

# HUGH L. CAREY BATTERY PARK CITY AUTHORITY

Meeting of the Members  
One World Financial Center, 24th Floor  
New York, NY 10281  
January 27, 2010

## Members Present

James F. Gill, Chairman  
Charles J. Urstadt, Vice Chairman  
Frank J. Branchini, Member  
David B. Cornstein, Member  
Robert J. Mueller, Member  
Evelyn K. Rollins, Member  
Andy K. Shenoy, Member

Authority Staff in Attendance: James E. Cavanaugh, President and Chief Executive Officer  
Alexandra Altman, Executive Vice President and General Counsel  
Gwen Anderson, Vice President, Strategic Planning  
Daniel Baldwin, Senior Development Counsel  
Lauren Brugess, Administrative Assistant  
Megan Churnetski, Assistant General Counsel and Assistant  
Corporate Secretary  
Sidney Druckman, Director, Special Projects  
Stephanie Gelb, Vice President, Planning & Design  
Antigona Hajdaraj, Special Assistant to the President  
Steven E. Harper, Vice President, Safety & Site Management  
Robert Holden, Vice President, Human Resources &  
Administration  
Carl D. Jaffee, Senior Development Counsel and Corporate  
Secretary  
Karl Koenig, Controller  
Wilson Kimball, Senior Vice President, Operations  
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, Executive Director, Battery Park City Parks  
Conservancy  
David Collins, Columbia University Graduate School of  
Journalism  
Daniel Horwitz, Dickstein Shapiro, LLP  
Jane Crotty, George Arzt Communications, Inc.

Brian Krapf, George Arzt Communications, Inc.  
David Liston, Hughes, Hubbard & Reed LLP  
Kimberlin Brzozowski, Steptoe & Johnson, LLP  
Michael Miller, Steptoe & Johnson, LLP

The meeting, called on public notice in accordance with the New York State Open Meetings Law, convened at 9:45 a.m.

The first item on the agenda was approval of the minutes of the January 12, 2010 meeting.

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

**APPROVAL OF MINUTES OF THE JANUARY 12, 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 January 12, 2010 are hereby approved.

\* \* \*

Next, Ms. Anderson presented a brief introduction for the remaining agenda items, all relating to Pier A Phase III core & shell work. Ms. Anderson reminded the Members that the Authority had divided Pier A's current construction activities into three phases, the first being interior demolition, the second being the pier deck replacement and the third being the core and shell work. Interior demolition was complete this fall, she stated, and the pier deck replacement work commenced in September. In cooperation with the New York City Economic Development Corporation ("EDC"), the Authority issued a request for qualifications ("RFQ") for a tenant and operator of Pier A on November 23rd, she explained, and has since held two information sessions which were well-attended. The Authority has extended the response deadline for the RFQ to February 16, 2010, she noted. The cost proposals for core and shell contracts have come in significantly below budget, which has allowed the Authority to establish a separate budget for the design and finish of the Plaza outside the pier, she stated.

Next, Mr. Woo stated that the third phase of work on Pier A, the core and shell restoration of the interior and exterior of the building, as with all work on Pier A, will be done to the standards of the Authority's green guidelines, as well as to those of the U.S. Green Buildings Council. He reminded the Members that construction of the core and shell is a "Wicks Law" project, which means that pursuant to New York State law, the project is broken into four prime contracts (general construction, electrical, plumbing and fire protection, and heating ventilation and air conditioning (HVAC)), rather than built under a single general construction contract. The core and shell work is scheduled to begin in May of 2010, he said; however, the Authority is asking for approval of the core and shell contracts at this time because it is essential for the four contractors to start coordinating with each other before the physical work begins. EDC has reviewed and approved the proposed contracts that will be presented today, he noted.

\* \* \*

The next item on the agenda, presented by Mr. Woo, was a request to authorize a contract with McGowan Builders, Inc. ("McGowan") in the amount of \$6,915,417 for the Pier A phase III core & shell work general construction work.

On November 18, 2009 proposals were received from four firms, one of which is an MBE firm. Pre-award meetings were held individually with each of the firms on December 1, 2009.

Upon review, Mr. Woo explained, the Authority determined that McGowan had proposed the most competitive price and demonstrated that it had a good understanding of the scope of this project. McGowan did not include in its original proposal costs for temporary heat and dewatering and the requested alternate for new windows. However, after revising its proposal to include these items, McGowan's proposal was still the lowest of those received, Mr. Woo said.

In response to inquiry by Mr. Urstadt, Mr. Cavanaugh stated that, in theory, if the Authority was unable to obtain a tenant for Pier A, it would be responsible for the maintenance costs. Mr. Serpico stated that any expected rents, even at conservative market rates, will cover the maintenance and operation costs. Ms. Remauro noted that this restoration will bring value to the Authority's property and tenants.

Mr. Mueller expressed concern that development of Pier A has failed in the past, and Mr. Cavanaugh stated that the City has made a judgment that the Authority has the ability to find a tenant as well or better than anyone else.

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

**AUTHORIZATION OF CONTRACT WITH MCGOWAN BUILDERS, INC. FOR GENERAL CONSTRUCTION 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 a contract (the "Contract") with McGowan Builders, Inc for the Pier A Phase III Core and Shell General Construction Work in the amount of \$6,915,417; 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.

\* \* \*

The next item on the agenda, presented by Mr. Woo, was a request to authorize a contract with Stellmar Plumbing and Mechanical Corp. (“Stellmar”) in the amount of \$762,725 for Pier A phase III core & shell plumbing and fire protection work.

On November 18, Mr. Woo stated, the Authority received three proposals, two of which were from M/WBE firms. Pre-award meetings were held individually with each of the three firms on December 12, 2009.

Stellmar, the lowest proposer, has been in business for over twenty years and has worked on numerous government projects and green/LEED projects, Mr. Woo continued. At the pre-award meeting, Stellmar demonstrated to the interviewing team that it had a good understanding of the scope of this project, he said. Stellmar has met all the required qualifications, received positive reference checks, and has demonstrated its ability to complete the work in a timely and satisfactory fashion, he noted.

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

**AUTHORIZATION OF CONTRACT WITH STELLMAR PLUMBING & MECHANICAL CORP. FOR PLUMBING AND FIRE PROTECTION 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 a contract (the “Contract”) with Stellmar Plumbing & Mechanical Corp. for the Pier A Phase III Core & Shell Plumbing and Fire Protection work in the amount of \$762,725; 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.

\* \* \*

The next item on the agenda, presented by Mr. Woo, was a request to authorize a contract with ACS System Associates, Inc. ("ACS") in the amount of \$1,947,000 for the Pier A Phase III core & shell HVAC work.

On November 18, 2009 proposals were received from two firms, one of which is an M/WBE firm, Mr. Woo continued. Pre-award meetings were held individually with both of the firms on December 9, 2009, during the course of which both contractors demonstrated their understanding of the scope of the work and that they had included all items in their base proposals. References for both firms were positive.

Both with and without taking into account a deduction for a geothermal system, which Management assumes will be eliminated from the project, ACS is the firm with the lowest cost proposal, Mr. Woo stated. If the geothermal system is eliminated, a different system will replace it; however, the design for this system is not yet fully determined, so it is not yet possible to evaluate the cost impact of this change. Therefore, Mr. Woo stated, Management recommends awarding the contract to ACS for \$1,947,000.

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

**AUTHORIZATION OF CONTRACT WITH ACS SYSTEM ASSOCIATES, INC. FOR HVAC 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 a contract (the "Contract") with ACS System Associates, Inc. for the Pier A Phase III Core & Shell HVAC Work in the amount of \$1,947,000; 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.

\* \* \*

The next item on the agenda, presented by Mr. Woo, was a request to authorize a contract with Crana Electric, Inc. ("Crana") in the amount of \$1,380,812 for the Pier A Phase III core & shell electrical work.

Proposals were received from seven firms, two of which are M/WBE firms, Mr. Woo noted. Pre-award meetings were held with the three lowest proposers on December 8, 2009.

Mr. Woo continued by stating that M&M Electric, the lowest proposer, failed to attend the mandatory pre-award meeting/walk-through, which, combined with its attendant failure to demonstrate a clear understanding of the scope of work for the project, rendered the M&M submission unresponsive.

Of the two responsive proposers interviewed, Crana had proposed the most competitive price, Mr. Woo explained. At the pre-award meeting, he added, Crana representatives demonstrated that they had a good understanding of the work and that they had included everything needed in their scope of work to evidence their ability to successfully complete this project in a timely fashion. They also had uniformly positive references. Further, he noted, Crana has worked on a number projects for governmental agencies, including the Department of Environmental Protection and New York State Dormitory Authority.

Therefore, he concluded, Management recommends awarding the electrical work of the Pier A core and shell restoration project to Crana at \$1,380,812.

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

**AUTHORIZATION OF CONTRACT WITH CRANA ELECTRIC, INC. FOR 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 a contract (the "Contract") with Crana Electric, Inc. for the Pier A Phase III Core and Shell Electric Work in the amount \$1,380,812; 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.

\* \* \*

Next, Mr. Urstadt inquired into the total budget for the core and shell portion of the Pier A project. In response to inquiry by Mr. Urstadt, Mr. Woo explained that the total estimated cost is \$30 million, including Phases 1, 2 and 3. He noted that there is approximately \$16 million currently available to finish the project, including the \$11 million for core and shell work. He

stated that there is also a 15% contingency on top of the \$11 million. Mr. Cavanaugh stated that the City has been very clear the Authority is not permitted to exceed the \$30 million budgeted.

Ms. Altman noted that the Authority is not authorized to spend its own money on this project. Mr. Urstadt then asked what will happen if there are cost over-runs. Ms. Rollins stated that the Authority must make sure that it does not approve any change orders that will bring the total over \$30 million.

Mr. Urstadt noted that he wanted to ensure that the Authority is protected against any extras and change orders that may arise from the City's demands or from accidents or uninsured events. Mr. Cavanaugh explained that the Authority is required to get the City's approval when it meets certain thresholds over the life of this project and the Authority therefore does not have the ability to spend significantly in excess of what has been allocated.

Mr. Branchini then asked whether there is a well-defined process in place to deal with possible over-runs to which Mr. Cavanaugh responded affirmatively. Mr. Branchini requested a memorandum explaining this process.

\* \* \*

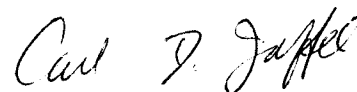
Next, upon a motion made by Mr. Cornstein and seconded by Mr. Branchini, the Members voted to enter Executive Session for the purpose of discussing personnel matters pursuant to Section 105(f) of the Open Meetings Law.

During the executive session, the Members addressed the draft report of the New York State Inspector General concerning certain aspects of the Authority's operations and received by the Authority on January 12, 2010. After discussion, the Members directed that Ms. Altman and Andrew Lankler, Counsel to Authority, prepare a formal response to such report. The Members then voted to recess the executive session until 10 a.m. on February 1, 2010.

Upon the resumption of the executive session at that time, the Members, after discussion, determined that certain changes be made to the response prepared by Ms. Altman and Mr. Lankler, and directed that the response as so modified and approved by Messrs. Gill, Cornstein, Branchini and Ms. Rollins be transmitted immediately to the Inspector General. Messrs. Urstadt, Mueller and Shenoy did not approve the response.

There being no further business, the executive session and the meeting thereupon adjourned at 11:20 a.m.

Respectfully submitted,



Carl D. Jaffee  
Corporate Secretary