

# 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 15, 2016

A meeting of the Board of Directors of Governors Island Corporation d/b/a The Trust for Governors Island (“The Trust”) was held on Wednesday, June 15, 2016, on Governors Island, New York.

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

Ronay Menschel, Chairperson  
Margaret Chin  
Patti Harris  
Catherine Hughes  
Benjamin Lawsky  
Janno Lieber  
Kevin Ryan  
Avi Schick

Also present were staff from The Trust, the Mayor’s Office, and The Friends of Governors Island, as well as members of the public.

Ronay Menschel, 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.

Ms. Menschel began the meeting by welcoming a new board member, Kevin Ryan, and recognizing his successful career as an entrepreneur, having founded and acted as Chief Executive Officer for multiple New York based businesses such as Gilt Groupe, AlleyCorp, and MondoDB. Ms. Menschel also noted that Mayor de Blasio appointed Mr. Ryan to The Trust’s Board of Directors.

Ms. Menschel stated that at the conclusion of the voting items of this meeting, she would say a few words to recognize the work of Leslie Koch, President for The Trust, in honor of Ms. Koch’s departure from The Trust.

After these opening remarks, Ms. Menschel commenced with the voting items.

1. Approval of the minutes of the meeting of Directors held on March 15, 2016

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

2. Approval of The Trust's FY 2017 Operating Budget

Willa Padgett, Chief Financial Officer of The Trust, presented this item. Ms. Padgett started by discussing The Trust's FY 2016 operating budget, which increased funds The Trust received from the City of New York (the "City") by approximately \$2 million to pay for capital maintenance work, such as The Trust's electrical system, building maintenance and repair, infrastructure repair, and ferry repair. These additional monies allow The Trust to retain State funding as an emergency reserve in cases where City funds may not be readily accessible.

Ms. Padgett then thanked Deputy Mayor Glen's office and the economic development task force from the City's Office of Management and Budget ("OMB") for their work in putting these City funds in place. She also stated that The Trust's operations are scheduled to finish FY 2016 on budget, based on actual expenditures and May and June expense projections.

Ms. Padgett proceeded to discuss The Trust's FY 2017 operating budget. She reported that The Trust's FY 2017 budget has a baseline increase of \$3.5 million in City funding as compared to prior years, as well as an increase of \$700,000 for electricity expenses. These electricity expense funds were previously in the Department of Citywide Administrative Services' ("DCAS") budget, and they have now moved to The Trust's budget, still fully funded by the City. She then described another \$500,000 annual increase in City funds for maintenance of the Hills on Governors Island.

Ms. Padgett also reported a one-time \$1.5 million increase in City funds for closing out the Facilities Management and Construction Management ("FM/CM") contract with Turner Construction Company ("Turner"), whose contract expired on June 30. She explained that the reason this funding is necessary is because traditionally Turner billed staff expenses as well as facilities and infrastructure maintenance work performed through June 30 of each fiscal year in July and August of the next fiscal year. The additional funds provided by the City will pay for those costs without affecting any FY 2017 funding for the new FM/CM contract with LiRo Program and Construction Management, PE P.C (the "LiRo Contract").

Ms. Padgett explained that the FY 2017 operating budget is \$1 million above the total projected operating expenses for FY 2016, which results partly from increased expenses for Hills maintenance and the purchasing of new equipment, and from an annual ferry contract price increase.

Ms. Padgett further noted that The Trust added two new positions to the operating budget in order to increase efficiency and save money by moving a Budget Analyst position and an Operations Budget Manager position that were previously funded in the FM/CM contract into the Trust's staff budget.

Ms. Padgett concluded that The Trust seeks approval of a total FY 2017 Operating Budget of \$19,078,000.

Ms. Koch expressed gratitude to the City for helping fund the operations and maintenance of the Hills and to the Board for its confidence as the Hills project progressed. She also explained that the FY 2017 budget presented only represents a baseline budget and does not

incorporate any expense related to the day spa or any other future tenant's activity since no tenants are expected to start operating in FY 2017.

Janno Lieber asked why Turner's closeout expense will not be covered in the FY 2016 budget. Ms. Padgett replied that on a cash basis, funds for one fiscal year are used to pay off any remaining outstanding expenses from the previous fiscal year. However, the funds used to closeout Turner's contract from the City should allow The Trust to fully fund FY 2017 expenses within the same fiscal year they are incurred.

Avi Schick asked if the projected "actuals" in the item's Exhibit A include numbers The Trust assumes Turner will spend through June 30. Ms. Padgett responded yes, The Trust has funding from the City to pay Turner for amounts due in full under its contract.

Mr. Lieber asked if there were any potential changes to the City budget with respect to The Trust. Jonathan Meyers, Chief Operating Officer for The Trust, replied that the City budget is expected to remain as is.

Mr. Lieber then asked if The Trust will benefit from the City's arrangement with the State for electrical service at public service rates, to which Ms. Padgett replied yes and stated that the new arrangement is a restructuring such that City funds will pass through The Trust to DCAS (i.e., the expense is reflected in The Trust's budget, The Trust will pay DCAS, and DCAS will pay the bill).

Catherine Hughes asked if there is any way to make operations more energy efficient or use alternative sources of energy such as solar panels. Ms. Koch replied that the new lighting for the Hills is powered by solar energy, and highly efficient LED lights will also be installed. She further noted that building tenants will be responsible for wind generation or solar panel installation in their respective buildings.

Mr. Schick asked if there were any other changes to the number of staff in FY 2017. Ms. Padgett responded no other position changes have been made aside from the two additional positions previously mentioned. Mr. Meyers added that by bringing those two positions in-house, LiRo would effectively have two equivalent positions less than Turner. Ms. Koch clarified that the staffing in the Operating Budget only refers to operating staff, not capital.

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

### 3. Approval of The Trust's FY 2017 Capital Budget

Jonathan Meyers presented this item. He first explained that The Trust presents new projects and funding to the Board each new fiscal year, and that items the Board previously approved do not get reauthorized. He stated that The Trust's FY 2017 Capital Budget is \$6,173,000.

Mr. Meyers said that the capital funds for FY 2017 would be used for rehabilitating historic structures on Governors Island. The rehabilitation project, which is expected to begin in FY 2017, will consist of masonry, roofing, and potential structural stabilization. The Capital Budget presented today in the amount of \$6,173,000 represents City capital funding for the period of FY 2017. City capital funding is expected to be funded on an annual basis and has not yet been appropriated for years FY 2018 through 2020.

Janno Lieber asked if future planned usage of the buildings will affect the rehabilitation project. Mr. Meyers replied that the rehabilitation work The Trust will do is completely separate

from the interior of the buildings as The Trust's focus will be on roofing and structural stabilization to ensure that the building can be used.

Mr. Lieber then asked about the City's plans for development of the Island and how that might affect building usage and The Trust's preservation work. Ms. Koch explained that as the legal owner of the buildings, The Trust will focus on the prevention of water penetration and loss of fabric to the structure of the buildings' envelopes. She then clarified that once a building is leased after an island wide request for proposals is issued and awarded, the capital work associated with any building leased will then transfer to a new tenant.

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

4. Authorization to revise The Trust's Master Contract with The City of New York

Marni Friedlander presented this item. She stated that at the March 15<sup>th</sup> Board meeting, the Board authorized The Trust to enter into a new Master Contract with the City. Thus, The Trust and the City entered into the FY 2017 Master Contract, with an effective date of July 1 pursuant to which the City agrees to provide certain capital and expense funding to The Trust.

Ms. Friedlander stated that since the previous Board meeting, The Trust received additional operating funds from the City, which were approved by the Board earlier in this meeting.

Ms. Friedlander noted that the FY 17 Master Contract also incorporates federal funds for storm repair work associated with Superstorm Sandy. She explained that the Board has previously approved the repair projects, but that the funds will now be incorporated into the Master Contract since the money will flow through the City to the Trust in the FY 2017 budget.

Ms. Friedlander stated that based on this new FY 2017 funding, the FY 2017 Master Contract price will increased by \$18,104,100. Furthermore, she explained that the expense funding for the baseline budget will be additionally increased by \$4,176,000 for FY 2018 through 2020, but the capital funding has not changed for FY 2018 to FY 2020.

Ms. Friedlander thus recommended that the Board approve an increase to the FY 2017 – 2020 Master Contract maximum price of \$30,632,100 for a new total maximum contract price of \$118,235,652.

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

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

Jonathan Meyers presented this item. Mr. Meyers noted that the Board had previously authorized The Trust to enter into the LiRo Contract at the March 15 Board meeting with a maximum not-to-exceed contract price of \$300,000 to facilitate the transition from the prior FM/CM contract between The Trust and Turner to LiRo. He then stated that The Trust proposes amending the LiRo Contract based on the items already approved by the Board in this meeting and funding for projects assumed by LiRo during the previously mentioned transition.

Mr. Meyers explained that LiRo does not get paid based on the dollar amount of the contract price but rather through a staff multiplier based on hourly rates provided to The Trust from LiRo. Mr. Meyers then stated that The Trust oversees all work executed under the LiRo

Contract, which includes both operations and capital projects, and that the LiRo Contract will be amended at least on an annual basis to reflect new projects and/or funding.

Mr. Meyers proceeded to explain the need to amend the LiRo Contract's maximum price based upon monies being provided from three different sources. First, LiRo will receive \$13,123,770 in operating funds, as previously outlined in the Operating Budget item presented by The Trust's CFO, Willa Padgett. Second, LiRo will receive \$6,173,000 in capital funding for historic stabilization capital work previously discussed in the Capital Budget item Mr. Meyers presented. Third, LiRo will receive \$27,609,883 for capital projects the Board previously approved that LiRo has assumed from the previous FM/CM contract between The Trust and Turner. Mr. Meyers then recommended that the Board authorize The Trust to increase the LiRo Contract's not-to-exceed contract price for a new total of \$47,206,653.

Leslie Koch asked Mr. Meyers to discuss The Trust's process of transitioning from Turner to LiRo as The Trust's facilities and construction management firm. Mr. Meyers explained that the transition has gone smoothly and that both Turner and LiRo have cooperated and acted with professionalism and diligence in transitioning subcontracts. Mr. Meyers also stated that LiRo's experience on Governors Island as resident engineer has aided the transition, and he further credited Marni Friedlander and the City Law Department for their assistance in the legal aspects of the transition. Ronay Menschel also thanked Mr. Meyers for his oversight in the transition.

Avi Schick asked for more details concerning the projects LiRo assumed from the prior FM/CM contract and whether the work is in progress or has been approved but not yet commenced. Mr. Meyers replied that some of the funding represents projects that are underway, such as electrical system work. Mr. Meyers then stated that the remaining funding represents Super Storm Sandy Federal Emergency Management Agency ("FEMA") related work that has been approved by the Board but has not started due to the amount of time it takes to register a FEMA project. Mr. Meyers clarified that the projects have not changed in substance or cost since Board approval.

Ms. Koch mentioned that Governors Island is a \$350 million capital program that has run on schedule, and the FEMA work falls under the last phase of the program. Ms. Koch then recognized Mr. Meyers and Turner for their efforts in this achievement.

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

#### 6. Remarks on Leslie Koch's Departure

Ms. Menschel lauded the ten years Ms. Koch spent as President of The Trust, describing Ms. Koch's tenure as visionary, transformative, and marked by expertise. Ms. Menschel thanked Ms. Koch for seeing the potential in Governors Island ten years ago and transforming the Island into an exciting and evolving environment for the people of New York.

Ms. Menschel then recognized Ms. Koch, as well as Jon Meyers and The Trust, for successfully completing the Hills project ahead of schedule and on budget. Ms. Menschel also gave Ms. Koch a picture of The Hills taken by photographer Andrew Moore to celebrate the opening of the Hills to the public and to commemorate Ms. Koch's time and effort on the Hills and the rest of Governors Island.

Patti Harris then recognized Ms. Koch's leadership and partnership in creating a unique gift for New York City and tourists in Governors Island. Mr. Schick also expressed his gratitude for Ms. Koch's effort, vision, and advocacy.

Catherine Hughes also thanked Ms. Koch for her contribution in making Governors Island a beautiful open space that has transformed lower Manhattan and giving members of Community Board 1 a space they otherwise would not have.

Eleonora Bershadskaya, Deputy Chief of Staff, Office of the Deputy Mayor for Housing and Economic Development, also thanked Ms. Koch for all of her efforts on Governors Island.

Council Member Margaret Chin then expressed gratitude for Ms. Koch's work on the Island. She also noted that City Council will plan an event to further recognize Ms. Koch's work.

Ms. Koch thanked everyone for their compliments and expressed that the ongoing vision of the Island is to make it a 24/7 destination where New Yorkers can have fun, work, and learn.

#### 7. Public Comment, Executive Session and Adjournment

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