Directors Present:
Leslie Wright, Acting Chair
Diana L. Taylor, Chair
Michael Kuh
Lawrence B. Goldberg
Mitchell Silver
Jeffrey Kaplan
Joseph B. Rose
Jon L. Halpern
Pamela Frederick

Appearances:
For the Hudson River Park Trust:
Madelyn Wils, President & CEO
Daniel P. Kurtz, Executive Vice President of Finance and Real Estate & CFO
Sikander Zuberi, Vice President/ Director of Finance
Gary O’Brien Esq., General Counsel & Senior Vice President
Marc Boddewyn, Vice President of Design and Construction

Also Present:
Robert Townley, HRPT Advisory Council
Connie Fishman, Friends of Hudson River Park
The Press
The Public

Acting Chair Wright called the meeting to order at 4:06 p.m. and noted that all the members of the Board of Directors (the “Directors” or the “Board”) of the Hudson River Park Trust (the “Trust”) had received the Board meeting materials in advance.
Acting Chair Wright introduced the first item on the agenda, a resolution to approve the minutes of the January 26, 2017 meeting of the Board of Directors of the Trust.

Upon a properly called motion, the following resolution passed unanimously.

HUDSON RIVER PARK TRUST - Approval of Minutes of and Ratification of the Actions Taken at the January 26, 2017 Meeting of the Hudson River Park Trust Board of Directors

RESOLVED, that the Minutes of the Meeting of the Hudson River Park Trust Board of Directors held on January 26, 2017 are hereby approved by the Board of Directors, and all actions taken by the Directors present at such meeting, as set forth in the Minutes, are hereby in all respects, approved and ratified as actions of the Hudson River Park Trust, and a copy of such approved Minutes are hereby ordered filed with the records of Hudson River Park Trust.

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Acting Chair Wright introduced the second item on the agenda, a resolution to approve the minutes of the February 9, 2017 meeting of the Board of Directors of the Trust.

Upon a properly called motion, the following resolution passed unanimously.

HUDSON RIVER PARK TRUST - Approval of Minutes of and Ratification of the Actions Taken at the February 9, 2017 Meeting of the Hudson River Park Trust Board of Directors

RESOLVED, that the Minutes of the Meeting of the Hudson River Park Trust Board of Directors held on February 9, 2017 are hereby approved by the Board of Directors, and all actions taken by the Directors present at such meeting, as set forth in the Minutes, are hereby in all respects, approved and ratified as actions of the Hudson River Park Trust, and a copy of such approved Minutes are hereby ordered filed with the records of Hudson River Park Trust.

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Acting Chair Wright then introduced the third item, a request for authorization to enter into a three-year contract with MT Group, LLC (“MT”) for park-wide material testing services.

President Wils explained that to support the Trust’s construction activities in the Park, MT will perform construction related quality control inspections and testing services for upcoming construction projects. MT will also file technical reports with the NYC DOB and other
agencies. The services are required for planned construction projects over the next three years, including the Pier 40 pile repairs, the Morton Street bulkhead restoration, the Pier 54 connector, and Pier 26 build-out.

The Trust followed its Procurement Guidelines in selecting MT for this contract. In response to an RFP, ten firms submitted written proposals and, after consideration of responsiveness, responsibility, expertise, cost, and other factors, MT was selected. MT has committed to meet the Trust’s 30% combined M/WBE participation goal for this contract. The total cost for services required over the three-year contract term will not exceed $995,000. Funding will come from a variety of sources that generally match that which is available for the different capital construction contracts. These include proceeds from the sale of air rights to 550 Washington Street for the Pier 40 pile repair inspections, and State, City, or private sources providing specific project funding, or, as applicable, reserve funds of the Trust.

There being no further comments, upon a properly called motion, the following resolution passed unanimously.

HUDSON RIVER PARK TRUST - Authorization for Hudson River Park Trust to Enter into a Three-Year Contract with MT Group, LLC for Park-Wide Materials Inspection and Testing Services in an Amount of $995,000.00

RESOLVED, based upon the materials presented to the Board at its meeting on March 15, 2017, a copy of which is ordered filed with the records of Hudson River Park Trust, the Board hereby authorizes the Hudson River Park Trust to enter into a three-year contract with MT Group, LLC for Park-Wide Materials Testing Services in an amount of $995,000; and be it further

RESOLVED, that the President or her designee(s) be, and each of them is hereby authorized to take such actions as the President or her designee(s) may deem necessary or appropriate in order to implement the forgoing resolution.

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Acting Chair Wright introduced the fourth item, a request for authorization to amend the contract with Independent Temperature Control Services, Inc. (“ITC”) for Pier 40 fire pump restorations.

President Wils noted that at the Board’s July 22, 2014 meeting, the Board approved a contract with Independent Temperature Control Services, Inc. for the restoration of the Pier 40
fire pump system. The restoration Project includes installation of (1) an interim fire pump and controller system, (2) a new fire pump, (3) electrical wiring, (4) domestic water service, (5) meters, (6) a backflow prevention device, and (7) finish work. The contract was procured in the form of a lump sum bid for all work.

The Project requires multiple NYC agency approvals, including the NYC Department of Small Business Services, the NYC Department of Buildings, and the Fire Department of the City of New York. The required Project filings were submitted in a timely fashion by the Project’s design and construction management firm, LiRo Program and Construction Management, PE P.C. (“LiRo”). Notwithstanding timely submission, the age of Pier 40, lack of previous record filings by the City of New York, interagency coordination, and FDNY review, caused extensive delays in the issuance of construction permits. In particular, the plumbing and general construction portions of the Project were delayed by approximately two years. Construction permits were finally issued by DSBS on July 8, 2016 and construction work resumed promptly thereafter. ITC then submitted a claim for additional fees related to increased labor and material costs for the two-year delay (“Delay Claim”). In addition to the Delay Claim increase, there was a partially offsetting reduction in scope resulting in a contract credit. The contact amendment authorization requested is for the net contract increase (i.e., Delay Claim increase less scope reduction credit).

The Delay Claim of $510,762 represents an 18% increase in the total contract cost for the two-year delay period. To confirm the reasonableness of the Delay Claim, LiRo, on behalf of the Trust, performed three different analyses to confirm the reasonableness of the amount: (1) first, LiRo reviewed NYC and State construction cost indexes for the Delay Claim period, which rose 28%; (2) second, LiRo reviewed actual NYC and State bid submissions over the Delay Claim period and compared the original engineer cost estimates to the actual bids, which comparison revealed an average 35% increase; and (3) third, LiRo prepared a written cost estimate for the Project today and compared it to its original Project cost estimate at project initiation which showed a cost increase of 15%. President Wils noted that LiRo’s original Project cost estimate nearly matched ITC’s original bid, so this method of comparison has proven effective in the past. Accordingly, ITC’s 18% Delay Claim is reasonable.

The original Project scope included installation of a temporary fire pump and controller. FDNY would not permit this approach, so it was removed from the scope of the Project. The
credit back to the contract because of this reduction in scope is $235,407. Accordingly, the Delay Claim amount of $510,762 is partially offset by the scope change credit of $235,407, which results in this request for authorization to increase the total contract sum by $275,355. An additional $50,000 of contingency funds is requested to account for the variable nature of the FDNY final inspections and commissioning of the work.

The contract costs will be paid from the Trust’s capital maintenance budget. The Trust has notified FEMA and the State that the Trust will seek reimbursement of all Project costs, including the Delay Claim, up to the maximum allowable of 90% from FEMA and 10% from State. While not anticipated, it is possible that a portion of the Project scope may be deemed ineligible for reimbursement in which case such portion(s) will not be reimbursed to the Trust.

Director Kuh questioned the validity of a two-year delay. President Wils replied that the delay was largely due to a lack of a preexisting fire pump system on file. This lack of baseline plans caused a delay in FDNY approval since there was no prior system within the Pier 40 on record against which changes could be evaluated.

Director Goldberg wanted clarification that this delay was solely due to an increase in labor costs and materials. President Wils stated that the increased cost reflected, “two years later; meaning, if they had bid on this currently, this would be the cost”

Director Kaplan commented on the fire-safety hazard presented with the lack of an operating fire pump system. President Wils replied pointed out that corrective projects have been under construction for several years (such as fire alarm, fire pumps and sprinklers), and that the Trust was presently employing a manned “fire watch” to assure safety.

There being no further comments, upon a properly called motion, the following resolution passed unanimously.

**HUDSON RIVER PARK TRUST – Authorization for Hudson River Park Trust to Amend the Contract with Independent Temperature Control Services, Inc. for the Pier 40 Fire Pump Restoration Work in the Amount of $275,355 plus a $50,000 Contingency for a Total Board Authorization Amount of up to $3,468,687.**

**RESOLVED,** based upon the materials presented to the Board at its meeting on March 15, 2017, a copy of which is ordered filed with the records of the Hudson River Park Trust, the Board hereby authorize the Hudson River Park Trust to amend its contract with Independent Temperature Control Services, Inc. for the Pier 40 Fire Pump Restoration work in the amount of $275,355 plus a $50,000 contingency, for a total Board authorization amount of up to $3,468,687; and be it further
RESOLVED, that the President or her designee(s) be, and each of them is hereby authorized to take such actions as the President or her designee(s) may deem necessary or appropriate to implement the foregoing resolution.

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Acting Chair Wright introduced the fifth and last item, a request for approval of the April 1, 2017 to March 30, 2018 Fiscal Year Operating Budget of the Trust.

Mr. Kurtz explained that the budget was discussed with members of the Finance Committee on a preliminary basis in January, after which it was posted on the trust website. The preliminary budget was then revised and reviewed by the full Finance Committee on March 7th, and the Committee chair, Jeff Kaplan, can report upon the Committee’s recommendation at the end of this presentation. Upon approval by the Board, the proposed budget will replace the preliminary budget on the website and be filed with the New York State Comptroller.

Mr. Kurtz then explained that the operating budget is an essential document against which the Trust’s financial performance is tracked throughout the fiscal year. Reference is made to the budget on all spending resolutions presented to the Board for operating, capital maintenance and capital reconstruction contract approvals. Personnel costs and operating expenditures that are not contracts are nevertheless restricted to major budget category totals. The Board would be approached if any major category needs amending. An adverse change that would materially affect the approved and filed budget must be reported to the State Comptroller per the Public Authorities Law.

Mr. Kurtz outlined that, in addition to the operating budget, the Trust prepares quarterly, and before each board meeting, a balance sheet report called Statement of Financial Condition which describes also the amount of estimated reserves. The Trust also produce annual audited financial statements and an annual financing plan which presents the Trust’s long term plan for funding the completion of the park. The financing plan is also placed on the Trust's website and a hard copy is included with today’s Board packet.

Mr. Kurtz then presented Exhibit 1 which presents (1) the overview summary of the proposed FY2018 budget; (2) a comparison against the FY2017 approved budget; and (3) a comparison against the projected actuals for FY2017. In summary, budgeted revenue is $27.5 million, personnel and fringe costs are $8.9 million and other non-personnel operating costs are $12.4 million. The Trust is therefore budgeted to have an operating surplus of $6.2 million after consideration of these operating expenses but before certain other costs.

Mr. Kurtz explained that the $6.2 million operating surplus is calculated on an income statement basis but before non-cash expenses such as accrued pension costs and book
depreciation. If included, these non-cash costs would result in a projected deficit of $6.5 million. Mr. Kurtz further explained that alternately, if capital maintenance, reconstruction and equipment costs (net of reimbursements) were deducted, the Trust would have a deficit of $271,000. In this second calculation the deductions are net of reimbursement revenue from third party government and restricted sources. If these reimbursement revenue sources are excluded, the Trust would have a projected deficit of over $20 million, which, from a practical perspective, would result in a deferral of certain capital maintenance projects.

Mr. Kurtz mentioned that Exhibit 1 also showed projected actuals for the soon-to-end FY2017. These figures are preliminary and subject to change as the Trust closes out the fiscal year and does the annual audit. One highlight from the projected actuals is that revenue is approximately $3.5 million higher than budget. This variance is partially due to an accounting recognition of the full Chelsea Piers PILOT, whether paid or deferred. Only the phase in-amount was previously budgeted with the accrued deferral omitted. Another factor increasing revenue was that parking revenue came in higher. The Trust enjoyed strong event revenue from Hornblower and higher than anticipated occupancy as neighboring parking lots went out of business and were turned into development site.

Mr. Kurtz pointed out that a second highlight from projected actuals is that capital maintenance was $1.5 million less than budgeted, and on a gross basis (before reimbursement from government and restricted sources) was over $8 million less. This was caused entirely by delays in getting necessary government approvals -- first for the reconstruction of the Morton street bulkhead, and second for the completion of Pier 40 pump work. The fire pump work was the necessary precursor for sprinkler repairs, which as a consequence was also delayed. Both of the projects were deferred and are now sitting in the FY2018 budget.

Mr. Kurtz then presented Exhibit 2 which reorganizes the budget along Trust’s functional categories. The largest increase is for insurance as the Trust’s insurance policy had to be re-priced for a new carrier. Mr. Kurtz mentioned that, unlike State and City parks, the Trust has to secure private insurance. While the Trust’s liability insurance is reimbursed by the City and State, the Trust must bear the full cost of property and flood insurance, as well as a host of miscellaneous coverages.

Mr. Kurtz then described the distribution of expense categories excluding capital maintenance. Mr. Kurtz noted that the Trust attempts to keep park administration and overhead to less than 30%. This year it is 28%. Continuing with the distribution of expenses, capital maintenance was the Trust’s single largest category at 24%. This cost is net of government and restricted fund reimbursement.

Mr. Kurtz next presented Exhibit 3 that shows the compressed budget. The primary change from the prior year is the $1.1 million reduction in Pier 40 capital maintenance. It was explained that this a net number as the Trust expect increased reimbursements from City sources.
and St. Johns air rights sale proceeds. The following bar chart compares the proposed and previously approved budget for major categories. Again, revenue and capital maintenance show the greater growth, though the capital maintenance bar is higher because of projects deferred from the current year.

Mr. Kurtz next presented Exhibit 4 which shows revenue detail. Projected parking revenue reflects an anticipated parking rate hike scheduled to take effect on April 1 and an offsetting decrease created by sprinkler work disruption. The contribution from Friends of Hudson River Park is held constant at $1 million.

Mr. Kurtz then spoke from Exhibit 5 which details the Trust personnel services. The 6% annual increase in personnel services results from a combination of an increase in full time staff from 69 to 72 (about a 4% increase), and an average 2.75% increase in wages. It should be noted that last year the trust’s non-unionized work force did not get an across the board increase, though some salary adjustments and promotions were granted.

Exhibit 6 which presents smaller other than personnel (OTPS) categories was then described. These small categories tend to show the greatest percentage variations, but for reporting purposes are rolled up to an aggregate. Notable budget increases are for OTPS categories that (1) implement the roll out of the trust new graphic brand, such as signs and banners and uniforms, (2) computer software, as staff anticipates a number of upgrades in the coming fiscal year, and (3) other outside services which include a greater utilization of on-call repair and maintenance services. The overall increase in OTPS is only 2%.

The next bar chart showed the larger OTPS categories which are also listed on Exhibit 1. The largest single item is security ($2.6 million), followed by utilities ($1.6 million) and janitorial/sanitation services ($1.3 million). The Trust anticipates a small reduction in utilities and an increase in the cost of cleaning services. The largest percent increase is for insurance.

The final Exhibit 7 lists the categories of capital maintenance and reconstruction together with new equipment purchases. The Trust’s largest expense category this year is anticipated to be marine repairs, headlined by the reconstruction of the Morton street bulkhead, the completion of Pier 40 pile repair design and the beginning of physical work, and repairs shown to be necessary as the Trust starts its park wide marine inspection program. The gross number for capital maintenance in FY2018 is $26 million, but the Trust is expecting over $20 million in reimbursements from state, city, FEMA, and restricted sources. The budgeted net number is therefore $5.5 million. The Trust also anticipates about $1 million in new capital equipment purchases, including IT, operations vehicles and more security cameras.

Mr. Kurtz thanked members of the Finance Committee for their guidance over the year and thank also Sikander Zubari who painstakingly reviewed each budget category, meet repeatedly with the Trust department heads to fine tune the numbers and has made all necessary filings with the State Comptroller.
Acting Chair Wright asked for the source of the reimbursement for the Morton Street bulkhead repairs, and Mr. Kurtz answered that the two projects are being reimbursed primarily through State funds.

Director Goldberg asked about the “other income” category listed in the charts given to the Board for the presentation, which Mr. Zuberi answered was the money received from vending machine sales and the sale of refreshments and other items from at various events. Director Goldberg also questioned the meaning of the “general consultant”, which Mr. Kurtz answered that the general consultants are third-party consultants hired for primarily for events.

Director Rose and Director Frederick asked where the reimbursements for the $4 million of Pier 40 capital maintenance would come from, which Mr. Kurtz answered were from the State of New York, FEMA, and anticipated funding from the City of New York through the an upcoming budget allocation of $14.1 million. Mr. Kurtz also referenced Exhibit 1, where the gross $26 million of capital maintenance and reconstruction work would be reimbursed by $20 million, leaving the net of capital maintenance and reconstruction cost of $5.5 million.

Mr. Kurtz noted that money from State appropriations used for capital maintenance and reconstruction were not available for new Park construction. Director Frederick asked for a clarification on a Board discussion from three years ago to stop spending money on Pier 40 since it was determined there was little profit from repairing Pier 40. President Wills emphasized that the extra expenses on Pier 40 in the current budget were to address safety issues. Mr. Kurtz added that since the future development of Pier 40 was uncertain, decisions to make investments to upgrade parking, for example, had been deferred, with President Wills adding that the Board asked the Trust not to do so. Director Frederick further questioned the amount spent on Pier 40. The Directors then deliberated and reached the consensus that the budgeted expenditures for Pier 40 were for existing uses and to support the Park as a whole and, with the exception of essential pile repairs, not for future development or any particular expansion of existing uses.

Finance Committee Chair Kaplan then reported that the Committee had reviewed the budget in detail, found its assumptions to be reasonable, and recommended approval by the full Board.

Acting Chair Wright asked if there were any other questions and Director Rose commented that there were issues with the long term capital plan since the Trust was $200 million short of its goal and additional money would be needed to finish the Park. Director Rose urged the Board to approve the proposed operating budget, but to have a clear understanding of the fiscal and long term situation.

There being no further comments, upon a properly called motion, the following resolution passed unanimously.
HUDSON RIVER PARK TRUST - Approval of the Hudson River Park Trust April 1, 2017 – March 31, 2018 Fiscal Year Operating Budget

RESOLVED, based upon the materials presented to the Board at its meeting on March 15, 2017, a copy of which is ordered filed with the records of the Hudson River Park Trust, the Board hereby approves the April 1, 2017 – March 31, 2018 fiscal year Operating Budget; and be it further

RESOLVED, that the President or her designee(s) be, and each of them is hereby authorized to take such actions as the President or her designee(s) may deem necessary or appropriate in order to implement the foregoing resolution.

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The Board items being concluded, President Wils thanked the Board and began the President’s Report by mentioning that the Trust’s ten year capital plan for finishing the Park and covering operating expenses would form the basis of discussions regarding the future of Pier 40. President Wils stated that Community Board 2 (“CB2”), consisting of a task force of 7 voting CB2 members with Tobey Bergman as the chair, would discuss the future of Pier 40 in an upcoming public hearing. The CB2 task force has non-voting members representing local elected officials, CB1, CB4, Friends of Hudson River Park, sports leagues, and the Village Community Boat House. President Wils stated the Trust will give a presentation of an overview of the HRPT Act to CB2 on March 30th, and provide CB2 with any information requested. President Wils also invited the Board to the presentation on March 30th and that members of the Board will be notified for all meetings with CB2.

President Wils then introduced new members of the Trust’s staff, and introduced a presentation from Mr. Townley of the Advisory Council.

Mr. Townley addressed quality of life issues at the Park, starting with safety issues, suggesting that a stationary PEP outpost be established in the Pier 25/Pier 26 area. Mr. Townley also mentioned that City Winery located at Pier 26 has quickly become a cultural destination for the neighborhood.
Mr. Townley also addressed the dangers of the E-bikes breaking traffic laws and causing accidents. Mr. Townley noted that the rate of accidents increased over the past summer and winter.

Mr. Townley concluded by noting the recent death of a woman crossing from Chambers Street into the Park. Mr. Townley added that DOT commissioner, Luis Sanchez, was responsive during this incident and installed a light that prevents cars from making right turns.

President Wils spoke added that, ultimately, cameras will be installed throughout the Park. President Wils also mentioned that dog owners were taking advantage of the Park and nearly 50 warnings and summons were given within the last couple of weeks. Director Frederick and Acting Chair Wright asserted that there were issues controlling dogs in State Parks in general, and proposed brainstorming solutions for the future.

Ms. Fishman gave the final presentation of the President’s Reports, and addressed events held by Friends, starting with the Hudson River Park Games to be held on May 13th, and a Backyard Barbecue fundraising event at Chelsea Piers on June 1st. Ms. Fishman also noted that the Chelsea Water Side Park capital campaign topped $1,038,000 and just need to raise another $112,000 for their goal. Ms. Fishman ended her presentation by stating that there would be meetings held with local elected officials to request grants in the City’s fiscal year 2018 budget for parks, education, and environmental programs.

There being no further business, and on a properly-called motion, the meeting was adjourned at 5:30 PM.