

BPCA Board Meeting - August 27, 2019

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George Tsunis: Good afternoon, everyone. Let me call to order the August 27, 2019 meeting of the members of the Hugh L. Carey Battery Park City Authority. First item up is the approval of the **June 25th, 2019 Minutes**. Is there a question on the Minutes. Seeing no questions, may I have a motion?

Members: Second.

George Tsunis: All in favor?

Members: Aye.

George Tsunis: Unanimous. Public comment, Nick?

Nick Sbordone: Hi there. Good afternoon, everyone. [Indiscernible] we had one request for public comment today from Maryanne Braverman a Battery Park City resident on ticket sellers among other things.

Maryanne Braverman: Okay. I'm really here to give you an update on a topic that I've brought to you many times and to give you some good news. So for the last two summers, the Connection Bus has had to skip the stops along the Battery because ticket hawkers selling tickets for tour boats have been crowding them with tourists that they've gotten onto their tours and making an unsafe condition on the buses. So I am delighted to see that one pier owner or operator has taken a stand. New York Waterways told the boat owners using their eastside pier that they will lose their docking space if their tickets are given to individual ticket hawkers to sell on the street. Of course, tickets can still be sold online or at the pier where the boats dock but not by accosting people as they're walking by. I hope the Port Authority will take similar action with their pier in Battery Park City so that this problem can be solved. It would be wonderful if the free downtown connection shuttle buses can utilize all the stops by next summer. So I'm asking this Board to use their influence with the Port Authority if they are subject to any influencing, to make this happen. So thank you.

George Tsunis: Thank you, Ms. Braverman.

Nick Sbordone: And that concludes public comment. Thank you.

George Tsunis: **Review of the bond closing**. Pam?

Pam Frederick: Bear with me as I get through some of it, hopefully not too boring. On August 6th, the Authority completed its 2019 bond offering consistent with the structure and the timeline approved by the Board in the May meeting. The bond consisted of refunding the series 2009AB fixed rate bonds. That was for \$86.6 million. And the series 2013CDE variable rate direct placement bonds. That was for \$586 million as well. In addition, the Authority raised a new \$100 million. That money is being designated to fund Phase 1 of the \$204 million capital plan.

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We were also pleased to have retained our AAA bond rating by both Moody's and Fitch. In total the Authority raised \$672,845.00. This included \$222,845.00 of senior fixed rate bonds with the terms ranging from 8 years to 30 years. That was for a 21-year average life and based on an all-in cost of 3.26%. \$76 million of the fixed rate bonds were issued as the Authority's inaugural sustainability bonds whose designation was a key driver in attracting ESG investors, and contributed to tightening our spreads on that related series.

In addition, the fixed rate bond offerings were 4.79 times oversubscribed with total orders exceeding \$1 billion thus serving to reduce our pricing by as much as 11 basis points. In all nearly 70% of the orders were from institutional investors, while 30% were from retail investors. The offering size was reduced by a release of nearly \$44 million in debt service reserves as well. So that helped in terms of the total amount outstanding.

In addition to the \$222.8 million in Senior lien fixed rate bonds an additional \$450 million of SIFMA based junior lien variable rate bonds with 5-year maturity were issued. Of this, \$300 million were issued as variable rate demand bonds or known as VRDBs which re-set weekly using SIFMA. These are being remarketed under two tranches by Morgan Stanley and TD Securities. These VRDBs are backed by a TD Bank \$300 million standby bond purchase agreement liquidity facility. In addition, \$150 million of the SIFMA variable rate direct placement bonds were purchased by RBC. The all-in costs of the 2019 SIFMA variable rate offerings compare very favorably to the refinanced 2013 LIBOR floating rate bonds, and resulted in a savings to the Authority with spreads tightened from a range of 65-70bps to now a range of 43-60bps, as well as the elimination of a further 20 basis points in tax-related fees. So all in that's about 30 basis point savings on the variable rate.

The variable rate bonds are being hedged by the existing swaps. They were amended to SIFMA for five years at an incremental cost of 5-6 basis points. So we now have swap rates of 3.49% to 3.51%. With \$342 million in remaining notional, given amortization, this leaves about 12% of the total debt as unhedged floating rates. While the structure of the 2019 bonds were much more complex than those issued in 2013, the cost of issuance per \$1,000 in bonds was much lower declining from \$11 to \$5.7, however, a significant portion of the 2013 related to a much larger New York State bond issuance cost, which we were able to waive for the bonds refunded in 2009. So that resulted in a pretty tremendous savings for us. Other new features in 2019 in addition to the sustainability bond designation were the creation of bond link investors relations website, and the launch of a media radio and online marketing campaign. Several key approvals were completed, most notably the settlement agreement that is entered into with New York City Mayor as well as the New York City Comptroller. We also received the approval of the New York State Public Authority's Control Board. The transaction was led by the Senior Managing Underwriter, Morgan Stanley, and Rob is here with us, Rob Pattison, was one of the elites. And it also included Co-Senior Manager, Ramirez & Co, and Co-Managers, Drexel Hamilton, Siebert Cisneros Shank and RBC Capital Markets. BPCA was also advised by PFM Financial Advisors, Hawkins, Delafield & Wood and Mohanty Gargiulo. I'm happy to respond to any questions that you may have after that kind of lengthy presentation.

B.J. Jones: And before the questions, it's worth another round of kudos to Pam who embarked on this not long after you started and didn't know you wouldn't be sleeping for the last nine

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months but also a real team effort too with Morgan Stanley and their whole team and Gwen who is going to be spending a lot of this capital money but also legal and outreach and operations and the whole finance team. It was my first bond issuance here and it is no small feat so thank you and thank you to everybody who worked together on it.

George Tsunis: I'd like to add something. You know, a lot of people criticize government efficiency or the lack of government efficiency. A lot of us on the Board come from the private sector and I will tell you the execution of this was outstanding in every way. And I know how difficult this was and all the layers of approvals that we had to deal with but my kudos go out to the whole team. The execution was outstanding and you know as a New York State taxpayer and as Chairman I am very grateful for the good work that you did.

Pamela Frederick: Onto the next plan.

B.J. Jones: That's right.

George Tsunis: She's not leaving this job. Thank you so much, Pam. Our resiliency update?

B.J. Jones: Before that may we go back to the MWBE report?

George Tsunis: Oh, I missed, wow. I apologize. Eric, can you give us the MWBE report?

Eric Munson: Sure. Good afternoon, members. I'm filling in for Jahmeliah Nathan who was called out on a family matter. For the month of June approximately 36 percent of the Authority's total qualifying expenses of \$551,672.55 was paid to MWBEs. Of that amount, just shy of 17 percent was paid to MBEs and just shy of 19.6 was paid to WBEs. Just shy of 16 percent of that was paid directly to MWBEs as primes and 20 percent was paid to MWBE subs. For July, 25.81 of the Authority's total qualifying expenses of \$1,583,551.57 was paid to MWBEs. And of that amount, approximately 20 percent was paid to MBEs, and approximately 5 percent was paid to WBEs. 14.34 percent were paid directly as primes and 11.47 percent was paid to MWBE subs. And though there was a month-over-month drop in MWBE spending between June and July we expect that we'll make up that difference when some of the firms who were paid towards the end of last month report to the Authority on their MWBE utilization.

George Tsunis: Thank you very much, Mr. Munson. B.J.?

B.J. Jones: Mr. Chairman, I'm going to go off script twice. I told you I would only do it once but I wanted Craig to highlight what's in the fall calendar that you all have that we've just released. Craig is our Director of Park's Programming.

Craig Hudon: Thank you, B.J. Mr. Chairman, and members of the Board, we're very excited to present the fall calendar featuring more than 400 activities for all ages that will activate the parks and public spaces in Battery Park City. With an emphasis on physical and mental wellness, art making, nature education and play, with performances in the creative arts we tried to present something for everyone this September through December in the fall calendar. New offerings this fall feature an outdoor adventure series with rock climbing, orienteering, map time, hiking

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skills, campfire songs, we have a relational meditation series happening in Rector Park. We'll be highlighting the newly renovated South Cove with a migration celebration, exploring the birds, fish and insects that pass through Battery Park City on their seasonal journey. We have a public art and garden tour which we'll be discussing the landscape as art in Battery Park City. Two new afterschool series for kids. A nature club called Wings, Feathers and Fins. And a kids' baking club. We also have a cooking series which will be happening in 6 River Terrace, and a gift-making workshop as we head into the holiday season. Returning favorites like Docapella, our collegiate acapella singing festival, our go-fish public fishing celebrations, and many other programs will be happening as they have in past years and before you know it we'll be lighting the tree in South Cove at our Holiday Light celebration. So we're very excited for the upcoming programs that will be happening in the neighborhood. Thanks.

B.J. Jones: Thank you, Craig. And Della, would you please stand up? To those of you who don't know her, although most people know Della around here, Della Lee, of the Real Property Department is retiring after more than 35 years of service with the Battery Park City Authority and we surprised her with a nice send off yesterday and so in tokens of appreciation that don't suffice given all of your service here. A fun fact, Della initially when she first came here as you might imagine there wasn't much happening and she worked out of a trailer watching and helping this grow around her and was the first person from the Authority to move into our offices here in the World Financial Center. And her tenure here has spanned five governors, five mayors, and 127, no, 11 Presidents.

George Tsunis: You should write a book.

B.J. Jones: The stories Della could tell, and will now that she's -- and so, I wanted to make sure that she got a lot, if you could have seen the outpouring of affection yesterday you'd know the impact that she's had on this organization but wanted the Board to also recognize her service here and I asked Gwen to say a few words as well.

Gwen Dawson: Della has been an incredible part of our team back in Real Property. And if any of you have been back to our wing over on the side of the office you'll note that Della and Sharon sit right in the middle of that area and there's a reason for that because there's nothing that goes on back there that they don't know about and if they can have a hand in and we have relied on Della for a long time and will miss her terribly but we are very excited for her to go into this next phase of her life and I know she's got some great plans and we wish her all the best and thank her so much for her service.

B.J. Jones: Della, thank you.

Della: I enjoyed my service here at Battery Park. And as you said, when I came here was nothing to what it has established now and it's not stopping there. So the one time you think of stopping something else comes up. So, Chairman, thank you being in Battery City Park now and keep the faith. I enjoyed every bit of it. I will come back to visit.

George Tsunis: It should be I who should be thanking you. Thank you.

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B.J. Jones: Thank you. Okay. And now the **resiliency update**. Since we've last met we've made a lot of progress with regards to resiliency. We now have if we're counting, three of our four resiliency projects underway. With regards to the Ball Fields' project we had our third open community meeting. I think that we'd all agree that our community engagement process in general has been very helpful for us and with regards to the Ball Fields has resulted in some valuable input that has informed our approach taking into account you know time to implement, to protect the Ball Fields, which were the subject of some pretty severe damage during Sandy but while also being mindful of the fields' use and not interfering with that much. And so we're continuing to proceed with a design that is informed in part by those discussions, a steel plate wall that will afford us protection, be able to be implemented faster, and will be less expensive than the originally contemplated concrete solutions. We're working ardently on that design and engineering and are anticipating going to the City soon for the next round of approvals for the actual infrastructure work for that project.

With regards to South Battery Park City, our design and engineering is underway. In particular, our collaboration with the multitude of different state and city stakeholders has really stepped up as we start to flesh out the designs for this which extend into the Battery. So a lot of work now has been done with help from DET and state and city DOT and Parks and Rory Price at the Battery and EDC and there's some more where that has come from. And also I should note that the Museum of Jewish Heritage, which is a piece of this South Battery Park City resiliency puzzle has been very helpful and supportive as we've worked with them on the design that their building is part of. We had a kickoff with the Aecom team for the North Battery Park City project and so that is now forging ahead. And with regard to sustainability in particular, as you may remember from a prior Board meeting we're pursuing a sustainability plan for the Authority and are in the middle of the procurement process and have garnered a lot of interest in that endeavor here which we're excited about. And Catherine had noted rightly that you know we talk a lot about energy efficiency with regards to sustainability but it is worth noting for the record that we're also concerned with our water footprint as well, and are doing a number of things with regards to that.

Pam talked to you about the sustainability financing which is exciting and with 100 Resilient Cities have completed the first phase of our strategic plan which has a strong resiliency component, the resiliency assessment is complete and we've provided you copies and we'll be making that public as well.

George Tsunis: Thank you, B.J. Let's move to corporate action. Gwen, can you speak to us about **On-Call JC budget amendment**?

Gwen Dawson: Yes, good afternoon, Mr. Chairman, members. The first item I have for you today is a request for an increase in the fiscal year 2019 on-call general contracting spending authority. And to account for that increase by reallocating funds within the approved fiscal year 2019 capital budget. As the Board knows, we have historically maintained a series of on-call contracts primarily from the real property standpoint and the disciplines of construction manager, general contractors and engineers. Up until fiscal year 2019, those services would have been reflected by contracts that we would have done competitive procurements for. We would have brought the contracts to the Board in specific amounts for specific service providers and those

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contracts would be approved. The budget for those amounts historically has been budgeted under the capital budget and would have been accounted for in various line items. We would have had a standalone on-call contracts line item but we would also have covered a lot of those expenses under specific project line items because the services from the on-call service providers cover a variety of different types of projects.

In October of 2018, we adopted and the Board approved a pre-qualified vendor policy. And it resulted in a little bit of a change to the way that we address the on-call contracts and has resulted in a couple of complications that we need to address by doing a modification of the spending authority.

Under the new prequalified policy, a panel of prequalified on-call providers would be brought to the Board after a competitive procurement. The Board would approve that slate of on-call service providers and then the spending authority provided for those resulting contracts would be a set amount that would be approved by the Board or it would be tied to an allocated amount in the budget. Because we have accounted for those expenditures under several different lines of the budget, we have a little bit of a discrepancy because the amount for our on-call general contractor slate of prequalified vendors this fiscal year was tied to come out of an allocation under the fiscal year 2019 budget. We had allocated \$1.8 million under the on-call line in our fiscal year 2019 budget. When we brought the on-call general contractor approval to the Board for the slate of new service providers we took a portion of that \$1.8 million and set that as the maximum spending authority for the remainder of the fiscal year. We did not set that original amount with the expectation that that would be the only place that the on-call service providers and those contracts would be accounted for. Consequently we now need to increase that spending authority. The approval, in order to cover the on-call services general contractor service is already rendered and those that we anticipate for the remainder of the fiscal year needs to be increased from the \$650,000.00 previously approved by the Board to \$1,474,793.00, which is an increase of \$824,793.00.

Much of this expense, this total expense of the increase is already covered by other specifically approved project budgets. Those include by way of example, the playgrounds which we have allocated money for in the existing capital budget but we have expended on-call general contract services in the amount of \$251,400.00. Facilities maintenance in the amount of \$315,643.00. There are some other Pier A related monies, leasehold improvements, we have used on-call general contractors to provide temporary flood protection for the Ball Fields while we design and await the interim protection that we will do next year.

Consequently, we have a need to increase the spending authority and in order to cover the amount of that increase we are proposing to reallocate \$608,598.00 from the general infrastructure line item in the capital budget to the on-call contracts budget line, which is of course a reallocation. It does not increase the overall capital expenditures and it allows us to complete the fiscal year and provide for the expenditures that we are anticipating for the on-call general contractors and other on-call disciplines for the remainder of the fiscal year.

George Tsunis: Are there any questions for Gwen?

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Catherine McVay-Hughes: I have a quick question on the temporary flood protection. Do we know when it's going to be installed for the Ball Fields?

Gwen Dawson: We have the muscle walls already delivered to the site. We are doing some verification of dimensions. We've got them, measuring them to make sure that we've got them in the proper configuration. As soon as we get a signed license agreement with the City we'll be able to fill those muscle walls and install them in their configuration to provide protection and we hope that will be in the next several days.

Catherine McVay-Hughes: Right. Because we know what's going on in the Atlantic right now.

Gwen Dawson: Exactly.

Catherine McVay-Hughes: It would be a shame that if something were to happen.

Gwen Dawson: We happen to have them on site so we don't have to worry about having them delivered we just need to get them filled with water and well tied in place.

Catherine McVay-Hughes: Great. And then also I believe you had told us of the temporary flood protection when the interim gets actually installed that it can be used elsewhere around.

Gwen Dawson: Right.

Catherine McVay-Hughes: BPCA as well, so it's not a one-time and that's one of which I think is important to note for the record.

Gwen Dawson: That was the nice thing about the muscle wall as opposed to say the HESCO barriers because we can actually store these, we can deploy them elsewhere if we have a need.

Catherine McVay-Hughes: Thank you.

George Tsunis: Okay. Any other questions? May I have a motion, please?

Members: (Raise of hands).

George Tsunis: Unanimous. Okay. And Gwen, can you speak to us about the authorizations on the contract with **Greenway USA**?

Gwen Dawson: Yes. This is a contract amendment in the form of a change order for the PSIS 89 playground restoration and modification project. We entered into a contract with Greenway USA, LLC earlier this year to perform one of our planned capital projects which is the restoration and modification of the PS-89 playground. That playground had experienced some significant deterioration since its opening in 2000 required some extensive work. The scope of that work included the demolition of the playground's existing play structure, furnishing of a new play structure, replacement of the playground's asphalt surface, the elimination of some of the trees, and planting of some new trees, and elimination of some planting beds. We entered into a

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contract in June with Greenway USA in the amount of \$497,440.00 to perform the project. Because the amount of the project was less than \$500,000.00 and the term of the contract was less than one year it did not require Board approval at the time. Since that time, however, Greenway has experienced, has encountered an unforeseen condition in the form of a concrete slab that is underneath the otherwise asphalt substrate beneath the playground. That was something that the initial probes that were performed by the designer of the project did not find and so it was thus not included as part of the scope of work. Part of that concrete slab had to be removed in order for Greenway to complete the scope of work for the project. The additional cost that was associated with that additional work was a lump sum price of \$4,323.26. We considered that to be a very reasonable amount however, that amount when combined with the original contract value caused the contract value to exceed \$500,000.00 and triggered the need for us to get Board approval for that contract amendment.

Catherine McVay-Hughes: I have one question. So this will not delay the opening of the playground? And what's the opening date of the playground?

Gwen Dawson: The opening, two-thirds of the playground will be provided to the school on the school's opening day. We just got notice last week that the new playground equipment has been delayed by two weeks so the one-third of the playground that had the playground equipment will be running two weeks behind that. The Principal though is thrilled that they're able to get through as much of it as possible by the opening day of school and that's the area that they really need for the school to congregate in that area before school starts in the morning and during recess.

Catherine McVay-Hughes: And the status of the trees?

Gwen Dawson: The trees cannot be planted until October during the planting season. The original [indiscernible] trees had to be removed and the roots of those trees according to descriptions that I have gotten were about the size of a small car and had really made some trouble for the asphalt underneath and were causing cracks and things to buckle. So those have been removed and the new ones will be installed in October.

Catherine McVay-Hughes: Thank you. Congratulations.

George Tsunis: Thank you. Eric, can you speak to us about --

B.J. Jones: We need a vote.

George Tsunis: Oh, we need a vote. I apologize.

Catherine McVay-Hughes: [Indiscernible].

George Tsunis: Do I have a second?

Members: Second.

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George Tsunis: All in favor?

Members: Aye.

George Tsunis: Eric, can you speak to us about the authorization to enter into an agreement with the **Alliance for Downtown New York**?

Eric Munson: Sure. For the past 16 years, as you know, the Authority has partnered with Downtown Alliance on free shuttle service in Lower Manhattan, particularly during Lower Manhattan's rebuilding the service it has proven to be a vital resource for commuters, for seniors, and for other community members to get around the neighborhood and elsewhere in Lower Manhattan. Based on our ridership survey Downtown Alliance conducted last year, an estimated 44 percent of rides originate or terminate at one of the 17 stops in Battery Park City where 38 percent of those who were surveyed lived and where 22 percent of those who are surveyed work. All total the bus transports an estimated 640,000 residents, workers, visitors around the area. Downtown Alliance has a contract with Golden Touch Transportation to provide bus service through November of 2020 and in the year ahead they'll be soliciting bids for a new provider of this service. Based on feedback from you all, from the Board last year, we have been proactively working with Downtown Alliance to prioritize finding energy efficient buses ideally electric buses through this upcoming contract and that remains our goal. In the meantime, as the Alliance has their operator under contract for the coming 15 months I'm seeking approval to enter into an agreement with them to cover our historic share of supportive bus operations in calendar years 2019 and 2020. Historically, the cost for this service has just slightly exceeded \$2.1 million with direct program expenses around \$1.5 million and the Authority's annual contributions since 2010 have been \$632,000 or about 42 percent of the direct program expenses. As such, we're seeking approval to enter into an agreement with the Alliance for Downtown New York for 2019 and 2020 for \$1,264,000.00 an amount equal to that \$632,000.00 a year.

George Tsunis: Any questions?

Catherine McVay-Hughes: Yes, I have a question. So first of all I really want to thank you for your analysis and breaking down the statistics but one graph particularly stood out, which is the average weekday daily ridership. And it peaked in 2011. And so if we go to 2019 I know that the year isn't over but it's been a significant downward trend where in 2011 it was 2,325 average per week and so the last full year that's years 2015 which is 1,617, so it's, you know, and then for 2019 it's 1,407. So do we have, is there a clarification why there's been this downward trend in the ridership?

Eric Munson: Yeah. When discussing this with Downtown Alliance they credit the drop in ridership to the overall drop in ridership with the MTA overall. They've seen a similar drop in ridership over the course of the year since 2011.

George Tsunis: Any other questions? Can I have a motion, please?

Members: So moved.

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George Tsunis: All in favor?

Members: (Hands raised)

George Tsunis: Unanimous. Thank you all. At this point in time, I'd like a motion to conduct executive session to discuss negotiations related to the lease of real property, the publicity of which could substantially affect the value of the relevant properties. Can I have a motion, please?

Members: I move.

George Tsunis: Unanimous. Thank you all.

Executive Session

George Tsunis: I need a motion to get out of executive session.

Members: Motion. Second.

George Tsunis: Carry unanimous. I need a motion to go back to our regular meeting.

Members: Motion. Second.

George Tsunis: Unanimous. I need a motion to adjourn our meeting.

Members: I so agree.

George Tsunis: Okay.