

HUGH L. CAREY BATTERY PARK CITY AUTHORITY

Meeting of the Members
One World Financial Center, 24th Floor
New York, NY 10281
May 10, 2011

Members Present

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

Authority Staff in Attendance: Gayle M. Horwitz, President and Chief Executive Officer
Michelle Arrington, Senior Project Manager, Construction
Daniel Baldwin, Senior Development Counsel
Lauren Brugess, Administrative Assistant
Megan Churnetski, Assistant General Counsel and Assistant
Corporate Secretary
Gwen Dawson, Director, Strategic Planning
Sydney Druckman, Director, Special Projects
Anne Fenton, Senior Research Analyst
Kevin Finnegan, Senior Project Manager, Construction
Allyson Ford, Special Counsel
Stephanie Gelb, Vice President, Planning & Design
Antigona Gjini, Special Assistant to the President
Robert Holden, Vice President, Human Resources
Carl D. Jaffee, Senior Development Counsel and Corporate
Secretary
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, Diversity
and Press
Phyllis Taylor, Executive Vice President/General Counsel and
Chief Administrative Officer
Robert M. Serpico, Senior Vice President, Finance and
Treasurer/Chief Financial Officer

Others in Attendance: Tessa Huxley, Battery Park City Parks Conservancy
Vincent McGowan, Battery Park City Parks Conservancy
Dianne Renzulli, The Battery Park City Broadsheet
Tim Sheehan, CB Richard Ellis, Inc.
Julie Shapiro, Downtown Express
Terese Loeb Kreuzer, Downtown Express

Jessica Terrell, Tribeca Tribune
Asiatic Lazarus, McKissack & McKissack
Paul Goldstein, Senator Sheldon Silver's Office
Julie Nadel, Zetlin Strategic Communications, Inc.

The meeting, called on public notice in accordance with the New York State Open Meetings Law, convened at 10:07 a.m.

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The first item on the agenda was the approval of the minutes of the March 8, 2011 and April 12, 2011 meetings.

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

APPROVAL OF MINUTES OF THE MARCH 8, 2011 & APRIL 12, 2011 MEETINGS

BE IT RESOLVED, that the minutes of the meetings of the Members of the Hugh L. Carey Battery Park City Authority held on March 8, 2011 & April 12, 2011 are hereby approved.

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The next item on the agenda, presented by Ms. Horwitz, was the President's Report.

In her report, Ms. Horwitz presented a review of the Authority's six month budget report. So far in Fiscal Year 2011 ("FY2011"), she explained, the Authority has made expenditures of approximately \$11.65 million or approximately 35% of the total annual budget. The reduction in six month expenditures from Fiscal Year 2010 to FY2011 was \$1.18 million, or approximately 3.5% of the FY2011 budget.

There are several reasons for the net decrease in spending, she continued, including required salary savings relating to employees' retirements pursuant to the New York State Early Retirement Program, savings on rental expenses for the Parks Conservancy headquarters of approximately \$458,000 as the Conservancy has moved into its new facility, a reduction in legal expenses of approximately \$484,000 and a decrease in Conservancy expenditures of \$221,000, with the exception of post-retirement medical benefits, due to a new focus on competitive bidding and a greater use of existing state contracts.

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The next item on the agenda was Committee Reports. Mr. Mueller reported that the Audit Committee had held meeting with Marks Paneth, the Authority's outside auditors, the purpose of which was to acquaint the Committee with all of the responsibilities and the accountability of the outside auditors.

Mr. Cornstein reported that the Governance Committee has not met since the last Members' Meeting.

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The next item on the agenda, introduced by Ms. Horwitz, was a request to ratify, confirm and authorize the Authority to enter into a contract with Kelco Construction, Inc. in the amount of \$3,038,650 to provide general contracting services for the installation of artificial turf at the Site 23/24 ball fields.

Ms. Taylor explained that the Authority issued a Letter of Intent with Kelco to allow the firm to begin work on the project immediately and prior to the execution of a formal written contract. The Letter of Intent authorizes Kelco to commence general contractor services for the sustainable synthetic turf ball fields as of April 22, 2011, up to a funding maximum of \$300,000 she said, and Management is now seeking formal ratification of the Letter of Intent as well as authorization to go forward with the full contract.

Mr. Mateo joined the meeting at this time.

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

RATIFICATION, CONFIRMATION AND AUTHORIZATION TO ENTER INTO A CONTRACT WITH KELCO CONSTRUCTION, INC. TO PROVIDE GENERAL CONTRACTOR SERVICES RELATING TO THE INSTALLATION OF ARTIFICIAL TURF AT THE SITE 23/24 BALL FIELDS

BE IT RESOLVED, that in accordance with the materials presented to this meeting, the President of the Authority or her designee(s) be, and each of them hereby is, authorized and empowered to execute a contract (the "Contract") in the amount of \$3,038,650.00 with Kelco Construction Inc. to provide general contractor services relating to the installation of artificial turf at the Site 23/24 ball fields; and be it further

RESOLVED, that the President of the Authority or her 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 conclusively evidenced by the execution and delivery of the Contract; and be it further

RESOLVED, that the President of the Authority or her 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 transaction 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, introduced by Ms. Horwitz, was a request to authorize an amendment to the contract with The Liro Group in the amount of \$95,600 and to extend the contract expiration date to August 31, 2011 in order to perform additional construction management work in conjunction with the construction of Tear Drop Park North. She described the item as a “clean-up” action.

Mr. Finnegan explained that in March of 2005, the Authority entered into a contract with the Liro Group in the amount of \$466,110 for construction management services for the construction of Teardrop Park South. A separate construction manager was responsible for the completion of Teardrop Park North but in the summer of 2005, it became evident that the completion of Teardrop Park North would be delayed as the developers of buildings adjacent to the parks had not completed their construction work. Accordingly, it was decided at that time to transfer the scope of work for completion of Teardrop North to Liro by means of an amendment to the Liro contract.

In the winter of 2010, staff discovered that the Authority had no record of the August 2005 contract amendment even though Liro was able to provide a signed copy. In February 2010, a second contract amendment for \$95,600 was executed, but this amendment was not presented to the Members for approval.

In response to inquiry by Mr. Branchini, Ms. Horwitz explained that there are any number of places where this mistake could have happened. “I did not want to be in a situation where we perpetuate not bringing it to the board because it was a mistake... we need to clean it up.” she stated.

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

AUTHORIZATION TO EXECUTE AN AMENDMENT TO LIRO PROGRAM & CONSTRUCTION MGMT., P.C. TO PROVIDE ADDITIONAL CONSTRUCTION MANAGEMENT WORK IN CONJUNCTION WITH THE CONSTRUCTION OF TEARDROP PARK NORTH

BE IT RESOLVED, that in accordance with the materials presented to this meeting, the President of the Authority or his designee(s) be, and each of them hereby is, authorized and empowered to approve an amendment (the “Amendment”) in the amount of \$95,600.00 to the contract with Liro Program & Construction mgmt., P.C. to perform additional construction management work in Teardrop Park North; 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, and approve as necessary and appropriate and in the best interest of the Authority, such approval to be conclusively evidenced 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 approved.

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The next item on the agenda, introduced by Ms. Horwitz, was a request to authorize the Authority to enter into a contract with Withum Smith + Brown, P.C. in the total amount of \$477,000, for a three year period, to provide internal audit services for the Authority and the Conservancy.

Ms. Taylor reminded the Members that the Audit Committee instructed staff to go forward with a solicitation for an internal auditor to essentially outsource the internal audit function at the Authority and at the Parks Conservancy. Management issued a Request for Proposals on March 31st. Three proposals were received, but one of the three did not meet the Authority's minimum requirements and the proposer therefore was disqualified from further consideration.

The Authority convened a five -person evaluation committee consisting of representatives from both the Authority and the Conservancy to review the proposals, Ms. Taylor explained. That Committee recommends the engagement of Withum Smith + Brown, P.C. to provide internal audit services, she stated. The firm is based in New Jersey and has a robust metropolitan delivery of services, with over 400 employees. At least 250 of these persons are CPA's, she said. The firm has had a number of engagements in the City of New York, including a recent three year engagement to perform internal audit work for the City's Department of Management and Budget, she noted. Mr. Serpico stated that the references confirmed that Withum Smith + Brown, P.C. were professional and timely in their work.

Ms. Taylor noted that Withum Smith + Brown, P.C. are sensitive to the fact that they will be reporting to the Audit Committee, as well as to internal management. She also noted that details about minority and women participation with respect to the contract are being worked out.

Ms. Horwitz noted that the Authority previously spent approximately \$300,000 per year in salary alone on the internal audit function.

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

AUTHORIZATION TO ENTER INTO A CONTRACT WITH WITHUM SMITH +BROWN, P.C. TO PROVIDE INTERNAL AUDITING SERVICES FOR THE AUTHORITY AND THE BATTERY PARK CITY PARKS CONSERVANCY

BE IT RESOLVED, that the President of the Authority or his designee(s) be, each of them hereby is, authorized and empowered to enter into a three (3) year contract (the "Contract") with WithumSmith +Brown, P.C. for internal audit services, in the amount of \$477,000; and be it further

RESOLVED, that the President of the Authority or her 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 conclusively evidenced by the execution and delivery of the Contract; and be it further

RESOLVED, that the President of the Authority or her 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 transaction 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 meeting thereupon recessed pending the conduct of a meeting of the Directors of the Battery Park City Parks Conservancy. Upon resumption of the Members' meeting, and pursuant to a motion by Mr. Cornstein seconded by Mr. Mateo, the Members voted unanimously to conduct an executive session pursuant to Section 105.1(h) of the Public Officers Law for the purpose of discussing matters relating to the leasing of real property. No actions were taken by formal vote at the executive session, and Mr. Shenoy left the meeting after the executive session was terminated.

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Upon resumption of the open session of the Members' meeting, Ms. Taylor read the following resolution into the record:

AUTHORIZATION OF AMENDMENTS TO GROUND LEASES FOR CERTAIN CONDOMINIUMS

BE IT RESOLVED, that in accordance with the materials presented to this meeting, the President of the Authority or his designee(s) be, each of them hereby is, authorized and empowered to execute amendments and related documents to the respective ground leases with the Hudson View East, Hudson View West, Hudson Tower, Battery Pointe, Soundings, Liberty Court, Liberty House, Liberty Terrace, Cove Club, Liberty View, and the Regatta Condominiums (the "Amendments"), adjusting the ground rents payable thereunder as set forth in such materials (Table 1); 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 Amendments and related documents on behalf of the Authority, subject to such changes as the officer or officers executing the Amendments 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 Amendments and related documents; 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.

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

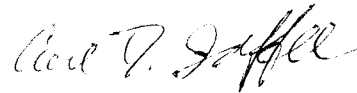
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Next, Mr. Thompson nominated Mr. Branchini to serve as Vice Chairman of the Authority. Upon a motion made by Mr. Mueller and seconded by Mr. Cornstein, Mr. Branchini was elected Vice Chairman.

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There being no further business, the meeting thereupon adjourned at 12:05 p.m.

Respectfully submitted,



Carl D. Jaffee
Corporate Secretary