

**BCPA BOARD MEETING 6/19/18**

DENNIS MEHIEL

Okay, I'd like to call the meeting to order, the Battery Park City Authority. Um, first order of business, approval of-- of the March 28th... minutes. Have we not met since March 28th?

(overlapping chatter)

DENNIS MEHIEL

What's that?

BJ JONES

April 10th.

DENNIS MEHIEL

Do I have the wrong book?

WOMAN

No, no, no. That was...

DENNIS MEHIEL

Maybe I got the wrong agenda.

WOMAN

No, that's for the Investment Committee.

DENNIS MEHIEL

What's that?

WOMAN

That's the Investment Committee meeting.

DENNIS MEHIEL

Oh, that was the committee? The committee meeting that I failed to attend?

(laughter)

WOMAN

This is...

DENNIS MEHIEL

That's what happens with short-timers. Oh, call to order. Approval of the April 10th, 2018 minutes, which means we haven't convened since April 10th. We didn't have a May meeting, I guess. It got pushed off. Uh, do we have comments, edits, or suggestions with respect to the April minutes? I'm hearing none, do I have a motion?

CATHERINE MCVAY HUGHES

Motioning.

DENNIS MEHIEL

Catherine moves to approve. Do we have a second?

LOUIS BEVILACQUA  
Second.

DENNIS MEHIEL  
We have a second from Lou. I'm hearing no opposition, the minutes are approved. It's time for public comment.

NICK SBORDONE  
Hey, good morning everyone, Nick Sbordone, Communications and Public Affairs, having received your requests for public comment in advance of this morning's meeting. Unless there are any now, any requests, we can move on to the MWBE report, Mr. Chairman.

DENNIS MEHIEL  
Okay.

NICK SBORDONE  
Okay.

DENNIS MEHIEL  
No public comment. Now, I'm going to interpret that as we're doing a lot of things right.

(scattered chuckles)

WOMAN  
You know, I'll make a comment. The walkthrough on Second Avenue...

DENNIS MEHIEL  
I'm sorry? Say again, ma'am.

WOMAN  
The walk-- the walkthrough on Second Avenue, (indistinct) was excellent.

DENNIS MEHIEL  
It was? Thank you very much, we appreciate that, and...

WOMAN  
(inaudible)

DENNIS MEHIEL  
Thank you.

MAN  
Thank you.

DENNIS MEHIEL  
All right, Anthony, how are we doing?

ANTHONY  
We're doing very well, good morning, Cathy, Mr. Chairman. For the fiscal year 2017-18, and just a reminder, we follow the state's fiscal year as

far as the MWBE reporting April 1st through March 31st. We hit 30.99%, basically 31% MWBE utilization. Out of that, 13-- just a little over 13% was MBE, and, uh, just under 18%-- 17.9% was WBE. And the breakdown as far as prime and subbed, basically 14% went to MWBE as prime crunch factors. And 16.6, just under 17% went to, uh, MWBEs through subpayments.

DENNIS MEHIEL

Um, the objective was 30%.

ANTHONY

30%.

DENNIS MEHIEL

And in the, um... MWBE was actually just over, about 31.

ANTHONY

31, yes.

DENNIS MEHIEL

Against a goal of 30.

ANTHONY

Yes.

DENNIS MEHIEL

The goal was also 30 on the SDVOB?

ANTHONY

No.

DENNIS MEHIEL

No, what is it?

ANTHONY

The goal was, uh, 6%.

DENNIS MEHIEL

Six.

ANTHONY

6%.

DENNIS MEHIEL

So the six is added to the 31, and that's how we get to the 38.

ANTHONY

No.

DENNIS MEHIEL

It's an aggregate number?

ANTHONY

It's a-- it's a separate number. Totally-- they're two different separate numbers because of what's allowed, what's an expenditure, what's not allowed.

DENNIS MEHIEL

So we did 38% against a goal of six.

ANTHONY

Uh, yes. I would get to that. Um, just finishing up the MWBE, just keep in mind that this is a great number because we had to take credit for the underwater tile work because there were some expenditures to MWBEs. So in reality, our number would have been about 37%, but it went down because that's such a large number. So it's still a great...

DENNIS MEHIEL

Understood. The larger pool...

ANTHONY

Exactly. Um, for the SDVOB, uh... again, it's 37.5. The goal was 6%. Keep in mind, we had one large contract, which was the SDVOB contract. Um, so that really pushed the number above where it should be.

DENNIS MEHIEL

Well, we assume once you achieve this, we achieve it. That's the bar and we have to do that every single time. (laughter) Forever.

ANTHONY

I wish that was that easy. But we still do very well considering even without that number, we'd be around 9% to 10%, which is still a very good number.

DENNIS MEHIEL

That certainly is, good performance. Any comments or questions on Anthony's report? Thank you. Uh, quarterly investment report. Where is our CFO?

BJ JONES

Pam's right here.

PAM FREDERICK

Thank you. So, thanks everyone, Mr. Chair. Today, the Investment Committee met for our second of, um, quarterly meetings. In attendance, we had the Investment Committee Chair, George Tsunis, members and acting chair Catherine McVay Hughes and Lester Petracca. We reviewed the three items. Um, one was a discussion of the, uh, the authority's approach to environmental, social, and governance issues. It's an area that we feel requires further review. And upon devising a strategy, the committee will present recommendations to the full board, um, at a subsequent meeting with a recommendation on amendment to investment guidelines to reflect our ESG approach. The second item we reviewed, and the committee approved several additional bond issuers that were identified by the investment advisors and verified by legal counsel Hawkins Delafield as authorized investments. For the pledged investment funds as well as our operating funds, the committee will bring a recommendation to the board in the July

meeting to accept these additional issuers. The third item, um, the authority's investment advisors, which consist of PFM Asset Management and Ramirez Ass Management, provided the committee with a detailed review of the authority's second quarter end investment performance. And Steve Faber from PFM will now provide a summary of the investment report. Also in attendance today is Jim Haddon from Ramirez Asset Management. Steve.

STEVE FABER

Thanks, Pam. Just briefly, the authority's portfolio ended the quarter with approximately 503 million dollars in assets. The mark-- or the quarter was marked by volatility, in a word. At the beginning of the quarter, we saw an equity market correction. We saw-- we witnessed and continue to see challenges with respect to trade policies and tariffs, and the impact they're having on geopolitical world order, et cetera. Those geopolitical contentions also apply to, you know, our issues with respect to-- to North Korea. And then, as always, the Federal Reserve played a major role on interest rates during the quarter. At the-- its March meeting, the Federal Open Market Committee, the rate-setting arm of the Federal Reserve, increased rates 25 basis points. And it's likely, um, that they will raise rates at least one, maybe two more times this year, which will continue to put pressure on the yield curve, but allow fixed income investors to reinvest funds at what would then be higher interest rates, and generate additional interest income. The result of all this is that interest rates across the yield curve, principally in that portion of the yield curve where the authority may invest, the overnight out to 10-year portion of the curve, we saw interest rates move higher on average probably 35 basis points. So, a significant move higher, which has a corresponding negative impact on the market value of-- particularly of intermediate and longer term investments, but has a beneficial impact on those funds that are managed short, or shorter. On slide, um, four of your presentation, you can see the impact on a total return basis for those eight or so accounts that are in fact of the 40-some-odd accounts of the authority, which are in fact managed to specific benchmarks, and are managed on a total-term strategy. I would point out that each of the longer-term indexes, the one-to-five year treasury index and one-to-ten year treasury index saw negative returns for the quarter. Again, you know, as a result of the significant move higher posed by those various geopolitical and other, you know, economic issues globally. The-- the accounts, the authority's accounts managed to those strategies also generated negative returns, but were less negative than the benchmark. So, as I said to the Investment Committee, kind of our twisted way of saying we did better than the benchmark, so we did okay. Nobody likes to see negative returns, clearly. Over the longer period, certainly over the past number of years, and since inception, the portfolios continue to be-- to perform well. The longer term funds are positioned, we believe appropriately. We have-- we, PFM, has maintained, and I think Ramirez can-- can verify for those funds they manage, we've maintained a more conservative duration position relative to the benchmarks over the last number of quarters, i.e. we are shorter on average than the benchmark, which is our way of saying we believe that the-- that interest rates are likely to continue moving higher, so we might position ourselves in a more defensive posture to A) protect the market value of the portfolio, and position the portfolio and the funds to-- to capture those higher interest rates. The-- the shorter term strategy funds, which is largely the pledge

revenue account, and then the small project operating account generated positive performance, project operating aligned with benchmark, pledged slightly underperforming the benchmark. That's largely due to the structure of the portfolio, and the nature of the, uh... how those funds are invested, and when those funds are needed during the year. There was about a 60-million-dollar withdrawal-- or transfer, I should say, from that account early in the quarter, which had an impact on-- on performance. But those two funds benefitted again from the money market portion of the-- of the market, and did see positive performance. The total return accounts-- total term funds account for less than half of the authority's total assets. Approximately 58% is in what we call other accounts, which are largely the developer escrows, debt service funds, and other funds that are not managed through total return strategies, but are managed principally on an asset liability matching strategy. So overall performance was, beat the benchmarks. We're certainly not happy about the fact that they were negative performance. But again, volatility in markets is largely responsibility for that. So again, very quick summary. I'm happy to answer any questions that any of the members might have.

DENNIS MEHIEL

Questions or comments?

GEORGE TSUNIS

Just one. Do you have a comparison of the benchmarks in your report?

STEVE FABER

Page four.

GEORGE TSUNIS

Page four.

STEVE FABER

Slide four shows... the benchmarks, from the...

GEORGE TSUNIS

Thank you.

STEVE FABER

You're welcome.

DENNIS MEHIEL

Thank you.

STEVE FABER

Thank you.

BJ JONES

Next item, Chairman, is an authorization for a reallocating some of our 2013 bond proceeds, which Pamela will also walk us through.

PAM FREDERICK

Thanks so much. So, several of the capital projects that-- that authorities entail were allocated 13 million of 85 million in bond-- bond funds that were raised in the 2013 bond issuance. Those projects were

completed for amounts below their approved and allocated amounts. Only 9.7 million of that 13 million allocated was required for completion, and that left \$4,015,593 in remaining funds. The project savings ranged anywhere from 50,000 to upwards of one million, and those were derived from various reduced costs, including things like reduced scope, receipt of additional insurance funds, and where bids came in below the original estimated amounts. I think these are also reflective of Gwen Dawson and the real property department's guidance and oversight of our capital spending. The authority seeks approval to reallocate \$4,015,5493 in unused remaining bond funds to the general infrastructure category, and this category is used for unplanned projects, and until new bond funds are issued, will be used for approved but not yet funded projects, such as resiliency planning.

DENNIS MEHIEL

And all of these projects are complete.

PAM FREDERICK

All of these are complete.

DENNIS MEHIEL

You wanna reallocate the-- okay, I understand.

PAM FREDERICK

Yes, the remaining.

DENNIS MEHIEL

Questions or comments on this request from staff? Okay. Do I have a motion? Motion, do we have a second. I'm hearing no opposition. Motion's approved.

BJ JONES

Pam is still up with a time extension for evaluation services.

PAM FREDERICK

Okay, great, thanks. So the authority entered into a real estate appraisal contract with MVS last May 2017. That contract expired in July 2017. The appraisal work of MVS continues. It's helped to guide the authority in establishing valuation methodologies. There remains \$15,000 of the original \$45,000 contract. No additional spending is anticipated above that contract amount, so we're only seeking an extension. So the MVS work, as noted, it continues. Therefore, the authority is seeking to extend the contract to December 2018.

DENNIS MEHIEL

Okay. That seems fairly straight forward. Questions or comments on this one? Nothing. Do I have a motion? Louis, off the bat. We got a motion from Lou. How 'bout a second?

LESTER PETRACCA

Second.

DENNIS MEHIEL

We got another second. Approved.



BJ JONES

Okay, we're trucking. Now, our new Vice President of Human Resources, Sharmila, is going to walk us through a small but important contract that's going before you because of the-- the time, regarding background checks.

SHARMILA BAICHU

Good morning, everyone. So, the authority has a small contract for ongoing background screening services with the screening and selection services. They're requesting an authorization to extend the contract through October 31st, 2018. The extension (indistinct) the value of the contract by 7,500, bringing the total contract, the overall contract to 32,500. During the extension period, the HR department will be looking to conduct a discretionary consortment to secure a vendor providing services.

DENNIS MEHIEL

Is this simply a retainer, and wherever we need, we get? Or is it a time and effort with a-- with a general...

BJ JONES

This is as needed for new hires to do...

DENNIS MEHIEL

But it's just a fixed amount of money for the period of time.

BJ JONES

Yeah, there's--

DENNIS MEHIEL

We hire ten people or two people, it doesn't matter, we're just...

BJ JONES

There's a fee per background check, so this would be a maximum amount.

SHARMILA BAICHU

It's \$112 per check.

DENNIS MEHIEL

Pardon?

SHARMILA BAICHU

It's \$112 for a background check.

DENNIS MEHIEL

112 bucks.

SHARMILA BAICHU

Per check.

DENNIS MEHIEL

And the 25,000 we had was simply a pool of money for that \$112 each.

SHARMILA BAICHU  
That's correct.

DENNIS MEHIEL  
Which means we screened...

LESTER PETRACCA  
I'm sorry.

DENNIS MEHIEL  
What did we screen? So if we screened-- we screened 250 people or something in the last two or three years? Or do I have a decimal point in the wrong place?

SHARMILA BAICHU  
We've screened about 70 to 80 people.

DENNIS MEHIEL  
So 80 would be \$10,000.

SHARMILA BAICHU  
So we haven't spent entire value.

BJ JONES  
Yeah, so we haven't spent the entire value on the contract.

DENNIS MEHIEL  
But it expired.

BJ JONES  
Right, and so we want to extend it and add some money so we have it.

MAN  
(indistinct)

DENNIS MEHIEL  
But my question is having expired-- let's say we had the \$25,000 for the three years, whatever it is, and we used up about half of it in actual activity. At the expiration of the contract, the so-called unused funds remains with the vendor.

BJ JONES  
No, no, remains with us.

DENNIS MEHIEL  
So it's disgorged back to us?

DONALD CAPOCCIA  
No, we're not-- we're not putting it over, no.

ABBY GOLDENBERG  
It's on-- it's essentially on call.

DENNIS MEHIEL  
It's simply an authorization.

ABBY GOLDENBERG  
That's right.

BJ JONES  
Yeah, we pay as we...

DENNIS MEHIEL  
I guess my question is, if we've done 80 at 112 bucks apiece, that's \$10,000, and we have \$25,000 allocated. Leaving aside the calendar, why do we need any more money?

SHARMILA BAICHU  
(indistinct)

DENNIS MEHIEL  
What was that? I can't hear.

LESTER PETRACCA  
It's 80 per year.

DENNIS MEHIEL  
Oh, per year. So you have done 250 at least.

BJ JONES  
Over the course of the contract.

DENNIS MEHIEL  
"You" being us.

BJ JONES  
Correct.

DENNIS MEHIEL  
Right?

BJ JONES  
Yeah.

DENNIS MEHIEL  
Okay, all right, I get it.

LESTER PETRACCA  
And everybody is-- the background check obviously is the same for everybody?

SHARMILA BAICHU  
Yes, it's for all-- all hires, full-time, part-time, seasonal and intern hires.

LESTER PETRACCA

\$112 seems like a very reasonable fee. I don't say that often at these meetings.

LOUIS BEVILAQUA

What do you get for \$112?

SHARMILA BAICHU

We get a criminal check, we get a DMV search, a sex offender list search, and also we get a social security validation search.

LESTER PETRACCA

Criminal as well?

SHARMILA BAICHU

Criminal as well.

LESTER PETRACCA

112 bucks, that's pretty good.

DENNIS MEHIEL

I suppose. It saves a lot of time going around on Google. Presumably. Hopefully what we get has been through-- put through some kind of a screen and it's legit. Okay, well, all right, so another 7,500 on top of the 25, total of 32,500. And this is-- remains with an October expiration? That's gonna get you through... Well, we're deep into the season now. We're hiring all our temps and everything down at the park, so. Okay. Any other questions or comments? We have a motion.

LESTER PETRACCA

So moved.

DENNIS MEHIEL

Second? We have a second. Approved, thank you.

BJ JONES

Next up is our new Vice President of Administration and Strategic Planning, Eric Munson, who has a request related to...

DENNIS MEHIEL

Hello, Eric.

BJ JONES

...printing and-- printing and shipping and more.

ERIC MUNSON

Good morning, everyone, and thanks for the opportunity to serve. We're requesting to enter into agreement with Shoreline Graphics, a women-owned business that provides comprehensive printing, postage and shipping services. We're bringing this to you not because it exceeds the monetary quarter threshold, but because it will exceed one year. The proposed contract would not exceed \$180,000 over its three-year term. And if we don't spend the full contract amount, we won't (inaudible). The firm was

selected through our competitive procurement and MWBE SDVOD discretionary received proposals from six firms. Shoreline had the lowest pricing based on a hypothetical pricing sheet of items particularly prepared for our printing and shipping purposes. And I should add that the main business user of our printing and shipping contract, Craig Hudon, who's sitting behind me, has shared that he's been quite pleased with Shoreline's performance to date.

DENNIS MEHIEL

And we spend 60,000 a year on printing. Is that right, BJ?

BJ JONES

About 60,000. We come-- we come in a little under that, and this is largely for things like Craig's summer, you know, seasonal programs and all of that. This is also a maximum amount, so if we don't spend it, we won't. But this should prevent us from having to come back for amendments to the graphics contract.

DENNIS MEHIEL

All right. When does it start?

ERIC MUNSON

I beg your pardon?

DENNIS MEHIEL

The start date.

ERIC MUNSON

The current contract expires at the end of next month, and so we'd be entering into a new contract next month.

DENNIS MEHIEL

Be August... August 1st. Any other questions or comments? Okay, do I have a motion.

LOUIS BEVILACQUA

To move.

DENNIS MEHIEL

To move, do we have a second? Somebody. Don, what about you?

DONALD CAPOCCIA

We had one too.

(scattered laughs)

DENNIS MEHIEL

Approved.

BJ JONES

Okay, now we're moving on to a sweet Gwen Dawson Real Property item, starting with on-call CM services. Gwen.

GWEN DAWSON

Good morning, everyone. The first item that we have up is an amendment to one of our on-call contracts. As you're aware, we keep a-- a set of on-call contracts for various types of services so that we can use them to address unforeseen small-ish, small to medium-sized projects that which for a standalone procurement would not be feasible. In this particular case, we have an on-call CM contract with Elite Construction Management of New York. It was originally entered into in January of 2016 as a two-year on-call contract. Because we have our on-call contracts for set terms, for set amounts of money, we occasionally need to amend those contracts to extend them, or to add some additional value to cover ongoing projects, projects that have not yet been completed. In this particular case, we have a couple of projects that we need Elite's help with, one of which the South Cove Jetty Project turned out to be a larger project than we originally anticipated, thus requiring more construction management work. And then, the other was a project that was reassigned to... to Elite, and has been extended. The project schedule has been extended to go into 2019. Consequently, we are requesting authorization to amend the on-call contract to add an additional \$175,000 to the existing \$400,000 contract value, resulting in a \$575,000 contract value, and extending the contract term from November 30th through July 31st, 2019. We are in the midst of preparing a new procurement for a new set of on-call providers so that we will have a new set of on-call construction management firms in place towards the end of this year.

DENNIS MEHIEL

Um... I see a note that at the playground at Rockefeller Park, that was underway and that was reassigned from whatever vendor had presumably won that job...

GWEN DAWSON

Yes.

DENNIS MEHIEL

...over to Elite, which is in, um, let's say a slightly more interim process, if I can.

GWEN DAWSON

Yes.

DENNIS MEHIEL

Rather than specific silos of activity. And that's one of the things that's pushing us out in terms of date as well, is it not?

GWEN DAWSON That's right.

DENNIS MEHIEL

Based on what we understand to be the aggregate cost of what we were gonna do at Rockefeller Park, to this playground, the combination of the two things we've done, has that caused us to have materially greater expenditures on that project than the aggregate that were originally contemplated.

GWEN DAWSON

Um, it is probably adding a small percentage of-- of additional costs, because we are-- we have shifted some of the responsibilities, and there's a little bit of a learning curve associated with it. It is a small percentage. I would say that it probably amounts to maybe \$20,000, which is a small percentage of the overall project cost, but there is a small additional cost.

DENNIS MEHIEL

Okay. Any questions, Lester?

LESTER PETRACCA

Yeah, under-- so there's two projects currently going on that are under construction, South Cove Jetty and the playground.

GWEN DAWSON

They're not under construction, they are in-- they are, um... in the case of the playground, the playground is in a contractor procurement process. We have to have-- we need to have a CM in place, and so we've had the CM in place in advance of the selection of the contractor. In case of the South Cove...

LESTER PETRACCA

So it's under design currently?

GWEN DAWSON

No, it's-- no... no, it's in-- it's in procurement. There is an RFP that has been posted for the contractor.

LESTER PETRACCA

Okay, got it. Got it. And this CM has stayed involved in the process through the design and...

GWEN DAWSON

Yes, for the past several months, yes.

LESTER PETRACCA

Right, so they've been... important from a cost standpoint, value engineering? Is that kind of what their services are?

GWEN DAWSON

Yes, with this particular project, we've gone through-- we've gone through some peer review on the design, so we have-- we have gone through a value engineering process.

LESTER PETRACCA

And the hope would be that they've earned their fee...

GWEN DAWSON

Yes.

LESTER PETRACCA

...from savings that otherwise wouldn't be realized.

GWEN DAWSON  
Exactly.

LESTER PETRACCA  
Okay. Good.

DENNIS MEHIEL  
Any other questions or comments? Okay, do we have a motion?

DONALD CAPOCCIA  
So moved.

DENNIS MEHIEL  
We have a motion, do we have a second?

CATHERINE MCVAY HUGHES  
Second.

DENNIS MEHIEL  
Hearing no opposition.

LESTER PETRACCA  
I like everybody to participate. (chuckles)

DENNIS MEHIEL

All right, Gwen's up to bat again.

BJ JONES  
Yeah, with another resiliency issue.

DENNIS MEHIEL  
You're still on the superstorm.

GWEN DAWSON  
For those of you who recall... (laughs) Yes, on deck, yes. We-- we are now proceeding with the second phase or our four-phase resiliency project. And this particular phase focuses on protection of the Battery Park City ball fields and the community center, which is currently operated by Asphalt Green. As many of you recall, this is a location where we had significant damage as a result of Superstorm Sandy, with-- with flood inundation from West Street. And we have done-- we have repaired and replaced those facilities, but there's only so much that we can do with something that is, by necessity, at grand level, with the ball field, and below ground level in the case of our community center. Consequently, we have identified this particular phase to protect those assets specifically by creating a flood barrier system around the ball fields, and to incorporate portions of the building to protect those assets for the benefit of Battery Park City. We have issued an RFP for detail, design and engineering. We received eight proposals, strong proposals. We screened and evaluated the proposals via an internal evaluation committee. We, um, we interviewed five of the proposers. We-- we also issued a request for best and final offers to the five interviewed proposers. And in which--

through which we also clarified some of the scope items. We received best and final offers from four of the five remaining proposers. Two of the proposers, however, did not provide the certifications that we had requested-- or, actually required, certifying that their proposals covered all of the elements of the scope of work. That left us with three finalists, and of the three finalists, STV is the highest proposer. It also has the benefit of being the low-- the lowest cost, having the lowest cost proposal of the three finalists. So, as a result, we feel comfortable that STV is, um... is the best value for the authority given the demands of the project, and are requesting authority to enter into a contract with STV for 27 months in the amount of \$815,357.55.

DENNIS MEHIEL

Were these three submitters all looking at the same scope of work?

GWEN DAWSON

They were, they were. And we--

DENNIS MEHIEL

I mean, the spread is extraordinary.

GWEN DAWSON

It is. Well, the-- there's the one outlier, the really high outlier. And we-- that's why we went through a complete clarification of the scope of work. And the-- the other two are much more in line with each other than that one. And it's our belief that there is-- that the Eric proposal was much more focused on design, on design elements, architectural and landscape design, rather than the engineering aspects. And so, added some additional layers of cost. The cost-- the rates were not significantly different from each other. And these are-- this is not to exceed contract.

DENNIS MEHIEL

I mean, the only-- the only question at this-- obvious question at this surface is, did you do the diligence to satisfy yourself? That the \$815,000 guy is able to do what the \$1,168,000 guy said.

GWEN DAWSON

Yes.

DENNIS MEHIEL

Versus the two-million. You're saying the two-million-dollar guy presumably expanded, if you will, the scope of work in certain areas of design and so on, beyond what was needed.

GWEN DAWSON

Right, which-- which was interesting, but more than what we needed.

DENNIS MEHIEL

Okay, so that's fine. But you did the diligence on the 815.

GWEN DAWSON

Yes, we did.

DENNIS MEHIEL

You're not gonna be back saying, "Oh, we made a mistake, we need another \$300,000."

GWEN DAWSON

No, we-- we went back through the scope, um, quite diligently with these-- with the finalists, and with STV in particular. And we feel like, you know, sometimes we-- after we do the best and final, we need to go back and negotiate. In this particular case, we think that we got-- we truly got their best and final offer in their submitted best and final offer.

DENNIS MEHIEL

Okay.

LESTER PETRACCA

Gwen, do you know what "STV" stands for? Is that Shirley Stevenson?

GWEN DAWSON

I don't know.

LESTER PETRACCA

Is it a very large firm?

GWEN DAWSON

It's an international firm.

LESTER PETRACCA

Yeah, that's Shirley Stevenson. Doug, I think it's Shirley Stevenson.

WOMAN

It used to be I guess 100 years ago was the initials of the three schools that started it, and they just don't use the name.

LESTER PETRACCA

I think it's Shirley Stevenson of the Nook, but I'm not sure, and they're a very big engineering firm.

WOMAN

Yes, they are.

LESTER PETRACCA

Are these estimates based upon a per-hour fee?

GWEN DAWSON

Yes. These are not to exceed amounts and for various components of the work scope.

LESTER PETRACCA

But for hourly services of an engineer or an architect...

GWEN DAWSON

Yes.

LESTER PETRACCA

And whatever's being provided, and I guess the biggest question is, is, you know, if I underestimate my hours, my fee comes in lower when you extend my units against the hours, so if we're buying the same amount of hours from everybody, apparently some people think there's more work than there necessarily perhaps is.

GWEN DAWSON

Mm-hmm.

LESTER PETRACCA

So they think they can perform the scope of work that you need for a certain number of hours extended against their unit pricing, and therefore they were low.

GWEN DAWSON

Yes. And we find that at times. There are particular approaches. There are particular teams that...

LESTER PETRACCA

Good.

GWEN DAWSON

...that do. They do. They create efficiencies of scale and their approach just allows for them to get more accomplished in less time, and so, we go through that, and we did that in this particular case.

LESTER PETRACCA

That's great.

LOUIS BEVILACQUA

In the scope, at your lowest point along the three streets that bound the ball field, what's the lowest elevation? How tall do you have to get? How...?

GWEN DAWSON

I'm gonna ask to be corrected by the project manager, Joe Gange, if I mistake this, but it is... I believe that the lowest point is that southeast corner of the ball field, at which point, we would have to have a vary of approximately eight feet. Is that correct, Joe?

JOE GANGE

We need probably a little bit more, and part of the work we do is surveys marking that level. It also includes a lot of other matters.

LOUIS BEVILACQUA

And is the scope all confirmed or are you gonna keep on...?

GWEN DAWSON

No. We're contemplating a wall that would be of varying heights. It doesn't all have to be that high, and certainly, with appropriate design consideration so that it fits into the neighborhood with some deployable elements as well. As you go east to west on both Murray and Warren Streets, the elevation rises, so when you get to the end of the ball

field, where the buildings are, you really only need about three feet of protection there, so we can use some deployables in those cases without having a wall completely surrounding it.

LOUIS BEVILACQUA

So the engineer STV as opposed to Arrow, they're gonna give you an engineer, a solution here, with attention to architectural...?

GWEN DAWSON

Yes, yes, yes. I mean, the basic approach is to have a wall without having design elements that cut into the field, the actual space that is required for the field, because the playing field space is at such a premium. But certainly, we want to make sure that it is, that the focus on the design and the landscape architecture is such that it gives appropriate attention to making it compatible with and fitting into the neighborhood.

CATHERINE MCVAY HUGHES

Since the hurricane season has already started for 2018 and it's gonna take 27 months, what portion of it will be implemented in 2018, do you anticipate?

GWEN DAWSON

There will be no portion of this project implemented in 2018, and certainly, as you're aware, there are processes in place and in play that are going to take a while, and while certainly we would like to be able to move things faster and to get things in place earlier, we have to go through the design process before we get there and we will be there as quickly as we can.

CATHERINE MCVAY HUGHES

Will there be an educational sign to let people know why this berm is going to be put up on the ball field?

GWEN DAWSON We could do that, certainly. We can make sure that... I mean, there will be a very active community outreach portion of this project's scope that will keep the neighborhood advised and up to date on what's happening and give them opportunities to provide feedback, but certainly, once we start construction, we can provide signage that lets folks know what we're doing and why.

CATHERINE MCVAY HUGHES

Great, and I recall it was the first time the two of us met was after superstorm Sandy.

DENNIS MEHIEL

That's right.

CATHERINE MCVAY HUGHES

And I think you know how important this project is for the community.

DENNIS MEHIEL

It certainly is.

MAN

Will you reflect more on the expanse around this property? I assume we're responsible and I assume the engineers are taking that into consideration as to how and where they're deflecting the water table, and does it require us to have additional insurance considerations with respect to any damage that could be caused?

GWEN DAWSON

We have had that conversation about whether what we're contemplating doing would have potentially negative impacts on any of our neighbors, and the conclusion that we have received thus far is that, no, there is no damage... there is nothing that is being deflected, that at some point, all water sort of reaches, you know, its own level, but, Joe, if you'd like to add some more to that.

JOE GANGE

So, what we've heard is, given the amount of water that we're dealing with and the small percentage of land that we would be protecting, the displacement is in fractions of it, if at all, so it's really... it seems to be not an issue, but I'm sure that that's something that we'll review as they go.

GWEN DAWSON

We will continue to look at that and ask those questions so that we're sure.

CATHERINE MCVAY HUGHES

One last question. So the height of the berm would have protected the ball fields and the community center during super storm Sandy, so it's being built to what?

GWEN DAWSON

It is actually being built, and just so we're clear, it's not... we're not looking at a berm. We're actually looking at some type of a wall structure and, yes, it would have protected those assets in Sandy and more. We are building it to the height consistent with the Lower Manhattan Coastal Resiliency Plan, which right now is around 60 and a half feet, so we are looking at that level of damage from Sandy and beyond.

DENNIS MEHIEL

Other questions or comments? Okay. Carrying on, do I have a motion?

CATHERINE MCVAY HUGHES

I motion.

LESTER PETRACCA

I second.

DENNIS MEHIEL

We have a second. Approved. Gwen, I think you're still up to bat.

GWEN DAWSON

Okay. The next one is for a contract with a contractor to perform the painting of the Tribeca pedestrian bridge, which is the pedestrian bridge that's up at Chambers Street next to Stuyvesant High School. The bridge was built in 1992 and has not been repainted since then. It's now over 25 years old and is in need of some repairs and to be repainted. We issued an RFP earlier this year and received two proposals. We have evaluated those two proposers and the evaluation committee felt that Champion, which is a well-established and experienced contractor that specializes in painting, industrial painting and specialty coatings, was the higher rated proposer and, again, has the benefit, added benefit of being the lower cost of the two, at \$2,253,000. Consequently, we are requesting Authority to enter into a contract with Champion in the amount of \$2,253,000 over a 15-month period.

DENNIS MEHIEL

You had only two responses?

GWEN DAWSON

Yes, we have found... excuse me... We have found that this is a little bit of a tweener project. It's not big enough to really capture the interest of a lot of the big companies, especially when there are a lot of other bridge construction and painting projects going on that give them an opportunity for a lot more work. It's also something that's a challenge for some of the smaller companies because it requires a containment system over a state highway, it requires some lane closures, some night work, some things that add a lot of complication to the endeavor. So, we actually... our procurement folks, Michael Amancusa and Robert Neesmith helped in performing some targeted outreach to contractors, and we feel very confident that what we have right now and what we're recommending in the way of Champion is a very good fit, and they're a very competent contractor.

DENNIS MEHIEL

An extraordinary spread between the two. 100%, right?

GWEN DAWSON

Yes.

DENNIS MEHIEL

Or 50, depending on which side you're standing on.

GWEN DAWSON

And again, in this particular case...

DENNIS MEHIEL

This company, are they overextended in terms of work, availability to work?

GWEN DAWSON

They were gonna have the bulk of the work being done by a subcontractor, which, out of the gate, adds some costs to it, and also too, the approach to the project, how they were going... their means and methods. Like with Champion, they were gonna come out and do the scaffolding work at night

when they could easily do a lane closure and then do the containment work during the day. They had a very tight approach plan created for the project, I think, which allowed them to tighten up their costs.

LESTER PETRACCA

It's not possible that... I say this to be funny... that Champion figured one coat and the other one figured two coats of paint.

GWEN DAWSON

No, I think we've got that covered in the specs. Kenny is our project manager, wherever...

LESTER PETRACCA

Have 'em put a little white paint in the first coat. Yeah, you'll see the difference.

DENNIS MEHIEL

Okay, other questions or comments on this project?

CATHERINE MCVAY HUGHES

I just want to say, this is another project that community members had spoke to me about a year ago, and they wanted to see this bridge painted, so this is another critical community project.

BJ JONES

And it's worth adding that we took a couple of shots at this procurement and because of issues getting more than one qualified bidder, we weren't comfortable with it before, that until now, with the bidders that we received this time around, so...

DENNIS MEHIEL

Okay, good. We have a motion.

LESTER PETRACCA

So moved.

CATHERINE MCVAY HUGHES

I second.

DENNIS MEHIEL

We have a motion. We have a second. Somebody. One more. There we go.

GWEN DAWSON

Okay. This is simply a contract extension. We had entered into a contract last year with Innis Construction Inc. to do the interior fit-out at the 200 Rector space that we're leasing to house the security personnel and have a community room for the neighborhood and also some of our construction management personnel. We are just about finished with the project. However, we had some coordination challenges with the base building and we needed to do some additional unexpected work related to some of the base building components of the building that required a little more time than we anticipated, so consequently, we are simply seeking to extend the term of the contract from June 15th, 2018, through October 31st.

DENNIS MEHIEL  
No change in cost?

GWEN DAWSON  
No.

DENNIS MEHIEL  
Okay. That was straightforward.

LESTER PETRACCA  
Even though there were unforeseen conditions?

GWEN DAWSON  
Beg your pardon?

LESTER PETRACCA  
Even though there were unforeseen conditions?

GWEN DAWSON  
Oh, there... Correct. There have been some change orders that have been executed that did not trigger the threshold for board approval, so there have been some small change orders that have been...

LESTER PETRACCA  
What is that threshold, by the way? Is it 5%?

GWEN DAWSON  
500,000.

BJ JONES  
500,000 for over a year.

DENNIS MEHIEL  
Now, wait a minute. Hold on. I just want to make sure I understand this. We approved the project for about 1.7 million.

BJ JONES  
Yes.

DENNIS MEHIEL  
There were some change orders...

GWEN DAWSON  
Right.

DENNIS MEHIEL  
From time to time over a period of time.

GWEN DAWSON  
Right.

DENNIS MEHIEL

You're saying that each individual change order was not sufficient in amount to trigger...

GWEN DAWSON

Or cumulatively, yes.

DENNIS MEHIEL

Pardon?

GWEN DAWSON

Or cumulatively.

DENNIS MEHIEL

Or cumulatively.

GWEN DAWSON

Right.

DENNIS MEHIEL

So, whatever we're spending, above the original \$1,694,000 is an amount below the threshold for additional approval, but that... See, I understand the 500,000. I just hadn't considered that as an increment above a previously approved contract, so what we're... in theory. I'm not saying you spent the 500,000.

GWEN DAWSON

Mm-hmm.

DENNIS MEHIEL

Okay? But in theory, what we're saying is, the 1.7 million goes to 2.2 million and it never comes back to the board, so there's a little bit of a nuance there that we might think about in terms of our policies. For this particular issue, do you have a ballpark idea in your head, what these change orders have added up to?

GWEN DAWSON

I'm thinking it's around 200,000. Is that...?

JOE GANGE

Contracted and done.

GWEN DAWSON

I mean, is it 1.8 million? So, a little over 150.

DENNIS MEHIEL

Okay, so the 1.7 million is up to 1.8 million.

GWEN DAWSON

Mm-hmm.

LESTER PETRACCA

So it's a dollar threshold, not a percentage of original contract?

GWEN DAWSON

Yes.

LESTER PETRACCA

That's something you might want to look at.

DENNIS MEHIEL

Yeah, we really have to look at that protocol. This is a nuance that just kind of slipped through.

BJ JONES

Yeah, yeah. We can look into, also, on the duration trigger, which, you know, after you approve a contract that's over a year, at which point beyond that, that's a dollar value, should we be coming back?

DENNIS MEHIEL

Yeah. Do a little bit of work on that and get back to the board maybe at the next meeting and say, "Hey, this is what we're thinking."

BJ JONES

Yeah.

LESTER PETRACCA

That makes a lot of sense.

DENNIS MEHIEL

And we can figure it out. In the meantime, okay. On this one, which is only an extension of time, is that correct?

GWEN DAWSON

Yes, that's right.

DENNIS MEHIEL

Yeah, all right. Any other questions or comments here? Do I have a motion?

LESTER PETRACCA

So moved.

GEORGE TSUNIS

Second.

DENNIS MEHIEL

We got a second from Mr. Tsunis. Approved.

BJ JONES

Okay.

DENNIS MEHIEL

BJ, it looks like you're up.

BJ JONES

Yeah, la-- Last action, um, item for the-- for the newer board members. Just a little background, about three years ago, we shifted our insurance framework and moved to work with the state's bureau of risk and insurance management, availing ourselves of their broke-- their insurance broker services, which serve a variety of agencies. Many like ours, like Hudson River Park Trust comes to mind. The city's EDC, economic development agency, comes to mind. And-- And we consolidated our insurance portfolio under that program, and it is up for its annual renewal including property, flood, cybersecurity, kind of the whole kit and kaboodle. This program is comparable to the coverage that we've had the last three years. The premiums have gone up this year, and we're joined by Ira Neifeld, who's the senior VP at Cool-- You can join us at the table, Ira-- To talk to you briefly about that. The market conditions and other factors that contributed to that. If you have questions... And so-- So with that, I'll-- I'll leave it to you, Ira, to give us a quick walkthrough of the program, and then if you have any questions, we can tackle those.

IRA NEIFELD

Thank you. I'll just give everyone a short overview of the insurance program that you're purchasing. And if you want me to elaborate in any area, please just ask. So the first part of your insurance program handles property insurance on your real estate schedule. That's all of your property exposures other than the sea wall in Pier A, which is approximately 102 million in value. This program also includes your general liability insurance for your entire operation... limit. There's a million, two million, a million per occurrence, two million aggregate. We then have a \$150 million excess umbrella program covering excess liability and auto liability. And-- And then we purchased some excess flood insurance under this program for your real estate schedule. And this is in a program called the Hugh Wood Program, it's an international real estate program that places accounts kind of like yours, you know, larger real estate schedules. And this is in the Hugh Wood Program, and it's written through various insurance companies. I can elaborate on that if you'd like. It's noted in our proposal and-- and I can elaborate. The second phase of your insurance program covers property and flood insurance for the more difficult part of your property exposure, which would be Pier A and the sea wall. And this is a \$100 million limit program. Flood insurance is limited to five million on your real estate schedule, five million on pier A, and five million in coverage on the sea wall. We then place through various insurance carriers, there's probably 12 insurance carriers that are involved in sharing these limits. Because, you know, in the event of a catastrophic event, there is no one carrier that can assume your entire risk. So we layer this program among a bunch of different carriers. We also in this program purchased excess flood insurance above the five million that you're getting on the policies for Pier A, and the sea wall, and your real estate schedule. That's by far the most expensive part of the insurance program, is this property insurance for Pier A, and the sea wall, and the flood coverage. We then have automobile insurance for your fleet of autos, we have crime insurance, like employee dishonesty, theft of money and securities, that type of thing. We have a policy that covers the equipment used by the parks folks, and computer

equipment. We then have an equipment breakdown policy that covers the properties at-- Or that covers Pier A only... Pier A. We have something called a TULIP policy, that's-- That's a tenant-users liability insurance program. You have a lot of outside organizations that use your property for events, and it's a way to make sure that they have the right insurance. If they don't have their own insurance, we're giving it to them through this program. We then have a program that covers your public officials liability and employment practices liability. We also have workers compensation insurance covering all of your employees. And lastly, we have cyber liability insurance which we put in place a few years ago. So that-- That's just an overview of the insurance program. Costs did go up this year on the general liability insurance through the Hugh Wood Program. General liability premiums go up and down, it depends really on your overall claim activity. And this year, there was an increase in the premiums for the-- for the general liability portion of the Hugh Wood Program. The property flood program did experience an increase this year, including the excess flood that we purchased. And that's a function of the market, you know, flood insurance became very expensive up here after Sandy. In the subsequent years after Sandy, premiums went down actually quite a bit. That's kind of how the insurance market works. When nothing happens for a few years, premiums for things like flood and earthquake tend to go down. Last year was a tough year for catastrophic events, flood in particular. You know, we had several large, major storms that we all know about. And that-- that has dramatically affected the flood market. So prices are going up in flood. And that-- that's just an overview of the program. I'll elaborate if anybody has any questions.

DENNIS MEHIEL

Uh, just so I can understand. Let's use Pier A. We have multiple layers of flood coverage there. So there was a certain amount of coverage embedded in the-- in the-- in the basic policy for Pier A. And then we would be purchasing an incremental five million?

IRA NEIFELD

Right.

DENNIS MEHIEL

On top of that. And then it-- Was there a third increment, did I hear?

IRA NEIFELD

So, so on Pier A, we have five million in flood coverage under the primary placement that we have.

DENNIS MEHIEL

Right.

IRA NEIFELD

So we have five million. Then we buy five excess of five, so that you have a total of ten million...

DENNIS MEHIEL

Okay.

IRA NEIFELD

At Pier A. On your general property schedule-- that's all of your leased and owned locations-- other than the sea wall and other than Pier A, there is-- there is the five million in basic, there's the five million in flood coverage. And then we purchase, as part of the Hugh Wood Program, they give you ten million excess of that. So you actually have 15 million in coverage for your general property schedule not counting Pier A and the sea wall.

DENNIS MEHIEL

Right. And Pier A is discreet by itself?

IRA NEIFELD

Yes. Yes, sir. Yes, exactly.

LESTER PETRACCA

10 or 15?

DENNIS MEHIEL

Ten at Pier A, 15 everywhere else.

IRA NEIFELD

Pier A-- Pier A is ten. Five million on the primary flood program, and then we buy five million excess.

LESTER PETRACCA

And then your all risk is 15?

IRA NEIFELD

Correct.

LESTER PETRACCA

Okay.

DENNIS MEHIEL

In the aggregate.

IRA NEIFELD

Yes.

DONALD CAPPOCIA

So as an example, if we-- if we had a storm worse than Sandy, and we instead of, you know, losing part of the sea wall, the water came in, damaged parks... Our-- our limit is-- is \$15 million?

IRA NEIFELD

Yes, well, that's part of the sea wall, and so that would be ten million in coverage. So we have five million in coverage on the sea wall, and then we buy the five excess of five for the sea wall and Pier A. So you have ten million in flood for the sea wall.

DONALD CAPPOCIA

What were our claims in Sandy? We had substantially higher claims than 15.

GWEN DAWSON

We-- we had for the ball field and the community center, it was-- it was-- it was north of seven million, seven and a half million for those two properties.

DONALD CAPPOCIA

Uh-huh. And what about the sea wall? Didn't we lose the-- Didn't we lose the power in the street lights? The street lamps?

GWEN DAWSON

Yes, we had... Do you remember what that was? I think maybe another six million, probably?

MAN

I think in total we had about 13-14 million.

DONALD CAPPOCIA

Right. In claims.

MAN

In claims. And we got from insurance, I believe, nine or ten million, and we got...

DONALD CAPPOCIA

The balance from FEMA.

MAN

FEMA.

DONALD CAPPOCIA

But if it got worse than that, then we'd be looking at much more than \$15 million.

MAN

Possibly.

DONALD CAPPOCIA

Right? I mean...

PAM FREDERICK

Unless the resiliency...

(overlapping chatter)

MAN

I-- I think it's hard to estimate what the total damage would be.

DONALD CAPPOCIA

Yeah, no, it is. You're right, you're right. You can't know.

MAN

'Cause it-- it depends if the electrical's out or...

DONALD CAPPOCIA  
Mm-hmm.

MAN  
Whatever it could be.

DONALD CAPPOCIA  
Right.

ABBY GOLDENBERG  
Ira, just to be clear, the ten million total sea wall policy is for damage incurred to the sea wall itself.

IRA NEIFELD  
Yes, correct.

ABBY GOLDENBERG  
If there was resulting damage to other assets of the authority, that would be covered under our general policy.

IRA NEIFELD  
Correct.

ABBY GOLDENBERG  
And it's-- that's the \$15 million limit.

IRA NEIFELD  
Correct.

ABBY GOLDENBERG  
And that's per, um...

IRA NEIFELD  
Per occurrence.

ABBY GOLDENBERG  
Per occurrence for the entire rest of the...

IRA NEIFELD  
Right, now, just so you know, you know, excess-- So you buy ten million on the sea wall. If you wanted to explore additional limits, that is available on the market. Not as cheap as it was maybe a year or two ago, but that is available on the market if you'd like us to explore that for you.

ABBY GOLDENBERG  
But in Don's hypothetical where the sea wall is damaged and there is...

DONALD CAPPOCIA  
Parks are damaged.

ABBY GOLDENBERG  
Damage sustained to the parks, we would then trigger the-- the coverage for the sea wall at a total of ten, plus a total of 15...

IRA NEIFELD  
Correct.

ABBY GOLDENBERG  
For any damage incurred to our parks or other real properties.

IRA NEIFELD  
We're buying in, and you have over 100 million on the other properties.

LESTER PETRACCA  
I think the real question is whether 15 million all risk, as Don points out, is sufficient.

DONALD CAPPOCIA  
Is enough.

LESTER PETRACCA  
God forbid we have another storm. Why not quote it in \$5 million increments and come back to us with a number if that's...

DENNIS MEHIEL  
That's what I'd like to see, mm-hmm. Yeah.

IRA NEIFELD  
We can do that.

LESTER PETRACCA  
Yeah. Great.

DENNIS MEHIEL  
Well, we don't have a whole heck of a lot of time, do we? Don't we have coverage that expires at the end of this month?

DONALD CAPPOCIA  
Yeah, June 30th.

BJ JONES  
We combine-- we combine this coverage, and then come back with supplemental coverage. Or-- or... move forward on it. This is, um...

DENNIS MEHIEL  
All right, so you're saying, Lester, you're saying we'll do this?

LESTER PETRACCA  
Bind this, and then see when the quote comes in...

DENNIS MEHIEL  
And then maybe we add to it.

LESTER PETRACCA  
Right, yeah.

DENNIS MEHIEL  
Okay.

IRA NEIFELD  
We can do that, yes.

DONALD CAPPOCIA  
As you add to it, it's much less expensive, right? As you...

IRA NEIFELD  
Right, exactly.

LOUIS BEVILACQUA  
Once you climb up, yeah.

DENNIS MEHIEL  
So just-- just for clarity, though, so I can... Abby, you were asking, you were making the points that I had in my head. So, we have a storm. As a result of the storm, we have a flood. Flood breaks the sea wall, okay, we got ten million just sitting there on the sea wall just about that damage.

IRA NEIFELD  
Right.

DENNIS MEHIEL  
Now the water came in, it damaged other stuff. The ball fields, the community center, stuff got flooded. We got 15 there for floods.

IRA NEIFELD  
(indistinct)

DENNIS MEHIEL  
Are we-- Of our \$100 million in coverage...

IRA NEIFELD  
Yeah, but you're not buying 100 million of flood.

DENNIS MEHIEL  
Right, so what we're-- I just wanna be clear. So irrespective of the nature of the damage or its location, if it's tracked back to a flood, we're at 15 million, period, paragraph other than the sea wall and other than Pier A.

IRA NEIFELD  
Right.

DENNIS MEHIEL  
Specific silos of damage and activity.

IRA NEIFELD  
Correct, yes.

LESTER PETRACCA  
And it's costing you about \$44,000 per million.

DENNIS MEHIEL  
So...

LESTER PETRACCA  
Right?

IRA NEIFELD  
Yes, and it does get less expensive--

LESTER PETRACCA  
As you climb--

DENNIS MEHIEL  
Yeah, no, through the increments are gonna be-- are gonna be lower.

IRA NEIFELD  
Yeah, 'cause the chances of a claim hitting those limits are less.

DENNIS MEHIEL  
Yeah, I'd-- I'd-- we'd like to see that \$5 million increments.

IRA NEIFELD  
We can do that for you.

DENNIS MEHIEL  
Because I suspect that...

IRA NEIFELD  
I think we can do it for you.

DENNIS MEHIEL  
Prudence would push that...

LESTER PETRACCA  
They would love to do that for us. (all laughing)

CATHERINE MCVAY HUGHES  
I-- I also just wanted to note for the NFIP, the National Flood Insurance Program, that in Washington D.C. right now, they're talking-- I mean, you should tell us-- that FEMA is undergoing negotiations in Washington D.C., and that the NFIP is bankrupt. So that's an additional risk, if there was to be another Sandy-like storm.

IRA NEIFELD Correct. So, um, you know, I think you read in the news when budget reconciliations come up, you know, the funding for the National Flood Insurance Program is administered by FEMA, but it always runs out of money. And every time there's a major event in the country and we all see it on the news, they run out of money quickly. And FEMA authorization comes up more than once a year in Congress. It's always been authorized, but there certainly is no guarantee. And then you do have some FEMA flood insurance on some of the properties, especially the ones that FEMA reimbursed you on. They required that you purchased FEMA's insurance, or federal, you know...

DENNIS MEHIEL

All right, I-- My strong feeling is that by the next board meeting, we should be looking at what the incremental cost what might be, because I'm just nervous about those numbers.

BJ JONES

Yeah, and if we get the numbers beforehand, I can circulate them.

DENNIS MEHIEL

Yeah, we'll run around the board so we know where we're going.

BJ JONES

Yeah.

DENNIS MEHIEL

All right, do we have a motion on renewing the insurance?

BJ JONES

Louis has a question.

DENNIS MEHIEL

Question? Go ahead, Lou.

LOUIS BEVILACQUA

(indistinct) We're gonna do a public offering of bonds at some point. First question all directors in office ask me when I'm in the corporate world is, "What's the coverage for the officers and directors if there's a misstatement in the prospectus, et cetera?" Do we have anything that covers officers and directors liability with respect to securities laws or any other kind of issues that...

BJ JONES

This would fall under the public officials'--

IRA NEIFELD

Yeah, you have public official liability.

LESTER PETRACCA

Is that 102 million?

IRA NEIFELD

No, the limit-- that's, um, no. That's--

ABBY GOLDENBERG

15 million.

IRA NEIFELD

That's 15 million. You have a 15 million limit for public official liability.

LESTER PETRACCA

(overlapping chatter) Shared?

IRA NEIFELD  
Yes.

LOUIS BEVILACQUA  
That would cover half of the legal fees, probably, so...

(laughter)  
(overlapping chatter)

DENNIS MEHIEL  
Well said.

LOUIS BEVILACQUA  
Then you'd need more regular insurance.

LESTER PETRACCA  
Forgive me, I'm sorry. Too much coffee.

DENNIS MEHIEL  
All right, any other questions or comments here? Do we have a motion?

DONALD CAPPOCIA  
So moved.

DENNIS MEHIEL  
Moved. Second?

CATHERINE MCVAY HUGHES  
Second.

DENNIS MEHIEL  
Second by Cat.

MAN  
Thank you.

DENNIS MEHIEL  
Approved?

LESTER PETRACCA  
To Lou's point, does the state hold us harmless, as well,  
as directors?

DENNIS MEHIEL  
Damned if I know.

LESTER PETRACCA  
I think... No, I think they might.

DONALD CAPPOCIA  
I wouldn't count on the state.

LOUIS BEVILACQUA  
I've never seen anything about indemnification.

ABBY GOLDENBERG

Well, there's indemnification provisions in our bylaws.

LESTER PETRACCA

I think so.

ABBY GOLDENBERG

I haven't thought about them in the context of this particular question, but I should follow up on that. There are indemnifications...

LESTER PETRACCA

I think we do, that's my recollection.

ABBY GOLDENBERG

Yeah.

LESTER PETRACCA

I thought I looked into it.

ABBY GOLDENBERG

Although it's not the state, it's the authority indemnifies...

LESTER PETRACCA

Okay.

ABBY GOLDENBERG

Employees.

DENNIS MEHIEL

Indem-- Indemnifies the individual members.

ABBY GOLDENBERG Right.

LESTER PETRACCA

And I think that we're...

ABBY GOLDENBERG

That's-- That's my recollection. I know that there's a section in the bylaws--

DENNIS MEHIEL

Abby--

LESTER PETRACCA

Would you circulate that provision?

DENNIS MEHIEL

Yeah, I was gonna say...

ABBY GOLDENBERG

Absolutely.

DENNIS MEHIEL Circulate a memo around to everybody exactly what we have, what we don't have, what the limits are, how it works. Okay, um, we're ready to go into executive session. I'm gonna make a comment or two before the executive session. This will be my last board meeting here at Battery Park City Authority. I've been here six years, and, um, I've enjoyed it. I really have. We have... not to pat myself on the back, but I think it's fair to say the organization has evolved a little bit over these six years. I've been pleased and just gratified to be part of it in executive session. Now, we have a-- we have a vacancy on the board. And I will share with you, if you haven't heard already, that the governor has nominated Martha Gallo to return to the board. You will recall that last year, the state passed legislation that mandates at least two members of the authority board should be residents of Battery Park City. And that's something that's been important to the residents, it's been important to their representatives, the elected officials who have spared no energy in reminding me of this requirement for quite some period of time. And it did go through, we have it. And then we have, I think, I would-- It's fair to say that we have already two members who technically are not, I guess, residents of the authority, but long-time members of the downtown community and very intimately familiar with the authority, its operations, its activities, and its impact on the community at large. So I feel quite relaxed about departing in the sense that I think the organization's in good shape. I'm... I wanna just say very specifically that I think our relatively recent elevation of BJ to be president of the authority is... was... we did the right thing. And the more that I've worked with BJ over these last several months a little more closely than I had before, has instilled in me great confidence. For that reason, and we'll see what the members do, we're going to d-- These are personnel matters, so we're gonna discuss them in executive session. And if the members have anything that they wanna do or vote on, we will do that in a public meeting after executive session. But a lot of times, all you folks don't want to wait around an hour while we chew... talk about all this stuff. And then, all we do is generally come back and adjourn. I will say that when I arrived, the then-members of the authority voted to change the bylaws of our organization and permit a member to also be a member of the staff. So I had myself appointed chief executive officer, right? And that was, I think, at the time, was really the right thing to do. It was important for a variety of reasons. There was a little bit of turmoil and so on down here. And my experience on a previous board, I had learned that by the time things come to the board, an awful lot of what can happen or not happen, or be talked about or be understood, that the staff work is generally so comprehensive, detailed, and frankly, thorough. And it needs to be, because we are dealing with taxpayer dollars. This is not a private enterprise, it's not a business. This is public money, we have responsibility to the public and, as a result, the culture. And I will say that that culture was here when I arrived, and we have continued to foster it, is to be quiet diligent. But I-- I thought that because we were contemplating significant changes, and that's before Sandy hit, by the way, which was about 30 or 45 days after I got here. Remember, Don? We got the hurricane. But I thought it was important for me to have the more granular and focused involvement in a variety of issues, and particularly as we were contemplating major reorganization of the structure of Ba-- of the Battery Park City Authority, that I be a member of the staff. And so by the time that we would bring things to the board at monthly meetings, I

would be in a position to talk with my colleagues in a more informed way. And even, from time to time, in between meetings we would talk, either singularly or one or two of us. But I will tell you that over the last year or two, and certainly over the last several months with the new leadership, my staff involvement, as opposed to my involvement as a member of the board and as the chair, has diminished substantially. It's just not needed. So I don't know what the members are gonna do because the one thing that I've learned a long time ago is the guy going out the door has the least amount of influence on what people are gonna do after he's gone. (laughter) But it would be my suggestion that... the role of chief executive officer be put back down to staff, and that BJ should be the CEO and President, and the COO can go moribund into a pigeonhole somewhere until we think we need him. So that's by way of information, and I just wanted to share it all with you. And I want to thank everybody here who's new, old, in the middle, been here a long time, been here a short time. I just really appreciate everybody's effort, commitment to the organization, your integrity, and frankly, your competence. So I just wanted to say thank you.

DONALD CAPPOCIA

Dennis-- (clears throat) I want to jus-- I think I may be the only member who was here when you were...

DENNIS MEHIEL

You preceded me.

DONALD CAPPOCIA

You were running the place, and it was extre-- you know, it was exceptional. And you did an amazing job while you were doing it. And I learned a lot from you in the course of that, and all of the members did at that time. And of course, you saved us a lot of money 'cause you did it for-- you did it for nothing while you ran the rest of your enterprises. It was pretty impressive.

DENNIS MEHIEL

Well, the salary's not too large in this job. (laughter) I'll confess.

LESTER PETRACCA

Thank you.

DONALD CAPPOCIA

Yes.

DENNIS MEHIEL

Oh, okay, appreciate that. So...

BJ JONES

And Dennis, on behalf of the staff too, I think it's hard to convey to people the-- the role you played behind the scenes, and the way you've supported us, and have informed what we've done. And you've been very supportive of our renewed approach with the community to engage them, and, you know, have pushed us as we pursue an aggressive resiliency plan, and kept us on our toes, and raised the bar for what we prepare and present to the board. And so, thank you for that.

DENNIS MEHIEL  
Okay.

CATHERINE MCVAY HUGHES  
Yeah, I want to thank you too, Dennis.

(applause)

DENNIS MEHIEL  
Can I have a motion to go into executive session?

DONALD CAPPOCIA  
So moved.

ABBY GOLDENBERG  
I just-- Just for the record, to be clear, the subject of the executive session in addition to the topics that--

BJ JONES  
Stated.

ABBY GOLDENBERG  
You've stated, is that we also intend to discuss the negotiations related to the lease of real property, the publicity of which could substantially affect the value of relevant properties. Just before the members vote on executive session, I want to make sure that's also on the record as being a subject for today's executive session.

DENNIS MEHIEL  
Okay. Good, thank you.

LESTER PETRACCA  
Seconded.

DENNIS MEHIEL  
We have a second. Where-- where did George go?

(laughter)

DENNIS MEHIEL All right, we're in executive session. Thank you.

**EXECUTIVE SESSION IN PROGRESS**

DENNIS MEHIEL  
All right, we're back in public session and, um...

ABBY GOLDENBERG  
Pat, you're the slow one.

MAN  
Sorry.

(laughter)

DENNIS MEHIEL  
Now we're back in public session?

BJ JONES  
We're live.

DENNIS MEHIEL  
Or at least, let's say we're projecting. We're projecting.

LESTER PETRACCA  
Little red light.

DENNIS MEHIEL  
Yeah. Um, so what is exactly the protocol? Do I put a motion before the board?

ABBY GOLDENBERG  
Yep. Put up a motion, and then a vote by majority.

DENNIS MEHIEL  
Okay. So I make a motion that the board elect George Tsunis as its chair.

LESTER PETRACCA  
I second it.

DENNIS MEHIEL  
We have a second.

DONALD CAPPOCIA  
So moved.

DENNIS MEHIEL  
So moved, second. Everybody?

DONALD CAPPOCIA  
I mean motion, sorry.

GEORGE TSUNIS  
Let the record reflect that I abstained.

(laughter)

DENNIS MEHIEL  
Do we-- Does that leave us at quorum? Yes, it does.

LESTER PETRACCA  
I think it leaves us...

CATHERINE MCVAY HUGHES  
Yes.

LESTER PETRACCA

I think it should be a unanimous decision at this point, right? Everybody voted...?

DONALD CAPPOCIA

Aye.

LESTER PETRACCA

I think the record should reflect the unanimous decision.

DENNIS MEHIEL

That he was elected unanimously. Does that make him the chair right this minute? Am I allowed to make another...

GEORGE TSNUIS

Just stay right there.

DENNIS MEHIEL

I'm-- I'm still on the board, aren't I?

BJ JONES

Effective five minutes from now.

LOUIS BEVILACQUA

Yeah, yeah, you're still on the board.

DENNIS MEHIEL

I'm still on the board.

LOUIS BEVILACQUA

Your-- Your motion is effective as of...

ABBY GOLDENBERG

The conclusion of this meeting.

DENNIS MEHIEL

Okay. And also, it's my recommendation that-- that we pass a resolution that the... BJ's responsibilities now include that of the chief executive officer and president. Do we stay with the COO? You want all three?

BJ JONES

Technically, yes.

DENNIS MEHIEL

Technically yes. We have to have a COO, we have to have a president, we have to have a CEO. Right now, he's two out of three and so I'd like to put a motion before the board that BJ become the chief executive officer of the authority.

GEORGE TSNUIS

May I be permitted to make the motion, please?

DENNIS MEHIEL  
Moved by Mr. Tsunis.

CATHERINE MCVAY HUGHES  
Second.

DENNIS MEHIEL  
Second by Cathy. Hearing no opposition, the record would reflect it is unanimous. That correct?

BJ JONES  
Thank you.

GEORGE TSNUIS  
Congratulations.

BJ JONES  
Thank you. Congratulations.

DENNIS MEHIEL  
A motion to adjourn?

ALL  
So moved.

DENNIS MEHIEL  
Everybody has to adjourn.

LESTER PETRACCA  
Yeah, absolutely.

(laughter)  
(all chattering)