend, the weekend of May 31st to June 2nd, the bridge spans will be moved over to West Street and then in the overnight hours be put into place in their final location at the bridge on West Thames. So it should be something that's pretty exciting to watch. And so if everybody wants to come down late at night on a Friday night, Saturday night, they can watch that. And we'll have, we'll make sure that all of the traffic impacts and the parking impacts will be posted on the website so that people in the community can understand kind of what to expect. I know that they've been advised and they've been part of the discussion but we want to make sure the information is available on the website as well.

George Tsunis: Thank you, Gwen. Resiliency update, B.J.?

B.J. Jones: Mr. Chairman and Members, I just wanted to give you again our usual resiliency update. We continue to make progress on both the South Battery Park City and Ball Field resiliency projects. In regards to South Battery Park City I think what is particularly significant is that geotechnical borings have started and that Aecom is working with outside agencies on additional plan approvals and required permits for that activity. Also, for that project we're in the middle of obtaining more feedback from stakeholders on the use of Wagner Park, specifically a summary of what we've collected via our community design feedback session and our online survey are in your materials, you know, consistent with the Park's user study, certainly you know we have heard people echo the importance of passive enjoyment of the Parks and the use of the lawns for family and community activities. The tree allees are used by the majority of respondents. On a more practical note, people have given us feedback, have stated the value of having restrooms and public and rooftop views in the park space. Public art is also valued that's there now and some people are interested in additional public art pieces. So we're still collecting information on this, and have another public meeting on the resiliency project coming up later in June.

On the Ball Fields project, STV is still trucking with its what is now kind of a dual analysis of a permanent and also more substantive interim measure. We're also exploring now the use of potentially being able to deploy a very short-term protective measure like tiger dams around the community center where we sustained the bulk of the damage, potentially for even this hurricane season. So we'll have more information on that soon.

And we're nearing completion of the contract for the North Battery Park City resiliency project so that we'll hopefully be able to kick that off in short order. We also have a community survey that has gone out associated with our work on strategic planning in conjunction with the Rockefeller Foundation's a Hundred Resilient Cities and we'll be reaching out to you in the next few days to schedule some further interviews with you to get additional input as we continue to build that out.

I have some additional sustainability news, but I'll save that for the next item.

George Tsunis: We move to corporate action.

Catherine McVay Hughes: I'm sorry. Can B.J. explain, I don't know what a tiger dam is, or HESCO barriers. Maybe I should?

B.J. Jones: Yes. But I will have Gwen do the honor.

George Tsunis: Good move.

Gwen Dawson: Tiger dam is a water build barrier, it's with giant tubes that are filled with water. A lot of buildings actually around here have them. They are stored and then deployed in the event of a storm event. They have certain advantages. They have some limitations. We're looking at it as a very short-term option just for this particular season at the Community Center. And HESCO barriers are, they're essentially very large sandbags that are being utilized by the City actually down in the financial district. We're looking at that as a possibility to put around the Ball Fields as again, a very near term option.

Gallo: And both of those are placed out when a storm is on its way, or?

Gwen Dawson: We would be looking at the possibility of leaving the HESCO barriers out for the entire hurricane season for this year, not being deployed.

Gallo: Thank you.

B.J. Jones: But the tiger dam would be deployed.

George Tsunis: All right. We move to corporate action. B.J., can you speak about the sustainability and energy efficiency resolution, please?

B.J. Jones: Thank you, Mr. Chairman. The Authority has a track record as a leader in environmental responsibility and we're now making a concerted effort which we talked a little bit about at our last meeting to further advance sustainable practices, both in our operations and throughout the neighborhood. We have formed a partnership with the New York State Energy Research and Development Authority, otherwise known as NYSERDA, as well as the Mayor's office of sustainability to help further develop strategies in this regard. As part of this effort we are going to pursue a number of State and City programs that will provide resources including technical assistance, energy management, and financial support. So we recommend that the Board formally support the pursuit of energy efficiency and carbon neutral practices. Doing so will also bolster our perspective applications for participation in these programs. So what you'll see on the next page is the resolution for your approval that seeks to memorialize some of the progress we've made to date including having the first lead certified building here. Our longtime standing sustainable horticulture and maintenance practices and more recent initiatives such as the Zero Waste Program and the greening of our investment guidelines and committing to having a formal sustainability plan that we will submit to you on Earth Day next year, which will provide a road map to get us closer to a carbon neutral Battery Park City. So with that said, I request that the Members approve this resolution.

George Tsunis: Do I have questions on the resolution? Hearing none, can I have a motion?

Capoccia: So moved.

McVay Hughes: Second.

George Tsunis: All in favor?

Members: Aye.

George Tsunis: Unanimous. Thank you. Authorization of the 2019 Bond Offering and Plan of Finance. Pam?

Pamela Frederick: Thanks. As we discussed in the May meeting, we're bringing before the Board a recommendation to proceed with the bond financing. We are seeking to close that in August of this year. In addition to refinancing our 2009 A and B fixed rate bonds and the 2013 C, D and E variable rate direct placement bonds, the Authority seeks also to raise $100 million in new money. That new money will finance nearly 90 percent, will be used for financing resiliency and sustainability related projects that will account for about 90 percent of those new money proceeds. And will be issued we intend as sustainability bonds and I think that's consistent with B.J.'s last presentation about the Authority's effort in that area. Our senior managing underwriter, Morgan Stanley, represented today by Jeff Prue and Rob Pattison will review the presentation that was included that will have transaction details and walk you through the plan of finance and the capital plan. Also, attending are our co-senior managers, Ramirez & Co., represented today by Al Quintero [ph]. He's all the way at the back behind the camera man. So Jeff and Rob, if you would present for us.

Geoff Proulx: So you can turn to Slide 3 in the slides that you have. [Indiscernible]. [Indiscernible] which has four [indiscernible] line 2. [Indiscernible] page 1 [indiscernible] capital plan. Two, to refinance the fixed rate of 2009 A&B bonds for significant debt service savings. Three, to refinance variable rate debt prior to November 1st, 2019, mandatory tender date. And lastly, to reduce the Authority's unhedged variable rate [indiscernible].

McVay Hughes: Can you talk a little louder, please?

Rob Pattison: Does everybody have the Slide 3? The Executive Summary. Yes. So the first bullet, again, the Authority, we're asking for approval for a preliminary not to exceed $900 million financing plan, which will allow the Authority to achieve four objectives. 1, to finance Phase 1 of the Authority's capital plan; 2, to refinance the 2009 A&B bonds of the Authority for significant debt service savings; 3, to refinance the variable debt of the Authority prior to a mandatory tender date of November 1st of this year; and, 4, to reduce the Authority's unhedged variable debt exposure. So the Authority and it's financing team have developed a plan. The present amount of the par we expect to be issued is approximately $680 million across five series, and this is as follows: The Series 2019 A, B and C bonds will be issued under the Authority's Senior Lien. They will be fixed rate bonds, approximately 90 percent as Pam stated, will be financing sustainability, focused capital improvements. The other approximately 10 percent will be financing other capital improvements, will be funding escrow deposits to refinance the Authority's 2009 A&B bonds and we will also refinance a portion of the Authority's 2013 C, D and E bonds. On the right side of this page, you'll see that there will be $450 million approximately of series 2019 D and E bonds that will be issued on the Authority's Junior Lien. These will be variable rate bonds. The 2019 D bonds will be variable rate demand bonds, with a five-year standby, and we'll talk about that in greater detail. The 2019 E bonds will be a five-year SIFMA direct placement bond. The purpose of these bonds is to refinance a portion of the Authority's 2013 C, D and E bonds. And there's existing swap agreements in place on the Authority's bonds. These will remain in place and hedge a portion of the Authority's Junior Lien bonds.

So following this sale, the Authority's unhedged variable debt exposure will be reduced significantly from 26 percent. Also, in conjunction with this sale, the Authority intends to amend its interest rate swap agreements by converting the floating rate index from LIBOR based, and we talked about this in the February Board meeting to a SIFMA based index for a period of up to four years to better align the interest rate payments on the 2019 D and E bonds.

Turning to the next slide is the Plan of Finance on Slide 4. This is a very numerical detailed version of what's happening in this financing. So again the Authority at this current place and time is expected to issue $680 million of 2019 bonds to finance the Phase 1, the capital plan, and refinance 2009 A and B bonds, as well as the 2013 C, D and E bonds. And in the table below, you'll see the breakout of the sources of the bonds which has par amount and premium. These are while the fixed rate bonds will be at a higher rate than the yield on the bonds as the investor preference in this current market. And there'll be some contributions from the Authority's equity funds of reserve funds and debt service funds go into these financings. And at the bottom you'll see the project fund for the Phase 1 capital plan as well as the amounts to refinance and the Authority's debt.

On Slide 5, it's to show you what we expect the debt service structure will look like both before and after this financing. So as you'll see here on the slide the bright blue line is indicative of the Authority's current debt service profile and we look to follow that pattern. I am talking with the Authority and its Financing Team, and what we've shown here is what it will look like after this financing, so you see we tried to maintain that profile as much as possible. A lot of the fixed rate bonds are being extended out 30 years so there's lots of capacity out there for the Authority, and then you see a lot of the fixed rate debt will be in the middle par to the long par of the curve and we have the variable rate debt layered in as well.

Lastly, on Slide 6, before Jeff will walk you through all the details and plan of finance, you'll be reducing a specific amount of your unhedged variable rate debt which thus produce your interest rate risk, and by this 2019 financing so therefore, you have fixed rate debt, a component of your portfolio will increase. So in terms of the variable rate bonds the 2019 Ds and Es, again, they'll be issued up to $300 million in variable rate demand bonds, that's 2019 D and up to $150 million of a SIFMA [indiscernible] direct placement, that's 2019 E. And we expect to amortize and very similarly to your existing debt of 2013 C, D and E. So on the far right you'll see a stacked bar chart. Your fixed rate portfolio is just a little bit over a third right now and that will be approximately 50 percent by the time this financing has been completed.

Geoff Proulx: So turning to Slide 7, this is scrolling drilling down on the components of the plan of finance. The fixed rate plan will all be done on the Senior Lien, and we knew going into this when we first started looking at the transaction that we wanted to fund Phase 1 of the capital plan so that's as Pam and B.J. mentioned that's about $100 million. And a good portion of that is going to go into the initial funding for the three main resiliency projects and the Ball Field remediation project as well. We're very excited about that at Morgan Stanley because of the positioning of it for a sustainability bond's designation. I think that you're going to be very pleased when you see the offering statement come out. The team has put in a big lift on reorienting your offering statement from being basically an Encyclopedia Britannica to a really accessible document that extenuates all the positives about Battery Park City as a green place that has 36 acres of open space, has tons of social attributes. We're parsing those out within a sustainability designation to talk about the green which is the resiliency side of things and everything that the Authority is doing to address climate change.

And then for the social side of the designation we're focusing on the protection of the asset and the fact that we have built this jewel here in Battery Park City that has, I live in the West Village, I come running through here all of the time, you see kids here. It is incredible, particularly over the weekend. So we're putting that forward to the market. You're going to see this come out very shortly and it looks great. So as we got closer in time to the call dates for some of your existing debt, we also were looking for an opportunity to refund that and we're going to do that in this transaction. The timing of it is working out perfectly that we can take out the 2009 A and B bonds. The total par of that part of the transaction is about $84 million of the refunded bonds. That results in a substantial cash flow savings to the Authority. And on page 7, you can see that the net PB savings of this refunding $12.9 million. That's 15 percent of refunded par. By any metric that's something that you want to do.

In addition, the fixed rate portion of the deal is going to achieve another objective and that is to reduce the overall variable rate that you have in Battery Park's portfolio. So we'll be refunding a portion of the outstanding variable rate bonds into fixed in this deal that also reduces your exposure to the LIBOR index and the variable rate generally speaking. That's the Fixed Rate Plan of Finance.

Turning to page 8, the Variable Plan of Finance, this has been gone over in some detail already. This is taking advantage of the fact that the outstanding direct placements are coming up on their mandatory tender date, which is 11/1/2019. The Authority is proactively moving this into two different pieces. One will be a similar direct placement that will be with RBC. That will be a five-year facility and instead of a LIBOR based transaction. In anticipation of the LIBOR Sunset, the Authority has chosen to do a SIFMA linked DP with RBC. Also, we will be doing a $300 million variable rate demand bonds to refund the outstanding DPs. That's going to be backed by a credit facility from TD Bank, which is also a five-year facility. Variable rate demand bonds trade off of a SIFMA index as well, relative to SIFMA, so what the Authority is doing with these two pieces it's aligning it with an index other than LIBOR. So overall a very smart strategy going into a period that may result in some dislocation. And finally, as was mentioned, the swap is going to get amended to allow a bridge time where it's a SIFMA swap as opposed to a LIBOR swap.

Turning to page 9, the documents that you have in your package to authorize today is the authorizing resolution, lays out the parameters of the overall transaction, lays out the preliminary plan of finance, and the preliminary capital plan. It's of note that the overall capital plan is larger than what we're financing here. We're doing about half of it in this Phase 1. Phase 2 will be to follow, but that will be next. For your June meeting, you'll see the document that I mentioned before that we're going to be very much looking forward to you all looking at and getting into and putting all of the attributes of Battery Park City out there as the preliminary official statement. It will be done in two separate pieces for the fixed rate portion of the financing, and there'll also be an offering statement for the variable pieces as well. And in June we'll also have the settlement agreement amendment in front of you at that point in time too.

So finally, on page 10, this is just an overall timeline of where we are today and where we're moving through. We're anticipating that we'll mail the offering statement in July and be in a position to get into the market middle or early-ish July to price the fixed rate bonds. The variable rate bonds always get priced close to closing. We'll do that in August and then we will close this transaction up the first week of August so everybody can have a little bit of time off in August I hope. That's it. I think we're asking now for the resolution.

Pamela Frederick: So I recommend to the Members the adoption of the enclosed authorizing resolution and the series 2019 A, B, C, D and E bond resolutions, approval of the Plan of Finance, and the Capital Plan. And we'd also like the authorization for the submission of the Authority's application for the PACB approval to issue the 2019 bonds and we'll be going before the PACB in June. We're happy to respond to any questions.

Donald Capoccia: so I have a couple of basic questions, what is SIFMA today? And is the fixed rate going to be SIFMA plus a factor?

Geoff Proulx: No. The way that the fixed rate bonds will be priced, it's priced off the tax exempt index in that space which is MMD. And so it'll be when we go to market it we will be getting to the tightest spreads that we can execute to get through the market at that point in time.

Donald Capoccia: And that'll be priced in July?

Geoff Proulx: Yes.

Donald Capoccia: What's your best guess, I mean if it were to be today what would it be priced at, fixed rates and --

Geoff Proulx: The question is bond yield. In the current market we have that [indiscernible].

Donald Capoccia: Just a ballpark.

Rob Pattison: Yeah. Let's assume there's re-sets on Wednesday, last week was re-set at a 135.

Donald Capoccia: And the spread over SIFMA on the variable rate is?

Rob Pattison You should be very flat. You should be, at SIFMA you might even be better than SIFMA.

Donald Capoccia: Okay. All right.

Rob Pattison: I would say you would be very close to that.

Donald Capoccia: Okay. And what's SIFMA's performance been over the last say two or three years? I mean how is it, is it a pretty stable index, is it?

Rob Pattison: It's relatively stable, I would say several years ago it used to be less than .1%, and as the Fed has raised rates that has come up. It can be a little volatile at tax season as people are making withdrawals in taxes. It can move but it comes quickly back down. So right now it's in its recovery zone right now I would say.

Donald Capoccia: And just to get back to the fixed rate, if we were doing the fixed rate deal pricing it today, ballpark what would that be? That's the Senior, that's our, that's the Senior debt, right?

Geoff Proulx: Cordelia Mendez has the numbers in her bag right here.

Cordelia Mendez: It will vary depending on market conditions. I can pull out my [indiscernible] right now. We typically expect that the bonds will price no wider than say MMD plus 15 or so basis points on the longer end. So to give you a sense of it, so through the longest bond being at 2049 tax exempt bond would have a coupon of 5 percent, but a yield of 2.7 percent.

Geoff Proulx: And to comment, the convention in the market is to price the bonds with a premium pricing, so they will have a coupons that are at 4 or 5 percent, some instances 3 percent. But the premium pricing will get those down to very low yields and the yield that Cordelia just mentioned.

Donald Capoccia: And what happens at the termination of the five-year direct buy from RBC? Do they put those back to us? Do they remarket them on our behalf? What is the plan in year 6?

Rob Pattison: You would locally refinance, just as you're doing right now with the 2013 C, D and Es you'll refinance [indiscernible] in advance of that five-year point. Both the, you have options in front of you, you could get a new standby for your February demand bonds, you could fix out or refinance the 2019 easily though.

Donald Capoccia: And even though we have a five-year direct placement with RBC the SIFMA rate will apply through the term of the entire facility, correct?

Rob Pattison: That's correct.

Donald Capoccia: Okay. So there won't be much excitement in a refinance of that debt. Okay. And there's another, oh yeah, once TD banks standby terms out is sort of SIFMA going to be the same?

Rob Pattison: We're going to refinance those bonds.

Donald Capoccia: Refinanced with a rate that's either hedged or in line with SIFMA today?

Geoff Proulx: What we generally see in the variable rate demand space is that when you have a provider and it's a name like TD that has a very significant exposure in the New York market, they will likely be interested in rolling the facility. There's a lot of competition in the market and the rates that they're offering are incredibly attractive. So we would expect that at the five-year period that Pam would ask them if they would be interested in staying in for a period of time and negotiate that at that time. We see for the most part there are fluctuations in the names of providers in the space, and it ebbs and flows, but usually and with this name we would expect that they would probably sign back up for you but you also have the opportunity to ask for other bids too.

Pamela Frederick: That's the other thing that we had to take into consideration when we were when we are doing this financing is the transition of LIBOR. The fact that our hedge is LIBOR we actually are transitioning during this five-year period to SIFMA to actually reduce it and eliminate or perhaps minimize some of the risks we face, but prior to getting to that five-year term we will have a much clearer path on what will happen to the LIBOR transition for both the underlying swap, which should be easy. The transition language issued by ISDA should be fairly straightforward, a protocol issued and people sign up to it. And it's at that point that we have to decide depending on what that protocol is, do we want to transition to whatever, to SOFR which is what's out there now, or do we want to stay with SIFMA. And so we felt that this five-year window not only was it an attractive rate but it also gave us a fair amount of time beyond the transition to make that decision.

Donald Capoccia: And what's Morgan Stanley's fee for this transaction?

Rob Pattison: There's a few components. One is ourselves as well as the underwriting syndicate for the fixed rate bonds will have a take down and that's a dollar amount off of every what we call par, which is every $1,000 that is capped to $2.50 for every $1,000. Ourselves and TD will be remarketing those variable rate demand bonds and there will be a fee associated with that for that remarketing. We're not charging any takedown on those variable rate demand bonds. And those are some of the costs.

Donald Capoccia: Was that 25 [indiscernible]?

Rob Pattison: It's actually five.

Donald Capoccia: Five [indiscernible], okay, on the entire transaction.

Rob Pattison: Five on the variable rate demand bonds.

Donald Capoccia: It's just we have the right to demand. And what about the Senior?

Rob Pattison: So that's the takedown of about $2.50 for every $1,000. Right. Yeah. [Indiscernible].

Donald Capoccia: All right. Anymore questions on [indiscernible].

Rob Pattison: You would have expenses as well, you know, there's --

Gallo: So Pamela, do you want to introduce the resolution. I'm sorry. [Indiscernible].

Bevilacqua: What are the steps for the Board after this? Do we eventually get to see the disclosure document, get to review it before it's actually published?

Pamela Frederick: Right. That's what Jeff mentioned that we would be bringing back in June prior to going to market with it in July.

Geoff Proulx: [Indiscernible]. The bigger one which is for the fixed rate bonds 2019 A, B, and Cs and recall the line to the VRDB's, the 2019 D's we call it a wrap, it's a much thinner version because it's doing a lot of cross referencing to the fixed rate bonds.

Gallo: So those will be drafted with the offering documents?

Geoff Proulx: Right.

Gallo: Okay.

Geoff Proulx: The premier [indiscernible].

Catherine McVay Hughes: And talking about cost, what does TD Bank then charge for the wrap?

Pamela Frederick: It would be the same because they're both remarketing agents on the VRDB, so we've gotten that priced the same the [indiscernible].

Donald Capoccia: And I understand when you say that it's an ideal time to do this rate from a rate and pricing perspective, but from a market perspective I mean July and August are going to be, will be historically slow months for buyers to be in the market? Right? Or am I wrong?

Geoff Proulx: Overall, in the New York market space July is a good time to go. The reason for that is redemptions are much higher in July and June, so we'll have a number of investors that are getting back principal. They'll be looking to invest. The amount of fixed rate bonds are relatively modest for the market. The market has had 18 weeks of inflows for bond funds, continues to be doing incredibly well. So we think your timing is excellent. We also, looking at the holiday, the July 4th holiday it falls on a Thursday, so we've been strategically looking at that in terms of when we actually go to hit the market. So we're looking at the week following the 4th or the week after that, so the week of the 8th or the 15th. And we'll be monitoring how many New York deals are coming into the market, what the overall supply in the Muni market is and picking between those weeks based upon that.

George Tsunis: Are there any additional questions? Can I have a motion please?

Capoccia: So moved.

George Tsunis: All in favor?

Members: Aye.

George Tsunis: Unanimous. Thank you. Thank you, Pam. Authorization to amend the contract with WJE, North End Avenue Leak Investigation. Gwen?

Gwen Dawson: Thank you, again, Mr. Chairman and Members. We've brought a couple of contracts to the Board over the last few months related to the leak remediation at the Community Center. We've approved the construction manager and the contractor and they're getting ready to begin that project very shortly. We have one additional contract that we need to amend to extend the time period, and this relates to our forensic engineer, Wiss, Janney, Elstner Associates, WJE. We entered into a contract with WJE back in 2013 once we had indication of a water infiltration issue they have performed numerous tests, have issued reports, and have also acted as the Authority's advisor in our ongoing negotiations with Milstein with respect to financial responsibility for the ultimate repair and restoration of the facility. We have amended WJE's contract several times over that period in order to maintain the continuity of their expertise and their advice to the Authority. And we have the current contract expiration is April 28, 2019, so it just expired. We would like to make sure that we have WJE under contract and retain them and retain their services through the course of the construction period so that as different areas of the facility are exposed during construction we have the capability of really understanding what some of the additional conditions are that we haven't been able to see thus far. And as a result, we are asking for the Authority to extend WJE's contract through October 31, 2020. We do not need at this point to add any money to the contract. The current value of the contract is $73,373.

George Tsunis: Thank you. Have you any questions for Gwen?

Donald Capoccia: [Indiscernible] go to them to refund us for this design?

Gwen Dawson: We actually just met with Milstein this past week just to give them the notice of our starting the construction project. We are coordinating with them. We're giving them and their engineers every opportunity to have eyes on the project as well.

Donald Capoccia: So this construction project is an exploratory --

Gwen Dawson: No, it's remedial. I mean --

Donald Capoccia: Or it's remedial, so it's actually fixing the problem.

Gwen Dawson: Yes. Yes, it actually is fixing the problem. The added benefit is that we'll be able to expose some of the areas that were not visible to the engineers in the past.

Donald Capoccia: So this is for design services not for actual construction?

Gwen Dawson: We are beginning the construction. We already have the contractor and the construction manager under contract. That was approved by the Board. This is not design. This is forensic engineering.

Donald Capoccia: Right. And how much is the construction contract, or the CM contract that we've already approved? Sorry.

Gwen Dawson: I'm blanking on the total amount.

B.J. Jones: The total is 7-something?

Gwen Dawson: It's about $7 million.

Donald Capoccia: Wow.

Gwen Dawson: Yeah.

Donald Capoccia: And Milstein's aware of this?

Gwen Dawson: Yes. Yes.

Female: We have a number of legal documents that preserve our ability to assert our rights with regard to responsibility.

George Tsunis: We think it might be clearer to everyone that once we do get into the building, take the roof off, it will become quite clear what happened or didn't happen during the initial construction phase.

Gallo: Can we get the total cost of construction for the Community Center?

B.J. Jones: Since its inception? Yes.. It's $50 million.

Gallo: I think it's $58 million.

B.J. Jones: We'll confirm if we're adding this remediation to it. Yes.

Anthony Kendall: Did you say $50 million after construction?

B.J. Jones: No, including for construction and then remediation it's been a --

Donald Capoccia: The fit out of the Asphalt Green, was in the $50 million range.

Gwen Dawson: The total of the base buidling and fit out is well it was $56 million.

George Tsunis: Are there any additional questions? Hearing none may I have a motion?

Bevilacqua: So moved.

George Tsunis: Second? All in favor?

Members: Aye.

George Tsunis: Unanimous. That then concludes corporate action, and I'd like a motion to adjourn for the May 21st, 2019 Battery Park City Members' Meeting.

Kendall: So moved.

George Tsunis: Second?

McVay Hughes: Second.

George Tsunis: All in favor?

Members: Aye.

George Tsunis: Thank you all.