

HUGH L. CAREY BATTERY PARK CITY AUTHORITY

Meeting of the Members
200 Liberty Street, 24th Floor
New York, NY 10281
February 26, 2020

Members Present

George Tsunis, Chairman
Donald Capoccia, Member
Martha Gallo, Member
Catherine McVay Hughes, Member

Authority Staff in Attendance: Benjamin Jones, President and Chief Executive Officer
Sharmila Baichu, Vice President of Human Resources
Marie Baptiste, Deputy Treasurer
Brett Beecham, Associate General Counsel
Anthony Buquicchio, Senior Project Manager
Rita Chadha, Assistant General Counsel
Gwen Dawson, Vice President, Real Property
Jennifer Dudgeon, Director of Design
Pamela Frederick, Chief Financial Officer/Treasurer
James Gallagher, Associate General Counsel
Craig Hudon, Vice President of Parks Programming
Susie Kim, Deputy General Counsel
Karl Koenig, Controller
Meredith Levine, Special Counsel
Eric Munson, Chief Operating Officer
Lauren Murtha, Paralegal/Assistant Corporate Secretary
Jahmeliah Nathan, Vice President of Administration
Robert Nesmith, Chief Contracting Officer
Bruno Pomponio, Vice President of Parks Operations
Jason Rachnowitz, Director of Financial Reporting
Anthony Robinson, Office Manager
Nicholas Sbordone, Vice President of Communications and Public Affairs

Alexis Torres, Chief of Staff
Kenneth Windman, Director of Infrastructure

Others in Attendance: Heather Morgan, AECOM
Various Members of the Public

The meeting, called on public notice in accordance with the New York State Open Meetings Law, convened at 2:00pm.

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The first item on the agenda was the approval of the minutes of the January 27, 2020 meeting. Upon a motion made by Ms. McVay Hughes and seconded by Mr. Capoccia, the following resolution was unanimously adopted:

APPROVAL OF MINUTES OF THE JANUARY 27, 2020 MEETING

BE IT RESOLVED, that the minutes of the meeting of the Members of the Hugh L. Carey Battery Park City Authority held on January 27, 2020 are hereby approved.

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There were ten (10) individuals who presented during the period of public comment.

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The next item on the agenda was the Investment Committee Report presented by Ms. Frederick. She stated that the Investment Committee had met with all members present to: (1) review the quarterly investment report, which was presented by the Authority’s financial advisors, PFM Asset Management and Ramirez Asset Management; (2) discuss the potential impact of the novel coronavirus on the Authority’s portfolio; and (3) note what impact a broader definition of the term “accredited investor” would have on the Authority’s investment pool.

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The next item on the agenda was the M/WBE Utilization Report presented by Ms. Nathan.

Ms. Nathan reported that for January 2020, 30.26% or approximately \$352,000 of the Authority's total qualifying expenditures of approximately \$1,200,000 was paid to MWBEs. Of this total, 9.47% was paid to MBEs, 1.86% directly to MBEs, and 7.62% to MBE subcontractors. Of that same qualifying expenditure, 20.77% was paid to WBEs, 12.95% to MBE prime contractors, and 8.04% to WBE subcontractors. She also noted the following utilization for the SDVOB program for the third quarter of New York’s fiscal year: of the Authority’s total qualifying expenditures of \$13.6 million, \$8.6 million, or 63%, was paid to qualifying SDVOB firms.

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The next item on the agenda was a series of Staff Acknowledgements presented by Mr. Jones. He made mention of notable Authority staff retirements, thanking team members Anthony Robinson and Kenny Windman for their respective twenty-three (23) years and thirty-four (34) years of service with the Authority.

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The next item on the agenda was the Resiliency Update presented by Mr. Jones.

Mr. Jones provided a status report on the resiliency projects and noted the following milestones: the Authority will be holding the second public meeting on the North Battery Park City project on February 27th; proposals for the ballfields project contractor are due shortly; and the RFP for the West Battery Park City project is being finalized. He then introduced Heather Morgan from AECOM, who provided the Board with an overview of the South Battery Park City Project.

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The next item on the agenda, presented by Ms. Dawson, was the authorization to enter into a contract for construction management services for the South Battery Park Resiliency Project.

Ms. Dawson described the procurement process. She noted that the Authority had issued an RFP in December for construction management firms to perform the preconstruction planning and oversight and management of construction for the Project. After initial evaluations of the nine (9) responding firms, the evaluation committee eliminated the lowest four (4) scoring firms and requested best and final offers from the remaining five (5). The Authority then determined that LiRO provided the best value to the Authority given the requirements of the project. As a result, the committee is recommending that the Authority enter into a thirty (30) month contract with LiRO for the performance of the construction management services related to the South Battery Park Resiliency Project.

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

AUTHORIZATION TO EXECUTE A CONTRACT WITH LIRO PROGRAM AND CONSTRUCTION MANAGEMENT, PE P.C. FOR THE SOUTH BATTERY PARK CITY RESILIENCY PROJECT CONSTRUCTION MANAGEMENT SERVICES

BE IT RESOLVED, that in accordance with the materials submitted at this Board meeting, the President and Chief Executive Officer (the “President”) of the Battery Park City Authority (the “Authority”) or his/her designee(s) be, and each of them hereby is, authorized and empowered to enter into a thirty (30) month contract with LiRo Program and Construction Management, PE P.C. in the not-to-exceed amount of \$6,500,761, including reimbursable expenses of \$449,650, to perform construction management services for the South Battery Park City Resiliency Project; and be it further,

RESOLVED, that the President or his/her designee(s), and each of them hereby is, authorized and empowered to execute and deliver the Contract on behalf of the Authority, subject to such changes as the officer or officers executing the Contract shall, with the advice of counsel, approve as necessary and appropriate and in the best interest of the Authority, such approval to be conclusive evidence by the execution and delivery of the Contract; and be it further,

RESOLVED, that the President or his/her designee(s) be, and each of them hereby is, authorized and empowered to execute all such other and further documents, and to take all such other and further actions as may be necessary, desirable or appropriate, in connection with the transactions contemplated in the foregoing resolutions, and any such execution of documents and any other and further actions heretofore taken are hereby ratified, and any actions hereafter taken are confirmed and approved.

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The next item on the agenda, presented by Ms. Nathan, was the authorization to enter into a contract for janitorial services.

Ms. Nathan explained that the Authority’s lease with Brookfield Properties for the 200 Liberty Street, 24th floor, office space requires that the Authority utilize Brookfield’s vendor, ABM Janitorial Services, to perform any additional janitorial services above the baseline services provided for in the lease. These additional services include floor and carpet maintenance, kitchen maintenance, and extermination services. A competitive procurement would have put the Authority in violation of its lease; therefore, the Authority completed a single source procurement to select ABM Janitoria. As a

result, the Authority is requesting Board approval to enter into a three (3)-year agreement with ABM Janitorial.

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

AUTHORIZATION TO ENTER INTO AN AGREEMENT WITH ABM JANITORIAL SERVICES, INC. TO PROVIDE 200 LIBERTY ST., 24th FLOOR JANITORIAL SERVICES.

BE IT RESOLVED that in accordance with the materials presented to this meeting, the President and Chief Executive Officer of the Hugh L. Carey Battery Park City Authority (the “President”) or her/his designee(s) be, and each of them hereby is, authorized and empowered to enter into a 36 month contract with ABM Janitorial Services, Inc. to provide 200 Liberty St., 24th Floor Janitorial Services for a contract term of three (3) years, and be it further

RESOLVED, that the President or her/his designee(s) be, and each of them hereby is, authorized and empowered to execute and deliver the contract on behalf of the Hugh L. Carey Battery Park City Authority, subject to such changes as the officer or officers shall, with the advice of counsel, approve as necessary and appropriate and in the best interests of the Authority, such approval to be conclusively evidenced by the execution and delivery of the contract; and be it further

RESOLVED, that the President or her/his designee(s) be, and each of them hereby is, authorized and empowered to execute all such other and further documents and to take all such other and further actions as may be necessary, desirable or appropriate in connection with the transactions contemplated in the foregoing resolutions, and any such execution of documents and any other further actions heretofore taken are hereby ratified and any actions hereafter taken are confirmed and approved.

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Mr. Tsunis made a motion to enter Executive Session, which was seconded by Ms. McVay Hughes, to discuss the negotiations related to the lease of real property, the publicity of which could substantially affect the value of the relevant properties. The Members entered Executive Session at 3:26pm.

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The Members exited Executive Session at 4:15pm

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There being no further business, upon a motion made by Mr. Tsunis and seconded by Ms. McVay Hughes, the Members unanimously voted to adjourn the meeting. The meeting thereupon adjourned at 4:15pm.

Respectfully submitted,

Lauren Murtha
Assistant Corporate Secretary

Public Comment
February 26, 2020

1. **Mr. Michael Hiller:** Good afternoon, and thank you for giving us the opportunity to speak. My name is Michael Hiller, or Hiller, P.C. Put that down for now. I'm speaking on behalf of the residents and the Residential Board of the Millennium Point Condominium. By now, I hope you've all received a copy of our correspondence dated February 19th, in which we made out our case for opposing the application by Urban Commons with respect to the hotel unit at the condominium. In the letter we refer to the application as one to obtain permission to convert the hotel, but upon close inspection what you'll see is no actual conversion would take place. In truth, the application really seeks to perpetuate a series of existing defaults under the condominiums ground lease with the Battery Park City Authority, and as I'll get to in a few moments, the letter that you may have received from CBRE does not change that conclusion. You would still if granting the application you would be perpetuating the existing defaults.

Now the ground lease for the condominium with the BPCA, requires that the hotel unit owner meet multiple requirements, including three of particular importance to the residents of the condominium and from your perspective, more importantly the residents of Battery Park City. The three requirements are, and I'll just hold up a board, because this board actually shows you what two of the three are, and I'll get to them in detail in a moment. But here you'll see what's called the branding requirement, the national branding requirement, the national rating requirement, and then there's another board, which I'm holding up now which is going to deal with the hotel operator requirement. And these are important to understand with respect to the existing defaults and the potential future defaults. But it is clear that all three requirements are violated. The first one is the branding requirement, and I'm just going to take, if I can just walk you over through here. This is the hotel's office. Definitely weren't there yet. Thank you. Okay. Vanna White you're not [indiscernible]. It's okay. All right. So in Section 2305, and it says, "For as long as compliance with the rating requirements," I'll talk about in a minute, "For as long as compliance with the rating requirement," and the first sentence, "Section 2305 is maintained, any other nationally recognized brand flag or franchise that is equal to or better in quality of service and furnishings and those standards set forth in the hotel operator management agreement attached as Exhibit B is approved. This provision presupposes that there must be a nationally recognized brand flag or franchise branding the hotel." Right now, the hotel is known as "The Wagner." It is the only Wagner in the United States. There is no affiliated Wagner Hotel. It is a classic one-off hotel. And I should note to you that the CBRE letter that you received does not address this issue at all. The fact is right now the Wagner is in violation of the rating -- the branding requirement of the hotel, of the ground lease.

The second -- you still got the wrong one pal. Okay. This is the rating requirement. Now the rating requirement is even clearer. "Tenant shall cause," the tenant's the condo, "shall cause the hotel to be operated by the hotel operator only as a hotel with the highest rating by a nationally recognized hotel rating service, e.g., Mobil or AAA." I'll stop for just a moment, and just focus on that. Right now, the Wagner is a four-star hotel. Not a five-star, and with -- I'm sorry, it's a four-diamond hotel. It wasn't even rated by Mobil Forbes. What happened was the Wagner inherited -- the Wagner Hotel was previously a Ritz, and at the time that the hotel became the Wagner, but the time it went from the Ritz to the Wagner the hotel was a five-star hotel because it was a Ritz. The ratings are renewed annually, so for nine months this hotel was grandfathered under the old rating. Once it was changed to a Wagner and operated by the hotel operator Highgate, it was as soon as the next anniversary date came up it was downgraded on AAA from

five diamonds to four, and it was knocked completely off of the Mobil Forbes rating all together. It didn't even qualify as the lowest rating. So it's in violation of the rating requirement as well.

I know that Urban Commons is prone from time to time to talk about Travelocity and Expedia. Those are guest influenced guest rated services. They are not referenced in the ground lease. They are not the same as the ground lease. And if you look at a CBRE letter you will see that when they analyze this issue they do not talk about Travelocity or Expedia because they are so easily manipulated. What counts are gold standard industry qualified rating services and those are Mobil Forbes and AAA and Wagner doesn't qualify under either of them.

The third requirement is the hotel operator one. This is the one that Saul has been dying to show you. Now the hotel operator requirement in itself has three sub requirements. And I want to go through these very quickly. It says, "It has to be a member of the National Reservation or Affiliation System," and I'll talk about that in a minute. The second is, "It has to have substantial experience in the ownership and management for at least 10 years of hotels similar in size and type of the hotel, which meet the service furnishing and rating requirements set forth in 2305," which is what I just read to you before. And the last one is, "At the time of submission of financial -- I'm sorry -- "At the time of submission of financial information, it must be the manager of at least five hotels meeting all those requirements." All of these things must be met in order for a hotel operator to qualify as Wagner's Hotel -- as a ground lease compliant hotel.

The current operator is Highgate. Highgate does not have substantial experience in the ownership and management for at least 10 years of hotels in a similar size or type. In fact, not one of the Highgate hotels in the United States meets that requirement. And I have news for you, at the time of submission of financial information, it must be the manager of at least five hotels meeting these requirements. It doesn't operate any that meet these requirements. So now I've given you three, the branding requirement, and the Wagner does not meet the branding requirement; the rating requirement, it does not meet the rating requirement. The hotel started that way but dropped down as soon as it was converted. And lastly, it doesn't meet the operating requirements either, not any of them. So what does the application currently aspire to do. Well, the current application references a PIP but all that does is give some facelift to a hotel that doesn't meet any of the requirements and won't meet any of the requirements. For one thing, if the application were to be approved, it would still be a Wagner Hotel, which means it would not meet the nationally recognized brand requirement because it's a one-off hotel. So we know it wouldn't meet that requirement. Now with respect to, and I think this is kind of important, I'm going to bring it back just one second Saul. Urban Comments has spoken in great length about the idea, well this will be a luxury collection hotel. And they're saying luxury collection is a brand. Luxury hotel -- luxury collection is a reservation system. It's a reservation system. And if you look at this page right here you'll see that the ground lease, people who drafted the ground lease knew exactly what a national reservation system is. See, they put it right here in this provision that said the hotel operator had to be a member of a national reservation system. But that's not a brand. A brand is dealt with in this provision here. And it said very clearly, "has to be a nationally recognized brand, flag or franchise." So clearly, calling something luxury collection and saying, "Well, we have a reservation system and that satisfies the branding requirement," doesn't make sense because if that were the case they would actually have used those terms in Section 2305 and they didn't. And I don't want to get too technical with you, but the bottom line is they have these requirements, they haven't met them, and they're not going to meet them. And with respect to the hotel operator, the hotel operator is not going to change either. It's going to be the same hotel operator.

So just to summarize, it'll be the same hotel name, it'll have the same hotel operator, and that same hotel name and same hotel operator are part of the hotel now that is not a five-star or five-diamond facility. In short, the application is asking you to perpetuate the problem that exists already, and that is from a legal perspective what's so troubling to the residents of the condominium because as you'll hear from them when they speak, they purchased their apartments not only with the expectation but with the promise and commitment from the hotel unit owner and from the BPCA that these standards would consistently be applied so that when they paid that extra money so that they could live in a five-star or a five-diamond hotel, so they would have a quality of life that was consistent with that designation, when they paid that premium they were promised it would always be there. And what's happening today is that the Wagner purchased by a loss or by a California company is coming in and asking you to lower the standards at the expense of the people who live there. Urban Commons has said that their biggest problem is that they just can't find a five-star or five-diamond hotel operator to come in. That's what they're saying.

Now, in the law, and again, I'm not going to get technical with you but, that's an argument called impossibility of performance. If you're being asked to comply with a provision in a contract that simply is impossible you want to give an excuse, you want to be excused from that responsibility. But the law requires that party to come forward with overwhelming evidence to show that they have tried everything they can. And the truth is Urban Commons has not done that. And what really troubles me is I was on the phone recently with the Ritz Carlton Hotel, and I asked them, "Would you ever be interested in coming back to this particular condominium?" And they said, "Sure. Why don't you have Urban Commons call us." Now what that says to me is that Urban Commons never called them in the first place. And if it happened with the Ritz Carlton, which to me is the most obvious target for a five-star, five-diamond hotel, since we know it meets the standards, if they haven't contacted the Ritz they likely haven't contacted anyone. Now I can't be sure of that, but the point is you, as the members of the BPCA can require it. You can insist that they come forward with the evidence.

But I will say just in concluding, I do appreciate very much the amount of time you've given me today, and that you're giving to the residents of the condominium, I would say you are in a position today to require Urban Commons to comply with this grievance and stand with the people of this community and the people who purchased their apartments in that building. And I would respectfully submit that as fiduciaries of the Battery Park City community it is incumbent upon you and I would suggest your duty to enforce the ground lease on behalf of the residents in the community and the residents in the condominium. Urban Commons is a California company with no ties to Battery Park City. It is asking you to violate your duties. It's asking you to violate the ground lease by perpetuating existing defaults and in effect amending the ground lease and prolonging the chaos that exist today at the hotel with a noncompliant facility, and residents of both the condominium and the community who are up in arms over it. You have two petitions with hundreds of names, people who don't even have any affiliation with the condominium who are furious about what's going on. Accordingly, I urge you to deny the application made by Urban Commons and at the very least, require Urban Commons to come forward with evidence of each of its efforts to supposedly bring some other hotel operator in and be compliant with the five-star, five-diamond branding and hotel operator requirements. Thank you very much. And I'll take any questions if you have any.

2. **Ms. Sarah Cassell:** Hi. My name is Sarah Cassell. I live in Gateway Plaza. I've lived downtown since 1993, in Gateway since 1995. Affordability protections for Gateway residents will expire in just over 90 days. In 2009, the Battery Park City Authority gave LeFrak, the operator of

Gateway Plaza, benefits worth tens of millions of dollars in a deal that preserved a limited form of rent stabilizations for only the then current Gateway tenants. Since then that form of stabilization has gone from covering every one of Gateway's 1,700 apartments to about a third, say 560-600 apartments. That's a lot. Fewer than one-third of the residents do not have any affordability protection whatsoever. But LeFrak is still enjoying the benefits from that 2009 deal and will continue to do so for years to come. To actually live there it's a really bad deal. Now none of you were on the Board then. I'm not blaming you. I'm hoping you'll do better. I know that there are ongoing negotiations and you can't comment on that. Please restore the rent stabilization for all Gateway tenants, or at a minimum continue it for those who have it now. I think possibly some help to some of our residents might be there's free benefits for seniors or the DRE disabled benefits. I know that we have residents in our community who could benefit from both of those things. I don't know if those issues have been raised. It would certainly help our residents to plan their lives if this next agreement could continue through the end of the ground lease in 2069, instead of going through this again in 10 years and then in 10 years and then in 9 years and then in whatever. Residents have been kept in the dark and we are in fear of losing our homes. Families in my building are checking out school districts in New Jersey as they watch their rent rise. We'd like the neighborhood to remain diverse. How do you all see Battery Park City? What was the original stated intent of the City and of LeFrak when Gateway was first directed? Is the current situation in Battery Park City living up to those ideals? I've lived downtown since 1993, I said that already. Things about being evacuated and coming back to rebuild the community. Everybody knows what residents who stayed did. And a lot of us are just normal, regular working-class people. We can't afford to necessarily buy homes here, but with the protection of rent we can afford to stay in Gateway. I think it should extend to the entire 1,700 apartments as the original intent was. Please do your best. Thank you.

3. **Ms. Justine Cuccia:** Hi, good afternoon. My name is Justine Cuccia. I'm a long-time resident of Battery Park City, as well as cofounder of Democracy for Battery Park City as you all know. I'm here today to ask you again for your help in preventing Battery Park City condo owners from being priced out of their homes. In my building -- and this is not your problem when I'm talking about PILOT right now, payment in lieu of taxes -- but in my building, PILOT alone, which is more than 50 percent of what we pay monthly, annually, whatever, has jumped in 27 percent in the past four years. Other buildings have seen similar erroneous increases. And I know that the BPCA does not set tax rates, and requiring that any kind of relief from that dilemma it goes beyond you all, but you all need to be aware of that. Yes, that affects Battery Park City, it affects all of the City, that's a different fight that I am fighting, however, coming back to hear what you can do is talk about ground rent. And what I want to focus on here is that the ground rent really needs to be all the rent collected from everyone in Battery Park City, condos, rental buildings, commercial buildings, needs to be capped at \$300 million a year. \$300 million is enough is what we're saying. At a recent meeting, and where does this come from and how does that help? At a recent Community Board One/Battery Park City Committee meeting, Bob Zach, who's the president of the Homeowner's Coalition which is made up of 18 condos now in Battery Park City, projected that if these present trends continue whoever owns his apartment in 2069, note it's not him, that year the BPCA ground lease that ends, he will have to pay \$181,000 per month to live there. No mortgage. No nothing. That is ground rent, taxes and common charges. \$181,000 per month. Long before -- I remember the other time -- long before we get to that point no one will be able to afford to live here. It's ridiculous. Enough is enough and I say Battery Park City says \$300 million is enough and I call upon you guys to start the conversation there. Thank you. And thank you, Nick, for squeezing me in.

4. **Mr. Rick Paige:** Hi. My name is Rick Paige. I'm president of the Board of Managers for the residents as set forth [indiscernible] Battery Park City. Thank you very much for taking the time to meet with us. I really appreciate it. I've lived in Battery Park City for about 30 years. My wife's lived here for 37 years. We've raised our two children here. We commend the Authority for doing such a magnificent job here. And by adhering to the Community's master plan. There's no place on earth like Battery Park City, so thank you. We've placed so much faith in that plan and in the Battery Park City Authority we purchased our home here and unlike other Battery Park City condominiums that offer numerous amenities like kids playrooms, screening rooms, resident storage closets, swimming pools, parking garages, our building has none of those. Instead our ground lease signed by the Authority promises one key amenity which is a written guarantee that our apartments would share space with a hotel that always would have a five-star, five-diamond rating. The hotel operator that met that standard, and also a nationally recognized brand similarly meeting that standard. All we ask that just like all the families in our building who abide their ground lease obligations, the Authority require the hotel to merely abide its clear contractual obligations because distilled to its essence we have an out of town equity fund, comes to Battery Park City, buys up one of the world's most beautiful hotel sites, levers it up by placing about \$100 million debt on it according to news reports, and then they claim that the profit margins aren't big enough. Think about that. Therefore, it wants to change the hotel that we think clearly it's going to violate the Battery Park City Authority's ground lease. In contrast, we have over a hundred Battery Park City families who vote here, pay taxes here, and unlike the investors we actually live in Battery Park City. By lowering these hotel standards not only will the investors enhance their profit margins, they're going to deprive us of what we paid for. And in effect, Battery Park City residents will be forced to subsidize a private equity fund and in a word that's just wrong. It's also wrong for residents to be told you know we're just a bunch of moms and pops and to be told that we have to sue or litigate to preserve our rights, again, it is not the right thing. The Authority is the authority here and it should take the opportunity to assert that authority by not permitting the proposed actions by the hotel's owners. In closing, note that we are flexible. And I want to be clear. We are flexible. We're not taking an all or nothing stance. We have proposals that we think are a win-win-win for the Authority, for the hotel owner, for the residents and for the entire community because this hotel is an amenity for the entire community. When my kids were young, we'd go to the Easter brunch with the Easter bunny, there'd be egg hunts, it was a different place run by a different company. That is gone. The community has lost that. That wasn't contemplated. So you may be ask to vote in the hotel on this proposal to bring in Marriot Luxury Collection, remain with Highgate in the near future, to vote yes would be wrong, vote no. Rather than force the wrong decision upon these neighborhood families, you know, John Lennon would say, "Give peace a chance." Give us a chance to negotiate something. Like I said, we think something can be done and the worst thing would be just to force this upon these hundred families. So thank you. I appreciate it.
5. **Mr. Michael Shindler:** Good afternoon. Thank you for having me. My name's Michael Shindler, I'm the president and CEO of Four Corner's Advisors, a hospitality consultancy practice I established in 2007 after 21 years at the time of hotel transactions business, eight years of private practice of commercial law in a large law firm, and three years with a real estate investment syndication firm. For the last 34 years, I have done over 150 hotel transactions of all classes in about 40 countries. The Residential Condominium Board has hired me to talk about all of this. First, even if the Luxury Collection and Highgate satisfy the standards under the ground lease, which they manifestly do not, the ground lease didn't even contemplate the notion of a brand in a third-party operator. And here's why. In January of 2000, when this ground lease was signed, no luxury brand allowed a third-party to operate a hotel under that brand. Not one. It's rare even today. Second, there are two nationally recognized ratings agencies, Forbes Travel Guide and

the AAA Diamond requirement. Anything else is a smoke screen. It's consumer anecdotes versus objective rating methodologies used by the two services. The ground lease could not possibly contemplate reliance on anecdotal consumer ratings. Third, Luxury Collection is luxury in name only. Of the 125 global Luxury Collection hotels not one, not one has a Forbes five-star standard. Of the 22 in the Americas, which is where AAA rates, there is one five-diamond property. Marriott's label does not make it so. Fourth, Highgate does not strive to be a luxury operator. It has 14 hotels listed on its website, not including the Wagner I might add. Of those, four have AAA four-diamond ratings period. Not one is five-diamond, and they are not trying to be five-diamond. Lastly, I think the question that you need to be faced with is this, will you permit Urban Commons to solve its self-generated economic problems by balancing a non-compliant hotel squarely on the backs of the residential community. Thank you for hearing me.

6. **Mr. Sol Reischer:** Thank you for allowing me to speak. It's nice to be here. I'm going to be a little short because I won't repeat what other people have said. My name's Sol Reischer. I'm Vice President of the Board of the Ritz-Carlton residences. I've been a Board member since April 2015, so I've been dealing with this for -- I have a bigger headache than you. I moved to Battery Park City the opening week that Gateway Plaza's first building went up. So I moved here in '83, a week after it opened there were no roads, it was just dark, there was not another building down here. I've lived there ever since. In November 1998, I became a dad, beautiful young daughter who has cerebral palsy. My wife and I decided in two months after 9-11 we decided to buy an apartment in the Ritz-Carlton. My daughter was three years old. We bought in the Ritz-Carlton because [indiscernible] the services she needed, getting in and out of the building, however, she had mermaid legs [indiscernible] apart at the time, she had no tongue control, she couldn't -- and that's why myself and other members, other residents in the building moved there. Many of our residents are living there as long as I am, and most of the people between the Millennium, the Visionaire, buildings on Battery Park City, were all here during 9-11, and having the Ritz-Carlton five-star hotel made a difference to our neighborhood. Close to a hundred percent of the employees who were here when I moved in are still here. Okay. It's pretty amazing how close we are with their employees. My daughter, when she was in elementary school, it was I don't have many relatives, I was asked to invite a grandparent or whatever it is to school, my daughter took hotel employees. Okay. I was also, on part of the neighborhood, I was also a Board member of the Battery Park City Community Emergency Response Team, I was Chief of the Emergency Operation Center, that your previous Board gave us a location on Banks Street in your building and we appreciate it. We were in that for a while. I'm in touch with many residents from the Millennium, the Visionaire, other buildings on Battery Place and South End Avenue, and they ask me whenever they see me, "What's going on? What's going on? What's going on?" Prices of apartments matter. Wagner came in, took a hit, it's questionable what's going to happen. To allow them -- for you to subsidize them, have a firm come in, they bought into a deal. They know exactly what it is. We met them the first day, they said, "We are going to do exactly this. We know what the requirements are. We are going to maintain a hundred percent." And then - - so if they're allowed to do with the building what they want with the building, that allows that building for the commercial space, greater value. Okay. And that greater value is going to cost the neighborhood, just the neighborhood the few blocks around us for all residents, approximately \$200 million. And it's very annoying. And that's it. Thank you very much. I'll cut the rest now.
7. **Mr. Vinton Thompson:** Good afternoon, everybody. I'm Vinton Thompson. I am a resident at Town West and I'm also a member as was Sol and Rick who have already spoken on the Residential Condo Board. I've been in Battery Park City for 12 years, and I've been a really active member of the neighborhood. I for 10 years was President of the Metropolitan College of

New York, which I brought to the neighborhood across the street. And I frankly joined the Condo Board in part seeing it was a little bit of a piece where I could do something active on behalf of the community. I want to speak not to the legal technicalities or to the issues regarding the hotel industry, which surround the issue of our co-residents with the hotel and the building, but the neighborhood issues. And I think there's a very serious, serious threats that come from what at least we see as unilateral obligation of the ground lease or its potential abrogation, and that is to you as a Board. It threatens, among other things, and this is a big deal, it threatens the integrity of the vision, the overall vision for Battery Park City. That vision is embedded in part because these things have to be embedded in legal documents, that vision is embedded in the ground leases for the various buildings, residential and commercial, in the neighborhood. And a threat to sort of arbitrary unilateral abrogation of ground leases or portions of ground leases really is a threat to the community. And as a threat to the community, it becomes an issue of trust between you as Board member, and the community. If we can't take your interest in preserving our interest under those ground leases seriously then we're all in trouble. You're public stewards. You're both our landlords and you're the stewards of the vision for Battery Park City. We have tried in the course of these discussions to, and we haven't gotten very far, to get everybody in the same room, and we recognize times change, things change, things are different, to sit down and talk through these differences. We see this not as just a dispute between two parties, a commercial party and a residential party and a building, it's not all about money, it's about other things. We need the BPCA to get us together in the same room to have productive discussions with the hotel owner, Urban Commons. So far we haven't been able to do that, and up to now we've been faced with what we see as a series of [indiscernible] and which all of a sudden we wake up one morning and there's the Wagner Hotel, the Ritz is gone, and now if we look at the Wagner website, they've that as of April 1st, this year, they're going to be the Luxury Collection. Hmm, I don't think you guys have acted on that. This is very, very, very, very disconcerting despite the fact we've had reassurances to the contrary that this wouldn't happen as we've had our discussions with the BPCA all along. What we would ask you to do is not take any actions on this until you can get us in the room with the right people to have some really productive discussions on where to go with this. There may be difficulties in doing the letter, every piece of the ground lease, but for heaven sakes, we shouldn't be left out to hang. Again, to leave us out to hang, to abrogate the ground lease on a unilateral basis, or at least to let that happen, threatens the interest of the community as a whole. We want to work with you as stewards of the community, and we want to find a way out of this together in a productive manner. Thank you.

8. **Mr. Frank Desoto:** All right. I'll just keep it to like 30 seconds. I'm a resident of the Ritz-Carlton, which the Residential Board and attorney has already laid out everything that we've been dealing with for the last -- yeah. And so the last time we got together, we were speaking to George and asked him when would this be able to come to a head because this has been going for a long time. And the longer it goes on the harder it is to sell your unit, to get banks to be interested in providing financing, so it's a big problem for us. Most of us are here more than 10 years. I happen to live here. I also own a couple of restaurants in the neighborhood, and actually on in the 30 West Street, so we were here before that building was built, before the Visionaire was built. When my wife and I moved here, we came from Long Island, I thought I'd like to live in New York City. We lived in Union Square for a little while and when I saw an open ad for the residence in Ritz-Carlton, I loved -- I always loved Battery Park, just visiting here. Coming down to bicycle, it's great. We're a community. I said, "This is kind of like having your cake and eating it too. You can live in Manhattan and still have a little community lifestyle where you get to know everybody." And so we moved in. And we thought we were buying into this lifestyle at the Ritz-Carlton. We thought we were buying in a way you look at it, like we thought we were buying a first class ticket on an airplane and we ended up getting now an economy seat for the

rest of the journey. And we're just hoping that Battery Park Authority will, like everybody else has been saying, don't give in to the new owners. They knew what they were getting into. A lot of the people in this room are business owners, and sometimes you make a good decision and sometimes you make a bad decision. If you make a bad decision it's no different than putting your money in the stock market or doing things like this you've got to step up and take responsibility and take the hit. Don't ask others to do what you chose not to do. So with that, I'll just leave it if it's all the same.

9. **Leela Petrakis:** Thank you, very much. My name is Leela Petrakis. I'm from the same building as pretty much everybody else. My husband and I moved to Battery Park City in '91, so I guess next year will be 30 years. That's a long time. In '99 while I was pregnant, we've had our first and only daughter, we decided to make an investment and we bought an apartment at that same building from the plans frankly. And then before you knew it, before we moved in since 9-11 happened then we actually had the ability to, you know, get out of the contract and we decided we're going to stay because we loved our neighborhood and because we very much believed in what Battery Park City Authority to us was all about and it was sort of like the seal of approval. It was something official. We could always believe that what was in our offering plan was also backed by the ground lease. And to us there was never any bad about that. Fast forward, I think you've heard what's going on and it sounds like Battery Park City Authority has not approved the conversion from the five-star the nomination could stop existing two years ago to a four-star but I do want to let you know as of today everything that I'm going to say is as of today. The Wagner Hotel, as everybody has said, is not even listed on the Forbes Guide and AAA it's rated as four-diamonds. Today, you can actually get a room at the Wagner for \$129. But at the Conrad for \$473. And at the Four Seasons for \$645. I don't think there's a problem with the neighborhood. Our neighborhood is fine. It's actually extremely desirable. There's millions of people who work in the financial district. There is a reason why the Wagner is lowering their rates because they actually want to make this place a much cheaper place. They have actually grandfathered all of the customary things from the day of the Ritz-Carlton, and today you can go to Orbit, you can go to Expedia, you can go to Trip Advisor, they're still listing that hotel as a five-star hotel which you know that it's not. I took a lot of pictures this morning, and they're available in case somebody wants to look on them, on what the outside of that building looks like. And it looks nothing like areas of the buildings in Battery Park City. It is dirty. It's not kept in decent condition. There is a patch of green that's for years and years that's been disintegrating. There is a famous water fountain. The temperature has been over 50 degrees by the way, that fountain has still not worked for the last six or seven months. And here are all the pictures in case you wanted to see all of that. Last but not least, it sounds like you haven't approved it but they are advertising that the hotel is going to open as a four-star hotel on March 1, 2020, which is in three or four days from today. Thank you so much.

10. **Louis Grandelli:** Thank you. Thank you, everyone. My name is Louis Grandelli. I moved into Battery Park City in 1993. And I was one of the first people to purchase in the Ritz-Carlton. I signed a contract back in 2000, when they first broke on, and moved in after September -- in February of 2002. And we all bought based on this promise that we were going to be part of the Ritz-Carlton family, and we all knew, and we still have the most unobstructed view of the Statue of Liberty and the water in that area. And we all bought based on that promise. And after September 11th, there was maybe about 75 contracts signed for condominiums at that time, maybe 115 to 120 units and I know that 10 people went to the Attorney General after September 11th and they tried to get out of their contracts because they didn't want to live in that neighborhood anymore. But for the people that spoke here today, that Board at that time, we stuck it out because we didn't want to give in to anyone and have anyone move us out of where

we wanted to live, but we also stayed there based on the promise that we were given that we were going to live in this building, be part of the Ritz-Carlton family, we're lucky if we even got free breakfast at any hotels we had to stay in. There was never any commodity between the hotel and the residents. And every single year from when we moved in the place had slipped a little bit. First, the restaurant has not had any investment whatsoever. The [indiscernible] if you show it to people in the City, that was what this building was known for. That's the only place where people get together and socialize in this building and they claim that they can't make a profit in this [indiscernible] but because they had a social area, they were getting more money for the hotel rooms and the place has just had this black cloud. Now when I go to the gym the last two years, since Urban Commons took over, there's no attendant, it's filthy, puddles of sweat on the floor. Someone comes by periodically you hope to clean it up. No sanitary napkins. And to some of you, this may seem like champagne problems, but I will tell you that I bought well beyond my means. I could not -- I struggled to afford this apartment when I bought it, and I struggled at times to keep it up. But I did it based on the promise that we were given. And I was on this Board several years ago when it was West Brook, and we had meetings with them, we've always had an open dialogue, and they promised on numerous occasions that they wanted us to meet and to work something out and be practical, and we always welcome that. But they never once followed through. So the question is what was the plan for Urban Commons? I mean they bought this property two years ago and this was bought by West Brook years ago, along with I think eight or nine other buildings in Boston and D.C. but they knew that this was losing money. And West Brook never made any investment whatsoever. And Urban Commons has done the same thing. What was their plan to try to make this hotel profitable? They haven't invested one penny that we can see in any of the common areas or any of the amenities in the building. So how could they miraculously turn around and make this place profitable. And now since they've let it sunk to this level, their only plan is to obviously invest less money and get away with depriving us of the services that we were promised from the very beginning. Last, I'll just say that this should be one of the most important residential buildings in New York City. We are in -- it should be the crown jewel. We are right there with an obstructive view again of the Statue of Liberty. This should be the most valuable, amongst the most valuable real estate certainly downtown. And it's not. Mainly, or really solely because of the way the hotel is run, it's always had a black cloud on it -- over it, because they've never operated with any intention to make it into a better place and better for the residents and better for anyone that wants to stay there and that's why they won't get the money that they hope to get for the hotel rooms. Thank you.