

DRAFT – SUBJECT TO REVIEW AND APPROVAL

Governors Island Corporation d/b/a
The Trust for Governors Island
Meeting of the Directors
Held at City Hall, New York, NY

April 13, 2011

MINUTES

The following members of the Board of Directors were present at the meeting:

Ronay Menschel, Chair
Elizabeth Berger
Doug Blonsky
Mark Costello
Jeffrey H. Lynford
Julie Menin
Seth Pinsky
Judith Rapfogel
David Saltzman
Dennis Walcott
Carl Weisbrod

Also present was staff of The Trust for Governors Island (hereafter “TGI” or the “Corporation”), the Mayor’s Office and members of the press and public.

Ronay Menschel, Chairperson of the Board of Directors, called the meeting to order at approximately 1:03 PM. Paul Kelly, Secretary and General Counsel of TGI, served as secretary of the duly constituted meeting, at which a quorum was present.

Chairperson Menschel welcomed all of the attendees. She requested that public comment be held until the end of the meeting, which will include the agenda items, a President's Report and an update from Patti Reilly, Superintendent of Governors Island National Monument, on developments at the National Park Service’s 22 acres of the Island.

The first order of business was the approval of the minutes of the January 13, 2011 meeting of the Directors. Chairperson Menschel asked if there were any changes or corrections. There being none, she then requested a motion to approve the resolution. Upon the motion being duly made and seconded, the following resolution was unanimously adopted:

April 13, 2011

APPROVAL OF MINUTES TAKEN AT THE JANUARY 13, 2011 MEETING OF THE DIRECTORS OF THE GOVERNORS ISLAND CORPORATION

RESOLVED, that the Board of Directors hereby approves the minutes of the Board of Directors meeting held on January 13, 2011, as distributed to the Board of Directors in advance of the meeting.

Next, Chairman Menschel announced the second item on the agenda, which was the approval of the Fiscal Year 2012 Operations Budget of the Corporation. She noted that the proposed FY 2012 Operations Budget had been reviewed by the Audit and Finance Committee on April 5th. She asked Jon Meyers, COO of the Corporation, to present the item and then for Seth Pinsky, Chair of the Audit and Finance to add any comments that he may have.

Mr. Meyers presented the item. The presented materials included the Fiscal Year 2011 board-approved budget, as well as the Fiscal Year 2011 amended budget, which reflected mid-year citywide reductions in operating expenses, and the proposed Fiscal Year 2012 budget. The proposed 2012 budget of \$11,525,903 reflected a slight decrease in New York City funds, as well as an increase in revenues from special events, for a slightly decreased budget from 2011. Mr. Meyers noted that the Corporation strongly believed that the proposed 2012 budget was sufficient to allow the Corporation to continue public access and provide for Island operations and activities.

Mr. Pinsky added that there was a very robust question-and-answer session on the proposed budget at the April 5th Audit and Finance Committee meeting. He added that, among other things, there was a discussion on the form of some of the presentations since this was the Corporation's first twelve-month budget to be adopted by the Board and the Corporation staff had been very responsive. He said that the proposed budget was well understood by the members of the Audit Committee and that the consensus was that it is a responsible budget for expanding operations. He concluded by stating that the Committee looks forward to working with the staff to monitor the budget over the course of the next twelve months to ensure that TGI's sources and expenditures continue to balance.

Mr. Costello asked whether the revenue increase was due to concerts.

President Koch responded that revenues included those from concerts, but also revenues from any private or ticketed events that take place on the Island. She noted that event related costs, included security, transportation and maintenance costs, which are undertaken on the part of the Trust-contracted staff, are billed directly to the event producing organization.

Mr. Costello then asked whether the projected \$550,000 could be considered an ongoing revenue figure or if it was a one-time figure.

Ms. Koch replied that Governors Island has a new normal every year. She also stated there would likely be some major concerts that are not yet announced on the Island this season, but that she was not in a position to announce them at this time.

Mr. Weisbrod then asked whether the projected revenue is in hand, or what the Corporation anticipates, including revenues that may not yet be finalized.

Mr. Meyers responded that for FY 2012 those revenues are not yet in hand.

Mr. Weisbrod then asked Mr. Meyers to comment on FY 2011 revenues also.

Mr. Meyers stated that at this point, about 88 percent of the projected funds for FY 2011 are in hand. He did note that some costs won't be known until an event occurs, as some events require clean-up services or other services which will all be billed to the event producer.

Ms. Koch then noted that TGI's public access seasons span two fiscal years, so there are cases where some revenue may be recognized in one fiscal year and additional revenue recognized in the next fiscal year.

Mr. Weisbrod then asked that although revenues were a small part of overall funding, did we expect them to keep growing over time.

Ms. Koch responded that prior to her tenure, the focus was more on truly private events, small events like weddings or galas, things of that nature, that really were not open to the public. She said that this did not prove to be a fruitful strategy, either in terms of the market interest or in furthering the public mission for Governors Island. She said the strategy for private events has now evolved around revenue-generating events, including ticketed events, such as larger concerts.

She further stated that as a part of their permit, Water Taxi Beach pays site fees to the Trust and a percentage of revenue above a certain level. Water Taxi Beach has recognized business revenues from concerts but those business arrangements occur between the Water Taxi Beach and the concert promoter.

Ms. Koch then noted that as we look at the Island's role in the City, that the Island can serve as a festival grounds for concerts, the performing arts, music, food events, other kinds of festivals, that there really is a very significant need for that kind of space in New York, and what the Island has certainly already seen in the 2010 season, is a great demand and response from the public in terms of concert space and ticket purchases. She said types of events will likely evolve as we are already seeing new kinds of events emerging because spaces like Governors Island have not been readily available before in the City of New York.

Ms. Menin asked at what point do you think the Board will be discussing overarching revenue, the larger picture.

Ms. Koch stated, in the context of real estate development, we will certainly take some opportunity to update the Board as we look at the real estate market and competitiveness of the Island vis-à-vis other locations. She said that one of the challenges that the Island faces in the near term is infrastructure as well as access. Right now, development opportunities on the Island

are constrained by its competitive position, but TGI is certainly always looking at what the prospects are for the Island.

Mr. Blonsky asked why some of the staffing costs, maintenance and grounds maintenance costs had gone up.

Mr. Meyers responded that TGI is transitioning some staff that had previously been contract staff which was reflected in the Maintenance and Repairs and Grounds Maintenance lines. Those staff will be transitioned to Trust staff, which allows TGI to save a substantial amount of money that TGI pays in overhead right now to the contractor. TGI will be able to save those funds by moving those staff in-house.

Chairperson Menschel stated that she wanted to commend the staff for being able to reduce costs while providing excellent services and then by taking the further cost saving steps that Jon just mentioned, so we can look forward to increased use and visitor ship again this summer, basically on a flat budget.

There being no questions, Chairperson Menschel then requested a motion to approve the resolution. Upon the motion being duly made and seconded, the following resolutions were unanimously adopted:

April 13, 2011

GOVERNORS ISLAND CORPORATION d/b/a TRUST FOR GOVERNORS ISLAND (the "Trust") - Approval of Operating Budget for the Trust's 2012 Fiscal Year 2012 (July 1, 2011 – June 30, 2012)

RESOLVED, that the Fiscal Year 2012 Operating Budget for the Trust (July 1, 2011 through June 30, 2012) in the amount of Eleven Million Five Hundred Twenty Five Thousand, Nine Hundred and Three Thousand Dollars (\$11,525,903), is ordered filed with the records of the Corporation and is, subject to the availability of funds, approved and adopted in all respects; and be it further

RESOLVED, that the President of the Corporation and her designees be and each hereby is authorized and empowered to undertake the tasks and incur the expenditures identified in the attached Operating Budget and to execute all documents and to take all actions as she or they may deem necessary or appropriate to effectuate these resolutions.

Chairperson Menschel stated that the next item for consideration was the approval of the Capital Budget for Fiscal Year 2012 and she asked Mr. Meyers to present this item.

Mr. Meyers presented the item and noted that Ms. Koch would elaborate on some of the capital projects during her President's Report. He stated that the proposed budget in the sum of \$76,837,750 represents the capital projects and the estimated spending during the course of Fiscal 2012. He noted that some projects are later phases of projects described in the approved FY 2011 capital budget and some are new projects for the Corporation, which TGI will begin and, in some cases, complete during the course of the 2012 fiscal year.

He stated that the capital projects represent a two-pronged strategy. The first is the restoration of key infrastructure systems, both connecting the Island to the rest of New York City and distributing utilities across the Island. These include water, electrical and maritime infrastructure, ferry terminals and docks. And, this year, the beginning of phase one of the park and public space development which will start with demolition work, as well as the design and environmental review work associated with the park and public space.

Chairperson Menschel stated that the capital budget was also reviewed by the Audit and Finance Committee and asked Seth Pinsky if had anything to add.

Mr. Pinsky stated that the Committee discussions on the capital budget revolved primarily around some of the risks in the budget. He said that they had discussed the federal funding, and in making sure with various discussions that are going on in Washington, that the federal sources were in fact secured. He stated that staff was paying close attention to all of these issues and that the Committee would work with the staff over the course of the next year to ensure that the reporting structures are in place to monitor that projects are completed on time and on budget. He said that to date, projects underway appear to be both on time and on budget.

Mr. Weisbrod asked for a clarification as to what is proposed for approval. He stated that he assumed the Board was being asked to approve capital funds for projects that will start, that have been previously approved but not been contracted, or for phases that have not yet been contracted. He asked why we were again approving projects that are underway and where funds are already encumbered and under contract.

Mr. Meyers stated the budget includes a mix of new projects which have not been contracted or projects which will be entering new phases. There are some instances where projects are under contract. He said that for example regarding the park design, TGI does not have a park design firm which is under contract. But that project is entering a new phase which has not yet previously been authorized by this Board. The contract itself was obviously authorized by this Board.

He said the proposed budget was a mix of both of those things, and all of the projects that you see in the budget are subject still to review processes with the City's Office of Management and Budget, as well as applicable processes with the Office of the Comptroller.

Ms. Koch added it may be helpful to think about the capital budget as the Board approving the allocation of funds in a given year to a mix of project, not the appropriation of those funds which was obviously determined by City Hall and the Office of Management and Budget. She stated that in parallel with the new capital budget, for the work that is being

performed on the Trust's behalf by Turner Construction Company as our facilities management firm, that the directors today will then amend the Turner contract to increase their spending authority, or their do-not-exceed spending authority for that mix of projects. She further stated that the budget is really a snapshot of the capital plan for the upcoming fiscal year. Many projects stretch over multiple years.

There being no questions, Chairperson Menschel then requested a motion to approve the resolution. Upon the motion being duly made and seconded, the following resolutions were unanimously adopted:

April 13, 2011

GOVERNORS ISLAND CORPORATION d/b/a THE TRUST FOR GOVERNORS ISLAND
(The 'Trust') - Approval of the Capital Budget for the Trust's 2012 Fiscal Year 2012 (July 1, 2011 – June 30, 2012)

BE IT RESOLVED, that The Trust's FY 2012 Capital Budget in the sum of Seventy Six Million, Eight Hundred Thirty Seven Thousand, Seven Hundred and Fifty Dollars (\$ 76,837,750) inclusive of contingency, as attached hereto as Exhibit A, is ordered filed with the records of the Corporation and is, subject to the availability of funds, approved and adopted in all respects; and be it further

RESOLVED, that the President of the Corporation and her designees be and each hereby is authorized to perform the capital projects set forth on Exhibit A and to execute all documents and to take all actions as she or they may deem necessary or appropriate to effectuate these resolutions.

* * *

Chairman Menschel said the next item was the approval of an amendment to the contract with Turner Construction and she asked Jon Meyers to also present this item.

Mr. Meyers presented the item which was an authorization to amend the Property Management Agreement with Turner Construction Company. Mr. Meyers noted that the contract with Turner allows Turner to work on both operations and capital projects on the Island. He further stated that the contract is structured such that Turner does not receive a percentage of the dollar volume, but rather their fees are seen only in the form of staff time. Turner has staff that work on projects and each year, in connection with new operating and capital funding for the Corporation, the Turner contract is amended by a not-to-exceed amount for the performance of such projects.

He noted that Turner has the contractual authority granted by the Board to subcontract for ferry, security and other services as directed by the Corporation.

He said the present contract amount, prior to this amendment, was \$58,397,805. The increase requested by this amendment, for both operating and capital projects, is \$43,937,750, for a total new contract not-to-exceed amount of \$102,335,555.

Mr. Meyers then stated that to the extent that money is not spent in the given fiscal year and the project continues, the Board does not need to reapprove for next year the authority to spend money on such contract.

Ms. Koch then noted that there are two Board members who were also members of the previous entity and are familiar with this process. This contract always envisioned yearly amendments to increase funding throughout the contract term. She also noted that every action that Turner takes on behalf of the Corporation, from the setting of priorities to the scoping of work to the design through the execution, is closely overseen by Corporation staff.

Mr. Meyers then stated that the Directors are requested to approve the increase the price of the Turner contract by \$43,937,750 to a total not-to-exceed price of \$102,335,555, and to amend certain provisions of the contract to include standard provisions required by the Trust Master Contract with the City. These other amendments are due to the fact that the Turner Contract was assumed by the Corporation and staff will work with Turner to amend the contract to reflect standard City provisions of the Trust's Master Contract which are slightly different from the original contract signed by GIPEC.

Chairperson Menschel asked Mr. Pinsky if he had any comments.

Mr. Pinsky stated that this Amendment was also reviewed by the Audit and Finance Committee and the terms seemed generally agreeable.

There being no questions, Chairperson Menschel then requested a motion to approve the resolution. Upon the motion being duly made and seconded, the following resolutions were unanimously adopted:

April 13, 2011

GOVERNORS ISLAND CORPORATION d/b/a THE TRUST FOR GOVERNORS ISLAND
(the "Trust") -- Property Management Services – Authorization to Amend the Facilities and
Construction Management Agreement with Turner Construction Company and Take Related
Actions

BE IT RESOLVED, that, the Trust is hereby authorized to amend its Construction and Facilities Management Agreement (the "Turner Contract") with Turner Construction Company ("Turner") to authorize: Turner to perform the additional operations and capital projects as provided in the Trust's Approved 2012 Operating and Capital Budgets, which are attached hereto as exhibits, and be it further

RESOLVED, that the price of the Turner Contract be increased by the sum of Forty Three Million Nine Hundred and Thirty Seven Thousand, Seven Hundred and Fifty (\$43,937,750), inclusive of contingency, for the performance of the additional operating and capital projects described in the attached budgets for a total Turner Contract Price not to exceed One Hundred and Two Million, Three Hundred Thirty Five Thousand, Five Hundred and Fifty Five Dollars (\$102,335,555), inclusive of contingency; and be it further

RESOLVED, that certain other provisions of the Turner Contract to be amended to include standard provisions required by the Trust's Master Contract with the City, and be it further

RESOLVED, that the President of the Trust and her designees be and each of them hereby is authorized and empowered to execute all documents and to take all actions as she or they may deem necessary or appropriate to effectuate these resolutions and that all activities heretofore and hereafter taken in furtherance of the foregoing be and hereby are ratified, confirmed and approved as the acts and deeds of the Trust.

* * *

Chairperson Menschel stated that the next item was an amendment to the procurement policy of the Corporation.

Ms. Koch stated that TGI had attached an incorrect attachment to this item in the materials and the corrected item has been provided to each of the directors at their seats today.

Chairperson Menschel asked is this "five" versus "three" correction.

Ms. Koch said yes and that this is the only amendment.

Chairperson Menschel then asked Paul Kelly to present the item.

Mr. Kelly began by stating that the correct Exhibit A to the procurement policy is in front of the directors and this is the exhibit that should have been attached as Exhibit A to the item in the materials.

He noted that the only amendment to the procurement policy, which was adopted by the Directors in October of 2010, was to go back to exact language of the EDC Master Contract,

which is for construction managers to procure work, they have to recommend at least five bidders to TGI. He further stated that as was discussed back in October, given the maritime work on Governors Island, TGI had initially agreed to have the CM recommend three contractors. As the Corporation went through the Comptroller's registration process, TGI discussed the issue with the Comptroller and agreed to their suggestion to go back to have the CM recommend at least five contractors, not three.

Mr. Kelly noted the requirement is that the construction manager recommends five bidders. The Corporation does not have to get five bids. Other than this change, the policy is the same one as approved by Board in October.

Mr. Weisbrod asked whether there would actually be five bidders out there for some of these projects.

Mr. Kelly stated that the Construction Manager could come up with five names but that TGI would not have to get five bids submitted.

There being no questions, Chairperson Menschel then requested a motion to approve the resolution. Upon the motion being duly made and seconded, the following resolutions were unanimously adopted:

April 13, 2011

Governors Island Corporation d/b/a The Trust for Governors Island - Authorization to amend the procurement policy of the Corporation and Authorization to take Related Actions

BE IT RESOLVED, that the Corporation is hereby authorized to amend the first sentence of Section 8(b) of its procurement policy, which policy is attached hereto as Exhibit A, to substitute the word "five" for the word "three" as the minimum number of contractors to be recommended by a construction manager; and be it further

RESOLVED, that the President of the Corporation and her designees be and hereby is authorized and empowered to take all actions and execute such documents as she or they may deem necessary or appropriate to effectuate these resolutions

* * *

Chairperson Menschel stated that the next item is the 2011 repayment of expense funds that EDC advanced during Fiscal Year 2011. She asked Paul Kelly to present this item.

Mr. Kelly stated that this item is a request for authorization for the Directors to authorize the Corporation to repay \$7 million that was advanced by the EDC to the Corporation during the course of our fiscal year. The reason for this was that the registration of the Master Contract with the City took longer than expected. EDC advanced money to the Corporation during its fiscal year. He thanked Seth and said the Corporation was asking for authorization from the Directors to repay the \$7 million that the EDC loaned.

There being no questions, Chairperson Menschel then requested a motion to approve the resolution. Upon the motion being duly made and seconded, the following resolutions were unanimously adopted:

April 13, 2011

GOVERNORS ISLAND CORPORATION d/b/a THE TRUST FOR GOVERNORS ISLAND (the "Corporation") - Authorization for the Corporation to repay \$7,000,000 in funds advanced to the Corporation by the New York City Economic Development Corporation ("NYCEDC")

BE IT RESOLVED, the Corporation is hereby authorized to repay Seven Million Dollars (\$7,000,000) to NYCEDC from City FY 2011 expense funds received by the Corporation; and be it further

RESOLVED, that the President of the Corporation and her designees be and each hereby is authorized and empowered to take all actions as she or they may deem necessary or appropriate to effectuate these resolutions.

* * *

Chairperson Menschel then asked Paul Kelly to present an authorization to enter into a Master Contract with the City of New York for ongoing operations.

Mr. Kelly presented the item. He noted that the Directors had approved the FY 2011 Master Contract with the City and that the 2012 contract is on the exact same terms as last year's contract, except that the amounts have changed.

In addition, he noted that in discussions with the City, it was decided that in lieu of a one year contract, this contract would be for a three year term with two one-year options. The total contract value would be \$360,891,000. He explained that the figure included the 2012 operating and capital budgets, plus estimates determined with input with the Office of Management and Budget, for what would be the reasonable expectations for future contract years. Staff recognizes that they can only spend the amounts that were appropriated in each fiscal year. But for the purpose of registering the contract, TGI has included the larger sum.

Mr. Costello asked for a general explanation of the Master Contract.

Mr. Kelly explained that the Master Contract is the underlying document that sets forth the City's funding to the entity. It is also the document by which the Corporation agrees to operate and maintain the redevelopment of Governors Island. He stated that the City also provides legal defense and some indemnification protections. He said the Contract is the basic document by which the Trust operates and maintains the Island.

Mr. Costello then asked whether the Agreement addressed development issues.

Mr. Kelly said no, it did not.

There being no questions, Chairperson Menschel then requested a motion to approve the resolution. Upon the motion being duly made and seconded, the following resolutions were unanimously adopted:

April 13, 2011

GOVERNORS ISLAND CORPORATION d/b/a THE TRUST FOR GOVERNORS ISLAND
(the "Trust") - Authorization for the Trust to enter into a Master Contract (the "FY 2012-2015
Master Contract") with the The City of New York (the "City")

BE IT RESOLVED, that the Trust is hereby authorized to enter into the FY 2012-2015 Master Contract with the City for a base three year term commencing on July 1, 2011, with the option of the City to extend the FY 2012-2015 Master Contract for two additional one-year terms, and be it further

RESOLVED, that the maximum not-to-exceed price of the FY 2012-2015 Master Contract shall be Three Hundred Sixty Million Eight Hundred Ninety One Thousand Dollars (\$360,891,000), such funds to be used for the operation, maintenance, preservation and redevelopment of Governors Island and in accordance with operating and capital budgets approved by the City and the Trust directors, and be it further

RESOLVED, that except for the difference in contract value, all of the terms and conditions of this FY 2012-2015 Master Contract shall be identical to the terms and conditions of the FY 2011 Master Contract between the Trust and the City, as amended, and be it further

RESOLVED, that the President of the Corporation and her designees be and each hereby is authorized and empowered to execute the FY 2012-2015 Master Contract, to take all actions as required by such Contract and to take such other actions as she or they may deem necessary or appropriate to effectuate these resolutions.

* * *

Chairperson Menschel stated that it was time to go onto the seventh item, the TBTA license. She asked if the Directors had copies. She noted that the item had been emailed out and a hard copy has been placed in front of their seats today. She then asked Paul Kelly to present the item.

Mr. Kelly stated the item was for authorization for the Corporation to enter into a long-term license agreement with the Tri-Borough Bridge and Tunnel Authority. He explained, as background, that the water, electricity and telecommunications lines that serve Governors Island all run through the Brooklyn Battery Tunnel, which is owned and managed by the Tri-Borough Bridge and Tunnel Authority.

These services have been provided since 1946 when the Tunnel was first built pursuant to a long-term license agreement with the federal government. The agreement expired with the transfer by the federal government of the Island in 2003. The Corporation has been working with TBTA for a number of years now to update the agreement and enter into a long-term agreement that provides the Corporation the formal right to continue to use those utility lines.

He further noted that pursuant to the proposed License Agreement, the Corporation would also grant certain services to the TBTA including allowing it to continue to use a hookup it has to the Corporation's sewer system, the future right to hook up into the gas system, and certain access rights to park cars to get to the tunnel.

He stated the term of the agreement was in perpetuity, but it could be terminated earlier if, for example, TBTA stopped using the tunnel or if Governors Island were to be sold to a private entity. Other than that, the agreement would continue into perpetuity.

He also stated that each party would be responsible for its own lines within the tunnel except for the water lines and since the water lines serve both, the parties will split future water line related costs 50/50.

Mr. Kelly further stated that the interests being granted are deemed, for purposes of the Public Authority's Accountability Act, real property interests, and before real property interests

can be transferred under the PAAA statute, an appraisal is required. Accordingly, the Corporation did an appraisal of the future gas hookup and the sewer line hookup to be given to the TBTA. The appraisal came back with a value of approximately \$314,000.

Under the PAAA, there is an exemption from having to charge fair market value when the property is disposed to another government entity. Since the maintenance of the tunnel is clearly a governmental purpose, TGI will not charge TBTA for these rights as long as it continues to use the tunnel for a governmental purpose.

On TBTA's side, it also had appraised the rights it is providing to TGI under the Agreement, particularly the telecommunications and electric lines.

Mr. Kelly stated that the attached rate schedule set forth the rates TBTA would charge future non-public users of their lines in the tunnel. TBTA has agreed that TGI's present usage is public, so there will be no charges to TGI for its present usage of the lines. If there are future governmental users, there will continue to be no charges payable to TBTA. Charges will only be payable if there are future non-public users. If there is a mix of private and public users on the same utility line, TGI can provide evidence to TBTA allocating the uses and charges will only be payable for the private use portion. The rate chart is an annual one and will go up each year according to the CPI Index.

Ms. Menschel asked Seth Pinsky whether EDC had any similar deals with TBTA or a similar entity.

Mr. Pinsky stated that EDC did not and this transaction appeared unique.

Ms. Koch stated that TGI did consult with the City lawyer who checked on the utilities and on the setting of the rates, which he deemed to be reasonable.

Ms. Koch said that behind Paul's clear and short summary, there are several thousand hours that went into this Agreement.

Mr. Pinsky then asked which party would be responsible to actually perform future water line work.

Mr. Kelly responded it would be the TBTA.

Mr. Pinsky asked whether or not the TBTA does the work and charges back TGI and does TGI have any say in what kind of work they TBTA does.

Mr. Kelly responded that if TBTA does work beyond basic repair and replacement in-kind, it is theirs. Mr. Kelly also added that TGI has the right, at any time, to stop one or more of the lines. Once TGI gives 90-day notice, TGI's maintenance obligations for that line would end.

Mr. Lynford then stated, "I see our role as stewards for both the government's roles and protection of the assets." He asked whether a provision in the Agreement that would allow for a

termination of the Agreement if the Trust assigned its interest to a private user would apply, for example, to a lease of space on the Island to NYU. He asked whether TGI should insert the phrase "entire interest in the Island" after the assignment language.

Mr. Kelly responded that the Agreement was drafted in a way that termination rights would only apply to sales or lease of the entire Island and not individual parcels to users.

Ms. Koch stated it is important to clarify the distinction between long-term leaseholds and sales of the underlying building or land to a private entity.

She said it was very explicitly discussed with the TBTA that there will be a mix of tenancy including commercial and not-for-profit users of the Island, but that all of those tenancies would be conducted through long-term leases.

Mr. Pinsky asked Mr. Kelly if the Board item description was just a summary of the Agreement language on this issue.

Mr. Kelly said that was correct.

There being no questions, Chairperson Menschel then requested a motion to approve the resolution. Upon the motion being duly made and seconded, the following resolutions were unanimously adopted:

April 13, 2011

GOVERNORS ISLAND CORPORATION d/b/a THE TRUST FOR GOVERNORS ISLAND (the "Trust"); Authorization for the Trust to enter into a long term license agreement with the Triborough Bridge and Tunnel Authority ("TBTA") involving utility lines running through the Brooklyn Battery Tunnel (the "Tunnel") and serve Governors Island and Authorization to Take Related Actions

BE IT RESOLVED, the Trust is authorized to enter into a long term license agreement with the TBTA pursuant to which each party grants rights to the other in connection with utility lines running through the Tunnel serving Governors Island; and be it further

RESOLVED, that the President of the Trust and her designees be and each of them hereby is authorized and empowered to execute the License Agreement and any and all documents and to take all actions as she or they may deem necessary or appropriate to effectuate these resolutions.

* * *

Chairperson Menschel then asked Paul Kelly to present the next item, which is a contract with Marks, Paneth & Schron, for the provision of financial statements, auditing, tax return preparation and other related services.

Mr. Kelly presented the item which was an authorization for approval of a contract with Marks, Paneth & Shron, the winning proposer to an RFP that was issued on February 28, 2011, for an accounting firm that will provide annual audit services, tax preparation service and other accounting services as may be needed by the Trust.

Mr. Kelly explained that the Corporation received a number of responses to the RFP. The Corporation narrowed it down to three finalists. TGI interviewed the finalists. Marks, Paneth & Shron was the unanimous choice of the selection committee which consisted of Paul Kelly, Jon Meyers, and Nicole Fleming from the Office of Management and Budget.

Mr. Kelly further stated that the RFP was issued jointly with Brooklyn Bridge Park Corporation, but each entity separately is choosing its own audit firm. The proposed contract is for a three-year term with a one-year option to extend. The base price starts at \$24,000 for the annual audit for FY 2011 and goes up to \$27,000 in the final year.

In addition to the annual audit, a single audit will be required when TGI receives federal funding. There were no federal funds provided in Fiscal Year 2011. TGI anticipates that in the future years there will be federal funds. The price of a federal single audit is a flat \$5,000 per year. In addition, the Corporation built in a total of \$100,000 into the Contract price over the contact term for additional audit and accounting work projects, such as reviews of the concessions on the Island.

Mr. Kelly stated that the total contract total price, including the base fee, single audit fees and fees for other fees special projects was \$217,000.

Ms. Koch stated that the funds are a not-to-exceed amount, only to be dispensed for projects as TGI sees the need for them, and that the audit firm would report to the Audit and Finance Committee.

She acknowledged the work that EDC has done in serving as TGI's back office in staffing the auditors to move as quickly as possible so that TGI is able to complete its audit on time.

Mr. Pinsky stated that there was another good conversation about this item in the audit and finance committee. He said that given the combination of price and previous experience, the choice of Marks Paneth was a good decision for the staff to make and there was general support for that decision.

Chair Menschel asked Seth if TGI confirmed that the additional services that TGI is authorizing will not compromise the independence of the audit firm. To further to clarify, the \$100,000 worth of auditing services, or potentially that sum, will report to the Board as well as the principal audit.

Mr. Kelly noted that the Office of Management and Budget, who has been very helpful to TGI through this process, has raised the same issue about the audit firm performing other assignments and TGI will be cognizant of this issue throughout.

Mr. Weisbrod stated that he also shared this concern of the audit firm performing additional tasks beyond the annual audit.

There being no further questions, Chairperson Menschel then requested a motion to approve the resolutions. Upon the motion being duly made and seconded, the following resolutions were unanimously adopted:

April 13, 2011

GOVERNORS ISLAND TRUST d/b/a THE TRUST FOR GOVERNORS ISLAND - (the "Trust") - Authorization for the Trust to enter into a contract with Marks Paneth & Shron, LLP ("MPS") for the performance of annual audit, tax preparation and other related services; Delegation to the President the authority to exercise the option to extend the contract for one additional year without further action of the Directors, and Authorization for the President to take such further actions as may be needed to implement these resolutions

BE IT RESOLVED, that the Trust is hereby authorized to enter into a contract with MPS for the performance of annual audit, tax preparation and related services, including any additional services and projects required, for the Trust's 2011, 2012 and 2013 fiscal years for a contract price not-to-exceed Two Hundred Seventeen Thousand Dollars (\$217,000); and be it further

RESOLVED, that the President of the Trust is authorized to exercise the option to extend the Contract term for one additional year to include the Trust's 2014 fiscal year, on the terms and conditions set forth in the Contract, without further Board authorization; and be it further

RESOLVED, that the President of the Trust or her designee be, and each of them hereby is, authorized to take such action and execute such documents as may be necessary or appropriate to carry out the foregoing resolution, including, without limitation, the exercise of any extension option contained in the contract authorized hereby.

Chairperson then asked Paul Kelly to present the final voting item which concerns the transfer of title to certain lands underwater to the National Park Service ("NPS").

Mr. Kelly presented the item which authorizes the Trust to deed an approximate 3800-square-foot land underwater portion, which is directly next to the National Park Service's dock

102, to NPS. At the time of the federal transfer in 2003, NPS was given a dock to be able to have independent access to the Island.

Mr. Kelly noted that as NPS investigated the cost to rehabilitate its dock, it found such costs to be prohibitive and they put forth a much more cost effective proposal. The proposal was to place a floating barge right next to their dock. As the Corporation looked into it, it was determined that the lands underwater to be covered by the floating barge were actually owned by TGI and not NPS. In June of last year, TGI entered into a three-year license agreement with NPS pursuant to which NPS had installed the floating barge. The floating barge is still there.

Mr. Kelly noted the barge location is directly next to NPS's dock. It is an area which is really of no use to TGI, as TGI has its own dock and launch by Pier 101 on the Island.

Mr. Kelly stated that the request for the Directors is to authorize the Trust to deed a 3800-square-foot portion of land that is underwater to NPS who will then incorporate that land into the rest of the National Monument property. He noted that TGI had this property appraised back in June of 2010 and the appraised value came back as \$1.

Mr. Lynford asked whether in lieu of giving to NPS for \$1.00 whether TGI could do it as a 99 year lease and get the property back at such time. He further stated that over time TGI may not want the barge there. There might be changes in the tidal paths for example.

Mr. Kelly responded that it was a good question and he responded with two points. First, under the 2003 deed, it was always the intention that NPS have an independent access point to the Island and secondly, NPS installed the floating barge directly next to its own dock in an area that would not otherwise be useable by the Corporation anyway.

Mr. Kelly further stated that NPS would incorporate this land into the National Monument property so there would no way to get the property back.

Mr. Lynford then asked if NPS did not have the money to renovate their existing pier how could they afford to install a barge.

Ms. Koch stated the docks on Governors Island were built for Coast Guard vessels, which do not work for the vessels that are in the harbor now and this is true throughout the harbor. Moreover, she said the important point from TGI's perspective was that for this piece of land underwater, there was no scenario for which TGI would be able to use it anyway; as such use would compromise the NPS's ability to use its dock.

She further stated that TGI looked at various scenarios, including how the Coast Guard used the Island, and TGI did not see that there was any viable use of that particular small piece of land underwater.

Finally, she said another reason for a deed versus an easement was due to the many processes and requirements applicable to the NPS, including the need to redraw the boundary map of the National Monument.

There being no questions, Chairperson Menschel then requested a motion to approve the resolutions. Upon the motion being duly made and seconded, the following resolutions were unanimously adopted:

April 13, 2011

GOVERNORS ISLAND CORPORATION d/b/a THE TRUST FOR GOVERNORS ISLAND
(the "Trust") - Authorization to transfer title to certain lands under water surrounding Governors
Island to the National Park Service ("NPS") and authorization to Take Related Actions

BE IT RESOLVED, that the Trust is hereby authorized to transfer fee simple title to certain lands under water as more particularly described on Exhibit A by deed or other instrument of transfer to the National Park Service, and be it further

RESOLVED, that the President of the Trust and her designees be and each of them hereby is authorized and empowered to execute a deed or other instrument of transfer and any and all other documents and to take all actions as she or they may deem necessary or appropriate to effectuate these resolutions.

* * *

Ms. Menschel said this concludes the voting business for the day and she turned it over to the Trust's President for her President's report.

Ms. Koch thanked the Chairperson and complimented the Board. She also complimented the staff of the Trust and thanked Vicky Metzger of the Mayor's Office for her assistance.

Ms. Koch said it was about six weeks to opening day but she would start with an update on the capital program. She noted that the City's ten-year capital plan includes \$260 million in new funding, totaling \$350 million of capital investment.

She said as a result of those investments, as TGI looks out just about two years from now, not only will TGI be able to build new park and public spaces, but it will have brought the Island's infrastructure into the 21st century, and in the cases of electric, telecom and water, do general work to stabilize structures and continue to improve the infrastructure. TGI will also have rehabilitated Soisson's Dock on the Island. By 2014 the entire dock will be rehabilitated and stabilized. At the Battery Maritime Building, TGI is also doing corresponding work on the lift bridges' mechanical systems.

She said additional projects will include ongoing seawall rehabilitation and replacement and building stabilization work, including an ongoing investment in roofs on buildings throughout the Island.

She said that TGI is also making great progress on the park and public space plan, and that since the last meeting, TGI has gone out and met with community boards, advocacy groups and been able to give the Board a more detailed briefing. TGI is now in the environmental review process and had a public scoping session last week. This work is ensuring that the design processes are on time.

She further said that TGI's goal is to have shovels in the ground in 2012, and TGI hopes to also have, before the end of calendar year 2011, demolition under way of the high-rise structures on the Island that have a very profound effect on the vistas that visitors can currently enjoy. In addition to restoration of certain areas, TGI will be creating 22 new acres of park and public space. Moreover, the park will include two ball fields. She thanked Julie and Mark for their assistance on this.

She stated that TGI's goal for this season is 550,000 visitors, a 25 percent increase over last year, but which is actually double than the 2009 season. She said the Island will be open on all the holidays, which was the number one and two requests of Island visitors; so TGI will be open July 4th, Memorial Day and Labor Day.

She then stated that TGI have an exciting program of events that TGI will be announcing in a couple of weeks.

Ms. Patti Reilly, Superintendent of the Governors Island National Monument, then introduced herself and thanked the Board for the opportunity for her to speak to them. She brought some visuals and also thanked Leslie and her staff and Rob Pirani of GIA and RPA.

Ms. Reilly gave a brief history of the 22 acre National Monument portion of the Island. She then summarized rehabilitation work that is ongoing at Castle Williams with the hope that such work would be completed by the end of June, and that Castle Williams would re-open again to the public in July. She said future work, as funding becomes available, would be to demolish three non-contributing buildings in the district and then to perform work to Fort Jay for its future re-use. She said they were planning a consortium within Fort Jay that would consist of non-profits and other organizations.

Ms. Reilly then briefly described some of NPS' programming plans.

She then thanked Leslie Koch and said she understood the importance of what Governors Island can mean both to the area here and also to a national audience. She said she was very pleased to be partnering with TGI and that NPS appreciated the support from this group and looked forward to a very busy and productive season.

(Applause.)

Chairperson Menschel then asked if there were any public comments.

There being none and there being no further business, Chairperson Menschel asked for a motion to adjourn the meeting and upon the motion being duly made and seconded, the meeting was adjourned at 1:55 PM.

Paul Kelly, Secretary

Dated: _____