

BPCA Board Meeting, October 29, 2018

GEORGE TSUNIS: Good afternoon, everyone. And welcome to the Battery Park City Authority, October 29th meeting. I'd like to start with an approval of the September 18, 2018 minutes. Does anyone have any questions on the minutes?

ABBY GOLDENBERG: George, just to make a clear record, I think we have to call to order first.

GEORGE TSUNIS: Oh, I --

ABBY GOLDENBERG: Highly technical, [LAUGHTER] but --

GEORGE TSUNIS: When I welcomed everyone here, I thought that was a call to order.

[LAUGHTER]

[OVERLAPPING CONVERSATION]

GEORGE TSUNIS: So to be compliant here, let's have a call to order, a welcome, in a rock and roll kind of fashion.

[LAUGHTER]

GEORGE TSUNIS: The approval of the September 18, 2018 minutes. Does anyone have any questions on the minutes?

MALE: So moved.

CATHERINE MCVAY HUGHES: Second.

GEORGE TSUNIS: All in favor?

ALL: Aye.

GEORGE TSUNIS: Unanimous. Mr. Peterson, can you give us the MWBE report, please?

ANTHONY PETERSON: [INAUDIBLE]

GEORGE TSUNIS: I don't think we have public comment today. Is anyone here?

NICHOLAS SBORDONE: Yeah, no. Good afternoon. We haven't received any requests for public comment. So here and done. You may proceed.

GEORGE TSUNIS: I'm [INAUDIBLE] with the let's rock and roll kind of ethos of this meeting. [LAUGHTER]

ANTHONY PETERSON: Well good afternoon, Mr. Chairman and members. For the month of September, MWB Utilization was 32.81, just under 33 percent. Approximately 17 percent was MBE and approximately 16 percent WBE. Out of those numbers, 24 percent of it was prime dollars paid directly through MWBEs and 9 percent paid to MWBEs as subcontractors.

GEORGE TSUNIS: Thank you. Never get tired of hearing your reports. Another great month. The resiliency update, Mr. Jones?

B.J. JONES: Yes. Just a quick update. We're continuing with our South Battery Park City, and ball fields design, and engineering projects. Both teams are working hard on collecting and reviewing some of the background information related to both of these projects, including information on site conditions, relevant surveys, and building information. Of note for the South Battery Park City project, our team conducted an all agency stakeholder meeting in late September with city and state and neighborhood stakeholders, including Martha and Catherine were there. And we just had that meeting as well for the ball fields this morning. What has become clear with both of these projects and the others to follow is that it's not just an enormous resilience initiative. It's a massive interagency coordination effort, unlike really any project of its kind. But everyone has come to the table prepared and cooperative, which has been great.

And also we have just been inserting ourselves in as many resiliency related activities as well. We hosted three panels for New York City Climate Week, and have participated in a range of other activities from storm surge conferences, to finance and resiliency sessions, really trying to stay on top of the changing landscape.

GEORGE TSUNIS: Thank you.

MARTHA GALLO: Can I just add -- I think one of Catherine's and my biggest concerns, which is the one you flagged and we just talked about in the audit committee, which is the interagency coordination and the complexity that we're working with here. We talked about probably in our resiliency committee we should go deeper into how we can have a more significant project management office, transparency of reporting, etc. 'Cause we know we're six years after Superstorm Sandy. Every time I say that, I want to choke. And I would just encourage us as we did in the resiliency meeting for us to act alone where we can, to take some shorter-term steps towards a more comprehensive plan. If the West Thames Bridge is any example of what we get when we have interagency coordination, then we can't be that optimistic about our resiliency program. And I think we need to learn from that and just take it to a different level.

GEORGE TSUNIS: Thank you. Martha Gallo, could you talk about the Javits Center visit, please?

MARTHA GALLO: Yes. So this is a delightful report to give. Our chairman organized for the board what I'd call a best practices visit to the Javits Center. He also sits on that board, multiple boards there. And as everyone knows, this is our convention center located on the west side. The CEO of the Javits Center, Alan Schwartz, and his management team spent a good couple of hours with us, first helping us understand their vision and their thinking and their financials, and then really walk the property with us. And I was able to attend, Catherine was, Tony was there, and many members of this leadership team from the Authority, B.J. and his team.

And I really say there were three things that I took away. One was that they have a very -- besides having a very comprehensive game plan about how they want to enhance the use of the various functions of the convention center, 'cause they have a very strong business plan, they were very modern in their thinking on sustainability, everything from saving more birds. [LAUGHTER] The glass on that center had to be replaced with glass that had little dots on it so the birds would stop dying as they flew into the glass, to the greening of roofs, to now farming on the roofs, and using the produce from the farm, the kitchens of the Javits Center. And even thinking about using solar panels to improve the efficiency of their consumption of energy. So very, very, very comprehensive on sustainability.

And then on resiliency, very interesting that Mr. Schwartz I think arrived at the Javits Center in time for Superstorm Sandy. And they have made just tremendous progress. And reflecting on how the water came into that facility that day, and we had great discussion about the way they thought about things. We can learn a tremendous amount from them. They evaluated all kinds of different systems. They have three different bollard systems that deal with different levels of water, speed of water, etc. They do dress rehearsals regularly to be ready for situations that can arise.

And then the third thing that was very clear is they do have a clear vision for that complex. And they have committed multiyear funds for the resiliency work and the sustainability work. And it allows them to try new things and fail fast. And their ability to stay on track without outside interagency coordination is a thing to behold. They really have extraordinary execution performance. So we want to thank the chairman for taking us on that tour. And I think the staff, as well as some of the board members that were there, just learned some interesting things.

CATHERINE MCVAY HUGHES: If I can also add that the president of Javits Center also said that the sustainability measures also saved them money on the bottom line. And I know that this is something the Battery Park City Authority is looking at when they're working with the ground lease agreements on the sustainability and the resiliency measures as well. So I just want to -- so they saved a lot of money that was actually tangible.

MARTHA GALLO: Yeah. And they measure the before and the after of their efforts so that they can really demonstrate what's happening with their energy consumption.

GEORGE TSUNIS: Thank you. I wanted to thank both Director Hughes and Director Gallo for taking the time and sort of spearheading this. I've spoken to the Javits team. And we've invited them down to Battery Park City. Whereas Javits is a very, very large building, this is a city within a city. And we deal with intergovernmental challenges. But we need to move with greater dispatch. And that's why I'm very grateful to both of you for sort of spearheading the working committee in working with staff and our professionals. I know we have picked up the pace significantly. And I know we'll continue to do that. But we'll do it fast, but more importantly we'll do it right here. Thank you.

MARTHA GALLO: And for those of you who went to the Javits Center when it opened like I did, and just thought it was a dark gloomy place, you couldn't get a taxi, blah, blah, blah, it is a completely different experience, completely different experience. So I would encourage people to give it another chance.

CATHERINE MCVAY HUGHES: And it has an amazing view [INAUDIBLE] as well.

MARTHA GALLO: Yes. Yeah.

GEORGE TSUNIS: Thank you. Our policy on prequalification of vendors, Abby Goldenberg?

ABBY GOLDENBERG: Mr. Chairman. The issue of the Authority's policy on its selection and use of prequalified vendors came up at our last board meeting. And I promised that we would have something for the board's consideration today. So wanted to make good on our promise to do that. It's on the agenda today just for discussion because I thought it was really important that we get all of your feedback first, and to the extent that there was feedback that warrants additional sort of thinking or editing on the policy, I wanted to give us time to be able to do that.

In trying to decide the best path forward on this policy, we thought why reinvent the wheel. So our first step was to go to other authorities and agencies, and take a look at what they do, and see if there was anything to learn or model from. The policy that we have ended up with here for your consideration is one that largely was informed by ESD and [INAUDIBLE] policies. So we learned a lot of good approaches from those folks. I'll give you just some of the highlights of how this policy differs from our existing policy. Obviously the objective here is to create a policy for prequalified vendors that allows us as staff members to be as sort of nimble as possible in a world in which these vendors are used for emergencies or projects that need to be done quickly without long RFP processes. We wanted to make sure that the policies served that need, but also balanced the desire to make sure that we had internal controls and sufficient reporting to the board, so that we can all be aware of the use of these vendors.

So the first sort of major change in this policy from the prior policy is that the board would be presented with the entire prequalified list at the time of the proposed establishment of that list. As it is now, the board doesn't actually see that list in sort of a

holistic way at all. It comes to the board as those contracts get past the ordinary thresholds. But I thought it would be important and useful for you all to know sort of at the outset, this is our list of prequalified engineers, this is our list of prequalified counsel, etc., etc.

So the first difference is that the board would be presented at the outset a list of all of the vendors that were a result of the RFP process and a proposed list of prequalified vendors. And then the requested approval at the time that the board was presented that would be for approval to allow the staff to enter into contracts throughout whatever the sort of timeframe for that panel is. So for example, if I want to prequalify a legal panel for two years, I would ask for approval from the board at the outset of during that two years I would like to be able to enter into contracts on an as needed basis with this list, and that the amount that would be sought from the board approval-wise would either be an aggregate amount or an amount not to exceed the line item on the annual budget for that work. As it is now, we make best guesses as to how much we're going to use for each vendor, but they really are just guesses, and that's why I think we've ended up in some instances where we're coming back to you frequently to try and sort of right the ship. It turned out we needed more over on that side and not as much on that side.

So this gives us the ability to have sort of a more holistic view of it and give you information about what it's going to be on an annual basis in the aggregate. That way if Gwen needs an engineer more often than she needs a general contractor, we have some flexibility in that. But in order to balance then the checks and balances, and the internal controls, we wanted to make sure that it wasn't -- that the board didn't just see the list at the outset, that there was a regular reporting. So we did add a component so that on a quarterly basis we would provide reports to the board indicating our usage to date for each of the prequalified vendors, so that the board is aware of sort of how that allocated aggregate amount is being used.

Some other sort of highlights of the policy that I think were important to us as staff, is that there's also the question of, okay, now you've got your panel, what are the criteria that we want to assign work from that panel. In that regard there are in this policy a number of criteria that must be considered at the time, not only that we enter into a contract, but when we're actually giving work. So for me, obviously if I have a case that I want to assign to a counsel, I would evaluate the criteria set forth in this policy, draft a memo commemorating the evaluative process, and go from there. In Gwen's world, she has the world of sort of bids to know how each vendor proposes to approach the work and the pricing on the work. And so obviously those bids would be considered in accordance with those criteria in the policy.

I think those are the sort of main talking points. I'm anxious to hear any of your feedback to the extent you have any. We really tried hard to craft something that worked for everybody. But obviously any feedback is greatly appreciated.

GEORGE TSUNIS: Any questions for Abby?

CATHERINE MCVAY HUGHES: I have one question, which is, once you have this list, how often do you evaluate the list of the pre-qualifications? Is it every five years?

ABBY GOLDENBERG: So I think it depends on the project. I mean for me, I think with our counsel, we want to have sort of as robust a list as possible 'cause we never know what's going to walk in the door. But we also don't want to be doing an RFP annually and making these vendors go to the trouble of an expense of doing that and us go to the trouble. So I think it varies project to project. What's in my head for my prequalified legal counsel would be a three year term with a possibility to extend for a fourth year. But that sort of assumes sort of a large panel so that we don't get caught without the ability to respond to any needs. I don't know if Gwen, you've given any thought to how often you want to establish these lists.

GWEN DAWSON: I think the same [INAUDIBLE] right now we do it every two years. And I think that's a little too short. So I think that taking it out to a third year with an option in the event that there's something going on that we have to extend it so that they can finish a project would be a good one.

ABBY GOLDENBERG: The other thing to just sort of understand is that if for example we end up with a need that is something that isn't on Gwen's list or isn't on my list, nothing precludes us from doing another procurement in the ordinary course, whether it be a discretionary procurement or another RFP. If we got some real specialized need on Gwen's end and none of her prequalified folks were qualified to do the work, nothing stops us at that point from sort of doing what we already do, which is look for someone with that specialized ability.

LESTER PETRACCA: I guess my question is, with your preapprovals how would you add to that list? I mean there's always vendors out there that come into a particular market that might be of value to us. So if you have this predetermined list for a three-year period, how would you go about reaching out to new vendors? Or you would not?

ABBY GOLDENBERG: I mean again, I think the sort of concept of the prequalified list is that we do the procurement, the heavy lifting of the procurement, and get it out of the way. I mean I think you make a good point, which is if there's somebody else who enters the industry who we want to use, how do we make sure that we're not losing the opportunity. I think that could be done then on another procurement.

GEORGE TSUNIS: Well you can also update the prequalified list, those that are on the prequalified list. Then we're assuming that that's a sufficient list at the beginning of the project. Those will remain there. But there's nothing to keep us from augmenting it down the road if there's a need or merit. I'm not saying that will happen with frequency. But the question is, if there is an additional need or if there is someone who's qualified and can add benefit or delta to the process, we can augment the prequalified list by just prequalifying someone else.

ABBY GOLDENBERG: Right. We would have to just follow the ordinary procurement process for it though. We would have to still justify that that vendor's prices are appropriate and that they have -- it's a discretionary procurement, follow the steps in that scenario. But as a sort of practical matter, that's how we would augment that list.

GEORGE TSUNIS: And I think about it this way, I don't want to get into legal legal never never land, but suppose there is a company that we've been doing business with that has exited this line of business, which does happen from time to time. There has to be some sort of mechanism where we can replace and such. There could be a scenario we're not happy with a particular vendor's work and we may want to look at other options.

LESTER PETRACCA: I think a lot of it would have to do with how many vendors you had in a particular category as well.

ABBY GOLDENBERG: That's right.

LESTER PETRACCA: So you could have somebody fall out and you could get a very real company soliciting wanting to do work for you.

ABBY GOLDENBERG: That's right.

LESTER PETRACCA: And I don't know why you would want to preclude them if they were qualified. So I'd just point that out. 'Cause we just --

GWEN DAWSON: Lester, if I can also add that in terms of the work that we do, this would apply only to the on call work that we currently do with engineers, construction managers, GCs, and if anything else were to come up that we wanted to handle that way. But these are generally speaking small to medium sized projects that we use the on calls for or emergency time sensitive projects. So we still do the regular procurements for our other projects. And so that would give an opportunity for anyone who is coming into the market to be afforded an opportunity to work with the Authority.

LESTER PETRACCA: So basically you'll play it by ear depending upon how many you have. And if they're all good current standing, then you'll keep them. And in the event that somebody falls out or you feel that you don't have sufficient number of vendors to go to, then you'll add them I guess as you go along. The only other point is, and I think we discussed this too, from the legal perspective, certain legal services, which I'm sure Luke could speak to this point better than I, are pretty easy to estimate. Litigation is generally next to impossible. And so from the litigation standpoint, we talked about maybe treating your attorneys a tad differently. Or you did talk about reporting quarterly. And I think the board members would all want to hear about each new litigation that comes about and what's the nature of it. So I'd just point that out as well.

ABBY GOLDENBERG: Absolutely. Yeah. I think the reporting piece of this is important, both with regard to the sort of expenditure, both for Gwen and I, or any other

staff member who decides that prequalified list is the way to go. But I think it raises a good point which is we should also do at least quarterly reports on pending litigation.

LESTER PETRACCA: I think the prequalified and -- I mean me personally -- and the aggregate is a great step in the right direction, rather than playing this game with trying to balance. And I know that we just came out of an audit committee where we'll be looking at procurement and making sure there are checks and balances that are in place.

GEORGE TSUNIS: Thank you. Are there any other questions for Abby?

ABBY GOLDENBERG: So I guess the question here is, we have a policy, we had only put it on for discussion today 'cause I rather anticipated that there were going to be sort of follow up steps in a world in which there are -- doesn't seem to be any edits suggested. I don't know how the board would feel about just adding it as a corporate action.

GEORGE TSUNIS: Is there a motion for it?

LESTER PETRACCA: So moved.

GEORGE TSUNIS: Second?

MALE: Second.

GEORGE TSUNIS: All in favor?

ALL: Aye.

GEORGE TSUNIS: Carried unanimously.

ABBY GOLDENBERG: Thank you.

GEORGE TSUNIS: Thank you. That brings us to our pre-audit presentation for fiscal year ending October 31, 2018. Ms. Frederick?

PAMELA FREDERICK: Yes [INAUDIBLE]. We have our independent auditor here, Warren Ruppel, who will walk us through and review the annual pre-audit. And the presentation is in the book.

WARREN RUPPEL: Thank you very much. The purpose of us getting together with the [INAUDIBLE] really to briefly describe the scope of our audit [INAUDIBLE] and also to ask you for any input that you may have into the audit process. So with that said, I'll just go into the materials that's separated into tabs. The first tab is just some contact information for myself, others who are on the team. We have tax people here. We also do the 990 return for the conservancy. So that's why we included tax expertise on the team.

Some of the required communications that have I have to go through with you are contained in the second tab. So I'm going to turn to that. And basically remind you that our audit's performed in accordance with US generally accepted auditing standards as well as government auditing standards. We do both a six-month review of the financial statements for the six-month period ended April 30th, and then do the audit for the full year ended October 31st. The April 30th financial statements haven't been issued because the finance folks have been waiting for an actuary report to be issued for some OPEB benefits which I'll go into in a little bit of detail. So we expect those to be issued shortly now that the information's been received.

ANTHONY KENDALL: Quick question, why did we do a review and then an audit?

WARREN RUPPEL: The review is just for a six-month period.

ANTHONY KENDALL: But I'm saying, why do we do that?

WARREN RUPPEL: That's just the service that the Authority has requested historically. I think that goes back a long period of time.

MARTHA GALLO: Anthony, what's on your mind?

ANTHONY KENDALL: I'm just not sure what's the benefit of it. We don't need to discuss it now, but I don't understand the benefit of you doing an audit for a six-month period and you doing a review for six -- I mean an audit for the 12-month period and review for the six-month period. I'm not sure of the benefit. I understand additional cost, but I don't understand the benefit.

LESTER PETRACCA: Do any of our finances or fundings require a six-month review and then a final audit once a year? No?

WARREN RUPPEL: Not that I'm aware of.

LESTER PETRACCA: Okay.

PAMELA FREDERICK: I'd have to look at this --

LESTER PETRACCA: That could be a possibility.

PAMELA FREDERICK: Yeah.

ANTHONY KENDALL: If it's required, then you're right. But if it's not required, I'm not sure --

GEORGE TSUNIS: So we're reviewing something that we're already auditing.

WARREN RUPPEL: Well we're reviewing the first six months of the year and then that'll be included in the audit of the full year.

[OVERLAPPING CONVERSATION]

PAMELA FREDERICK: As opposed to quarterly unaudited. It's we do a semi-annual.

[OVERLAPPING CONVERSATION]

LOUIS BEVILACQUA: Is that quarterly or every six months? Is it just the six month --?

WARREN RUPPEL: It's every six months --

LOUIS BEVILACQUA: It may be worthwhile having the review. It's a little less than the full audit. But if we're going to file 'em, I think we'll all be comfortable thinking that the accounts have been done [INAUDIBLE] that first level of review.

LESTER PETRACCA: Especially if somebody's examining it with some detail, right?

ANTHONY KENDALL: But a review is not required? Is a review required when you file [INAUDIBLE]

PAMELA FREDERICK: I'm sorry?

ANTHONY KENDALL: Is a review required when you file these reports with [INAUDIBLE] or not?

PAMELA FREDERICK: I have to check the bond resolution to see if they have a semi-annual requirement. I'm not certain of that. We can circle back on it.

MARTHA GALLO: Warren, do you have a point of view? Do you think it's a best practice? Do you think it's extra work? What's your advice to us?

WARREN RUPPEL: In terms of best practice, I would say the other public authorities that we deal with, city, mostly city and some state, do not have it. But I know historically here it's been a practice for the Authority to get it. And I guess at some point in time there must have been a desire to have that level of comfort over the six month information.

CATHERINE MCVAY HUGHES: One question, how much more do we pay for this audit?

[OVERLAPPING CONVERSATION]

WARREN RUPPEL: Our engagement letter is the last tab. But I thought someone might ask that, so \$17,700. Continuing on, we'll be doing the financial statement audit in December, early December. And that needs to be reported to the state by the end of

January to meet your requirements under the public authorities accountability act. And then I mentioned we also did a 990 return for the conservancy.

MARTHA GALLO: Warren, can I just ask one more question on that review. So there are reviews and there are reviews. What kind of review is this? Are you testing accounts? Are you doing any level of detailed testing?

WARREN RUPPEL: No. We're not doing -- no, we wouldn't do a detailed testing in there. It's a segue into historically when the authorities implemented a new accounting standard, they'd done it during the review cycle, kind of as a way to get into it. And then it's already implemented then when you come to the audit, which is kind of what the plan is for the GASB 75 statement that's going to be --

MARTHA GALLO: Okay. Thank you.

WARREN RUPPEL: So that brings us to the discussion, item number three, on GASB 75. This is related to OPEB benefits, postemployment benefits other than pensions. And the accounting rules for that have changed, and requires you essentially to record any unfunded liability that you have for these OPEB benefits, present value of the projected benefits. Calculations are done by an actuary. The Authority's engaged Milliman to do those calculations for you. And that'll basically result in the Authority recording approximately a \$40 million liability for those OPEB benefits on its balance sheet. And the prior year statements will be retroactively restated to reflect that liability as well.

MARTHA GALLO: That \$40 million number, that represents how many employees over what kind of years?

WARREN RUPPEL: So I don't have the number. I just got the report yesterday.

MARTHA GALLO: And it's an unfair question.

WARREN RUPPEL: Yeah. But [SOUNDS LIKE: Carl], I don't know if you have that.

CARL: It handles all -- I believe it handles all the people that work at the Authority, all the employees.

WARREN RUPPEL: And folks who have retired and their postemployment benefits.

DONALD CAPOCCIA: Should we assume there's an offsetting entry to that 40 million?

WARREN RUPPEL: Well most of OPEB plans are pay as you go. So there's no money set aside -- well there's --

[OVERLAPPING CONVERSATION]

MALE: So it's basically an unfunded liability.

WARREN RUPPEL: Not basically. It is.

[OVERLAPPING CONVERSATION]

WARREN RUPPEL: The Authority has amounts on its balance sheet that it's designated for paying these benefits, but they're not legally required to use those assets for these benefits. So this will result in an additional liability reported.

MARTHA GALLO: Pam, you were saying there's a reserve that we --

PAMELA FREDERICK: Yeah. So we're not required to fund it. But in the last few years in the statements I reviewed, we're 100 percent fully funded through a reserve. We don't have -- it's not set aside as a trust. And a trust would actually segregate those assets from the authority from state regulatory perspectives. And it's something we're looking at. There are only two state entities, it's the MTA and LIPA, that have trusts. We were actually reviewing this with the actuary today. And we've done a little background work on that. They have the right to do that through their enabling legislation. They're the only two. But from a statewide perspective, it's not something that authorities have the right to do unless they get that legal and regulatory ability to do it, legislative I guess it would be called.

GEORGE TSUNIS: So this \$40 million -- did you refer to it as a reserve, that could theoretically be raided. It could be used for other purposes other than OPEB liabilities --

PAMELA FREDERICK: Yes. I thought you said rated. But yes, raided.

MARTHA GALLO: R-a-i-d.

PAMELA FREDERICK: Yes. So from a protective perspective, trusts are better. I think they're also better from an investment perspective. And that's why we're -- because of the state law 98 that we've gone through with the investment side that is very restrictive, when you put it in a trust you have a broader investment umbrella that you can use and have greater returns to pay for those future liabilities. And so it is something that I think the Authority has looked at in the past and something that we're sort of looking at again now, is there a way to either through our enabling legislation or some other means to create a trust. At this point we haven't seen where we have a path to do that. But it's something we're investigating.

LOUIS BEVILACQUA: And these are defined benefit plans, not defined contribution plans?

PAMELA FREDERICK: This is the medical -- other postemployment benefits, as opposed to defined benefits which would be the New York state pension, and defined contribution would be what we call voluntary VDC, defined contribution basically. So the pension is separate from this liability. And last year from a plan asset basis and where

we have it today, I think we're at about 38 million. And we have that actually in a reserve account. And as you say, it's not a protected reserve.

GEORGE TSUNIS: Why don't you coordinate with counsel's office to see how we can set that up as a trust.

PAMELA FREDERICK: Yeah.

LOUIS BEVILACQUA: And B.J., this goes to some of the issues we've talked about, about the funds we have at the end of each year, what does it go to, what don't we keep it here and use it for Battery Park needs including this. And whatever happens in the event that the state can take back --

PAMELA FREDERICK: The city.

LOUIS BEVILACQUA: The city, the property. They can take back the assets, what happens to the liabilities if they take back the assets.

PAMELA FREDERICK: The liabilities have to be addressed as well prior to them exercising the option.

LOUIS BEVILACQUA: As we know, with the unfunded liabilities and pensions today, it's the biggest problem that every municipality's going to face in the long run.

GEORGE TSUNIS: We're very unusual in that we have a reserve. So theoretically we're fully fended. And that's incredibly responsible. But let's make sure that that reserve becomes sort of a lock box. Because there's a lot of people who would be retiring who will be counting on that money.

PAMELA FREDERICK: Yeah. So we'll work with counsel, general counsel's office.

GEORGE TSUNIS: Thank you. Are there any questions, other questions, Ms. Frederick?

PAMELA FREDERICK: Not on [INAUDIBLE]. Warren I think has to go through a couple more tabs.

GEORGE TSUNIS: Warren?

WARREN RUPPEL: A few more required things to go through.

GEORGE TSUNIS: Go ahead.

WARREN RUPPEL: One is the discussion of the significant estimates that are inherent in the financial statements. So those are listed as item six. On the allowance for uncollectable receivables, last year there was a million and a half dollar allowance reported. So we'll look at whatever allowance is reported that this year ran and test it for

subsequent collections, aging, looking for any specific large items that are getting old in terms of their aging. We'll also look at the calculation of the fair value of the interest rate swap agreement. Last year was a negative 18 million dollars. That's reported on your balance sheet. So take a look at the fair value calculation this year. We'll also take a second look at the recoverability period of fixed assets. All your fixed assets are depreciated over their estimated useful lives. So we'll make sure that we continue to believe that those estimates of depreciation are reasonable.

The OPEB liability and expense I already mentioned. But just be aware, inherent in that calculation there's a number of assumptions about the healthcare cost trend rates and discount rates, etc., that you've determined with the help of an actuary. So we'll be looking at those estimates. And then the pension benefits, you don't really get much of a chance to do an estimate here. Because it's basically numbers that are given to you by the state retirement system. But those estimates that are done by the retirement system are recorded in your financial statements and basically represent the net present value of all the pension benefit -- your slice in the state plan of the present value of all the accumulated benefits less the assets of the state pension plan. So that's already been recorded in your financial statements, but we'll review that process as well.

At the end of the audit we'll report to you any adjustments that were made to the financial statements, any adjustments that were not recorded 'cause they were deemed to be immaterial. We'll report any unusual items, disagreements with management, or difficulties in performing the audit. We usually get great cooperation from Pam, Carl, Jason, and the team. So we expect that to continue. And we really have ongoing communications throughout the year on issues and things. We're anticipating new accounting standards as they come up.

I mentioned some inquiries regarding fraud. Those are listed in item number nine. We have a laundry list of items that we look at in terms of fraud and governance, which I'm not going to ask you all these questions. But for the members here, I'd like to ask you if you have any knowledge or suspicion of fraud at the Authority and whether you're aware of any activities under the whistleblower provisions that you have in place.

ANTHONY KENDALL: [INAUDIBLE] I'm sure [INAUDIBLE] so we just met literally before this meeting. Unfortunately we didn't invite you guys. We should have. You probably want to have an audit committee meeting with the auditors so you can ask those particular questions. And anything that we may know, we can share with you.

WARREN RUPPEL: Yeah. In terms of the next audit committee --

GEORGE TSUNIS: We can -- do they have to be noticed? Okay. What's the notice requirement?

FEMALE: [INAUDIBLE]

GEORGE TSUNIS: Okay. We'll notice one hopefully for next week. I appreciate -- I have no knowledge of anything like that. But I appreciate the concerns. What are you doing sitting all the way over there?

ANTHONY KENDALL: 'Cause I have to leave. That's all.

GEORGE TSUNIS: Okay.

[LAUGHTER]

GEORGE TSUNIS: It's a strategic sitting.

[OVERLAPPING CONVERSATION]

GEORGE TSUNIS: I often have those thoughts.

[LAUGHTER]

WARREN RUPPEL: I mean we normally do this presentation as well as the post-audit presentation outside the Authority with the audit committee. So I don't think that's anything out of the ordinary.

GEORGE TSUNIS: I'm going to respect my colleague's wishes and we'll do that audit committee, please. You want to continue on or --

ANTHONY KENDALL: We could take this all in the audit committee and report back to the full board.

GEORGE TSUNIS: Yep. Thank you. Okay.

DONALD CAPOCCIA: One question.

GEORGE TSUNIS: Yes, Don.

DONALD CAPOCCIA: Now Warren, the 87 that will go into effect next December on lease reporting, is that going to have a significant impact on our reporting?

WARREN RUPPEL: Yes.

DONALD CAPOCCIA: Is there anything we can do -- and that will be next year, correct?

WARREN RUPPEL: It doesn't have to be next year. It's for fiscal years beginning after December 15, 2019. So your fiscal '21 -- that would be your fiscal '21 year-end. It's a lot of work. It's similar to a standard that's in place in the private sector, the FASB standard that companies are grappling with implementing. But in the GASB world, not only do

you have to do leases where you have obligations under the lease agreements, you also have to do leases where you're [INAUDIBLE] and you're collecting rent. So for the Authority's calculations, I don't look to be significant.

DONALD CAPOCCIA: And that will be reported as a current present value of the streamed lease payments?

WARREN RUPPEL: Correct. That'll be report -- on the receivables side you record the net present value of all the -- of the future minimum lease payments. You continue to report the asset on your --

DONALD CAPOCCIA: [INAUDIBLE] massive change to our balance sheet.

WARREN RUPPEL: Correct.

[OVERLAPPING CONVERSATION]

DONALD CAPOCCIA: [INAUDIBLE] the real impact of that, right? We certainly don't want the city coming and looking for that.

WARREN RUPPEL: We've had calculations with the folks on how to do that because it's a big data gathering. So the plan is to do some sample leases, different types of leases, and kind of review them together, and then come to agreement, instead of whether all the data is being captured. And then they can move forward --

DONALD CAPOCCIA: Are you guys a part of this year's audit or no?

WARREN RUPPEL: No, no --

DONALD CAPOCCIA: No, that's last year. So you'll be looking at next year. Okay. Thank you.

GEORGE TSUNIS: Are there any additional questions for Warren or Pam? Thank you. Approval of the budget for fiscal year ending October 31, 2019, B.J.?

B.J. JONES: Yes. I'd like to turn your attention to the big screen behind you, Mr. Chairman. We'll walk through some highlights.

GEORGE TSUNIS: It's a big screen.

B.J. JONES: It is a big screen for us and the folks that are watching at home on the live stream. So this presentation will go over the high points of the numbers, but I also wanted you to see what me and the -- what I and the staff had in mind as we prepared this budget for you. This slide is just to highlight some of the metrics that reflect the range of our operations and responsibilities here. Perhaps the header should have been, did you know, question mark. 300 trashcans emptied multiple times a day from our parks user study.

Almost half a million people visit our parks. We compost 20,000 pounds annually here. Our allied ambassadors issue over 10,000 reports in a year on a variety of conditions. Our maintenance team takes care of over five miles of bench slates. And our special education work readiness program that we do in conjunction with P226, we have 32 students, and from that program have our first hire this year in our parks operations department.

Over 1,600 piles remediated to date, about another 1,600 to go. About 3,700 tons of garbage compacted a year here. 65,000 participants in park programming events. And our MWBE goal for the year, that reflects over \$8 million in payments to MWBE funds. 1,300 bulbs planted in 2018. And over 1,000 community center members now at our operation at Stuyvesant High School, a 250 percent increase since 2016 when we started making some changes. So by no means is this a comprehensive picture, but I hope gives you an idea of what we're about.

Some highlights from this past fiscal year, and you'll see a little bit more about this in the presentation, but our excess revenues for the year are approximately 194 million. I'll talk about the allocation between the city's general fund and the joint purpose fund. But per the settlement agreement, about 153 million of that goes to the city general fund, and a little over 40 million will flow to the joint purpose fund, which will support affordable housing in the city. Our total receipts for the past year are approximately 298 million, 10 million more than projected. We funded 68.8 million to bond funding requirements. Catherine, an answer to your earlier question, the 2013 A senior bonds mature in 2032. And the 2013 CDE junior bonds mature in 2043. Thank you. And we had an operating budget of 27.7 million this past year and are coming in under that at 27.1 million.

Okay. So driving a lot of the projects and operations in the coming year, this kind of summarizes the themes that touch on the variety of functions that we perform. Certainly we have our eye on resiliency and continuing to accelerate our efforts there. We are in the final stages of our capital plan approval process with the city and are eager to lock that down and finance it. We are working with this board and several buildings to preserve rental housing and expand affordability where we can. We're also going to be reasserting ourselves on the sustainability front with a number of projects geared towards our own practices, but also energy efficiency incentives for the broader neighborhood.

Going to continue investing in cultural program services and art installations to make our spaces even more welcoming, and taking lessons learned from our recent parks user study as we do so. We are in the middle of and will continue to work on finalizing a strategy to address the master lease term, and work on an enhanced framework for our security services, both with an eye towards safety, but also customer service. And continuing on our preventative maintenance capital projects. And we're really going to focus on mobilizing this organization to act with urgency on all of these goals.

This is a list that the team has put together of projects that we are going to be working on in the next year, covering again kind of the range of goals that you saw on the previous slide. On the upper left hand side it's a cluster of the resiliency projects. And if you read further down, you can see some of the sustainability initiatives that we have on our radar

screen. And then over on the right hand side, in addition to ground rents and financing and lease terms, we have a range of capital projects and service initiatives, as well as some internal operations procedures to tighten things up both on the internal control side and also on the human resources side where we've been working on strengthening controls and also modernization.

Okay. This is a summary of the revenues looking at the budget FY '18 receipts on the left, the actual in the middle, and proposed for this coming fiscal year. We're projecting 306 million about in overall receipts, a little higher than fiscal year '18. And the blue section of the bar is kind of the majority of those receipts, which is no surprise, it comes predominantly from pilot, but also ground rent.

And this is the breakdown of the source of those receipts. The left hand pie chart shows a little bit more of the receipts come from residential buildings, but not far behind are commercial buildings. And then we have some revenue from other sources like hotels and the marina. And on the right hand side it just shows the change year over year among those categories. And the driver of increases for commercial and residential properties is primarily the city's property assessments and the impact on pilot as a result.

Our budgeted expenditures matching the 306 million, about 37 percent of that funds our debt service and operations. We'll show you a little bit more on that in a couple of slides. And then 63 percent is that excess revenue that we've been talking about, most of which goes to the general fund, but also a portion goes to the joint purpose fund.

FEMALE: How long is that settlement agreement in place for?

B.J. JONES: So the settlement agreement is -- so right now the funds for the joint purpose fund are being allocated based on a 2010 settlement agreement amendment. And that will continue until the funding obligation in that agreement is satisfied, which is another two to three years. At that point funds continue to go into the joint purpose fund. And they'll sit there until the city comptroller, the mayor, and us, agree on a new source for those joint purpose funds to be directed. So the settlement agreement with the city basically says that after we fund our operating expense and debt obligations, that the excess money should go to the city and will be apportioned based on how our revenues come in. So this past year our revenues came in about 79 percent from pilot, the rest from ground rent and other sources. And so that's how the excess revenues are divvied up.

Of the 193 million projected in excess revenues for FY '19 for example, about 79 percent of that will go towards the city's general fund, 153 million. And the other portion, which is about 40 million, will go to fund the joint purpose fund. And as I was saying earlier, in 2010 the city and the Authority agreed on how that money would be spent. An \$861 million commitment was outlined, with 200 going to the state, 200 going to the city, 200 going expressly for affordable housing, all three of which have now been funded by the Authority. And what remains is the NYC pay as you go capital fund, which the city is drawing down on to go towards affordable housing as well. That one we have satisfied 172 million of the 261 million obligation and expect to pay that down in the next two to

three years, closer to three, at which time we'll all have to get together to decide where those resources should go.

DONALD CAPOCCIA: That amendment was done when, in 2010?

B.J. JONES: In 2010.

DONALD CAPOCCIA: 2010. Because the original charter, original lease said that every penny was to go to affordable housing, correct?

B.J. JONES: The original -- the enabling legislation envisioned a significant affordable housing component to Battery Park City --

DONALD CAPOCCIA: In 2010 they got nothing --

B.J. JONES: And then -- and they got very little. And that was because money that flowed to the city for affordable housing was fungible and the city found other needs for it. And so under the Bloomberg administration, that amendment was done to lock down the affordable -- at least some affordable housing funds so they couldn't be moved.

DONALD CAPOCCIA: They have to report back to us now on the joint purpose fund, that in fact it is being used for that purpose?

B.J. JONES: No.

CATHERINE MCVAY HUGHES: But if the city wanted to, they could spend the entire amount on affordable housing.

B.J. JONES: Yeah. So the general fund component is at the city's discretion --

CATHERINE MCVAY HUGHES: It's up to the city to decide what they want to spend it --

[OVERLAPPING CONVERSATION]

B.J. JONES: Correct. And some of that could be going to affordable housing, for example, yeah. But we don't have a say in that. And then so back to looking at the big picture for our piece of the pie, so to speak, our expenditures, the biggest piece as we've been noting is for our debt service, which we're projecting to increase this coming year to fund our new and expanded capital, plan. But you can also see in blue our proposed operating expense budget, which is a 1.38 percent increase to just over 28 million from last year. And this is how it breaks down just in terms of the whole pie and all of our various units, just to give you an idea of scale. Our maintenance budget for example, the lower left hand slice, is about 3.6 million. Our operations budget is about 4.3 million, which --

FEMALE: This is out of the 27 million?

B.J. JONES: This is out of the 28 -- this is out of the 28.1 million that we're proposing for FY '19. And you can see a little sliver, the community center for example, we invested about \$200,000 in keeping that going at Stuyvesant High School. So a real variety in what goes on here. And we hope that this -- we expect that this budget will keep us going with momentum to accomplish the projects that I talked about earlier.

Just to talk about the FY '19 capital budget, which again is under review by the city, we have a list of projects ahead of us for the year. These are some of the major ones that are on our list. And thanks to the team here, the vast majority of these projects are either underway or procurement has been initiated for them. And so we'll keep at it. And once we get city approval, go full force. So those are the high points of our FY '19 budget request. Do you have any questions?

LOUIS BEVILACQUA: The resiliency projects, \$3.6 million, that does not sound aggressive.

B.J. JONES: That's the projected spending because we're embarking on the design and engineering projects this year. We have a significant resiliency budget for the construction component of that. Gwen, you want to chime in further?

GWEN DAWSON: Yeah. This is just to cover 2019, which will consist exclusively of the design and engineering. We won't actually start construction in 2019.

B.J. JONES: So that will go up significantly like when ball fields construction will start sooner and then building up on top of that with South Battery Park City and the other projects.

MARTHA GALLO: Gwen, is that aggressive enough, 2019, a year of planning? And I know it's complex, blah blah, blah blah, blah blah. But what are the interim milestones? There's a theme here, right, for me. [LAUGHTER]

GWEN DAWSON: It seems like a long time. I understand that. However, as we've discussed before, there are a lot of steps along the way, not only the engineering and having to do the moorings, and determine what's underground, and figure out the correct approach, and do the hydrological studies. But we have a lot of, as B.J. mentioned, a lot of interagency coordination, approvals, permits that have to be obtained. And based on prior experience with those types of efforts, this is -- we are on an aggressive schedule. And that still doesn't leave us really any prospect of being able to begin construction in 2019.

The other thing too is we want to make sure that we have it right. We want to make sure that the design is the right design, and that we don't have any surprises that come up during construction that we didn't discover during the design and engineering process, that we then have to go back and correct. So I understand that we would like to -- I mean

we all would like for it to go faster, but practically speaking there's -- it's just very difficult to make it go any faster than that.

MARTHA GALLO: What's your estimate of what's built in already as acceleration of normal timelines? 'Cause look, I just think the agencies are going to have to work differently, and so are we by the way. So change the people or change the people. What do we gotta do to work differently, have it more of a sense of urgency, etc.? 'Cause I worry it's just another year before we begin to process is just another year before we begin to progress. And look, kudos, some of the projects that you do have up there are starting to chip away, pieces of this. But what do you think is already -- is it 50 percent acceleration of what you could expect normally from an interagency --

GWEN DAWSON: I would say that the schedule that we have together and the plan that we have together, probably has a 25 to 30 percent acceleration in it over what we would typically do under other circumstances. We also, once we have a design -- this also includes a very robust community outreach and community involvement effort, which we have to allow time for as well. Because at the various stages and steps, as you understand, we have meetings, we have feedback, then we have to incorporate the feedback into whatever the design is. Once we get the design completed, we also have to go through a procurement to retain a contractor to actually build it. So there's a lot jammed into that what turns out to feel like a very short year.

B.J. JONES: The good news in regards to the interagency difficulty is that for both of the projects that we've now kicked off, we've already had all of the major players around this table. And that kind of meeting can take a year to plan. And we've already been able to get their interest and engagement. But I think the point you raised earlier, Martha, and also you raised it at the South Battery Park City meeting, is an important one. If we do come to a point where there's disagreement, we need an efficient process to be able to make a determination on how to move forward so that we're not lost in endless debate --

GEORGE TSUNIS: [INAUDIBLE] quagmire.

B.J. JONES: Yeah. And so that will be -- I think that will be the test too.

MARTHA GALLO: I think the resiliency committee -- Catherine and I [INAUDIBLE] - - we've got to have some transparent reporting on milestones, and where are we, and blah, blah, blah.

GEORGE TSUNIS: On deliverables.

MARTHA GALLO: And deliverables. And look, I don't want to use the community as an excuse for slowing this down. I think the community issues have been about us getting it sort of ass backwards. Doing work and then telling them, ta da, this is what we've decided to do. And I think you and the team have done an extraordinary job lately of changing that process around and so we can accelerate some of that. The community are

not experts in many of these things. And I think we're going to need to, yes, build their trust, but we're going to have to move this sucker along.

CATHERINE MCVAY HUGHES: Just so you know, today is the six-year anniversary of Superstore Sandy, just to remind everybody at the table. And on Saturday it was just a little northeasterly. And I don't know how many of you actually track the buoy at the Battery. But it gives you an indication of where we're at, which is roughly an extra two and a half, three feet. And you could see the water slopping at Wall Street on the East River Esplanade. I have photographs of it along the East River Esplanade. And I understand at Pier 26 where the kayak dock is and Hudson River Park Trust, their dock was damaged because it raised so much. And I have pictures from over there which was about less than a foot from slopping over. It could have been 10 inches, 8 inches, I don't know exactly, I wasn't there.

But this hurricane season is about to come to an end. It's not over yet. But as we said before, FEMA is \$25 billion in the hole. FEMA needs -- they're not sure where it's going to go. It expires on November 30th this year. And we have a whole 'nother hurricane season ahead of us.

GEORGE TSUNIS: I think what they're saying -- and I want to put an end to this discussion 'cause we have a lot to cover -- I think we all have to get together and figure out how to work on multiple tracks and just sequence things better. If it's a resource issue, if it's more resources for design work. But we have to think of how to expedite this. And Gwen, I know you said it's -- well a year is not a long time to sort of plan this and everything. We're actually going into year seven. I think I'm sensing the frustration here. And it is perhaps arguably our greatest fiduciary duty and responsibility as a board to Sandy-proof Battery Park. So I appreciate everyone's gusto.

MARTHA GALLO: If we need more staff, for instance, or different kinds of people, and this budget of 28 million needs to go to 30 million, so we get the right kinds of resources, we need to hear that.

B.J. JONES: We'll be back. But this includes some additional resources to help us with that --

MARTHA GALLO: Well we want to fire on all cylinders with the highest caliber --

B.J. JONES: We will happily take you up on that.

DONALD CAPOCCIA: How many people do you have on your staff who are just dedicated to this project?

GWEN DAWSON: Right now I've got three.

DONALD CAPOCCIA: So six, would six make a difference?

GWEN DAWSON: Yes.

DONALD CAPOCCIA: So that's, I mean, these numbers are --

[OVERLAPPING CONVERSATION]

GEORGE TSUNIS: This is partially solvable. B.J., you said that there are some FTEs that we allocated --

B.J. JONES: This includes additional FTEs for Gwen's shop in particular --

GEORGE TSUNIS: We're about to vote on the 2019 budget. And that included some FTEs in this. So this is -- we've contemplated it in the conversation.

B.J. JONES: And we'll come back if we feel that there's more needed. But we've asked for more this year because of that.

MARTHA GALLO: Gwen, do you feel like you've asked for the middle of the ground? Do you feel like you're doing the minimum on the staffing? If you were to ask that fellow that's very experienced, I can't remember if he's from -- which of our partners he's from. But if you were to ask that fellow that's very experienced, that's worked on similar projects of complex -- would he say that we're well staffed, we've got the right team, etc.? Or would he say, Gwen, you're undercutting it, let's triple those numbers?

GWEN DAWSON: We have looked at that. We have had some outside inputs into kind of the appropriate level of staffing. We think that adding the three additional folks this time around will make a significant difference, which I agree with you is absolutely critical. It's absolutely critical because we don't want to not be able to move because we don't have the people power to do it. And as B.J. said, we're going to be very aggressive. It would please me to no end to be able to come back in six months and say, you know what, we've got this done faster, but we need some more people. Because we also have to -- we can't throw a bunch of new people all at one time. We have to kind of bring them on. So we feel like we're at a good spot with the three we're adding.

GEORGE TSUNIS: Okay. Thank you.

B.J. JONES: I would also like to mention, I didn't mention it during the resiliency update, our community meeting for the South Battery Park City project is November 1st. And on November 19th we have our community meeting for the ball fields project. So we'll also -- so at that point we'll see the full picture.

GEORGE TSUNIS: Okay.

B.J. JONES: Okay. So with that, thank you. I'd like to request your approval of the FY '19 budget.

GEORGE TSUNIS: Do I have a --

DONALD CAPOCCIA: So moved.

GEORGE TSUNIS: Second?

CATHERINE MCVAY HUGHES: Second.

B.J. JONES: Thank you.

GEORGE TSUNIS: All in favor?

ALL: Aye.

GEORGE TSUNIS: Unanimous.

MARTHA GALLO: As long as we think about it kind of as my clothing budget. It could be adjusted. Should the need arise.

[LAUGHTER]

CATHERINE MCVAY HUGHES: As long as [INAUDIBLE]

[LAUGHTER]

MARTHA GALLO: We want to hear it loud and early.

GEORGE TSUNIS: So many comments I can come up with.

[LAUGHTER]

[OVERLAPPING CONVERSATION]

PAMELA FREDERICK: And that we are also pursuing state authorization for increase in our bonding authority in order to fund the projects.

GEORGE TSUNIS: Thank you. Thank you, Pamela. Public art collection update. Mr. Munson?

ERIC MUNSON: Thanks, Mr. Chairman. And good afternoon, members. In response to last month's request for a more comprehensive look at our public art collection, I wanted to give you sort of a four part update as to where we are in terms of fleshing that plan out. The first part of that is a full appraisal of our 14 world-class pieces. That work is going to start in the next few weeks. We are in the process of procuring through a discretionary procurement an appraiser who will look at all 14 pieces, first the site specific environmental pieces, and then directly afterwards the pieces that are more sort of

sculpture based that could theoretically be moved if necessary. We expect that that appraisal will be completed in February of next year, of '19.

And again, just to sort of put a finer point on the appraisal piece, it will consist of two appraisal numbers, the first being what they call an insurance value, so what it would cost to reconstruct the piece, and then the second would be the fair market value. And given the wonderful collection we have, we expect that there'll be a significant delta between those two numbers.

The second piece of this plan is what I would describe as restoration. So think of it as capital work. There are three pieces in our collection that we've identified as needing rather immediate remediation, the Martin Puryear piece that went before you at last month's meeting, Ned Smyth's The Upper Room on the Esplanade, and Mary Miss' South Cove. Those three pieces again will be coming before you for approval on construction work in the months ahead if they haven't already.

And then the third piece is what I would describe as conservation work. So this is just the sort of standard upkeep, management, cleaning of the collection. In the past we have had cleaners maintain some of our bronze and stone pieces. And we're going to be broadening that scope to include the mixed media pieces and the site-specific pieces as well. And then the last piece that I just wanted to flag for you is that in addition to these 14 permanent pieces, we also have or we are building out a robust temporary art pipeline. And so over the past year we've had Animalis Works, Sunrise Sunset Revolution, which has been a very, very successful piece at Pier A Plaza. And in the coming years we hope to sort of build out a pipeline so that one will follow the other in succession, building on some of the artistic themes, etc.

GEORGE TSUNIS: Thank you. Any questions for Mr. Carnegie -- uh, Mr. Munson?

MARTHA GALLO: This is really responsive to what we asked for. Thank you very much.

CATHERINE MCVAY HUGHES: I just want to acknowledge, there's a staff title change for Abby.

ERIC MUNSON: Yes, that's right. So in recognition of the really renewed focus on our public art collection, Abby, who used to be the -- sorry, Abby Ehrlich, who's sitting behind Catherine right now -- used to be the director of community partnerships and engagement, is now the director of community partnerships and public art. And we've also brought on a part timer who has both gallery and public art experience to supplement her efforts to get some meat around this conversation work.

GEORGE TSUNIS: Thank you.

CATHERINE MCVAY HUGHES: So I also wanted to -- Abby's been here now 20 years as well. So I want to commend her for all her work on --

GEORGE TSUNIS: Thank you, Abby.

ABBY EHRLICH: Thank you. It's always a pleasure.

GEORGE TSUNIS: Thank you. We're going to move on to corporate action, item A, Ms. Dawson?

GWEN DAWSON: Thank you. We brought this matter to the board last month. And this is the matter that created the request for the update on the public art collection. And the board had requested that before approving this particular contract, that there be additional information provided about the public art collection. We're bringing it back today in hopes that the information provided by Eric and the process that has been created to create a full understanding of the art collection and its value, that the board would feel comfortable with proceeding with approval of this particular contract for the restoration of the pylons and the glass benches.

As mentioned last month, we did a procurement. We had received three proposals. The highest rated proposer was Deborah Bradley. However Deborah Bradley's cost was a fair amount higher than Community Electric. Community Electric was considered comparably qualified. And so the real property department recommended the entering into a contract with Community Electric for performance of the project for the cost of \$595,925.

GEORGE TSUNIS: Are there any questions for Ms. Dawson?

DONALD CAPOCCIA: So that's to do a restoration of the pylons and the benches, and to light the two prettier pieces?

GWEN DAWSON: Yes.

DONALD CAPOCCIA: Was the artist involved in the lighting design?

GWEN DAWSON: The artist -- it's based on the existing design. It's just a complete --

DONALD CAPOCCIA: The lighting is gone --

GWEN DAWSON: It is -- the only change is that it switched to LED instead.

DONALD CAPOCCIA: I see. Okay.

GWEN DAWSON: So it's just a restoration of the existing --

DONALD CAPOCCIA: Thank you.

GEORGE TSUNIS: So this seems to be a reduction in proposed cost of about \$400,000, or maybe about 42 percent. Are there any additional questions? Can I have a motion, please?

FEMALE: So moved.

DONALD CAPOCCIA: Second.

GEORGE TSUNIS: All in favor?

ALL: Aye.

GEORGE TSUNIS: Unanimous. Thank you. Ms. Goldenberg, item number two, please?

ABBY GOLDENBERG: I'll be very brief. About a year ago we retained Bracewell LLP to assist in providing representation on our cases related to the cleanup following the 9/11 attacks. Since we retained them, we'd actually made great strides towards closing this out. Specifically after many years we finally got the city to agree to our contractual indemnification. So the vast majority of any remaining litigation relates to claims that are now fully indemnified by the city. There are a couple of sort of loose litigation ends to tie up that are outside of that indemnification that's [INAUDIBLE] by the city. So we are simply asking to extend Bracewell's contract for one additional year, with an additional not to exceed amount of \$100,000, which I don't anticipate we'll use, but to just do some litigation cleanup.

GEORGE TSUNIS: Are there any questions? Can I have a motion, please?

FEMALE: So moved.

LOUIS BEVILACQUA: Second.

GEORGE TSUNIS: All in favor?

ALL: Aye.

GEORGE TSUNIS: Unanimous. Item number three, Mr. Munson?

ERIC MUNSON: Thanks, Mr. Chairman. Back in 2015, the Authority entered into a [INAUDIBLE] contract with, at the time it was Allied Barton, now Allied Universal, with two options to renew both for a year. We're now wrapping up those three years at a total contract amount of \$6.3 million. The relationship with Allied has been very, very successful. Real time reporting digitally, a consistent presence in the community, and really made lots of inroads with the community. The one thing that's been lacking has been the ability to actually enforce certain quality of life violations in our parks and public spaces.

As a result of that, under B.J.'s leadership we started a special patrol officer pilot with the New York City Police Department. Due to some delays on the city's side in getting some approvals, that pilot hasn't started until just a few weeks ago. So right now we have special patrol officers in Battery Park City parks patrolling and issuing right now warnings for certain violations. Those warnings will turn into summons in the weeks ahead, which we hope will change behavior overall. But since that pilot has just started, I'm requesting an additional year to engage Allied again at \$2.1 million to judge the efficacy of the pilot and to issue a full RFP for security services for a longer period of time.

GEORGE TSUNIS: Are there any questions for Mr. Munson?

LESTER PETRACCA: Eric, who did they replace?

[OVERLAPPING CONVERSATION]

LESTER PETRACCA: And it's a big, big success, is that correct?

ERIC MUNSON: Agreed. Yes.

LESTER PETRACCA: Thank you.

DONALD CAPOCCIA: I know from previous years that the employees make better than a living wage, I think. You were checking what they're paying the employees?

ERIC MUNSON: Right now the wage is at 14.90. Our contract with them enables us to increase wages for the employees pursuant to collective bargaining agreements and minimum wage laws, which we plan on doing on December 31st of this year, and subsequently on July 1st of next year. Those wages will go to \$15.00 and \$15.50, respectively.

DONALD CAPOCCIA: So we know that a reasonable component of the \$2.1 million increase is going to go to the officers, to the security personnel.

ERIC MUNSON: That's right.

DONALD CAPOCCIA: Okay.

MARTHA GALLO: Are these special patrol officer authorities, are they granted to ambassadors who go to training? Are these people coming from the New York City police? So how does that work?

ERIC MUNSON: Sure. We as an authority were granted 11 sort of slots, so to speak, for special patrol officers. Because we're starting the pilot very small to sort of iron out the kinks, we're starting with a smaller number than that. But Allied has identified a series of supervisors whose names we submitted for background checks, etc. Upon approval from

the NYPD, we then sent those folks to special patrol officer training. It's called the basic peace officer training course that's administered by the division of criminal justice services at the state. When they pass, they were then sworn in as special patrol officers by NYPD. And then they went back to Allied for supplemental training over that, to make sure that they're well equipped to enter the field.

MARTHA GALLO: And is this a brand new thing for Allied? Or is this something they're quite familiar with in other settings?

ERIC MUNSON: So Allied has this in other settings for other clients as well. There's an example of another community in New York City, but those folks are armed. Ours are notably unarmed.

[LAUGHTER]

MARTHA GALLO: The 11 slots, are they per shift? Or are they just an aggregate number of employees?

ERIC MUNSON: That's personnel.

MARTHA GALLO: Okay.

B.J. JONES: And there could an opportunity to adjust the number that would require NYPD approval.

MARTHA GALLO: So if one of these folks is not at the south end where there might be an issue, can our normal ambassadors hold the person while somebody hustles from the north end [LAUGHTER] to the south end? Or do you have to have it --

ERIC MUNSON: Yeah. So the way that we're starting is proactively based on the complaints that we've heard the most of. So based on the parks user study, we've learned that incidentally canine violations are the ones that have been the most intractable in the community over the past three years. And so based on the data that we have from the real time reporting from Allied, we've learned that certain folks continue to violate at the same times and the same places. And so the special patrol officers are going to use that data to inform where they position themselves to issue the summons at the right time. 'Cause again, overwhelmingly folks when asked to change their behavior do. And so for the folks who are not, we're going to then based on that data to ensure that we're targeting this.

B.J. JONES: I'd also add that the NYPD has changed its policing model and now has a neighborhood coordination program. So we have four officers that are dedicated to the Battery Park City area as part of the new zone based approach. And we've established a very close working relationship with them. And Allied in general has forged a close relationship with the NYPD. So they've been very responsive to security and criminal and safety --

MARTHA GALLO: Okay. Thank you.

GEORGE TSUNIS: Could you make the motion, please? So I have a motion to --

ERIC MUNSON: Could I ask for a motion to approve the amendment for \$2.1 million, an additional \$2.1 million and additional year --

DONALD CAPOCCIA: So moved.

MARTHA GALLO: Second.

GEORGE TSUNIS: All in favor?

ALL: Aye.

GEORGE TSUNIS: Carried unanimously. Thank you. Mr. Munson, number D please?

ERIC MUNSON: Back again. So I'm asking for again another year for Sunrise Sunset Revolution, a phenomenal piece of art that's in Pier A Plaza. Our engagement with them included both the sort of installation of that work and then a set period of time to have it be installed. It was always our idea to have this be temporary public art. And it remains our intention to be temporary. But as we work on building out this full public art sort of plan and also the temporary public art pipeline, we wanted an additional year again based on the success of the piece and our capacity internally to keep the piece, so to speak.

MARTHA GALLO: Does this end up going on our list that Abby is overseeing and that we end up having responsibilities to maintain it the longer it stays? And have we thought that through?

ERIC MUNSON: There's a provision in the contract for maintenance. But we do not consider this to be at present part of our permanent collection.

LESTER PETRACCA: Who owns the art?

ERIC MUNSON: I beg your pardon?

LESTER PETRACCA: This company owns the art?

ERIC MUNSON: It's a husband and wife artist team, yes.

LESTER PETRACCA: And we let them put it there at no cost?

ERIC MUNSON: No. I'm sorry. I don't understand the question.

LESTER PETRACCA: Do we pay the artists?

ERIC MUNSON: Yes. We paid the artists.

DONALD CAPOCCIA: I didn't see any dollars on the --

ERIC MUNSON: Oh, I beg your pardon. It's a no cost extension to keep it in place.

GEORGE TSUNIS: Any additional questions?

CATHERINE MCVAY HUGHES: I just want to make a comment for the record that that particular art installation has gotten lots of positive feedback in people at all times of the day, really appreciate it, on that pier.

GEORGE TSUNIS: Any additional questions? So Munson, please make the --

ERIC MUNSON: I'd request authorization for an amendment with Animalis Works LLC for an additional year at no cost to the Authority.

CATHERINE MCVAY HUGHES: Motion.

LOUIS BEVILACQUA: Second.

GEORGE TSUNIS: Carried unanimously. Ms. Dawson, number E, please?

GWEN DAWSON: Yes. We are asking for approval of a contract with a construction manager to manage the community center leak remediation project. And by community center, I mean the community center that's managed by Asphalt Green. The building was built by Millstein Properties. And Millstein Properties was designated the developer of this site back in 2006. There was a coordination with the construction of the community center whereby Millstein provided the space and did the core and shell work for the space. And the Authority performed the interior fit out for the approximately 55,000 square foot community center.

From the outset there were some problems with leakage into the facility, which were reported to Millstein, but which persisted after the site was turned over to Asphalt Green and opened in 2013. Those problems persist today. The Authority retained an engineer, Wiss, Janney, Elstner Associates, back in 2013, to investigate the causes of the water infiltration. WJE then prepared two separate reports, which indicated that there was culpability on the part of the contractor for Millstein. And the Authority entered into negotiations with Millstein at that time. Those negotiations have been somewhat protracted, but we currently have an agreement with Millstein to allow the Authority to have access to the site to perform the repairs that would be necessary in order to address the leakage problems, which at this point include the removal of the terrace overburden above the facility, replacement of the expansion joint, re-waterproofing of the terrace, repairs to and restoration of certain elements of the east facing storefront fenestration system, and installation of a new terrace surface with planters and seeding.

This would be pending a further investigation once the site has been excavated to determine more determinately the exact causes of the infiltration, and subsequent negotiations with Millstein as to an ultimate allocation of financial responsibility for the repair. We performed a procurement and received four proposals for the construction management work associated with the project. Those proposals were evaluated according to the criteria that was established in the RFP. The highest rated firm was the LiRo Group. And once the scoring was completed, the costs were evaluated, and it was determined that LiRo's cost was significantly higher than the second place proposer, M&J. However, upon further analysis, the conclusion that was drawn by the evaluation committee was that M&J did not allocate sufficient hours to the project in order to complete the project adequately. And there was concern also about the way in which the project was being approached.

The management of the project was being divided between three separate individuals. We didn't have the continuity of an oversight person throughout the entire project. Consequently it was concluded that LiRo's cost was reasonable for the number of hours. In fact, if you take the total number of hours that has been proposed by LiRo, 5,704 hours, divide it into the total cost, you have a blended rate that is in fact lower than any of the other proposers. Because the construction management project -- the construction management contract is a not to exceed amount, any amounts that are not needed will not in fact be paid. So it is a ceiling, but if the project can be performed in a more efficient fashion, then those amounts would not be paid out. Consequently the real property department is recommending that the Authority enter into a 15-month contract for the not to exceed amount of \$601,304 with the LiRo Group to perform the construction management services for the leak remediation project.

DONALD CAPOCCIA: The wall at the lower level that serves as a retaining wall, right, it's bermed up, there was a leak there. Is that the excavation you're talking about? Are you going to excavate along that wall? It says storefront assembly in this --

GWEN DAWSON: Right. Where the entrance is on the courtyard that goes off of the ball fields --

DONALD CAPOCCIA: The windows that face the ball field --

GWEN DAWSON: Yes.

DONALD CAPOCCIA: I believe that that room sits below grade, and it's bermed, and there was a problem there.

GWEN DAWSON: Yes.

DONALD CAPOCCIA: So is that -- you mentioned there was going to be an excavation. I don't see that here. Are they excavating or doing something with that wall?

GWEN DAWSON: They will be doing something with that wall. The excavation I'm talking about primarily though is above, is the terrace --

DONALD CAPOCCIA: The removal of the terrace overburden.

GWEN DAWSON: Yes. Because there are additional leaks that are coming into other areas of the facility at this point that are underneath where the expansion joint is. And so that's the area that we want to have our forensic engineer and Millstein's engineer be able to evaluate once everything's been removed.

DONALD CAPOCCIA: So this deal with Millstein is still open --

GWEN DAWSON: Yes.

DONALD CAPOCCIA: -- as to the scope of what needs to be done here to resolve this problem.

GWEN DAWSON: Well, no. The scope has been determined by our forensic engineer and our design engineer, that we really need to change out the waterproofing system on the terrace.

DONALD CAPOCCIA: Well I'm assuming that they haven't found a particular cause, so they're just saying change the whole thing.

GWEN DAWSON: Yes.

DONALD CAPOCCIA: Okay. So if they do find something beyond that though, my question is, is there still a door open with Millstein?

GWEN DAWSON: Yes. If there's something else that needs to be done, then of course, yes.

DONALD CAPOCCIA: Got it. And that wall, that wall has to be -- the last I saw, that was still taking water.

GWEN DAWSON: Yes.

DONALD CAPOCCIA: So that does need -- that is a part of this contract, right?

GWEN DAWSON: It is.

DONALD CAPOCCIA: Okay. All right.

MARTHA GALLO: That's been an issue since we took over the building, right?

DONALD CAPOCCIA: For 10 years. Long time. 10 years?

GWEN DAWSON: Close. About eight.

LESTER PETRACCA: Water is tough. Gwen, just so I understand, if you look at the per hour blended rate, LiRo is much lower.

GWEN DAWSON: Yes.

LESTER PETRACCA: Okay. It's not to exceed. So it would seem to me, to the degree that we control the hours, that we have good control over the hours, we're better served with LiRo.

GWEN DAWSON: Yes.

LESTER PETRACCA: Okay? Even though there's a not to exceed. The capability of the two firms, in discussions with [INAUDIBLE] and the feeling that LiRo was a lot more capable firm in your estimation.

GWEN DAWSON: We certainly felt that LiRo is a more capable firm. Certainly M&J has some good experience. But we felt that LiRo was more capable in this particular case and has done a number of waterproofing projects, which are kind of a specialty area of course when you're talking about construction, different kinds of construction disciplines.

LESTER PETRACCA: Not to exceed, it is a not to exceed, as long as you have some financial backing behind the company doing the work.

GWEN DAWSON: Yes.

LESTER PETRACCA: Otherwise you're kind of, I don't know -- I don't know what expletive to use.

[LAUGHTER]

LESTER PETRACCA: I've got a camera on me, so I'm going to refrain.

GEORGE TSUNIS: Are there any other questions for --

[OVERLAPPING CONVERSATION]

MARTHA GALLO: Gwen, I just don't understand why this isn't Millstein's responsibility, why we're still in the middle of this.

GWEN DAWSON: We certainly think that there is responsibility on the part of Millstein. And that's something that we're leaving open for further discussion. We will have more information that we can then use once we have finished this. We also have a

tenant that we have to -- we have facilities operations that we need to be concerned about as well.

DONALD CAPOCCIA: And who's paying our design fees at this point on this, our engineering fees?

GWEN DAWSON: We are paying.

DONALD CAPOCCIA: We are?

GWEN DAWSON: Yes.

ABBY GOLDENBERG: If I can just -- I'll put a little more color on this, and I'm being careful about my words because I think that someday down the road there's a possibility of litigation here, so I don't want to say too much that would be attorney client privilege in public session. But we believe that Millstein does bear -- should bear a financial burden here. We've been very clear with them as to that. In the meantime we wanted this work to get done. So we spent a great deal of effort trying to negotiate with them a reservation of rights and tolling agreements, so that we are not at all prejudiced by doing this work, with the ability to go back to them, particularly once we have all the forensic information that Gwen's team is going to gather, to go back to them and assert our rights with regard to repayment for this work.

DONALD CAPOCCIA: They deserve a lot of credit for getting that done. Very good.

MALE: You think we've been acting in good faith?

[LAUGHTER]

GEORGE TSUNIS: So let's move on.

ABBY GOLDENBERG: I know that we got an agreement that protects us in terms [INAUDIBLE]

LESTER PETRACCA: One last question, have they weighed in on the scope of the work in any way?

GWEN DAWSON: They have. We had -- when we started our discussions back in 2013 with them, we were looking at a smaller scope of work. And since that time our engineers have determined that there is a possibility that we might miss something. And so we needed to do the more comprehensive scope. I think that Millstein has some questions about whether the entire scope is necessary. But again that will become more evident once we --

GEORGE TSUNIS: Let me ask a question then, has anyone gone inside and see if water has seeped through? Water begets mold.

MALE: Yes. We've seen it.

GEORGE TSUNIS: So does that exist?

MALE: It exists. Yes.

GEORGE TSUNIS: Okay. Then the responsible thing is, let's fix it, being that the public health is at issue here, so let's fix it, and we'll sort it out with Millstein.

ABBY GOLDENBERG: I just want to be clear, 'cause just I think it's important to be clear, we do not have any evidence of mold at this point. But I think your point is well --

GEORGE TSUNIS: Has it been tested? Have we -- okay. I would feel much better personally if we brought in a company that tested it. I'm hoping it's not. But I've seen any time there is water damage and it seeps through, there is certainly a possibility -- now you're not going to know about it until you get behind the wall. If it's behind wallpaper or if it's behind something, it might exist.

GWEN DAWSON: Okay. We'll do that.

GEORGE TSUNIS: Okay. Thank you. Can I have a motion on Ms. Dawson's authorization?

MALE: So moved.

MALE: Second.

GEORGE TSUNIS: All in favor?

ALL: Aye.

GEORGE TSUNIS: Unanimous.

MARTHA GALLO: Well I'm abstaining. I think we paid \$58 million for a community center that was delivered with a defective wall. And I think we've known that for a long time. And we've let it go for a very long time.

GEORGE TSUNIS: Let the record reflect that there's one abstention. Let the record also reflect that Ms. Gallo feels very strongly about this. And I appreciate your comments.

MARTHA GALLO: \$58 million was a lot to spend on that community center.

[OVERLAPPING CONVERSATION]

GEORGE TSUNIS: Can we move on to F, please? B.J.?

B.J. JONES: Last but not last, I'll give you the short version and then please feel free to ask any questions. We currently through a settlement agreement with the city maintain the Eastern Boundary and medians along Route 9A. That agreement, which was entered into in 2015 and subsequently extended in 2017, expires at the end of this month. The city has agreed to extend the agreement one more year with the same terms. And so we are asking the board for approval to extend the Eastern Boundary and Route 9A medians maintenance agreement with the city for an additional year.

GEORGE TSUNIS: Are there any questions?

CATHERINE MCVAY HUGHES: I just want to comment. When I was on the community board, I know that it was a top priority at that time for the Battery Park City committee, that that median and the path was to be maintained. So I think this is a good resolution that the Battery Park City continues to maintain it. Because I think the particular portion next to the memorial that's well-maintained with the roses makes it a respectful boundary.

B.J. JONES: And over the next year we will continue advocating with the city for us to have a longer agreement in place to maintain it in the future.

CATHERINE MCVAY HUGHES: 'Cause it used to be a source of contention.

B.J. JONES: Yes. It was unattended until we were able to get our hands on --

GEORGE TSUNIS: Mr. Jones, I'm beginning to think that we're being viewed as the authority that is responsible to take care of matters.

[LAUGHTER]

GEORGE TSUNIS: Are there any more questions?

MARTHA GALLO: Is this an adequate sum of money for this?

B.J. JONES: Yeah. We've looked at our expenditures over the last couple of years to ensure that it was sufficient for the upcoming year.

MARTHA GALLO: Yeah. It was really well done. It's beautiful.

GEORGE TSUNIS: Do I have a motion, please?

MARTHA GALLO: Motion.

CATHERINE MCVAY HUGHES: Second.

GEORGE TSUNIS: All in favor?

ALL: Aye.

B.J. JONES: Thank you.

GEORGE TSUNIS: Unanimous. And at this point in time I'd like a motion to conduct executive session.

MALE: So moved.

FEMALE: Second.

GEORGE TSUNIS: All in favor?

ALL: Aye.

GEORGE TSUNIS: Thank you all.

DONALD CAPOCCIA: Can I have a motion to close the meeting?

MARTHA GALLO: So moved.

DONALD CAPOCCIA: Second?

CATHERINE MCVAY HUGHES: Second.

DONALD CAPOCCIA: All in favor?

ALL: Aye.

DONALD CAPOCCIA: Okay. Thank you very much.