

Member's Meeting - December 11, 2018

START OF MEETING: 10:46AM

Chairman: I'd like to call to order the Battery Park City Authority Board of Director's meeting on, for this date, December 11, 2018. Welcome everybody. Our first order of business is the approval of the October 29th, 2018 minutes. Are there any questions on the minutes? Seeing none, do I have a motion?

F: Motion.

Chairman: Second?

Multiple parties: Second.

Chairman: All in favor?

Multiple parties: Ay.

Chairman: Unanimous. Giving our MWBE report, I think Robert, you're doing that today?

Robert: Yes, sir. Good morning. The (indiscernible) report for the month of October 2018. For the month of October 2018, approximately 30 percent of the Authority's total allowable expenditures of \$1.7 million was paid to minority or women owned business enterprises, MWBs. Of this amount, approximately 16 percent was paid to minority women business enterprises and approximately 14 percent was paid to woman owned business enterprises. Up to 30 percent total, 25 percent of this amount was paid directly to MWB private contractors. Of the remaining 4.92 percent was paid to MWBs as subcontractors with 2.7 percent to MBs and 2.2 percent to WBs. For the second quarter 2018/2019 Service Disabled Veterans Owned Business Utilization Report, for the second quarter fiscal 2018, 10.45 percent of the Authority's total allowable expenditures was paid to services disabled owned veterans businesses.

F: I just want to say this is great that we're also keeping track of the veteran owned businesses that are winning awards from the Battery Park City Authority because they're a very important part of the community as well.

Robert: Absolutely.

Chairman: Outstanding work yet another quarter which we've met our benchmark. Thank you for your report. Moving onto the Investment Committee report.

F: Mr. Chairman, we also have public comments. I don't know when you will want to do that.

Chairman: Oh, I did miss the public comment thing. So sorry. Public comment?

Nicholas Sbordone: Good morning everyone, this is (indiscernible), Public Affairs and Communications here for the Authority. We have a couple of familiar faces this morning and one new face, Board total, so I would first introduce Ms. Justine Cuccia, who is a long-time Battery Park resident.

Justine Cuccia: Up here?

Nicholas Sbordone: Yes, oh and by the way, yes, please be standing not right next to it but in close proximity to the microphone so that we can get you on the web stream. Okay?

Justine Cuccia: Okay.

Nicholas Sbordone: Thank you.

Justine Cuccia: Okay. So as Nick said, I'm a resident of Battery Park City for almost three decades now, shockingly to me, and I'm here today in my capacity as a co-founder of Democracy for Battery Park City. So I want to talk to you because while sustainability and resiliency are vital concerns I want to talk to you about a third equally vital concern and urgent priority, the financial viability of our neighborhood. Issues such as ground rent, pilot, new bond debt, and the 2069 end of the ground rent, ground lease, keep residents like me awake at night. And the prospect of being financially swamped for us is just as bad as being literally inundated with water. That you are aware and already engaged on these issues is a great first step.

Ongoing discussions with stakeholders, such as the Homeowner's Coalition, Gateway Plaza, the commercial tenants are good at second steps but, the long-term viability of Battery Park City will not be possible without changes to the assumptions in forming this dialogue. Here's what I propose: First, the Battery Park City Authority should consider a moratorium on any new bond debt, and I say this because mortgages, having a bond debt mortgages the future of everybody who lives here by encumbering future revenues that might otherwise be devoted to affordability. Second, commit to funding resiliency and sustainability measures from the Joint Purpose Fund, which will soon begin accumulating many millions of dollars per years as the BPCA finishes paying off its obligations under the most recent settlement agreement. Third, as the existing settlement agreement expires, this community should have a voice and a seat at the table in negotiating the next one.

This new agreement should be based on a policy that I call One Million Dollars is Enough. This policy would mean that annual payments by the Authority to the City should be capped at \$1 million with all the additional revenue redirected to affordability in Battery Park City and that includes financing sustainability, affordability and what goes on here, all the capital projects. Please know that I'm not suggesting that the Authority should not undertake the important resiliency project that it's not planning, nor am I suggesting that they should not do South End Avenue repairs and changes that they're doing. Instead, I'm asking that we pay for these things and plan for the things in a way that safeguards Battery Park City's future financially as well as physically. Thank you.

Chairman: Thank you very much.

Nicholas Sbordone: Thank you Justine, yes, Mr. Chairman, next is Battery Park City resident and BPC Senior Group leader, Mary Ann Burgdon(ph).

Mary Ann: Good morning. I have two topics to bring up. One is regarding the ticket hawkers and their affect on the downtown connection bus and the other is the stairlift in the new community space. An email was sent to me this morning which I had not had a chance to read before I got here. I don't a hundred percent remember things as I see here, so I'll just leave it at that. My primary concern that I had expressed a few months back was that we tackle the problem at the top and not the bottom. So right now there's a lot of chasing around after the ticket sellers who are desperate people trying to earn a living.

I believe that we have to tackle this at the level of the licensing, of the third-party vendors who are giving tickets to people to sell on the street. At one point in this meeting like this, Dennis Mill(ph) had asked that the legal team here look at the situation with Consumer Affairs so that, and I would just like feedback on that. I'd like to know where things stand, who are the vendors, when are their licenses expiring, what can we do to tackle that. Secondly, on the chairlift, it's three years since this new space was planned in 200 Rector Place. When it began to open, the first problem was no one was trained to use the chair lift. So it was not functioning. And then the second problem was that it is extraordinarily unreliable. So I would like some transparency about how this chair lift was chosen, why it was chosen, and why no one was trained properly well in advance of the opening so that this thing could allow seniors who are wanting to use that space to come in, be lifted up the stairs, and go to whatever function we're having. Thank you.

Chairman: Thank you. B.J. are you going to address those issues?

B.J.: Yes, we are. In progress as we speak. Working on it.

Chairman: Thank you.

B.J.: Yep.

Nicholas Sbordone: Next is BPC resident and also BPC Senior Group Leader, Ann Schwabenberg(ph). Good morning.

Ann Schwawbenberg: Hi there. I know that the stair lift was defective and that you're working on it because I'm a primary user of it. But my real purpose this morning is to really give you my concerns about Brookfield changing the lobby of this building. I think it will be criminal if they sit there and destroy the marble floor that is there. If they destroy the stairways that go up. I mean every time I walk into this building, in any case where were they when we had (indiscernible 09:02) and it was on two levels? If they wanted a restaurant why weren't they doing that? Where were they when Fox & Hounds was converted from a really nice restaurant and I'm sure it was because they raised the lease rates, to a children's center. And are they really getting their money's worth out of the children's center instead of out of Fox & Hounds? The idea that they are going to destroy the marble floors that are incredible design in this building is a major concern to me.

And destroying the staircases that go up and down. All of it to just dumb down the lobby area into some food vendor place, whether it's with Dunkin' Donuts, because they only want to use chains, they don't want anything special, they want only chains to be in this building and so that I think is a crime to destroy the lobby of this building. To throw a few chairs and tables around that's fine, but that's not what it means to sit there and put food vendors in this building, in the lobby, and they never talked about what they're doing about on the second floor. Are they planning to close in that area because people meet and greet there, they do business there, they do all kinds of things. I mean our seniors meet there all the time.

And so what are they doing about the second floor? Which is what they're saying that they want on the first floor is so people can sit there and meet. Well, people are already doing that on the second floor. In any case, I understand that it's their building and there's probably little that anybody can say about it since it's their building and they can design it however they want. But I want to put it on the record. Thank you.

Chairman: Is there anyone else?

Nicholas Sbordone: Okay. Last public comment for the morning is Ms. Taylor Banning(ph).

Taylor Banning: Hello, good morning. I'm Taylor Banning and I wanted to take this opportunity to say thank you actually. I grew up in this neighborhood and as an adult have chosen to live here, and just last month when we got hit with that big snowstorm I was reminded how lucky I am and grateful I am to live here. I live on Rector Place and my window overlooks the Oval Park and some trees were draped in snow and the weight of the snow caused the branches to break and I work from home so I watched this happen and it was really sad.

And the next morning less than 24 hours after the trees had fallen into the road and onto the park our Parks Department had come, Battery Street Parks had come and worked clearing the area, were trimming the branches, making that tree stable and healthy and I was really moved and touched that I actually put on my coat and ran downstairs and thanked them, and asked what they did with the branches and I asked if they had anything to spare and one of the gardeners was actually using a handsaw and came down from his crane and shaved a nice piece for me so I could bring it home and keep it.

And it's really special because I grew up watching this tree grow and I'm glad it was okay and healthy and I'm grateful to learn that the pieces of the tree are made into mulch and I told my friends and my family like I sort of kept them updated on the process over the day and they're like you're crazy but we love that you love trees and I was like I really do and I'm so privileged and lucky to be able to live in a place like Battery Park City. And I just want to say thank you.

Male: Thank you.

Chairman: Could you come back next month, please?

Nicholas Sbordone: That concludes public comment. Thank you. I apologize. I overlooked it, please forgive me. Now onto the Investment Committee report. Ms. Frederick?

Pamela Frederick: Good morning, members, (indiscernible) members. Today the Investment Committee met for its quarterly report. In attendance was the Chair, Lester Petracca who led the meeting, and the members in attendance, Catherine McVay Hughes and Martha Gallo. We also were joined by our investment advisors, PFM, Asset Management as well as Ramirez Asset Management. ESG following its review of environmental, social and governance in the prior two committee meetings, a statement of ESG Investment Principles were agreed and will be incorporated into the Investment Guidelines which will be brought to the full Board in January. The primary outcome is that the Authority encourages as investment managers to include ESG as an investment factor when making investment decisions. We continue to prohibit investments in companies that are heavily reliant on fossil fuels and we will also continue to invest the portfolio based on risk and return when making investment decisions.

The second topic that was covered were benchmarks. So in addition to the Authority's investment advisors, PFM, Asset Management and Ramirez Asset Management provided the committee with a detailed review and analysis of the benchmarking practices being applied toward the Authority's investments and used as performance measures for the total return accounts. We will be meeting again, we're targeting 12:00 on January 29th ahead of the next Board meeting. Thanks.

Chairman: Thank you. Resiliency update? B.J.

B.J. Jones: Thank you, Mr. Chairman. We continue to make progress with both the South Battery Park City and ballfields designed and engineering (indiscernible 15:45) for resiliency. A few highlights from this summary that I'll just note on both counts is that we've provided project schedules, detailed project schedules for both of those projects. And your binder will be containing Catherine's working group with Tony and Martha in January to give them a more detailed update. Some of the milestones we have had are community meetings for both of these projects and survey work has been done on both fronts for South Battery Park City. The project we've started drafting the boring plan with the geotechnical engineers and in addition to other measures we are expecting the coastal modeling to be refined later this month, which will really help inform the scope and scale of the resiliency needs for that portion of the project.

On the ballfields and community center project also had the community meeting. We completed the geotechnical work and are expecting also later this month STD's basis of design report, which will also inform the scope of the resiliency measures needed. In other news, we updated our website with a featured link to resiliency. That now serves as a repository for all of the resiliency information and measures that the Authority has undertaken and is pursuing. We have released the RFP for the North Battery Park City resiliency project and we have also engaged the Mayor's office of sustainability to collaborate on Battery Park City-wide retrofit strategy for carbon greenhouse gas reduction strategies in all of the buildings here.

Also, we're in the final phase of our discussions with the Mayor's office and Comptroller's office to finalize their capital plan approval, but they have indicated early depart for our resiliency

scope and we are expecting funding to be approved for the design and engineering phases and then continue the conversation for the next steps once we have more information from those efforts.

Chairman: Thank you, B.J. Craig, can you take us through the winter calendar, please?

Craig Hudon: (Indiscernible 18:53) to announce the release of our (indiscernible 18:56), um Parks Program and Calendar of Events, I think you might have one in your packet in front of you, takes effect January 1st. You have more than 600 programs and events for newborns, children, families, adults and seniors taking place through April. We try to provide something for everyone at the public spaces and community centers in Battery Park City. Some of the highlights, new this year we have a pop up snowy day activity called It's Snow Time. We're going to open up some lawns when it snows and have some snow play. We're working with the Battery Park City Seniors at senior drop-in at 200 Rector providing a social opportunity to catch up, develop community for our senior members. The Knickerbocker Chamber Orchestra, downtown's own chamber orchestra presenting Wonder Women of Classical Music, a Woman's Ensemble featuring women composers. We have an afterschool activity in the early spring called Jack Frost Games. We're expanding our Tuesday Talk Series presenting some in the evenings featuring an all woman's panel of big economy experts, poetry, and the history of downtown. We have our annual Art Exhibition featuring some of the beautiful artwork created at Battery Park City Parks Programs throughout the year, that takes place at 75 Battery Place in January, February and March. Our Saturday Family Workshops will be featuring art projects and live performances from Portuguese-speaking countries from around the globe, so we're featuring Portugal, Brazil and Cape Verde. We have a raptor program, plus chess lessons, stories and songs, preschool play and art, adult figure drawing. So we're looking forward to a busy winter season and early spring season serving the greater Battery Park City community. Thanks.

Chairman: Thank you.

Male: Wow. Whoa-who.

Female: You said 600 events?

Craig Hudon: More than 600 programs and events (indiscernible).

Female: Incredible.

Chairman: We'll have 600 here, 600 there, pretty soon you're talking about a lot of stuff.

Male: What would you say (Indiscernible)?

Chairman: At this moment, I'd like to have 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 relevant properties and discuss matters relating to the promotion of an employee. Do I have a motion to go into executive session?

Female: (Indiscernible).

Chairman: In favor?

Multiple parties: Ay.

Chairman: Ay. Unanimous. Thank you all.

Chairman: Let's have a motion to exit executive session.

Female: I move.

Male: I second.

Chairman: All in favor?

Multiple parties: Ay.

START EXECUTIVE SESSION: 11:10AM

START REGULAR SESSION: 12:10PM

Chairman: Ay. Let's have a motion to go back into regular session.

Male: I move.

Chairman: Second?

Female: Second.

Chairman: All in favor?

Multiple parties: Ay.

Chairman: Unanimous. Moving the corporate action, an authorization to enter into a contract with a contractor for the South Cove Jetty. Is there any questions?

Female: No.

Chairman: Entertain a motion?

Male: Motion.

Female: Second.

Chairman: All in favor?

Multiple parties: Ay.

Chairman: Ay. An authorization to amend a contract with CBRE for real estate consulting services. Are there any questions?

Female: No.

Chairman: A motion?

Male: I move for motion.

Chairman: Second? All in favor?

Multiple parties: Ay.

Chairman: Unanimous. An authorization to execute a lease extension at Gugino's. Any questions?

Female: No. Motion to move it.

Chairman: Second?

Male: Second.

Chairman: All in favor?

Multiple parties: Ay.

Chairman: Unanimous. An authorization to amend the lease with Pier A in Battery Park. General counsel opine here?

Abby Goldenberg: Yes, thank you, Mr. Chairman. Just to lay a little bit of framework for this so that the Board can fully understand the proposed action. In 2011, the Authority entered into a 25 year lease agreement with the current operator of what is referred to as our Pier A, the restaurant and bar facility located at Pier A. As anyone who's been to Pier A, or you know visited our neighborhood knows it's a very unique property in a lot of good ways, but one of the, because it's so unique I think that at the time that we entered into the lease in 2011 we were all sort of guessing about the profitability and the nature of the business model that could succeed there. Since then we've obviously amassed additional data about actual economics associated with operating that business and we have received word from Pier A from the operators of Pier A that the current lease structure is proving in actuality to be unfeasible and in fact they have fallen

behind in their rent payments as a result of, as they explained it, the lack of feasibility from an economic perspective. Obviously this is an important part of our community and our primary goal here is to have a successful business there and make sure that it continues to contribute to the thriving nature of the neighborhood.

In the interest of that, we've worked with them to restructure to some extent the pertinent terms of their lease. A couple of just sort of highlights, and if you have any questions about the details, my colleague Brett Beacham(ph) has been working diligently on the details of this. But the high level summary of the revisions to the graph, to the lease rather, are that the rent will be based on a percentage of gross sales with a minimum payment required that being a million dollar a year annual minimum lease payment, or the greater of either a million dollars or seven percent of gross sales throughout the year.

The other sort of high level, but important thing to know is that with regard to the money that is owed currently by Pier A none of that money is being forgiven, all of it will be repaid we've just restructured those repayments on a sort of blend and extend model such that those monies will be repaid in a manner that can extend over the lease and that is a reasonable manner.

Also, just again, high level important terms of the proposed lease amendment, we do have now in place as a result of this proposed lease amendment a good guy guarantee as well as a release for any current claims that might exist at the time of this proposed amendment.

In sum, I think that it would be recommended to enter into this. It still maintains a fair and equitable and reasonable rental payment to the Authority, but I think it more accurately reflects the realities of, particularly with regard to seasonality, there's, you know, obviously we could from a purely practical perspective understand that there are certain times where that space is booming and certain days where perhaps you wouldn't, you know, necessarily go there, so the other provision in the lease amendment is that there is a rollercoaster payment to reflect the seasonality of their business. Again, the net of it is that we do have a fair and reasonable revenue stream from the property.

Chairman: I want to thank you very much. I think this was a successful conclusion to something that could have gone bad very, very quickly. There is a little bit of relief on the downside if their seasonality of business does not turn out as budgeted, but we also were capturing because of the higher percentage the upside. So we're sharing that with them. I also want to point out the immense north of \$20 million investment that they made and that there were assurances that the ownership and management did not take any monies out for management fees or distributions. They were truly struggling. And that there's a subordination that they have to pay us first. And now there is a guarantee on payment, so we're correcting something that was missing in the original lease. This was something that everyone here had eyes on and had input and in my opinion was very fair and equitable. Is anyone else have a comment?

Male: Thank you. We have a right to do an audit too, right? Of the information?

Abby Goldenberg: Yes, paramount in our new sort of structure that's related to gross sales is a robust recording and audit component to make sure that the report of gross sales are being reported accurately and that our percentage rent is what we bargained for.

Chairman: Are there any other questions?

Female: And you said that their rent was going to be based on, is it on average seven percent of the revenues?

Abby Goldenberg: It's a monthly computation.

Female: Okay.

Abby Goldenberg: So it's certain monthly payments on a rollercoaster schedule or seven percent of that month's gross...

Female: Which is standard market practice for...

Abby Goldenberg: Right. And it's (indiscernible 28:36) up on a month to month basis with an end of the year review to make sure that we're at the right spot.

Chairman: And there's an eight percent over \$18 million.

Abby Goldenberg: That's right. If it goes over \$18 million our take goes up from seven to eight percent for the delta between 18 and whatever is accrued over that.

Chairman: Was what their gross was, so if all goes well we should see some upside there.

Female: Okay.

Chairman: Any other questions? Can I have a motion to accept the settlement?

Female: Will move.

Chairman: Second, all in favor?

Multiple parties: Ay.

Chairman: Unanimous. And this gives me great pleasure. I'd like to put forth a resolution for an appointment of a new Chief Operating Officer for the Battery Park City Authority.

B.J. Jones: Mr. Chairman, as we're (indiscernible 29:31) few more seconds, the President, CEO and COO, respectfully request that you allow me to shed the COO part from my title and responsibilities and elevate Eric Munson to that role. He has been shouldering the bulk of the responsibility since he arrived and eager to give him even more authority as we expand our

project management office and mobilize our organization to achieve what is becoming a very ambitious agenda for the Authority in years to come.

Chairman: Well, let me first thank you, B.J. for shouldering all three of these roles. This wasn't a purposeful hazing. Merely an accidental one. But thank you. We have recognized the enormity of the three jobs and we thank you for doing this. Eric, let me first take a vote and then hopefully I can congratulate you. Can I have a motion please?

Male: I move.

Female: Second.

Chairman: Unanimous. Eric, congratulations.

Eric Munson: Thank you, Mr. Chairman.

Chairman: Please note for the record that Eric received more applause than B.J. did when we did his. And Tony had the best one louder today.

Female: What did he say?

Chairman: The fake news.

Female: Fake news?

Female: I would like to add, I don't know if the Board is aware of this, but B.J. just recently received an award. Not to shift the focus away from Mr. Munson. But B.J. was just named one of Manhattan's Most 50 Powerful People and received an award from City and State, so he's very powerful.

Chairman: That's why I'm sitting to your right. Please let it reflect that number 34 in Manhattan got even louder applause than Eric now. B.J. we look forward that you crack the top 10 next year.

B.J. Jones: Yeah, right.

Chairman: That brings me for a couple of for information onlies. I'd like to bring to everyone's attention and the Board has in their packets, we have a spreadsheet with the use of the 2013 bond proceeds through October 31st, 2018. Also in the Board packets is the recent and upcoming procurement activity and I think we've discussed the winter calendar, which I will again tell you was very, very impressive. I'd like a motion to adjourn today's meeting.

Male: I move.

Female: Second.

Chairman: Second? All in favor? Ay.

Multiple parties: Ay.

Chairman: Thank you very much, you all.

END OF MEETING: 12:35PM