



HUGH L. CAREY  
BATTERY PARK  
CITY AUTHORITY

**The Hugh L. Carey Battery Park City Authority**  
**Annual Report**  
**For Fiscal Year Ending October 31, 2013**

**Pursuant to Public Authorities Law Section 2800**

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## **Operations and Accomplishments**

### **Fiscal Year 2013**

For over forty years, Battery Park City has stood at the forefront of urban design and sustainable development. Fiscal Year 2013 saw Battery Park City Authority continue that commitment while meeting the challenge of rebuilding from the extensive damage caused by Hurricane Sandy. In spite of the demands caused by Sandy, BPCA completed several major projects, including important public amenities, and otherwise made substantial progress on other outstanding projects and commitments.

As noted in last year's report, Hurricane Sandy caused the worst damage ever recorded in the 115 year history of the consolidated City of New York. BPCA sustained damages totaling approximately \$13,000,000. Regardless, Moody's reported after the storm that the Authority had ample resources for recovery (with senior revenue bonds rated AAA and junior revenue bonds rated Aa3), further stating: "We expect that the Authority will have sufficient resources for repairs to community facilities, such as parks, playing fields and a community center, from its own insurance and corporate reserves. The Authority ground leases the office and residential structures in Battery Park City to private sector lessees, shifting responsibility for building maintenance to the lessees, who are also expected to maintain insurance." This indeed proved to be the case. BPCA itself was adequately insured and has recovered the substantial portion of its losses from its carriers and has further sought help from FEMA for any non-reimbursable expenses.

Understandably, BPCA's capital activities in 2013 were dominated by Hurricane Sandy recovery and repair efforts.

#### **Key Projects of Fiscal Year 2013 Included:**

1. **Battery Park City Community Center.** Opening of the Community Center was delayed beyond its December 2012 target date when Storm-generated flood waters ravaged the nascent mechanical and electrical systems at the facility and ruined flooring, walls, furnishings, finishes and IT and fitness equipment. Significant building and systems components required replacement. The recovery project, which began in the immediate wake of the Storm in November 2012, was completed in May 2013, and BPCA was able to turn the Community Center over to the Operation Tenant, Asphalt Green in time to meet its revised public opening target in June and in time to accommodate a full children's summer camp schedule.
2. **Battery Park City Ball Fields.** Having only opened to the public in late 2011, BPCA's state-of-the-art artificial turf baseball/soccer playing fields were completely destroyed by several feet of flood waters resulting from the Storm. Total replacement of the turf was required. Despite severe wintertime weather conditions, BPCA - with support from NY State Speaker Sheldon Silver - was able to complete the field construction in ample time to accommodate the opening of the Little League baseball season in early April, along with a full slate of sports and summer camp activities for the remainder of 2013.
3. **Pier A.** BPCA's restoration of Pier A, the last remaining historic timber pier in New York City, was within weeks of completion when the Storm arrived with its devastating tidal surge. Three to five feet of flood waters rushed through the first floor of the Pier, severely damaging or

destroying doors, windows, structural elements, electrical systems and finishes. BPCA completed recovery/repair work and the remaining restoration of the Pier in July and, on August 1, turned the building over to its operating tenant, Pier A Battery Park Associates for completion of its interior fit-out work in anticipation of a Spring 2014 public opening.

4. **South Cove**. Various structural components of the South Cove Quay and walkway suffered extensive damage as a result of the Storm. A comprehensive recovery and repair project was completed in August.
5. **Electrical Infrastructure**. Significant portions of Battery Park City's electrical infrastructure, including the electrical wiring throughout the waterfront parks and Esplanade, the Ball Field electrical service and the subterranean electrical vault providing power to the Police Memorial, were inundated by salt water during the Storm. Following extensive investigation and testing, as well as analysis regarding opportunities to combine repair efforts with measures to mitigate against future storm damage, the replacement of the Ball Field electrical service was completed in December. The Esplanade/parks electrical replacement and the Police Memorial vault repair/replacement is scheduled to be accomplished in 2014.

## **Additional Major Projects:**

1. **Pier A Plaza**. As a companion project to the Pier A building restoration, BPCA commenced construction of the 35,000 square foot Pier A Plaza during the summer of 2013. Construction is scheduled to be completed by June 2014.
2. **Parks/Infrastructure Repairs**. Various parks and infrastructure repair projects were pursued during 2013, including the repair of certain park structures and several sinkholes.
3. **Capital Plan**. During 2013, BPCA established and obtained approval of a three-year capital plan which served as the basis for \$85 million in new funding which was generated through its 2013 Bond offering.

## **Public Amenities**

Fiscal Year 2013 saw significant progress in our objective to provide quality public amenities for all New Yorkers.

**Battery Park City Community Center** -- As noted above, construction is complete and the facility has been turned over to its operator, Asphalt Green. The Center is home to two swimming pools, a gym, several classrooms and fitness studios, a teaching kitchen and a public auditorium. Asphalt Green, which operates a similar facility uptown was selected as the operator of the Community Center through an RFP process which involved representatives of the Community Board.

**Ballfield Renovation** -- Among Battery Park City's most significant and heavily-used public amenities are the ballfields. The consistent demand for use of the fields and the need for increasing access to open space led the BPCA to explore the installation of artificial turf on the fields. Community leaders were

invited to participate in the decision-making process which has led to the design of a sustainable (green) synthetic turf field, which was installed between in the summer of 2011, between little league season and soccer season, and opened in September 2011. There was significant damage to the ballfields caused by unprecedeted flooding from Super Storm Sandy necessitating a replacement of the ball field turf. As noted above, that remediation was completed in April.

**Pier A** – Located adjacent to the southern tip of BPC, Pier A is the last of the historic enclosed piers that once defined the lower Manhattan waterfront. It is a landmarked structure that remained empty and deteriorating for many years. New York City leased Pier A to BPCA on a long term basis in 2008, allocating funds from the NYC Economic Development Corporation (EDC) to be utilized for restoration of this important City building. Early phases of the Pier A restoration project were completed by BPCA in 2009 and 2010, and immediately prior to Super Storm Sandy, the third and final core and shell restoration phase was due to be completed by the end of December 2012. However, due to significant repairs necessary as a result of the damage caused by the storm, completion of the core and shell restoration was delayed until July 2013.

**Downtown Connection** -- BPCA has continued to provide funding to the Downtown Alliance to provide commuter bus services to residents, guests and visitors to Battery Park City and lower Manhattan. The benefits of this investment were invaluable as it provided bus evacuation services during the mandatory evacuation order prior to the arrival of Hurricane Sandy.

**Battery Park City Parks Conservancy Programming** -- Intended to help build the local community as well as attract people who work in Battery Park City and those who live elsewhere, the Battery Park City Parks Conservancy conducts a variety of programming for free or a modest fee within the parks, at interior space at 6 River Terrace, and the Community Center housed in Stuyvesant High School.

## **Commercial Activity**

### **Brookfield Renovations**

- A glass-enclosed Pavilion is now located on the east side of the Winter Garden, near West Street/Route 9A. The 7,536 gross square foot Pavilion will provide a climate-controlled environment for pedestrians entering into, or exiting from, the underground Concourse, which now connects to the permanent World Trade Center PATH Terminal.
- The east wall of the Winter Garden will be opened to allow for an unobstructed connection to the new Pavilion. One new escalator on the south side of the Winter Garden, a new corridor running south on the ground level of 2 WFC, and a new corridor running north on the second level to 3 WFC are being constructed.
- Existing space on the second level of the Winter Garden is being reconfigured to include a dining area, including a collection of diverse restaurants and balcony dining with approximately 500 seats overlooking the Hudson River.
- The Courtyard is being reconfigured and updated for active retail uses on both the ground and second floors. The second floor slab will be extended.

## **Financial Highlights:**

- The fiscal year ended October 31, 2013 yielded a total of \$236 million in operating revenues, representing a decrease of approximately \$12.9 million or 5.2% over the prior fiscal year. Payments in lieu of real estate taxes (“PILOT”) revenue totaling approximately \$159.4 million (approximately 67.5% of the Authority’s operating revenues for the fiscal year ended October 31, 2013) decreased \$4.6 million or 2.8% compared to the fiscal year ended October 31, 2012. Base rent increased approximately \$858 thousand or 1.4% to \$62.3 million for the fiscal year ended October 31, 2013. Civic facilities and other operating revenues decreased \$9.2 million or 42.4% to \$12.6 million for the fiscal year ended October 31, 2013. Total operating expenses increased a net \$1.9 million or 4.5% to \$45 million for the fiscal year ended October 31, 2013.
- An amount of \$103.3 million provided for the transfer to the City of New York (“the City”) during the fiscal year ended October 31, 2012 was paid in June 2013. A \$112.1 million provision was recorded during the fiscal year ended October 31, 2013 representing the PILOT related portion of fiscal 2012 excess revenues to be transferred to the City. Generally, the Authority’s net position decreases with increases in the amount of excess revenues provided to the City, which has an adverse effect on the Authority’s net position.
- Pursuant to the 2010 Agreement, the Authority recorded a provision for the transfer of \$46 million for the fiscal year ended October 31, 2013, as an expected payment to the City Housing Development Corporation (HDC) 421-A fund. An amount of \$46.1 million provided for the transfer to the City during fiscal year ended October 31, 2012 was paid in May 2013. The cumulative amount relating to the 421-A fund, including the provision for the fiscal year ended October 31, 2013, is \$167.4 million.
- On October 23, 2013, the Authority issued \$356,085,000 (\$407,120,987 inclusive of net premium) of fixed-rate tax exempt Senior Revenue Bonds, Series 2013A (the “2013 Series A Bonds”) and \$6,700,000 (\$6,889,064 inclusive of net premium) of federally taxable, fixed-rate Senior Revenue Bonds, Series 2013B (the “2013 Series B Bonds”), for a total of \$414,010,051 fixed rate bonds. In addition, the Authority directly placed \$609,530,000 variable-rate Junior Revenue Bonds with three banks and bank affiliates, comprising \$210,865,000 of Junior Revenue Bonds Series 2013C (the “2013 Series C Bonds”), \$199,330,000 of Junior Revenue Bonds Series 2013D (the “2013 Series D Bonds”), and \$199,335,000 of Junior Revenue Bonds Series 2013E (the “2013 Series E Bonds”) for a total of \$1,023,540,051. Proceeds from the 2013 Bonds were used to currently refund all Senior 2003 Series A Bonds (with the exception of \$16.1 million, paid November 1, 2013) and all Junior 2003 Series B and C Bonds; to finance \$85 million of infrastructure and other capital improvements; and to finance approximately \$10.8 million of bond issuance costs.
- On December 22, 2009, the Authority issued the Senior Revenue Bonds in the total amount of \$89 million (inclusive of a \$1.8 million premium) to finance certain infrastructure and other capital improvements. As of October 31, 2013, approximately \$26.7 million remained in the Project Cost funds to be used for certain park, street and other infrastructure improvements, the community center and other capital expenditures.
- The Authority’s 2003 Series B and C Junior Revenue Bonds (variable-rate subordinate debt) auctions continued to fail (beginning on February 2008) in secondary markets. The 2003 Series B and C Junior Revenue Bonds were currently refunded on October 23, 2013. On any failed auction date, the reset rate is set at a percentage of the 30-day London InterBank Offered Rate (“LIBOR”)

based on the prevailing rating for the bond series. The rates applied to the 30-day LIBOR on the 2003 Series B and C Bonds are 175%, 200%, or 225% for bonds rated AAA/AAA/Aaa, AA/AA/Aa, and A/A/A, respectively, depending on the prevailing rating of the series of bonds outstanding. The reset rates on auctions that settled from November 1, 2012 through October 23, 2013 ranged from a low of 0.340% to a high of 0.428% on the 2003 Series B Bonds and from a low of 0.340% to a high of 0.426% on the 2003 Series C Bonds.

- As of October 31, 2013, the Authority received \$8.8 million in insurance and Federal assistance advances and has paid out \$10.6 million for remediation work for damage caused by Super Storm Sandy. The Authority's management believes that all eligible claims with respect to this damage will be collected from its insurance carriers. Damages are being assessed and costs not covered by insurance are being submitted for reimbursement under Federal and State disaster relief programs, which management believes will cover the majority of these costs. Any unreimbursed damages will be paid by the Authority from the corporate insurance reserve fund.
- In March 2012, GASB issued GASB No. 65 *Items Previously Reported as Assets and Liabilities*. GASB No. 65 clarifies the appropriate reporting of deferred outflows and deferred inflows of resources to ensure consistency in financial reporting. In accordance with GASB No. 65, beginning with the year ended October 31, 2013, the Authority reclassified certain items that were previously classified as assets and liabilities to deferred outflows and deferred inflows of resources. In addition, GASB No. 65 requires that all lease and debt issuance costs, except any portion related to prepaid bond insurance costs, be recognized as an expense in the period incurred. In accordance with GASB No. 65, beginning with the year ended October 31, 2013, the Authority retroactively applied this statement to prior periods and adjusted the beginning balance of net position (deficit) for the earliest period presented for all lease and debt issuance costs except prepaid bond insurance costs, which are being reported as an asset and recognized as an expense over the duration of the related debt. The format of the financial statements for the years ended October 31, 2012 and 2011 has been changed accordingly for comparative purposes. The net effect of the change was a decrease in beginning net assets of approximately \$21.2 million, \$22.2 million, and \$23.3 million for the years ended October 31, 2013, 2012, and 2011, respectively.

## Financial Reports

### Receipts and Disbursements (Revenues and Expenses)

#### *Summary Schedule of Revenues, Expenses, and Changes in Net Deficit*

Below is a summary of the Organization's revenues, expenses, and changes in net deficit for the fiscal years ended October 31, 2013 and 2012:

	October 31		2013 vs 2012
	2013	2012	
<b>Operating revenues:</b>			
Revenues from ground leases:			
Base rent	\$ 62,252,076	61,394,256	857,820
Supplemental rent	1,815,820	1,738,401	77,419
Payments in lieu of real estate taxes	159,416,916	163,987,502	(4,570,586)
Civic facilities payments and other	12,559,603	21,806,157	(9,246,554)
Total operating revenues	<u>236,044,415</u>	<u>248,926,316</u>	<u>(12,881,901)</u>
<b>Operating expenses:</b>			
Wages and related benefits	12,560,909	12,491,397	69,512
OPEB - Battery Park City Authority	439,037	1,220,823	(781,786)
OPEB - Battery Park City Parks Conservancy	1,901,745	1,224,990	676,755
Other operating and administrative expenses	12,136,017	10,963,056	1,172,961
New York State Cost wide recovery	5,852,795	5,236,364	616,431
Community Center	2,079,240	1,958,577	120,663
Depreciation and amortization	10,017,930	9,947,263	70,667
Total operating expenses	<u>44,987,673</u>	<u>43,042,470</u>	<u>1,945,203</u>
Operating income	<u>191,056,742</u>	<u>205,883,846</u>	<u>(14,827,104)</u>
<b>Nonoperating revenues (expenses):</b>			
Interest and other income	(586,205)	5,213,030	(5,799,235)
Other revenue	226,256	2,471	223,785
Interest expense, net	(36,446,093)	(37,795,116)	1,349,023
Bond issuance costs	(10,843,250)	—	(10,843,250)
Provision for transfer to NYC School Construction Authority	—	(1,898,808)	1,898,808
Provision for transfer to the Port Authority of NY & NJ	—	(3,801,977)	3,801,977
Provision for transfer to the City of New York	(112,084,771)	(103,283,763)	(8,801,008)
Provision for transfer to the City of New York - 2010 Agreement	(46,048,371)	(46,142,978)	94,607
Provision for transfer to the City of New York - Pier A	(5,025,956)	—	(5,025,956)
Total nonoperating expenses, net	<u>(210,808,390)</u>	<u>(187,707,141)</u>	<u>(23,101,249)</u>
Change in net position (deficit)	<u>(19,751,648)</u>	<u>18,176,705</u>	<u>(37,928,353)</u>
Net deficit, beginning of year		(645,154,626)	
Effect of adoption of GASB 65		(22,222,790)	
Net (deficit), beginning of year (Restated)	<u>(649,200,711)</u>	<u>(667,377,416)</u>	<u>18,176,705</u>
Net deficit, end of year	<u>\$ (668,952,359)</u>	<u>(649,200,711)</u>	<u>(19,751,648)</u>

## **Operating Revenues**

Overall operating revenues for the year ended October 31, 2013 totaled \$236 million, approximately \$12.9 million lower than the year ended October 31, 2012. Lease revenues consist primarily of base (land) rent and PILOT from long-term leaseholds.

Base rent increased \$858 thousand from \$61.4 million for the year ended October 31, 2012. PILOT revenue totaling approximately \$159.4 million (approximately 67.5% of the total operating revenues for the fiscal year ended October 31, 2013), decreased by \$4.6 million over the fiscal year ended October 31, 2012, and relates to 467a real estate tax abatements for residential properties given in the current period. The change in civic facility payments and other is a \$9.2 million decrease from \$21.8 million for the year ended October 31, 2012 to \$12.6 million in October 31, 2013 primarily due to a one-time transaction payment from residential Site 16/17 during 2012 that was not repeated in 2013.

## **Operating Expenses**

Operating expenses totaled approximately \$45 million for the fiscal year ended October 31, 2013, representing a \$1.9 million increase compared to the fiscal year ended October 31, 2012. The expenses include: wages and related benefits; OPEB; operating and administrative expenses such as security, insurance, rent, maintenance, transportation, legal, financial, and promotional; planning/design expenditures; and depreciation and amortization.

Wages and related benefits totaling \$12.6 million were commensurate with previous fiscal year ended October 31, 2012.

OPEB expenses for the Authority decreased for the fiscal year ended October 31, 2013 by \$782 thousand. This was due to the lower normal and interest costs coupled by an ARC amortization credit determined by the triennial valuation. OPEB costs represent a pro rata share of annual interest and normal costs for postemployment medical benefits for all eligible current employees in accordance with GASB Statement No. 45.

The Conservancy recognized the normal and interest costs of approximately \$1.9 million for the plan for the fiscal year ended October 31, 2013 which was approximately \$677 thousand higher than the OPEB expenses for the year ended October 31, 2012.

Other operating and administrative expenses increased approximately \$1.2 million due to the increase in insurance coverage and security and other site operations.

Expenses relating to the community center at Site 23/24 increased by \$121 thousand from \$2 million for the fiscal year ended October 31, 2012. The current year expense includes a one time charge for furniture and equipment totaling approximately \$1.3 million purchased by the Authority and transferred to the operator of the community center in accordance with the operating agreement.

Depreciation and amortization expenses recorded for the fiscal year ended October 31, 2013 of \$10 million was \$71 thousand higher than the year ended October 31, 2012.

## **Non-operating Revenues (Expenses)**

Total nonoperating expenses, net, were approximately \$23.1 million lower for the year ended October 31, 2013 than the year ended October 31, 2012. A provision for a transfer to the City of \$112.1 million

in excess revenues was charged to expense for the year ended October 31, 2013, an increase of approximately \$8.8 million from the year ended October 31, 2012. In addition, a provision for transfer to the City for a 421-A affordable housing fund of \$46 million was charged to expense for the year ended October 31, 2013, a decrease of approximately \$95 thousand from the year ended October 31, 2012. There was no provision for transfer to the PANYNJ for the fiscal year ended October 31, 2013, a decrease of \$3.8 million from fiscal year ended October 31, 2012.

Investment and other income decreased by \$5.8 million primarily due to the reduction in balances held and the composition of assets held during the year ended October 31, 2013 compared to 2012. Other revenue increased \$224 thousand. Net interest expense related to outstanding bonds decreased \$1.3 million compared to the year ended October 31, 2012. Bond issuance costs of approximately \$10.8 million related to the October 2013 bond offering were charged to expense for the fiscal year ended October 31, 2013.

### **Change in Net Position (Deficit)**

The total net deficits at October 31, 2013 and 2012 were \$669 million and \$649.2 million, respectively.

## Assets and Liabilities

The summary statement of net position presents the financial position of the Organization. The net position (deficit) is the difference between total assets plus total deferred outflows of resources and total liabilities. A summarized comparison of the Organization's assets, deferred outflow of resources, liabilities, and net position (deficit) at October 31, 2013 and 2012 is as follows:

	<b>October 31</b>		<b>2013 vs 2012</b>
	<b>2013</b>	<b>2012 (Restated)</b>	
<b>Assets:</b>			
Bank deposits, investments and rents and other receivables	\$ 28,032,697	30,598,979	(2,566,282)
Bond resolution restricted assets (current and noncurrent)	399,210,547	328,669,994	70,540,553
Battery Park City project assets, net	483,510,743	488,320,929	(4,810,186)
Other current and noncurrent assets	104,243,584	129,051,541	(24,807,957)
<b>Total assets</b>	<b>\$ 1,014,997,571</b>	<b>976,641,443</b>	<b>38,356,128</b>
<b>Deferred Outflow of Resources:</b>			
Accumulated decrease in fair value of interest rate swaps	\$ —	106,703,964	(106,703,964)
Unamortized loss on extinguishment of bonds	23,942,588	18,400,610	5,541,978
Deferred costs of refunding, less accumulated amortization	70,126,010	—	70,126,010
<b>Total deferred outflow of resources</b>	<b>94,068,598</b>	<b>125,104,574</b>	<b>(31,035,976)</b>
<b>Total assets and deferred outflow of resources</b>	<b>\$ 1,109,066,169</b>	<b>1,101,746,017</b>	<b>7,320,152</b>
<b>Liabilities:</b>			
Current liabilities	\$ 250,259,717	239,088,552	11,171,165
Long-term liabilities	1,526,134,156	1,511,858,176	14,275,980
<b>Total liabilities</b>	<b>1,776,393,873</b>	<b>1,750,946,728</b>	<b>25,447,145</b>
<b>Deferred Inflow of Resources:</b>			
Accumulated increase in fair value of interest rate swaps	1,624,655	—	1,624,655
<b>Total deferred inflows of resources</b>	<b>1,624,655</b>	<b>—</b>	<b>1,624,655</b>
<b>Net Position (Deficit):</b>			
Invested in capital assets, net of related debt	(6,333,642)	(9,633,572)	3,299,930
Restricted	103,053,163	88,095,527	14,957,636
Unrestricted	(765,671,880)	(727,662,666)	(38,009,214)
<b>Total net deficit</b>	<b>(668,952,359)</b>	<b>(649,200,711)</b>	<b>(19,751,648)</b>
<b>Total liabilities, deferred inflows of resources and net position</b>	<b>\$ 1,109,066,169</b>	<b>1,101,746,017</b>	<b>7,320,152</b>

## **Assets and Deferred Outflows of Resources**

At October 31, 2013, the Organization maintained total assets and deferred outflows of resources of approximately \$1.1 billion, approximately \$7.3 million higher than \$1.1 billion at October 31, 2012.

Bank deposits, investments, and rents and other receivables held at October 31, 2013 decreased approximately \$2.6 million. Bank deposits and investments decreased a net \$9.9 million and rents and other receivables increased by approximately \$7.4 million. The decrease in bank deposits and investments primarily relates to a decrease in transaction and administrative payments from 2012 held in the Unpledged Revenue Fund. Increases in rents and other receivables due the Authority of \$7.4 million primarily relate to decreases in amounts receivable from the City for Pier A restoration expenses and rents receivable of approximately \$12.1 million and \$1.7 million, respectively, offset by increases in receivables for Super Storm Sandy insurance, estimated unused funds due from the Junior Bond defeasance escrow, and miscellaneous receivables by approximately \$10.6 million, \$10.1 million, and \$800 thousand, respectively.

Bond resolution restricted assets are funds and accounts established in accordance with the 2003, 2009 and 2013 Revenue Bond resolutions. Such assets of approximately \$399.2 million at October 31, 2013 were approximately \$70.5 million higher than the fair value of assets held at October 31, 2012 of \$328.7 million. Funds held in the Pledged Revenue Fund (“PRF”) at October 31, 2013 were approximately \$11.5 million more than funds held at October 31, 2012.

Funds held in the Project Operating Fund for payment of budgeted operating expenditures at October 31, 2013 were approximately \$2.2 million lower than at October 31, 2012.

Funds held in the Residual Fund for the benefit of the City were also \$9 thousand lower at October 31, 2013.

Funds held in the 2013 Cost of Issuance Fund were approximately \$1.6 million at October 31, 2013.

Funds held under the resolution for project infrastructure and certain other asset costs were \$116.1 million as of October 31, 2013, approximately \$85.5 million more than funds held at October 31, 2012. In addition, funds held in the debt service funds were approximately \$23.8 million lower at October 31, 2013 compared to 2012.

## **Project Assets**

At October 31, 2013, the Authority’s investment in project assets, net of accumulated depreciation, was approximately \$483.5 million, a decrease of \$4.8 million over October 31, 2012.

The Battery Park City project (“Project”) consists of approximately 92 acres of landfill created, owned, and operated by the Authority. The Project’s plan of development included approximately 35 acres of parkland and open spaces and provides for the construction, by private developers, of approximately 10.2 million square feet of office space, a 500,000 square foot commodities trading facility, retail space, a marina, two hotels, a multiplex cinema, museums, three public schools, a public library, and approximately 8,600 residential units.

The Authority's project assets include land, site improvements, and a residential building constructed by the Authority on Site 22. Additionally, condo units owned by the Authority on Sites 1, 16/17, 3, and a community center on Sites 23 and 24, and related infrastructure improvements are included in project assets. The balances at October 31, 2013 and 2012 were as follows:

	October 31		2013 vs 2012
	2013	2012	
Land	\$ 83,015,653	83,015,653	—
Site improvements	376,856,244	374,131,317	2,724,927
Residential building and condominium units	<u>132,913,754</u>	<u>132,109,599</u>	<u>804,155</u>
	592,785,651	589,256,569	3,529,082
Less accumulated depreciation	<u>(109,274,908)</u>	<u>(100,935,640)</u>	<u>(8,339,268)</u>
Total Battery Park City project assets	<u>\$ 483,510,743</u>	<u>488,320,929</u>	<u>(4,810,186)</u>

For the year ended October 31, 2013, the increase to site improvements of approximately \$2.7 million relates to the construction in progress of Pier A Plaza, park improvements in the north and south neighborhoods, the esplanade and restoration of piles, as well as work on bridges and other minor capital improvements.

The \$804 thousand increase in residential building and condominium units over October 31, 2012, primarily relates to the build out of a community center and ball field maintenance facility at Sites 23 and 24.

## **Other Current and Noncurrent Assets**

Other current and noncurrent assets at October 31, 2013, and 2012 are as follows:

	October 31		2013 vs 2012
	2013	Restated 2012	
Residential lease required funds	\$ 21,424,126	21,994,938	(570,812)
Corporate-designated, escrowed and OPEB funds	76,719,830	80,046,105	(3,326,275)
Bond insurance costs, net	—	21,518,913	(21,518,913)
Fair Value of interest rate swaps	1,624,655	—	1,624,655
Other assets	<u>4,474,973</u>	<u>5,491,585</u>	<u>(1,016,612)</u>
Total other current and noncurrent assets	<u>\$ 104,243,584</u>	<u>129,051,541</u>	<u>(24,807,957)</u>

Total other current and noncurrent assets decreased approximately \$24.8 million from \$129.1 million at October 31, 2012 to \$104.2 million at October 31, 2013.

Residential lease required funds decreased \$571 thousand from \$22 million at October 31, 2012 to \$21.4 million at October 31, 2013 primarily due to security deposits refunded to Mariner's Cove, net of

security deposits received from Pier A, One Rector Park and AMEX, coupled with interest earned and gains on investments on all residential funds held.

Overall, corporate designated, escrowed and OPEB funds decreased approximately \$3.3 million from October 31, 2012. Deposits and interest earnings on the Authority and Conservancy OPEB funds accounted for approximately a \$961 thousand increase. A payment of \$3.8 million was made in January 2013 to the Port Authority of New York & New Jersey ("PANYNJ") from the Special Fund. In addition, insurance reserve funds of \$2.1 million were used for Super Storm Sandy, offset by an increase in the Operating Budget reserve of \$1.7 million.

On October 23, 2013, the Authority currently refunded its Series 2003 bonds. The interest rates on these bonds were effectively hedged by interest rate swaps, which were bifurcated as of the date of the current refunding. Accordingly, the fair value of the interest rate swaps on October 23, 2013 of negative \$70.1 million was recorded as an imputed borrowing by the Authority. The Authority also recorded the \$70.1 million as a deferred cost of refunding and reduced the deferred outflow of resources that had been recorded to offset the negative fair value of the interest rate swap to zero. Apart from the imputed borrowing, the interest rate swap agreements, which continue in effect and continue an effective hedge, had a fair value of zero at October 23, 2013, which increased to \$1.6 million at October 31, 2013. This amount is recorded as an asset and a deferred inflow of resources on the Authority's statement of net position.

The unamortized bond insurance costs for the 2003 Bonds, which were refunded on October 23, 2013, have now become a component of the unamortized loss on extinguishment, which is being amortized over the remaining life of the original bonds. Other assets decreased by \$1 million primarily due to the transfer of equipment to the community center operator.

## **Deferred Outflows of Resources**

Deferred Outflows of Resources at October 31, 2013 and 2012 are as follows:

	October 31		2013 vs 2012
	2013	2012 (Restated)	
<b>Deferred Outflows of Resources:</b>			
Accumulated decrease in fair value of interest rate swaps	—	106,703,964	(106,703,964)
Unamortized loss on extinguishment of bonds	23,942,588	18,400,610	5,541,978
Deferred costs of refunding, less accumulated amortization	70,126,010	—	70,126,010
<b>Total deferred outflows of Resources</b>	<b>94,068,598</b>	<b>125,104,574</b>	<b>(31,035,976)</b>

On October 23, 2013, the Authority currently refunded its Series 2003 bonds. The interest rates on these bonds were effectively hedged by interest rate swaps, which were bifurcated as of the date of the current refunding. Accordingly, the fair value of the interest rate swaps on October 23, 2013 of negative \$70.1 million was recorded as an imputed borrowing by the Authority. The Authority also recorded the \$70.1 million as a deferred cost of refunding and reduced the deferred outflow of resources that had been recorded to offset the negative fair value of the interest rate swap to zero. Apart from the imputed borrowing, the interest rate swap agreements, which continue in effect and continue an effective hedge, had a fair value of zero at October 23, 2013, which increased to \$1.6 million at October 31, 2013. This

amount is recorded as an asset and a deferred inflow of resources on the Authority's statement of net position.

Unamortized loss on extinguishment of 1993, 1996, 2000, and 2003 bonds increased by \$5.5 million, from October 31, 2012 to October 31, 2013. The unamortized bond insurance costs for the 2003 Bonds, which were refunded on October 23, 2013, have now become a component of the unamortized loss on extinguishment, which is being amortized over the remaining life of the original bonds. These costs coupled with the current period amortization are the factors resulting in the above mentioned increase.

In March 2012, GASB issued GASB No. 65 *Items Previously Reported as Assets and Liabilities*. GASB No. 65 clarifies the appropriate reporting of deferred outflows and deferred inflows of resources to ensure consistency in financial reporting. In accordance with GASB No. 65, beginning with the year ended October 31, 2013, the Authority reclassified certain items that were previously classified as assets and liabilities to deferred outflows and deferred inflows of resources. In addition, GASB No. 65 requires that all debt issuance costs, except any portion related to prepaid bond insurance costs, be recognized as an expense in the period incurred. In accordance with GASB No. 65, beginning with the year ended October 31, 2013, the Authority retroactively applied this statement to prior periods and adjusted the beginning balance of net position (deficit) for the earliest period presented for all debt issuance costs except prepaid bond insurance costs, which were being reported as an asset and recognized as an expense over the duration of the related debt.

## **Liabilities**

Total liabilities at October 31, 2013 and 2012 are as follows:

	<b>October 31</b>		<b>2013 vs 2012</b>
	<b>2013</b>	<b>2012</b>	
<b>Current liabilities:</b>			
Accrued interest on bonds	\$ 9,902,870	18,169,507	(8,266,637)
Accounts payable and other liabilities	21,808,760	5,200,281	16,608,479
Due to the City of New York	112,084,771	103,283,763	8,801,008
Due to the City of New York - 2010 Agreement	46,048,371	46,142,978	(94,607)
Due to the NYC School Construction Authority	1,898,808	1,898,808	—
Due to the Port Authority of NY & NJ	—	3,820,328	(3,820,328)
Unearned revenue	41,977,645	41,089,545	888,100
Security and other deposits	88,492	88,342	150
2003 Revenue Bonds	16,140,000	19,280,000	(3,140,000)
2009 Revenue Bonds	310,000	115,000	195,000
<b>Total current liabilities</b>	<b>250,259,717</b>	<b>239,088,552</b>	<b>11,171,165</b>
<b>Noncurrent liabilities:</b>			
Unearned revenue	292,473,891	304,341,304	(11,867,413)
Security and other deposits	21,925,297	22,367,627	(442,330)
OPEB - Battery Park City Authority	18,456,455	18,463,988	(7,533)
OPEB - Battery Park City Parks Conservancy	11,840,431	9,974,257	1,866,174
Fair value of interest rate swaps	—	106,703,964	(106,703,964)
Imputed Borrowing	70,126,010	—	70,126,010
<b>Bonds outstanding:</b>			
2003 Revenue Bonds	—	961,784,095	(961,784,095)
2009 Revenue Bonds	87,840,093	88,222,941	(382,848)
2013 Revenue Bonds	1,023,471,979	—	1,023,471,979
<b>Total noncurrent liabilities</b>	<b>1,526,134,156</b>	<b>1,511,858,176</b>	<b>14,275,980</b>
<b>Total liabilities</b>	<b>\$ 1,776,393,873</b>	<b>1,750,946,728</b>	<b>25,447,145</b>

The Organization's total liabilities increased approximately \$25.4 million from \$1.75 billion at October 31, 2012 to \$1.78 billion at October 31, 2013.

Total liabilities comprise amounts due to the City, accrued interest on bonds, deferred revenue, security and other deposits, OPEB, outstanding bonds, and accounts payable and accrued expenses.

The \$25.4 million increase in total liabilities is due to:

- a \$8.3 million decrease in accrued interest payable on bonds from \$18.2 million at October 31, 2012 to \$9.9 million at October 31, 2013, resulting primarily from the refunding of the 2003 bonds and the issuance of the 2013 revenue bonds.
- a \$16.6 million increase in accounts payable and other liabilities from \$5.2 million at October 31, 2012 to \$21.8 million at October 31, 2013, primarily due to approximately \$9.3 million in outstanding bond issuance costs from the 2013 revenue bonds and advances of \$8.8 million in funds received for ongoing remediation costs of damages caused by Super Storm Sandy.
- a \$112.1 million provision was recorded for the fiscal year ended October 31, 2013, representing fiscal 2013 PILOT related excess revenues to be transferred to the City, an increase of \$8.8 million from the prior fiscal year provision of \$103.3 million, which was paid in June 2013.
- a provision in the amount of \$46 million was recorded as a liability for the fiscal year ended October 31, 2013 for payment under the 2010 Agreement for the City 421-A fund, a decrease of \$95 thousand over the \$46.1 million which was charged to operations for the fiscal year ended October 31, 2012 and paid in May 2013.
- a \$1.9 million amount remained outstanding as a liability for the fiscal year ended October 31, 2013 for amounts due to the New York City School Construction Authority for the completion of three green building components.
- a \$3.8 million decrease in amounts due to the PANYNJ relating to the Authority's agreement to pay up to \$40 million of Special Fund monies for the construction of a planned pedestrian concourse. The Authority paid \$3.8 million to the PANYNJ in January 2013.
- a \$11 million decrease to \$334.5 million in total unearned revenue from \$345.4 million at October 31, 2012 primarily due to revenue recognized on leases, such as the Goldman lease (\$2.7 million), sites 23 and 24 (\$2.3 million), and Site 16/17 (\$2.4 million), as well as other upfront lease payments received during prior years.
- a \$442 thousand decrease in total security and other deposits to \$22 million at October 31, 2013, primarily due to security deposits refunded to Mariner's Cove, net of security deposits received from Pier A, One Rector Park and AMEX, coupled with interest earned and gains on investments on all residential funds held.
- a net \$7 thousand net decrease in OPEB liability for the Authority relating to the annual normal cost incurred for current employees and interest expense, offset by actual costs for retiree benefits paid. The Authority had a \$18.5 million OPEB liability at October 31, 2013. The annual required OPEB obligation is increased by normal costs for current employees and interest expense and offset by an amortization credit and the actual cost of retiree benefits paid during the year.
- a \$1.9 million net increase in OPEB liability for the Conservancy relating to the annual normal cost incurred for current employees and interest expense, offset by actual costs for retiree benefits. The Conservancy had a \$11.8 million OPEB liability at October 31, 2013. The annual required OPEB obligation is increased by normal costs for current employees and interest expense.

- a \$70.1 million increase in Imputed Borrowing. On October 23, 2013, the Authority refunded the Series 2003 bonds, which terminated the hedge accounting treatment of the swaps and bifurcated the swap into "Imputed Borrowing" and an accounting swap, accounting for the \$106.7 million decrease in the Accumulated decrease in fair value of interest rate swaps. The Authority recorded a deferred cost of refunding and an imputed borrowing of approximately \$70.1 million, the fair value of the interest rate swaps on October 23, 2013.
- a \$964.9 million decrease in 2003 Revenue Bonds outstanding relating to refunding of the 2003 bonds.
- a \$188 thousand decrease in 2009 Revenue Bonds outstanding relating to retirement of principal of \$115 thousand and a \$73 thousand decrease due to the amortization of the net bond premium.
- a \$1.02 billion increase in 2013 Revenue Bonds outstanding relating to the issuance of the 2013 Revenue Bonds.

## **Deferred Inflows of Resources**

On October 23, 2013, the Authority currently refunded its Series 2003 bonds. The interest rates on these bonds were effectively hedged by interest rate swaps, which were bifurcated as of the date of the current refunding. Accordingly, the fair value of the interest rate swaps on October 23, 2013 of negative \$70.1 million was recorded as an imputed borrowing by the Authority. The Authority also recorded the \$70.1 million as a deferred cost of refunding and reduced the deferred outflow of resources that had been recorded to offset the negative fair value of the interest rate swap to zero. Apart from the imputed borrowing, the interest rate swap agreements, which continue in effect and continue an effective hedge, had a fair value of zero at October 23, 2013, which increased to \$1.6 million at October 31, 2013. This amount is recorded as an asset and a deferred inflow of resources on the Authority's statement of net position.

## **Net Position (Deficit)**

	<b>October 31</b>		<b>2013 vs</b>
	<b>2013</b>	<b>2012 (Restated)</b>	<b>2012</b>
Net Position (deficit):			
Invested in capital assets, net of related debt	(6,333,642)	(9,633,572)	3,299,930
Restricted	103,053,163	88,095,527	14,957,636
Unrestricted	(765,671,880)	(727,662,666)	(38,009,214)
Total net position (deficit)	<u>(668,952,359)</u>	<u>(649,200,711)</u>	<u>(19,751,648)</u>

The change in total net position (deficit) from October 31, 2012 represents a increase in the deficit position of \$19.8 million from \$649.2 million at October 31, 2012 to \$669 million at October 31, 2013.

The net position invested in capital assets, net of related debt, was a deficit of \$6.3 million and \$9.6 million at October 31, 2013 and 2012, respectively. Although investment in capital assets is reported net of related debt, the resources needed to repay this debt must be provided from other sources, since capital assets cannot be used to liquidate these liabilities. The Authority's \$103.1 million and \$88.1 million of restricted net assets at October 31, 2013 and 2012, respectively, represent resources that are

subject to various external restrictions on how they may be used. These assets are generally restricted under bond resolutions and other agreements and for debt service. The remaining balance is classified as an unrestricted deficit totaling \$765.7 million at October 31, 2013 resulting primarily from debt issued for noncapital purposes of \$515 million, and upfront lease payments and deferred PILOT revenue, which are transferred to the City annually or held in the Joint Purpose Fund as restricted assets.

GASB No. 65 requires that all lease and debt issuance costs, except any portion related to prepaid insurance costs, be recognized as an expense in the period incurred. In accordance with GASB No. 65, beginning with the year ended October 31, 2013, the Authority retroactively applied this statement to prior periods and adjusted the beginning balance of net position (deficit) for the earliest period presented for all lease and debt issuance costs except prepaid insurance costs, which are being reported as an asset and recognized as an expense over the duration of the related debt. The format of the financial statements for October 31, 2012 has been changed accordingly for comparative purposes. The effect of the adoption of GASB 65 resulted in an increase in the beginning net deficit of \$21.2 million and \$22.2 million for the years ending October 31, 2013 and 2012, respectively.

## **Mission Statement and Measurement Report**

The Hugh L. Carey Battery Park City Authority is a public benefit corporation created in 1968, by the New York State Legislature, to be responsible for planning, developing and sustaining the residential, commercial, parks and open space located along the Hudson River at the tip of Lower Manhattan in New York City. Home to 17,000 people, the work place of 40,000 more, and visited by countless thousands of people a year, New York's Battery Park City is an asset to both the State and City.

According to the Battery Park City Master Plan of 1979, Battery Park City was envisioned not to be a self-contained community, but rather a neighborhood woven into the fabric of the great City of New York. Through its contributions, Battery Park City Authority is deeply committed to the mission of providing resources for the good of all neighborhoods throughout New York City.

The commitment to sustainability is deeply ingrained in both the Battery Park City Authority and its subsidiary, the Battery Park City Parks Conservancy. The Conservancy has implemented sustainable horticultural and maintenance practices throughout the parks system for decades. The first "Green Guidelines" for new residential construction were issued in 2000 to establish a process that is for the creation of environmentally responsible buildings.

Through its layout and geographic orientation, Battery Park City is an intentionally knitted extension of New York's streets and blocks. The names of streets heading east and west are purposely the same as those on the opposite side of West Street. Battery Park City was not an addition to New York City, but rather, a continuation of this dynamic City's development into the 21<sup>st</sup> century.

### **Public Benefit**

All decisions will reflect the public interest and support a public benefit to our stakeholders, the City of New York, tenants of BPCA, residents and workers in Battery Park City, the downtown community, and tourists/visitors to Battery Park City, in the development of properties, creation of spaces, and in the provision of opportunity to the M/WBE community to share in the economic growth of the Battery Park City community. As an integral part of the lower Manhattan fabric, the Authority will seek to cooperate with and support both public and private sector entities whose missions are in concert with that of the Authority, and whose efforts directly benefit furtherance of same.

### **Mission Statements**

#### Battery Park City Authority

***The Hugh L. Carey Battery Park City Authority is a New York State public benefit corporation whose mission is to plan, create, co-ordinate and sustain a balanced community of commercial, residential, retail, parks and open space within its designated 92-acre site on the lower west side of Manhattan.***

#### Battery Park City Parks Conservancy

***The Battery Park City Parks Conservancy's mission is to manage, maintain, operate, repair, preserve and program activities to a world class standard for the residential parks, open space, and other public structures located on the 92 acre Battery Park City site on the lower west side of Manhattan.***

**The Mission Will be Accomplished by Following these Core Values:**

***Public-Private Partnerships***

Public-private partnerships will continue to be the model for private sector development utilizing a competitive public bid process to optimize value.

***Balance and Esthetics***

New development will continue according to the approved Master Plan utilizing adaptable and sustainable quality design to create a model mixed use development which exemplifies excellence in architecture and urban planning.

***Environmental Responsibility***

All new development, as well as maintenance of parks, public spaces, and other property under Authority stewardship, will employ the latest high-performance environmental designs and techniques available.

**Performance Measures**

**Complete development of office buildings in Battery Park City (BPC).**

- BPCA has completed development of the office buildings on its site.

**Complete development of residential buildings in BPC.**

- BPCA's developer Milstein completed the last residential building on site, located at Sites 23/24.

**Complete development of public buildings in BPC.**

- Pursuant to an agreement with New York City, BPCA is redeveloping Pier A. BPCA will complete the Pier A restoration work in accordance with a design which adhere to its "green" construction standards while preserving the landmarked historic features of the Pier and transforming the Pier A into a Downtown NY destination and a revenue producing asset. BPCA owns condos units which used by museums, a public library, and other cultural institutions.

**Complete Battery Park City Community Center**

- The Center is home to two swimming pools, a gymnasium, a fitness center, several classrooms, a teaching kitchen and a theater/auditorium. Asphalt Green, which operates a similar facility uptown, was selected by BPCA as the operator of the

Community Center through an RFP process which involved representatives of the Community Board. The center opened in summer 2013.

Complete construction and maintenance of the BPC world class park system.

- The BPC park system is largely built out; however, there is a continuing need for infrastructure maintenance. BPCA annually reviews the maintenance and construction needs of the park system and updates its maintenance and its construction plans accordingly.

Maximize revenues/collect rents and PILOTs due under leases, etc. and minimize operating costs.

- BPCA has been reviewing and continues to review its commercial core leases to ensure that all revenues due to it under these leases are being collected, including periodic audits of leases. Also, it is currently pursuing arbitration to ensure that lease provisions are interpreted in such a way as to maximize these revenue streams.
- BPCA's FY 14 operating budget is the lowest annual budget for the BPCA in 11 years even as non discretionary costs keep rising.

Maintain high credit ratings , minimize cost of debt service, and mitigate interest rate market risk on variable rate debt in a rising interest rate environment.

- On October 23, 2013, the Authority issued \$ 1.02 billion in bonds including \$356,085,000 (\$407,120,987 inclusive of net premium) of fixed-rate tax exempt Senior Revenue Bonds, Series 2013A (the “2013 Series A Bonds”) and \$6,700,000 (\$6,889,064 inclusive of net premium) of federally taxable, fixed-rate Senior Revenue Bonds, Series 2013B (the “2013 Series B Bonds”), for a total of \$414,010,051 fixed rate bonds. In addition, the Authority directly placed \$609,530,000 variable-rate Junior Revenue Bonds with three banks and bank affiliates, comprising \$210,865,000 of Junior Revenue Bonds Series 2013C (the “2013 Series C Bonds”) , \$199,330,000 of Junior Revenue Bonds Series 2013D (the “2013 Series D Bonds”), and \$199,335,000 of Junior Revenue Bonds Series 2013E (the “2013 Series E Bonds”) for a total of \$1,023,540,051. Proceeds from the 2013 Bonds were used to currently refund all Senior 2003 Series A Bonds (with the exception of \$16.1 million, paid November 1, 2013) and all Junior 2003 Series B and C Bonds; to finance \$85 million of infrastructure and other capital improvements; and to finance approximately \$10.8 million of bond issuance costs.
- BPCA achieved the highest credit rating of triple 'AAA' given by the credit agencies for its Senior lien debt (uninsured, revenue bonds) and a true fixed rate interest cost of 2.77 %.
- Each series of the approximately \$609.5 M 2013 C,D,E Junior Bonds initially bears interest monthly at a variable rate based on a percentage of one-month LIBOR plus a fixed spread. The junior lien variable rate bonds credit rating was upgraded to Aa2 and in the new junior lien bonds refunded auction rate securities which were resetting at a 2X libor rate. The credit rating on junior lien variable rate date was upgraded while lowering the costs of capital and mitigating future interest rate market risks.
- Advance sustainable development/operation of BPC. The construction of Pier A and the Community Center is being accomplished in accordance with BPCA’s “green” design and construction guidelines. Additionally, BPCA is reviewing the feasibility of incorporating additional updated sustainable technologies within existing BPC buildings.

Maximize opportunities for M/WBE participation in BPCA contracts and development projects.

- BPCA has a long track record of successfully utilizing M/WBE firms to help achieve our mission. BPCA has been able to consistently meet or exceed our annual targets because the Authority has not only adopted aggressive M/WBE goals but has maintained a strong outreach effort in order to expand the network of available firms as well an extensive monitoring program to ensure that we meet our goals. During fiscal year 2013, BPCA built on our already strong program and sought new avenues for increasing our program participation. For the 2013 Fiscal year BPCA achieved 29% MWBE utilization.

Strong Management response and Emergency Disaster Recovery Plan - (Super Storm Sandy).

- As of October 31, 2013, the Authority received \$8.8 million in insurance and Federal assistance advances and has paid out \$10.6 million for remediation work for damage caused by Super Storm Sandy. The Authority's management has submitted all eligible claims with respect to this damage and has collected additional reimbursements since the end of Fiscal Year 2013 from its insurance carriers. Damages not covered by insurance are being submitted for reimbursement under Federal and State disaster relief programs, which management believes will cover the substantial portion of costs deemed non-reimbursable by carriers. Any unreimbursed damages will be paid by the Authority from the corporate insurance reserve fund.
- The lights stayed on at Battery Park City during and after the Storm and the vital community assets like the Community Center and Ball fields were remediated in time for summer use.

## Schedule of Outstanding Bonds and Notes

### Bonds, Notes and Refinancing

The 2003 Revenue Bonds, issued in October 2003, totaling \$1.07 billion, included \$433 million (including a net premium) of senior lien and \$635 million of junior lien debt obligations. At October 31, 2013, the Authority was responsible for debt service on the 2003 Revenue Bonds of \$16.1 million and all other 2003 Revenue Bonds were currently refunded on October 23, 2013 and no longer debt obligations of the Authority.

	<u>Outstanding debt</u>	<u>Fitch</u>	<u>Moody's</u>	<u>Standard &amp; Poor's (S&amp;P)</u>
2003 Series Senior A Bonds	\$ 16,140,000	AAA	Aaa	AAA

The 2009 Revenue Bonds, issued in December 2009, totaling \$89 million, included \$56.6 million of federally taxable build America bonds and \$32.5 million (including a net premium) of tax-exempt bonds. At October 31, 2013, the Authority was responsible for debt service on the 2009 Revenue Bonds of \$88.2 million.

	<u>Outstanding debt</u>	<u>Fitch</u>	<u>Moody's</u>	<u>Standard &amp; Poor's (S&amp;P)</u>
2009 Senior Revenue A Bonds	\$ 56,600,000	AAA	Aaa	Not rated
2009 Senior Revenue B Bonds	31,550,093	AAA	Aaa	Not rated

The 2013 Revenue Bonds, issued in October 2013, totaling \$1.02 million, included \$407.1 million (inclusive of net premium) of fixed-rate tax exempt Senior Revenue Bonds Series A and \$6.9 million (inclusive of net premium) of federally taxable, fixed-rate Senior Revenue Bonds, Series B. In addition, the Authority directly placed \$609.5 million variable-rate Junior Revenue Bonds with three banks, comprising \$210.9 million of Series C, \$199.3 million of Series D, and \$199.3 million of Series E.

	<u>Outstanding debt</u>	<u>Fitch</u>	<u>Moody's</u>	<u>Standard &amp; Poor's (S&amp;P)</u>
2013 Senior Revenue A Bonds	\$ 407,055,089	AAA	Aaa	Not Rated
2013 Senior Revenue B Bonds	6,886,889	AAA	Aaa	Not Rated
2013 Junior Revenue C Bonds	210,865,000	Not Rated	Aa2	Not Rated
2013 Junior Revenue D Bonds	199,330,000	Not Rated	Not Rated	Not Rated
2013 Junior Revenue E Bonds	199,335,000	Not Rated	Not Rated	Not Rated

### **2003 Revenue Bonds**

On October 16, 2003, the Authority issued \$406,350,000 (\$433,345,972 inclusive of net premium) of fixed-rate Senior Revenue Bonds, Series 2003A (the "2003 Series A Bonds"), \$235,000,000 of variable-rate Junior Revenue Bonds, Series 2003B (the "2003 Series B Bonds") and \$400,000,000 of variable-rate Junior Revenue Bonds, Series 2003C (the "2003 Series C Bonds"), for a total of \$1,068,345,972 (collectively the "Series 2003 Bonds"). The Series 2003 Bonds were issued for the following purposes:

- A total of \$564,891,733 of bonds (including \$343,017,495 of the 2003 Series A Bonds, \$50,871,502 of the 2003 Series B Bonds, and \$171,002,776 of the 2003 Series C Bonds) were issued to currently refund all the outstanding 1993 Revenue Refunding Bonds, including

\$324,045,000 of the 1993 Series A Senior Bonds, \$115,420,000 of the 1993 Series A Junior Bonds, and \$53,075,000 of the Junior Revenue Bonds, Series 2000.

- \$95,755,874 of the 2003 Series C Bonds were issued to advance refund \$74,385,000 of outstanding Junior Revenue Bonds, Series 1996A.
- \$115,160,363 of the 2003 Series B Bonds was issued to finance certain infrastructure and other capital improvements. All of the 2003 Series B bond proceeds were utilized as of October 31, 2012.
- In conjunction with the refunding of all of its outstanding revenue bonds on October 16, 2003, the Authority issued \$292,537,963 of bonds (including \$90,328,477 of the 2003 Series A Bonds, \$68,968,136 of the 2003 Series B Bonds, and \$133,241,350 of the 2003 Series C Bonds) to currently refund \$250,390,000 of outstanding 1993 HNYC Senior Bonds.
- The refundings resulted in the reacquisition price exceeding the net carrying amount of the refunded debt by \$39 million. The difference between the reacquisition price and the net carrying amount of the refunded debt is reflected on the Authority's balance sheet as an unamortized loss on extinguishment of debt and is being deferred over the life of the old debt with a pro rata charge to interest expense for the years ended October 31, 2013.
- All 2003 Series A Bonds maturing after November 1, 2013 were currently refunded on October 23, 2013 and as of that date are no longer debt obligations of the Authority. All of the refunded 2003 Series A Bonds were redeemed on November 22, 2013. At October 31, 2013, the 2003 Series A Bonds consisted of the following serial bonds:

	<b>Coupon rates</b>	<b>Principal amounts</b>	<b>Interest</b>
Year ended October 31:			
2014	3.50% – 5.50%	16,140,000	412,700
Totals		\$ <u>16,140,000</u>	<u>412,700</u>

The Authority issued certain of the 2003 Series A Bonds at a discount and others at a premium, resulting in an overall net premium of approximately \$27 million. All unamortized net bond premiums were reclassified to Gain(Loss) on Extinguishment of Debt on October 23, 2013, when the bonds were refunded.

In February 2008, the auctions for the Authority's 2003 Series B Bonds and 2003 Series C Bonds in the secondary market began to fail due to insufficient investor orders, resulting in higher interest rates paid on those bonds. On any failed auction date, the reset rate is set at a percentage of the 30-day London Interbank Offered Rate ("LIBOR") based on the prevailing rating of the series bonds. The rates applied to the 30-day LIBOR on the 2003 Series B Bonds and the 2003 Series C Bonds are 175%, 200%, or 225% for bonds rated AAA/AAA/Aaa, AA/A/Aa, and A/A/A, respectively, depending on the prevailing rating of the series of bonds outstanding. The reset rates from November 1, 2012 through October 23, 2013 ranged from a low of 0.340% to a high of 0.428% on the 2003 Series B Bonds and from a low of 0.340% to a high of 0.426% on the 2003 Series C Bonds.

All 2003 Series B Bonds and 2003 Series C Bonds were currently refunded on October 23, 2013 and, as of that date, are no longer debt obligations of the Authority. Redemptions of the Junior Series C hedged Bonds were completed between November 29, 2013 and December 26, 2013.

## Swaps

On October 2, 2003, the Authority executed Swaps with three counterparties. The Swaps were executed in conjunction with the Authority's issuance of \$400 million of its 2003 Series C Bonds. The total notional amount of the Swaps was \$400 million. The effective date for the Swaps was October 16, 2003, which coincided with the delivery date of the 2003 Series C Bonds. The Authority executed the Swaps in order to effectively convert the variable-rate 2003 Series C Bonds to a net fixed rate. Based on the Swaps, the Authority owes interest calculated at a fixed rate of 3.452% to the counterparties that is paid semiannually. In return, the counterparties owe the Authority floating-rate interest equal to 65% of 30-day LIBOR, which is paid to the Authority on a monthly basis. The original notional amounts of the Swaps and the amortization thereof match the original principal amount of the refunded 2003 Series C Bonds and the amortization thereof. The Swaps were not terminated in connection with the issuance of the 2013 Series C,D,E Bonds or the refunding of the 2003 Series C Bonds nor will the Swaps be treated as Qualified Hedges with respect to the 2013 Series C,D,E Bonds.

Deallocation of Swap Principal	Interest-rate swaps		
	Payment	Pro-Forma Receipts	Pro-Forma Net payment
<b>Year ended October 31:</b>			
2014	5,450,000	(12,844,892)	416,975
2015	5,450,000	(12,656,758)	410,868
2016	5,450,000	(12,468,624)	404,761
2017	5,450,000	(12,280,490)	398,653
2018	5,450,000	(12,092,356)	392,546
2019-2023	28,775,000	(57,572,025)	1,868,923
2024 – 2028	68,850,000	(51,548,716)	1,673,392
2029 – 2033	216,325,000	(23,864,971)	774,713
2034	33,625,000	(580,368)	18,840
<b>Totals</b>	<b>\$ 374,825,000</b>	<b>(195,909,200)</b>	<b>6,359,671</b>
			<b>(189,549,529)</b>

The above table shows payments based on the Authority's pay-fixed-rate interest rate Swap payment obligation at an effective interest rate of 3.452% while the Authority's variable-rate receipts are based on the floating rate equal to 65% of 30-day LIBOR on October 31, 2013, which the counterparties are obligated to pay the Authority on a monthly basis. Although the pro-forma receipts shown are projected based on the latest interest rate at October 31, 2013 (65% of 0.1724% or 0.1121%), actual receipts will depend on the actual fluctuation of 30-day LIBOR.

The Authority is exposed to a limited degree of counterparty credit risk associated with the Swaps. However, each of the counterparties carries a rating in the "Baa1" or higher category from at least one of the nationally recognized credit rating agencies. The counterparties are required to post collateral to the extent that they experience an appreciable decline in credit rating and the Swaps have positive fair value for the Authority.

The Swaps would expose the Authority to basis risk should its interest payments on the variable-rate Bonds significantly exceed the receipts, which are based on 65% of 30-day LIBOR.

On October 23, 2013, the Authority currently refunded its Series 2003 bonds. The interest rates on these bonds were effectively hedged by interest rate swaps, which were bifurcated as of the date of the current refunding. Accordingly, the fair value of the interest rate swaps on October 23, 2013 of negative \$70.1 million was recorded as an imputed borrowing by the Authority. The Authority also recorded the \$70.1

million as a deferred cost of refunding and reduced the deferred outflow of resources that had been recorded to offset the negative fair value of the interest rate swap to zero. Apart from the imputed borrowing, the interest rate swap agreements, which continue in effect and continue an effective hedge, had a fair value of zero at October 23, 2013, which increased to \$1.6 million at October 31, 2013. This amount is recorded as an asset and a deferred inflow of resources on the Authority's statement of net position.

## **2009 Revenue Bonds**

On December 22, 2009, the Authority issued \$56,600,000 of fixed-rate Senior Revenue Bonds (federally taxable – Build America Bonds), Series A (the “2009 Series A Bonds”) and \$30,635,000 (\$32,446,008 inclusive of net premium) of various fixed-rate Senior Revenue Bonds, Series B (the “2009 Series B Bonds”), for a total of \$89,046,008. The bonds were issued for the following purposes:

- A total of \$85,000,000 of bonds (including \$55,000,000 of the 2009 Series A Bonds, \$30,000,000 of the 2009 Series B Bonds) were issued to finance certain infrastructure and other capital improvements.
- Funds aggregating \$1,544,849, representing the net proceeds of the bond issues after payment of underwriting fees, other issuance costs and allocation of funds to infrastructure and other capital improvements accounts, were deposited into a reserve fund.

The payment of principal commences in November 2032 on the 2009 Series A Bonds, while payment on the 2009 Series B Bonds commenced in November 2010.

The 2009 Series A Bonds were issued as “Build America Bonds” (“BABs”) under section 54AA of the U.S. Tax Code for which the Authority expects to receive a cash subsidy payment from the United States Treasury equal to 35% of the interest payable by the Authority on the bonds. For the fiscal years ended October 31, 2013 and 2012, the Authority received payments from the U.S. Treasury in the amount of \$1,162,488 and \$1,262,888, respectively, pursuant to the subsidy. BABs already issued will continue to receive subsidies. The Authority has no assurances about future legislation or changes that may affect the availability, amount, or receipt of such subsidy payments.

At October 31, 2013, the 2009 Series A Bonds consisted of the following term bonds:

	<b>Coupon rates</b>	<b>Principal amounts</b>	<b>Interest</b>	<b>BABs subsidy</b>	<b>Interest (net of BABs subsidy)</b>
Year ended October 31:					
2014	6.375%	—	3,608,250	(1,171,960)	2,436,290
2015	6.375%	—	3,608,250	(1,262,888)	2,345,362
2016	6.375%	—	3,608,250	(1,262,888)	2,345,362
2017	6.375%	—	3,608,250	(1,262,888)	2,345,362
2018	6.375%	—	3,608,250	(1,262,888)	2,345,362
2019 – 2023	6.375%	—	18,041,250	(6,314,438)	11,726,812
2024 – 2028	6.375%	—	18,041,250	(6,314,438)	11,726,812
2029 – 2033	6.375%	65,000	18,039,178	(6,313,712)	11,725,466
2034 – 2038	6.375%	33,480,000	14,383,275	(5,034,146)	9,349,129
2039 – 2040	6.375%	23,055,000	1,493,503	(522,726)	970,777
Totals		\$ <u>56,600,000</u>	<u>88,039,706</u>	<u>(30,722,972)</u>	<u>57,316,734</u>

The 2009 Series A Bonds maturing after November 1, 2019 are subject to redemption, in whole or in part, at any time on or after November 1, 2019 at the option of the Authority, at a redemption price of par plus interest to the redemption date.

As of October 31, 2013, principal and interest payments due on the 2009 Series B Bonds were as follows:

	<b>Coupon rates</b>	<b>Principal amounts</b>	<b>Interest</b>
Year ended October 31:			
2014	2.00%	310,000	1,421,556
2015	2.50%	310,000	1,414,581
2016	2.50%	315,000	1,406,769
2017	3.00%	335,000	1,397,806
2018	3.00%	340,000	1,387,681
2019 – 2023	3.50% - 5.00%	1,825,000	6,733,406
2024 – 2028	3.50% - 4.00%	2,025,000	6,274,519
2029 – 2033	4.00% - 5.00%	10,425,000	5,612,666
2033 – 2035	5.00%	<u>14,135,000</u>	<u>618,625</u>
Totals		\$ <u>30,020,000</u>	<u>26,267,609</u>

The Authority issued certain of the 2009 Series B Bonds at a premium of approximately \$1.81 million, which is being amortized on a straight-line basis, over the lives of the 2009 Series B Bonds. At October 31, 2013 and 2012, the unamortized net bond premium was approximately \$1.5 million and \$1.6 million, respectively.

## **2013 Revenue Bonds**

On October 23, 2013, the Authority issued \$356,085,000 (\$407,120,987 inclusive of net premium) of fixed-rate tax exempt Senior Revenue Bonds, Series 2013A (the “2013 Series A Bonds”) and \$6,700,000 (\$6,889,064 inclusive of net premium) of federally taxable, fixed-rate Senior Revenue Bonds, Series 2013B (the “2013 Series B Bonds”), for a total of \$414,010,051 fixed-rate bonds. In addition, the Authority directly placed \$609,530,000 of variable-rate Junior Revenue Bonds with three banks or bank affiliates, comprising \$210,865,000 of Junior Revenue Bonds, Series 2013C (the “2013 Series C Bonds”), \$199,330,000 of Junior Revenue Bonds, Series 2013D (the “2013 Series D Bonds”), and \$199,335,000 of Junior Revenue Bonds, Series 2013E (the “2013 Series E Bonds”) for a total of \$1,023,540,051 (collectively, the (2013 Series C,D,E Bonds”). The 2013 Series C,D,E Bonds were issued for the following purposes:

- A total of \$948,854,807 of bonds (including \$328,548,428 of the 2013 Series A Bonds and \$620,306,379 of the 2013 Series C,D,E Bonds) were issued to currently refund \$319,435,000 of the outstanding 2003 Series A Bonds and \$609,825,000 variable-rate bonds, comprising \$235,000,000 of 2003 Series B Bonds and \$374,825,000 of the 2003 Series C Bonds. The balance of the 2003 Series A Bonds (\$16,140,000 outstanding) was retired by the Authority on November 1, 2013 from 2003 bond resolution debt service funds.
- A total of \$85,000,000 (including \$6,800,000 from the 2013 Series B Bonds and \$78,200,000 from the 2013 Series C,D,E Bonds) was issued to finance certain infrastructure and other capital improvements.
- A total of approximately \$10.8 million of 2013 Series A,B,C,D,E bond proceeds were used to pay for costs of issuance.

The cumulative unamortized loss on extinguishment of the 1993, 1996, 2000, and 2003 bonds, including the unamortized 2003 bond insurance costs, collectively totaling approximately \$23.9 million at fiscal year end October 31, 2013, is classified in the statement of net position as a deferred outflow of resources and is being amortized over the respective useful life of the corresponding bonds.

As of October 31, 2013, principal and interest payments due on the 2013 Series A Bonds and 2013 Series B Bonds, which are all fixed-rate bonds, were as follows:

### **2013 A Senior Bonds:**

	<b>Coupon Rate</b>	<b>Principal amount</b>	<b>Interest</b>
Year ended October 31:			
2014		—	8,234,350
2015	2.00%	18,345,000	16,285,250
2016	2.00% - 3.00%	14,605,000	15,907,725
2017	3.00% - 5.00%	20,995,000	15,238,775
2018	3.00% - 5.00%	22,160,000	14,259,900
2019 – 2023	3.00% - 5.00%	129,080,000	53,921,975
2024 – 2028	5.00%	115,180,000	20,536,500
2029 – 2032	4.00% - 5.00%	35,720,000	3,432,675
Totals		\$ 356,085,000	147,817,150

## **2013 B Senior Bonds:**

	<b>Coupon Rate</b>	<b>Principal amount</b>	<b>Interest</b>
Year ended October 31:			
2014		—	67,000
2015	2.00%	1,005,000	123,950
2016	2.00%	5,695,000	56,950
Totals		\$ 6,700,000	247,900

Each series of the 2013 C,D,E Bonds initially bears interest monthly at a variable rate based on a percentage of one-month LIBOR plus a spread. The Authority has the right to cause the 2013 C,D,E Bonds to be repurchased from the initial purchasers thereof and remarketed at other variable rates or fixed rates, and also has the right to otherwise purchase or redeem the 2013 C,D,E Bonds, on certain dates. Any 2013 C,D,E Bonds that are not so remarketed (or purchased or redeemed) by November 1, 2019 will bear interest thereafter at stepped-up rates that for 180 days will equal 7.5% per annum (or, if greater, a specified prime rate plus 1.5% per annum or a specified federal funds rate plus 2% per annum) and after 180 days will equal 12% per annum (or, if greater, a specified prime rate plus 3.5% per annum or a specified federal funds rate plus 4% per annum). The 2013 C,D,E Bonds also will bear interest at rates higher than the foregoing if an event of default occurs under the Authority's agreements with the initial purchasers of the 2013 C,D,E Bonds or if interest on the 2013 C,D,E Bonds is determined to be includable in gross income for federal income tax purposes. The estimated interest payments for the 2013 C,D,E Bonds shown in the table titled "2013 C,D,E Bonds" below are based upon the November, 2013 LIBOR rate and the respective variable rates in effect on November 1, 2013 and do not reflect the increased interest payments that would result from such stepped-up rates, default rates or taxable rates becoming effective. In addition, pursuant to agreements between the Authority and the respective initial purchasers of the 2013 C,D,E Bonds, various additional fees and other amounts may be payable by the Authority from time to time, each on a basis subordinate to payment of annual debt service on Senior Bonds and Junior Bonds of any Series.

## **2013 C,D,E Junior Bonds:**

	<b>Junior C</b>		<b>Junior D</b>		<b>Junior E</b>		<b>Total</b>	
	<b>Principal</b>	<b>Interest</b>	<b>Principal</b>	<b>Interest</b>	<b>Principal</b>	<b>Interest</b>	<b>Principal</b>	<b>Interest</b>
Year ended October 31:								
2014	\$ —	770,829	—	738,030	—	643,320	—	2,152,179
2015	1,190,000	1,471,890	1,595,000	1,407,595	1,595,000	1,226,962	4,380,000	4,106,447
2016	1,235,000	1,463,403	1,830,000	1,395,454	1,830,000	1,216,379	4,895,000	4,075,236
2017	1,185,000	1,454,932	1,855,000	1,382,390	1,855,000	1,204,992	4,895,000	4,042,314
2018	1,235,000	1,446,463	1,825,000	1,369,345	1,830,000	1,193,605	4,890,000	4,009,413
2019 – 2023	6,365,000	7,102,637	6,630,000	6,700,156	6,630,000	5,840,224	19,625,000	19,643,017
2024 – 2028	14,150,000	6,836,410	25,570,000	6,255,897	25,565,000	5,453,093	65,285,000	18,545,400
2029 – 2033	29,635,000	5,813,553	58,135,000	4,779,918	58,135,000	4,166,541	145,905,000	14,760,012
2034 – 2038	47,415,000	4,803,242	71,375,000	2,316,392	71,380,000	2,019,191	190,170,000	9,138,825
2039 – 2043	108,455,000	2,130,782	30,515,000	218,425	30,515,000	190,390	169,485,000	2,539,597
Total	\$ 210,865,000	33,294,141	199,330,000	26,563,602	199,335,000	23,154,697	609,530,000	83,012,440

Debt service on the 2003, 2009 and 2013 Bonds is secured by and is payable, after satisfaction of certain administrative, operating, and maintenance obligations of the Authority, solely from certain pledged lease revenues and Swap receipts which are required to be deposited and maintained in the Pledged Revenue Fund ("PRF") established under the 2003 General Bond Resolution. The PRF, including income and earnings on investments thereof, has been pledged and assigned to a trustee for the

benefit of the owners of the 2009 Bonds and the 2013 Bonds and certain other beneficiaries, as their respective interest may appear. In addition, the Bonds, and certain swap payments and reimbursement obligations, are secured by the Reserve Fund established under the 2003 General Bond Resolution. The rights to payment of the 2009 and 2013 Senior Bonds, senior swap payments, and senior reimbursement obligations from amounts in the PRF and the Reserve Fund are senior to the rights to payment of the 2013 Junior Bonds, junior swap payments, and junior reimbursement obligations from such amounts. As of each November 1, amounts in the PRF in excess of funding requirements for project operating expenses and certain other amounts will be transferred into an unpledged Residual Fund and may be used by the Authority for other purposes.

## **Compensation Schedule**

**(of Employees at 12/31/13 Earning More than \$100,000 per year)**

### **Battery Park City Authority\***

Name	Title	Salary	Department
Serpico, Robert	Interim President/CFO	\$205,000.00	Executive
Brenda McIntyre	Vice President, Human Resources	\$142,000.00	Human Resources
Dawson, Gwen	Vice President, Real Property Mgmt.	\$140,000.00	Real Property Management
Singh, Seema	Deputy General Counsel	\$138,000.00	Operations
Harvey, Nancy	Senior Counsel	\$136,000.00	Legal
Buquicchio, Anthony	Director, Site Management & Security	\$130,000.00	Real Property Management
Koenig, Karl	Controller	\$120,000.00	Finance
Howard, Angela	Senior Director, Project Management	\$120,000.00	Real Property Management
Swanson, Kirk	Vice President, Administration	\$120,000.00	Administration
Garcia, Luis	Assistant Treasurer	\$116,291.00	Finance
Ford, Allyson	Special Counsel	\$110,000.00	Legal
Windman, Kenneth	Director, Facilities Mgmt. Construction	\$105,000.00	Asset Management
Tam, John	IT Director	\$100,000.00	MIS

\*List of BPCA Benefits Provided: Medical, Vision, Dental, Hearing, Prescription, Wellness, Transit, Flexible Spending with Match, Deferred Compensation (optional), Short and Long Term Disability, Workers Compensation, M/C Life Insurance (optional), Municipal Credit Union (optional), State Pension, Annual Leave, Sick Leave, Bereavement Leave, Holidays, FMLA, Leave for Voting, Leave for Bone Marrow or Organ Donation, Leave for Breast Cancer and Prostate testing, Leave for Jury Duty, Unemployment Insurance, Meal and Travel Reimbursement, Direct Deposit (optional), Employee Assistance Program

### **Battery Park City Parks Conservancy\***

Name	Title	Salary	Department
Huxley, Tessa	Executive Director	\$133,041.00	Administration
Pomponio, Bruno	Director, Maintenance	\$100,507.69	Maintenance
Fleisher, Eric T.	Director, Horticulture	\$100,016.00	Horticulture
Ehrlich, Abigail	Director, Parks Programming	\$100,008.71	Parks Programming

\*List of BPCPC Benefits Provided: Medical, Vision, Dental, Hearing, Prescription, Wellness, Transit, Flexible Spending with Match, 401K, CIRS Pension, Short and Long Term Disability, Sun Life Insurance, Workers Compensation, Municipal Credit Union (optional), Uniform Allowance, Sick Leave, Annual Leave, Bereavement Leave, Holidays, FMLA, Leave for Voting, Leave for Bone Marrow or Organ Donation, Leave for Breast Cancer and Prostate Testing, Leave for Jury Duty, Unemployment Insurance, Meal and Travel Reimbursement, Direct Deposit (optional), Employee Assistance Program

## **Biographical Information**

### **Battery Park City Authority**

#### **Anthony Buquicchio**

##### **Director, Site Management and Security**

Anthony joined Battery Park City in June of 2013. He worked with a NY construction management firm for 8 years from 2005 to 2013, and worked as a contractor doing home improvement from 2001 through 2005. Anthony worked for a manufacturing and distribution company from 1984 until 1999. In that time he progressed from purchasing agent to warehouse manager of a 250,000 square foot facility. He then managed another distribution warehouse until 2001.

#### **Gwen Dawson, Esq.**

##### **Vice President, Real Property**

Gwen Dawson began her professional career practicing law in Denver, Colorado, focusing on real estate and business law. She later transitioned to full-time real estate planning and development with a focus on large-scale public-private development projects in urban settings. Prior to joining Battery Park City Authority, Ms. Dawson worked with the Mayor's Office of the City and County of Denver and the Colorado Community College System.

#### **Allyson Ford**

##### **Special Counsel and EEO**

Allyson Ford received her B.A. from Wesleyan University in Middletown, Connecticut and a J.D. from Boston College Law School. After graduating from law school, she worked as a labor attorney at the New York City Board of Education, Division of Labor Relations and Collective Bargaining. She later worked as a commercial litigator for a private law firm from 1996 to 1998. From 1998 through 2010 she held several positions at the New York City Department of Housing Preservation & Development; Director of State Legislative Affairs, Director of Operations and Special Counsel to the Division of Development. She currently serves as Special Counsel and EEO.

#### **Luis Garcia**

##### **Treasurer**

Mr. Garcia received his Bachelor's Degree in Accounting from Adelphi University Class and his Master's Degree in Computer Science from Pace University. He began working at BPCA in 1985 and held numerous positions over the years including Accountant, Senior Accountant, Director of Accounting, and Assistant Treasurer. From 2003-2007 he also served a Treasurer of the Battery Park City Parks Conservancy. Prior to coming to BPCA, Mr. Garcia working in the banking industry as an accountant and also as an Internal Branch Auditor.

#### **Nancy S. Harvey**

##### **Senior Counsel**

Nancy Harvey joined BPCA's Legal Department in January 2013. She currently performs the duties of a Senior Attorney, Ethics Officer, EEO Officer and also serves as the Assistant Corporate Secretary advising departments and executive staff on legal and employment matters, public solicitations, and Board meetings/corporate governance. Previously she worked at the New York City Department of Parks and Recreation as Senior Counsel. While at Parks she supervised legal work related to labor and employment matters, external EEO and other complaints, public/private partnership agreements, and revenue generating activities on parkland, including compliance with FCRC Rules. Ms. Harvey is a

graduate of Baruch College (BBA in Public Accounting) and Benjamin N. Cardozo School of Law (JD).

**Angela M. Howard**

**Senior Project Manager**

Angela Howard has over twenty-six years experience in the field of real estate, construction and construction management in New York City. After studying Mechanical Engineering, she has worked as a mechanical designer and project manager, a Construction Manager, and an Owner's Representative for large institutional, educational and commercial facilities. She has spent half of her career at the Dormitory Authority and Columbia University, having focused her efforts on non-profit and institutional work. Signature projects include the renovation of Butler Library at Columbia University, renovation of the concourse at Rockefeller Center, and the renovation of the Main Reading Room and Public Catalog Library at the New York Public Library.

**Karl Koenig, CPA**

**Controller**

Karl Koenig graduated Queens College with a triple concentration in German, Accounting, and Economics. He worked for 3 years as an auditor for the NYC Comptroller's Office where he passed the CPA exam. He spent 4 years at a midsize accounting firm performing various audits and prepared taxes for non-profit and for profit entities. He then spent 8 years as the director of Finance for a non-profit organization. He currently is the Controller for Battery Park City Authority.

**Brenda McIntyre**

**Vice President of Human Resources**

Ms. McIntyre received her Bachelor of Science degree from Southern Vermont College and she has her Master of Science in Industrial Labor Relations from Baruch College. Prior to her employment as BPCA, she was the Assistant Commissioner of Human Resources and Labor Relations at NYC Department of Health & Mental Hygiene for seven years. Prior to that position, she worked for four years at NYC Department of Information & Technology as the Director of 311. Her original position at that same agency was Director of Labor & Employee Relations. Ms. McIntyre got her start in city government at the NYC Taxi & Limousine Commission as the Director of Labor Relations & EEO. She also served as independent arbitrator and as an EEO mediator. Prior to moving to and working for the City of New York, she worked for 15 years as a civilian employee in a local police department as a Crime Prevention Practitioner and a union president. She has received certifications from Cornell University in Labor Relations, EEO and Mediation.

**Robert M. Serpico**

**Chief Financial Officer**

Mr. Serpico has been with the Authority since June 1986 and has been chief financial officer since December 1987. In addition, Mr. Serpico has served as President and Chief Executive Officer of the Battery Park City Parks Conservancy, an Authority affiliate responsible for care of the parks in Battery Park City for 17 years and is now Treasurer. He was formerly Regional Controller for Continental Telecom, Inc. from 1983 through 1986 and prior 6 years was in private sector audit jobs including the Controllership Division of American Express Company. MBA, BS Syracuse University- Accounting, Finance, Operations.

**Seema Singh, Esq.**

**Deputy General Counsel**

Ms. Singh received both a Bachelor of Science and a Bachelor of Applied Science from the University of Pennsylvania, and her J.D. from the Georgetown University School of Law. After graduating from

law school in 2002, Ms. Singh began her career with LeBoeuf, Lamb, Greene & MacRae LLP before lateralizing over to Bingham McCutchen LLP. Ms. Singh joined the Authority in March 2012, and was made Deputy General Counsel in May 2013.

### **Kirk Swanson**

#### **Vice President, Administration**

Mr. Swanson received his Bachelor's Degree in Political Science from Hunter College and his Master of International Affairs (MIA, International Banking and Finance) from Columbia University's School of International and Public Affairs. Prior to joining the Authority, Mr. Swanson worked as a consultant on labor issues and served in executive capacities with the Retail, Wholesale and Department Store Union/UFCW and the Office of the New York City Comptroller.

### **John Tam**

#### **Director of IT**

John Tam received his Bachelors of Science in Electrical Engineering from University at Buffalo. He has worked in the IT field for over 20 years. His work includes multiple industries from public utilities, healthcare, investment banks, and government. He spent the last 10 years as LAN administrator at Lower Manhattan Development Corporation in providing and maintaining an IT infrastructure network before joining Battery Park City Authority.

### **Kenneth Windman**

#### **Director, Facilities Maintenance & Construction**

Kenneth has been employed by the Battery Park City Authority since 1985, spending the first 20 years in the Site Management Department, performing facilities management, security, safety and special events. The second part of his tenure at BPCA has been managing projects for site construction and restorations and managing large scale maintenance projects for the Battery Parks City Parks Conservancy. Kenneth has received his Associate Degree in Business Administration from the State University of New York at Delhi and his Bachelor's Degree in Business Administration from the State University of New York at New Paltz.

### **Battery Park City Parks Conservancy**

#### **Abigail M. Ehrlich**

#### **Director of Parks Programming**

Ms. Ehrlich received her B.A. from Connecticut College and a M.S. from the Bank Street Graduate School of Education. Prior to becoming Director of Parks Programming, Battery Park City Parks Conservancy in 1998, she managed School and Family Programs at the Museum of Television & Radio and the Whitney Museum of American Art. She was a museum educator at the University of Washington's Henry Art Gallery, The Brooklyn Museum and The Frick Collection, and program manager for Washington State Arts Commission's public art in public schools.

#### **Eric "T" Fleisher**

#### **Director of Horticulture**

Mr. Fleisher is the Director of Horticulture at Battery Park City Parks Conservancy. A national leader in the field of sustainable horticulture, Fleisher has brought this 37-acre oasis of parkland on the Hudson River to the forefront as the only public garden space in New York City to be maintained completely organically. His methods are based on the development of balanced soil ecology, with an emphasis on composting, water conservation, and the use of nontoxic means of pest and disease control. A 2008 Loeb Fellow at Harvard University, Mr. Fleisher has a certificate in Advanced Environmental Studies

and is continuing to develop protocols to help landscapes recover from the 20th century's chemical interventions.

**Tessa Huxley**

**Executive Director**

Tessa Huxley has been Executive Director of the Battery Park City Parks Conservancy for twenty-seven years. She holds a degree in Horticulture from Hampshire College and was a Loeb Fellow in Environmental Design at the Harvard University Graduate School of Design. A founder of the American Community Gardening Association, she worked in the community greening movement for over ten years before being asked to take the idea of BPCPC and turn it into a reality. She started as a staff one and now runs an organization of over 100 people dedicated to managing and operating the parks and open spaces of Battery Park City in a sustainable and community friendly manner.

**Bruno Pomponio**

**Director of Maintenance**

Mr. Pomponio joined Battery Park City Parks Conservancy in 1997 as a plumber. In 1998 he was promoted to foreman of the Maintenance Department, and in 1999 to Director of the Maintenance Department. He is certified by U.S. Department of Labor Occupational Safety and Health Administration (OSHA) to conduct training in occupational safety and health standards, and received accreditation in Construction Project Management from New York University. Prior to joining Battery Park City Parks Conservancy, he was employed by New York Public Library as a plumber.

## **Projects Undertaken in Fiscal Year 2013**

### **Key projects included:**

1. **Battery Park City Community Center.** Opening of the Community Center was delayed beyond its December 2012 target date when Storm-generated flood waters ravaged the nascent mechanical and electrical systems at the facility and ruined flooring, walls, furnishings, finishes and IT and fitness equipment. Significant building and systems components required replacement. The recovery project, which began in the immediate wake of the Storm in November 2012, was completed in May 2013, and BPCA was able to turn the Community Center over to the Operation Tenant, Asphalt Green in time to meet its revised public opening target in June and in time to accommodate a full children's summer camp schedule.
2. **Battery Park City Ball Fields.** Having only opened to the public in late 2011, BPCA's state-of-the-art artificial turf baseball/soccer playing fields were completely destroyed by several feet of flood waters resulting from the Storm. Total replacement of the turf was required. Despite severe wintertime weather conditions, BPCA - with support from NY State Speaker Sheldon Silver - was able to complete the field construction in ample time to accommodate the opening of the Little League baseball season in early April, along with a full slate of sports and summer camp activities for the remainder of 2013.
3. **Pier A.** BPCA's restoration of Pier A, the last remaining historic timber pier in New York City, was within weeks of completion when the Storm arrived with its devastating tidal surge. Three to five feet of flood waters rushed through the first floor of the Pier, severely damaging or destroying doors, windows, structural elements, electrical systems and finishes. BPCA completed recovery/repair work and the remaining restoration of the Pier in July and, on August 1, turned the building over to its operating tenant, Pier A Battery Park Associates for completion of its interior fit-out work in anticipation of a Spring 2014 public opening.
4. **South Cove.** Various structural components of the South Cove Quay and walkway suffered extensive damage as a result of the Storm. A comprehensive recovery and repair project was completed in August.
5. **Electrical Infrastructure.** Significant portions of Battery Park City's electrical infrastructure, including the electrical wiring throughout the waterfront parks and Esplanade, the Ball Field electrical service and the subterranean electrical vault providing power to the Police Memorial, were inundated by salt water during the Storm. Following extensive investigation and testing, as well as analysis regarding opportunities to combine repair efforts with measures to mitigate against future storm damage, the replacement of the Ball Field electrical service was completed in December. The Esplanade/parks electrical replacement and the Police Memorial vault repair/replacement is scheduled to be accomplished in 2014.

### **Additional Major Projects:**

1. **Pier A Plaza.** As a companion project to the Pier A building restoration, BPCA commenced construction of the 35,000 square foot Pier A Plaza during the summer of 2013. Construction is scheduled to be completed by June 2014.

2. **Parks/Infrastructure Repairs.** Various parks and infrastructure repair projects were pursued during 2013, including the repair of certain park structures and several sinkholes.
3. **Capital Plan.** During 2013, BPCA established and obtained approval of a three-year capital plan which served as the basis for \$85 million in new funding which was generated through its 2013 Bond offering.

## **Additional Projects Started in Fiscal Year 2013**

* Vendor Name	* Procurement Description	* Status	Begin Date	End Date	Amount
Paul J. Scariano Inc.	Rector Street Bridge Stair Repair	Open	11/26/2012	12/31/2013	94,650
McLaren Engineering Group	Pier A South Cove Diving Services	Open	11/29/2012	12/31/2013	40,653
Ola Consulting Engineers PC	Site 3 Building Systems Evaluation	Open	11/29/2012	12/31/2013	80,292
Triton Builders	Hoop Rails Installation 2012	Completed	12/28/2012	12/31/2013	114,390
Applied Landscape Technologies	Site 23/24 Artificial Turf Replacement 4	Completed	2/13/2013	12/31/2013	1,177,475
Derive Technologies	Technology support services	Open	2/15/2013	12/31/2015	27,020
Dragonetti Brothers Landscaping, Nursery, and Florist Inc.	12 Trees Throughout BPCA were damage due to SupperSto	Open	3/1/2013	12/31/2013	41,600
Derive Technologies, LLC	Community Center	Completed	3/8/2013	9/30/2013	227,323
Community Electric Inc.	South Cove Blue Light Repair Electric	Open	3/11/2013	12/31/2013	116,000
WJE Engineers Architects, P.C	212 North End Avenue Leak Probe Investigation	Open	4/29/2013	12/31/2013	39,500
FGI Corporation P.C	South Cove Reconstruction SuperStorm Sandy	Open	5/1/2013	12/31/2013	547,801
Cutsogeorge, Tooman & Allen Architects	Design Services for waterproofing remediation	Open	5/3/2013	4/30/2015	260,000
Deborah Bradley Construction Company	Tear Drop Park Wood Deck Repair	Open	5/14/2013	12/31/2013	212,064

D'Onofrio General Contractors Corp	Pier A Plaza Pre-Construction Services	Completed	5/15/2013	10/31/2013	229,000
D'Onofrio General Contractors Corp	Pier A Plaza Construction Services	Open	6/21/2013	5/31/2014	3,184,000
Athletic Fields of America Corporation	Ball Fields Artificial Turf	Open	8/15/2013	9/30/2014	18,975
Emerald Tree Care Company	BPCPC-On call tree removal services	Open	9/10/2013	9/10/2016	86,300
Pansini Stone Setting	Iris Hunger Memorial Accident repair	Open	9/23/2013	12/31/2013	40,693
Big Apple Visual Group	Sign Fabrication & Installation	Open	10/1/2013	9/30/2014	104,902

**Real Property valued at More than \$15,000 Acquired or Disposed of in FY 2013**

No real property valued at more than \$15,000 was acquired or disposed of in FY 2013.

## **Guidelines Regarding Conflicts of Interest and Ethical Standards**

As a public entity, the Authority has a responsibility for maintaining the highest level of honesty, ethical conduct, and public trust in all of its activities. To meet this responsibility, this Conflict of Interest Policy has been adopted concerning important aspects of ethical conduct.

This policy states in specific form the Authority's position on conflicts of interest. Personal integrity is the cornerstone of this policy. Each employee has the primary responsibility for avoiding financial and other interests, which create a conflict or the appearance of a conflict with his or her job.

When an employee, regardless of level or job assignment, is in a position where his or her financial interest or involvement in a transaction may present a conflict of interest or the appearance of such a conflict, the employee must immediately notify the Ethics Officer and disqualify himself or herself from participation in the transaction until advised in writing that he or she may continue to participate in the transaction.

Any person who has a question as to whether a prospective personal or business transaction, or relationship with a contractor, vendor, or consultant, may be a violation of this policy or of the Public Officers Law should consult with the Ethics Officer and may also request in writing, where appropriate, a formal or informal opinion of the New York State Commission on Public Integrity.

Each State agency has an obligation under the Public Officer's Law, to appoint an Ethics Officer (the E.O.). The E.O. has numerous duties such as, providing agency personnel with opinions regarding ethical issues, the acceptance of gifts, invitations, etc. The E.O. is responsible for ensuring that all employees required to do so file their financial disclosure forms with the New York State Commission on Public Integrity. The E.O. must also inform the New York State Commission on Public Integrity of all new hires at the agency who are required to file financial disclosure forms. In addition to this, the E.O. reviews all applications for outside activities/employment and makes recommendations to the President/CEO about whether such activity/employment should be allowed pursuant to Ethics Commission Rules and Regulations. The E.O. is also required to report the receipt of honoraria by employees to the New York State Commission on Public Integrity.

Violations of any provisions of this policy may be cause for disciplinary action up to and including termination, as well as criminal prosecution and/or fines up to (\$10,000) ten thousand dollars.

### **A. Application**

#### **1. Public Officers Law**

The Authority guidelines, as they relate to employees, are divided into three basic categories:

- General ethical standards;
- Issues arising during the course of employment; and
- Issues arising in connection with termination of employment and post-employment activities.

The guidelines in these areas are drawn from and based on Sections 73 and 74 of the Public Officers Law. While the guidelines in some instances may go further than the underlying statutory provisions, the statute is paramount and controlling to the extent, if any, that it is more limiting or restrictive than the guidelines. In view of the strong identification of the guidelines with the statute, staff should also be aware of the possibility that in violating the guidelines, a statutory provision may be violated as well, with potentially serious consequences, because the legislation creating the Authority makes its officers and employees subject to Section 73 and 74 of the Public Officers Law. Moreover, certain employees are subject to the financial disclosure and reporting requirements of Section 73-a of the Public Officers Law. Copies of these sections of the Public Officers Law may be obtained from the Human Resources Department. Any questions that arise regarding the Public Officers Law should be addressed to the Authority's Ethics Officer.

## **B. Guidelines**

### **2. Guidelines of General Application**

- a. No employee should have any interest, financial or otherwise, direct or indirect, or engage in any activity, including any business transaction, professional activity or incur any obligation of any nature, which is in substantial conflict with the proper discharge of his or her duties in the public interest, whether such conflicts be real or apparent, existing or potential.
- b. Each employee should pursue a course of conduct, which will avoid encouraging the public to assume or believe that he or she is likely to engage in acts that would violate his or her trust.

### **3. Ethical Standards**

It shall be a breach of ethical standards for any employee to:

- a. Use his or her position as an employee of the Authority to secure unwarranted privileges or exemptions for him or herself or another.
- b. Disclose, or use to further his or her personal interest or the interest of another (including, without limitation, the purchase or sale of property or securities), information acquired by him or her during the course of his or her official duties, which would not otherwise be a matter of public knowledge or information.

### **4. Issues During Employment**

#### **a. General Standards**

In connection with any activities outside of the performance of the employee's official duties at the Authority, no outside activity whether or not for compensation (including any such activity for or before any public agency) should be undertaken nor should any employee engage in any conduct, which would:

- i. Impair or appear to impair the independent judgment of the employee in the exercise of his or her duties;
- ii. Require an allocation of an amount of time sufficient to impair the performance of the employee's obligation to the Authority;
- iii. Result in an identification of the employee's outside activities with those of the Authority;
- iv. Result in transaction as representative of the Authority with any business entity in which he or she has a direct or indirect financial interest that might reasonably tend to conflict with the proper discharge of his or her official duties;
- v. Create the impression, reasonably inferable, that any person may improperly influence him or her or unduly enjoy his or her favor in the performance of his or her official duties, or that he or she is affected by the kinship, rank position or influence of any party or person.

b. Investment Guidelines

No employee should have any:

- i. Direct or indirect financial interest which conflicts or appears to conflict with his or her responsibilities to the Authority; or
- ii. Financial interest, direct or indirect, or engage in any business or transaction or professional activity or incur any obligation of any nature, which is in substantial conflict with the proper discharge of his or her duties in the public interest.

Investments in municipal bonds or other governmental obligations, including obligations of the Federal government, the State, or any of their agencies or subdivisions, including the Authority, are permitted. Caution must be exercised in making such investments where the employee is privy to information by reason of his or her employment activities, which is not public information at the time of his or her investment, in order to avoid possible infractions of Federal Securities laws.

For the purpose of determining whether an indirect investment exists, employees are urged to disclose any financial interests or investments held by members of their families on their Financial Disclosure form, so that the facts may be analyzed to ascertain whether it is of sufficient magnitude to require preventive action.

c. Outside Employment and Activities

Employees should be aware that as a condition of their employment they are expected to devote full business time to their official responsibilities at the Authority. While outside activities are not precluded (see part 930 and part 932 of the regulations of the New York State Commission on Public Integrity), employees should take care to avoid any outside employment or activity, which would:

- i. Require or induce the employee to disclose confidential information gained from Authority employment;
- ii. Involve the employee on behalf of parties who have a substantial business relationship with the Authority, or should have any business relationship with the Authority where the performance of the employee's duties directly involves him or her in such relationship;
- iii. Result in the engagement of the employee to perform regular and substantial outside consulting or professional activities, including serving as a consultant, regular teaching, any business other than a passive investment activity, or any legal practice, or result in the maintenance of any publicly-listed place of business;
- iv. Lead the public to associate the personal business or activities of the employee with the Authority, rather than the employee individually. In performing personal business activities, care should be exercised to avoid the implication of any endorsement of such activities on the part of the Authority. Authority stationery should not be used in conducting the personal affairs or business of any employee, nor should office space be used to such end.

An employee may attend and participate in political functions without violating Section 3.a. (iii) or 3.c. (iv) above provided that he or she makes a good faith effort to make it clear that he or she is doing so in his or her personal capacity and not on behalf of the Authority and mere mention of or reference to his or her affiliation or title with the Authority will not of itself constitute a violation of those sections.

d. Gifts and Outside Compensation

- i. No employee should accept any outside compensation or thing of value for work required by or connected with his or her Authority employment, unless the employee has complied with the provisions of Part 930 of the regulations of the New York State Commission on Public Integrity.
- ii. No employee, spouse or dependent child of an employee, shall not solicit, accept or receive any gift having a nominal value whether in the form of money, service, loan, travel, entertainment, hospitality, thing or promise, or in any other form, under circumstances in which it could reasonably be inferred that the gift was intended to influence him or her, or could reasonably be expected to influence him or her, in the performance of his or her official duties or was intended as a reward for any official action on his or her part.

e. Political Activity Policy

While Authority employees are free to participate in the political process on their own time, there must be a clear separation between political activities and the discharge of their duties as Authority employees. No Authority employee is to conduct political activities during work hours. Any political activity must be performed after normal work hours or while on vacation or personal leave. In

addition, Authority equipment, vehicles and office space are to be used for official Authority business only.

f. Receipt of Honorarium

The receipt of honorarium or outside speaking fees must be approved in advance by the President and Chief Executive Officer and a fee cannot be received from an organization, which is regulated by or negotiates with Authority employees acting in their official capacity. A fee cannot be received by an Authority employee from an individual or organization, which attempts to influence Authority positions or actions. An employee receiving approvals to accept such a fee cannot also be paid by the Authority for delivering a speech or rendering a service. Authority personnel, equipment and time cannot be used to prepare for delivery of a speech or to render a service for which an honorarium is to be received unless the honorarium is paid to the Authority. No honorarium is permitted when the Authority sends an employee as its representative to an event to make a speech or perform a service. If an employee is required to file a Financial Disclosure form under the Ethics in Government Act, he or she must disclose the receipt of honorarium in excess of \$1,000 from any source.

5. Post Authority Employment

- a. Pre-departure Negotiations – No employee, while involved in dealings with a private firm on the Authority's behalf, may discuss with representatives of that firm possible future employment with the firm, nor should employees participate in any activity on behalf of the Authority with respect to an entity with which they are negotiating or have made arrangements for post-Authority employment. All employees should immediately notify the Ethics Officer of the Authority of any understanding or arrangement for employment upon leaving the Authority as promptly as possible after such arrangement is made.
- b. Two-year Prohibition – No person who has served as an Authority officer or employee shall for a period of two years after the termination of such service or employment appear or practice before the Authority or receive compensation for any services rendered by such former officer or employee on behalf on any person, firm corporation or association in relation to any case, proceeding application, or other matter before the Authority. The only exception to this law is that former Authority employees may become employees (not consultants) to federal, state or local government entities.
- c. Lifetime Prohibition – No person who has served as an Authority officer or employee shall after the termination of such service or employment appear, practice, communicate or otherwise render services before any state agency or receive compensation for any such services rendered by such former officer or employee on behalf of any person, firm, corporation or other entity in relation to any case, proceeding, application or transaction with respect to which such person was directly concerned and in which he or she personally participated during the period of his or her services or employment, or which was under his or her active consideration.

## **C. Administrative Procedures**

### **1. Administrative Responsibility**

a. Subject to the power of the President and Members ultimately to determine all matters encompassed by these guidelines and to designate any other or further officers of the Authority to administer same, the officer of the Authority responsible for administering these guidelines shall be the:

- Ethics Officer, in consultation with the General Counsel

Such officer is hereby authorized, in consultation with the General Counsel, to establish appropriate procedures to implement these guidelines, including procedures for disclosure of actual or potential problems and appropriate review of such problems by individuals designated by him or her.

b. It is recognized that the guidelines set forth herein are, by their nature, general in scope and do not take account of the many factual circumstances which can arise and to which their application may be unclear or, in some case, inappropriate. At the same time it is also recognized that disclosure of potential conflicts or ethical problems to the Ethics Officer of the Authority and the New York State Commission on Public Integrity is occurring or, at least, that their effects are limited. In view of the foregoing, it shall be the obligation of each employee to bring any circumstances believed to present a potential violation of these guidelines (including any circumstances to which the employee is unsure whether or not the guidelines apply) to the attention of the Ethics Officer and obtain the advice of the New York State Commission on Public Integrity where there may be a violation of the Public Officers Law.

### **2. Acting in Good Faith**

Anyone filing a complaint concerning a violation or suspected violation of the Code of Conduct must be acting in good faith and have reasonable grounds for believing the information disclosed indicates a violation of the applicable Code. Any allegations that prove not to be substantiated and which prove to have been made maliciously or knowingly to be false will be viewed as a serious disciplinary offense.

### **3. Administrative Remedies**

In addition to any remedies, civil or otherwise, which the Authority may have against any employee who shall breach these guidelines, and any applicable penalties under the Public Officers Law, the Authority may impose any one or more of the following:

- a. Oral or written warnings;
- b. Suspension with or without pay for a specified period of time;
- c. Termination of employment

## **Battery Park City Authority Board Member Responsibilities**

Board members shall at all times adhere to the highest standards of ethical conduct and shall discharge their duties as a fiduciary, acting solely in the interests of BPCA. Whenever the Board takes action, it exercises its independent judgment on an informed basis that the action is in the best interests of BPCA. In doing so, each Board member may rely to a significant extent on information and advice provided by management and independent advisors.

In addition to the general standards expected of a Board member, the following is a summary of the general duties of a BPCA Board member.

- **Education and Training**

- New Board members will be required to participate in a “New Member Orientation Session,” led by the General Counsel and such outside participants as the General Counsel deems appropriate.

The Orientation Session shall include, at a minimum, the following components:

1. An overview of the New Member Orientation Manual, which shall be distributed to the member at the Orientation Session;
  2. Review of Board member Fiduciary Responsibilities; and
  3. A review of the financials of BPCA, including budgets and the capital plan.
  4. A review of the State’s Ethics Laws, Rules and Regulations.
- Board members shall thereafter participate in fiduciary and ethics training sessions at least once every two years.

- **Conflicts of Interest**

- Provided that Board members take precautions to avoid a conflict of interest, or the appearance thereof, the New York State Ethics Commission has permitted certain activities that may otherwise be prohibited pursuant to the code of ethics provisions of Public Officers Law §74.
- Board members must fully disclose any existing relationships, whether business or personal, that they have that may lead to a conflict of interest in writing to the Board prior to any discussion or vote thereon.
- Conflicted Board members may not take part in any presentation, proposal, discussion or vote on any contract or issue in which they are conflicted, nor may they discuss, review or vote on any presentation or proposal from a business entity that is a competitor of an entity through which they are conflicted.
- Conflicted Board members may not discuss BPCA with the entity or person through whom they are conflicted, nor may the conflicted Board member perform any services in relation to BPCA for the entity or person through whom they are conflicted.

- If a Board member has a business conflict, such conflicted Board member may not perform services, discuss BPCA with his or her colleagues, nor share in the net revenues generated by the source of such business conflict.
- Conflicted Board members may not discuss the specifics of the provision of services by the business through which he or she is conflicted, nor that of any of its competitors that have been retained, or supervise any such services performed during the term of the contract.

- **Attendance**

- Board members are expected to attend all Board meetings.
- Board members are expected to attend the annual Board meeting.
- If appointed to a committee, Board members are expected to attend all meetings of the respective committee.
- Staff will provide Board members with a calendar of Board meetings for the upcoming year at the January Board meeting.
- Once the calendar for a year is established, Board members should immediately notify the Corporate Secretary of any scheduling conflicts and thereafter manage their schedules to avoid creating additional conflicts.

- **Committee Service**

- Each Board member should serve on one or more standing committees of the Board.
- Board members may be asked to participate on ad hoc committees that may be convened from time to time to perform specific, defined tasks.

- **Preparation**

- Board members should review and be prepared to discuss materials prepared and circulated by staff for each board meeting.

- **Collegiality**

- Board members shall make every effort to engage in collegial deliberations, maintain an atmosphere where Board or committee members can speak openly and freely, explore ideas before becoming committed to positions, and seek information necessary to fulfill their duties from staff and other Board members.

## **Internal Control Assessment**

The Battery Park City Authority (BPCA), being a public benefit corporation, is required to institute, administer, and monitor effective internal controls. The implementation and execution of high standards of control are necessary to assure BPCA's stakeholders of its ability to meet the demands of its mandate. Through clear guidelines and rigorous systems, BPCA is actively working to improve existing controls that meet or exceed accepted best practices (as laid out in "Standards for Internal Control in New York State Government" by the Office of the New York State Comptroller). BPCA's approach is proactive, placing an emphasis on investigating, anticipating, and remediating potential sources of risk across all institutional concerns as we simultaneously look for ways to improve internal control systems that will help BPCA meet its broader goals.

To that end, the Battery Park City Authority, as part of an ongoing review and its requirement to comply with Section 2800 of the Public Authorities Law, has assessed its internal control structures for the year ending October 13, 2013. The work of this assessment has been integrated into the BPCA Internal Control Reference Manual--an ongoing effort on the part of the Authority to provide a clear and useful account of BPCA internal controls and related activities and policies.

Furthermore, BPCA's external auditor has performed a thorough risk assessment (follow up assessment pending) and is currently engaged in an extensive strategic plan to audit BPCA operations. Audits completed and/or substantially completed during FY 2013 included: Calculations and Billings of PILOT (Payments in Lieu of Taxes); Revenue from Contingent Rentals; Disbursements/Electronic Funds Transfer; Employee Time Keeping; Entity Level Controls--Roles and Responsibilities of the Internal Controls Officer; and Contracting for Services. A summary of internal auditor observations and recommendations and a record of management responses and implementation of those recommendations are memorialized in the above-mentioned reference manual.

Special attention was paid to procurement controls throughout FY 2013, and a measure of our success in that effort was evidenced by the results of the Contracting for Services audit (mentioned above) completed December 2013. Areas of concentration included the contract approval process, the change order process, and the contract monitoring process. BPCA also turned its attention to assessing risk related to insurance exposures specifically and strengthening risk management practices generally. To that end, BPCA commissioned a risk management assessment in 2013 which was also completed in December. Both of these initiatives were in part a response to the challenges BPCA faced in the aftermath of Hurricane Sandy. The Authority's recovery effort from Sandy's extensive damage provided a unique opportunity to examine and upgrade procurement controls and institute more robust procedures involving risk management, namely insurance regimes.

Other specific actions taken by Senior Management to improve Internal Controls during the Fiscal year ended October 31, 2013:

1. Although the New York State Authorities Budget Office ("ABO") merely "recommends" governance practices for consideration by management and oversight boards, Management agrees with the ABO and fully supports the adoption of a written Organization policy regarding the use of discretionary funds. In September 2013, senior staff recommended a written policy and the Members approved and adopted a formal Policy Governing the Use of Discretionary Funds and Certain Other Organization Property ("Policy").

The Policy is consistent with ABO guidance and focuses on certain key matters, including, but not limited to the following:

- Providing employees with information regarding the proper use of discretionary funds to ensure that employees are aware of and in compliance with applicable laws, rules and regulations regarding the use of discretionary funds;
  - Explicitly identifying and defining specific categories and types of expenditures and activities for which discretionary funds may not be used;
  - Buttressing the currently existing accounting, budgetary and internal control procedures that circumscribe the use of discretionary expenditures and
  - Establish a formal framework to govern contributions to outside entities and discontinue such spending unless it can be clearly established how such spending aligns with the Authority's mission, purpose, duties and authority.
2. Pursuant to guidance provided by the NYS ABO, our ongoing efforts to provide more transparency in the oversight and management of the Authority, and in an effort to formalize our corporate governance practices, Management has revised and improved the Authority's Governance Documents. In May 2013, the Governance Documents were recommended and approved by the Members to fully capture and document the responsibilities associated with being a Member of the Authority's Board and a Director of the Conservancy, and are in conformity with best practices.

Under the revised Board Committee structure that the Authority has implemented for itself and the Conservancy (together, "the Organization"), there is one joint Audit & Finance Committee and one joint Governance Committee for the organizations collectively. As such, there will be three standing Board Committees: the Audit & Finance Committee, the Governance Committee and the Investment Committee. The Investment Committee is not required but adds an additional layer of Board oversight and control over the Authority's investments which represents a significant portion of the Organization's assets.

3. The IRS has confirmed both in written guidance and other communications that post-issuance tax compliance will be a priority issue for the Service. The rationale for the increased attention by the IRS on written post-issuance tax compliance procedures is to assist the issuer in complying with the various requirements of the Internal Revenue Code of 1986, as amended (the "Code") and to assure continuity of record collection and retention by issuers of tax-exempt bonds.

In addition to filing the arbitrage certificate, which is executed in connection with each tax-exempt bond issue, the IRS believes that an issuer's post-issuance tax procedures should include, at a minimum, written procedures for monitoring compliance. The Authority currently has formal and informal procedures for maintaining compliance with the various federal tax law requirements. In this regard, the Authority regularly consults, and coordinates, with various third-party professionals to meet its on-going tax compliance needs. These third party professionals include:

- HDW for bond counsel and tax services;
- HDW for arbitrage rebate and yield restriction services; and
- DAC Bond, as disclosure dissemination agent.

Nonetheless, bond counsel has advised that the IRS effectively requires that issuers, such as the Authority, adopt formal written post-issuance policies and procedures with the goal of timely preventing, identifying and resolving violations of the Federal Tax Rules in order maintain the continued tax-exempt status of the Authority's tax-exempt bonds.

Having recently completed a bond financing, Management believed it was timely and prudent to formalize the Authority's on-going monitoring obligations and responsibilities by creating a robust, written compliance program and developed a policy and written tax compliance procedures. The existence of the policy and related procedures will also be of great assistance to the Authority in demonstrating compliance with its post-issuance tax compliance obligations should the IRS audit or inquire about any of the Authority's prior or future bond issues. The Members adopted the authority's revised and improved new policy and written tax compliance procedures in November 2013.

To the degree that potential weaknesses in policies and procedures have been observed, BPCA has and will continue to implement corrective actions. We will likewise continue our ongoing efforts to establish, maintain, and administer effective, economical, and reliable internal control systems that will ensure BPCA's integrity and mission.

## **Legislation Establishing the Authority**

NY CLS Pub A § 1970 (2012)

### § 1970. Short title

This title shall be known and may be cited as the "battery park city authority act".

NY CLS Pub A § 1971 (2012)

### § 1971. Statement of legislative findings and purposes

It is hereby found and declared that there exists on the lower West side of the county of New York, North of Battery Park and on and adjacent to the Hudson River, a blighted area, defined in this title as the Battery Park project area, marked by substandard, insanitary, deteriorated and deteriorating conditions, in which area there exists obsolete and dilapidated buildings and structures, including piers, of defective construction and outmoded design, lacking proper sanitary facilities and adequate fire and safety protection, and with insufficient light and ventilation and inadequate maintenance; buildings or structures abandoned or not utilized in whole or in part; obsolete systems of utilities; poorly or improperly designed street patterns and intersections with inadequate access to areas; traffic congestion; and obsolete street widths, sizes and shapes, all of which hamper and impede the proper and economic development of such area and of the city of New York and of the state as a whole.

It is further found and declared that such area is no longer suitable or useful for piers or for facilities appurtenant to the loading and unloading of commercial cargo, and that retaining piers in such area creates a blighting effect on such area and on surrounding areas and is detrimental to the development of such area and to the growth and prosperity of the county and city of New York and of the state as a whole.

It is hereby declared that the improvement of such area, the elimination of pier facilities and of the present structures therein, and the replanning, reconstruction and redevelopment of such area including the filling of the Hudson River at such area up to the present pierhead line, the preparation of the resulting land for development, and the creation in such area, in cooperation with the city of New York and the private sector, of a mixed commercial and residential community, with adequate utilities systems and civic and public facilities such as schools, open public spaces, recreational and cultural facilities, is necessary for the prosperity and welfare of the people of the city of New York and of the state as a whole, and is a public use and public purpose for which tax exemptions may be granted, and that the powers and duties of battery park city authority as hereinafter recited are necessary and proper for the purpose of achieving such ends.

It is hereby further found and declared that there continues to exist throughout the city of New York a seriously inadequate supply of safe and sanitary dwelling accommodations for persons and families of low income. This condition is contrary to the public interest and threatens the health, safety, welfare, comfort and security of the people of the state. The ordinary operations of private enterprise cannot provide an adequate supply of safe and sanitary dwelling accommodations at rentals which persons and families of low income can afford. In order to encourage the investment of private capital and provide such dwelling accommodations, provision should be made for mortgage loans at low interest rates to housing companies which, subject to regulations as to rents, profits, dividends and disposition of their property, supply such dwelling accommodations and other facilities incidental or appurtenant thereto to such persons and families.

Therefore, it is hereby found and declared that Battery Park city authority, through the issuance of bonds and notes to the private investing public, by encouraging maximum participation by the private sector of the economy, including the sale or lease of the authority's interest in projects at the earliest time deemed feasible, and through participation in programs undertaken by the state, its agencies and subdivisions, and by the federal government, may provide or obtain the capital resources necessary to provide dwelling accommodations for persons and families of low income, and facilities incidental or appurtenant thereto, and, where necessary, to carry out the clearance, replanning, reconstruction and rehabilitation of such substandard and insanitary areas.

It is hereby further found and declared that the acquisition and construction of adequate, safe and sanitary dwelling accommodations for persons and families of low income and such facilities as may be incidental or appurtenant thereto, are public uses and public purposes for which public money may be loaned and private property may be acquired and tax exemptions granted, and that the powers and duties of battery park city authority or its subsidiaries as hereinafter recited are necessary and proper for the purpose of achieving the ends here recited.

NY CLS Pub A § 1972 (2012)

§ 1972. Definitions

As used in this title, the following words and phrases shall have the following meanings unless the context shall indicate another or different meaning or intent:

- (1) "Authority". The corporate governmental agency created by section nineteen hundred seventy-three of this title.
- (2) "Bonds" and "Notes". The bonds, notes and obligations issued by the authority pursuant to this title.
- (3) "City". The city of New York.
- (4) "Comptroller". The comptroller of the State of New York.

(5) "Battery Park project area". All that portion of the City of New York, County of New York, State of New York generally bounded by the easterly line of West Street, the northerly line of lot number 10 in block 130 as shown on the tax maps of the City of New York, borough of Manhattan, and its extensions easterly to West Street and westerly to the United States pierhead line as now constituted, the said United States pierhead line, the lands of Battery Park and the southerly line of Battery Place.

(6) "Project". One or more works or improvements including lands, buildings, improvements, real, personal or mixed property or any interest therein, acquired, owned, constructed, reconstructed, rehabilitated or improved by the authority, or caused to be acquired, owned, constructed, reconstructed, rehabilitated or improved by the authority within the project area as defined herein, all as the authority shall deem necessary, together with lands, buildings and improvements outside the project area required for relocation of city facilities and for vehicular and pedestrian access roads, rights of way, utility and other easements to and from the project area all as the authority shall deem necessary and as shall be determined by agreement with the city.

(7) "Project cost". The sum total of all costs incurred by the authority in carrying out all works and undertakings which the authority deems reasonable and necessary for the development of the project. These shall include but are not necessarily limited to the costs of all necessary studies, surveys, plans and specifications, architectural, engineering or other special services, acquisition of land and any building thereon, site preparation and development, construction, reconstruction, rehabilitation and improvement of the project area; the necessary expenses incurred in connection with the initial occupancy of the project; the administrative and operating expenses of the authority; the cost of financing the project, including interest on bonds and notes issued by the authority to finance the project from the date thereof to the date when the authority shall determine that the project be deemed substantially complete; the cost of other necessary items, including any indemnity and surety bonds and premiums on insurance, legal fees, fees and expenses of trustees, depositories and paying agents for the bonds and notes issued by the authority; relocation costs, all as the authority shall deem necessary and the costs of acquisition and construction of lands, buildings and improvements outside the project area for relocation of city facilities whether such costs are incurred by the authority or by the city for and on behalf of the authority and for vehicular and pedestrian access roads, rights of way, utility and other easements to and from the project area, all as the authority shall deem necessary and as shall be determined by agreement with the city.

(8) "Real property". Lands, structures, improvements, franchises and interests in land, including lands under water, waterfront property, marginal streets and riparian rights, space rights and air rights and any and all other things and rights usually included within said term and any fixtures, equipment and article of personal property affixed to or used in connection therewith. Real property shall also mean and include any and all interests in such property less than full title, such as easements, incorporeal hereditaments and every estate, interest or right, legal or equitable, including terms for years and liens thereon by way of judgments, mortgages or otherwise, and also all claims for damages for such real estate.

- (9) "State". The state of New York.

(10) "State agency". Any officer, board, department, commission, bureau, division, public corporation, agency or instrumentality of the state.

(11) "Subsidiary". A corporation created pursuant to section nineteen hundred seventy-four-a of this title.

(12) "Residential housing facilities". One or more works or improvements containing one or more residential dwelling units, including, but not limited to, single room occupancy units, and including the real and personal property acquired, owned, constructed, equipped, improved, enlarged, rehabilitated or renovated to provide such accommodations and such incidental and appurtenant commercial, social, recreational or communal facilities, to be located without the Battery Park project area and within the city.

(13) "Excess revenues". All revenues from the Battery Park project area in excess of those needed

(i) to satisfy bond and note covenants (other than as they relate to bonds and notes issued pursuant to section nineteen hundred seventy-four-c of this title and section six hundred fifty-four-c of the private housing finance law) including those covenants which require that the authority maintain its revenues and reserve funds in an amount necessary to permit it to discharge its debt service obligations,

(ii) to fulfill its legal and financial commitments, and

(iii) to pay its operating and maintenance expenses.

(14) "Housing New York program". The housing New York program established by section four of the housing New York program act.

(15) "Housing New York corporation". The subsidiary corporation of the New York city housing development corporation created by section six hundred fifty-four-c of the private housing finance law.

NY CLS Pub A § 1973 (2012)

§ 1973. Battery park city authority

(1) There is hereby created the battery park city authority which shall be a body corporate and politic, constituting a public benefit corporation. Its membership shall consist of [fig 1] seven members to be appointed by the governor with the advice and consent of the senate. One of the members first appointed shall serve for a term ending four years from January first next succeeding his appointment; one of such members shall serve for a term ending five years from such date; and one of such members shall serve for a term ending six years from such date. Provided, however, that two board members first appointed on or after the effective date of the chapter of the laws of two thousand five which amended this subdivision shall serve an initial term of two years; provided further that two other board members first appointed on or after the effective date of the chapter of the laws of two thousand five which amended this subdivision shall serve an initial term of four years. Their successors shall serve for terms of six years each. Members shall continue in office until their successors have been appointed and qualified and the provisions of section thirty-nine of the public officers law shall apply. In the event of a vacancy occurring in the office of a member by death, resignation or otherwise, the governor shall appoint a successor with the advice and consent of the senate to serve for the balance of the unexpired term.

(2) The members shall elect the chairman of the authority from among their number. The members shall serve without salary or other compensation, but each member shall be entitled to reimbursement for actual and necessary expenses incurred in the performance of his or her official duties. Anything to the contrary contained herein notwithstanding, any member who serves as an employee of the authority shall be entitled to receive such salary as the members may determine for services as such employee.

(3) Such members other than those serving as employees of the authority may engage in private employment, or in a profession or business. The authority, its members, officers and employees shall be subject to the provisions of sections seventy-three and seventy-four of the public officers law.

(4) Notwithstanding any inconsistent provision of law, general, special or local, no officer of the state or of any civil division thereof shall be deemed to have forfeited or shall forfeit his office or employment by reason of his acceptance of membership on the authority created by this section.

(5) The governor may remove any member for inefficiency, neglect of duty or misconduct in office after giving him a copy of the charges against him and an opportunity to be heard, in person or by counsel, in his defense, upon not less than ten days notice. If any such member shall be removed, the governor shall file in the office of the department of state a complete statement of the charges made against such member and his findings thereon, together with a complete record of the proceedings.

(6) The authority and its corporate existence shall continue until terminated by law, provided, however, that no such law shall take effect so long as the authority shall have bonds, notes and other obligations outstanding, unless adequate provision has been made for the payment thereof in the documents securing the same. Upon termination of the existence of the authority, all its rights and properties shall vest in the state.

(7) A majority of the members of the authority shall constitute a quorum for the transaction of any business or the exercise of any power or function of the authority. The authority may delegate to one or more of its members, or to its officers, agents or employees, such powers and duties as it may deem proper.

NY CLS Pub A § 1974 (2012)

§ 1974. Powers of the authority

The authority shall have power:

1. To sue and be sued;
2. To have a seal and alter the same at pleasure;
3. To acquire, lease, hold, mortgage and dispose of real property and personal property or any interest therein for its corporate purposes;
4. To acquire, construct, improve, enlarge, operate and maintain a project within the project area as defined herein and all other structures, appurtenances and facilities necessary or convenient in connection therewith, provided, however, that all contracts for construction let by the authority shall be let in conformity with the provisions of section one hundred thirty-five of the state finance law except that contracts for construction let by subsidiaries of the authority shall be governed instead by the applicable provisions of the private housing finance law;
5. To appoint officers, agents and employees, prescribe their qualifications and duties and fix their compensation;
6. To make by-laws for the management and regulation of its affairs, and, subject to agreements with bondholders, for the regulation of the projects;
7. With the consent of the city to use agents, employees and facilities of the city, paying to the city its agreed proportion of the compensation or cost;
8. To make contracts and to execute all necessary or convenient instruments, including leases and subleases, evidences of indebtedness, negotiable or non-negotiable;
9. To engage the services of consultants on a contract basis for rendering professional and technical assistance and advice;
10. To accept grants, loans or contributions from the United States, or the state or the city, or any agency or instrumentality of any of them, or from any other source and to expend the proceeds for any corporate purpose;
11. To fix, establish and collect rates, rentals, fees and other charges for the use of the project, subject to and in accordance with such agreements with bondholders and noteholders as may be made as hereinafter provided;
12. To create subsidiaries pursuant to section nineteen hundred seventy-four-a of this title;
13. To lend or donate monies, whether secured or unsecured, to any subsidiary, and to purchase, sell or pledge the shares, bonds or other obligations or securities thereof, on such terms and conditions as the authority may deem advisable;
14. To make loans secured by a first mortgage, and to make temporary loans or advances, to any housing company organized to provide housing within the Battery Park city project area pursuant to and subject to the provisions of article two,

article four or article eleven of the private housing finance law, including any subsidiary of the authority, and to undertake commitments therefor. Any such commitments or loans may contain such terms and conditions not inconsistent with the provisions of this title as the authority may deem necessary or desirable to secure repayment of its loan, the interest, if any, thereon and other charges in connection therewith;

15. Subject to the provisions of any contract with noteholders or bondholders, to sell, at public or private sale, any mortgage or other security for a mortgage loan made by the authority;

16. In connection with the making of mortgage loans and commitments therefor, to make, fix or establish and collect such fees and charges, including but not limited to reimbursement of all costs of financing by the authority, service charges and insurance premiums, as the authority shall determine to be reasonable subject to the provisions of any contract with noteholders or bondholders;

17. To procure or agree to the procurement of insurance or guarantees from the federal government of the payment of any bonds or notes, mortgages or any other evidences of indebtedness issued by the authority or its subsidiaries, including the power to pay premiums on any such insurance;

18. Subject to the provisions of any contract with noteholders or bondholders, to consent to the modification, with respect to rate of interest, time of payment of any installment of principal or interest, security or any other term, of any mortgage, mortgage loan, mortgage loan commitment, contract or agreement of any kind to which the authority is a party;

19. In connection with any property on which the authority has made a mortgage loan, to foreclose on any such property or commence any action to protect or enforce any right conferred upon the authority by any law, mortgage, contract or other agreement, and to bid for and purchase such property at any foreclosure or at any other sale, or acquire or take possession of any such property; and in such event the authority may complete, administer, pay the principal of and interest on any obligations incurred in connection with such property, and dispose of, and otherwise deal with, such property, in such manner as may be necessary or desirable to protect the interests of the authority therein;

20. To manage any project, whether or not then owned or leased by the authority, and to enter into agreements with the state or any municipality or any agency or instrumentality thereof, or with any person, firm, partnership or corporation, either public or private, for the purpose of causing any project to be managed;

21. To procure insurance against any loss in connection with its property and other assets and operations in such amounts and from such insurers as it deems desirable;

22. Notwithstanding the provisions of this title or of any other law, general, special or local, whenever the authority shall find that the maximum rentals charged tenants of the dwellings in any project financed by the authority in whole or in part shall not be sufficient, together with all other income of the mortgagor, to meet within reasonable limits all necessary payments to be made by the mortgagor of all expenses including fixed charges, sinking funds, reserves and dividends, to request the mortgagor to make application to vary the rental rate for such dwellings so as to secure sufficient income, and upon failure of the mortgagor to take such action within sixty days after receipt of written request from the authority to do so, to vary such rental rate by action of the authority.[:] [n1]

23. To do all things necessary or convenient to carry out the powers expressly given in this title.[:] [n2]

24. To borrow money and issue negotiable bonds, notes or other obligations and to provide for the rights of the holders thereof;

25. To carry out its powers and responsibilities with respect to the chapter of the laws of nineteen hundred ninety which enacted this subdivision.

NY CLS Pub A § 1974-a (2012)

§ 1974-a. Subsidiaries; how created

1. The authority by resolution from time to time may direct any of its members, officers or employees to organize one or more wholly-owned subsidiary corporations pursuant and subject to article two, article four or article eleven of the private housing finance law. Such resolution shall prescribe the purposes for which such subsidiary is to be organized.

2. The authority may transfer to any subsidiary any money or real or personal or mixed property or any project in order to carry out the purposes of this title. Each such subsidiary shall have all the privileges, immunities, tax exemptions and other exemptions of the authority to the extent the same are not inconsistent with the statute or statutes pursuant to which such subsidiary was organized. Except as may be inconsistent with the provisions of this title, such subsidiary shall have all the rights and powers granted to housing companies by the private housing finance law and by any other statute pursuant to which such subsidiary was organized.

3. No member or officer of the authority shall receive any additional compensation, either direct or indirect, other than reimbursement for actual and necessary expenses incurred in the performance of his duties, by reason of his serving as a member, director, trustee or officer of any subsidiary.

NY CLS Pub A § 1974-b (2012)

§ 1974-b. Lease and other agreements

1. As used or referred to in this title, unless a different meaning clearly appears from the context:

(a) "owner" shall mean any individual, partnership, trust or public or private corporation (including a cooperative housing corporation), holding the tenant's interest in a residential lease.

(b) "residential lease" shall mean a lease, sublease or other agreement that relates to all or a portion of a project, where all of such project, or the portion thereof to which such lease, sublease or other agreement relates, is designed and intended for the purpose of providing housing accommodations and such facilities as may be incidental thereto, the landlord's interest in which is held by the authority at the time such lease, sublease or other agreement is entered into.

(c) "underlying parcel" shall mean a parcel subject to a residential lease; provided, however, that in any case where the tenant's interest in a residential lease is held by a unit owner, "underlying parcel" shall mean the parcel in which the unit is included.

(d) the terms "unit owner" and "unit" shall have the meanings specified in section three hundred thirty-nine-e of the real property law. The term "parcel" shall have the meaning specified in section one hundred two of the real property tax law; provided, however, that in any case where the tenant's interest in a residential lease is held by a unit owner, "parcel" shall mean the real property deemed to be a parcel pursuant to paragraph (a) of subdivision two of section three hundred thirty-nine-y of the real property law.

2. (a) If an underlying parcel is exempt from real property taxes, or no real property taxes are payable with respect thereto, pursuant to the provisions of section nineteen hundred eighty-one of this title or of section twenty-two of chapter one hundred seventy-four of the laws of nineteen hundred sixty-eight, the residential lease for such underlying parcel shall provide for the payment by the owner of such residential lease to the authority of annual or other periodic amounts equal to the amount of real property taxes that otherwise would be paid or payable with respect to such underlying parcel, after giving effect to any real property tax abatements and exemptions, if any, which would be applicable thereto, if the provisions of section nineteen hundred eighty-one of this title or of section twenty-two of chapter one hundred seventy-four of the laws of nineteen hundred sixty-eight were not applicable to such underlying parcel.

(b) If an underlying parcel is owned by the city of New York, the residential lease for such underlying parcel shall provide for the payment by the owner of such residential lease to the city of New York of annual or other periodic amounts equal to the amount of real property taxes that are payable with respect to such underlying parcel, after giving effect to any real property tax abatements and exemptions, if any, which are applicable thereto.

(c) Where the owner of a residential lease is assessed for real property taxes with respect to the underlying parcel subject to such residential lease pursuant to section five hundred two of the real property tax law and section three hundred thirty-nine-y of the real property law, payment of such real property taxes shall be credited against the annual or periodic amounts of tax equivalency payments, payments in lieu of taxes or similar payments required to be paid under such residential lease.

NY CLS Pub A § 1974-c (2012)

§ 1974-c. Additional powers of the authority

1. It is hereby found and declared that the legislature, pursuant to the housing New York program act, has established a housing New York program under which the city of New York, any agency or instrumentality thereof (other than the housing New York corporation) and the New York city housing development corporation will cause the acquisition, construction, equipping, improving, rehabilitation and renovation of dwelling accommodations within the city of New York for persons and families for whom the ordinary operations of private enterprise cannot supply such accommodations; that such program is necessary in order to increase the presently inadequate supply of dwelling accommodations in such city for persons and families of low and moderate income; that such program shall require a substantial commitment of funds from public sources; and that the need for such moneys necessitates that the authority be granted the additional powers and be made subject to the additional requirements of this section. The legislature therefore finds that the authority, subject to the terms and conditions specified herein, should be given the power to assign certain excess revenues to secure bonds and notes to be issued by the housing New York corporation for use by the city of New York, and any agency or instrumentality thereof (other than the housing New York corporation) or the New York city housing development corporation in the housing New York program; that the assignment of such excess revenues for the financing of residential housing facilities in accordance with the housing New York program is a public purpose for which moneys may be granted; and that the powers and duties of the authority as recited in this section are necessary and proper for achieving the ends herein recited.

2. In addition to the powers of the authority set forth in section nineteen hundred seventy-four of this title, the authority shall have the power:

(a) to borrow money by issuing bonds and notes and to issue such bonds and notes for the purposes of

(i) repaying appropriations from the state to the authority in accordance with the provisions of any repayment agreements with the state,

(ii) furthering the development of the infrastructure of the Battery Park project area, and

(iii) refunding any bonds and notes of the authority issued pursuant to this section;

(b) subject to the provisions of any contract with noteholders and bondholders, to

(i) pledge any excess revenues or assets (other than real property) of the authority, including, but not limited to such excess revenues as the authority shall deem necessary, to secure any bonds or notes issued by the authority pursuant to this section and

(ii) assign such excess revenues as the authority shall deem necessary to secure any bonds or notes issued or any agreements entered into by the housing New York corporation pursuant to section six hundred fifty-four-c of the private housing finance law or pay any expenses related thereto for the purpose of financing the acquisition, construction, equipping, improvement, enlargement, rehabilitation and renovation of residential housing facilities in accordance with the provisions of the housing New York program and to enter into any agreement or execute any document to accomplish the foregoing;

(c) to procure insurance, letters of credit or other credit enhancements with respect to its bonds or notes issued pursuant to this section and to pay the premiums and fees therefor;

(d) to adopt, amend or rescind rules and regulations appropriate to carry out its corporate purposes and to establish such requirements and enter into such agreements to achieve the objectives of this section; and

(e) to exercise any and all other powers authorized by this title and not inconsistent with the provisions of this section.

3. Notwithstanding any contrary provision of law, general, special, or local, no moneys of the authority, or moneys received from the authority, which are expended pursuant to a chapter of the laws of nineteen hundred eighty-six entitled "An Act to enact the housing New York program act for the purpose of establishing a housing New York program and to amend the public authorities law, in relation to authorizing Battery Park city authority to assign excess revenues to secure bonds to be issued by the housing New York corporation and the private housing finance law, in relation to creating such corporation and authorizing the financing of certain housing accommodations within the city of New York", shall be used by the authority, directly or indirectly, for the design, planning, acquisition, financing, construction or implementation of any landfill or any pilings, platforms, decks or similar structures and in addition, any dredging or filling activities, in the Hudson river between the northern boundary of the Battery Park project area as provided for in subdivision five of section nineteen hundred seventy-two of this title and forty-second street in the city of New York except to the extent that such activities are necessary to maintain the Battery Park project area landfill site, nor shall any such moneys authorized to be assigned or pledged by such act be assigned or pledged, directly or indirectly, to secure or pay the debt service on any bonds or notes issued or any agreements entered into by the housing New York corporation if the proceeds of such bonds or notes are to be used directly or indirectly, or the purpose of such agreements is to accomplish directly or indirectly, any of the prohibited activities listed in this subdivision.

4. No excess revenues may be assigned by the authority to the housing New York corporation to finance residential housing facilities pursuant to section six hundred fifty-four-c of the private housing finance law unless the authority has entered into an agreement or agreements with the housing New York corporation, which provides, in addition to any other terms and conditions, that:

(a) such residential housing facilities are to provide dwelling accommodations which are to be occupied by persons and families for whom the ordinary operations of private enterprise cannot provide an adequate supply of safe, sanitary and affordable dwelling accommodations;

(b) neither the state nor the authority are to have any responsibility as to the financing, operation, maintenance, repair or use of such residential housing facilities unless otherwise specifically provided by law;

(c) the housing New York corporation shall use the moneys assigned to it by the authority pursuant to this section to secure and pay bonds and notes issued to finance residential housing facilities in accordance with provisions of the housing New York program and shall comply with the terms and conditions of the housing New York program act and this section; and

(d) the timing, amount, maturity schedule and all other terms and conditions of any issuance of bonds or notes by the housing New York corporation pursuant to section six hundred fifty-four-c of the private housing finance law, will provide for the authority's requirements as to the development, management or operation of the project and the effect of such terms and conditions on the availability of excess revenues and the pledge or assignment thereof.

5. For the purposes of furthering the development of the infrastructure of the Battery Park project area and repaying appropriations from the state to the authority pursuant to this section, the authority may, in addition to the authorization contained in subdivision one of section nineteen hundred seventy-seven-a of this title, borrow money by issuing bonds or notes in an aggregate principal amount not exceeding one hundred million dollars plus a principal amount of bonds or notes issued

(i) to fund any related debt service reserve fund,

(ii) to provide capitalized interest, and

(iii) to provide fees and other charges and expenses, including underwriters' discount, related to the issuance of such bonds or notes and the maintenance of such reserves, all as determined by the authority, excluding bonds and notes issued to refund outstanding bonds and notes issued pursuant to this section.

In computing the total principal amount of bonds and notes that may at any time be issued for any purpose under this title, the amount of the outstanding bonds or notes that constitutes interest under the United States Internal Revenue Code of nineteen hundred fifty-four, as amended to the effective date of this section, shall be excluded.

6. The authority may covenant and consent that the interest on any of its bonds or notes issued pursuant to subdivision five of this section shall be includable, under the United States Internal Revenue Code of nineteen hundred fifty-four or any subsequent corresponding internal revenue law of the United States, in the gross income of the holders of the bonds or notes to the same extent and in the same manner that the interest on bills, bonds, notes or other obligations of the United States is includable in the gross income of the holders thereof under said Internal Revenue Code or any such subsequent law.

7. The state of New York does pledge to and agree with the holders of any bonds or notes issued by the housing New York corporation under section six hundred fifty-four-c of the private housing finance law, that the state will not limit or alter the rights hereby vested in the authority to fulfill the terms of any agreements made with such corporation to assign any excess revenues, or in any way impair the rights and remedies of such corporation thereunder, until the bonds and notes, together with interest thereon, interest on any unpaid installments of interest, and all costs and expenses in connection with any action or proceeding by or on behalf of the bondholders and noteholders are fully met and discharged.

8. It is the intention of the legislature that any assignment of excess revenues or portion thereof by the authority pursuant to this section shall be valid and binding from the time when the assignment is made in accordance with its terms; that the excess revenues so assigned by the authority shall immediately be subject to the lien of such assignment without any physical delivery thereof or further act, and that the lien of any such assignment shall be valid and binding as against all parties having claims of any kind in tort, contract or otherwise against the authority irrespective of whether such parties have notice thereof. Neither the resolution or any other instrument by which an assignment is created need be recorded.

§ 1974-d. Contracts

In connection with development, construction, operations and maintenance contracts for projects of the authority, minority and women-owned business enterprises and minority group members and women shall be given the opportunity for meaningful participation. The authority shall establish measures and procedures to secure meaningful participation by minority and women-owned business enterprises on contracts for projects of the authority. Such measures and procedures shall also promote the employment of minority group members and women on such contracts. For the purposes thereof, "minority business enterprise" shall mean any business enterprise which is at least fifty-one per centum owned by, or in the case of a publicly owned business, at least fifty-one per centum of the stock of which is owned by citizens or permanent resident aliens who are Black, Hispanic, Asian or American Indian, and such ownership interest is real, substantial and continuing and "women-owned business enterprise" shall mean any business enterprise which is at least fifty-one per centum owned by, or in the case of a publicly owned business, at least fifty-one percent of the stock of which is owned by citizens or permanent resident aliens who are women and such ownership interest is real, substantial and continuing. The provisions of this section shall not be construed to limit the ability of any minority or women-owned business enterprise to bid on any contract. In order to implement the requirements and objectives of this section in connection with such projects, the authority shall be responsible for monitoring compliance with the provisions hereof, providing advice on the availability of competitive qualified minority and women-owned business enterprises to perform contracts proposed to be awarded, and making recommendations to improve the access of minority and women-owned business enterprises to these contracts.

§ 1975. Moneys of the authority

1. All moneys of the authority from whatever source derived shall be paid to the treasurer of the authority and shall be deposited forthwith in a bank or banks in the state designated by the authority. The moneys in such accounts shall be paid by the treasurer or other agent duly designated by the authority on requisition of the chairman of the authority or of such other person or persons as the authority may authorize to make such requisitions. All deposits of such moneys, shall, if required by the authority, be secured by obligations of the United States or of the state of New York of a market value equal at all times to the amount of the deposit and all banks and trust companies are authorized to give such security for such deposits. The obligations shall either be deposited with the treasurer or be held by a trustee or agent satisfactory to the authority. The comptroller and his legally authorized representatives are authorized and empowered from time to time to examine the accounts and books of the authority, including its receipts, disbursements, contracts, leases, sinking funds, investments and any other records and papers relating to its financial standing.
2. Notwithstanding any provision of law to the contrary, the authority is hereby authorized to contribute [fig 1] two hundred million dollars to the state treasury to the credit of the general fund.
3. Any moneys of the authority, including the proceeds of bonds or notes, not required for immediate use may, at the discretion of the authority be invested in obligations of the state or of the United States of America or obligations the principal of and interest on which are guaranteed by the state or the United States of America, or in any other obligations in which the comptroller of the state of New York is authorized to invest pursuant to section ninety-eight of the state finance law.
4. The authority shall have power to contract with holders of any of its bonds or notes, as to the custody, collection, securing, investment, and payment of any moneys of the authority, of any moneys held in trust or otherwise for the payment of bonds or notes, and to carry out such contract. Moneys held in trust or otherwise for the payment of bonds or notes or in any way to secure bonds or notes and deposits of such moneys may be secured in the same manner as moneys of the authority, and all banks and trust companies are authorized to give such security for such deposits.
5. Subject to the provisions of any contract with bondholders or noteholders and to the approval of the comptroller, the authority shall prescribe a system of accounts.

§ 1976. Bonds of the authority

1. [As amended by L 1969, ch 624] The authority shall have power and is hereby authorized from time to time to issue its negotiable bonds for any corporate purpose, including incidental expenses in connection therewith. The authority shall have power from time to time and whenever it deems refunding expedient, to refund any bonds by the issuance of new bonds, whether the bonds to be refunded have or have not matured, and may issue bonds partly to refund bonds then outstanding and partly for any other corporate purpose. Except as may be otherwise expressly provided by the authority, every issue of bonds by the authority shall be general obligations payable out of any moneys, earnings, or revenues of the authority, subject only to any agreements with the holders of particular bonds, pledging any particular moneys, earnings or revenues. Whether or not the bonds are of such form and character as to be negotiable instruments under article eight of the uniform commercial code, the bonds shall be and are hereby made negotiable instruments within the meaning of and for all the purposes of article eight of the uniform commercial code, subject only to the provisions of the bonds for registration.

1. [As amended by L 1969, ch 972] The authority shall have power and is hereby authorized from time to time to issue its negotiable bonds in conformity with applicable provisions of the uniform commercial code for any corporate purpose, including incidental expenses in connection therewith. The authority shall have power from time to time and whenever it deems refunding expedient to refund any bonds by the issuance of new bonds, whether the bonds to be refunded have or have not matured, and may issue bonds partly to refund bonds then outstanding and partly for any other corporate purpose. Except as may be otherwise expressly provided by the authority, every issue of bonds by the authority shall be general obligations payable out of any moneys, earnings, or revenues of the authority, subject only to any agreements with the holders of particular bonds, pledging any particular moneys, earnings or revenues.

2. The bonds shall be authorized by resolution of the authority and shall bear such date or dates, mature at such time or times, bear interest at such rate or rates, be in such denominations, be in such form, either coupon or registered, carry such registration privileges, be executed in such manner, be payable in such medium of payment at such place or places, and be subject to such terms of redemption prior to maturity as such resolution or resolutions may provide.

3. All bonds of the authority shall be sold at public or private sale as may be determined by the authority.

4. Any resolution or resolutions authorizing any bonds or any issue of bonds may contain provisions, which shall be a part of the contract with the holders of the bonds thereby authorized, as to

(a) pledging all or any part of the moneys, earnings, income and revenues derived from the project to secure the payment of the bonds or of any issue of the bonds, subject to such agreements with bondholders as may then exist;

(b) the rates, rentals, fees and other charges to be fixed, established and collected and the amounts to be raised in each year thereby, and the use and disposition of the earnings and other revenues;

(c) the setting aside of reserves and the creation of sinking funds and the regulation and disposition thereof;

(d) limitations on the right of the authority to restrict and regulate the use of the project;

(e) limitations on the purposes to which and the manner in which the proceeds of sale of any bonds or any issue of bonds may be applied;

(f) limitations on the issuance of additional bonds, the terms upon which additional bonds may be issued and secured, and the refunding of outstanding bonds or other bonds;

(g) the procedure, if any, by which the terms of any contract with bondholders may be amended or abrogated, the amount of bonds the holders of which must consent thereto, and the manner in which such consent may be given;

(h) the creation of special funds into which any earnings or revenues of the authority may be deposited;

(i) the terms and provisions of any mortgage or trust deed or indenture securing the bonds or under which the bonds may be issued;

(j) vesting in a trustee or trustees such properties, rights, powers and duties in trust as the authority may determine which may include any or all of the rights, powers and duties of the trustee appointed by the bondholders pursuant to section

nineteen hundred eighty-three of this title, and limiting or abrogating the right of the bondholders to appoint a trustee under such section or limiting the rights, powers and duties of such trustee;

(k) defining the acts or omissions to act which shall constitute a default in the obligations and duties of the authority to the bondholders and providing the rights and remedies of the bondholders in the event of such default, including as a matter of right the appointment of a receiver, provided, however, that such rights and remedies shall not be inconsistent with the general laws of this state and other provisions of this title;

(l) limitations on the power of the authority to sell or otherwise dispose of its properties;

(m) limitations on the amount of moneys derived from the project to be expended for operating, administrative and other expenses of the authority;

(n) the protection and enforcement of the rights and remedies of the bondholders;

(o) the obligations of the authority in relation to the construction, maintenance, operation, repairs and insurance of the project and the safeguarding and application of all moneys;

(p) the payment of the proceeds of bonds and revenues of the project to a trustee or other depositary, and for the method of disbursement thereof and such safeguards and restrictions as the authority may determine;

(q) any other matters, of like or different character which may in any way affect the security or protection of the bonds.

5. It is the intention of the legislature that any pledge of earnings, revenues or other moneys made by the authority shall be valid and binding from the time when the pledge is made; that the earnings, revenues or other moneys so pledged and thereafter received by the authority shall immediately be subject to the lien of such pledge without any physical delivery thereof or further act, and that the lien of any such pledge shall be valid and binding as against all parties having claims of any kind in tort, contract or otherwise against the authority irrespective of whether such parties have notice thereof. Neither the resolution nor any other instrument by which a pledge is created need be recorded.

6. Neither the members of the authority nor any person executing the bonds or other obligations shall be liable personally on the bonds or other obligations or be subject to any personal liability or accountability by reason of the issuance thereof.

7. The authority shall have power out of any funds available therefor to purchase (as distinguished from the power of redemption hereinabove provided) any bonds and all bonds so purchased shall be cancelled.

8. In the discretion of the authority, the bonds may be secured by a trust indenture by and between the authority and a corporate trustee, which may be any trust company or bank having the powers of a trust company in the state of New York. Such trust indenture may contain such provisions for protecting and enforcing the rights and remedies of the bondholders as may be reasonable and proper and not in violation of law, including covenants setting forth the duties of the authority in relation to the construction, maintenance, operation, repair and insurance of the project, and the custody, safeguarding and application of all moneys. The authority may provide by such trust indenture for the payment of the proceeds of the bonds and the revenues of the project to the trustee under such trust indenture or other depositary, and for the method of disbursement thereof, with such safeguards and restrictions as it may determine. All expenses incurred in carrying out such trust indenture may be treated as a part of the cost of maintenance, operation and repairs of the project. If the bonds shall be secured by a trust indenture the bondholders shall have no authority to appoint a separate trustee to represent them.

NY CLS Pub A § 1977 (2012)

§ 1977. Notes of the authority

The authority shall have power and is hereby authorized to issue negotiable bond anticipation notes in conformity with applicable provisions of the uniform commercial code and may renew the same from time to time but the maximum maturity of such notes, including renewals thereof, shall not exceed seven years from the date of issue of such original note. Such notes shall be payable from any moneys of the authority available therefor and not otherwise pledged or from the proceeds of sale of the bonds of the authority in anticipation of which they were issued. The notes may be issued for any corporate purpose of the authority. Whether or not the notes are of the form and character as to be negotiable instruments under article eight of the uniform commercial code, the notes shall be and are hereby made negotiable instruments within the meaning of

and for all the purposes of article eight of the uniform commercial code, subject only to provisions of the notes for registration. The notes shall be issued in the same manner as the bonds and such notes and the resolution or resolutions authorizing the same may contain any provisions, conditions or limitations which the bonds or a bond resolution of the authority may contain. Such notes may be sold at public or private sale. The authority shall have power to make contracts for the future sale from time to time of the notes, pursuant to which the purchaser shall be committed to purchase the notes from time to time on terms and conditions stated in the contracts, and the authority shall have power to pay such consideration as it shall decree proper for such commitments. In case of default on its notes or violation of any obligations of the authority to the noteholders, the noteholders shall have all the remedies provided herein for bondholders. Such notes shall be as fully negotiable as the bonds of the authority.

NY CLS Pub A § 1977-a (2012)

§ 1977-a. Bond and Note Authorization

1. (a) For the purpose of financing project costs for the project for the Battery Park project area other than the financing of loans, advances and mortgage loans to housing companies organized to provide housing within the Battery Park project area, the authority may issue bonds and notes in an aggregate principal amount at any one time outstanding not exceeding three hundred million dollars, excluding bonds and notes issued to refund outstanding bonds and notes.

(b) Commodities and futures exchange facility. For the purpose of financing project costs to further the development of a commodities and futures exchange facility as part of the project to be located in the Battery Park project area, the authority may, in addition to the authorizations contained elsewhere in this title, borrow money by issuing bonds or notes in an aggregate principal amount not exceeding one hundred ten million dollars plus a principal amount of bonds or notes issued (i) to fund any related debt service reserve fund, (ii) to provide capitalized interest, and (iii) to provide fees and other charges and expenses, including underwriters' discount, related to the issuance of such bonds or notes and the maintenance of such reserves, all as determined by the authority, excluding bonds and notes issued to refund outstanding bonds and notes issued pursuant to this section. The authority may make loans from the proceeds of such issuance and may make temporary loans or advances, for the purpose of developing a commodities and futures exchange within the Battery Park project area, and may undertake commitments therefor. Any such loans, advances or commitments shall be secured by a mortgage on or security interest in the property interests of such exchanges within the Battery Park project area and shall contain such terms and conditions not inconsistent with the provisions of this title as the authority may deem necessary or desirable to secure payment of its loan, the interest thereon and other charges in connection therewith.

(c) Additional authorizations. In addition to the authorizations contained elsewhere in this title, the authority may issue indebtedness for the purpose of refunding outstanding indebtedness of the housing New York corporation which is secured by revenues of the authority, and indebtedness for the purpose of refunding such refunding indebtedness issued by the authority including the funding of reserves and providing for fees and other charges and expenses, including underwriters' discounts, related to the issuance of such refunding bonds or notes, all as determined by the authority.

(d) Additional authorizations. For the purpose of financing capital costs in connection with development of the project area, the authority may, in addition to the authorizations contained elsewhere in this title, borrow money by issuing bonds or notes in an aggregate principal amount not exceeding one hundred fifty million dollars plus a principal amount of bonds or notes issued (i) to fund any related debt service reserve fund, (ii) to provide capitalized interest, and (iii) to provide for fees and other charges and expenses including any underwriters' discounts, related to the issuance of such bonds or notes, all as determined by the authority, excluding bonds and notes issued to refund outstanding bonds [bonds] [n1] and notes issued pursuant to this section.

(e) Additional authorizations. For the purpose of financing costs of the state, the authority may, in addition to the authorizations contained elsewhere in this title, borrow money by issuing bonds or notes in an aggregate principal amount not exceeding two hundred fifty million dollars plus a principal amount of bonds or notes issued (i) to fund any related debt service reserve fund, (ii) to provide capitalized interest, and (iii) to provide for fees and other charges and expenses including any underwriters' discounts, related to the issuance of such bonds or notes, all as determined by the authority, excluding bonds and notes issued to refund outstanding bonds and notes issued pursuant to this section.

2. For the purposes of financing loans, advances and mortgage loans to housing companies organized pursuant to article two, article four or article eleven of the private housing finance law, including subsidiaries of the authority, for housing accommodations to be erected in the Battery Park project area, the authority may issue bonds and notes in an aggregate

principal amount at any one time outstanding not exceeding four hundred million dollars, excluding bonds and notes issued to refund outstanding bonds and notes.

3. The fixing of the statutory maximums as provided in subdivisions one and two of this section shall not be construed as constituting a contract between the authority and the holders of its bonds or notes that additional bonds and notes may not be issued subsequently by the authority in the event that such statutory maximums shall subsequently be increased by law.

4. The authority shall have the power to enter into interest rate exchange agreements, which shall mean written contracts entered into in connection with the issuance of authority debt or in connection with such authority debt already outstanding [fig 1] to provide for [fig 2] exchange of payments based upon fixed and/or variable interest rates, and shall be for exchanges in currency of the United States of America only. The authority shall have the power: (a) until December thirty-first, two thousand three, to enter into such interest rate exchange agreements [fig 3], and (b) thereafter to enter into replacements and substitutions for and amendments to exchange agreements, provided that no such replacement, substitution or amendment shall increase the notional principal amount under an exchange agreement or extend the term of an exchange agreement. The authority shall be subject to subdivision three of section sixty-nine-d of the state finance law.

NY CLS Pub A § 1977-b (2012)

§ 1977-b. Reserve funds and appropriations

1. In addition to setting aside of such other reserves or sinking funds as it shall deem advisable and necessary, and the regulation and disposition thereof, the authority shall create and establish a special fund to be known as and hereinafter called the "Battery Park project area capital reserve fund" and shall pay into such fund (a) any moneys appropriated and made available by the state only for the purposes of such fund, (b) any proceeds of sale of any bonds issued to finance the Battery Park project area to the extent provided in the resolution of the authority authorizing the issuance thereof, (c) any funds directed to be transferred by the authority to such fund, and (d) any other moneys made available to the authority only for the purposes of such fund from any other source or sources. The moneys held in or credited to such capital reserve fund, except as hereinafter provided, shall be used solely for the payment of the principal of such bonds or of the sinking fund payments hereinafter mentioned with respect to such bonds, the purchase or redemption of such bonds, the payment of interest on such bonds, or the payment of any redemption premium required to be paid when any of such bonds are redeemed prior to maturity; provided, however, that moneys in such fund shall not be withdrawn therefrom at any time in such amount as would reduce the amount of such fund to less than the amount of the Battery Park project area capital reserve fund requirement hereinbelow referred to, except for the purpose of making with respect to such bonds payment, when due, of principal, interest and the sinking fund payments hereinafter mentioned for the payment of which other moneys of the authority are not available. Moneys in such capital reserve fund not required for immediate use of disbursement may be invested in obligations of the state or the United States of America or obligations the principal and interest of which are guaranteed by the state or the United States of America or obligations of agencies of the United States of America which may from time to time be legally purchased by savings banks of the state as investment of funds belonging to them or in their control. In computing the amount of such capital reserve fund for the purposes of this section, securities in which all or a portion of such fund are invested shall be valued at par or, if purchased at less than par, at their cost to the authority.

2. The authority shall not issue any of such bonds at any time secured by such capital reserve fund if the amount in such capital reserve fund at the time of issuance does not equal or exceed the amount of said capital reserve fund requirement unless the authority at the time of issuance of such bonds shall deposit in such fund from the proceeds of such bonds or other sources an amount which together with the amount then in such fund will not be less than the amount of said capital reserve fund requirement.

3. In order to assure the continued operation and solvency of the authority for the fulfillment of its corporate purposes with respect to the Battery Park project area, the chairman of the authority shall annually, on or before December first, make and deliver to the governor and director of the budget his certificate stating the sum, if any, required to restore such capital reserve fund to the amount as of the particular date of computation equal to the greatest (herein sometimes called the "Battery Park project area capital reserve fund requirement") of the respective amounts for the then current or any future fiscal year of the authority, of annual debt service with respect to such bonds, such annual debt service for any fiscal year being the amount of money equal to the aggregate of (a) all interest payable during such fiscal year on all such bonds outstanding on said date of computation, plus (b) the principal amount of all such bonds outstanding on said date of computation which mature during such fiscal year, plus (c) all amounts specified in any resolution of the authority authorizing any of such bonds as payable

during such fiscal year as a sinking fund payment with respect to any of such bonds which mature after such fiscal year, all calculated on the assumption that bonds will after said date of computation cease to be outstanding by reason, but only by reason, of the payment of bonds when due and the payment when due and application in accordance with the resolution authorizing those bonds of all of such sinking fund payments payable at or after said date of computation; and there shall be annually apportioned and paid to the authority for deposit in such capital reserve fund the sums so certified by the chairman of the authority. All sums so apportioned and paid shall be deposited by the authority in such capital reserve fund. The principal amount of bonds secured by such capital reserve fund to which state funds are apportionable pursuant to this subdivision shall be limited to the total amount of bonds and notes outstanding on the effective date of this act, plus the total amount of bonds and notes contracted after the effective date of this act to finance projects in progress on the effective date of this act as determined by the New York state public authorities control board created pursuant to section fifty of this chapter whose affirmative determination shall be conclusive as to all matters of law and fact solely for the purposes of the limitations contained in this subdivision, but in no event shall the total amount of bonds so secured by such a capital reserve fund or funds exceed two hundred million dollars, excluding bonds issued to refund such outstanding bonds until the date of redemption of such outstanding bonds. As outstanding bonds so secured are paid, the amount so secured shall be reduced accordingly but the redemption of such outstanding bonds from the proceeds of refunding bonds shall not reduce the amount so secured.

4. All amounts paid over to the authority by the state pursuant to the provisions of this section shall constitute and be accounted for as advances by the state to the authority and, subject only to the rights of the holders of any bonds or notes of the authority theretofore or thereafter issued, shall be repaid to the state from all available operating revenues of the authority in excess of the capital reserve fund requirement and operating expenses.

5. As used in this section,

(a) the term "operating expenses" for the fiscal year shall mean ordinary expenditures for operation and administration of the authority; and

(b) the term "available operating revenues" for the fiscal year shall mean all amounts received on account of rentals and fees charged by the authority, if any, and income or interest earned or added to funds of the authority due to the investment thereof, and not required under the terms or provisions of any covenant or agreement with holders of any bonds or notes of the authority to be applied to any purposes other than payment of expenses of the authority.

6. This section is applicable only to the Battery Park project area capital reserve fund.

NY CLS Pub A § 1977-c (2012)

§ 1977-c. Reserve funds and appropriations for loans, advances and mortgage financing to housing companies

1. Definitions.

(a) "Revenues". All amounts received on account of fees and other charges imposed by the authority for loans, advances and mortgage loans, if any, and all or any part of the moneys received in payment of loans, advances and mortgage loans and interest thereon, including prepayments.

(b) "Housing loan capital reserve fund requirement". The amount of money, as of any particular date of computation and with reference to outstanding bonds issued by the authority for the purposes of financing loans, advances and mortgage loans to housing companies, equal to the greatest of the respective amounts for the then current or any future fiscal year of the authority, of annual debt service with respect to such bonds.

For purposes of the housing loan capital reserve fund requirement, "annual debt service" shall mean an amount of money equal to the aggregate of:

(i) All interest payable during such fiscal year on all such bonds outstanding on said date of computation; plus,  
(ii) The principal amount of all such bonds outstanding on said date of computation which mature during such fiscal year; plus,

(iii) All amounts specified in any resolution of the authority authorizing any of such bonds as payable during such fiscal year as a sinking fund payment with respect to any of such bonds which mature after such fiscal year, such sinking fund payments to be calculated on the assumption that bonds will after said date of computation cease to be outstanding by reason,

but only by reason, of the payment of bonds when due and the payment when due and application in accordance with the resolution authorizing those bonds of all of such sinking fund payments payable at or after said date of computation.

(c) "Operating expenses". All ordinary expenditures for operation and administration of the authority in connection with its loans, advances and mortgage loans to housing companies.

(d) "Amortized value". When used with respect to securities purchased at a premium above or a discount below par, the value as of any given date obtained by dividing the total amount of the premium or discount at which such securities were purchased by the number of days remaining to maturity on such securities at the time of such purchase and by multiplying the amount so calculated by the number of days having passed since the date of such purchase; and (a) in the case of securities purchased at a premium, by deducting the product thus obtained from the purchase price, and (b) in the case of securities purchased at a discount, by adding the product thus obtained to the purchase price.

## 2. Reserve funds.

(a) In addition to the setting aside of such other reserves or sinking funds as it shall deem advisable and necessary, and the regulations and disposition thereof, the authority may create and establish one or more capital reserve funds for bonds issued by the authority for the purposes of financing loans, advances and mortgage loans to housing companies.

(b) The authority shall pay into each such fund:

- (i) any monies appropriated and made available by the state only for the purposes of such fund;
- (ii) any proceeds of the sale of any bonds issued to the extent provided in the resolution of the authority authorizing the issuance of such bonds;
- (iii) any moneys directed to be transferred by the authority to such fund; and
- (iv) any other moneys made available to the authority only for the purposes of such fund from any other source or sources.

(c) The moneys held in or credited to each such capital reserve fund, except as hereinafter provided, shall be used solely for the payment of the principal of bonds issued to finance loans, advances and mortgage loans to housing companies or of the sinking fund payments with respect to such bonds, the purchase or redemption of such bonds, the payment of interest on such bonds or the payment of any redemption premium required to be paid when any of such bonds are redeemed prior to maturity; provided, however, that moneys in such capital reserve fund shall not be withdrawn therefrom at any time in such amount as would reduce the amount of such fund to less than the amount of the housing loan capital reserve fund requirement therefor, except for the purpose of making with respect to such bonds payment, when due, of principal, interest and the sinking fund payments for the payment of which other moneys of the authority are not available. All income or interest earned by, or increment to, each such capital reserve fund due to the investment thereof may be transferred by the authority to other funds or accounts of the authority to the extent it does not reduce the amount of such capital reserve fund below the housing loan capital reserve fund requirement therefor.

(d) Moneys in such a capital reserve fund not required for immediate use or disbursement may be invested in obligations of the state or the United States of America or obligations the principal of and interest on which are guaranteed by the state or the United States of America or obligations of agencies of the United States of America or obligations which may from time to time be legally purchased by savings banks of the state, as investment of funds belonging to them or in their control. In computing the amount of a capital reserve fund for the purposes of this section, securities in which all or a portion of such fund are invested shall be valued at par if purchased at par or, if purchased at other than par, at their amortized value.

(e) The authority shall not issue any bonds at any time secured by such a capital reserve fund if the amount in the capital reserve fund which will secure such bonds at the time of issuance does not equal or exceed the amount of the housing loan capital reserve fund requirement for such fund unless the authority at the time of issuance of such bonds shall deposit in such fund from the proceeds of such bonds or other sources an amount which together with the amount then in such fund will not be less than the amount of the housing loan capital reserve fund requirement for such fund.

## 3. Preservation of solvency.

(a) In order to assure the continued operation and solvency of the authority for the fulfillment of its corporate purposes, the chairman of the authority shall annually, on or before December first, make and deliver to the governor and director of the budget his certificate stating the sum, if any, required to restore each capital reserve fund to the housing loan capital reserve fund requirement therefor. There shall be annually apportioned and paid to the authority for deposit in each such capital reserve fund the sum so certified by the chairman of the authority as required to restore such capital reserve fund to the housing loan capital reserve fund requirement therefor. All sums so apportioned and paid shall be deposited by the authority

in the respective capital reserve funds. The principal amount of bonds secured by a capital reserve fund or funds to which state funds are apportionable pursuant to this paragraph shall be limited to the total amount of bonds and notes outstanding on the effective date of this act, plus the total amount of bonds and notes contracted after the effective date of this act to finance projects in progress on the effective date of this act as determined by the New York state public authorities control board created pursuant to section fifty of this chapter whose affirmative determination shall be conclusive as to all matters of law and fact solely for the purposes of the limitations contained in this paragraph, but in no event shall the total amount of bonds so secured by such a capital reserve fund or funds exceed eighty-five million dollars, excluding bonds issued to refund such outstanding bonds until the date of redemption of such outstanding bonds. As outstanding bonds so secured are paid, the amount so secured shall be reduced accordingly but the redemption of such outstanding bonds from the proceeds of refunding bonds shall not reduce the amount so secured.

(b) All amounts paid over to the authority by the state pursuant to the provisions of this section shall constitute and be accounted for as advances by the state to the authority and, subject only to the rights of the holders of any bonds or notes of the authority theretofore or thereafter issued, shall be repaid to the state from all available revenues of the authority in excess of housing loan capital reserve fund requirements and operating expenses.

4. Applicability. This section is applicable solely to capital reserve funds for bonds issued to finance housing loans, advances and mortgage loans and is not applicable to the Battery Park project area capital reserve fund.

NY CLS Pub A § 1978 (2012)

§ 1978. Agreements of the state

The state of New York does pledge to and agree with the holders of the bonds and notes that the state will not limit or alter the rights hereby vested in the authority to acquire, lease, mortgage or dispose of real or personal property or any interest therein or construct, improve, enlarge, operate and maintain the project, to fix, establish and collect the rates, rentals, fees and other charges referred to in this act and to fulfill the terms of any agreements made with the holders of the bonds and notes, or in any way impair the rights and remedies of such bondholders and noteholders until the bonds and notes, together with interest thereon, interest on any unpaid installments of interest, and all costs and expenses in connection with any action or proceeding by or on behalf of the bondholders and noteholders are fully met and discharged.

NY CLS Pub A § 1979 (2012)

§ 1979. State and city not liable on bonds and notes

The bonds, notes and other obligations of the authority shall not be a debt of the state of New York or of the city, and neither the state nor the city shall be liable thereon, nor shall they be payable out of any funds other than those of the authority.

NY CLS Pub A § 1980 (2012)

§ 1980. Bonds and notes legal investments for public officers and fiduciaries

The bonds and notes are hereby made securities in which all public officers and bodies of this state and all municipalities and municipal subdivisions, all insurance companies and associations and other persons carrying on an insurance business, all banks, bankers, trust companies, savings banks and savings associations, including savings and loan associations, building and loan associations, investment companies and other persons carrying on a banking business, and all other persons whatsoever, who are now or may hereafter be authorized to invest in bonds or other obligations of the state, may properly and legally invest funds, including capital in their control or belonging to them. The bonds and notes are also hereby made securities which may be deposited with and may be received by all public officers and bodies of this state and all municipalities and municipal subdivisions for any purpose for which the deposit of bonds or other obligations of this state is now or may hereafter be authorized.

NY CLS Pub A § 1981 (2012)

§ 1981. Exemption from taxes

1. It is hereby determined that the creation of the authority and the carrying out of its corporate purposes is in all respects for the benefit of the people of the state of New York, the county of New York, and the city, and is a public purpose, and the authority shall be regarded as performing a governmental function in the exercise of the powers conferred upon it by this title and shall be required to pay no taxes upon any of the properties acquired by it or under its jurisdiction or control or supervision or upon its activities.

2. All bonds, notes and other obligations issued pursuant to this title, together with the income therefrom, as well as the income and property of the authority, shall be exempt from taxation, except for transfer and estate taxes.

NY CLS Pub A § 1982 (2012)

§ 1982. Tax contract by the state

The state of New York covenants with the purchasers and with all subsequent holders and transferees of bonds and notes issued by the authority pursuant to this title, in consideration of the acceptance of and payments for the bonds and notes, that the bonds and notes of the authority issued pursuant to this title and the income therefrom, and all moneys, funds and revenues pledged to pay or secure the payment of such bonds and notes, shall at all times be free from taxation except for transfer and estate taxes.

NY CLS Pub A § 1983 (2012)

§ 1983. Remedies of bondholders

1. In the event that the authority shall default in the payment of principal of or interest on any issue of the bonds after the same shall become due, whether at maturity or upon call for redemption, and such default shall continue for a period of thirty days, or in the event that the authority shall fail or refuse to comply with the provisions of this title, or shall default in any agreement made with the holders of any issue of the bonds, the holders of twenty-five per centum in aggregate principal amount of the bonds of such issue then outstanding, by instrument or instruments filed in the office of the Register of the city of New York in the county of New York and proved or acknowledged in the same manner as a deed to be recorded, may appoint a trustee to represent the holders of such bonds for the purposes herein provided.

2. Such trustee may, and upon written request of the holders of twenty-five per centum in principal amount of such bonds then outstanding shall, in his or its own name

(a) by mandamus or other suit, action or proceeding at law or in equity enforce all rights of the bondholders, including the right to require the authority to collect revenues, rates, rentals, fees and other charges adequate to carry out any agreement as to, or pledge of such revenues, rates, rentals, fees and other charges and to require the authority to carry out any other agreements with the holders of such bonds and to perform its duties under this title;

(b) bring suit upon such bonds;

(c) by action or suit in equity, require the authority to account as if it were the trustee of an express trust for the holders of such bonds;

(d) by action or suit in equity, enjoin any acts or things which may be unlawful or in violation of the rights of the holders of such bonds;

(e) declare all such bonds due and payable, and if all defaults shall be made good then with the consent of the holders of twenty-five per centum of the principal amount of such bonds then outstanding, to annul such declaration and its consequences.

3. The supreme court shall have jurisdiction of any suit, action or proceeding by the trustee on behalf of bondholders.

4. Before declaring the principal of all such bonds due and payable the trustee shall first give thirty days' notice in writing to the authority.

5. Any such trustee whether or not the issue of bonds represented by such trustee be declared due and payable, shall be entitled as of right to the appointment of a receiver of any part or parts of the project the revenues of which are pledged for the security of the bonds of such issue, and such receiver may enter and take possession of such part or parts of such project, and, subject to any pledge or agreement with bondholders, shall take possession of all moneys and other property derived from such part or parts of such project and proceed with any construction thereon or the acquisition of any property, real or personal, in connection therewith which the authority is under obligation to do, and to operate, maintain and reconstruct such part or parts of the project and collect and receive all revenues thereafter arising therefrom, subject to any pledge thereof or agreement with bondholders relating thereto, and perform the public duties and carry out the agreements and obligations of the authority under the direction of the court. In any suit, action or proceeding by the trustee the fees, counsel fees and expenses of the trustee and of the receiver, if any, shall constitute taxable disbursements and all costs and disbursements allowed by the court shall be a first charge on any revenues derived from the project.

6. Such trustees shall in addition to the foregoing have and possess all of the powers necessary or appropriate for the exercise of any functions specifically set forth herein or incident to the general representation of bondholders in the enforcement and protection of their rights.

NY CLS Pub A § 1984 (2012)

§ 1984. Actions

In any case founded upon tort a notice of claim shall be required as a condition precedent to the commencement of an action or special proceeding against the authority or any officer, appointee or employee thereof, and the provisions of section fifty-e of the general municipal law shall govern the giving of such notice. An action against the authority for wrongful death shall be commenced in accordance with the notice of claim and time limitation provisions of title eleven of article nine of this chapter.

NY CLS Pub A § 1985 (2012)

§ 1985. Limitation of liability

Neither the members of the authority, nor any person or persons acting in its behalf, while acting within the scope of their authority, shall be subject to any personal liability resulting from the acquisition, construction, improvement, enlargement, operation and maintenance of the project, or any part or parts thereof, or from carrying out any of the powers expressly given in this act.

NY CLS Pub A § 1986 (2012)

§ 1986. Assistance by state officers, departments, agencies and commissions

(1) The department of audit and control, department of law, the division of housing and community renewal and all other state agencies may render such services to the authority within their respective functions as may be requested by the authority.

(2) Upon request of the authority, any state agency is hereby authorized and empowered to transfer to the authority such officers and employees as it may deem necessary from time to time to assist the authority in carrying out its functions and duties under this title. Officers and employees so transferred shall not lose their civil service status or rights.

NY CLS Pub A § 1987 (2012)

§ 1987. Separability

If any section, clause or provision of this title shall be held unconstitutional, or be ineffective in whole or in part, to the extent that it is not unconstitutional or ineffective, it shall be valid and effective and no other section, clause or provision shall, on account thereof, be deemed invalid or ineffective.

NY CLS Pub A § 1988 (2012)

§ 1988. Effect of inconsistent provisions

In so far as the provisions of this title are inconsistent with the provisions of any other act, general or special, the provisions of this title shall be controlling.

## **Description of Authority and Board Structure**

The Battery Park City Authority (the “Authority”) is a Public Benefit Corporation, established in 1969 to create, develop and maintain a balanced community of commercial, residential, retail, and park space within its designated 92-acre site located in the southwestern tip of Manhattan. In order to meet this mandate, the State Legislature empowered the Authority to plan, create, coordinate and sustain a balanced community of commercial, residential, retail, parks and open space within its designated 92-acre site on the lower west side of Manhattan.

It has a seven member board who serve without compensation. During 2013, the board members were: Dennis Mehiel, Frank J. Branchini, Donald A. Capoccia, Jr., Martha J. Gallo, Fernando A. Mateo, Carl Mattone and Lester Petracca. Mr. Petracca joined the board in advance of the July 2013 meeting. The board has three committees: Investment Committee, Governance Committee and Audit & Finance Committee. The members of each committee are:

### **Audit and Finance Committee:**

Martha Gallo, Chair  
Donald Capoccia  
Frank Branchini  
Chairman Mehiel: Ex-officio

### **Governance Committee:**

Carl Mattone, Chair  
Fernando Mateo  
Donald Capoccia  
Chairman Mehiel: Ex-officio

### **Investment Committee:**

Fernando Mateo, Chair  
Carl Mattone  
Martha Gallo  
Chairman Mehiel: Ex-officio

### **Board Meeting Dates and Attendance for calendar year 2013:**

\*Indicates a meeting of the Directors of the Battery Park City Parks Conservancy

#### **Board Meetings**

January 29, 2013\*  
Members Present  
Dennis Mehiel, Chairman/CEO

Frank J. Branchini, Member  
Donald A. Capoccia, Jr., Member  
Martha J. Gallo, Member (by phone)  
Fernando Mateo, Member  
Carl Mattone, Member

February 27, 2013\*  
Members Present  
Dennis Mehiel, Chairman/CEO  
Frank J. Branchini, Member  
Donald A. Capoccia, Jr., Member  
Martha J. Gallo, Member (by phone)  
Carl Mattone, Member

March 26, 2013  
Members Present  
Dennis Mehiel, Chairman/CEO  
Frank J. Branchini, Member  
Donald A. Capoccia, Jr., Member  
Martha J. Gallo, Member (by phone)  
Fernando Mateo, Member  
Carl Mattone, Member

April 16, 2013  
Members Present  
Dennis Mehiel, Chairman/CEO  
Frank J. Branchini, Member  
Donald A. Capoccia, Jr., Member  
Martha J. Gallo, Member  
Fernando Mateo, Member  
Carl Mattone, Member

May 23, 2013  
Members Present  
Dennis Mehiel, Chairman/CEO  
Frank J. Branchini, Member  
Martha J. Gallo, Member  
Fernando Mateo, Member  
Carl Mattone, Member

June 18, 2013  
Members Present  
Dennis Mehiel, Chairman/CEO  
Frank J. Branchini, Member  
Donald A. Capoccia, Jr., Member  
Fernando Mateo, Member  
Carl Mattone, Member

July 30, 2013  
Members Present  
Dennis Mehiel, Chairman/CEO  
Frank J. Branchini, Member  
Donald A. Capoccia, Jr., Member  
Martha Gallo, Member  
Carl Mattone, Member  
Lester Petracca, Member

August 20, 2013  
Members Present  
Dennis Mehiel, Chairman/CEO  
Frank J. Branchini, Member  
Martha Gallo, Member  
Fernando Mateo, Member  
Carl Mattone, Member

September 24, 2013  
Members Present  
Dennis Mehiel, Chairman/CEO  
Frank J. Branchini, Member  
Donald A. Capoccia, Member  
Martha Gallo, Member  
Fernando Mateo, Member  
Carl Mattone, Member

October 7, 2013  
Members Present  
Dennis Mehiel, Chairman/CEO  
Martha Gallo, Member  
Fernando Mateo, Member  
Carl Mattone, Member  
Lester Petracca, Member

October 22, 2013  
Members Present  
Dennis Mehiel, Chairman/CEO  
Frank J. Branchini, Member  
Donald A. Capoccia, Member  
Martha Gallo, Member  
Fernando Mateo, Member  
Carl Mattone, Member  
Lester Petracca, Member

November 19, 2013

Members Present

Dennis Mehiel, Chairman/CEO  
Frank J. Branchini, Member  
Donald A. Capoccia, Member  
Martha Gallo, Member  
Fernando Mateo, Member  
Lester Petracca, Member

**Committee Meetings**

**Audit and Finance Committee Meetings**

January 8, 2013

Audit & Finance Committee Members Present

Martha J. Gallo, Chair (by phone)  
Frank J. Branchini, Member  
Donald A. Capoccia, Jr., Member (by phone)  
Dennis Mehiel, Ex-Officio Member

March 26, 2013

Audit & Finance Committee Members Present

Martha J. Gallo, Chair (by phone)  
Frank J. Branchini, Member  
Donald A. Capoccia, Jr., Member  
Dennis Mehiel, Ex-Officio Member

April 16, 2013

Audit & Finance Committee Members Present

Martha J. Gallo, Chair (by phone)  
Frank J. Branchini, Member  
Donald A. Capoccia, Jr., Member  
Dennis Mehiel, Ex-Officio Member

July 30, 2013

Audit & Finance Committee Members Present

Martha Gallo, Chair  
Frank J. Branchini, Member

September 24, 2013

Audit & Finance Committee Members Present

Carl Mattone, Chair, Governance Committee  
Martha Gallo, Chair, Audit and Finance Committee  
Frank J. Branchini, Member, Audit and Finance Committee  
Fernando A. Mateo, Member, Governance Committee  
Donald A. Capoccia, Jr., Member, Member, Governance and Audit and Finance Committees  
Dennis Mehiel, Ex-Officio Member

November 19, 2013

Audit & Finance Committee Members Present

Martha Gallo, Chair, Audit and Finance Committee

Frank J. Branchini, Member, Audit and Finance Committee

Donald A. Capoccia, Jr., Member, Governance and Audit and Finance Committees

Fernando A. Mateo, Member, Governance Committee

Dennis Mehiel, Ex-officio Member

**Governance Committee Meetings**

March 26, 2013

Governance Committee Members Present

Carl Mattone, Chair

Donald A. Capoccia, Jr., Member

Fernando A. Mateo, Member

Dennis Mehiel, Ex-Officio Member

April 16, 2013

Governance Committee Members Present

Carl Mattone, Chair

Donald A. Capoccia, Jr., Member

Fernando A. Mateo, Member

Dennis Mehiel, Ex-Officio Member

May 23, 2013

Governance Committee Members Present

Carl Mattone, Chair

Fernando A. Mateo, Member

Dennis Mehiel, Ex-Officio Member

September 24, 2013

Governance Committee Members Present

Carl Mattone, Chair, Governance Committee

Martha Gallo, Chair, Audit and Finance Committee

Frank J. Branchini, Member, Audit and Finance Committee

Fernando A. Mateo, Member, Governance Committee

Donald A. Capoccia, Jr., Member, Governance and Audit and Finance Committees

Dennis Mehiel, Ex-Officio Member

November 19, 2013

Governance Committee Members Present

Martha Gallo, Chair, Audit and Finance Committee

Frank J. Branchini, Member, Audit and Finance Committee

Donald A. Capoccia, Jr., Member, Governance and Audit and Finance Committees

Fernando A. Mateo, Member, Governance Committee

Dennis Mehiel, Chairman/CEO, Ex-officio

## **Investment Committee Meetings**

April 16, 2013

### **Investment Committee Members Present**

Fernando A. Mateo, Chair

Carl Mattone, Member

Dennis Mehiel, Ex-Officio Member

July 30, 2013

### **Investment Committee Members Present**

Fernando Mateo, Chair

Martha Gallo, Member

Carl Mattone, Member

Dennis Mehiel, Ex-Officio Member

November 19, 2013

### **Investment Committee Members Present**

Martha Gallo, Member

Fernando Mateo, Member

Lester Petracca, Member

Dennis Mehiel, Ex-Officio Member

## **Battery Park City Authority** **Audit and Finance Committee Charter** **(as amended through May 23, 2013)**

### **Purpose**

Pursuant to Article IV, Section 1 of the Authority's bylaws, the purpose of the Audit and Finance Committee is to assist the Board in fulfilling its oversight responsibilities relating to the integrity of the financial statements, compliance with legal and regulatory requirements, the independent accountant's qualifications and independence, the performance of the internal audit function, the performance of the independent accountant, and such other duties as directed by the Board. In addition, the Audit and Finance Committee's purpose is to oversee the Authority's debt and debt practices and to recommend policies concerning the Authority's issuance and management of debt.

### **Duties and Responsibilities**

#### **A. Responsibilities Related to the Independent Accountant.**

The Committee has the authority, including, but not limited, to:

- Retain, oversee and, where appropriate, terminate the independent accountant.

- Approve the compensation of the independent accountant, and evaluate the performance of the independent accountant who shall report to the Committee.
- Annually review with the independent accountant, the internal auditor, and management the financial audit plan of the independent accountant.
- Establish a policy with respect to the evaluation and approval of financial audit and any permitted non-audit services and related fees, to be performed by the independent accountant.
- On an annual basis, obtain and review a report by the independent accountant describing (a) BPCA's internal quality control procedures, (b) any material issues raised by their most recent internal quality control review, or by an inquiry or investigation by governmental or professional authorities, within the preceding five years (regarding one or more audits carried out by the independent accounting firm), and (c) any steps taken to address any of these .
- On an annual basis, obtain and review a report by the independent accountant delineating all relationships between the company and the independent accountant, and including the independent accountant's written affirmation that the auditor is in fact independent. The Committee shall actively engage in dialogue regarding such matters that may impact the objectivity, independence and qualifications of the independent accountant. The Committee will evaluate the qualifications, performance and independence of the independent accountant and present its conclusions to the Board. The evaluation should include an individual evaluation of the lead partner of the independent accountant.
- Review with the independent accountant the matters relating to the conduct of the audit, including any problems or difficulties encountered in the course of the audit work and management's response, any restrictions on the scope of activities or access to requested information, and any significant disagreements with management.
- At the Committee's discretion, arrange for the independent accountant to be available to the full Board.

**B. Responsibilities for Oversight of the Quality and Integrity of Accounting, Auditing, and Reporting Practices.**

The Committee has the authority, including, but not limited, to:

- Discuss the annual and quarterly financial statements, including disclosures under "Management's Discussion and Analysis of Financial Condition and Results of Operations," with management and the independent accountant prior to finalization. These discussions should cover the quality (not just the acceptability) of the financial reporting, and such other matters as the Committee deems appropriate.
- Review with management and the independent accountant major issues regarding accounting principles and financial statement presentations, including any significant changes in BPCA's selection or application of accounting principles.
- Review with management and the independent accountant analyses prepared by management and/or the independent accountant setting forth significant financial reporting issues and judgments made in connection with the preparation of BPCA's financial statements, including

analyses of critical accounting policies and analyses of the effects of alternative GAAP methods on the financial statements.

- Review with management, the independent accountant, and the company's chief internal auditor the adequacy and effectiveness of the company's disclosure controls and procedures, internal controls over financial reporting, and computerized information systems controls, as well as any special audit steps adopted in light of material control deficiencies.
- As necessary, discuss with management any significant financial risk exposure and the steps management has taken to monitor and control such exposure.

#### **C. Duties and Responsibilities Related to the Internal Auditor.**

The Committee has the authority, including, but not limited, to:

- Review and approve the appointment, replacement, reassignment, or dismissal of BPCA's internal auditor and provide input into the annual goals and performance evaluation of the internal auditor who shall report directly to the Committee.
- Review and provide input into the internal auditor's 3-year and annual audit plans.
- At least bi-annually, ensure that the internal auditor conducts a risk assessment of BPCA to inform the internal auditor's audit plan.
- Review at least annually with management and the independent accountant the internal audit function, the budget, the financial audit plan and the internal audit plan.
- Review the results of all internal audits.

#### **D. Duties and Responsibilities Related to Finance.**

The Committee has the authority, including, but not limited, to:

- Review proposals for the issuance of debt by the Authority, its subsidiaries and affiliates and to make recommendations concerning those proposals to the board.
- Make recommendations to the board concerning the level of debt and nature of debt issued by the Authority.
- Make recommendations concerning the appointment and compensation of bond counsel, investment advisors and underwriting firms used by the Authority, and to oversee the work performed by these individuals and firms on behalf of the Authority.
- Meet with and request information from Authority staff, independent auditors and advisors or outside counsel, as necessary to perform the duties of the committee.
- Retain, at the Authority's expense, such outside counsel, experts and other advisors as the Finance Committee may deem appropriate.
- Review proposals relating to the repayment of debt or other long-term financing arrangements by the Authority and its subsidiaries.
- Annually review the Authority's financing guidelines and make recommendations to the board

concerning criteria that should govern its financings. These should include security provisions required for a bond financing undertaking, specific requirements of credit enhancements or additional guarantees used, such as a pledge of revenues, financial covenants or debt service reserves.

- Report annually to the Authority's board how it has discharged its duties and met its responsibilities as outlined in the charter.
- Conduct an annual self-evaluation of its performance, including its effectiveness and compliance with the charter and request the board approval for proposed changes.

Whenever the Committee takes action, it exercises its independent judgment on an informed basis that the action is in the best interests of BPCA, its subsidiaries and affiliates. In doing so, the Committee may rely to a significant extent on information and advice provided by management and independent advisors.

While the Audit and Finance Committee has the responsibilities and powers set forth in this Charter, it is not the duty of the Committee to plan or conduct audits or to determine whether BPCA's, its subsidiaries' or affiliates' financial statements and disclosures are complete and accurate and in accordance with generally accepted accounting principles and applicable rules and regulations. These are the responsibility of the independent accountant and management, respectively.

## **Composition**

The Audit and Finance Committee shall consist of at least three (3) Members who shall be appointed by the Chairperson, one of whom the Chairperson shall appoint as Chair of the Committee. The Chairperson shall be an additional non-voting member of the Committee, provided that if there shall be any vacancy or vacancies in the whole number of the Members of the Board as prescribed by law, the Chairperson may serve as a voting member of the Committee. Each member of the Committee shall be an "independent member," as defined in Public Authorities Law § 2825 (2). Members of the Committee shall possess the necessary skills to understand the duties and functions of the Committee and shall be familiar with corporate financial, internal audit and accounting practices.

## **Meetings**

The Audit and Finance Committee shall meet four (4) times a year or more frequently, as may be necessary and appropriate to carry out its responsibilities. The Committee may ask members of management or others to attend the meetings and provide pertinent information as appropriate. Meetings may be in person or by video conference, if necessary.

In addition, the Committee:

- Shall act only on the affirmative vote of a majority of the Members present at a meeting in person or via teleconference.
- Is expected to maintain free and open communication with the Board, management, the internal auditor, and the independent financial accountant.
- Shall have authority to investigate any matter brought to its attention.

- Shall have authority to retain independent legal, accounting or other advisors if determined appropriate, in its sole judgment, provided such consultants are approved by the full Board.
- Will meet at least bi-annually with the independent financial accountant, the internal auditor, and management in separate sessions to discuss any matters that the Committee or these groups believe should be discussed privately with the Committee. Ensure that the independent financial accountants and the independent internal auditors have the opportunity to meet with others in BPCA, its subsidiaries and affiliates, as appropriate.
- Shall submit the minutes of all Committee meetings to the Board and regularly report to the Board on Committee matters.

Review and reassess the adequacy of this Charter annually and propose to the Board any changes to the Charter.

**Battery Park City Authority**  
**Governance Committee Charter**  
 (as amended through May 23, 2013)

## **Purpose**

Pursuant to Article IV, Section 2 of the Authority's by-laws, the purpose of the Governance Committee is to assist the Board in the implementation of sound Board governance policies and practices that facilitate and enhance good, fair, open and transparent decision-making.

## **Duties of the Governance Committee**

The Committee's responsibilities and powers as delegated by the Board are set forth in this Charter. Whenever the Committee takes action, it exercises its independent judgment on an informed basis that the action is in the best interests of BPCA. In doing so, the Committee may rely to a significant extent on information and advice provided by management and independent advisors.

Pursuant to Article IV of the BPCA bylaws, the general responsibilities of the Governance Committee are to assist the Board by, among other things performing the following functions:

- Review and make recommendations to the Board regarding the Board's governance practices and procedures. These practices should, at a minimum, address transparency, independence, accountability, fiduciary duties and responsibilities, conflicts of interest, code of conduct, ethics and management oversight.
- Oversee the implementation and effectiveness of the Board's by-laws, code of conduct and other governance documents.
- Oversee the development of processes to ensure policies are current and that BPCA's actions are compliant with such policies.

- Periodically review the overall effectiveness of the functioning of the Board and recommend improvements, where appropriate.
- Periodically review the overall effectiveness of the Board's annual training and its new member orientation.
- Oversee the orientation process for new Board members.
- Develop and update, as needed, the Board's Annual Self-Evaluation Process.
- Recommend changes in the structure of the Board meetings and the preparation of materials and records of Board actions.
- Periodically review the roles and responsibilities of the Board-designated Committees.
- Oversee the process for the election of officers of the Board and members of Board Committees.
- Annually review and recommend to the Members the Delegation of Authority from the Board to the Chief Executive Officer.
- Report to the Board, at least annually, regarding any proposed changes to the Delegation of Authority to the Chief Executive Officer or to any of the Board-designated Committee charters.
- Provide a self-evaluation of the Governance Committee's functions on an annual basis, including the compensation-related duties below.
- Review periodically with BPCA's General Counsel, new legislation, regulations and other developments relating to good governance, and make recommendations to the Board for any changes, amendments and modifications.
- Recommend any other governance initiatives that will enhance Board oversight of the BPCA.

## **Compensation-Related Duties**

Pursuant to Article IV of the BPCA bylaws, the compensation-related responsibilities of the Governance Committee are to assist the Board by, among other things performing the following functions:

- Consider policies regarding the payment of salaries, compensation and reimbursement of expenses for the President and Chief Executive and management.
- Make other recommendations concerning compensation as it may deem appropriate.
- Report annually to the Authority's board how it has discharged its duties and met its responsibilities as outlined in the charter.
- Conduct an annual self-evaluation of its performance, including its effectiveness and compliance with the charter and request the board approval for proposed changes, either within the committee or through the comprehensive board self-evaluation.

## **Composition**

The Governance Committee shall be as set forth in Article IV Section 2 of the Authority's Bylaws. The Governance Committee shall consist of at least three (3) members, who shall be appointed by the Chairperson of the Board, and one of whom shall be appointed as chair of the committee. The Chairperson shall be an additional non-voting member of the Governance Committee, provided that if there shall be any vacancy or vacancies in the whole number of the Members of the Board as prescribed by law, the Chairperson may serve as a voting member of the Governance Committee. Each member of the Governance Committee shall be an "independent member," as defined in Public Authorities Law § 2825 (2). Members of the Governance Committee shall be knowledgeable or become knowledgeable in matters pertaining to governance.

## **Meetings**

The Governance Committee shall meet two (2) times a year or more frequently, as may be necessary and appropriate to carry out its responsibilities. Meetings may be in person or by video conference, if necessary.

In addition, the Governance Committee:

- Shall act only on the affirmative vote of a majority of the members present at a meeting.
- Is expected to maintain free and open communication with the Board and management.
- Shall have authority to retain independent legal or other advisors if determined appropriate, in its sole judgment, to assist the Governance Committee in its strategic planning and governance activities, provided such consultants to the Board are approved by the full Board.
- Shall submit the minutes of all Governance Committee meetings and regularly report to the Board on Governance Committee matters.
- Shall review and reassess the adequacy of this Charter annually and propose to the Board any changes to the Charter.

Governance Committee members shall be prohibited from being an employee of BPCA or an immediate family member of an employee of BPCA. In addition, Governance Committee members shall not engage in any private business transactions with BPCA or receive compensation from any private entity that has material business relationships with BPCA, nor be an immediate family member of an individual that engages in private business transactions with BPCA or receives compensation from a private entity that has material business relationships with BPCA.

**Battery Park City Authority**  
**Investment Committee Charter**  
**(as amended through May 23, 2013)**

## **Purpose**

Pursuant to Article IV, Section 3 of the Authority's bylaws, the purpose of the Investment Committee is to assist the Board in fulfilling its oversight responsibilities by establishing the Authority's investment policies and overseeing its investments.

## **Duties of the Investment Committee**

The Investment Committee's responsibilities and powers as delegated by the Board are set forth in this Charter. Whenever the Investment Committee takes action, it exercises its independent judgment on an informed basis that the action is in the best interests of BPCA. In doing so, the Investment Committee may rely to a significant extent on information and advice provided by management and independent advisors.

The Investment Committee has the authority, including, but not limited, to:

- Approve the investment and risk limits for the investment portfolio.
- Review the investment policies for BPCA, including, where applicable, asset classes, liquidity, the use of debt, and risk management.
- Approve the annual investment program.
- Authorize investments and ratify investments made pursuant to delegated authorities.
- Review the investment performance of BPCA's accounts and funds, including benchmarks and attribution.
- Review the organization and staffing of the investment management advisory function.
- Review the quality of the investment services provided to BPCA, such as
  - Oversee the business and investment strategy;
  - Evaluate investment performance, performance benchmarks and attribution; and
  - Review costs, pricing and profitability.

## **Composition**

The Investment Committee shall be as set forth in Article IV, Section 4 of the Authority's bylaws. The Investment Committee shall consist of at least three (3) Members who shall be appointed by the Chairperson, one of whom the Chairperson shall appoint as Chair of the Investment Committee. The Chairperson shall be an additional non-voting member of the Investment Committee, provided that if there shall be any vacancy or vacancies in the whole number of the Members of the Board as prescribed by law, the Chairperson may serve as a voting member of the Investment Committee. Each member of the Investment Committee shall be an "independent member," as defined in Public Authorities Law §

2825 (2). Members of the Investment Committee shall possess the necessary skills to understand the duties and functions of the Investment Committee and shall be familiar with general investment policies and best practices.

## **Meetings**

The Investment Committee shall meet four (4) times a year or more frequently, as may be necessary and appropriate to carry out its responsibilities. The Investment Committee may ask members of management or others to attend the meetings and provide pertinent information as appropriate. Meetings may be in person or by video conference, if necessary.

In addition, the Investment Committee:

- Shall act only on the affirmative vote of a majority of the members present at a meeting.
- Is expected to maintain free and open communication with management and the Board.
- Shall have authority to retain independent legal, accounting or other advisors if determined appropriate, in its sole judgment, provided such consultants are approved by the full Board.
- Submit the minutes of all Investment Committee meetings to the Board and regularly report to the Board on Investment Committee matters, actions taken and issues discussed at its meetings.
- Review and reassess the adequacy of this Charter annually and propose to the Board any changes to the Charter.

The Investment Committee shall evaluate its performance annually and report its conclusions to the Board.

## **Major Authority Units and Subsidiaries**

### **Departmental Functions and Operations**

#### **Administration**

The Battery Park City Authority Administration Department serves the Authority through its ongoing efforts to efficiently organize people, processes, and resources to best establish effective, economical, and reliable systems that help ensure BPCA's integrity and mission. To that end, BPCA maintains administrative programs in procurement, internal control, risk assessment, diversity, information technology, general administrative services, and other administrative concerns.

#### **Finance**

The Battery Park City Authority (BPCA) Finance Department oversees the financial functions of the Authority and Battery Park City Parks Conservancy (the "Conservancy" or "BPCPC"). In general, it is responsible for the investing and safe-guarding of corporate assets, the collection of ground rents and payments in lieu of taxes (PILOT), civic facility maintenance fees (CFM) and other revenues, maintaining the Authority's debt structure by issuing bonds and paying debt service, processing payments for capital and operating expenditures in compliance with procurement guidelines and budgetary authorizations, creating and monitoring the fiscal year operating budget, processing payroll, managing investments and cash flow management, preparing the Authority's financial statements, and

all required financial reporting due to federal and state requirements. In addition, the BPCA finance department coordinates with the Battery Park City Parks Conservancy in reporting on the “Organization” (which is the consolidated financial statements of the BPCA + BPCPC).

### **Human Resources**

The Human Resources Department provides the leadership, service, expertise, policies and standards necessary to support BPCA and BPCPC as an employer. The department provides numerous services to all employees in support of the Authority's mission, providing support and guidance in areas such as benefits, compensation, recruitment, employee relations, and staff development. We actively promote a positive work environment while maintaining necessary processes and procedures required by BPCA's employment-related policies.

### **Legal**

The Legal Department provides legal services to all BPCA and BPCPC departments and offices. Responsibilities include corporate governance, litigation, employment concerns, contract matters, regulatory and compliance matters, debt issuance, and coordination of Board meetings and related Member concerns . The General Counsel serves as the Corporate Secretary to the Board.

### **Real Property Department**

The Real Property Department is responsible for the safeguarding, optimization and value enhancement of the BPCA's real property assets for the benefit of the Authority, the community, New York City and the State of New York. This responsibility constitutes a primary element of the Authority's overall purpose and mission. Management of the department includes policy development along with practical responsibility for management, maintenance, improvement, enhancement and security of the Authority's real property assets and oversight of all related operational and support processes.

### **Subsidiary: The Battery Park City Parks Conservancy**

The Battery Park City Parks Conservancy, created in 1987, is a 501c3 not for profit which manages and maintains the nearly 36 acres of world-class parks and open space in Battery Park City. The Conservancy's Horticulture Department cares for the gardens, planting beds, and trees within the parks; the Maintenance Department provides in-house electrical, plumbing, masonry, and general maintenance services; the Programming Department plans and organizes a wide variety of entertainment and educational programs throughout the year; while the Conservancy's Administration Department works to make sure that BPCPC meets its mandate to keep Battery Park City's parks in first-class condition. All departments observe and implement sustainable (green) initiatives and practices.

**BYLAWS  
OF  
BATTERY PARK CITY AUTHORITY**  
(As amended through December 1, 2010)

**ARTICLE I - THE AUTHORITY**

Section 1. Name of Authority. The name of the Authority shall be the "Battery Park City Authority."

Section 2. Seal of Authority. The seal of the Authority shall be in the form of a circle and shall bear the name of the Authority and the year of its creation.

Section 3. Office of the Authority. The office of the Authority shall be located at One World Financial Center, (200 Liberty Street), in the City of New York, State of New York, or at such other location as the Members of the Authority may determine. The Authority may have offices at such other place or places within The City of New York as it may from time to time designate by resolution.

**ARTICLE II - OFFICERS**

Section 1. Officers. The officers of the Authority shall be a Member who shall serve as Chairman; a Member who shall serve as Vice Chairman; five other Members; a President and Chief Executive Officer; an Executive Vice President and General Counsel; a Chief Operating Officer; a Senior Vice President, Finance and Treasurer/Chief Financial Officer; a Senior Vice President, Operations; a Vice President, Community Relations/Affirmative Action; a Vice President, Human Resources; a Vice President, Planning and Design; a Vice President, Construction; a Vice President, Safety and Site Management; a Vice President, Internal Audit and Compliance; a Vice President, Strategic Planning; a Deputy General Counsel; one or more Senior Development Counsels; one or more Associate General Counsels; one or more Assistant General Counsels; a Controller; a Corporate Secretary and Assistant Corporate Secretaries and such other officers as may be designated by resolution of the Authority; and any officer may hold more than one of these offices.

Section 2. Chairman. The Chairman of the Authority shall be elected from among the Members of the Authority and shall hold office until his/her successor is elected and qualified. The Chairman of the Authority shall preside at all meetings of the Members of the Authority and shall have

such other duties as the Members may direct. In the event of the absence or disability of the President, or of a vacancy in the office of the President, the Chairman or his/her designee shall perform all the duties of the President and, when so acting, shall have all the powers of, and be subject to all the restrictions upon, the President. The performance of any such duty by the Chairman shall be conclusive evidence of the power to act.

Section 3. Vice Chairman. The Vice Chairman of the Authority shall be elected from among the Members of the Authority at each annual meeting of the Authority, and shall hold office until the next annual meeting or until his/her successor is elected and qualified. Upon written designation of the Chairman from time to time and for the period specified in any such designation, the Vice Chairman of the Authority shall serve as acting Chairman of the Authority, except insofar as the Chairman is empowered to perform the duties of the President. In the absence of the Chairman from a meeting of the Members of the Authority the Vice Chairman shall preside thereat. The Vice Chairman shall have such other duties as the Members may direct.

Section 4. President and Chief Executive Officer. The President and Chief Executive Officer of the Authority (hereinafter referred to as the "President") shall be designated by the Chairman with the approval of the other Members of the Authority. The President shall be the chief executive officer of the Authority and, subject to the policies established by the Authority, shall have general responsibility for the conduct of the affairs of the Authority, including the initiation, planning and carrying out of the projects, programs and other activities of the Authority. The President shall have the power to delegate authority and assign duties to employees of the Authority. At each meeting of the Members of the Authority the President shall submit such recommendations and information as he/she may consider proper concerning the business, duties and affairs of the Authority. The President shall have supervision over and be in administrative charge of the activities of the Authority. He/She shall transmit to the officers and employees of the Authority the resolutions of the Members, and coordinate the functions of the personnel of the Authority in effectuating the purposes of such resolutions. The President is authorized to requisition monies of the Authority, and to sign vouchers, requisitions and other instruments made by the Authority. The President shall have such other powers and duties

pertaining to his/her office as are prescribed by law or in these bylaws or as may be assigned to him/her from time to time by the Authority.

Section 5. Chief Operating Officer. The Chief Operating Officer, under the direction of the President, shall perform all the duties incident to his/her position and office and such other duties as shall from time to time be assigned to him/her by the President. The Chief Operating Officer is authorized to requisition monies of the Authority, and to sign vouchers, requisitions and other instruments made by the Authority. Notwithstanding anything to the contrary in these bylaws, in the event of the absence or disability of the President and the Chairman, or of a vacancy in the offices of the President and the Chairman, the Chief Operating Officer shall perform all the duties of the President and, when so acting, shall have all the powers of, and be subject to all the restrictions upon, the President. The performance of any such duty by the Chief Operating Officer shall be conclusive evidence of the power to act.”;

Section 6. Executive Vice President and General Counsel. The Executive Vice President and General Counsel, under the direction of the President, shall perform all the duties incident to his/her position and office and such other duties as shall from time to time be assigned to him/her by the President. The Executive Vice President and General Counsel is authorized to requisition monies of the Authority, and to sign vouchers, requisitions and other instruments made by the Authority. The performance of any such duty by the Executive Vice President and General Counsel shall be conclusive evidence of the power to act.

Section 7. Senior Vice President, Finance and Treasurer/Chief Financial Officer; Controller. The Senior Vice President, Finance and Treasurer/Chief Financial Officer, under the direction of the President, shall be the chief fiscal officer of the Authority. He/She shall be in charge of the books and accounts of the Authority and have supervision of the accounting procedures and fiscal operations of the Authority and shall perform such other duties of his/her office and position as shall from time to time be assigned to him/her by the President. The Controller, under the direction of the Senior Vice President, Finance and Treasurer/Chief Financial Officer, shall perform all the duties

incident to his/her position and office and such other duties as shall from time to time be assigned to him/her by the Senior Vice President, Finance and Treasurer/Chief Financial Officer.

Section 8. Senior Vice Presidents and Other Vice Presidents. The Senior Vice President, Operations, the Vice President, Community Relations/Affirmative Action, the Vice President, Planning and Design, the Vice President, Construction, the Vice President, Strategic Planning, the Vice President, Site Safety and Management, the Vice President Human Resources, under the direction of the President, and the Vice President, Internal Audit and Compliance, under the direction of the Members, shall perform all the duties incident to their respective positions and offices and such other duties as shall from time to time be assigned to them respectively by the President.

Section 9. Other Officers. Other Officers, as may be designated from time to time by resolution of the Authority, shall perform all the duties incident to their respective positions and offices and such other duties as shall from time to time be assigned to them by the President.

Section10. Deputy General Counsel, Senior Development Counsels, Associate General Counsels and Assistant General Counsels. The Deputy General Counsel, in the absence of the General Counsel, or if there shall be a vacancy in the office of General Counsel, shall perform the services and duties incident to the position or office of General Counsel as directed by the President, and shall undertake such other duties as from time to time may be assigned to him/her by the President. The Senior Development Counsels, the Associate General Counsels, and Assistant General Counsels shall undertake such duties as may from time to time be assigned to them by the General Counsel.

Section 11. Corporate Secretary and Assistant Corporate Secretaries. The Corporate Secretary, under the direction of the President, shall be the recorder of the Authority and shall keep in safe custody the records, files and seal of the Authority and shall have power to affix such seal to all contracts, documents, bonds or other obligations and other instruments to be executed by the Authority and attest the same and shall certify, when required to, copies of the records, proceedings and documents of the Authority and shall perform such other duties as shall from time to time be assigned to him/her by the President. The Assistant Corporate Secretaries, under the direction of the President, shall have power to affix the seal of the Authority to all contracts, documents, bonds or other obligations and other

instruments to be executed by the Authority and attest the same and shall certify, when required to, copies of all records, proceedings and documents of the Authority and shall perform such other duties as shall from time to time be assigned to them by the President.

Section 12. Election or Appointment. All officers of the Authority (other than the Chairman, Vice Chairman, and Member(s)) shall be appointed by the Chairman or the President with the advice and consent of the Chairman, in either case subject to the approval of the Members, and may be removed, either with or without cause, at any time by action of the Chairman or by the President with the advice and consent of the Chairman. Any person appointed as an officer of the Authority shall have such term as may be fixed.

Section 13. Additional Personnel. The Authority may from time to time employ such personnel as it may deem necessary to exercise its powers, duties and functions prescribed by law.

Section 14. Employment Policy. It shall be the policy of the Authority to provide to the officers and employees of the Authority, to the extent permissible under the law, all the privileges and benefits provided to officers and employees of the State of New York under the provisions of the Retirement and Social Security Law, particularly Chapter 1006 of the Laws of 1966, Chapter 414 of the Laws of 1968 and Chapter 371 of the Laws of 1969, as said Acts are presently or hereafter amended. The Authority shall also continue to provide health insurance coverage for its employees and retirees, and their eligible dependents as follows: (a) the Authority will continue to pay 100% of the health insurance coverage costs for all retirees and their eligible dependents for all current employees ad for those retirees currently receiving this benefit; (b) current employees earning \$50,000 per year or more, will continue to pay \$6.64 per paycheck for individual coverage or \$27.28 per paycheck for family coverage, and the Authority shall pay the remaining cost of coverage; current employees earning between \$35,001-\$50,000 per year will continue to pay \$5.75 per paycheck for individual coverage or \$23.60 per paycheck for family coverage, and the Authority shall pay the remaining cost of coverage; current employees earning between \$25,001-\$35,000 per year will continue to pay \$5.00 per pay check for individual coverage, or \$20.00 per paycheck for family coverage and the Authority shall pay the

remaining cost of coverage; for current employees earning between \$0-\$25,000 per year, the Authority will continue to pay the entire cost of health insurance coverage for individual or family coverage.

### ARTICLE III - MEETINGS

Section 1. Annual Meeting. The annual meeting of the Authority shall be held on the first day of November of each year at a place and time designated by the Chairman or such earlier or later day in each calendar year as the Chairman of the Authority may determine.

Section 2. Meetings. The Chairman of the Authority may, when he deems it expedient, and shall upon the request of any Member of the Authority or the President, call a meeting of the Authority. At any such meeting any and all matters may be considered and acted upon by the Members of the Authority present, whether or not such matters were specified in the call. Meetings shall be held in facilities that permit barrier-free physical access to the physically handicapped, as defined in subdivision five of section fifty of the public buildings law. The call for a meeting specifying the time and place of the meeting shall be delivered in person or mailed to the business or home address of each Member of the Authority at least three days prior to the date of such special meeting. If the office of the Chairman is vacant or if the Chairman is unable to perform such duties by reason of illness, disability or absence and has not designated in writing the Vice Chairman to perform such duties at such time, any Member may call a meeting of the Authority. Public notice of the time and place of a meeting scheduled at least one week prior thereto shall be given to the news media and shall be conspicuously posted in one or more designated public locations at least seventy-two hours before such meeting. Public notice of the time and place of every other meeting shall be given, to the extent practicable, to the news media and shall be conspicuously posted in one or more designated public locations at a reasonable time prior thereto. Notice of any meeting of the Authority need not be given to a Member if waived in writing by him/her either before or after such meeting, or if he/she shall be present at such meeting. No notice need be given of any meeting if all the Members then in office shall be present thereat. Notice of an adjourned meeting need not be given to any Member present at the time of the adjournment. The President shall be given notice of and be permitted to attend all meetings of the Authority.

Section 3. Quorum. At all meetings of the Authority, a majority of the whole number of the Members shall constitute a quorum and not less than a majority of the whole number of Members may perform and exercise the powers authorized and provided in the Public Authorities Law of the State of New York. For the purposes of this Section, the words "whole number" shall be construed to mean the total number of Members which the Authority would have were there no vacancies and were none of the Members disqualified from voting.

Section 4. Order of Business. At the regular meetings of the Authority the Chairman shall determine the order of business.

Section 5. Resolutions. All resolutions adopted by the Authority shall be recorded in or attached to a journal of the proceedings of the Authority.

Section 6. Manner of Voting. The voting on all questions of the meetings of the Authority shall be by roll call if requested by two of the Members, and wherever a resolution has been unanimously adopted it may be recorded as such. The yeas and nays shall be entered upon the minutes of such meeting only in the event of an abstention or a negative vote by any Member; except that the election of officers may be by majority vote without the necessity of recording the individual votes upon the minutes.

Section 7. Approval of Resolutions Without Meeting. Resolutions which the Chairman or the President desires to be considered by the Members of the Authority without holding a meeting thereon may be delivered in person or mailed to the business or home address of each Member, and upon the written approval of such resolutions by two or more of the Members the same shall become effective as if introduced and passed at a meeting of the Members duly called and held.

Section 8. Participation in Meeting by Telephone. Notwithstanding anything elsewhere contained in these bylaws, any one or more Members of the Authority may participate in a meeting of the Authority by means of a conference telephone or similar communications equipment allowing all

persons participating in the meeting to hear each other at the same time. Participation by such means shall constitute presence in person at a meeting of the Authority.

Section 9. Certification of Resolutions. Each Member of the Authority and each officer of the Authority is authorized to certify, when required, the records, proceedings, documents for resolutions of the Authority and the Members and to affix the seal of the Authority to all contracts, documents and instruments to be executed by the Authority.

#### ARTICLE IV – COMMITTEES

Section 1. Audit Committee. There shall be an audit committee which shall consist of three Members designated by the Chairman, one of whom the Chairman shall appoint as Chair of the Committee. The Chairman shall be an additional non-voting member of the committee, provided that if there shall be any vacancy or vacancies in the whole number of the Members as prescribed by law, the Chairman may serve as a voting member of the committee. Each member of the committee shall be an “independent member,” as defined in Public Authorities Law § 2825 (2). Members of the committee shall possess the necessary skills to understand the duties and functions of the committee and shall be familiar with corporate financial and accounting practices. The duties and responsibilities of the committee shall be: (a) to recommend to the Board the hiring of a certified independent accounting firm for the Authority; (b) establish the compensation to be paid to such firm; and (c) to provide direct oversight of the performance of the independent audit performed by the accounting firm hired for such purposes.

Section 2. Governance Committee. There shall be a governance committee which shall consist of three Members designated by the Chairman, one of whom the Chairman shall appoint as Chair of the committee. The Chairman shall be an additional non-voting member of the committee, provided that if there shall be any vacancy or vacancies in the whole number of the Members as prescribed by law, the Chairman may serve as a voting member of the committee. Each member of the committee

shall be an “independent member,” as defined in Public Authorities Law § 2825 (2). Members of the committee shall possess the necessary skills to understand the duties and functions of the committee. The duties and responsibilities of the Committee shall be: (a) to keep the board informed of current best governance practices; (b) to review corporate governance trends; (c) to recommend updates to the Authority’s corporate governance principles; (d) to advise appointing authorities on the skills and experiences required of potential board members; (e) to examine ethical and conflict of interest issues; (f) to perform board self-evaluations; and (g) to recommend bylaws which include rules and procedures for conduct of board business.

**Section 3. Compensation Committee.** There shall be a compensation committee which shall consist of three Members designated by the Chairman, one of whom the Chairman shall appoint as Chair of the committee. The Chairman shall be an additional non-voting member of the committee, provided that if there shall be any vacancy or vacancies in the whole number of the Members as prescribed by law, the Chairman may serve as a voting member of the committee. Each member of the committee shall be an “independent member” as defined in Public Authorities Law § 2825(2). Members of the committee shall possess the necessary skills to understand the duties and functions of the committee. The duties and responsibilities of the Committee shall be (a) to consider policies regarding the payment of salaries, compensation and reimbursement of expenses for the chief executive and senior management; and (b) to make such other recommendations regarding compensation as it may deem appropriate.

**Section 4. Finance Committee.** There shall be a finance committee which shall consist of three Members designated by the Chairman, one of whom the Chairman shall appoint as Chair of the committee. The Chairman shall be an additional non-voting member of the committee, provided that if there shall be any vacancy or vacancies in the whole number of the Members as prescribed by law, the Chairman may serve as a voting member of the committee. Each member of the committee shall be an

“independent member,” as defined in Public Authorities Law § 2825 (2). The duties and responsibilities of the committee shall be: to review proposals for the issuance of debt by the authority and to make recommendations.

## ARTICLE V - FISCAL YEAR

Section 1. Fiscal Year. The fiscal year of the Authority shall commence November 1 of each calendar year and conclude October 31 of the following calendar year.

## Article VI - CODE OF CONDUCT

Section 1. This Code of Conduct applies to the Members of the Authority. This Code of Conduct may be amended by majority vote of the Members without vacancy.

Section 2. In addition to the requirements of Sections 73(3)(b), 73-a and 74 of the Public Officers Law, Members shall comply with the following specific rules governing conflicts of interest and outside activities:

- a. No Member or firm or association of which the Member is a part, or corporation, ten percent of more of the stock of which is owned or controlled directly or indirectly by such Member, shall sell any goods or services having a value in excess of twenty-five dollars to the Authority unless such goods or services are provided pursuant to an award or contract let after public notice and competitive bidding or a competitive request for proposals process;
- b. No Member shall directly or indirectly, solicit, accept, or receive any gift having a value of seventy-five dollars or more whether in the form of money, service, loan, travel, entertainment, hospitality, thing or promise, or in any other form whatsoever, under circumstances in which it could be reasonably inferred that the gift was intended to influence the Member or could reasonably be expected to influence the Member in the performance of his or her official duties of the

Authority, or was intended as a reward for any official action on the Members part;

- c. No Member, other than in the proper discharge of his or her official duties of the Authority, or firm or association in which the Member is a part, shall receive, directly or indirectly, or enter into any agreement, express or implied, for any compensation, in whatever form, for the appearance or rendition of services by himself or another in relation to any case, proceeding, application or other matter before the Authority;
- d. No Member shall, within a period of two years after the termination from the Authority, appear or practice before the Authority or receive any compensation for any services rendered on behalf of any person, firm, corporation, or association in relation to any matter before the Authority;
- e. No Member, after termination from the Authority, shall appear, practice, communicate or otherwise render services before any State agency or receive any compensation for services rendered on behalf of any person, firm, corporation or other entity with respect to any case, proceeding, application or transaction in which such Member was directly concerned and in which the personally participated during the period of service or which was under the Member's active consideration;
- f. Notwithstanding the above, no Member of the Authority should have any interest, financial or otherwise, direct or indirect, or engage in any business or transaction or professional activity or incur any obligation of any nature which is in actual, potential, or apparent conflict with the proper discharge of the Member's duties. The Member shall be under an ongoing obligation to disclose any actual, potential, or apparent conflict of interest and shall take appropriate steps to eliminate or abate the conflict, including recusal;

g. Unless otherwise provided by law, no contract or other transaction between the Authority and any other corporation, firm or association or other entity in which one or more of its Members or officers are directors or officers or have a substantial financial interest, or between the Authority and any state instrumentality, including any state agency, trust fund or public benefit corporation other than the Authority with which one or more of its Members are affiliated as a state officer or employee, shall be either void or voidable for this reason alone or by reason alone that such Member or Members are present at the meeting of Members which approves such contract or transaction: (1) if the material facts as to such Member's interest in such contract or transaction and as to any such common directorship, officership, financial interest or affiliation are disclosed in good faith or known to the Members; and (2) if the Members approve such contract or transaction by a vote sufficient for such purpose or if the votes of the disinterested Members are insufficient to constitute an act of the Authority under the Bylaws, by unanimous vote of the disinterested Members. Common interested or affiliated Members may be counted in determining the presence of a quorum at a meeting of the Members which authorizes such contract or transaction. Common, interested or affiliated Members may not participate in any decision of the Authority approving or affecting such contract or transaction. If a Member serves as a director or officer of the Battery Park City Parks Corporation, the Minority Developer Assistance Corporation or a subsidiary of the Authority, such service in and of itself does not void or make voidable a contract or transaction between the Authority and such corporation or create any actual, potential or apparent conflict of interest.

## ARTICLE VII - INDEMNIFICATION

**Section 1. Purpose and Definitions.** The purpose of this Article is to provide for and regulate indemnification of Members, officers and employees of the Authority. In this Article, the following terms shall have the meanings indicated below, except where the context clearly requires otherwise.

- (1) "action or proceeding" means any civil action or other civil judicial proceeding, any proceeding by or before an administrative agency or official investigatory body, any appeal from or judicial review of actions taken in any of the foregoing proceedings, and includes any such proceeding which is threatened, but does not include any criminal action or proceeding;
- (2) "party to an action or proceeding" means a person made, or threatened to be made, a defendant or respondent or otherwise a party in any action or proceeding, and includes a person called upon, voluntarily or by subpoena, to give testimony, produce documents or respond to interrogatories in connection with an action or proceeding;
- (3) "Member" means each Member of the Authority appointed or serving ex officio;
- (4) "officer" means the Chairman, the Vice Chairman, Board Member(s) and the President and Chief Executive Officer of the Authority and each person who has held or who holds from time to time any of the following positions in the Authority: Chief Operating Officer, Executive Vice President and General Counsel; Executive Vice President, Operations; Senior Vice President, Finance and Treasurer/Chief Financial Officer; Senior Vice President, Project Development and Management; Vice President, Community Relations/Affirmative Action; Vice President, Planning and Design; Vice President, Construction; Vice President, Internal Audit ; Deputy General Counsel; Senior Development Counsels; Associate General Counsels; Assistant General Counsels; Controller; Corporate Secretary; Assistant Corporate Secretary; or any other position expressly designated by the Members to be thereafter treated as that of an officer for the purpose of this article;

- (5) "employee" means each employee of the Authority who is not also a Member or officer;
- (6) "subsidiary or affiliate" includes each subsidiary of the Authority;
- (7) "Member", "officer" and "employee" of the Authority each includes persons who formerly served in such capacity and the estates of deceased persons who had served in such capacity; and each such term includes persons serving or who formerly served ex officio or by designation of the Authority as a director, officer or employee of any subsidiary or affiliate of the Authority, and the estates of deceased persons who had served in such capacity, provided that insofar as this Article distinguishes between Members or officers of the Authority, on the one hand, and employees, on the other, the status with respect to indemnification of a person who served in any capacity with a subsidiary or affiliate and who concurrently was a Member or officer of the Authority shall be that of a Member or officer, and the status of all other such persons shall be that of an employee of the Authority; and
- (8) "applicable standard of conduct" means:
  - (i) with respect to an action or proceeding in which it is alleged that physical harm was caused to the person or property of a complainant or any harm was caused to his/her reputation, that such harm did not result from the willful and wrongful act or gross negligence of the Member, officer or employee seeking to be indemnified hereunder, or
  - (ii) with respect to any other action or proceeding, that the Member, officer or employee seeking to be indemnified hereunder acted in good faith for a purpose which he/she reasonably believed to be in the best interests of the Authority and had reasonable cause to believe his/her conduct was lawful.

Section 2. General Scope of Indemnification. The Authority shall, to the fullest extent permitted by law, indemnify any person who becomes a party to an action or proceeding by reason of the fact that he/she is or was a Member, officer or employee of the Authority against judgments, penalties, amounts paid in settlement and reasonable expenses, including attorneys' fees, actually and

necessarily incurred as a result thereof, unless the conduct of such Member, officer or employee in the matters at issue in such action or proceeding is found, in the manner prescribed in this Article, not to have met the applicable standard of conduct.

**Section 3. Representation of Persons Indemnified.** The Authority may, either by its own staff counsel or by outside counsel of its choice, assume the representation of any person who becomes a party to the action or proceeding, except in situations in which (i) choice of counsel is governed by statute, or (ii) the Authority's counsel determines that it is inappropriate or inadvisable for such person to be represented by counsel chosen by the Authority. In the event the Authority does not assume such representation, such person shall have the right to engage private counsel of his choice and the Authority shall have the obligation of indemnification for the reasonable fees and expenses of such private counsel as provided in this Article; provided, however, that the Authority as a condition to such indemnification for the cost of private counsel may, and where the Attorney General has so required as a condition to indemnification by the State of New York pursuant to statute shall, require appropriate groups of persons to be represented by the same counsel.

**Section 4. Advances of Expenses.** (a) A Member or officer who becomes a party to an action or proceeding may request that the Members authorize the Authority to advance expenses pending the final disposition of such action or proceeding. Upon such request: (i) if there is a quorum of Members who are not parties to such action or proceeding, the Members shall make a tentative finding as to whether it then appears that the requesting Member or officer has met the applicable standard of conduct; or (ii) if such a quorum of Members is not obtainable with due diligence, the Members shall obtain an opinion in writing of outside legal counsel as to whether it then appears that such standard of conduct has been met by the requesting Member or officer. If a quorum of Members makes such findings or outside legal counsel gives such opinion, the Members shall authorize the Authority to pay, and the Authority shall pay, from time to time in advance of the final disposition of the action or proceeding, reasonable expenses as described in Section 2 incurred by such Member or officer in connection with such action or proceeding.

(b) Reasonable expenses as described in Section 2 incurred by an employee who becomes a party to an action or proceeding shall be paid by the Authority from time to time pending the final disposition of such action or proceeding without necessity for any authorization, findings, or other action by the Members prior to the making of such advances; provided, however, that the Members (i) may make a tentative finding at any time prior to the final disposition of such action or proceeding that it then appears that an employee has clearly not met the applicable standard of conduct, or may seek an opinion in writing of outside legal counsel with respect to that issue, and if such a tentative finding shall be made or a negative opinion on that issue shall be given, no further advances under this paragraph shall be made with respect to expenses of such employee, and (ii) may determine, or provide for the determination of, the reasonableness of expenses sought to be advanced.

(c) The Authority shall require each person receiving amounts advanced under paragraph (a) or (b) of this Section 4 to agree in writing that the same shall be repaid if the person receiving such advances is ultimately found not to be entitled to indemnification, or to the extent the expenses so advanced by the Authority exceed the indemnification to which he/she is ultimately found to be entitled.

Section 5. Indemnification on Final Disposition. (a) A person who has been wholly successful, on the merits or otherwise, in the defense of an action or proceeding shall be deemed to have met the applicable standard of conduct and shall be entitled to indemnification against reasonable expenses as described in Section 2, and the Authority shall make such indemnification without necessity for any authorization, findings or other action by the Members prior to such indemnification, except that the Members may determine, or provide for the determination of, the reasonableness of such expenses.

(b) A Member or officer who has not been wholly successful in the defense of an action or proceeding, or who was a party to an action or proceeding without being a defendant or respondent therein, may request indemnification from the Authority. Upon such request: (i) if there is a quorum of Members who are not and were not parties to such action or proceeding, the Members shall make a finding as to whether the requesting Member or officer has met the applicable standard of conduct; or (ii) if such a quorum of Members is not obtainable with due diligence, the Members shall obtain an opinion in writing of outside legal counsel as to whether such standard of conduct has been met by the

requesting Member or officer. If a quorum of Members makes such finding or outside legal counsel gives such opinion, the Members shall authorize, and the Authority shall make, indemnification as provided in Section 2, upon a determination by the Members (or a person or body designated by the Members) that expenses sought to be indemnified were reasonable and actually and necessarily incurred as a result of the action or proceeding, and that any amounts paid in settlement (unless approved by the Members prior to such settlement) were reasonable in the circumstances.

(c) An employee who has not been wholly successful in the defense of an action or proceeding, or who was a party to an action or proceeding without being a defendant or respondent therein, may request indemnification from the Authority. Upon such request: The President shall notify the Members in writing of such request and of the particulars submitted by such employee in support of it, and the President may submit to the Members any further information or comments he thinks appropriate. Within two weeks after the next meeting of the Members following such submission, the Authority shall make indemnification as provided in Section 2, unless the Members shall have found that such employee has not met the applicable standard of conduct, or shall have decided to seek an opinion in writing of outside counsel with respect to that issue (in which event indemnification shall be made within six weeks after such meeting unless a negative opinion on that issue shall have been given), or unless and to the extent that the Members (or a person or body designated by the Members) shall have determined that expenses sought to be indemnified were not reasonable or not actually and necessarily incurred as a result of the action or proceeding, or that amounts paid in settlement (unless approved by the Members prior to such settlement) were not reasonable in the circumstances.

Section 6. Insurance. The Authority may, to the fullest extent permitted by law, purchase and maintain insurance on behalf of any Member, officer or employee of the Authority to indemnify such person in instances in which he/she has the right of indemnification by the Authority under the provisions of this Article.

Section 7. Applicability of this Article. (a) The provisions of this Article shall inure only to Members, officers and employees of the Authority, as defined herein, shall not enlarge or diminish the rights of any other party to an action or proceeding, and shall not impair, limit or modify the rights

and obligations of any insurer under any policy of insurance. This Article is to be construed liberally in favor of each Member, officer or employee, to the fullest extent permitted by law, and any ambiguity, uncertainty or reasonable doubt as to facts, interpretation or legal conclusions shall be resolved in favor of such Member, officer or employee.

(b) The provisions of this Article shall be in addition to and shall not supplant any indemnification by the State heretofore or hereafter conferred upon any Member, officer or employee by any statute, by Section 18 of the Public Officers Law, or otherwise; provided, however, that the Authority recognizes that its obligation to provide indemnification in accordance with this Article is primary and any obligation of the State to provide indemnification is secondary, in circumstances where both may be applicable.

(c) This Article shall be applicable, to the fullest extent permitted by law, to any claim for indemnification made after its adoption as a bylaw of the Authority, whether the action or proceeding to which such claim relates commenced, or the matters at issue therein occurred, before or after the adoption of this Article. It is contemplated that no subsequent amendment, supplement or repeal of this Article which deprives a Member, officer or employee of any substantial right or benefit conferred herein will be made applicable with respect to any claim for indemnification arising out of conduct of such Member, officer or employee occurring or alleged to have occurred after the adoption of this Article and prior to such amendment, supplement or repeal.

(d) Unless and until this Article shall be amended, supplemented or repealed in accordance with Article VIII, the provisions of this Article shall constitute a contract between the Authority and each Member, officer or employee for indemnification in accordance with the provisions of this Article. In the event that any Member, officer or employee shall be aggrieved by a determination of the Authority or the Members or outside counsel made under this Article, or by a failure of the Authority or the Members to act as provided herein, he/she shall be entitled to seek appropriate relief against the Authority in any court of competent jurisdiction within the State of New York in accordance with the standards for indemnification set forth herein.

## ARTICLE VIII- AMENDMENTS

Section 1. The bylaws may be amended by resolution duly adopted by unanimous vote of all the Members of the Authority at any meeting. Advance notice of motions to amend the bylaws need not be given.

## ARTICLE IX - SUSPENSION OF BYLAWS

Section 1. Any and all of the provisions of the bylaws may be suspended by unanimous vote of all the Members of the Authority.

**Four Year Financial Plan**  
**BATTERY PARK CITY AUTHORITY: OPERATING & CAPITAL BUDGET SUMMARY\***  
For the Fiscal Years Ending October 31, 2013 thru 2017  
(in 000s)

	Estimated FY 2013	Proposed FY 2014	Proposed FY 2015	Proposed FY 2016	Proposed FY 2017
<b>OPERATING BUDGET</b>					
<b><u>Operating Revenues</u></b>					
Sublease rentals	\$223,672	\$236,175	\$239,205	\$255,300	\$255,300
One-time payments from new leases	-	-	-	-	-
Other	1,121	-	-	-	-
	<u>\$224,793</u>	<u>\$236,175</u>	<u>\$239,205</u>	<u>\$255,300</u>	<u>\$255,300</u>
<b><u>Non-Operating Revenues</u></b>					
Investment Earnings					
SWAP payments received (65% of LIBOR)/BABs Susidy	1,659	1,650	1,650	1,650	1,650
Interest earned	4,814	3,500	3,500	3,500	3,500
Other (Residual Fund)	15,000	-	-	-	-
	<u>21,473</u>	<u>5,150</u>	<u>5,150</u>	<u>5,150</u>	<u>5,150</u>
Total Receipts:	<u>\$246,266</u>	<u>\$241,325</u>	<u>\$244,355</u>	<u>\$260,450</u>	<u>\$260,450</u>
<b>EXPENDITURES</b>					
<b><u>Operating Expenditures</u></b>					
Total operating expenses *	\$27,433	\$28,112	\$28,674	\$29,248	\$29,833
Other non-operating expenditures (NYS Cost Recovery Fee)	5,988	6,186	6,200	6,200	6,200
	<u>\$33,421</u>	<u>\$34,298</u>	<u>\$34,874</u>	<u>\$35,448</u>	<u>\$36,033</u>
<b><u>Non-Operating Expenditures</u></b>					
Interest and Other Financing Charges					
Debt service on restructured debt	57,631	65,000	65,000	65,000	65,000
Swap agreement & auction agent fees	354	-	-	-	-
Total Debt Service:	<u>\$57,985</u>	<u>\$65,000</u>	<u>\$65,000</u>	<u>\$65,000</u>	<u>\$65,000</u>
Total Expenditures:	<u>\$91,406</u>	<u>\$99,298</u>	<u>\$99,874</u>	<u>\$100,448</u>	<u>\$101,033</u>
Excess Funds Subject to Settlement Agreement:	<u>\$154,860</u>	<u>\$142,027</u>	<u>\$144,481</u>	<u>\$160,002</u>	<u>\$159,417</u>
<b>CAPITAL BUDGET</b>					
Proceeds from Debt Issuance (beginning of yr balance)	30,645	111,850	63,350	39,350	19,350
Other capital inflows(Interest)	-	-	-	-	-
Capital expenditures	3,795	48,500	24,000	20,000	19,350
Proceeds from Debt Issuance	85,000	-	-	-	-
Capital funds remaining	<u>\$111,850</u>	<u>\$63,350</u>	<u>\$39,350</u>	<u>\$19,350</u>	<u>\$0</u>

\*Budget summaries include all costs for Battery Park City Parks Conservancy

which are not within BPCA's management control. Such factors include: the NYC real estate tax policy, additional bond proceeds required above the

**Note 1 - Estimated Projections 2015 to 2017 not presented to or approved by BPCA Board.**

Battery Park City Authority Board Self-Evaluation for Calendar Year 2013*		2013 Results				
		Rating				
		Low-----→High				
		1	2	3	4	5
<b>I. Organization's Mission and Purpose</b>						
A.	You are familiar with the Battery Park City Authority mission and statutory responsibilities?					1 5
B.	All Board Members are familiar with the current purpose of the Authority?					2 4
C.	The current mission statement is appropriate for the organization's role for the next three to five years?				1 3	1
D.	The policies, practices and decisions of the Board are always consistent with this mission?					1 5
E.	Board Members comprehend their role and fiduciary responsibilities and hold themselves and each other to these principles?					1 5
F.	You are knowledgeable about the existing partnerships that the Authority has?				2 3	1
G.	You are familiar with the Parks Conservancy mission?				1 2	3
H.	You are familiar with the Parks Conservancy programs?				2 2	2
<b>II. Strategic Planning</b>		Low-----→High				
A.	All Board Members have input in the strategic planning process?					3 2
B.	The Board currently has a strategic vision of how the organization should be evolving over the next one, three, and five years?				1 4	
C.	The Board periodically engages in a strategic planning process that helps it to consider how the organization should meet new				3 2	
<b>III. Fiscal Oversight/Sound Risk Management</b>		Low-----→High				
A.	The Board ensures that the budget reflects the priorities established in the strategic plan?				1 2	2
B.	The Board ensures that the annual report reflects the priorities established in the strategic plan?					4 1
C.	The Board has time to review the annual report?					3 2
D.	The Board receives financial reports on a regular basis?					1 5
E.	Financial reports are understandable, accurate and timely?					6
F.	The Board considers all recommendations made in the annual independent auditor's report and management letter?					1 5
G.	The Board periodically reviews the effectiveness of the auditing firm?					3 2
H.	The Board has established appropriate investment policies?					2 4
I.	The Board annually reviews and understands BPCA's investment portfolio?					6

		2012 Results				
		Rating				
		Low-----→High				
		1	2	3	4	5
J.	The Board periodically reviews the adequacy of insurance carried by the Authority?				3	3
K.	The Board provides adequate oversight of the contracting processes and procedures?			2	1	3
L.	The Board has enough knowledge about current litigation matters?			1	3	2
<b>IV. Relationship between the Board and Staff</b>		Low-----→High				
A.	The roles of the Board Members are clearly defined and understood?				3	3
B.	The roles of the staff are clearly defined and understood?		1	1	2	2
C.	Mutual responsibilities of Board Committees are clearly understood?				2	4
D.	The responsibilities of staff assigned to assist the Board Committees are clearly understood?	1		3	2	
E.	Current Board Committee structure and composition contributes to Board productivity?				3	3
F.	Individual Board Members communicate effectively with executive staff so as to be well informed on the status of all important issues?		2	1	3	
<b>V. Board Oversight</b>		Low-----→High				
A.	Board Members are knowledgeable about the Authority's programs, financial statements, and other transactions?			1	1	4
B.	Board Members are knowledgeable about the Authority's compliance and reporting obligations?		2	1	3	
C.	Board meetings facilitate open, deliberative and thorough discussion, and the active participation of Board Members?				1	5
D.	Board Committee meetings facilitate open, deliberative and thorough discussion, and the active participation of Board Members?				1	5
E.	Executive Session meetings facilitate open, deliberative and thorough discussion, and the active participation of Board Members?			2	4	
F.	The Executive Sessions as currently constituted are effective and efficient?				2	4
G.	Individual Board Members feel empowered to delay votes, defer agenda items, or table actions if they feel additional information or				3	3
H.	The Board meets to review and approve all documents and reports prior to public release and is confident that the information being			2		4
I.	The Board exercises appropriate oversight of the President and other executive staff, including setting performance expectations and	1		2	2	1
J.	The Board has identified the areas of most risk to the Authority and works with management to implement risk mitigation strategies			2	3	1
<b>VI. President and Chief Executive Officer</b>		Low-----→High				
A.	The Board gives the President enough authority, responsibility and support to lead the staff and manage the organization successfully?			1	1	3
B.	The President provides the Board with sufficient information to enable Members to make informed decisions?				1	4

			2012 Results				
			Rating				
			Low-----→High				
			1	2	3	4	5
<b>VII. Efficiency of Operations</b>							
A.	The Board has adopted policies, by-laws, and practices for the effective governance, management and operations of the Authority?				1	2	3
B.	The Board sets clear and measurable performance goals for the Authority that contribute to accomplishing its mission?		1		1	2	2
C.	The decisions made by the Board Members are arrived at through independent judgment and deliberation, free of political influence,				2	4	
D.	Board Members receive clear agendas and supporting written materials?				2	4	
E.	Board Members receive written board materials sufficiently prior to board and committee meetings to allow for review?				1	5	
F.	Board Members stay abreast of issues and devote enough time to learn the Authority's operations to be helpful in guiding the			1	2	3	
G.	Board Members stay abreast of issues and devote enough time to learn the Parks' operations to be helpful in guiding the organization's	1		2	1	2	
H.	The Board focuses much of its attention on long-term, significant policy issues rather than short-term administrative matters?			2	2	2	
I.	Board Members have adequate opportunities to discuss issues and ask questions?			1	2	3	
J.	Your participation in Board meetings is meaningful?				3	3	
K.	The frequency of board meetings is appropriate for the responsible discharge of the Board's responsibilities?				1	5	
L.	All Board Members are actively engaged in the work of the board?			1	1	4	
M.	Board Members demonstrate leadership and vision and work respectfully with each other?				1	5	
<b>VIII. Conflict of Interests</b>							
A.	The Board has in place an effective conflict of interest policy for itself and staff?		1	2	3	4	5
B.	The Board has in place an effective code of conduct for itself and staff?				2	4	
<b>IX. Training</b>							
A.	The ethics training that you received was helpful in the performance of your duties as a Board Member?				1	5	
B.	The fiduciary training that you received was helpful in the performance of your duties as a Board Member				1	5	
C.	There are other trainings that you could receive that would help you better perform your duties as a Board Member?	1		3	1	1	

**Schedule of assets and services purchased with-out Competitive Bidding Fiscal Year ended  
October 31, 2013\***

* Vendor Name	* Procurement Description	* Amount Expended For Fiscal Year
Department Of Buildings	BPCPC-Fine	1,030
Neopost /Mailfinance Inc	BPCPC-Postal machine rental	1,073
Benefit Analysis, Inc	BPCPC-Administer employee benefits	3,300
Vidaris, Inc	Pier A Extended LEED Consulting Services	3,491
Redsoft Technologies, Inc.	Tracking System for Rent Defaults	4,130
Thyssen Krupp Elevator Corp	Elevator-Community Center	4,982
Back Beat Productions Inc. F/S/O	River to River 2013	5,000
Downtown-Lower Manhattan Association Inc.	BPCA 2013 Membership Dues	5,000
N. A. Rockefeller Empire State Porfomaning Arts Center	Rental of facility for MWBE Conference	5,000
White Tool & Supply, Inc.	BPCPC-Horticultural supplies & tools	5,127
Trade Center Security Systems, Inc	Supplies	5,161
City Store Gates Mfg Co	Equipment	5,170
Sunny Border Nurseries	BPCPC-Plants	5,210
Cummins Power Systems, LLC	BPCPC-Generator maintenance service	5,212
West Group	Publications	5,289
Exterior Design Dba The Perennial Farm	BPCPC-Plants	5,375
NYS Office of General Services	Sponsorship	5,387
Association for A Better N.Y.	Sponsorship	5,500
Ninth Ward Touring, Inc	BPCPC-Performer	5,500
Zilles, Michelle	BPCPC-Performer	5,500
Hewlett-Packard Company	BPCPC-Annual support for HP server	5,513
Heron, Molly	BPCPC-Performer	5,520
Hanover Architectural Products	BPCPC-Hex pavers	5,532
Lands' End Business Outfitters	BPCPC-Uniforms	5,550
Century Billiard & Game Room	BPCPC-Outdoor pool and foosball tables	5,555
NYC Fire Department	Inspection for Pier A	5,591
AAA/Best Chair Rental	Equipment Rental for Special Events	5,682
Superior Location Van Service, Ltd.	Transportation for River to River Festival	5,700
Action Carting Environmental Services, Inc.	BPCPC-Trash removal	5,804
Industrial Sales and Service, Corp	Furnishing and Installation	5,950
Festival Five Records Loc	BPCPC-Performer	6,000
Barnes, Mary	BPCPC-Performer	6,120
Carroll Musical Instrument Rentals, LLC	River to River Festival	6,174
Time Warner Cable Of NY	Cable Service	6,269
BBS Architects, Landscape Architects & Engineers PC	Architectural services	6,373
Gallo, Lou	BPCPC-Performer	6,400
Moss, Fauset And Rodeo, Inc.	BPCPC-Curved Lister benches	6,400
P.I. Mechanical Corp	Replacement of damaged compressor	6,408
Suzi Music, Loc	BPCPC-Performer	6,450
Abacus Group	BPCPC-Temporary services	6,480
Randive Inc. of New Jersey	Maintenance/Inspection for Pier A	6,500
United States Merchants Protective Co., Inc.	BPCPC-Fire and alarm monitoring	6,544
Bissett Nursery Corp.	BPCPC-Plants	6,586
Tec Solutions, Inc.	BPCPC-electric locks & keys system	6,596
Harris, Rothenberg International, Inc.	BPCPC-Employee assistance service	6,600
Beds & Borders, Inc.	BPCPC-Plants	6,672

**Schedule of assets and services purchased with-out Competitive Bidding Fiscal Year ended  
October 31, 2013\***

* Vendor Name	* Procurement Description	* Amount Expended For Fiscal Year
Hawkins, Delafield & Wood	Senior & Junior Bonds	6,703
Nextel of New York	Phone, internet	6,708
Brookfield Financial Properties	Rent	6,974
La Exelencia	River to River 2013	7,000
Kim Champion	BPCPC-Performer	7,125
Boro Sawmill & Timber Co., Inc.	BPCPC-Wood for repair	7,200
Ergonomic Group, The	Support/Service	7,214
Hammond, John	BPCPC-Performer	7,230
The Dirt Company - Northeast, Inc.Dba Ranco		
Sand & Stone Corp	BPCPC-soil amendment	7,270
Kammel Inc	SS Wing walls	7,306
Jedstock, Inc.	BPCPC-Trash cans	7,319
Liro Group	On Call Construction Management	7,429
GB Geotechnics USA Inc.	Non destructive evaluation-moisture content	7,430
Dahlin, Paul	BPCPC-Performer	7,647
Verizon	Phone, internet	7,704
Pete Stuifbergen Bulb Import Co	BPCPC-Plants	7,810
Zones	BPCPC-Networking switch and battery backup	7,875
Verizon Business Services, Inc.	Phone, internet	7,967
Admiral Conservation Services II, Inc.	Ground Penetrating Radar for the Esplanade	8,000
Citrix Systems, Inc.	Support/Service	8,025
Sun Life Insurance & Annuity Company	BPCPC-Life insurance	8,259
Hewlett Packard	Support/Service	8,420
PFM Asset Management	Investment Advisor	8,500
GLAC Seat Inc.	BPCPC-Umbrellas with hydraulic system	8,526
Liv Art, Inc.	Police Memorial	8,800
MIG & Co.	MIS Consulting	8,865
Wells Fargo Financial	3 new club car 1 utility vehicle	8,875
William J. Dockery, Esq. & Robert Mauro	Torts, claims and support	8,965
Donachie, Fenton & Associates, Inc.	BPCPC-Support for warehouse mangement software	9,000
Federal Appraisal & Consulting LLC	Appraisal of the Ballfield	9,000
Norberto Construction, Inc.	On Call Construction Management	9,175
Healthy Clean Buildings	BPCPC-Cleaning supplies	9,214
MP Liberty LLC	Equipment	9,378
Donachie, Fenton & Associates, Inc.	BPCPC-Support for warehouse mangement software	9,750
Gardenside International Ltd.	BPCPC-Lister benches	9,771
Tailored Technologies, LLC	Consulting for MS Dynamic Vendor	9,870
CMA Consulting Services	LATS Annual Support	9,920
Image Marketing Inc.	Competetive edge website upgrade	10,000
Nextel Communications	BPCPC-celluar service	10,146
Savaco Inc.	Pier A restoration	10,383
Sand Automotive Warehouse LLC	BPCPC-Vehicle parts	10,537
The Broadsheet, Inc	BPCPC-Avertisement	10,574
New York City Water Board	Water & Sewer Charges	10,682
Veolia Es Technical Solutions LLC	BPCPC-Trash & waste removal	10,752
Automatic Data Processing	Payroll Services	10,992
Leonore Reuter	Design and Layout of BPCA Annual Report	11,060

**Schedule of assets and services purchased with-out Competitive Bidding Fiscal Year ended  
October 31, 2013\***

* Vendor Name	* Procurement Description	* Amount Expended For Fiscal Year
CDW Government, Inc.	Supplies	11,341
Paramount Technologies, Inc	Support for Workplace	11,349
Royal Automation Supplies	Office Supplies	11,639
Alnwick Project Delivery, Inc	Hurricane Sandy	11,700
Exxon Mobil	BPCPC-Fuel	11,734
Bear Sterns Securities Corp	Financial Services	11,758
IT Network Consultants Inc.	Consulting for MIS	12,160
Mele Companies Inc. dba Mateflex Modular Surfaces	BPCPC-Flooring materials	12,335
Iron Mountain	Support/Service	12,360
Lexis/Nexis	Legal Research Services	12,536
GOV Connection, Inc.	Supplies	12,677
Mccue Gardens	BPCPC-Plants	12,744
American Water (Formerly Applied Water Management)	BPCPC-Maintain waste water recycling	12,775
Danny Kapilan	River to River	13,000
Verizon Wireless	Phone, internet	13,217
Wood Advisory Services, Inc.	Professional Services	13,230
Wilfred Mac Donald Inc	BPCPC-Skag mower	13,250
Glatfelter Brokerage Service	BPCPC-Worker's Compensation broker fee	13,391
Thyssen Krupp Elevator Corp.	Elevator-Community Center	13,785
State Insurance Fund	Insurance	13,930
Open Text, Inc.	Support/Service	13,970
School Specialty Inc	BPCPC-Art and sport supplies	14,156
Gibson, Dunn & Crutcher LLP	Legal Services	14,438
Als Consulting, Inc./dba The Als Group	Insurance Coverage Review Services	14,775
Deborah Bradley Construction & Management serv.	Installation of Drainage	14,890
Green Depot, LLC	BPCPC-Wood for repair	14,989
The Agency Group	River to River 2013	15,000
Sheraden Lighting & Electrical Products	BPCPC-Electrical supplies	15,261
Crown Equipment Corporation Dba Crown Lift Trucks	BPCPC-Taylor Dunn trucks	15,486
Independent Media Sales & Services	Office Supplies	15,846
Ajari Music, LLC	River to River 2013	16,500
Lacorte Farm & Lawn	BPCPC-John Deere tractor	17,227
Staples Advantage	BPCPC-Office supplies	17,374
Lincoln Life & Annuity Company of New York	Disability Insurance	19,172
Technico Marine Corporation	BPCPC-Offsite storage lease	19,200
F & F Industrial Equipment Corp.	BPCPC-Maintenance supplies & tools	19,859
Language Line Services Inc. dba/ Language Line Solutions	Translation services	20,000
The Guardian Life Insurance Company Of America	BPCPC-Disability insurance	20,161
Storr Tractor Company	BPCPC-Water reel	20,508
Kramer L Naftalis/Frankel LLP	Pier A Plaza	20,720
Public Interest Network	BPCPC-Telephone & internet service	20,943
VJ Associates Inc	Pier A Plaza	22,000

**Schedule of assets and services purchased with-out Competitive Bidding Fiscal Year ended  
October 31, 2013\***

* Vendor Name	* Procurement Description	* Amount Expended For Fiscal Year
Motorworks Clean Vehicles, Inc.	BPCPC-Electric vehicle	22,361
Access Staffing, LLC	BPCPC-Temporary services	22,426
Dell Marketing LP	BPCPC-Computers	22,786
Verizon Wireless Services	BPCPC-celluar service	22,970
American Express	Miscellaneous Purchases	22,986
Microsoft Professional Support Sales	Support/Service	23,105
Trang Bui d/b/a Bui Studio	Pier A monthly progress photography	23,190
The Bank of New York	Trustee Fee	23,233
Granicus, Inc.	Webcasting Services	23,400
Raymond of New Jersey LLC	BPCPC-Maintain transtacker & fork lifts	23,520
NYS Dept. of Labor-UI DIV	Unemployment Insurance	23,596
Oliver Staffing, Inc.	Staffing services	24,184
Compulink Technologies Inc.	Support/Service	25,125
Con Edison	BPCPC-Gas & electric utilities	26,540
Buck Consultants	Post Employment Benefits	27,000
RLB Construction Corporation	Removal of bike and roll from Pier A	27,226
R.K. Software, Inc.	Host, manage BPCA website, updates as law mandates	27,269
United Rentals	BPCPC-air conditioning rental	27,494
Wilmington Trust Company	Auction Agent Fees	27,689
McLaren Engineering Group	Pier A South Cove Diving Services	28,577
Derive Technologies LLC	Supplies	29,366
Obatala Corporation	River to River concert 2013	30,000
The Haykel Group LLC	BPCA Translation Services	30,000
JFD Sales Consulting serv. DBA JFD Office	Comm Center Consulting	30,725
Otis Elevator Company	BPCPC-Elevator maintenance service	30,918
Cooper Tank & Welding Corp.	Supply/Installation for DSNY Approved Compactor	33,650
ADP, Inc.	BPCPC-Payroll processing service	34,179
Mobile Lifts, Inc.	BPCPC-Specialty vehicle	34,975
Future Tech Consultants of NYC	Special Progress Inspections 23/24	35,060
ABM Janitorial Services	Cleaning Services Consultant	35,382
Ove Arup & Partners, P.C.	Owner's Representative Services for the Pier A	36,228
VJ Associates Inc	On_Call Estimating Project Control Services	37,606
Modular Space Corporation	Trailer Pier A Restoration	41,427
Winget, Spadafora & Schwartzberg, LLP	Legal Services	41,956
SDL Group, Inc.	Emergency Property Damage Repair	46,515
MSC Industrial Supply Co. Inc	BPCPC-Cleaning supplies & tools	46,573
Grainger	BPCPC-Maintenance supplies & tools	46,606
Access Staffing, LLC	Temp Services	49,678
New York State OGS	Disaster Recovery Services	56,350
Ove Arup & Partners, P.C.	Emergency Property Damage	64,995
Rogers Marvel Architects, PLLC	Vesey Street Streetscape Security Serv.	67,755
New York State Insurance Fund	BPCPC-Disability insurance	70,881
Con Edison	Electricity	73,153
BFP, L.P. As Operator	Maintenance	91,667
Design Constructs	Pier A Design and Construction	117,702
NYC Economic Development Corp	West Thames St Bridge	150,000
North Cove Marina Management, Inc.	Settlement	155,000
D'Onofrio General Contractors Corp	Pier A Plaza Pre-Construction Services	209,306

**Schedule of assets and services purchased with-out Competitive Bidding Fiscal Year ended  
October 31, 2013\***

* Vendor Name	* Procurement Description	* Amount Expended For Fiscal Year
Precor Incorporated	Community Center - Equipment	214,779
Derive Technologies, LLC	Community Center	223,004
New York Power Authority	Utility - Electrical	224,062
Manhattan Youth Recreation	Services for the BPC Community	224,563
Affiliated Adjustment Group, LTD	Insurance adjustment services	262,500
New York Power Authority	BPCPC-Electric utilities	265,203
Dell Marketing L.P.	Support/Service	292,885
Culture Institutions Retirement System	BPCPC-Pension cost	339,683
Regatta Property LLC	Rent	510,985
NYS & Local Employees' Retirement System	NYS Retirement	540,874
Alliance for Downtown New York, Inc	Downtown Services	632,000
NYC Water Board	BPCPC-Water utilities	676,454
Hartford Fire Insurance Company	Insurance	676,620
Asphalt Green, Inc.	Operator-Community Center	917,000
NYS Employees' Health	Health	1,022,143
NYSHIP-Employee Benefits Division	BPCPC-Medical, dental & hearing insurance	1,034,927
Brookfield Properties One WFC Co. LLC	Rent	1,234,102
Willis of New York, Inc.	Insurance	1,309,640
NYC Department of Parks	PEP Services	1,840,417
PANYNJ	Route 9A Underpass Agreement	3,820,328
NYS Dept of Tax.& Finance	NYS Cost Recovery	5,852,795
Battery Park City Parks	Battery Park City Parks Conservancy	8,563,940

\* Note: Purchases without Competitive bidding were done by sole source, single source, purchase order, contractual agreements, and from the NYS OGS list

## **Material Pending Litigation**

Approximately 800 claims have been asserted against the Authority in the United States District Court for the Southern District of New York (the “Court”) by Plaintiffs who worked in and around the World Trade Center site after the September 11th attack (collectively, the “9/11 Claims”). Some of the Plaintiffs had performed clean-up activities for ground lessees of the Authority and for the tenants of commercial and residential buildings in Battery Park City. Plaintiffs seek damages arising from the alleged failure of the Authority and others to adequately protect them against exposure to potential toxins. The Authority’s ground leases provide for ground lessees to indemnify the Authority against certain claims. To date, Brookfield, Merrill Lynch and Lefrak, the lessee under the Gateway Plaza Sublease, have agreed to assume the defense of the 9/11 Claims related to the premises that they control. The Authority is pursuing the tender of the remaining claims to its other ground lessees. Certain of the Authority’s insurers have taken the position that their insurance policies for the applicable period do not provide coverage to the Authority for these claims.

In November 2010, off-site cases (i.e. cases in the area surrounding the World Trade Center site, such as those in Battery Park City) were permitted to proceed with litigation. However, the James Zadroga 9/11 Health and Compensation Act of 2010 (the “Zadroga Act”) bars Plaintiffs participating in the amended 2001 Victim Compensation Fund (the “amended VCF”) from suing the Authority and requires them to drop their lawsuits, thereby reducing the Authority’s potential exposure. A total of 153 Plaintiffs with claims against the Authority chose to drop their lawsuits and participate in the amended VCF. The Court has so ordered these dismissals and 153 cases against the Authority have been dismissed with prejudice.

The Court subsequently dismissed an additional 81 cases against the Authority with prejudice due to the Plaintiff’s failure to properly verify their responses under oath as required by the Court ordered database of off-site cases. The Second Circuit, Court of Appeals recently affirmed the dismissal of these cases. Out of 81 cases, 74 of those cases had also elected to participate in the VCF and were included in the Court’s order dismissing the 153 cases referenced above.

As a result of a motion to dismiss those cases where the Plaintiffs did not allege a physical injury, alleged only a fear of cancer or only sought medical monitoring, the Court dismissed a further 104 cases against the Authority with prejudice. The dismissal of these cases is presently the subject of an appeal by the Plaintiffs to the Second Circuit, Court of Appeals.

As a result of these dismissals together with Claims that were abandoned or never pursued, 534 cases (including Claims for which tender was accepted) remain against the Authority.

The Authority is named as a defendant in 7 of the 9 first phase cases and discovery has been completed on those cases. The Authority has successfully tendered its defense to its lessees in 3 of those cases. The Court ordered a second phase of discovery, which is nearing completion. The second phase consists of 30 cases and the Authority is named as a defendant in 25 of those cases. However, many of these Plaintiffs are making claims against the Authority for locations where the Authority is receiving a defense and indemnification from Brookfield, Merrill Lynch or Lefrak.

All fact discovery on all Plaintiffs in Phase I and Phase II discovery is to be completed by January 30, 2014. Fifteen cases from the combined Phase I and Phase II Plaintiffs will be selected for trial. The Court will select 5 Plaintiffs, the defense liaison group will select 5 Plaintiffs and the Plaintiffs liaison group will select 5 Plaintiffs.

All expert discovery must be completed by July 28, 2014. Summary judgment motions will be argued on August 15, 2014. A pre-trial conference is scheduled for November 7, 2014. The Judge has ordered that 15 cases proceed to trial on November 21, 2014.