

HUGH L. CAREY BATTERY PARK CITY AUTHORITY

MEMBERS' MEETING

One World Financial Center – 24th Floor

New York, NY 10281

November 20, 2007

Members Present

James F. Gill, Chairman

Charles Urstadt, Vice Chairman

David B. Cornstein, Member

Frank J. Branchini, Member

Robert J. Mueller, Member

Evelyn Rollins, Member

Andy Shenoy, Member

Authority Staff in Attendance: James Cavanaugh, President and Chief Executive Officer

Alexandra Altman, Executive Vice President and General Counsel

Daniel Baldwin, Senior Development Counsel

Debra Bogosian, Controller

Stephanie Gelb, Vice President, Planning & Design

Antigona Hajdaraj, Special Assistant to the President

Steven E. Harper, Vice President, Safety & Site Management

Carl Jaffee, Senior Development Counsel and Corporate Secretary

Susan Kaplan, Director of Sustainable Development

Wilson Kimball, Senior Vice President, Operations

Susan Long, Vice President, Strategic Planning

Lisa Miller, Vice President, Internal Audit and Compliance

Leticia Remauro, Vice President, Community Relations, Affirmative Action and Press

Robert M. Serpico, Senior Vice President, Finance and Treasurer/Chief Financial Officer

Roy Villafane, Director, Internal Audit

Others in Attendance:

Tessa Huxley, Executive Director, Battery Park City Parks Conservancy Corporation

Michael Alunan, Bona Tierra Realty

Corazon Rivera, Bona Tierra Realty

E. Bruce Barrett, Vice President of Architecture and Engineering, School Construction Authority

Elizabeth Bergin, Senior Director of Capital Planning, School Construction Authority

Sebastian Crociata, Design Manager, School Construction Authority
Debra Gillman-Spicer, Senior Construction Assessment Specialist, School Construction Authority
Lorraine Grillo, Senior Director of Real Estate, School Construction Authority
Ross J. Holden, General Counsel, Vice President, School Construction Authority
Daniel Heuberger, Dattner Architects
John Woelfling, Dattner Architects
Richard Dattner, Dattner Architects
Brian Krapf, George Arzt Communications Corporation
Nick Punto, Tribeca Tribune

The meeting, called on public notice in accordance with the New York State Open Meetings Law, convened at 10:10 a.m.

The first item on the agenda was approval of the minutes of the October 23, 2007 meeting.

Upon a motion made by Mr. Cornstein and seconded by Mr. Shenoy, the following resolution was unanimously adopted:

APPROVAL OF MINUTES OF THE OCTOBER 23, 2007 MEETING

BE IT RESOLVED, that the minutes of the meeting of the Members of the Hugh L. Carey Battery Park City Authority held on October 23, 2007 are hereby approved.

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The next item on the agenda, presented by Ms. Kaplan, was a request for authorization of a contract with West New York Restoration of Ct., Inc. for repair the portion of the North Esplanade behind Stuyvesant High School. Over time, she explained, deterioration to the planters located on the North Esplanade has occurred. These problems include the cracking of granite capstones, loss of mortar in the granite façade, loosening of stones and the separation of the top metal rail from the rest of the planters. In the fall of 2006, she stated, the Authority authorized the consulting firm of Cutsogeorge Tooman & Allen to investigate these problems.

The findings of this investigation and probe as to the causes of the problems were deteriorating waterproofing, poor flashing, and expansion joint problems, Ms. Kaplan continued. To properly effectuate repairs, the materials in the four planting beds have to be partially removed and new waterproofing, flashing, and expansion joints installed. Further, she added, the stone on the stairs and ramps located in the area must be re-set.

In accordance with the Authority's Procurement Guidelines, Ms. Kaplan explained, the work was advertised in the New York State Contract Reporter and names were solicited from the

Affirmative Action Department. Following pre-proposal meetings, proposals were received from three firms, and pre-award meetings were held. She informed the Members that Authority and Parks Conservancy staffs, the project construction manager and the consultant determined that the three proposers all had a complete understanding of the project and included all work in their base proposals, and recommended West New York Restoration of CT., Inc. for the work, as the lowest responsible bidder.

Upon a motion made by Mr. Cornstein and seconded by Mr. Shenoy, the following resolution was unanimously approved:

AUTHORIZATION TO ENTER INTO A CONTRACT WITH WEST NEW YORK RESTORATION OF CT., INC.

BE IT RESOLVED, that in accordance with the materials presented at this meeting, the President of the Authority or his designee(s) be, each of them hereby is, authorized and empowered to enter into a contract (the "Contract") with West New York Restoration of Ct., Inc. to perform the North Esplanade Planter Project for the sum of \$2,256,000; and be it further

RESOLVED, that the President of the Authority or his designee(s) be, and each of them hereby is, authorized and empowered to execute and deliver the Contract on behalf of the Authority, subject to such changes as the officer or officers executing the Contract shall, with the advice of counsel, approve as necessary and appropriate and in the best interest of the Authority, such approval to be conclusive evidence by the execution and delivery of the Contract; and be it further

RESOLVED, that the President of the Authority or his designee(s) be, and each of them hereby is, authorized and empowered to execute all such other and further documents, and to take all such other and further actions as may be necessary, desirable or appropriate, in connection with the transactions contemplated in the foregoing resolutions, and any such execution of documents and any other and further actions heretofore taken are hereby ratified and any actions hereafter taken are confirmed and approved.

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The next item on the agenda, also presented by Ms. Kaplan, was a request for authorization of a contract with Padilla Construction Services in the amount of \$485,200 for renovation of the Rockefeller Park playground. Ms Kaplan explained that the safety surface of the playground area is starting to fail. A consulting firm was retained to inspect the surface and has advised the Authority that the surface should be replaced. The replacement work is best performed in the colder months, so as to minimize interference with use of the playground, Ms. Kaplan advised.

In accordance with the Authority's Procurement Guidelines, Ms. Kaplan explained, the work was advertised New York State Contract Reporter and names were solicited from the Affirmative Action Department. Proposals were received from three firms, all of which are

M/WBE's. Pre-award meetings were held and revisions were requested by the Authority in order to establish a common understanding as to the duration of the work. On that basis, she said, and considering that all of the firms would use the same manufacturer to supply the specified materials, staff recommended Padilla Construction Services, the lowest responsible bidder, for the work.

Upon a motion made by Mr. Branchini and seconded by Mr. Urstadt, the following resolution was unanimously approved:

AUTHORIZATION OF A CONTRACT WITH PADILLO CONSTRUCTION SERVICES

BE IT RESOLVED, that in accordance with the material submitted at this meeting, the President of the Authority or his designee(s) be, each of them hereby is, authorized and empowered to enter into a contract (the "Contract") with Padillo Construction Services to perform the Rockefeller Park Playground Renovation Project for the amount of \$485,200; and be it further

RESOLVED, that the President of the Authority or his designee(s) be, and each of them hereby is, authorized and empowered to execute and deliver the Contract on behalf of the Authority, subject to such changes as the officer or officers executing the Contract shall, with the advice of counsel, approve as necessary and appropriate and in the best interest of the Authority, such approval to be conclusive evidence by the execution and delivery of the Contract; and be it further

RESOLVED, that the President of the Authority or his designee(s) be, and each of them hereby is, authorized and empowered to execute all such other and further documents, and to take all such other and further actions as may be necessary, desirable or appropriate, in connection with the transactions contemplated in the foregoing resolutions, and any such execution of documents and any other and further actions heretofore taken are hereby ratified and any actions hereafter taken are confirmed and approved.

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The next item on the agenda, presented by Mr. Cavanaugh, was designation of The New York City School Construction Authority ("SCA") as the ground lessee and developer of Site 2B. As background for this and the following item on the agenda, also pertaining to Site 2B, Mr. Cavanaugh reminded the Members that Site 2B in the southern portion of Battery Park City, is the only remaining parcel which has not been developed or for which a tenant and developer has not been designated. He stated that Community Board 1, Mayor Bloomberg and Governor Spitzer had expressed their desire for another school serving Lower Manhattan in this area.

Mr. Cavanaugh stated that the SCA has requested that Site 2B be made available to it for the construction of a new public school about 124,000 square feet in size and serving approximately 950 students from pre-kindergarten through grade 8, including about 100 children with special education needs. The Authority staff has been advised by the SCA that funding for the school, with a total estimated project cost of about \$100,000,000, is included in the current

five-year capital plan of the New York City Department of Education, he added. Construction would begin by June of 2008, he continued, and the school would be open for the 2010-2011 school year. Discussions between Authority staff and the SCA contemplate a long-term ground lease of the site, until 2069, consistent with all the Authority's other ground leases, he added, for nominal rent of one dollar per year.

Of importance to the Authority, Mr. Cavanaugh stated, is the SCA's commitment to "green" design. The SCA has its own environmentally sustainable building standards, he explained, and has expressed its willingness to go beyond its own "green" guidelines in order to incorporate some of the Authority's more rigorous "green" requirements including thirty percent energy efficiency, use of waterless urinals, and occupancy/motion sensors in all classrooms to reduce lighting needs. Because the SCA is not prepared to incorporate certain other elements the Authority believes would be desirable in a "green" school building, the proposed ground lease would include a commitment by the Authority to expend approximately \$1,850,000 in order to pay for the possible inclusion of these other building features, he added. They include the installation of photovoltaic cells, air quality improvement measures, aspects of a "green" roof, extensive signage for educational purposes and storm water retention measures. Mr. Cavanaugh informed the Members that funding for these "green" building features would come primarily from the item entitled "Sustainable Energy Conservation Program" included in the 2003 Five Year Capital Program of the Authority approved by the City of New York.

Mr. Gill added that the "green" features of this school will be another first for the Authority well as a first for the City of New York. He stated that high air quality in the building is especially important, providing children with a healthier environment.

Mr. Holden of the SCA thanked the Authority for working with the SCA in planning for the school to be located in Battery Park City. Next, Mr. Dattner gave a power point presentation describing the school's location, its "green" features, and its floor plan.

Mr. Urstadt asked why the construction costs for this school seem to be high. Mr. Holden responded that recently, costs of materials and contractors have risen because of the increase in development within the city. Furthermore, he added, the \$100 million estimated cost of the school includes many items other than construction itself, including the design, the SCA's supervision, and the wrap-up insurance program. Mr. Dattner noted that additional costs also arise from the facts that the building is basically a vertical, rather than a horizontal one, and is being built without a cellar since it is situated in a flood plain. He maintained that this would be a cost-effective building.

Mr. Urstadt also inquired into how the costs are elevated due to Wicks Law and "Green Guidelines" requirements. Mr. Holden explained that the SCA is exempt from Wicks law. Ms. Kaplan stated that the incremental "green" costs for this building would be 2.6 percent and in response to an inquiry from Mr. Branchini, Ms. Remauro noted that that the cost of "green" building has recently been reduced significantly from prior levels.

Upon a motion made by Mr. Cornstein and seconded by Mr. Shenoy, the following resolution was unanimously approved:

DESIGNATION OF SCHOOL CONSTRUCTION AUTHORITY AS DEVELOPER OF SITE 2B

BE IT RESOLVED, that in accordance with the materials presented at this meeting, the Authority hereby designates The New York City School Construction Authority as the ground lessee and developer of Site 2B for the purpose of construction of a public school thereon; and be it further

RESOLVED, that the President of the Authority or his designee(s) be, and each of them hereby is, authorized and empowered to take such actions on behalf of the Authority, with the advice of counsel, as are necessary and appropriate and in the best interest of the Authority to implement this resolution.

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The final item on the agenda, also presented by Mr. Cavanaugh, was the authorization to enter into an agreement with Battery Place Green LLC to pay for the relocation of the Site 3 construction trailers and sales office. Mr. Cavanaugh informed the Members that in October of 2006, the Authority entered into a use permit with Battery Place Green LLC, an entity controlled by The Albanese Organization (“Albanese”), allowing occupancy of a portion of Site 2B. The permit was for the construction and operation of a sales office for condominium apartments in the building being constructed by Albanese on Site 3. Because the school’s projected opening date of September, 2010 is predicated on the SCA obtaining full use of Site 2B by June 1, 2008, Albanese has agreed to attempt to relocate its facilities from Site 2B into the building on Site 3 as it is being constructed, prior to the June 1 date. However, because Albanese has the right to remain on Site 2B until a later time, when the building is open to the public, and because the relocation costs will be substantial, Albanese’s offer to relocate its facility is conditioned upon payment of these costs by the Authority.

The expenses are estimated to be in the range of \$3,200,000, Mr. Cavanaugh continued, reporting that the SCA has agreed to pay for one half of these capital expenses. In response to an inquiry by Mr. Cornstein seeking further background of this matter, Mr. Cavanaugh explained that the unanticipated expenditure has been approved by the offices of the Mayor and the City Comptroller, and noted that in effect, payment of the relocation expenses will be made with money which would otherwise go the City. He stated that a year’s delay in opening the school might cost the City more than \$3,200,000 in increased construction costs, that Authority staff has approved Albanese’s budget for this matter, and that only reasonable costs, based on regular reviews of spending reports, will be paid for.

In response to inquiry from Mr. Mueller, Ms. Altman explained that because Albanese will perform all of the relocation work itself, the Authority’s procurement procedures are inapplicable. She also noted that the relocation of the sales facility will cause considerable inconvenience to the developer.

In response to inquiry by Mr. Urstadt about the original decision to permit Albanese to use a portion of Site 2B for their sales center, Mr. Jaffee explained that this location was the

only one available in Battery Park City for such a facility. He further stated that Albanese is paying fair market value to rent the land, and that Albanese had expended substantial sums to construct model apartments and sales facilities in a temporary structure on the site.

Mr. Cornstein noted that the urgency in having the school complete by September, 2010 is actually for the SCA's benefit and the entire cost should therefore be derived from that entity's budget. Mr. Urstadt asserted that the arrangement by which Albanese was granted use of Site 2B should have been pursuant to a license, revocable by the Authority.

Upon a motion made by Mr. Branchini and seconded by Mr. Shenoy, the following resolution was unanimously approved:

AUTHORIZATION OF AGREEMENT TO PAY FOR RELOCATION OF SITE 3 FACILITIES

BE IT RESOLVED, that in accordance with the materials presented at this meeting, the President of the Authority or his designee(s) be, each of them hereby is, authorized and empowered to enter into an agreement with Battery Place Green LLC (the "Agreement") to pay for the relocation of a sales office and construction trailers utilized in the construction of a residential building on Site 3 in order to facilitate the timely construction of a school building on in Site 2B by the New York City School Construction Authority; and be it further

RESOLVED, that the President of the Authority or his designee(s) be, and each of them hereby is, authorized and empowered to execute and deliver the Agreement on behalf of the Authority, subject to such changes as the officer or officers executing the Agreement shall, with the advice of counsel, approve as necessary and appropriate and in the best interest of the Authority, such approval to be conclusive evidence by the execution and delivery of the Agreement; and be it further

RESOLVED, that the President of the Authority or his designee(s) be, and each of them hereby is, authorized and empowered to execute all such other and further documents, and to take all such other and further actions as may be necessary, desirable or appropriate, in connection with the transactions contemplated in the foregoing resolutions, and any such execution of documents and any other and further actions heretofore taken are hereby ratified and any actions hereafter taken are confirmed and approved.

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There being no further business, the meeting thereupon adjourned at 11:05 a.m.

Respectfully submitted,

Carl D. Jaffee
Corporate Secretary