

HUGH L. CAREY BATTERY PARK CITY AUTHORITY

Meeting of the Members
One World Financial Center, 24th Floor
New York, NY 10281
December 4, 2012

Members Present

Dennis Mehiel, Chairman/CEO
Frank J. Branchini, Member
Donald A. Capoccia, Jr., Member
Fernando Mateo, Member
Carl Mattone, Member

Authority Staff in Attendance: Demetrios A. Boutris, President
Megan Churnetski, Assistant General Counsel and Assistant Corporate Secretary
Gwen Dawson, Senior Vice President, Asset Management
Anne Fenton, Deputy Operating Officer
Carl D. Jaffee, Senior Development Counsel & Corporate Secretary
Kevin McCabe, Assistant to the President
Matthew Monahan, Senior Vice President, Public Information
Robert M. Serpico, Senior Vice President, Finance and Treasurer/Chief Financial Officer
Kirk Swanson, Internal Control Officer and Chief Contracting Officer
Phyllis Taylor, Executive Vice President/General Counsel Chief Administrative Officer

Others in Attendance: Tessa Huxley, Battery Park City Parks Conservancy
Therese Loeb Kreuzer, Downtown Express
Nancy Buivid, Member of the Public
Steven Greer, Battery Park City TV
Liz McCabe, Resident
Camden Ackerman, Senator Sheldon Silver's Office
Carl Glassman, Tribeca Tribune
Jessica Terrell, Tribeca Tribune
Andrew Catapano, Willis
Christopher Franks, Willis
Alex Littlejohn, Willis
David Passman, Willis

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

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The first item on the agenda was the approval of the minutes of the October 23, 2012 meeting. Upon a motion made by Mr. Capoccia and seconded by Mr. Mateo, the following resolution was unanimously adopted:

APPROVAL OF MINUTES OF THE OCTOBER 23, 2012 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, 2012 are hereby approved.

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Next, upon a motion made by Mr. Mehiel, the Members voted unanimously to conduct an executive session pursuant to Section 105.1 of the Public Officers Law to discuss matters pertaining to litigation. No actions were taken by formal vote at the executive session, and the meeting of the Members thereupon resumed after the conclusion of the executive session.

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The next item on the agenda, presented by Ms. Taylor, was a request for ratification, confirmation and authorization to sign financial and bank-related documentation.

Ms. Taylor explained that the Authority's bank of record, Bank of America, annually requires the Authority provide them with an incumbency certificate indicating the officers that are authorized to sign banking transactions and financial documentation. The certificate presented to the Members authorizes the President, the Chief Financial Officer, Deputy Chief Operating Officer and Executive Vice President/General Counsel to sign such documentation, she stated.

As a matter of Authority internal controls, two signatures are required with respect to transactions that exceed \$25,000, she noted. Mr. Mehiel asked why two signatures are not required on every single check? Mr. Serpico noted that it may be cumbersome for the small checks.

Mr. Mehiel suggested that putting the burden on the bank to ensure there are two signatures is a way to decrease incidences of fraud. He suggested that by having a small account for minor operating expenses which require only one signature and a larger account for greater expenses which require two signatures may be an approach to putting the burden on the banks.

In response to comments raised by Mr. Branchini, the Members requested that the resolution be amended to specify the officers' names and titles. Mr. Boutris said that the resolution will be amended as requested and that Management will report back to the Members regarding Mr. Mehiel's suggestion regarding two signatures.

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

RATIFICATION, CONFIRMATION AND AUTHORIZATION TO SIGN FINANCIAL AND BANK-RELATED DOCUMENTATION, INCLUDING CHECKS, VOUCHERS, REQUISITIONS AND OTHER INSTRUMENTS

BE IT RESOLVED, that consistent with the Battery Park City Authority's (the "Authority") enabling legislation and By-Laws, we hereby ratify, confirm and authorize the officers identified below and on the attached Incumbency Certificate to transact business and issue instructions to banking and financial institutions on behalf of the Authority, provided that any documentation relating to such transactions that exceed \$25,000 must be signed by at least two of the following officers: Demetrios A. Boutris, President/Chief Operating Officer; Anne Fenton, Deputy Chief Operating Officer; Robert M. Serpico, Senior Vice President/Chief Financial Officer or Phyllis Taylor, Executive Vice President/General Counsel. This authorization shall include, but not be limited to, execution of documentation in connection with financial and banking transactions, requisitions of monies, signing of checks and vouchers, requisitions and other instruments made by the Authority or to which the Authority may be a party; and be it further

RESOLVED, that any and all action taken by any of such officers of the Authority in connection with the above transactions, actions or filings are hereby ratified, confirmed and approved; and be it further

RESOLVED, that the Corporate Secretary of the Authority be, and hereby is, directed to file this resolution with the minutes of this meeting.

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The next item on the agenda, presented by Ms. Taylor, was the authorization to enter into a contract with Affiliated Adjustment Group ("Affiliated") for public insurance adjuster services in connection with Superstorm Sandy-related damages.

Ms. Taylor explained that because of the urgent need for public insurance adjuster services, staff conducted an emergency procurement by phone and received four quotes. Affiliated was the only firm to propose a flat fee, she noted. She stated that Management was concerned about using a percentage-based fee, because Management was unsure of the extent of the damages and what the ultimate recovery would be. Mr. Mehiel noted that, from a policy perspective, he is opposed to the contingent fee arrangement because there will come a time when the parties' interests become disaligned.

Further, Ms. Taylor said, Affiliated will partner with Weg and Myers P.C. as insurance coverage counsel, which is a law firm with over 40 years of experience in insurance coverage litigation, at no additional cost to the Authority. She then recommended that the Members authorize the Authority to enter into a contract with Affiliated for \$350,000.

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

AUTHORIZATION TO ENTER INTO A CONTRACT WITH AFFILIATED ADJUSTMENT GROUP FOR PUBLIC INSURANCE ADJUSTER SERVICES

BE IT RESOLVED, that in accordance with the materials presented to this meeting, the President/Chief Operating Officer (the "President") of the Authority or his designee(s) be, and each of them hereby is, authorized to enter into a contract with Affiliated Adjustment Group for public insurance adjuster services, for a flat fee of \$350,000; 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 interests of the Authority, such approval to be conclusively evidenced by the execution and delivery each 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 then take all such other and further actions as may be necessary, desirable or appropriate, in connection with the transactions contemplated in the foregoing resolution, and any such execution of documents and any other 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 Ms. Dawson, was the authorization to amend contracts with Stalco Construction, Inc. ("Stalco") for emergency work at the Battery Park City Community Center and Pier A.

Ms. Dawson explained that in order to ensure the Authority's properties were safe during the storm and to prevent any further damage after the storm, Management authorized emergency work at Pier A and the Community Center. Stalco, the general contractor for both projects, was asked to perform emergency pre- and post-storm work at both sites, she said. The work included assessment of the type and extent of damage suffered in order to focus recovery and repair efforts, as well as the cleanup of debris, remediation of unsafe conditions and other actions required to prevent further near-term damage or deterioration, she reported.

Stalco submitted cost proposals for the work performed at Pier A in an amount totaling \$335,078.50, with appropriate supporting documentation which has been reviewed by the Pier A construction manager, the LiRo Group, who found the cost proposals to be generally reasonable, with only the verification and negotiation of certain limited items yet to be completed. Pending final approval by the LiRo Group and completion of any resulting negotiations with Stalco, which will potentially reduce the amount, Ms. Dawson recommended that the Members approve an amendment to Stalco's Pier A contract in an amount not to exceed \$335,078.50 for costs associated with Stalco's work at Pier A.

Stalco performed similar work for the Community Center and has submitted cost proposals for that work in an amount totaling \$290,133.50. The review procedure has been the same in that contract as well, she noted. She then recommended an amendment to Stalco's contract for \$290,133.50.

Mr. Branchini inquired as to whether this work will require any coordination with the City of New York or the Economic Development Corporation ("EDC"). Ms. Dawson stated that EDC, who is the Authority's partner on the Pier A Project, has been informed and has performed an inspection of the site.

Mr. Branchini asked whether this would impact the Authority's budget. In response, Mr. Serpico stated the Authority will be using corporate reserves for insurance purposes and therefore, the expenditures will not affect the Authority's budget.

In response to an inquiry by Mr. Capoccia regarding the price quotes for man hours, equipment and materials, Ms. Dawson stated that she is very comfortable with the price quotes she has received. She noted that the LiRo Group performs checks on pricing as well.

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

AUTHORIZATION TO ENTER INTO AMENDMENTS TO CONTRACTS WITH STALCO CONSTRUCTION, INC. ("STALCO") FOR EMERGENCY WORK PERFORMED AT THE COMMUNITY CENTER AND PIER A

BE IT RESOLVED, that in accordance with the materials presented to this meeting, the President/Chief Operating Officer (the "President") of the Authority or his designee(s) be, and each of them hereby is, authorized to enter into amendments to the contracts with Stalco for general contractor services at Pier A and the Community Center in the amounts of \$335,078.50 and \$290,133.50, respectively; 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 interests of the Authority, such approval to be conclusively evidenced by the execution and delivery each 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 then take all such other and further actions as may be necessary, desirable or appropriate, in connection with the transactions contemplated in the foregoing resolution, and any such execution of documents and any other 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 Ms. Fenton, was the authorization to ratify, confirm and authorize an amendment to the contract with the LiRo Group ("LiRo") in the amount of \$241,576 for additional management fees required as a result of delays in the completion of the Battery Park City Community Center on Sites 23/24. This amendment brings the total contract amount to \$1,780,181.87.

Ms. Taylor explained that this amendment is required to come before the Members in accordance with the procurement guidelines because, in the aggregate, it exceeds 10% of the last amount approved by the Members.

Ms. Fenton explained that an amendment is required because work under LiRo's contract has been delayed. Ms. Fenton reiterated that this amendment is being brought before the Members to clear up this procurement guidelines technicality, and she clarified that this amendment is unrelated to Superstorm Sandy.

In response to Mr. Capoccia's inquiry, Ms. Fenton stated that this amendment is not related to Pier A work and is solely in relation to the Community Center.

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

**RATIFICATION, CONFIRMATION AND AUTHORIZATION OF AMENDMENT TO
CONTRACT WITH THE LIRO GROUP TO PROVIDE CONSTRUCTION MANAGEMENT
SERVICES**

BE IT RESOLVED, that in accordance with the materials presented to this meeting, the contract with the LiRo Group for construction management services relating to the Battery Park City Community is hereby ratified, confirmed and authorized; and

BE IT FURTHER RESOLVED, that the President of the Authority or his designee(s) be, and each of them hereby is, authorized to execute an amendment to the contract with the LiRo Group in the amount of \$241,575.61, increasing the total contract amount from \$1,538,606 to \$1,780,181.87 for additional construction management fees required as a result of delays in the completion of the Battery Park City Community Center; and

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 then 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 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. Mehiel, was the authorization to establish a subcommittee of the Board to review and approve emergency contracts (the "Subcommittee").

Mr. Mehiel explained that Management needed to create a system under which staff can make fairly significant expenditures that relate to remediation and repair and replacement from Superstorm Sandy in an efficient manner. Management is required to obtain Members' approval for expenditures in excess of \$250,000, he said. He explained that, in order to assist the Members in making informed judgments about these expenditures and avoiding an overreliance on staff, Management proposes that

the Members authorize the formation of a special Subcommittee to review these expenditures consisting of two Members: himself and Mr. Capoccia. "I've asked Don to take this on, because of his expertise and familiarity with these issues and these processes in his ordinary course, everyday business in his real life," Mr. Mehiel stated.

Mr. Mehiel continued by explain that the Subcommittee will be able to respond to staff requests for expenditures in amounts substantially above \$250,000, provided that both Members approve of the expenditure in writing. He noted that the Members will be updated at each meeting and he noted that the maximum amount the Subcommittee will be authorized to approve is \$6 Million. "The reason for that is that we do not believe we can be functional on a real-time basis and hit these deadlines if we tie ourselves up unnecessarily with procedural hurdles," he said.

Next, Mr. Mateo stated "I think that with your leadership, Mr. Chairman, and Don's expertise, you've put together a great team to do this." He noted that he would like a diversity representative to be present and provide reports at Members' meetings. He also requested that, in authorizing these expenditures, the Subcommittee will ensure that there is minority participation.

Mr. Capoccia noted that to the extent that something needs to be replaced, the best way to negotiate those items is by obtaining multiple bids. He clarified that his comment is mainly with regard to the purchasing of equipment.

Mr. Branchini requested that Management add a statement to the resolution which states that the Members, in authorizing the Subcommittee, are acting in accordance with the Authority's bylaws and Enabling Legislation.

Mr. Mattone requested that the resolution be revised to sunset after a certain amount of time. Mr. Mehiel suggested June 30, 2013 would be an appropriate date.

Mr. Mateo asked whether the Authority is considering performing upgrades or alterations to avoid future damage in light of the damages sustained by Superstorm Sandy. In response to his inquiry, Ms. Dawson explained that part of the mandate that has been given to every design team participant in storm-related work is to inform the Authority if there is something that Management should be looking at differently or that Management should try to enhance or make more protective in light of the storm.

Mr. Branchini noted that he wants to ensure that the proper checks and balances are in place during this process. Mr. Mehiel clarified that the Members are merely authorizing the Subcommittee to act on its behalf between meetings. All of the other typical internal controls will still be followed by staff.

Mr. Branchini noted that, although he thinks the Subcommittee is a good idea, "there is a separation between Board and staff," one being primarily policy focused and the other being focused on day-to-day functions. "[I]f you develop a process that crosses over, you have to be ... conscious of it," he said. Mr. Mehiel said that although Mr. Branchini raises a very good point, he believes that the Subcommittee will not have an issue in this regard.

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

RESOLUTION AUTHORIZING THE ESTABLISHMENT OF A SUB-COMMITTEE OF THE BATTERY PARK CITY AUTHORITY (THE "AUTHORITY") BOARD TO REVIEW AND APPROVE EMERGENCY CONTRACTS (AS DEFINED HEREIN) IN AN AGGREGATE AMOUNT NOT-TO-EXCEED \$6 MILLION FROM THE AUTHORITY'S CORPORATE INSURANCE RESERVES OR ADVANCES ON INSURANCE PROCEEDS

WHEREAS, the Battery Park City Authority Board (the "Board") has adopted Procurement Guidelines (the "Guidelines") that govern the procurement of goods and services by the Authority; and

WHEREAS, pursuant to the Guidelines, the President/COO of the Authority can approve contracts in an amount not exceeding \$250,000 and contract amendments as follows:

- For contracts not exceeding \$2,500,000, amendments that do not in the aggregate exceed 10% of the contract amount previously approved by the Members; and
- For contracts exceeding \$2,500,000, amendments that do not in the aggregate exceed the greater of \$250,000 or 5% of the contract amount previously approved by the Members; and

WHEREAS, on October 29, 2012, Superstorm Sandy caused significant damage to Lower Manhattan, including Battery Park City and, as a result, emergency storm remediation and recovery work is required on the 92-acre Battery Park City site; and

WHEREAS, the Authority must enter into new contracts, contract amendments and/or issue change orders (collectively, the "Emergency Contracts") for the remediation and recovery work in an aggregate amount not-to-exceed \$6 million from the Authority's corporate insurance reserves or advances on insurance proceeds; and

WHEREAS, many of the Emergency Contracts will require Board approval because they will exceed the President/COO's approval authority, and

WHEREAS, because the Board meets monthly, it is necessary to establish a sub-committee of the Board in order to timely approve Emergency Contracts that may arise between board meetings.

NOW THEREFORE BE IT RESOLVED, that, in accordance with the Authority's enabling legislation and By-laws, the Members hereby establish the Emergency Contracts Sub-Committee (the "Committee") to review and approve Emergency Contracts in a timely, efficient and expeditious manner and to assist the Board generally in its oversight and supervision of expenditures made by the Authority for these purposes; and be it further

RESOLVED, that the Committee shall consist of Chairman Mehiel and Mr. Capoccia, who shall be authorized to approve Emergency Contracts in an aggregate amount not-to-exceed \$6 million from the Authority's corporate insurance reserves or advances on insurance proceeds; and be it further

RESOLVED, that the Committee shall be authorized to take such further action as may be required to fully implement the Committee's mandate on behalf of the full Board.

RESOLVED, that the Committee shall expire on or before June 30, 2013 unless further action is taken by the Members to extend the Committee beyond this date.

This Resolution shall take effect immediately.

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Next, Mr. Mehiel announced that Carl Jaffee, Senior Development Counsel for the Authority is retiring. "He has been a valued colleague, is very well thought of and has institutional memory that has been very important to us," Mr. Mehiel stated.

Mr. Serpico continued by saying that "Carl has been the in-house expert on all our leases, so we've all relied on him over the years and he's done an incredible job. I know I speak for your colleagues, for the past presidents, for past Board Members in saying that, you know, well-done and well-appreciated. Your service to this Authority has been above and beyond the call and very much appreciated by all. I certainly ... will ring the phone when I need Carl, because he has always been there and he's a friend, colleague, mentor. So I just wanted to say 'wish you well' from everybody."

Ms. Taylor stated that the Members and Management will miss Mr. Jaffee's counsel. "I know you really love the law, as I love the law, and it's just been great working with you and I know your colleagues in the Legal Department will miss you as well," she concluded.

Mr. Jaffee stated, "It's really been an honor and a pleasure--it's a cliché--but to have been here since 1990 and been a part of many of the developments here, primarily residential but some of the others: the museums, the other facilities, the infrastructure to help make Battery Park City what it is today.... It's really been a nice capstone to my career. I've enjoyed working with everybody here and it's just been a wonderful long year. Thank you all very much."

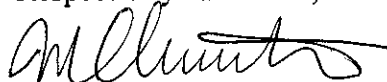
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Last, in response to an inquiry by Mr. Mehiel, Ms. Fenton explained that the ice rink is expected to be open shortly, depending on the weather. She stated that staff has already received calls about people interested in holding children's birthday parties and school trips at the rink. She concluded by stating that people are very excited about the ice rink.

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There being no further business, upon a motion made by Mr. Branchini and seconded by Mr. Mateo, the Members unanimously voted to adjourn the meeting. The meeting thereupon adjourned at 12:00 p.m.

Respectfully submitted,



Megan Churnetski
Assistant Corporate Secretary

RESOLUTION AUTHORIZING THE ESTABLISHMENT OF A SUB-COMMITTEE OF THE BATTERY PARK CITY AUTHORITY (THE "AUTHORITY") BOARD TO REVIEW AND APPROVE EMERGENCY CONTRACTS (AS DEFINED HEREIN) IN AN AGGREGATE AMOUNT NOT-TO-EXCEED \$6 MILLION FROM THE AUTHORITY'S CORPORATE INSURANCE RESERVES OR ADVANCES ON INSURANCE PROCEEDS

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- For contracts not exceeding \$2,500,000, amendments that do not in the aggregate exceed 10% of the contract amount previously approved by the Members; and
- For contracts exceeding \$2,500,000, amendments that do not in the aggregate exceed the greater of \$250,000 or 5% of the contract amount previously approved by the Members; and

WHEREAS, on October 29, 2012, Superstorm Sandy caused significant damage to Lower Manhattan, including Battery Park City and, as a result, emergency storm remediation and recovery work is required on the 92-acre Battery Park City site; and

WHEREAS, the Authority must enter into new contracts, contract amendments and/or issue change orders (collectively, the "Emergency Contracts") for the remediation and recovery work in an aggregate amount not-to-exceed \$6 million from the Authority's corporate insurance reserves or advances on insurance proceeds; and

WHEREAS, many of the Emergency Contracts will require Board approval because they will exceed the President/COO's approval authority, and

WHEREAS, because the Board meets monthly, it is necessary to establish a sub-committee of the Board in order to timely approve Emergency Contracts that may arise between board meetings.

NOW THEREFORE BE IT RESOLVED, that, in accordance with the Authority's enabling legislation and By-laws, the Members hereby establish the Emergency Contracts Sub-Committee (the "Committee") to review and approve Emergency Contracts in a timely, efficient and expeditious manner and to assist the Board generally in its oversight and supervision of expenditures made by the Authority for these purposes; and be it further

RESOLVED, that the Committee shall consist of Chairman Mehiel and Mr. Capoccia, who shall be authorized to approve Emergency Contracts in an aggregate amount not-to-exceed \$6 million from the Authority's corporate insurance reserves or advances on insurance proceeds; and be it further

RESOLVED, that the Committee shall be authorized to take such further action as may be required to fully implement the Committee's mandate on behalf of the full Board.

RESOLVED, that the Committee shall expire on or before June 30, 2013 unless further action is taken by the Members to extend the Committee beyond this date.

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