

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 19, 2018

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 19, 2018, at Governors Island in New York, New York.

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

Carl Weisbrod, Chairperson
Cheryl Effron
Alicia Glen
Karen Hopkins
Ben Lawsky
Susan Mercandetti
Kevin Ryan
Daniel Squadron

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

Carl Weisbrod, Chairperson of the Board, started the meeting by welcoming the Board and asking Marni Friedlander to confirm that a quorum was present, to which she responded affirmatively.

Mr. Weisbrod then welcomed Daniel Squadron to his first Trust Board meeting. He noted that Mr. Squadron is a former New York State Senator and the current Executive Director and Co-Founder of Future Now and the Future Now Fund. Mr. Weisbrod also thanked Mr. Squadron’s predecessor, Avi Shick, for his service on The Trust’s Board. Mr. Schick served on the Board for two years and was previously the President of The Trust’s predecessor, the Governors Island Preservation and Education Corporation.

1. Approval of the minutes of meeting of Directors held on March 29, 2018

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

2. Chairperson's Report

Mr. Weisbrod delivered a brief Chairperson's report to the Board, stating that the Board is continuing to delegate tasks to its committees. To this end, the Executive and Finance Committees met on May 22nd, the Audit Committee met on June 4th, the Real Estate Committee met on June 12th, and the Programming Committee met on June 14th. He added that the Audit Committee meeting consisted of a pre-audit presentation, which went well, and that the other meetings will be discussed later today.

Mr. Weisbrod then asked Susan Mercandetti, the Chair of the Programming Committee, to provide an update on the Programming Committee's recent meeting.

3. Programming Committee Report

Ms. Mercandetti updated the Board on various attractions that the Programming Committee helped bring to Governors Island this season—including the Jacob Hashimoto installation, the film series with the Film Society of Lincoln Center, Mel's Rink, and a food and beverage concession at Mel's Rink operated by the owners of Little Eva's. The Programming Committee is also working with Dana Cowin, the former editor of *Food & Wine* magazine, to improve food and beverage offerings on Governors Island. The Trust is also coordinating an artists' residency program on Governors Island with Shandaken Projects.

Following Ms. Mercandetti's report, Mr. Weisbrod proceeded to the Executive Committee Report.

4. Executive Committee Report

Mr. Weisbrod shared that the Executive Committee met on May 22nd to review two vendors' proposals to provide Wi-Fi on Governors Island. Mr. Weisbrod reiterated that the Executive Committee deals with emergent situations in between Board meetings and has the power to vote on items. In this instance, however, the Executive Committee simply reviewed the proposals and waited for the full Board to vote to authorize The Trust to enter into a license agreement with a Wi-Fi provider. Mr. Weisbrod then asked Michael Samuelian to present the next voting item.

5. Authorization to Enter into a License Agreement for up to Five Years with a Vendor to Provide Wi-Fi on Governors Island

Mr. Samuelian reminded the Directors that The Trust partnered with the NYC Mayor's Office of the Chief Technology Officer in the fall of 2017 to launch the Governors Island Connectivity Challenge, which invited companies to develop strategies for deploying Wi-Fi on Governors Island. Of the twenty-four companies that submitted proposals in the first round of the Challenge, a selection committee eventually selected three finalists to test their proposals on Governors Island. One of the three finalists was unable to demonstrate that its technology would work on Governors Island and was subsequently disqualified. Of the two remaining companies, Mr. Samuelian recommended entering into an agreement with Fiberless Networks ("Fiberless") to provide Wi-Fi on Governors Island. He explained that Fiberless has more relevant experience and that the terms of their proposal, including the revenue share, are more favorable.

Karen Hopkins asked Mr. Samuelian to explain to the source of the revenue. Mr. Samuelian answered that the Wi-Fi will be free for the public, but The Trust will explore multiple revenue streams, including charging event organizers for usage and seeking advertising revenue. Mr. Samuelian then reiterated that The Trust is seeking authorization to enter into a license agreement with Fiberless for up to five years, with a 50% revenue share from all revenue generated after paying for 50% of the operating and marketing costs, which are estimated to be \$258,000 per year.

Mr. Squadron asked when the Wi-Fi will be deployed, and Mr. Samuelian answered that it should be fully operational by July 1st. Cheryl Effron asked if the Harbor School will have access, to which Mr. Samuelian answered that the school will be able to use the Wi-Fi to supplement their existing, hard-wired internet service. Ms. Effron also asked if The Trust will own the installed equipment at the conclusion of the five year term, and Mr. Samuelian answered affirmatively. Mr. Samuelian added that the five-year agreement is ideal, as the technology required for Wi-Fi may change drastically within the next five years. The Trust will continue to explore new technologies and to work with the Mayor's Office on initiatives to expand free public Wi-Fi city-wide.

Hearing no more questions, Mr. Weisbrod asked for a motion to approve entering into a license agreement with Fiberless, which was unanimously approved.

6. Approval of the FY 2019 Operating Budget

Willa Padgett, Chief Financial Officer for The Trust, presented this item. Ms. Padgett noted that The Trust's funding from the City of New York (the "City") has been reduced by about \$840,000 over the past year. She continued to explain that The Trust has addressed these cuts by increasing its earned income through contracts and leases. Ms. Padgett also noted that the Operating Budget now includes grant funds, whereas previously grant-funded programs were counted separately. In total, City funding has decreased to about eighty percent of The Trust's total revenue, and earned income has increased to sixteen percent of total revenue. The remainder of the budget comes from grants and funding from the National Park Service.

In reviewing operating costs, Ms. Padgett noted that the budget for The Trust staff has increased primarily from hiring groundskeepers directly, rather than as a contracted service. She noted that this move will achieve considerable savings, which will help with budget restrictions.

Ms. Effron then asked what the Island's hours of operation will be under this Operating Budget. Ms. Padgett answered that The Trust will maintain the same six-month Public Access Season with expanded hours on Friday and Saturday nights, and during the off-season The Trust will offer weekday ferry service until 6:00 PM for its staff, the Harbor School, and other Island tenants. Mr. Squadron asked if the City budget cuts will be seen or felt on Governors Island, and Mr. Samuelian answered that The Trust expects to absorb those cuts through three tactics: (1) bringing previously contracted staff in house, (2) collecting more in rent, and (3) increasing earned income through vendors. Deputy Mayor Glen further explained that the City funding reductions are part of a strategic plan to make Governors Island more self-sufficient as earned income increases.

Hearing no more questions, Mr. Weisbrod asked for a motion to approve the Operating Budget, which was unanimously approved. Mr. Weisbrod then asked Ms. Effron to provide the Real Estate Committee Report before proceeding to the remaining voting items.

7. Real Estate Committee Report

Ms. Effron delivered a brief Real Estate Committee Report, sharing that the committee is working toward developing both a better understanding of The Trust's assets and a strategy for marketing those assets. The committee is hoping to find lease opportunities that will bring in revenue for The Trust without incurring too much expense. Ms. Effron added that Mr. Samuelian will discuss the committee's work further in the President's Report.

8. Approval of the FY 2019 Capital Budget

Alexis Offen, Chief Operating Officer for The Trust, presented this item. Ms. Offen explained that the FY 2019 Capital Budget is roughly \$42.8 million and covers seven projects: (1) electrical system upgrades at \$15.9 million, (2) underground utilities at \$9.2 million, (3) Soissons Dock fender racks at \$6.9 million, (4) building stabilization at \$3.1 million, (5) infrastructure improvements at \$3 million, (6) Battery Maritime Building lift bridge work at \$2.7 million, and (7) an operations center at \$1.9 million.

Ms. Offen highlighted and elaborated on some of the capital projects. She explained that the electrical system upgrades will include adding backup electric power for the Island and adding lighting to the North Island, which is critical for expanding late-night activities. Infrastructure improvements will include upgrading sanitary and sewer lines, installing a new gas line, and adding a much-needed sewage pump. The Trust will also construct a new operations center and renovate several historic buildings on the North Island.

Mr. Weisbrod added that the capital projects reviewed here are essential for bringing more tenants to the Island to ultimately achieve a self-sustaining budget. He also noted that these items have all been approved in the City's capital budget, and he then asked for a motion to approve the FY 2019 Capital Budget, which was unanimously approved.

9. Authorization to Amend the Facilities and Construction Management Contract with LiRo Program and Construction Management, PE P.C. ("LiRo")

Ms. Padgett presented this item. LiRo is The Trust's current facilities and construction management firm. LiRo is entering the third year of its contract with The Trust. Ms. Padgett explained that The Trust amends the contract with LiRo every year because the base contract includes a staffing plan and hourly rates but does not include a dollar amount for each year. In the proposed amendment, The Trust plans to add \$13.7 million to the LiRo contract for operating projects, which will cover staff and administrative costs related to LiRo and its subcontractors who provide ferry, security, and other services. The Trust also plans to add \$15.7 million to the LiRo contract for capital projects, which represents the difference between previously approved capital projects and the total amount of capital projects LiRo has and will be responsible for from the inception of the contract. The new maximum Agreement price for the LiRo contract is \$121,674,720.

Mr. Weisbrod asked if LiRo's work is proportionately split between The Trust's Capital Budget and Operating Budget, to which Ms. Padgett answered yes. She added that LiRo has thirteen staff members on Governors Island who all work on capital projects and roughly seven of those same staff members also work on operations. Ms. Hopkins asked how frequently the facilities and construction management contract is competitively bid. Mr. Samuelian answered that

The Trust awarded LiRo the contract in July 2016 after issuing a Request for Proposals for a facilities and construction management contractor, and that there are three years remaining in the LiRo contract, with two two-year options to renew.

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

10. Authorization to Amend The Trust's Contract with Blount Boats, Inc.

Mr. Samuelian presented this item. He began by reminding the Directors that they authorized The Trust to enter into a contract with Blount Boats, Inc. ("Blount") in June of 2017 for the construction of a new passenger vessel for a cost of \$9,233,700. Mr. Samuelian explained that there have been modest changes made to the new vessel during the course of its construction, such as changing the boat's heating and fire suppression systems. These design changes will increase the contract price by \$184,618 and will extend the contract term by 24 days.

Mr. Squadron asked what the total expected cost of the new vessel is, and Mr. Samuelian answered that it is \$9,418,318, which will leave The Trust with a contingency of about \$800,000. Mr. Samuelian also added that the boat is expected to be delivered in about one year.

With no other questions pending, the motion to amend The Trust's contract with Blount was unanimously approved.

11. Executive Session

Before proceeding with the President's Report, Mr. Weisbrod requested a motion to go into Executive Session to discuss ongoing litigation. The motion was seconded and approved, and the Board entered Executive Session. Following a brief discussion, a motion to adjourn Executive Session was made, seconded and approved.

12. President's Report

Mr. Samuelian then presented a brief President's Report, highlighting some happenings on the Island, including the construction of the Loop Learning Center through a partnership with Parsons School of Design, the launch of the Collective Retreats camping site, and the opening of a new welcome center at Yankee Pier, which is operated by the Friends of Governors Island to greet visitors arriving from Brooklyn. Mr. Samuelian also touched on some recent and upcoming events, including Jazz Age and the New York City Poetry Festival. Finally Mr. Samuelian mentioned that The Trust's tenants are paying rent and renovating their respective spaces, as expected.

13. Adjournment

Following Mr. Samuelian's report, Mr. Weisbrod entertained a motion to adjourn the meeting. The motion was seconded and unanimously approved, and the meeting was adjourned.