

THE TRUST FOR GOVERNORS ISLAND

MINUTES OF THE MEETING
OF THE BOARD OF DIRECTORS
OF
GOVERNORS ISLAND CORPORATION d/b/a
THE TRUST FOR GOVERNORS ISLAND
JUNE 20, 2017

A meeting of the Board of Directors of Governors Island Corporation d/b/a The Trust for Governors Island (“The Trust”) was held on Tuesday, June 20, 2017, on Governors Island, New York.

The following members of the Board of Directors of The Trust were present:

Carl Weisbrod, Chairperson
Cheryl Effron
Alicia Glen
Ben Lawskey
Susan Mercandetti
Kevin Ryan
Avi Schick
Catherine Hughes (via telephone)

Also present were staff from The Trust, the Mayor’s Office, and The Friends of Governors Island (“FGI”).

Carl Weisbrod, Chairperson of the Board, called the meeting to order and welcomed all in attendance. Marni Friedlander, Secretary and General Counsel for The Trust, served as Secretary of the duly constituted meeting, at which a quorum was present.

Mr. Weisbrod began the meeting by welcoming a new Board member, Dan Neidich (who was not present), and recognizing his successful career in New York real estate.

After these opening remarks, Mr. Weisbrod commenced the meeting.

1. Approval of the minutes of the meeting of Directors held on March 30, 2017

There were no questions or comments. A motion to approve such minutes, as submitted, was made, seconded, and unanimously adopted.

2. Chairperson’s Report

Mr. Weisbrod delivered a Chairperson’s report to the Board, noting that the structure of The Trust’s Board meetings will change at subsequent Trust Board meetings. Mr. Weisbrod noted that Board committees will present voting items to the full Board instead of staff. Mr.

Weisbrod indicated that action items will receive more in-depth attention by involvement of the Board committees which will meet, as needed, prior to a full Board meeting.

Mr. Weisbrod then indicated that today's agenda reflects the creation of two other committees, the Finance Committee, which will be separate from the Audit Committee, and the Executive Committee, which will act in cases of emergency between Board meetings.

3. Authorization to establish a Finance Committee and approve the appointments to the Audit, Finance and Real Estate Committees

Mr. Weisbrod presented this item. He explained that The Trust President and Board Chairperson found it appropriate to establish a new Finance Committee, which would no longer be part of the Audit Committee. The proposed Finance Committee would provide financial planning, oversight and reporting, budget monitoring, investment oversight, and the creation and monitoring of internal controls.

The Board formed the Real Estate Committee at the Board meeting on January 17, 2017. Pursuant to Section 6.01 of the By-Laws, the Chairperson appoints committee members and committee chairpersons. The Trust President and the Board Chairperson proposed the appointment of new members to the Real Estate and Audit Committees and the appointment of members to the Finance Committee.

With no additional discussion, questions or comments, a motion to approve the item was made, seconded, and unanimously adopted.

4. Authorization to Create an Executive Committee and Authorization to Amend The Trust's By-Laws to Authorize the Delegation of Authority to the Executive Committee

Mr. Weisbrod presented this item. He explained that the membership of the proposed Executive Committee will consist of the chairs of all of the other committees.

Avi Schick expressed concern about the broad delegation of authority to the Executive Committee and the potential for the diminishment of the efficacy of the full Board. Mr. Schick then asked whether the open meetings laws would apply to the Executive Committee. Mr. Weisbrod replied that the Executive Committee would only convene on an "as needed basis" where Board action is required in between Board meetings. He also noted that ultimate power would remain with the Board, so the Board could withdraw power from the Executive Committee if the Board felt that the Executive Committee was acting inappropriately. Mr. Weisbrod also explained that the Executive Committee would be subject to the open meetings law and that all Board members and members of the public are welcome to attend the meetings. Marni Friedlander confirmed that the Executive Committee is subject to the open meetings law.

Mr. Schick proposed a revision to the resolution that would limit the authority of the Executive Committee to only act if a quorum of the full Board is unavailable. Kevin Ryan asked how many people constitute a quorum. Ms. Friedlander replied that quorum requirement for the Executive Committee is less than a full Board meeting, so the Executive Committee would provide The Trust with more flexibility to do business, as needed. Mr. Weisbrod asked that the Board see how the implementation of the By-Law amendment works as written, and noted that the Board may revise the committee authority later on if deemed necessary by the Board.

Ben Lawsky and Mr. Ryan confirmed their support of the creation of the Executive Committee and Mr. Lawsky added that if the Board found that the committee's charter is defined too broadly, the Board could later revisit the issue.

Mr. Schick asked whether phone availability would be made for Board members at Executive Committee meetings. Ms. Friedlander responded affirmatively.

With no further questions or comments, a motion to approve the item was made, seconded, and approved. Mr. Schick dissented.

5. Approval of The Trust's FY 2018 Operating Budget

Willa Padgett, Chief Financial Officer of The Trust, presented this item. Ms. Padgett noted that The Trust's FY 2017 will end with a surplus, which is attributed to both increased revenue and savings in The Trust's staff expenses.

Ms. Padgett proceeded to discuss The Trust's FY 2018 operating budget. She reported that the City of New York (the "City") increased The Trust's FY 2018 operating budget by \$2.075 million for environmental and land use planning services for the South Island. She thanked the City's Office of Management and Budget ("OMB") and City Hall.

Ms. Padgett noted that The Trust's facilities management contract expense for FY 2018 has a slight increase due to the extension of the public access season through October. Ms. Padgett also reported that The Trust's staff expense is slightly higher in FY 2018 based on the creation of new staff positions due to the shift of some positions from the facilities management contract to The Trust to increase efficiency and generate budget savings. Ms. Padgett also explained that FY 2018 marks the first time that tenant income will be included in The Trust's budget due to the new QC Terme Spa and LMCC.

Ms. Padgett concluded that The Trust seeks approval of a total FY 2018 Operating Budget of \$19,845,000.

Cheryl Effron asked that because FY 2018 is the first time tenant income is included in the operating budget, the Board be alerted if there are delays in rent from the tenant. Mr. Samuelian responded that the Board would be alerted of any delays.

With no additional questions or comments, a motion to approve the item was made, seconded, and unanimously adopted.

6. Approval of FY 2018 Capital Budget

Alexis Offen, Chief Operating Officer for The Trust, presented this item. Ms. Offen explained that the FY 2018 Capital Budget covers nine new projects and that The Trust's FY 2018 Capital Budget is \$37,150,000.

Ms. Offen stated that the capital funds for FY 2018 would be used for the following projects: (1) underground utility improvement at \$10 million, (2) ferry acquisition which includes an additional \$5.5 million for a total of \$11.5 million, (3) secondary electrical systems upgrade for \$5 million, (4) North Island lighting for \$5 million, (5) South Island perimeter lighting for \$5 million, (6) a new Operations Center for \$3 million, (7) backup power generators for \$2 million, (8) sewage pump house for \$1.5 million, and (9) the renovation of the Admiral's House for \$150,000.

Cheryl Effron asked whether the underground utilities improvement consisted primarily of electrical work. Ms. Offen responded that this work is focused on sanitary, sewer, and gas

lines. Mr. Samuelian further clarified that the underground infrastructure has been de-coupled so that sanitary, storm and gas lines are all of the infrastructure necessary to connect the South Island to the North Island. Ms. Effron asked whether both the infrastructure and electrical system improvements were necessary in order to tenant North Island. Mr. Samuelian responded yes.

Susan Mercandetti asked whether solar lighting was being considered. Mr. Samuelian responded yes and that The Trust is in conversation with the City's Chief Technology Officer's ("CTO") office regarding options for solar or smart lighting. Alicia Glen said that the idea would be to work with the CTO to procure a test case for lighting before making a final decision.

Mr. Samuelian noted that the ferry acquisition budget is in addition to funds already authorized by the Board which now has a total of \$11.5 million in funding. He also explained that the funds for the renovation of the Admiral's House are provided by the Manhattan Borough President's Office.

Ms. Mercandetti asked whether the funding for the renovations of the Admiral's House were sufficient. Mr. Samuelian responded that The Trust is seeking additional funding.

With no additional questions or comments, a motion to approve the item was made, seconded, and unanimously adopted.

7. Authorization to amend The Trust's Master Contract with the City

Marni Friedlander presented this item. She began by thanking the City for the continued financial support to Governors Island and The Trust.

Ms. Friedlander said that at the March 2016 meeting of the Board, the Board authorized The Trust to enter into a Master Contract with the City for four years, with a one-year option to renew. Ms. Friedlander explained that an amendment of the Master Contract was needed because of an increase in the City's funding of The Trust's expense and capital budgets and an amendment of The Trust's procurement guidelines to allow The Trust to use contracts that have been competitively procured by the New York City Economic Development Corporation ("EDC"), Brooklyn Bridge Park Corporation, and Brooklyn Navy Yard Development Corporation.

Mr. Weisbrod asked whether EDC, Brooklyn Bridge Park Corporation, and Brooklyn Navy Yard Development Corporation all have the same procurement requirements as The Trust. Ms. Friedlander responded yes and that this amendment would allow The Trust's procurements to be more efficient and cost-effective.

Ms. Friedlander recommended that the Board approve an increase to the FY 2017-2020 Master Contract maximum price to \$171,977,663 in order to reflect total funding, as well as an amendment to Section 3.09 in order to streamline procurements as discussed above.

Mr. Schick asked whether all of the entities have similar provisions to the proposed amendment to Section 3.09 of the Master Contract in their own By-Laws or operations. Ms. Friedlander responded yes and that the proposed amendment to Section 3.09 would allow these entities to leverage off of each other's procurements.

Mr. Schick asked whether The Trust is bound by legal obligations other than the Master Contract which would govern procurements. Ms. Friedlander responded that The Trust is subject to the Public Authorities Law. She clarified that the proposed amendment would only affect the Master Contract and is not a change to the By-Laws.

Mr. Weisbrod and Ms. Effron noted that it seemed that every year the Board approves the capital or operating budget, an amendment to the Master Contract is required as well. Ms.

Friedlander stated that this is a City requirement for contract registration with the Comptroller. Ms. Glen confirmed this.

With no additional questions or comments, a motion to authorize the item was made, seconded, and adopted. There was one dissention.

8. Authorization to amend the Facilities and Construction Management Contract with LiRo Program and Construction Management, PE P.C.

Ms. Friedlander presented this item. She explained that LiRo Program and Construction Management, PE P.C. (“LiRo”) is the current construction and facilities management firm for Governors Island. The Trust uses the LiRo Contract for procuring and overseeing nearly all of the construction work for capital projects and operations, including the ferry and security.

Ms. Friedlander noted that the Board had previously authorized The Trust to amend the LiRo Contract to include a not-to-exceed price of \$47,206,653. She then stated that The Trust proposed amending the LiRo Contract to increase the scope and contract price to include FY 2018 operating funds in the amount of \$13,351,000, and FY 2018 capital budget in the amount of \$31,650,000, which is only a portion of the capital budget because LiRo does not oversee the ferry acquisition capital project. Ms. Friedlander thus recommended that the Board authorize The Trust to amend the LiRo Contract to increase the not-to-exceed price to \$92,207,653.

With no further questions or comments, a motion to approve the item was made, seconded, and adopted.

9. Authorization to amend the Resident Engineering Contract with STV Inc. (“STV”)

Ms. Friedlander presented this item. Ms. Friedlander explained that The Trust entered into a contract with STV on January 1, 2012, with a not-to-exceed price of \$18,342,000 to serve as resident engineer on Governors Island (“STV Contract”). Ms. Friedlander stated that the Board has previously approved three amendments to the STV Contract. Ms. Friedlander noted that STV now is acting as resident engineer solely for the Soissons Dock project.

Ms. Friedlander recommended that the Board authorize the last amendment to the STV Contract, which extends the time within which STV can fully perform the Soissons Dock project and increases the maximum contract price by \$70,000 for a new total maximum price of \$24,671,845.

Mr. Lawsky asked if the Board was approving \$70,000 now and whether the STV Contract was for \$24 million over five years. Ms. Friedlander responded yes.

With no additional questions or comments, a motion to approve the item was made, seconded, and unanimously adopted.

10. Authorization to enter into a Contract with FXFOWLE Architects, LLP (“FXFOWLE”)

Mr. Samuelian presented this item. He expressed gratitude to the City for providing funding for the South Island redevelopment.

Mr. Samuelian stated that FXFOWLE will assist with master planning services, including providing support services for the re-zoning effort and the Environmental Impact Statement (“EIS”) and to assist AKRF Inc. with the environmental review. He noted that EDC previously engaged FXFOWLE to do some early planning work for the South Island redevelopment.

Mr. Samuelian thus recommended that the Board authorize The Trust to enter into a contract with FXFOWLE for re-zoning and master planning services for up to three years with a not-to-exceed maximum contract price of \$750,000.

Mr. Schick asked whether the contract price of \$750,000 was a realistic cost and if this contract was done as a sole source. Mr. Samuelian responded yes to both questions.

Mr. Weisbrod asked who will be directing FXFOWLE's work. Mr. Samuelian responded that The Trust will be guiding FXFOWLE.

Ms. Effron asked whether \$750,000 would be the maximum price. Mr. Samuelian confirmed that it would be the maximum.

With no additional questions or comments, a motion to approve the item was made, seconded, and unanimously adopted.

11. Authorization to Enter into an Agreement with EDC to Jointly Engage a Consultant for a Transportation Study

Ms. Offen presented this item. She explained that a transportation study is critical to Governors Island and The Trust's redevelopment strategy. Ms. Offen stated that EDC and The Trust have partnered to evaluate existing transportation options and alternatives for Governors Island, and that EDC has retained the Arup Group ("Arup") to lead the study.

Ms. Offen explained Arup's scope of work includes a literature review of transportation case studies for other islands and similar spaces to address the issues of transportation, demand models for passenger and freight options, passenger and freight access, and ultimately issue a recommendation comprised of its findings and a final report. Ms. Offen stated that the total cost of the study is \$496,966.29 and The Trust would pay for half of this total price. The study is anticipated to be completed in late July. Mr. Samuelian added that The Trust's financial obligation to EDC would be split between two fiscal years.

Mr. Weisbrod asked whether the underlying contract between EDC and Arup is underway and whether the Board is being asked to approve the agreement for The Trust to pay half of the cost. Mr. Samuelian responded yes to both questions.

Mr. Lawsky asked if the agreement with Arup was made two years ago. Mr. Samuelian responded that he made the agreement in November. Ms. Glen added that Arup already had an agreement with EDC and The Trust realized it could leverage the contract and add to Arup's scope of work. Mr. Samuelian stated that The Trust conducted a competitive procurement and Arup had the best proposal.

Ms. Mercandetti asked whether the proposed transportation study would determine how many times the ferry would travel back and forth from Governors Island. Mr. Samuelian responded that it was a transportation study based on peak demand number of people, how many ferries are needed, and how big they need to be. Ms. Glen suggested that once the study is concluded, Arup could do a presentation for the Board.

Ms. Effron asked how the proposed transportation study would interact with the EIS. Mr. Samuelian responded that it might inform the EIS, but AKRF will conduct a completely separate transportation study. Ms. Effron asked whether the underlying data would be shared. Mr. Samuelian responded that it would.

With no further questions or comments, a motion to approve the item was made, seconded, and unanimously adopted.

12. Authorization to enter into a Contract with Blount Boats, Inc. (“Blount”)

Ms. Offen presented this item. Ms. Offen explained that at the January 2017 Board meeting, the Board authorized The Trust to develop a Request for Proposals (“RFP”) for the design and construction of a new passenger-only ferry. The Trust released the RFP in February and received five responses, which were evaluated by a committee consisting of Trust staff, representatives from The Trust’s naval architecture firm and the Staten Island Ferry’s Director of Ferry Engineering. Ms. Offen stated that after the committee evaluated the responses for references, shipyard qualifications and price, they unanimously selected Blount as the winner.

Ms. Offen explained that Blount will deliver the new ferry within 608 days of contract execution and would provide for a maximum price of \$9,233,700.

Mr. Weisbrod asked for clarification about the precise nature of the 608-day time period. Ms. Friedlander and Mr. Samuelian noted that the ferry construction will take approximately 500 days, and the remaining time will be spent on review by both The Trust and its naval architect.

Ms. Mercandetti asked whether any of the other respondents are based in New York. Ms. Friedlander responded that one was, but their proposed price was more expensive. Ms. Offen explained that Blount is located in Rhode Island and that the New York-based company did not score as well as Blount on the other RFP criteria.

Mr. Lawskey asked whether the \$9,233,700 for the Blount Contract would be coming out of the \$11.5 million allotted for ferry acquisition and whether it was a reasonable price for a passenger-only ferry. Mr. Samuelian responded yes to both questions. Ms. Glen responded that the price is within the range of what is comparable for a passenger-only ferry.

Mr. Lawskey asked whether The Trust had consulted with EDC and the New York City Department of Transportation (“DOT”). Mr. Samuelian stated yes.

Mr. Weisbrod asked whether The Trust knows what the boat will look like. Mr. Samuelian said yes and noted a picture will be shown in his President’s Report.

Mr. Schick asked what the size and capacity of the boat is compared to the current ferry. Mr. Samuelian responded that the current ferry can hold up to 1,200 passengers and 36 vehicles and that the new ferry will hold up to 400 passengers.

Ms. Efron asked whether it has air conditioning. Mr. Samuelian responded that there would not be any air conditioning, except for the captain’s deckhouse.

With no additional questions or comments, a motion to approve the item was made, seconded, and unanimously adopted.

13. Authorization to amend the Naval Architect Contract with Glosten Associates, Inc. (“Glosten”)

Ms. Offen presented this item. She explained that at the January 2017 meeting, the Board authorized an amendment to The Trust’s contract with Glosten to assist with the RFP for ferry acquisition and provide specifications and designs. Ms. Offen stated that The Trust would like to have Glosten serve as The Trust’s owner’s representative for the ferry construction with Blount. Ms. Offen explained that the proposed amendment would include a new scope of work, which includes design review, change order management, inspections, oversight and warranty support.

Mr. Weisbrod asked whether Glosten is an advisor to The Trust. Ms. Offen responded yes. She also noted that the amendment would increase the Glosten Contract by \$698,600, with an additional term of two years and four months.

Ms. Effron asked whether the price is relatively proportionate to the firms that the City has previously procured for oversight. Mr. Ryan noted that the price was more than ten percent of the total cost. Mr. Samuelian responded that he had the same concerns regarding price and that The Trust has consulted DOT and the New York City Police Department Marine Division and has determined that this price is commensurate with the work required.

Ms. Effron asked what the previous amendment to the Glosten Contract covered. Ms. Offen replied that Glosten prepared the ferry construction RFP with The Trust's staff.

With no additional questions or comments, a motion to approve the item was made, seconded, and unanimously adopted.

14. Authorization to enter into a Contract with Verizon New York Inc. or its subsidiary

Ms. Friedlander presented this item. She thanked the City's Law Department, the Department of Information Technology and Telecommunications and the CTO for their assistance with this matter.

Ms. Friedlander explained that on December 1, 2014, The Trust received a sole source authorization from the City to enter into a contract with Verizon to install, operate, and maintain fiber optic cable within the Hugh Carey Battery Tunnel ("Tunnel"). She added that the Tunnel is owned by the Triborough Bridge and Tunnel Authority ("B&T") and that on December 14, 2011, The Trust entered into an agreement with B&T, allowing The Trust the right to access and use certain portions of the Tunnel. Through this agreement, The Trust owns four conduits in the Tunnel.

Ms. Friedlander stated that The Trust is seeking Board approval to use only one of the four conduits to install Verizon fiber optic cable. The Verizon contract will be five years, with a five-year option to renew at The Trust's sole discretion. She noted that the work is being done at Verizon's sole cost. Ms. Friedlander stated that The Trust believes that this fiber optic cable network will be sufficient for the current and future tenant needs. She thus asked that the Board authorize The Trust to enter into a contract with Verizon for the provision of fiber optic cable for a five-year period and a five year option to renew at no cost to The Trust.

Mr. Schick asked who would own the cable after it is installed. Ms. Friedlander replied that Verizon would own the cable as long as the agreement is in place. Mr. Schick asked whether there is a negotiated price upfront for the cable if The Trust terminates the agreement. Ms. Friedlander responded The Trust is negotiating a price.

Mr. Weisbrod asked whether at the end of ten years, the cable would still be free to The Trust if The Trust terminated the agreement. Ms. Friedlander replied yes.

Ms. Mercandetti asked whether Verizon would be incentivized to upgrade the cable if new technology became available. Ms. Friedlander stated that Verizon would have the incentive of demonstrating to customers the speed of its technology.

Ms. Glen asked whether Verizon would be sole provider for Governors Island or whether tenants would have the option to procure their own providers. Ms. Friedlander responded that Verizon would not be the sole provider for Governors Island. Mr. Samuelian noted that The Trust is only committing to one of the four conduits The Trust owns. Ms. Friedlander stated that Verizon's service is available to tenants, but not required. Ms. Friedlander explained that at this time there is no other provider that has expressed interest in laying the fiber optic cable network at their own cost. Ms. Glen commented that The Trust has not cut off any other options.

With no additional questions or comments, a motion to approve the item was made, seconded, and unanimously adopted.

15. President's Report

Mr. Samuelian delivered a President's report on the 2017 public access season to date. He stated that this public access season was the first that included the entire month of May and that in May, 75,000 people visited Governors Island.

Mr. Samuelian transitioned to arts and programming, noting that there are over seventy free events, predominantly in arts and culture. He acknowledged Meredith Johnson's leadership in improving the quality and diversity of arts programming.

Mr. Samuelian addressed several large-scale events held on Governors Island during the public access season to date including the World's Oceans Festival and the Jazz Age Lawn Party.

Mr. Samuelian then discussed increased number of recreation opportunities on Governors Island, including the zip-line and rock climbing wall, as well as runs along the Island. He also addressed the new Visitors' Center and thanked Merritt Birnbaum of FGI.

Mr. Samuelian discussed FGI's new membership program, which he explained had already seen a number of high-level donors. Ms. Birnbaum noted that twelve of the people who donated \$1,000 each were neither existing donors nor Board members.

Mr. Samuelian noted the reconstruction of the parade ground, which is being transformed into athletic fields. He also discussed the renovations of the Admiral's House.

Mr. Samuelian stated that planning and development efforts would be focused on the South Island. He expressed gratitude to the City for its funding for planning and development. Mr. Samuelian also noted that The Trust will be submitting its land use application and concluding the EIS with a completion in 2019, which is when he anticipates beginning an RFP for full South Island development.

Mr. Samuelian proceeded to discuss the extension of hours and the extension of the public access season. He explained that the public access season would extend to October for the first time this year, allowing for fall-themed events to happen on the Island.

Mr. Weisbrod asked when the oyster bar would be opening. Mr. Samuelian replied that there would be a soft opening on July 1, but that they are already paying rent.

Ms. Mercandetti asked whether the calendar of upcoming events is posted on social media. Sarah Krautheim replied that everything is on the Governors Island website and that there is a weekly newsletter.

16. Public Comment, Executive Session and Adjournment

At this time, Mr. Weisbrod asked if any member of the public had a statement to make. Hearing none, Mr. Weisbrod entertained a motion to adjourn the meeting. The motion was seconded, and the meeting was adjourned.