

HUGH L. CAREY BATTERY PARK CITY AUTHORITY

Meeting of the Members
One World Financial Center, 24th Floor
New York, NY 10281
July 20, 2010

Members Present

William C. Thompson, Jr., Chairman
Frank J. Branchini, Member
David B. Cornstein, Member
Robert J. Mueller, Member (by telephone)
Andy K. Shenoy, Member
Fernando A. Mateo, Member

Authority Staff in Attendance: James E. Cavanaugh, President and Chief Executive Officer
Alexandra Altman, Executive Vice President and General Counsel
Daniel Baldwin, Senior Development Counsel
Lauren Brugess, Administrative Assistant
Megan Churnetski, Assistant General Counsel and Assistant
Corporate Secretary
Gwen Dawson, Director of Strategic Planning
Sidney Druckman, Director, Special Projects
Allyson Ford, Special Counsel
Stephanie Gelb, Vice President, Planning & Design
Antigona Gjini, Special Assistant to the President
Steven E. Harper, Vice President, Safety & Site Management
Robert Holden, Vice President, Human Resources &
Administration
Gayle M. Horwitz, Chief Operating Officer
Carl D. Jaffee, Senior Development Counsel and Corporate
Secretary
Susan Kaplan, Director, Sustainability
Wilson Kimball, Senior Vice President, Operations
Karl Koenig, Controller
Lisa Miller, Vice President, Internal Audit and Compliance
Stan Molinski, Director, Information Technology
Leticia Remauro, Vice President, Community Relations,
Affirmative Action and Press
Robert M. Serpico, Senior Vice President, Finance and
Treasurer/Chief Financial Officer
Antony Woo, Vice President, Construction

Others in Attendance: Tessa Huxley, Battery Park City Parks Conservancy
Betty Chin, Battery Park City Parks Conservancy
Marie Cornielle, Battery Park City Parks Conservancy
Vince McGowan, Battery Park City Parks Conservancy
Randy Tancer, Battery Park City Parks Conservancy

Julie Shapiro, Downtown Express
Brian Krapf, George Arzt Communications, Inc.
Hope Goldstein, Marks Paneth & Shron LLP
Rob Lyons, Marks Paneth & Shron LLP
Camden Ackerman, Senator Sheldon Silver's Office

The meeting, called on public notice in accordance with the New York State Open Meetings Law, convened at 10:15 a.m.

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The first item on the agenda was the approval of the minutes of the June 15, 2010 meeting.

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

APPROVAL OF MINUTES OF THE JUNE 15, 2010 MEETING

BE IT RESOLVED, that the minutes of the meeting of the Members of the Hugh L. Carey Battery Park City Authority held on June 15, 2010 are hereby approved.

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The next item on the agenda, presented by Ms. Miller, was a request to approve proposed amendments to the Procurement Guidelines ("Guidelines").

At this time, Ms. Miller explained, Management is seeking to update the Guidelines in two respects. First, she stated, the Guidelines must reflect the fact that the position of Chief Operating Officer ("COO") has been re-established by enabling the COO to have signing authority over contract amounts. The position of COO previously had signing authority up to the amount of \$150,000, she explained. Therefore, she said, Management recommends that the Guidelines be amended to delegate authority to the COO to sign contracts or other obligations of the Authority up to the amount of \$150,000.

Additionally, Ms. Miller continued, the Guidelines provide that an increase in a contract amount of more than 50% of the amount originally approved by the Contract Selection Committee ("CSC") must be approved again by that committee. This provision does not cover the situation where a contract amount is amended a second time and increases beyond 50% of the last amount previously approved by the CSC, she stated. Therefore, Management recommends, as a matter of internal control that each time a contract amendment will increase the total contract amount by more than 50% of the amount last approved by the CSC, the department proposing the increase must appear before and present to the CSC the justification for the increase.

In response to inquiries by Mr. Branchini and Mr. Shenoy, Mr. Cavanaugh and Ms. Miller explained the internal routing process required for execution of Authority contracts, through several departments prior to contract execution, and the make-up of the CSC.

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

AUTHORIZATION TO AMEND THE PROCUREMENT GUIDELINES

BE IT RESOLVED, that the Procurement Guidelines of the Authority dated February 23, 2010 in the form presented to this meeting, be amended at Section D (3)(e) to state: "Contracts for amounts, up to and including \$150,000, shall be approved by the Chief Operating Officer"; and be it further

RESOLVED, that the Procurement Guidelines of the Authority be amended at Section D (3)(h)(i)(1) to state: "each time a contract amendment will increase the total contract amount by more than 50% of the amount last amount approved by CSC, the department proposing the increase must appear before and present to CSC the justification for the increase. No such increase to the contract amount shall be effective unless and until it is approved by the CSC"; and be it further

RESOLVED, that the Procurement Guidelines as hereby amended be and hereby are, approved; and be it further

RESOLVED, that the Corporate Secretary of the Authority be, and hereby is, directed to file the Battery Park City Authority Procurement Guidelines with the minutes of this meeting.

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The next item on the agenda, presented by Mr. Holden, was a request to authorize eligible Authority employees to elect to avail themselves of the 2010 early retirement incentives offered by the New York State and Local Employees' Retirement System ("NYSLRS").

Mr. Cavanaugh explained that the Governor had recently signed into law an early retirement incentive for certain public employees who are members of the NYSLRS and that participation by Authority employees would require the approval of the Members.

The program has two distinct parts, Mr. Holden explained. Part A is a targeted incentive, pursuant to which employers must identify eligible titles. Part A provides eligible employees, who are at least fifty years old and who have a minimum of ten years of service credit in the NYSLRS, with one additional month of service credit for each year of service credit as of the date of retirement. Part B is not targeted and allows members who are at least age 55 and who have 25 years or more of service credit to retire without a benefit reduction. Generally, he explained, an employee who retires before the age of 62 receives a reduced benefit.

If an employer decides to offer Parts A and B, eligible employees may only choose one of the options, he continued. According to NYSLRS, the Authority currently has 24 employees who may be eligible for the Early Retirement Incentive. In an effort to determine the level of employee interest in the incentive management had discussed the benefits in detail with all 24 eligible employees. Of this group, he said, four employees are eligible for both Parts A and B but would benefit most from electing to take Part A. Therefore, he concluded, Management recommends adopting only Part A of the Incentive.

In response to inquiry by Mr. Branchini, Mr. Holden explained that there is one employee who was eligible for Part B and not Part A but, he stated, that employee was not interested in retirement at this time. In light of this, Mr. Branchini suggested that the Members authorize both Parts A and B in case that employee should change his/her mind. Mr. Holden noted that the resolution to be voted on by the Members would reflect that suggestion.

Next, Mr. Holden explained that in order to participate in Part A, the Authority is required to either eliminate targeted positions or develop a savings plan which demonstrates that replacement employees' base salaries result in a minimum savings to the Authority of fifty percent of the targeted employees' combined base salaries during the following two years. Further, in order to adopt Part A, the Authority must establish an open period during which the eligible employees can retire and are entitled to the Early Retirement Incentive benefits. Management is proposing a 90-day open period which starts two weeks from August 3rd and runs through October 31st, the last day of the Authority's fiscal year.

At the conclusion of the open period, NYSLRS will calculate a cost for each employer participating in the incentive plan. Employers may choose to pay the cost in one lump sum or in five annual installments due on February 1, 2012. In response to inquiry by Mr. Thompson, Mr. Holden explained that it is less expensive to pay the cost in one lump sum.

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

PROVISION OF RETIREMENT INCENTIVE

BE IT RESOLVED, that the Hugh L. Carey Battery Park City hereby elects to provide the benefits of Parts A and B of Chapter 105 of the Laws of 2010, commencing on August 3, 2010 for all eligible employees who retire with an effective date of retirement set during the ninety day period beginning with and immediately following the commencement date and who are otherwise eligible for such benefits as specified by Parts A and B of Chapter 105 of the Laws of 2010.

* * *

Next, Mr. Cavanaugh explained that the following three items on the agenda relate to Pier A, and that Management therefore thought the timing was appropriate for a short PowerPoint presentation on the progress of the Pier A project, involving a \$30 million restoration of a facility which has been vacant for more than 20 years. Mr. Cavanaugh then introduced Gwen Dawson, Project Manager for Pier A, who gave a presentation on the progress that has been made at Pier A.

In her presentation, Ms. Dawson reminded the Members that they approved the four Phase III contractors in January. By April, three of the four contracts were finalized and signed, she explained. There were issues concerning the scope of work for the general contractor agreement, for which the approved contractor was McGowan Builders, Inc. ("McGowan"). McGowan determined that there were a number of items in the scope of work which it had not included in its pricing and therefore withdrew as the general contractor for Phase III, leaving the Authority in the position of having to issue an RFP for a replacement.

Also during this time, she continued, it became apparent that the construction manager, phbCatalyst, had put together a work plan and set up resources that were not sufficient to address the needs of the project. Consequently, Management decided to replace phbCatalyst, she stated. Management immediately brought in the Authority's on-call construction manager, the LiRo Group ("LiRo"), to take over as construction manager.

Responses to the RFP for the replacement general contractor are due on July 30th, the same day that supplemental responses from the four finalists of the Authority's requests for qualifications for a tenant for Pier A are due, she said.

In response to inquiry by Mr. Cornstein, Ms. Dawson explained that it is unusual that two contractors would leave/be removed from a job in such short proximity to each other. A discussion followed concerning this occurrence and the review of bids for completeness and price.

Mr. Cavanaugh stated that Management is confident that the Authority will remain within the \$30 million budget that the City has allocated for this project. If the bids come in higher this time, then the Authority will scale back its plans for the plaza adjoining the pier.

In response to an inquiry by Mr. Branchini, Ms. Dawson explained that the Authority lost about four months on the project as a result of the change in construction manager and general contractor.

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The next item on the agenda, presented by Mr. Baldwin, was a request to authorize the issuance of an amended Negative Declaration stating that the proposed HVAC system will not have a significant impact on the environment.

Mr. Baldwin reminded the Members that in 2008, as a prerequisite to entering into a long-term lease with the City of New York for the redevelopment of Pier A, the Authority conducted a detailed environmental review of potential impacts associated with the redevelopment. That review was conducted with the assistance of Jacobs Edwards & Kelcey ("JEK"), the Authority's environmental consultant, and Sive, Paget & Riesel, the Authority's environmental counsel, he stated. In May 2008, he continued, the Environmental Assessment Form and associated studies were presented to the Members who authorized the issuance by the Authority of a Notice of Determination of No Significance stating that the Pier A project will not have a significant impact on the environment (the "Negative Declaration").

The Authority is proposing an amendment to the Negative Declaration because the original study assumed that there would be a conventional HVAC system, Mr. Baldwin explained. The Authority has subsequently analyzed alternative HVAC systems and determined that, for reasons of energy efficiency and the protection of the historic integrity and aesthetics of Pier A, the optimal means for providing heating and cooling would be through the use of a closed loop river water heating and cooling system (the "Closed Loop System"), which will be an integral part of the pier's HVAC system. Therefore, he stated, the Authority must supplement and amend the original environmental study to do an evaluation of the Closed Loop System.

The Authority conducted a review of the potential environmental impacts associated with the construction and operation of the Closed Loop System, focusing on the potential environmental impacts upon natural resources, waterfront revitalization and cultural resources, Mr. Baldwin explained. The detailed analyses were mainly performed by HydroQual, Inc., JEK's subconsultant for matters related to water resources. The Authority's environmental review indicates that the Closed Loop System would not have a significant impact on the environment, he proclaimed. In accordance with SEQRA, the Authority intends to issue a supplemental Environmental Assessment, substantially in the form presented in the Members' materials, he reported.

Mr. Baldwin therefore requested that the Members authorize the issuance of an amendment to the Negative Declaration, stating that the Closed Loop System will not have a significant impact on the environment. The Authority, acting as lead agency for the review of the environmental impacts, will then submit this to the New York Department of Environmental Conservation as a supplement to the Authority's permit application for this system, he said.

In response to an inquiry by Mr. Thompson, Ms. Dawson explained that although she has not yet received the final pricing from the HVAC contractor, based on the initial estimates from the construction manager, she believes this Closed Loop System will actually be less costly than the open loop system originally in the budget.

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

APPROVAL OF, AND AUTHORIZATION TO ISSUE, AN AMENDED NOTICE OF DETERMINATION OF NO SIGNIFICANCE RELATED TO INSTALLATION AND OPERATION OF A RIVER WATER HVAC SYSTEM AT PIER A

WHEREAS, in the first part of 2008, Battery Park City Authority (BPCA), acting as lead agency, prepared an environmental assessment, in accordance with the State Environmental Quality Review Act (SEQRA) (the "Original Assessment"), regarding the potential impacts of a contemplated project for Pier A, and to allow for the execution of a long-term lease agreement between BPCA and the City of New York to restore the Pier to a condition in which it could be fit-out by an end user or users (the Project"); and

WHEREAS, the Original Assessment indicated that the Project would not have a significant impact on the environment; and

WHEREAS, the Members reviewed the Original Assessment in accordance with SEQRA, and on May 6, 2008, authorized the issuance by the Authority of a Notice of Determination of No Significance stating that the Project will not have a significant impact on the environment (the "Negative Declaration"), which was issued on the same date; and

WHEREAS, the Original Assessment stated that "energy demand for the project consists of the building load for heating, ventilation and air conditioning ("HVAC") systems, and for lighting and other electrical power. Scenarios A and B would require upgrades to the existing electrical service and distribution systems. All necessary upgrades would be coordinated with Con Ed"; and

WHEREAS, while not explicitly stated in the Original Assessment, it was assumed that the HVAC system would be a conventional system, and alternative systems therefore were not considered at that time, with the result that neither the Original Assessment nor the Negative Declaration issued on May 6, 2008, addressed the possibility of a river water HVAC system; and

WHEREAS, as part of the ongoing restoration effort, BPCA subsequently analyzed alternative HVAC systems and determined that, for reasons of energy efficiency and the protection of the historic integrity and aesthetics of the pier and the site, the optimal means for providing heating and cooling for Pier A would be through the use of a River Water Heating and Cooling System ("Proposed System"), which will be an integral part of the pier's HVAC system; and

WHEREAS, because neither the Original Assessment nor the Negative Declaration addressed the possibility of the Proposed System, BPCA conducted a review of the potential environmental impacts associated with the construction and operation of the Proposed System (the "Supplemental Environmental Assessment"), focusing on the potential environmental impacts of the Proposed System upon natural resources, waterfront revitalization and cultural resources, which are the specific categories of potential impacts, among all the factors considered in the SEQRA analysis as reflected in the Original Assessment, that are implicated in the installation and operation of the Proposed System;

WHEREAS, as detailed in the Supplemental Environment Assessment, no significant adverse impacts would occur as a result of the Proposed System; and

NOW, THEREFORE, BE IT RESOLVED, that, in accordance with the materials presented to the meeting and filed with the minutes hereof, the Members of the Authority hereby approve, and authorize the issuance of, an Amendment to the Notice of Determination of No Significance for the Project, substantially in the form presented at the meeting.

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The next item on the agenda, presented by Mr. Woo, was a request to authorize an amendment to the on-call contract with the LiRo Group to increase the total authorized amount by \$570,713 from \$200,000 to \$770,713 and to extend the term through October 31, 2011, in order to coincide with the completion and wrap-up of the Pier A project.

As Ms. Dawson previously explained, Mr. Woo stated, once the Authority determined that phbCatalyst's resources and work plan were inadequate to meet the needs of the project, the Authority assigned the project to LiRo under its existing on-call construction management consultant agreement. LiRo began performing on May 3, 2010, concurrently with the termination of phbCatalyst's contract, he said.

LiRo has now presented an additional proposal of \$570,713 for continuing to provide construction management services through completion of the Pier A restoration work, in addition to the original contract amount of \$200,000. Consequently, he explained, the revised amount of the on-call contract would represent a net increase of \$290,377 over and above the amount of the original phbCatalyst contract.

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

**AUTHORIZATION TO AMEND CONTRACT WITH THE LIRO GROUP FOR
ADDITIONAL CONSTRUCTION MANAGEMENT SERVICES FOR THE
RESTORATION OF PIER A**

BE IT RESOLVED, that the President of the Authority or his designee(s) be, and each of them hereby is, authorized and empowered to execute an amendment (the "Amendment") to the On-Call Construction Management contract with the LiRo Group (the "On-Call Contract"), to enable LiRo Group to provide Construction Management Services for the Pier A Project through completion of the restoration by increasing the total amount of the On-Call Contract by \$570,713, from \$200,000 to \$770,713, and by extending the term of the On-Call Contract through October 31, 2011, in order to coincide with the completion and wrap-up of the Pier A Project; 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 Amendment on behalf of the Authority, subject to such changes as the officer or officers executing the Amendment 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 Amendment; 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 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. Woo, was a request to authorize an amendment to the contract with Crana Electric ("Crana") for the Pier A Phase III Core & Shell Electrical Work, in the amount of \$116,187, bringing the total contract amount from \$1,432,346 to \$1,548,533.

As Ms. Dawson previously explained, Mr. Woo stated, McGowan withdrew from the project on May 5, 2010. While the general contractor work is currently being rebid, there is now an opportunity to proceed with electrical excavation work, which will allow the preparatory site work and trenching to be completed by the time that the replacement general contractor is in a position to begin work, he said. Because the electrical excavation work has been removed from the general contractor's scope of work, the cost of reallocating this work to Crana will be offset by a reduction in the general contractor work scope and costs, he declared.

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

**AUTHORIZATION TO AMEND CONTRACT WITH CRANA ELECTRIC FOR
ADDITIONAL ELECTRICAL WORK FOR THE RESTORATION OF PIER A**

BE IT RESOLVED, that the President of the Authority or his designee(s) be, each of them hereby is, authorized and empowered to execute an amendment (the "Amendment") to the contract with Crana Electric, Inc. for the Pier A Phase III Core and Shell Electrical Work, increasing the total amount of the contract by \$116,187, from \$1,432,346 to \$1,548,533; 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 Amendment on behalf of the Authority, subject to such changes as the officer or officers executing the Amendment 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 Amendment; 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 are hereby ratified and any actions hereafter taken are confirmed and approved.

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The final item on the agenda, introduced by Mr. Cavanaugh, and presented by Ms. Kimball, was a request to authorize a contract with Sam Schwartz Engineering ("Sam Schwartz") to perform Pedestrian Management Services for an amount not to exceed \$1,222,000.

Mr. Cavanaugh noted that this item grew out of a recommendation from Speaker Silvers' West Street Pedestrian Safety Task Force, of which the Authority is a member.

Then Ms. Kimball explained that the Lower Manhattan Development Corporation ("LMDC") requested that the Authority establish and implement a public safety program at the intersections of Warren and West Street, Murray and West Street, and Albany and West Street to facilitate safe pedestrian circulation. She noted that this request is largely due to the increased construction activity at the World Trade Center site, the opening of the Goldman Sachs Headquarters, the return of students to Stuyvesant High School in the fall and other developments in Battery Park City.

On June 24th 2010, Ms. Kimball continued, the LMDC Board approved \$922,000 for the program with the understanding that an additional \$300,000 will be authorized prior to year's end. In total, she stated, the amount to be paid by LMDC would total \$1,222,000. The funds expended under this program will either be reimbursed by LMDC to the Authority or paid directly from LMDC to the service provider but in either event, the funds will come from LMDC, not the Authority, she explained.

Proposals were received from five firms, she reported. The Authority conducted interviews with four of the five bidders because the fifth bidder did not appear at its scheduled interview. The two lowest bidders were eliminated because they did not meet the requirements of the RFP, which required some law enforcement experience as well as pedestrian management experience of the individuals providing pedestrian management services, she said. The next lowest and most responsive bidder was Sam Schwartz.

In response to inquiry by Mr. Branchini, Ms. Kimball explained that Management did not choose the lowest bidder because based on discussions with LMDC, the Mayor's Office and numerous other organizations, Management determined that previous law enforcement experience and pedestrian management experience were very important.

In response to inquiry by Mr. Mateo, Ms. Remauro stated there is a twenty percent goal with regard to minority workforce participation.

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

AUTHORIZATION OF CONTRACT WITH SAM SCHWARTZ ENGINEERING FOR PEDESTRIAN MANAGER SERVICES

BE IT RESOLVED, that in accordance with the materials submitted to this meeting, the President of the Authority or his designee(s) be, and each of them hereby is, authorized and empowered to execute a contract (the "Contract") with Sam Schwartz Engineering for Pedestrian Managers services for an amount not to exceed \$1,222,000; 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 are hereby ratified and any actions hereafter taken are confirmed and approved.

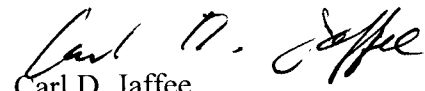
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The meeting then recessed until the conclusion of a meeting of the Directors of the Battery Park City Parks Conservancy. After the Members' meeting resumed, upon a motion made by Mr. Cornstein and seconded by Mr. Branchini, the Members voted unanimously to enter Executive Session for the purpose of discussing the proposed lease of real property

pursuant to Section 105(h) of the Open Meetings Law. Mr. Mueller recused himself from participating in the executive session.

Following a preliminary discussion, the Members voted to adjourn the executive session until 3 p.m. on July 27, 2010. The executive session re-convened at that time. No actions were taken by formal vote at the executive session and such session and the meeting adjourned at 3:55 p.m.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Carl D. Jaffee", written in a cursive style.

Carl D. Jaffee
Corporate Secretary