

HUGH L. CAREY BATTERY PARK CITY AUTHORITY

Meeting of the Members  
200 Liberty Street, 24<sup>th</sup> Floor  
New York, NY 10281  
July 15, 2020

Members Present

George Tsunis, Chairman (via video)  
Donald Capoccia, Member (via video)  
Martha Gallo, Member (via video)  
Catherine McVay Hughes, Member (via video)  
Anthony Kendall, Member (via video)  
Lester Petracca, Member (via video)

Authority Staff in Attendance: Benjamin Jones, President and Chief Executive Officer (via video)  
Pamela Frederick, Chief Financial Officer/Treasurer (via video)  
Abigail Goldenberg, General Counsel (via video)  
Susie Kim, Deputy General Counsel (via video)  
Eric Munson, Chief Operating Officer (via video)  
Nicholas Sbordone, Vice President of Communications and Public Affairs  
(via video)

Others in Attendance: Olivia Moss, HR&A Advisors, Inc. (via video)  
Carl Weisbrod, HR&A Advisors, Inc. (via video)

The meeting, called on public notice in accordance with the New York State Open Meetings Law, convened at 12:10 pm.

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There was one (1) presentation during the period of public comment, which was read by Mr. Sbordone.

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The next item on the agenda, presented by Mr. Jones, was a request to enter into a Ground Lease Amendment and an Amendment to the QRS Agreement with Marina Towers Associates for Gateway Plaza.

Mr. Jones started off by thanking the Gateway Tenants Association, community leaders and local elected officials for their engagement and constructive dialogue, as well as the Board, the Governor's Office and the Authority team, including Pam Frederick, Abby Goldenberg, Nick Sbordone and Jim Gallagher, and those on the HR&A team – acknowledging a lot of effort went into this.

He then noted that Gateway Plaza was the first residential building in Battery Park City, with many tenants residing there for 20 years or more, and it is one of the few places where there is below-market rate housing in Battery Park City. He then summarized important aspects of the Agreement. It provides rent protections for the existing QRS tenants, i.e., those tenants that were living in stabilized apartments before July 1, 2009, and it provides a 2.5% annual cap on rent increases. He said this is

retroactive for this group of tenants, who had renewed their leases after the Stabilization Agreement expired on June 30.

He noted other salient features: the Agreement extends the length of the agreed upon ground rent terms, pushing back fair market value resets from 2040 to 2045; it increases the ground rent formula from 2023 through 2044 from 8.125% of collected rent to 10.75% of effective gross income; it requires a minimum capital investment in the building during this period as a 3% fee on net proceeds from refinancing; and it provides for the collection of \$13 million in owed commercial real estate taxes over the next three years, in four payments, with the first coming upon execution of the Agreement. He noted that the term sheet was executed and the Authority has been working with the owners to move forward. He again thanked the stakeholders and the team, noting that it has been an important issue in Battery Park City for many.

Mr. Tsunis noted that with this Agreement, the Authority was demonstrating a willingness to provide greater affordability for tenants in Battery Park City. He also said the final deal increased the economics to Battery Park City and thanked everyone who worked on it, including LeFrak.

Ms. McVay Hughes asked about associated costs and if the changes impacted the commercial components of the building in addition to the residential.

Mr. Jones replied that the estimated cost of the credit, which is dependent on market rents, is about \$50 million over the next 10 years and is, in essence, a subsidy to keep the apartments below market. In response to Ms. McVay Hughes' second question, he said the agreement focused on QRS tenants.

Ms. Gallo asked whether the capital investment would incorporate the Authority's commitment to sustainability and flood protection.

Mr. Jones responded that this agreement was narrowly focused on rent protections but he noted that the minimum capital investment is a new requirement in the Ground Lease that the owners of Gateway could avail themselves of to pursue sustainability improvements as required by Local Law 97 and the Authority's Sustainability Plan. He said the Authority expects to tackle both resiliency and sustainability in a subsequent negotiation and said the team intends to incorporate resiliency, sustainability, and affordability elements in other ground leases.

Ms. Gallo then noted that she hopes that the Authority is able to negotiate the ground leases of the other twelve rental buildings to increase the current amount of affordability in the community. She also asked whether tenants with multiple apartments in Gateway Plaza will get this advantage on each apartment. Mr. Jones replied yes.

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

**AUTHORIZATION TO EXECUTE AN AMENDMENT TO THE AUTHORITY'S GROUND LEASE WITH MARINA TOWERS ASSOCIATES, L.P. FOR GATEWAY PLAZA LOCATED AT 345 SOUTH END AVENUE AND AN AMENDMENT TO THE GATEWAY PLAZA QUASI-RENT STABILIZATION AGREEMENT**

BE IT RESOLVED, that the President and Chief Executive Officer (the “President”) of the Authority or her/his designee(s) be, and each of them hereby is, authorized and empowered to execute an amendment to the Authority’s ground lease with Marina Towers Associate, L.P. for Gateway Plaza located at 345 South End Avenue and an amendment to the Gateway Plaza quasi-rent stabilization agreement (“QRS”) (together, for purposes hereof, the “Amendment”) in accordance with the description of those amendments presented to the Members; and be it further

RESOLVED, that the President of the Authority or her/his designee(s) be, and each of them hereby is, authorized and empowered to execute and deliver the Amendment on behalf of the Authority, subject to such changes as the officer or officers executing the Amendment shall, with the advice of counsel, 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 Amendment; and be it further

RESOLVED, that the President of the Authority 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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There being no further business, upon a motion made by Ms. Gallo and seconded by Mr. Petracca, the Members unanimously voted to adjourn the meeting. The meeting thereupon adjourned at 12:28 pm.

Respectfully submitted,

Lauren Murtha  
Assistant Corporate Secretary

**Public Comment**  
**July 15, 2020**

1. **Audrey Hawkins**: I am a senior resident in Battery Park City. I strongly urge BPCA to consider outside exercises for the seniors. The volleyball court is airy, sunny, and a flat surface. We need activity badly. Exercise has anti-aging benefits and improves strength and ability, which we need now more than ever.