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George Tsunis: I'd like to call the Battery Park City Authority June 25th, 2019 meeting to order. Does anyone have any questions on the **May 21st, 2019 Minutes**?

Catherine McVay Hughes: Can we first say we have a quorum, right?

George Tsunis: We have a quorum.

Lester Petracca: We have a quorum.

Catherine McVay Hughes: Great. Okay.

George Tsunis: Any questions on the prior meeting's Minutes? Hearing none, can I have a motion to approve?

Kendall: Motion

Catherine: Second.

George Tsunis: Unanimous. Thank you. Investment Committee report. I'm sorry, I apologize. **Public comment.**

Nick Sbordone: Good afternoon everyone. Nick Sbordone, Battery Park City Authority. We have a request for public comment. The first one we'll call up is Ms. Nicole Davis.

Male: She's a Battery Park --

Nick Sbordone: I'm sorry. Roberto Vadelli [ph], a Battery Park City resident regarding tour boat and other types of noise at the [indiscernible].

Roberto Vadelli: Good afternoon, thank you so much for your time. My name is Roberto Vadelli. I've been a resident of Battery Park City now for 20 years. I was here before, during, and after September 11th. I now live in Gateway Plaza. Here is the first time here, but I'm here to report, and speaking not on behalf, but we've been talking with some of our fellow neighbors about some problems, especially with ferry traffic. It's not a mystery, both ferry traffic and tour boat operators has increased dramatically in the past few months but we're not here to complain about that. We're here to complain about a specific operator and a specific boat. Liberty Cruise operates two boats, or lease them, you know, the Manhattan and the Manhattan II. The Manhattan is a red boat. That is the loudest boat that we ever heard in our 20 years here. And you know there are hundreds of boats as you know, they're coming over from the ferry terminal. And this one comes by every hour, it stops every 20 minutes at the terminal. It is very loud and it pollutes the entire, well it pollutes basically the neighborhood. And we are here to ask for help and to see what can be done about this. We reported that this problem two or three months. They first they closed the case without even looking at it. Then they reopened it and they still close it because they said there is no violation. Maybe there is no formal violation but the

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neighborhood is impacted. We face directly the water. We can hear this one. We work often from home and we took some time off to come here and meet with you, and this boat is disruptive, both in terms of noise and in terms of pollution. So ask [indiscernible] for any help that they can provide with this problem, which should be relatively easy to solve. Again, we're not complaining all the boats that are in Battery Park City. We're complaining about one particular one and Nick has all the details about that. Thank you so much for your time.

Nick Sbordone: Okay. Thank you. We have one more request, it's Tammy Meltzer who we know, Community Board One Battery Park City Committee Chair, she's running late, so --

George Tsunis: We'll accommodate her a little later then when she gets here then.

Nick Sbordone: Okay. Was it --

George Tsunis: Does anyone else wish to speak? All right. Thank you, sir, for your comments. We'll reach out to you. **Investment Committee report?**

Pamela Frederick: Hi. The Investment Committee met earlier today, was chaired by Lester Petracca and also attended Catherine Hughes, a member. We covered two agenda items, the first being our review by our asset managers and advisors, PFM Asset Management and Ramirez Asset Management, reviewed the investment sensitivity of the portfolio. And the second item reviewed was our quarterly investment report. We have with us PFM and that report will be summarized by Steve Fabor.

Steve Fabor: Thank you, Pam. And good afternoon everyone. Just at a very high level, for the quarter ended April 30th, the Authority finished with assets of approximately \$542 million. Performance of the portfolio was impacted by two primary drivers; one is the continued decline in interest rates, the inversion of the short end of the yield where very short-term interest rates like the three month are actually yielding more than the 20-year treasury. And then probably most importantly, the decision made by the committee and staff in advance of the upcoming bond financing to provide liquidity to contribute to the escrow of your reserve fund purposes for the new issue where we were asked to raise for about, I think it was about half a dozen portfolios, about \$45 million. A number of those portfolios are in fact total return portfolios managed to longer term strategies so that the total returns for those portfolios were impacted slightly but it was a purposeful decision and an expected outcome. The \$45 million that was raised to be contributed to the bond financing is raised at a gain to the Authority so no losses incurred by the Authority for those purposes. Overall performance on the various portfolios was in line with or slightly exceeded that of their respective benchmark strategies. And happy to answer any questions if there are any. Thank you.

George Tsunis: Are there any questions? I'd like to thank --

George Tsunis: This isn't part of public comments. I'd like to thank Mr. Petracca for chairing the committee and as always, Pam, you're right on top of it. Do I have a motion to accept the investment committee report?

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Kendall, McVay Hughes: Moved. Second.

George Tsunis: All in favor?

Members: Aye.

George Tsunis: Carried unanimously. The **MWBE report**?

Jahmeliah Nathan: Good afternoon, Chairman, Members of the Board. For the month of May, 2019, 34.58%, or approximately \$382,000 of the Authority's total allowable expenditures of \$1.1 million was paid to MWBEs. Of that total amount, approximately 22% was paid to MBEs as prime contractors, and 5.4% to MBE subcontractors, and approximately 3.5% was paid to WBEs as prime contractors, and 3.62% as WBE subcontractors, which again, brings the Authority's MWBE utilization for the month of May to 34.58%. Thank you.

George Tsunis: Are there any questions in our court? Another outstanding month. Can I have a motion to accept the report?

Petracca, McVay Hughes: Motion.

George Tsunis: All in favor?

George Tsunis: So okay, second, you had us. The **resiliency update**?

B.J. Jones: Thank you, Mr. Chairman. This meeting is actually coming on the heels of another open community meeting with regards to our resiliency measures which we held last night and it was successful and we got a lot of feedback specific to the South Battery Park City engagement. The technical work on that project continues ranging from topographic and geotechnical efforts. But I think the highlights recently have been the progress that we've made in regards to the design component on all sectors of this engagement, including Museum of Jewish Heritage through Wagner Park, Pier A and into the Battery. We had a good interagency meeting with all of the stakeholders who we're relying on to carry this out on June 7th, and also had constructive conversations with the leadership of the Museum of Jewish Heritage and also NYC Parks Department earlier this month.

At the open community meeting we held last night, in addition to having Community Board representatives present and residents, we also had attendance from the Mayor's office of resiliency, EDC, NYC Parks, and the Battery. So continuing to forge ahead with the partnerships on that front. Later in the memo, in the exhibits you can see some highlights of the design work that we presented to the community, some of which had already incorporated some early feedback we've received, and the team will be continuing to go back to the drawing board to refine that based on the input we have received.

On the Ball Fields project we've been moving ahead with further analysis regarding an interim solution as a potential alternative to the permanent design solution for the Ball Fields. This came at the request of the community that was concerned about the Ball Fields being taken offline

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when playing space is limited and will be limited in the City due to other construction efforts going on, and also recognizing that our north resiliency and south resiliency projects will ultimately protect the Ball Fields. So STV has drafted an analysis in which they believe that the interim solution would offer sufficient flood protection and reduce the construction schedule costs and impact to the project. So we'll be refining that and getting you more details as that takes shape. You can look at Exhibit B to see a little bit more about what that solution looks like and in the meantime we are pursuing some even shorter term flood protection measures for those assets, the Ball Field and the Community Center namely.

And then finally, I just wanted to highlight as part of our continuing efforts to develop our resiliency strategic plan more broadly than just with regards to flood protection, we had a productive community workshop last week which included a cross section of Battery Park City stakeholders in a variety of sectors to inform the first phase of our strategic plan, and preliminary analysis which includes that, the surveys, focus groups, conversations with Board members, and also the materials we've compiled through our community sessions will be ready to review for you later this summer.

George Tsunis: Thank you for the report.

Catherine McVay-Hughes: I just wanted to thank Gwen and her team for the fabulous community engagement last night. It was very well attended and went past 8:30, so there was lots of good questions by the community, which was very engaged. Can you just, I think the timeline is also really important because it was briefly touched on at yesterday's meeting.

B.J. Jones: Yeah. Gwen, why don't you summarize what you told the community last night about the schedule.

Gwen Dawson: We started out with our Aecom contract as a three-year contract. That was to cover design and construction. And we're about 30%, we're going to be hitting 30% to design in the next month or two. We will be looking to start construction in the first half of 2020. After we bring on a construction manager we'll assess the phasing options so that we can understand exactly what kind of phasing opportunities we may have, and that will enable us to really gauge what the total duration of the construction will be and what the end point is when we reach completion.

George Tsunis: Thank you. I noticed our esteemed second speaker is here, so we'll go back into, not at all, we'll go back into public comment.

Nick Sbordone: Okay. Tammy Meltzer, Battery Park City resident.

Tammy Meltzer: It's a long walk to get here. All right. I hope you don't mind, I didn't print notes. Thank you very much. Good afternoon, Chairman and esteemed Board members. You know me, I'm Tammy Meltzer. I come before you today though to review a matter and asking for action based on my 30 years as a hospitality professional. Not my role as a Community Board member, but as a local resident and a hospitality professional. The Board decided to allow Brookfield Properties to privatize almost 100,000 square feet of open public lobby space that

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was known as the Gatehouse Buildings for the lobby entrances of 200 and 225 Liberty. During this process, there was no mention of the masterplan, nor the layout of the neighborhood, nor a study done as to what type of businesses would be most feasible and potential impacts on the surrounding community.

These buildings were never designed for retail in terms of infrastructure and traffic flow and definitely not for an event space that's scheduled to hold a thousand people. As you're aware, Brookfield has been [indiscernible] the building as a bright opportunity and started construction, pushing ahead with zero outreach to the community in terms of input prior to. Their choice to force out the daycare center and deprive the small businesses across the street from their customers is a bit on the egregious side.

Brookfield has very strategically crossed off all opportunities from people working in this building to conveniently cross South End Avenue and support the small businesses all along the street. In fact, the pathway that you can take almost forces them directly into Hudson Eats. We know this has affected the community as well because everybody loves a good Starbucks and Starbucks is now closed in this building on Saturdays and Sundays where it used to be open. So it's not just only the small, it's kind of a global concept of the connectivity to the neighborhood. They have officially tabbed themselves on their own PR as an amenitized office complex and they are solely focused on their internal customers and their revenues. They're one of the owners of the new event space but they never created a plan for buses, nor a plan to hire traffic managers.

The idea that people would pass by three parking lots, and cross a major highway to park on Greenwich Street across south of World Trade Center is really unreasonable. The idea that an address of 225 Liberty but people would come in and they can direct people to enter on Vessey Street, which is already incredibly crowded is again on the unreasonable side. For a thousand people to arrive at one time for an event they're all going to come the shortest way possible.

The Board is the one responsible for sustainability and resiliency of the entire area. The community continuously strives to establish a good working relationship with the current BPCA administration and in that light I ask in a minimum, in the short term, pedestrian access be created from this building to enter an exit from somewhere along South End Avenue. The ADA entrance is not allowed to be used by anyone without ADA credentials. I know, I've tried. Secondly, I ask that the Board and the Administration intervene and study whether or not separate event entrance on West Street is viable for the new convened conference space. As traffic on Liberty and South End cannot possibly sustain additional traffic with no plan for buses and the 130-150 cars that will come for arrival and departure.

Most importantly, Pump House Park and the Birch Grove are a community amenity and a community park that this Board and BPCA owns. A respite from the concrete portion in the city allowing Brookfield to redesign the park with its own parameters first and then presenting that to the community without starting with the community in the thought process for improvement is a throwback to more dysfunctional times that we have come so far away from. The community needs to be an equal player and consideration. We work hard with the Administration and the Board to do this. Brookfield not as much. And we are 50/50 partners in this community and we

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would hope that the Board can work with Brookfield to come back and work with the community in these regards, and support the small businesses as well. Thank you.

George Tsunis: Thank you. Let's go to corporate action, the **amendment of existing interest rate swap agreements**. Pamela?

Pamela Frederick: Thank you, Mr. Chair. We brought to the last couple of meetings items related to the interest rate swap. This item is specific as to what we would like to do with them. We have six existing interest rate swaps. Those swaps are currently LIBOR. We're looking to convert those to SIFMA, which would be consistent with the new floating rate debt that we hope to issue later this summer. So this item we're looking to amend the interest rate, the floating rate index, from LIBOR to SIFMA. We're looking to align the frequency of payments on the fixed rate side from semi-annual to monthly, which is consistent with the monthly payments we make on the variable rate debt. And we also are looking to compensate any cost associated with making those amendments specifically as it relates to the underlying interest rate swap and shares, and back and assured. We have with us our qualified interest rate independent representative, QIR because we refer them to as QIR and most of the market does, but our QIR is Mahonte Gargiulo. And Seema Mahonte [ph], see I know your name because I talk to you all the time, Seema Mahonte is representing the firm today as is Andrew Rothbaum who is pivotal and instrumental in us making a lot of these changes. So she's going to present to you just a summary. We thought it would be useful for the Board to get up to speed on some of the interest rate derivatives that we have in place but also to look at what we're looking to change. So she'll walk you through the presentation that is behind the memo in your book.

Seema Mahonte: Hi. You can sit down I'll stand. Okay. Good afternoon. Thanks, Pam. Pam gave you, you have materials, I think that if you turn to page 1 it's easier to see pictures, so here we have, as Pam mentioned, your current portfolio of six interest rate swaps. They are outlined on page 1 in the top table. Six swaps are divided among three different counter parties, and they were originally all either AMBAC insured or assured insured. Now two of them are uninsured, which actually believe it or not makes it easier. So you have two uninsured swap transactions, one AMBAC insured and three assured. All six transactions, if you look at the boxes and arrows, you see the Authority is in the blue and all the Authority's payments are in blue. So all six of the swap transactions the Authority is paying a fixed rate of 3.452% to each of the dealers, and the dealers in exchange are paying you 65% of one month LIBOR. That swap transaction is in place effectively to convert your existing floating rate notes to an ultimately fixed exposure.

Currently, your fixed notes, the 2013 CDE as you know they are actually at 86%, roughly 86 weighted average, 86% of one month LIBOR. And as you know, you're refunding those bonds to floating rate bonds that are going to be SIFMA based. So as Pam mentioned to better align the swaps instead of receiving 65% against SIFMA based bonds which would introduce more basis exposure. The thought is to convert those swaps to SIFMA for a temporary period of time. So if you look to the graph on the right, you'll see now the same boxes and arrows, and the expectation now, I'm going to start with the dealers, instead of receiving 65% of one month LIBOR through the life of each swap transaction the conversion would pay SIFMA, so the dealers are paying SIFMA for a short period of time, and we're looking somewhere between 3-5 years and I'll get to why in a second. And then at that either 3 or 4 or 5 years, whichever the conversion date is upon

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execution, at that time the swap would automatically revert back to 65% of one month LIBOR which is your existing payment. Unless there is any kind of conversion or execution done earlier which you always have the flexibility to do. So that's the equitation of what's going to happen. I'll get into pricing in a second. Does anybody have any questions because I went through a lot here. Just want to make sure that's all clear.

Pamela Frederick: The only thing I wanted to highlight for the Board is when we talk about insured, the insurance is to the benefit of the dealers. So it's the dealers who are receiving the benefit of the insurance not the Authority.

Catherine McVay-Hughes: But who has to pay for the insurance?

Seema Mahonte: If it was already paid for probably by you.

Catherine McVay-Hughes: So it -- okay.

Seema Mahonte: So the one benefit that we do get from that, and AMBAC is really kind of defunct so it's not [indiscernible], but assured is still a viable insurer. The benefit you get is a double for the dealers they actually can't terminate unless there's a double downgrade. So as long as the insured is in place and single A rated then they have to wait for something to happen to assured as well as Battery Park before they can actually do anything. So there is a little bit of extra protection but frankly you're AAA you know, but originally when the transactions were done typically the swap insurance is embedded within the swap rate so it's likely that that was all paid for as a package deal. And as Pam mentioned, the policy is owned by the dealer so that the Authority doesn't make a payment then they can make a claim to the insurer to receive that payment.

In the conversion just so you know, the fees that were, again, are administrative fees. The insurance policy was paid for upfront so they're not expecting a new policy payment they're asking for administrative fees. I think you've seen it here in Pam's letter what they're looking at.

If you turn to page 2, this page really is talking about what the main drivers are of what's driving the advantage of this conversion. The reason why we have this here is because it is different from your fixed rate bonds. So you're used to seeing the MMD index and you're used to looking at treasury and on the swap side it's different. So the main drivers, there are several curves that affect the pricing of this and the market for SIFMA rates. So the first one, and the main one is really the SIFMA LIBOR ratios. There is actually a traded market of ratios across the curve. And the bottom left graph shows you just an example of historical ratios for the four-year point. There is though a SIFMA LIBOR ratio all across the curve and there have been historical numbers. They move roughly the same way so we thought for especially between 3 and 5 years, just as an illustration, the bottom left graph shows you that historic four-year SIFMA LIBOR ratio. What you are looking for in order to have a better pricing advantage on your conversion is the lower the ratio the better. So what you can see from the graph is the current is this orange line and the dotted line is average, so we are below averages which makes it a relatively attractive time to do this.

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The next long driver, and by the way the ratio curve is typically upward sloping so it means that the ratios are higher the longer out you go which makes it more expensive which is why we're looking really at the 3-5 year range. If we went much farther it would be more expensive.

The next big factor are LIBOR fixed swap rates. So again, as you guys are probably familiar with LIBOR swap rates are fixed rates across the curve. Again, just as an illustration we're looking at the four-year point with the middle graph in purple, and we're again looking for rates lower. So the lower the long-term fixed swap rates are the better it is for pricing conversion. Again, we are looking at a point, if you look at the red line which is the current fixed swap rate we're lower than averages. So we are, again, at a relatively attractive time in terms of pricing to convert.

Another major key driver is the basis between one month and three month. This gets a little bit technical, but just the bottom line is you have a [indiscernible] LIBOR trade and the ratios are included in three month, so you actually do have there is a basis curve also across the curve and we'd like to convert that as another conversion. All three of these pieces on the graph at the bottom, they add up to sort of the driver, you know, pricing. And the top right graph kind of gives you an idea of the pricing. So your dotted line is 65 percent of one-month LIBOR. Ideally, we would like to be right on top of that in terms of the curve because then your costs would be zero, or even better below it because then maybe we would actually reduce your fixed rate to convert but we are above it but not too far above in terms of you're close to your break even as you see. So again in green we're kind of charting 3-4 but frankly the pricing has been working in your favor so maybe we wouldn't even be able to get out to 5 years which would better match your liquidity facilities on your bonds.

The one 3's is what's above average which is unfortunately is driving your pricing a little bit higher. If we can get that to come down we will be closer to break even.

The other pieces of the costs, we'll show you some estimated costs and it will include the counter-parties will charge but offer spread, typical, that's going to be included in the next page where we'll show you and then Pam just mentioned the insured consent fees. And if the insured consent fee on some of them might be too high we might decide not to go with a conversion of them.

So to look at where we are indicatively, on page 3, this table shows you an example of three, or current pricing rather, for 3, 4 and 5 year conversions. As you know, there are six spots, three of them have a 2031 maturity and three of them have a 2033 maturity. So they're showing you pricing for each of those six slots and for 3-5 year conversion. So at the top right it shows you your existing fixed rate, which as I mentioned in the graphs is 3.452 for all six of those swaps. Pam mentioned the payment frequency, so right now your swaps pay fixed on a semi-annual basis and receive floating on a monthly basis but, your bonds are actually paying monthly also so to actually make all of those, all monthly and be able to have netted payments the recommendation is to convert your fixed payments monthly as well. So the swaps can be netted. You won't have a mismatch between the payments on the swap. And that adjustment for the payment frequency actually reduces your fixed rate so you can see for each of those it's

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anywhere from, it's about 1-1/2 basis points across the board. So that's good because that'll go to help with the cost of your conversion to SIFMA.

On the next line, estimated increase of fixed rate. This line alone is what the cost is to convert to SIFMA. So it ranges depending on, for the shorter maturity it is actually more expensive, the longer -- because you have time to amortize over the longer period of time, so you can see for the three-year conversion the cost to convert is either five basis points on the shorter or 3.6 basis points on the longer, all the way out to five-year where it's about 9-1/2-7. But the bottom line is the new fixed rate because by doing the monthly conversion as well as the SIFMA conversion you're letting an increase that's a little bit better so you can see the new fixed rate on each of those, even out to 2024 which is the five-year conversion. The 2033 maturity the net cost is 5-1/2, I'll tell you when we started this it was much higher than that so the market really has been going in your direction so if there's an opportunity where hopefully it'll keep going we can actually get it lower.

So the end thing here is, so we again we're targeting the shorter end because it's sort of the more of the optimal spot in terms of costs versus benefit. Going out farther benefits you also not only because you're matching your bonds and eliminating basis exposure between your bonds and your swap but the other benefit is that as you know there is discussion about LIBOR being discontinued. That date is actually the end of 2021, January 2022 is what the market regulators are saying they want to be the end. Now we don't know whether it's going to actually stop at that date or not, you know, as we're thinking as the markets still continue to develop the replacement index we're looking closely at what to do and maybe doing something ahead of time but right now with so much uncertainty it doesn't make sense. But what this conversion does is it does maybe give you a little bit of time to think through what they're going to do. And also, but it doesn't preclude you from actually doing something today. Let's say the market develops a replacement you could still always look at some conversion for the forward period. So it's protecting you for your basis, it's maybe buying a little bit of time depending on how long you can go and it's not precluding you from necessarily taking action prior to 2021 date.

Are there any questions? Did everybody get everything?

Pamela Frederick: I believe so.

Sema Mahonte: Okay. I think I covered all of the [indiscernible]. Thank you.

B.J. Jones: Thank you.

George Tsunis: Have we concluded the report?

Pamela Frederick: Yes, we have concluded and it requested action was as stated.

George Tsunis: Are there any questions on it?

Pamela Frederick: No, there weren't.

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George Tsunis: Any questions by anybody? Okay. Can I have a motion to approve the report?

Kendall: Approve.

George Tsunis: Second? Petracca. All in favor?

Members: Aye.

George Tsunis: Thank you. Moving right along. The **prequalified CMs**, construction managers?

Gwen Dawson: Thank you, Mr. Chairman, Members.

George Tsunis: Hi Gwen.

Gwen Dawson: Hi. The matter that I have before you today is the approval of a slate of pre-qualified construction managers. As you're aware, the real property department has held a series of on-call contracts with various disciplines including construction managers. The last procurement that we did for on-call construction managers was in 2015 so we issued a procurement for a new slate of on-call CMs earlier this year. We had a very robust response. We had 17 proposals in response to our RFP. Our evaluation committee did an initial evaluation of the 17 submitted proposals and determined that the 8 highest scoring proposers should be moved forward, the other 9 were eliminated from further consideration. Of the 8 that were moved forward, the committee was familiar with 4 of them already. Four of them have already done construction management projects with the Authority so they were very familiar. Four of them had not and so the committee decided to interview JMT, Epic, M&J and AECOM. AECOM as you know is under contract with us for the resiliency project but had not done any construction management work with us in the past.

Following the interviews with those four firms, there was another scoring that took place and the evaluation committee determined that all eight of those firms were qualified and able to perform the on-call construction management services for the Authority. Consequently, I am requesting that the Board approve the slate of 8 on-call construction management firms and provide the Authority for the staff to enter into contracts up to three years with possibility of extending to a fourth year. The amounts expended for these on-call construction management contracts would be determined on an annual basis by the amount approved for that particular budget line item. And in this current year, the amount would be \$550,000 so the payments under these on-call CM contracts would not exceed for the remainder of this fiscal year \$550,000, and then for subsequent years would be determined at the time of budget approvals in the Fall.

George Tsunis: Are there any questions?

Anthony Kendall: I do have a question. Go ahead.

Lester Petracca: Thanks, Tony. Where is the pricing going, how did we determine --

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Gwen Dawson: The pricing is on an hourly basis because these are hourly contracts. We have a range the costs, the hourly billing rates were evaluated. They run generally between \$130-\$200 an hour fully loaded. Of course there may be some administrative positions that are less than that, some very highly specialized, engineering specialties that would be more than that. But they were in line with each other and they're in line with what we have been paying for construction management services.

Lester Petracca: So how will you determine out of the eight approved who to use when?

Gwen Dawson: We have guidelines. We have a newly instituted pre-qualified policy that just was approved I think earlier this year. And there are a series of steps which would include among other things, determining an area of specialty because if we had a project that is a site civil project we would look at what the specialty areas are that are represented by the pre-qualified vendors. If we have a marine-related project of course we would be looking for that. So specialties are considered the staffing that would be available for that job at that time and their overall projected costs for performing the services. So all of those things have to be considered. We have to make note in the file as to confirm that we have taken all of those matters into consideration in choosing which one to --

Lester Petracca: We group them by specialty, is that what we do?

Gwen Dawson: We don't necessarily have them formally grouped but certainly we are aware and that was part of the consideration in the evaluation. Some of them have a very broad set of specialties that are represented, some of them are a little bit more narrow but they represent areas that we use quite a lot.

Anthony Kendall: So when I look at the number of diverse funds, a little less than half [indiscernible] rate. And then those two are [indiscernible] pretty well. Did we learn anything in the evaluation process to help them be better in the future as to be able to be more competitive?

Gwen Dawson: Certainly we are always looking for that, and we are actively encouraging firms who are unsuccessful in their bids to come in for a subsequent meeting so that we can have a chance to talk with them, share with them information in terms of how we evaluate proposals. And also try to really strengthen their, not only their ability to come back with a successful proposal in the future but also encourage them, express how much we appreciate the fact that they take the time and use the resources in order to put a proposal together because we know that it takes a lot of time and effort to do that. We want them to understand that we appreciate that and we want to encourage them to propose on future projects and we're trying to help them to come back with proposals that may be stronger the next time around.

Anthony Kendall: Have we met with any of them yet?

Gwen Dawson: Not yet.

Anthony Kendall: I mean I guess at some point we intend to.

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Gwen Dawson: Yes. I mean we issue the invitation to them. I mean if they choose to come in then of course we will meet with them.

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

Petracca: Motion.

George Tsunis: Second? Kendall All in favor?

Members: Aye.

George Tsunis: Unanimous. Thank you. The third item for corporate action is the authorization to amend the agreement with **Johnson Security Bureau**.

Eric Munson: Thank you, Mr. Chairman. Good afternoon Members. In addition of the security patrols in our parks and outdoor public spaces, the Authority also provides security patrols at the community center at Stuyvesant High School which we operate, as well as a fixed presence in the lobby of our offices at 75 Battery Place. These services are currently provided by Johnson Security Bureau, a firm that was procured last summer through the MWBE discretionary process for a one-year term in an amount not to exceed \$165,033.96. The Authority is currently in the process of conducting a competitive procurement for comprehensive security services of which the security services provided at CCSHS and 75 Battery Place are components. Rather than procure a new vendor to provide these services on an interim basis until the new omnibus vendor is in place I'm requesting approval to extend the Authority's existing contract with Johnson to provide continuity for the following four months. Johnson has agreed to honor their current pricing with us through November but has requested that we add to their current contract an overtime rate of \$35.65 to mirror the pre-negotiated holiday rate in the existing contract.

So therefore, I am requesting approval to amend the Authority's contract with Johnson in three ways; to extend the contract by four months to November 30th of 2019; to increase the not to exceed contract amount to \$200,000; and, to provide that overtime rate of \$35.65.

George Tsunis: Thank you, Mr. Munson. At the Javits Convention Center we brought that in-house. Has there been any consideration for Battery Park City to hire security personnel?

Eric Munson: Yeah. We've evaluated --

George Tsunis: [Indiscernible] background checks, and such?

Eric Munson: Yeah. We've evaluated the risks associated with that and have opted to go with an outside firm as opposed to inside firm.

George Tsunis: Okay. Are there any other questions?

Lester Petracca: So they have a wage rate of \$20.26 --

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Eric Munson: That's right.

Lester Petracca: And that's all inclusive of fringe benefits and gross pay?

Eric Munson: Yes.

Lester Petracca: And then they have a bill rate of about \$6.41 more --

Eric Munson: Yes.

Lester Petracca: Overhead profit?

Eric Munson: Yes.

Lester Petracca: That's what that is --

Eric Munson: Yes.

Lester Petracca: Included? So roughly 30 percent-ish. Okay.

George Tsunis: Any additional questions for Mr. Munson? May I have a motion, please?

Petracca: Motion. Kendall: Second

George Tsunis: All in favor?

Members: Aye.

George Tsunis: Unanimous. The authorization for **insurance renewals**. Mr. Munson?

Eric Munson: As we do every year, the Authority worked with the New York State Office of General Services, Bureau of Risk and Insurance Management, and our broker of record, Cool Insuring Agency represented today by Paul Hennessey, behind me, to evaluate the risk and exposure of our assets, and to secure the appropriate insurance coverages for those assets. The vast majority of our existing policies are set to expire this Sunday, June 30th, and so after a brief presentation I'll be seeking approval to maintain our existing coverage levels across an array of policies through renewals for which would become effective July 1. In your Board materials you will find a list of each policy, its coverage, and the cost of each corresponding premium. In aggregate, the cost of coverage has increased significantly from last year, nearly 19% in aggregate. This is in large part due to shrinking capacity for flood coverage in high hazard flood zones and terrorism coverage in areas of heightened risk of terrorist acts. More specifically, increases in cost to the policies compromising the property placement we refer to as Pier A seawall, which in addition to those assets also includes coverage for the Ball Fields, esplanade, Rockefeller and Wagner Parks accounted for nearly three-quarters of the premium increase year over year. I'll now turn the floor over to Paul Hennessey, the Assistant Vice-President at Cool

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who has been instrumental in assembling our program to provide some greater detail into the insurance markets and what brought us to the recommendations before you today.

Paul Hennesey: Hi everybody, good to be back. The numbers are what they are. I'll just tell you about the process and how we got there. We began the renewal process in March, we're at the end of June, so we start fairly early, get out to the markets and see what it's doing. What it's doing in the property marketplace right now is capacity shrinking as Eric mentioned, especially when there's flood and terrorism concerns. We know where we are and both of those are concerns. The result of the contraction of the marketplace, it's shrinking capacity and higher costs. We went to 45 markets for your property exposure, 25 said no thank you, we're not interested. And through a combination it turns out to be 14 different carriers we were able to piece together the coverage so that it's consistent with which has been in place expiring. So we have the same exact terms of coverage year to year, it's just the cost is up and that's for the reasons that Eric alluded to and part of B.J.'s presentation was on resilience, kind of the internal acknowledgment that we have flood exposure and the property premium is an external acknowledgment of your flood exposure. But you do have significant limits. They do mirror what you've had in place and it's just a matter of finding the capacity to fill the layers out. The Board materials lay out the structure of the program and I'll gladly go through that just briefly if you'd like.

You're split between two kinds of placement; you have the commercial properties, you have buildings like this that are insured through what's called the Hugh Wood Program and you've been with the Hugh Wood Program for many years. It's a very, very cost-effective way to secure significant limits of coverage. The change to the Hugh Wood Program year to year is Chubb Insurance was the lead carrier for the liability for several years. Chubb Insurance outside the program had started to remove themselves from the commercial real estate coverage. They're getting killed. They stuck with this program for a while then decided you know what, we're out. So Hugh Wood went to the world and a company called James River came in with a consistent terms of coverage but the price went up. In your case the price went up about \$30,000. That \$30,000 includes not just the general liability it also includes \$102 million of property coverage for the commercial properties and \$100 million of umbrella liability coverage. So from \$276 to \$306 for \$100 million of liability and \$102 of property. It's still a very, very cost-effective approach. It's the best approach. And as long as the Hugh Wood Program is a viable program and you're allowed to participate in it so to speak it's the best program you're going to get.

The second silo of coverage is the Pier A Seawall coverage. That's not the commercial properties. That's Pier A and the seawall. Slightly more difficult exposure, more flood exposure, or at least as much if not more flood exposure. You have a pretty old and wooden building at Pier A that has a certain property risk to it that again shrinks capacity, increases cost. We were able to piece together the coverage on that placement so it's the same as last year. Just with different carriers providing different levels of capacity for various perils that they insure. You have in total for flood coverage \$15 million of flood for the Pier A and seawall exposure, and \$30 million of flood coverage for the commercial properties. Again, it's split, structurally it's laid out in the Board materials and I'll be glad to answer any clarifying questions if you'd like.

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There is also a terrorism placement that's separate and distinct from the property placement for the most part, and I am really not going to try and confuse anybody with the structure but, you have \$100 million of coverage for terrorism-related claims associated with property damage that result. It was best to spike that out as a separate placement outside of the standard property placement. Again, this was all coming together very recently. Eric will attest to that. We've been working and come together late sometimes.

And then there's the rest of the lines of coverage which are fairly boring when it comes to the difficulty in placing them. There isn't the capacity concerns with automobile coverage for instance. There isn't the capacity of concerns with workers' compensation and some of the other lines of coverage that are built into the other lines of business box. So that's Cool's placement, a summary of it for this year. Again, any questions that I can help you answer I'd be happy to.

Eric Munson: Before we conclude, Mr. Chairman, just wanted to take an opportunity to share a bit of good news, particularly since it requires consideration as it pertains to our insurance program. So a few months back I described to you the measures we were taking to improve our management of the Authority's public art collection, which we have known for quite some time to be world class in many ways, a foundational element of the neighborhood as a whole. Ms. Gallo asked for a comprehensive plan, and so as part of that effort under the direction of Director of Community Partnerships and Public Art [indiscernible] we engaged the Art Dealer's Association of America to appraise the collection. Last month the 15 pieces compromised in the collection were collectively appraised at \$63,514,098. So with OGS we've been working to secure fine arts coverage for that collection which would cover claims related to among other events, terrorism, wind, and water damage. We've received one proposal so far with the remaining due back later this week. That policy would meet our needs and cost approximately \$37,000. And so I'm requesting authority to bind coverage for a fine arts policy for an amount not to exceed \$40,000 contingent upon receipt of the remaining policies. On the whole, I respectfully request that you accept the Authority's 2019-2020 insurance program as presented, and authorize the payment of insurance premiums listed in your packet totaling an amount not to exceed \$2,199,808, an increase of \$353,778 over last year's program. Because such a significant premium increase was not contemplated in the Authority's 2019 operating budget I'm now also requesting a corresponding increase in the same.

George Tsunis: Are there any questions for Mr. Munson?

Catherine McVay Hughes: So the first section that was talked about was excessive flood and so basically in 2018 the policy cost was roughly \$55,000, it basically doubled or more than doubled for the 2019 policy cost. And so going back to BPCA's resiliency program, how will that be impacted with the interim flood measures and the more permanent?

Paul Hennesey: Yeah. The issue of flood is there's minimum premiums associated with just putting up the capacity in certain flood zones. Now specific characteristics of a particular property that we would share with the underwriter, when you're not at a minimum premium situation would help but, in this case it's really you run into the idea that, look, if it's in that flood zone and you need \$5 million of coverage, we got \$5 million but it's \$5,000 per million dollars and that's it. There's no negotiation with establishing a minimum. There's an aggregation issue

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that I don't think I touched on that is also an issue that the markets have to deal with. They're not just looking at Battery Park's exposure, they're looking at Hudson River Park's exposure, they're looking at you know take the turn off the FDR and all those locations. They're looking at providing flood coverage in an area and they establish the amount that they can drive in a particular area and that's what they do and they have a certain amount they're going to charge for that kind of regardless of the specific flood resiliency initiatives to the extent there is something that really makes a, you know what that damage that happened in Sandy, it couldn't happen again and here's why. That would be important an important detail to share but I don't know that we're there yet but as that project plays itself out I'll be very interested in getting the details to carriers and see what difference it does make. Did that answer your question?

Catherine McVay Hughes: Yes.

Paul Hennesey: Okay.

Anthony Kendall: So in regards to I know Chubb dropped out. If another carrier doesn't drop out. So do you expect a significant increase like this next year?

Paul Hennesey: From on the Hugh Wood piece? We don't, no, we don't expect that, no.

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

Petracca: Motion. McVay Hughes: Second.

George Tsunis: All in favor? Aye. Carried unanimously. Authorization to enter into an amendment to **settlement agreement related to 2019 bond financing.**

B.J. Jones: Thank you, Mr. Chairman. In brief under our 1980 settlement agreement with the City, the City is required to consent to any issuance of bonds by the Authority that includes the upcoming 2019 bond financing that we are now in the midst of working on. And the form that this consent takes is through an amendment to the settlement agreement, and so we have before you an amendment to the settlement agreement that is similar in form to previous amendments that have been used for prior issuances by the Authority and consent by the City outlining the capital program and the financing associated with it. So I am requesting that you authorize I execute this amendment on behalf of the Authority, at which point it will go to the City, the Mayor's office and the Comptroller's office for the Mayor and the Comptroller's signature as well which is required for the issuance to take place.

George Tsunis: Thank you B.J. Any questions for B.J. on the matter?

McVay Hughes: Motion.

George Tsunis: Okay, second. Petracca, All in favor?

Members: Aye.

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George Tsunis: Unanimous. That concludes our regular meeting. I'd like to make a motion to conduct **executive session** to discuss the negotiations related to the lease of real property, the publicity of which is essentially effect the value of the relevant properties. Can I have a motion to go into executive session?

Kendall: Motion.

George Tsunis: Thank you.

McVay Hughes: Second.

George Tsunis: Unanimous. Thank you.