

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

December 8, 2021

The meeting of the Board of Directors of Governors Island Corporation d/b/a The Trust for Governors Island (the “Trust”) was held on Wednesday, December 8, 2021 at the offices of MSquared located at 40 Fulton Street, Suite 1404, New York, NY 10038 and via Zoom.

The following members of the Board of Directors of the Trust participated in-person:

Alicia Glen, *Chairperson*

Grace Lee

Michael Oppenheimer

Matthew Washington

Carl Weisbrod

The following members of the Board of Directors of the Trust participated via Zoom:

Alice Blank

Karen Hopkins

Patrick Kennell

Susan Mercandetti

Daniel Neidich

Daniel Squadron

Also present were Trust staff, The Friends of Governors Island (“FGI”) and a member of the public.

Chairperson Alicia Glen started the meeting by welcoming the Directors and asking Ms. Marni Friedlander, the Trust’s Secretary, to confirm that a quorum was present, to which she responded affirmatively. Ms. Glen then informed the Board that Donnel Baird and Lisa Garcia have resigned from the Trust’s Board of Directors and thanked them for their service to Governors Island.

Ms. Glen then introduced the first voting item.

1. Approval of the Minutes of the Board of Directors on September 21, 2021

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

2. President's Report

Ms. Clare Newman, President & CEO, began her report by noting that for the first time in Governors Island history, the Island is now open year-round, and emphasized that the Island had almost 26,000 visitors in November alone.

Then Ms. Newman noted that the Trust expects to open a winter village (the "Winter Village") on December 17, 2021 in Colonel's Row, where there will be fire pits, outdoor games, pop-up activities, food and beverage service, and an ice-skating rink.

Ms. Newman continued by noting that the Harbor School, located on the Island, is expanding and the long-awaited lease terms will be voted on today. The lease will allow the Harbor School to increase the number of students and add a pool and aquatic facility as well as a gym. She concluded by noting that the new building will have a lease term of 49 years, and one, 20-year extension.

Ms. Glen subsequently lauded the Trust staff for both the quick turnaround to open the winter village and working on the Harbor School expansion.

3. Committee Reports

Ms. Glen then presented a brief Executive Committee report.

Executive Committee

Ms. Glen stated that the Executive Committee met on November 29, 2021 and it authorized the Trust to enter into a contract with Upsilon Entertainment Group, LLC to install and operate an ice-skating rink on the Island.

Ms. Glen then asked Ms. Willa Padgett, Chief Financial Officer, to present the Audit Committee Report.

Audit Committee Report

Ms. Padgett stated that the Audit Committee met on September 27, 2021 and discussed the Marks Paneth LLP ("Marks Paneth") audit report, which contained a clean audit without material deficiencies.

Ms. Padgett then stated that the Trust is auditing three concessionaires to ensure that funds remitted complied with agreement provisions. Dr. Michael Oppenheimer asked why the Trust is conducting this audit to which Ms. Padgett responded that the audit was not required but it is best practice to look into the Trust's financial operations and ensure that payments are being made correctly. Ms. Glen noted that it is best practice to conduct internal audits like this as the Trust continues to enter into more revenue share agreements. Ms. Glen also noted that the auditors will rotate as to which vendors are audited.

Ms. Glen then asked Ms. Padgett to present the Finance Committee Report.

Finance Committee Report

Ms. Padgett stated that the Finance Committee met on December 2, 2021 and noted changes to the expense and capital budgets including an increased budget to account for Governors Island 365, and new funding to repair the Coursen. The Trust's staffing budget also increased as it brought several positions previously outsourced to LiRo Program and Construction Management, PE P.C. ("LiRo") in-house. She concluded by noting that the committee discussed the federal stimulus and infrastructure bill and potential projects that may be eligible for funding, including the Center for

Climate Solutions. Ms. Glen stated that the Board will spend more time discussing projects that fall within the infrastructure bill to position itself to receive available funds.

Ms. Glen then asked Ms. Susan Mercandetti, Chair of the Programming Committee, to present the Programming Committee Report

Programming Committee Report

Ms. Mercandetti stated that the Programming Committee met on October 7, 2021 and discussed public art commissions including Sam Van Aken's *The Orchard*. She noted that the committee will continue to pursue potential partnerships and sponsors for arts and culture on the Island.

Ms. Glen then asked Mr. Matthew Washington to present the Real Estate Committee Report since Carolee Fink, Chair of the Real Estate Committee, was unable to make the meeting.

Real Estate Committee Report

Mr. Washington stated that the Real Estate Committee met on December 1, 2021 and briefly discussed the Harbor School expansion, the renovation of the Admiral's House and the renovation of Nolan 20. He also emphasized that the Committee reviewed the seasonal vendor revenue which increased by 20% while visitor attendance declined. He concluded by also lauding the Trust as it recently released a Request for Proposals ("RFP") for the new vehicle ferry.

Ms. Glen then asked Mr. Chris Tepper, Chief Development Officer, to present the second voting item.

4. Authorization to approve material lease terms for Building 515

Mr. Tepper began by explaining that the Harbor School will be expanding into Building 515, a building which is approximately 60,000 square feet. With the addition of Building 515, the Harbor School will have a total of 140,000 square feet.

Mr. Tepper continued by noting that Building 515 will have a new gym and aquatic center and will nearly double the total number of classrooms and student population.

Mr. Tepper reiterated that Building 515 will have a lease term of 49 years, and one, 20-year extension at the tenant's option, which is consistent with the terms of the original Harbor School lease. He noted that there will be no landlord work and that the New York City School Construction Authority will maintain all of the building renovations and infrastructure improvements, including all connections. He then explained that the rent is \$1.00 per year but there will be common area maintenance ("CAM") payment due for the three buildings that the school occupies, which is a new payment to the Trust. He continued by stating that there will be a phase in of CAM due to the Trust for the two existing Harbor School buildings over the next 12 years.

Mr. Weisbrod inquired why CAM charges for the Harbor School are calculated per square foot instead of the impact of the use on the Island given that they are highest intensity user. He questioned whether CAM can be calculated through a different measure to which Ms. Glen suggested the possibility of an impact fee or intensity fee in connection with land use as an alternative. She continued by stating that it could be worth exploring any legal requirements regarding such fees.

Ms. Glen suggested this issue be referred to the Real Estate and Finance Committees for further discussion of the statutory framework and to develop a methodology for future action by the Trust.

A motion to authorize the material lease terms, as submitted, was made, seconded and unanimously adopted.

Ms. Glen then asked Ms. Friedlander to present the fourth voting item.

5. Authorization to enter into a contract for outside counsel services

Ms. Friedlander began by reminding the Board that Governors Island has a number of buildings located on the North Island, which have been designated by the City of New York's Landmarks Preservation Commission with historic landmark status (the "Historic Buildings"). She continued by stating that these buildings may be eligible for federal and state historic tax credits as incentives. As historic tax credit financing could be a critical source of financing for the renovation of Historic Buildings by potential tenants, it is important for the Trust to retain appropriate legal counsel to advise and represent the Trust on issues that may be raised by historic tax credit financing structures.

The Trust issued an RFP for on-call historic tax credit and ancillary commercial real estate counsel services on October 6, 2021 and received three proposals in response. Blank Rome was selected as the most qualified firm. Ms. Friedlander continued by stating that the City Law Department approved the Trust's retention of Blank Rome, which is a requirement under the Trust's contract with the City. The retainer agreement with Blank Rome will have a maximum contract value of \$200,000.

There were no questions or comments. A motion to authorize the contract for outside counsel services, as submitted, was made, seconded and unanimously adopted.

Ms. Glen then asked Ms. Friedlander to present the fifth voting item.

6. Authorization to enter into a one-year (1) Task Agreement with NPS

Ms. Friedlander started by emphasizing that the Trust and the National Park Service ("NPS") have a long-standing relationship, in which NPS currently owns 22 acres of the 172 acres on Governors Island. She explained that the Trust currently has two agreements with NPS. The first, is a five-year cooperative management agreement; and the second is an annual task agreement, which sets forth the amount of money that NPS pays the Trust for the Trust to provide services to NPS. Ms. Friedlander then explained that NPS has increased the funding amount in this task agreement this year.

Mr. Washington asked why the task agreement is only for a one-year term to which Ms. Friedlander responded that it is subject to federal appropriation, so it has to be reviewed each year.

Dr. Oppenheimer then asked for a description of the relationship between the Trust and NPS. Ms. Friedlander explained that NPS owns 22 acres of the Island, while the Trust owns the remainder, and that the Trust provides certain services such as ferry and security services to enable visitors to come and enjoy what the Island has to offer. Ms. Newman added that NPS is the administrator of the Trust's deed on behalf of the federal government.

A motion to authorize the Task Agreement, as submitted, was made, seconded and unanimously adopted.

Ms. Glen then asked Mr. Tepper to present the third voting item.

7. Authorization to enter into a license agreement with a vendor to operate a new concession

Mr. Tepper started by describing the proposal for an outdoor adventure area for the Western Development Zone on the Island which will be open year-round and offer food and beverage. Mr. Tepper also explained that the agreement would provide the Trust with termination and relocation rights in the event that development commences in the Western Development Zone.

Ms. Mercandetti asked how much the tickets cost to which Mr. Tepper responded \$20 to \$30 per ticket. Mr. Tepper added that the agreement would include a community benefit program that would offer discounted ticket prices for NYCHA residents, Veterans, and FGI members.

Mr. Weisbrod inquired into whether the Trust could provide more community benefits. Ms. Glen added that perhaps the Trust could provide discounted rates for residents with IDNYC. Ms. Karen Hopkins added that this could be a great fundraising and sponsorship opportunity to raise money to subsidize elements of the community benefit program. Mr. Weisbrod suggested having a day that allows for free admission. Ms. Newman responded that the Trust would discuss these ideas and bring a solution back to the Board.

Mr. Squadron then asked about the aesthetics of the new concession. Ms. Newman responded that this concession would be a major upgrade in aesthetics for the Island vs. the concessionaire that was previously at the site.

A motion to authorize the license agreement, as submitted, was made, seconded and unanimously adopted.

Ms. Glen then asked Mr. Tepper to present the sixth, seventh and eighth voting items in the interest of time as they all relate to design and construction on Island.

8. Authorization to enter into design and construction contracts

Mr. Tepper noted for all three items, the contracts were subject to a competitive RFP process. Across the three board authorization items, the four final contractors were all Minority and Women-owned Business Enterprises or disabled Veteran-owned businesses.

Mr. Tepper reminded the Board that while Building 110 is currently home to the Lower Manhattan Cultural Council, the Trust maintains space in the southern half of the first floor for public bathrooms, storage, as well as the mechanical spaces for the lift bridges at Soissons Landing. He continued by stating that the project will include the construction of a new, climate-controlled IT room on the ground floor and mechanical, electrical and plumbing modifications to the existing lift bridge mechanical rooms to protect critical electrical infrastructure with the appropriate fire suppression and protection systems. He stated that the Trust is still reviewing responses to the RFP and seeks authorization to enter into a contract with either Deborah Bradley Construction & Management Services, Inc. (“DBC”) or JAG Interiors & Contracting Services LLC (“JAG”) at a maximum contract price of \$415,000, with change order authority of up to 15% of the maximum contract price with work scheduled to begin in January 2022.

Mr. Tepper then reminded the Board that Admiral’s House is a historical building located in the Nolan Park district on Governors Island which is individually landmarked. Mr. Tepper reminded the Board that the Manhattan Borough President’s Office allocated capital several fiscal years ago for upgrades to the interior. He continued by stating that the Trust intends to make improvements to Admiral’s House to facilitate expanded year-round use of the building by installing new plumbing and electrical fixtures including, but not limited to, a new potable water connection and

pipng, a hot water heater, a new sanitary sewer connection and an electrical panel sized for future expanded use. The rehabilitation work may also include select envelope restoration and interior wall and ceiling repairs. The Trust is still reviewing responses to the RFP and seeks authorization to enter into a contract with either Greenway USA, LLC (“Greenway”) or Mamais Construction (“Mamais”) at a maximum contract value of \$500,000, with change order authority of up to 15% of the maximum contract price. Work is scheduled to begin in January 2022 and is expected to take five to six months to complete.

Mr. Tepper subsequently noted that the Trust has presented Nolan 20 to the Board previously, including last year when the Trust released an RFP for year-round arts and cultural tenants and on September 21, 2021 where the Board approved a contract for demolition and abatement work in Nolan 20. Mr. Tepper explained that the contract being presented before the Board today was for the full gut renovation and completion of the redevelopment scope of work. He continued by stating that the renovation work will include a full restoration of the interiors including new windows, replacement of the mechanical, electrical and plumbing systems, installation of new fire suppression and fire alarm systems and construction of an ADA accessible pantry and ADA accessible restroom on the first floor. In addition to the renovation, the Trust will legally convert the building from its historical residential use into two commercial suites for year-round non-profit and cultural tenants by obtaining a new Certificate of Occupancy. He stated that the Trust is still reviewing responses to the RFP and seeks authorization to enter into a contract with either JAG or Greenway at a maximum contract value of \$4,600,000, with change order authorization of up to 15% of the maximum contract price. The work is scheduled to begin in 2022 and will take approximately 18 months to complete.

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

9. Executive Session

Ms. Glen then asked for a motion to go into Executive Session pursuant to the Public Officers Law, Article 7, Section 105(l)(h). This provision allows the Trust to go into an executive session to discuss a proposed lease of real property when publicity would substantially affect the value thereof. The motion was seconded and approved. The executive session began at approximately 10:58 am and ended at approximately 11:21 am. No actions were taken.

10. Director Questions and Comments

Mr. Weisbrod took over the meeting as Chairperson as Chairperson Glen had to leave and asked if any Directors had additional questions or comments. There were no questions or comments.

11. Public Comment and Adjournment

Mr. Weisbrod then asked if anyone from the public had a statement to make.

Merritt Birnbaum, Executive Director of FGI, updated the Board about the annual gala. She stated that it was the most cost-effective gala ever and was able raise approximately \$600,000. She thanked the members of the Board that attended.

Mr. Weisbrod then asked if there were any other comments. Hearing none, Mr. Weisbrod next entertained a motion to adjourn the meeting. The motion was seconded and unanimously approved, and the meeting was adjourned at approximately 11:45 am.