



- *Accountability*
- *Transparency*
- *Integrity*

Operational Review

Governors Island Corporation

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Executive Summary

Purpose and Authority:

The Authorities Budget Office (ABO) is authorized by Title 2 of Public Authorities Law to review and analyze the operations, practices and reports of public authorities, to assess compliance with various provisions of Public Authorities Law and other relevant State statutes and to make recommendations concerning the reformation and structure of public authorities. This includes rendering conclusions and opinions regarding the performance of public authorities and to assist these authorities improve management practices and the procedures by which their activities and financial practices are disclosed to the public. Our operational review of the Governors Island Corporation (Corporation) was performed from February to October 2019 and was conducted in accordance with our statutory authority and compliance review protocols which are based on generally accepted professional standards. The purpose of our review was to provide an objective evaluation of the Corporation's operating practices and determine whether the Corporation is being transparent and accountable to the public.

Background Information:

Governors Island (Island) is a 172-acre island located in the New York Harbor. The Corporation was established by New York City in 2010 as a not-for-profit corporation. The Corporation has been responsible for maintaining, developing and operating Island facilities since its inception. Its mission is to transform Governors Island into a public open space destination with diverse cultural and recreational activities, and educational, not-for-profit, and commercial facilities.

The Corporation is governed by a thirteen-member board of directors who are appointed by the New York City Mayor. The Corporation operates on a July 1 through June 30 fiscal year, and currently has 39 employees. Over the last three fiscal years the Corporation averaged \$20.1 million in annual operating revenue and \$20.4 million in annual operating expenditures. The primary sources of revenue consist of funding from New York City (\$16.7 million) and various fees and vendor contracts (\$3 million). Its primary expenditures consist of a facilities and construction management contract (\$14.4 million) and payroll costs (\$3.7 million).

Results:

The Corporation has established a relationship with the Governors Island Alliance, Inc., doing business as the Friends of Governors Island (Friends) to function as its fundraising entity. However, the Corporation receives an average of 18 percent of the total funds raised by Friends in support of Governors Island. For 2016 through 2018 Friends received a total of \$3.2 million in donations and contributions intended for the support of Governors Island, but only provided \$600,000 of this to the Corporation.

In addition to the funding provided by Friends, we found that the Corporation also receives some grants and donations directly from contributors. We found that for the last three fiscal years, the Corporation received a total of \$1.7 million in direct grants and donations. Yet, rather than requesting donations be made directly to the Corporation, the Corporation's web site directs contributors to donate to Friends. To maximize the value obtained from donations, the Corporation's web site should direct contributors to the Corporation rather than to Friends.

Our review found that the Corporation is not receiving all the revenues it should from its vendor contracts. These contracts generally allow vendors to provide various services such as food and drink, entertainment or recreation and limited overnight accommodations to visitors of Governors Island. However, of the 13 vendor contracts reviewed, we identified two vendors that did not pay the correct amount to the Corporation. The Corporation failed to collect more than \$43,000 in total from these two vendors over the three-year period reviewed.

In addition, some contracts require the vendors to pay the Corporation a percentage of the revenues received. However, the Corporation generally does not receive detailed sales reports from the vendors in order to determine the amount owed. We also found the contract that generates the largest amount of revenues, (\$1.2 million for the three years reviewed) does not have provisions in the current contract regarding whether payments are to be made to the Corporation or how payments are to be determined.

We found that the Corporation spends a significant amount on items that do not appear to be related or necessary for the Corporation's mission and represent a questionable use of Corporation funds. We found that for the last three fiscal years the Corporation spent a total of \$44,688 for food and related items, celebrations and staff parties, flowers and gifts and

sales taxes on various items despite the Corporation's tax-exempt status. For example, in December 2018 the Corporation paid \$4,400 for an employee holiday party, which included \$1,500 spent on alcohol for staff.

Our review also found that the Corporation could improve the transparency of its operations by providing notice of and allowing the public to attend committee meetings, and by improving the accuracy of the information that it reports in the Public Authorities Reporting Information System. Board members also should ensure that they participate in required board member training, including refresher training.

Introduction and Background

The Governors Island Corporation (Corporation), doing business as The Trust for Governors Island was established in 2010 by New York City as a not-for-profit corporation. Its mission is to transform Governors Island into a year-round resource for New York City, with public open spaces, cultural and recreational activities, and educational, not-for-profit, and commercial facilities.

Governors Island (Island) is a 172-acre island located in the middle of New York Harbor. It was historically controlled by the federal government, but in 2003, ownership of 150 acres was transferred to New York City and New York State. The remaining 22 acres on the northern section of the Island were transferred to the National Park Service to be preserved as the Governors Island National Monument. The federal transfer agreements prohibit the development of residential housing on the Island, as well as industrial, casino and most parking and power generation uses, and require at least 40 acres are to be used for parkland, 20 acres for educational purposes, and 30 acres for park space, educational purposes, or historic or cultural facilities. The remaining 60 acres can be used for these or various other uses (e.g., office space, health facilities), as long as they comply with the allowable uses cited in the agreements. New York State and New York City relinquished control of the Island and the Corporation became the owner upon its creation in 2010. The Corporation has a contract with New York City to manage, operate and develop the Island, and New York City pays the related costs subject to annually approved budgets submitted by the Corporation.

The Corporation is governed by a thirteen-member board of directors appointed by the Mayor of New York City and serve a three-year term. One director is required to be a resident of Brooklyn, and one director each is to be nominated by the Chair of Manhattan Community Board 1, the local State Assemblyperson, the local State Senator, and the New York State Governor.

The Corporation operates on a July 1 through June 30 fiscal year. For the three fiscal years 2016-17 through 2018-19 the Corporation had average annual operating revenues of \$20.1 million, while the average annual operating expenditures were \$20.4 million and average capital costs were \$16.5 million. The primary sources of operating revenue consist of approximately \$16.7 million from New York City and \$3 million from various fees and vendor contracts. In addition, the Corporation relies on donations from individuals and businesses to help fund its operations. Executive management have stated that the goal of the Corporation is to become self-sufficient through revenues generated by activities and appropriate uses of Island property.

The Corporation's primary operating cost is a contractual agreement for facilities and construction management services. The contract is currently with the engineering company LiRo Program and Construction Management PE, P.C.

(LiRo). LiRo provides facilities and construction management services for the Corporation at an average annual cost of \$14.4 million and also manages capital projects with an annual average cost of \$10.4 million. As part of these services, LiRo enters into agreements with subcontractors, subject to Corporation approval, for the maintenance, operation, construction and improvement of the Island's projects and properties.

The Corporation's other major operating cost is personnel, which averaged \$3.7 million for fiscal years 2016-17 through 2018-19. During this period, the number of Corporation employees increased from 22 in 2016-17 to 39 for 2018-19 in part due to the completion of capital projects that increased the available activities on the Island. In addition to administrative staff, Corporation employees are responsible for overseeing operations and facilities, including landscaping on the Island.

Compliance Review Objectives

Our operational review was conducted to provide an objective evaluation of the Corporation's operating practices and determine whether the Corporation is being transparent and accountable to the public. The Authorities Budget Office (ABO) is authorized by Title 2 of Public Authorities Law to review and analyze the operations, practices and reports of public authorities, to assess compliance with various provisions of Public Authorities Law and other relevant State statutes, and to make recommendations concerning the reformation and structure of public authorities.

Compliance Review Scope and Methodology

Our compliance review was conducted between February and October 2019. The review assessed the Corporation's operations for the period July 1, 2016 through June 30, 2019. To perform our review, we relied on the following documentation and data sources:

- Corporation financial records
- Vendor contracts and related documents
- Policy and procedures indicative of good governance practices
- Annual reports required by Public Authorities Law
- Board meeting minutes and board meeting packets

In addition to reviewing documents and records, we attended board meetings, interviewed select Corporation employees and board directors and performed other testing we considered necessary to achieve our objectives. Our report contains recommendations to improve management and board oversight of operations and improve transparency and accountability of the Corporation's operations.

Review Results

Effectiveness of Fundraising

The Governors Island Corporation's (Corporation) mission is to transform Governors Island (Island) into a vibrant public resource in New York City, making the Island a destination with extraordinary public open space, as well as educational, not-for-profit, and commercial facilities. Corporation officials stated that although there is currently significant reliance on New York City to support Corporation operations, the goal of the Corporation is to become self-sufficient.

To help fund its operations, the Corporation solicits donations and contributions from businesses and individuals. The Corporation has partnered with the Governors Island Alliance, Inc., doing business as the Friends of Governors Island (Friends) to act as its fundraising entity. Corporation officials told us that Friends is the fund-raising arm of the Corporation. While Friends is closely related to the Corporation, it is independent from the Corporation and governed by a separate board. In exchange for the fundraising by Friends, the Corporation provides Friends with free office space and support and free use of transportation on the Island.

In 2017 the Corporation and Friends entered a memorandum of understanding (MOU) that stipulated that the Corporation and Friends would work together to obtain a shared mission of supporting the Island. The MOU indicated that each year the Corporation and Friends would agree to Friends' fundraising goals and establish Friends' budget for funding the Corporation, Friends' administrative expenses and Friends' program activities. Friends' program activities consist primarily of organizing and managing volunteers that provide visitor welcome services, horticulture and other program needs, as well as coordinating with other organizations located on the Island. In 2019 the Corporation and Friends entered a formal agreement to develop a fundraising program that maximizes the resources available to the Island. Under this agreement, Friends' primary responsibilities are to raise funds for the Corporation and services on the Island and to maintain and oversee the volunteer program. The agreement provides that about 40 percent of Friends' revenue is to be spent on these program services.

Although Friends is designated as the fundraising entity for the Corporation, we found that only a small portion of the funds received by Friends is actually given to the Corporation. Friends' annual financial audits for the three years, 2016 through 2018, show that Friends received a total of \$3.2 million from contributions and net revenues from its annual gala. These funds are solicited with the intent of supporting the Corporation. Yet Friends provided only \$602,305 to the Corporation during this period, an average of 18 percent of the amount raised. Although this percentage increased significantly in 2018, it was still only 31 percent of the total funds received by Friends that were to be used to support the Corporation.

| Percent of Friends Revenue Provided to the Corporation | | | | |
|---|-------------|-------------|-------------|--------------|
| | 2016 | 2017 | 2018 | Total |
| Contributions and Net from Event | \$829,825 | \$1,248,660 | \$1,212,040 | \$3,290,525 |
| Provided to Corporation | \$105,000 | \$125,891 | \$371,414 | \$602,305 |
| Percentage | 13% | 10% | 31% | 18% |

Corporation officials responded that they believe our report misrepresents the Corporation's relationship with Friends and that 37 percent of Friends' revenues are used by Friends to deliver programs including volunteer management and visitor services.

We found that the Corporation also receives some donations directly, rather than through Friends. The Corporation's financial records show that the Corporation received \$530,725 in grants and contributions in 2016-17, \$913,751 in grants and contributions in 2017-18, and \$271,729 in grants and contributions during the first 10 months of 2018-19. These grants and contributions are indicated as being received from individuals, corporations and foundations, and exceed the amount that was provided by Friends during the same period.

However, rather than attempt to maximize these direct donations, the Corporation instead encourages contributors to donate to Friends. The Corporation has a link on its web site to solicit donations. The web site states: "We rely on private contributions to keep the Island beautiful and welcoming for all. Your gift will help fund essential programs, supplies and amenities." However, donations made through the web site are not directed to the Corporation, but instead are sent to Friends. There is no statement that funds donated will go to Friends, other than a note that contributions to the Friends of Governors Island are tax deductible.

Receiving direct donations, grants and contributions from individuals, businesses and other entities is more beneficial to the Corporation than having the funding being directed to Friends. Receiving these funds directly allows the Corporation to use 100 percent of the funds that are provided from these sources, while the Corporation has use of only 18 percent of the funds that are contributed to Friends which are intended for support of the Corporation.

Maximizing Revenues from Vendor Contracts

As indicated, the primary source of revenues for the Corporation consist of funding from New York City and revenue-generating contracts with vendors. These contracts generally allow vendors to provide various services such as food and drink, entertainment or recreation and limited overnight accommodations to visitors of Governors Island. For the three fiscal years ending June 30, 2019 these contracts provided an average of \$3 million per year in revenue for the Corporation.

We found that the Corporation is not maximizing the revenues it should be receiving from its vendor contracts. The board has not adopted policies and procedures regarding revenue contracts and management does not enforce the contract terms to ensure that the full amount owed to the Corporation is paid by vendors. As such, its ability to become self-sustaining and eliminate the reliance on public subsidies from New York City is being hindered.

These vendor contracts generally state that services are provided during Governors Island's public access season. The public access season was historically from May through August but was extended in 2017 by two months from May 1 through October 31. The Corporation generally negotiates these contracts to either require a vendor to pay a set amount each month, or to require a vendor to pay a percentage of the revenues received by the vendor. The contracts also often include provisions that require late fees be paid if the vendor does not submit payment to the Corporation when due.

We reviewed a sample of 13 vendor contracts to determine whether the Corporation received all revenues it was entitled to per the contract terms. Eight of these contracts required the vendor to pay a fixed monthly amount and four required the vendor to pay a portion of the vendor's revenues. One contract did not include any provisions for payments to the Corporation.

For fiscal years 2016-17 through 2018-19 the 12 vendor contracts with payment provisions should have resulted in payments of at least \$2.2 million to the Corporation. However, these vendors only paid a total of \$2.1 million. This underpayment was due to vendors not making all required payments as well as the Corporation failing to enforce late payment fees in accordance with the contract terms. The amount that should have been paid is likely higher, but due to the lack of records we were unable to determine this amount.

Fixed Payment Amounts are Not Always Received

We found that of the eight vendor contracts that required a fixed monthly payment to the Corporation, three of the vendors failed to pay the required amount. Corporation officials waived the \$1,500 due from one of the vendors, but the Corporation failed to follow up with the other two vendors to collect the amount owed. The Corporation failed to collect more than \$43,000 in total from these vendors over the three-year period reviewed.

| Vendors with Fixed Payments | | | |
|------------------------------------|-------------------------|-----------------------|-------------------|
| Vendor Name | Required Payment | Actual Payment | Difference |
| ABC & E, LLC (Taco) | \$85,750 | | |
| ABC & E, LLC (Beer) | \$38,500 | | |
| ABC & E, LLC Total | \$124,250 | \$124,250 | \$0 |
| Arenella Productions, LLC | \$233,440 | \$231,940 | -\$1,500* |
| Governors Beach Club | \$250,000 | \$250,000 | \$0 |
| Island Oyster, LLC | \$468,851 | \$431,351 | -\$37,500 |
| Joeanne Ice Cream Co. | \$26,000 | \$20,000 | -\$6,000 |
| Pinknic Festival LLC | \$137,240 | \$137,246 | \$6 |
| Salmon West LLC | \$16,500 | \$16,500 | \$0 |
| Total | \$1,256,281 | \$1,211,287 | -\$43,494 |

- This \$1,500 was waived by Corporation officials, and not reflected in the total.

For example, for the 2017 access season, the Island Oyster, LLC (Island Oyster) contract required four monthly payments of \$37,500. However, Island Oyster did not submit its first payment to the Corporation (due April 1, 2017) and Corporation staff did not follow up with Island Oyster to collect the amount owed. Corporation staff were not aware of this discrepancy until we brought it to their attention. Corporation officials responded that the \$37,500 was collected from Island Oyster subsequent to our review.

For the 2017 access season, the Corporation did not have a formal agreement with Joeanne Ice Cream Co. (Joeanne). Instead, the Corporation had issued a request for proposals for vendors to provide services on the Island. The request for proposals required potential vendors to pay a minimum of \$10,000 for the 2017 access season with half of the amount payable at the start of the season. Corporation officials were unable to provide us a copy of the proposal submitted by Joeanne. However, on April 19, 2017 Joeanne paid \$6,000 to the Corporation. This payment, if representing half of the agreed amount, would indicate that Joeanne owed a total of \$12,000 for the 2017 access season. Joeanne made no additional payments for the 2017 access season and the Corporation took no action to collect the unpaid amount. Instead, Corporation officials responded to our draft report that they reviewed Corporation records and the records reflect that Joeanne did not owe any amount.

Detailed Sales Information Not Obtained

Four of the contracts we reviewed required the vendors to pay the Corporation a percentage of the revenues received by the vendor for the services provided. However, only two contracts required the vendor to provide detailed sales information to the Corporation in order to verify the amount of revenues received.

Corporation officials responded that the Corporation requires all vendors to provide sales data from the vendors' point of sale systems. However, this is not accurate.

All vendor contracts include a provision that allows the Corporation to audit the vendors' records, not a requirement that vendors provide point of sale data with which to verify the amount owed in accordance with the vendor agreements. Corporation officials explained that the requirement to provide point of sale data is included in all contracts beginning in 2019.

Only two of these contracts required the vendors to provide the Corporation with detailed sales information to verify the amount owed by the vendors. However, these vendors generally did not provide this data to the Corporation and the Corporation took no action to enforce this requirement. Instead, the Corporation allowed the vendors to simply indicate the total amount the vendors owed to the Corporation without any supporting records. Of the 11 detailed sales information reports that should have been provided to the Corporation by the two vendors, none were provided. As a result, we are unable to independently verify that the Corporation received the correct payments.

For example, on April 26, 2018 the Corporation entered into an agreement with Mel's Rink Foundation, Inc. (Mel's Rink) to provide a synthetic ice rink for use by visitors to Governors Island for the 2018 access season. As part of this service, Mel's Rink would also provide the necessary equipment (ice skates, skating equipment, etc.) for visitors to rent. In exchange, Mel's Rink agreed to provide the Corporation with 50 percent of all gross receipts. Mel's Rink was to provide the Corporation with necessary records to determine the gross receipts within five days of the end of each month and pay the appropriate amount within 30 days of the end of each month or pay a late fee of two percent for payments overdue for more than 10 days. As part of the agreement, the Corporation paid more than \$109,000 toward the cost of constructing the ice rink.

However, during our review Corporation officials did not provide us with monthly reports submitted by Mel's Rink to calculate the amount owed based on gross receipts, as required by the terms of the agreement. There is no indication that Corporation staff contacted Mel's Rink to obtain the necessary records or sent any invoice or collection notice to Mel's Rink, including any notice that late fees would be assessed. There were no payments received from Mel's Rink reported in the Corporation's financial records.

As part of our review Corporation staff provided us with a letter from Mel's Rink that stated there was no revenue generated. This letter appears to have been prepared by the founder of Mel's Rink on August 8, 2019, nearly a year after the end of the service period stipulated to in the agreement.

In response to our draft report, Corporation officials provided us with additional records relating to Mel's Rink. These records show that Mel's Rink had revenue of more than \$29,200 for the 2018 access season. Yet the Corporation took no action to collect the \$14,600 (50 percent of gross) to which it was entitled per its agreement with Mel's Rink. As a result, not only did the Corporation fail to collect

the revenues it was owed, it failed to offset any of the costs that it incurred in enabling Mel's Rink to provide services to Governors Island visitors. Corporation officials indicated that they agreed to not enforce the revenue share agreement with Mel's Rink, but that this was not formally documented.

Corporation Financial Records Not Always Accurate

We believe that the Corporation's financial management practices and procedures have contributed to its failure to adequately monitor and collect the appropriate amounts provided in its vendor revenue contracts. For example, Blazing Saddles New York (Blazing Saddles) has a contract to lease bicycles for visitors to Governors Island. In July 2016, Blazing Saddles paid \$29,729 to the Corporation for its June payment, as required by the contract. However, Corporation staff recorded this payment as being made by the vendor that held the bicycle lease contract for a previous access season, rather than being made by Blazing Saddles. This resulted in the Corporation's 2015-16 financial records showing receipts from the previous vendor and underreporting the receipts from Blazing Saddles.

Provisions for Paying Ferry Revenues Not In Contract

Of the \$3 million average annual revenue received by the Corporation from vendor contracts, a significant portion is attributable to the Port Imperial Ferry Corporation (Port Imperial) for providing ferry service to Governors Island. However, this contract is not with the Corporation, but instead with LiRo, the facilities management company contracted by the Corporation. The Port Imperial contract identifies the specific services to be provided and the period they are to be provided and requires Port Imperial to provide ticketing services. Ticketing services consist of providing staff to collect fees from passengers, providing ticket machines and software, and creating tickets. This contract has no provisions regarding the payment of the fees collected to the facilities management company or to the Corporation.

Corporation officials stated that the contract for ferry services held with the previous facilities manager stipulated that all fares collected are the property of the Corporation. This contract was in place from May 2013 through April 2018. However, it appears that this provision was omitted from the ferry services contract entered in April 2018 by LiRo with Port Imperial. Although Port Imperial's contract does not require that ferry fees be paid to the Corporation, Port Imperial paid the Corporation more than \$1.2 million for the three fiscal years 2016-17 through 2018-19.

Corporation officials stated that going forward the Corporation will be entering an agreement with the provider for ferry services and this agreement will continue to require detailed provisions regarding the collection, verification and payment of fare revenue directly to the Corporation.

The Corporation Fails to Enforce and Collect Late Payment Fees

Of the 12 vendor contracts reviewed, six contracts stipulated that late fees may be charged on payments not made within 10 days of the due date. However, the Corporation does not enforce this provision. We found that vendor payments were frequently made well after the due dates stipulated in the contract and determined that the Corporation failed to collect more than \$17,000 in late fees for the 2017 through 2019 public access seasons from four of the six vendors. This does not include late fees that should have been due from Mel's Rink, since Mel's Rink data was not provided until after our review.

| Late Fees Owed | | | | |
|--------------------------------|------------------------------|--------------------------|----------------------|-----------------|
| Vendor | Date Payment Required | Date Payment Made | Late Fee Owed | Total |
| ABC & E, LLC (Taco) | 5/1/18 | 6/15/18 | \$150 | |
| | 6/1/18 | 6/15/18 | \$400 | |
| | 7/1/18 | 7/19/18 | \$650 | \$1,200 |
| Island Oyster, LLC | 4/1/17 | 6/6/17 | \$750 | |
| | 5/1/17 | 7/10/17 | \$1,500 | |
| | 6/1/17 | 8/7/17 | \$1,500 | |
| | 7/1/17 | Never paid | \$1,500 | |
| | 4/1/18 | 6/27/18 | \$773 | |
| | 5/1/18 | 7/6/18 | \$1,545 | |
| | 6/1/18 | 7/31/18 | \$2,318 | |
| | 7/1/18 | 9/10/18 | \$1,545 | |
| | 4/1/19 | 6/10/19 | \$795 | |
| | 5/1/19 | 6/10/19 | \$1,591 | \$13,817 |
| NY Carousel Entertainment, LLC | 6/1/17 | 6/15/17 | \$175 | |
| | 7/1/17 | 7/20/17 | \$175 | |
| | 8/1/17 | 12/1/17 | \$175 | |
| | 11/1/17 | 12/1/17 | \$304 | |
| | 5/1/18 | 6/15/18 | \$217 | |
| | 6/1/18 | 7/3/18 | \$433 | |
| | 7/1/18 | 7/31/18 | \$217 | |
| | 8/1/18 | 8/15/18 | \$217 | |
| | 5/1/19 | 5/29/19 | \$233 | \$2,146 |
| Salmon West, LLC | 7/5/18 | 8/8/18 | \$100 | |
| | 9/1/18 | 10/1/18 | \$100 | \$200 |
| Total | | | | \$17,363 |

The Island Oyster, LLC (Island Oyster) contract was for a fixed fee that required 11 payments in total for the 2017 access season through the end of June for the

2019 access season. One payment was made on time in accordance with the contract provisions. However, 10 payments were made late including one payment that was not made until after our review. Yet the Corporation did not assess any late fees and failed to collect more than \$13,800 which should have been paid in accordance with the contract terms.

Corporation officials responded that since contracts provide that late fees **may** be applied (emphasis added), they are not required to assess and collect late fees. Officials further stated that recouping the amount of \$17,363 over the three-year period is insignificant compared to the administrative cost it would have incurred to collect. While the Corporation is not required to collect late fees, the collection of late fees is an effective management tool when warranted to encourage vendors to pay the Corporation timely for the amounts due.

Spending Not Related to Mission

The Corporation's goal of becoming self-sufficient and not having to rely on taxpayer support can be more readily achieved by the Corporation monitoring its expenditures and reducing all unnecessary costs or expenses that are not needed for its mission of planning, redeveloping and operating the Island.

Section 2824 (1)(e) of Public Authorities Law (PAL) requires public authority boards to establish written policies and procedures including policies for the procurement of goods and services. Boards of directors and authority management have an obligation to authorize the expenditure of funds only for purposes that relate to and support the mission of the authority. The fiduciary duty of the board includes adopting policies that safeguard the assets and resources of the authority and protect against the use of funds for purposes that do not advance its core purpose and objectives. It is particularly important for the board to develop a policy on the proper use of authority discretionary funds that clarifies for all employees what would and would not be considered appropriate expenditures.

The policy governing the use of discretionary funds should explicitly outline the types of expenses which the board will not approve. This policy should specifically note the impropriety of purchases using authority cash or credit that are personal in nature, that would benefit one or more staff of the authority rather than benefit those dependent on the authority's services or that are not necessary to advance the mission of the authority.

The Corporation has adopted a procurement policy that states how vendors are to be selected and prohibits conflicts of interest between the Corporation and selected vendors. The majority of the Corporation's procurements are processed through LiRo. The Corporation requires LiRo to follow the procedures outlined in the Corporation's procurement policy. However, the Corporation's procurement policy does not explicitly identify the types of expenditures that would not be considered appropriate.

The Corporation has established a credit card account and adopted a credit card purchase policy regarding the use of the Corporation credit card. This policy does express that credit cards are to be used only for legitimate business expenses. The credit card policy indicates that the Corporation's credit card is to be used for travel-related expenses, for instances when a credit card is the only allowable method for payment, or for purchases when time is critical. Although the credit card policy states that an individual using the credit card will be personally responsible for purchases deemed to be personal or unauthorized, the policy does not explicitly outline the types of purchases that would be deemed personal or unauthorized.

The Corporation responded that each year the board approves the procurement policy outlining all procedures for procurements. However, we recommend the policy be improved by explicitly identifying the types of procurements considered appropriate and providing examples of procurements that are considered inappropriate for a public authority that relies extensively on taxpayer funds for its operations. Corporation officials explained that the board is in the process of developing a discretionary spending policy to quantify acceptable Corporation expenditures.

From July 1, 2016 through June 30, 2019 the Corporation financial statements indicated \$61.1 million of operating expenses, \$43.2 million (71 percent) of which were processed through the construction and facilities management companies. Of the remaining \$17.9 million, a total of \$236,752 was purchased with the Corporation credit card.

We reviewed the July 2016 through May 2019 credit card transactions to determine whether the items purchased appeared to be necessary to the mission and purpose of the Corporation. We identified a total of \$47,408 in purchases that did not appear to be necessary for the Corporation's mission and represent questionable use of Corporation funds. As called for by the credit card policy, \$2,720 of these purchases were reimbursed by the responsible individuals as being personal purchases. However, a total of \$44,688 of credit card purchases were paid by the Corporation although they do not appear to be necessary for the Corporation's operations.

We found that the credit card is frequently used to purchase food, beverages, and other refreshments for the personal use of directors, management or staff, or for persons with whom the Corporation conducts business. We also found that the Corporation credit card is used to pay for celebrations of special occasions that do not directly relate to the purpose of the Corporation, such as catering for office, holiday or retirement parties, and for flowers and gifts for staff or directors. We noted that the celebrations paid for with the Corporation credit card often included the purchase of alcohol. We also found numerous occasions where sales taxes were paid as part of the credit card purchase even though the Corporation is a not-for-profit corporation and is exempt from paying sales tax. In addition to the items

purchased by the Corporation credit card, we also noted more than \$2,200 of food was paid for employee events through the Corporation's standard procurement process.

| Questionable Items Paid by Credit Card | | | | |
|---|-----------------|-----------------|--------------------------|------------------|
| | 2016-17 | 2017-18 | 2018-May 2019 | Total |
| Food | \$7,303 | \$9,701 | \$11,470 | \$28,474 |
| Celebrations | \$4,942 | \$1,758 | \$5,320 | \$12,020 |
| Flowers and Gifts | \$1,540 | \$228 | \$662 | \$2,430 |
| Sales Tax | \$141 | \$850 | \$773 | \$1,764 |
| Total | \$13,926 | \$12,537 | \$18,225 | \$44,688 |
| | | | | |
| Total Credit Card Purchases | \$87,068 | \$88,888 | \$60,796 | \$236,752 |
| % of Total Credit Card | 16% | 14% | 30% | |

A total of \$28,474 of food and related items were purchased through the Corporation's credit card for the period reviewed. These purchases include instances where the Corporation President would have business meals or meet with board members at local restaurants rather than hold these meetings in his office, as well as food provided to staff during staff meetings. It also includes purchases for items to stock the kitchen area which is a part of the Corporation's administrative office and is used by staff throughout the work day. These items include coffee, tea, milk, cream, honey, and various condiments. For example, for the 35 months reviewed, the Corporation paid a total of \$5,527 exclusively on coffee.

We also identified a total of \$12,020 that was spent on various staff parties and celebrations, and included purchases of pizza, cakes and sparkling wine. For example, in December 2018 the Corporation credit card was used to pay for an employee holiday party held at Pier A Harbor House. The total cost for this party was \$4,440 and included \$1,500 spent on alcohol for staff. And in March 2017 the Corporation credit card was used to pay for a staff farewell party held at Beckett's Bar and Grill that totaled \$1,218.

The Corporation also paid \$2,430 during the period on various flowers and gifts for employees and board members. For example, in February 2017 the Corporation credit card was used to purchase a \$258 bike helmet for an employee as a farewell gift, and in January 2019 the Corporation credit card was used to purchase a \$526 gift for a board member.

Corporation officials responded that the expenses identified by the ABO are considered standard corporate spending. They also stated that this spending is covered by the Corporation's earned income and not with public funds. The

officials' response and perspectives demonstrate their failure to appropriately view the Corporation as a public authority. Instead, these officials appear to view the Corporation as a private entity and justify these expenses as typical and acceptable for a private entity. However, as a public authority the board and management have a fiduciary duty to act in the best interest of both the Corporation and the public, upon which it relies to fund its operations. Further, in its legal opinion 2007-F4, the New York State Office of the Attorney General determined that the expenditure of authority funds must relate directly to an enumerated power, duty or purpose of the authority, and that funds of a public authority may not be spent in support of the private or personal interests or to the benefit of directors, management or staff. Corporation officials acknowledged the issues we identified and indicated that this will be addressed in the discretionary spending policy being developed by the board.

In addition to these purchases, we also found that sales tax was paid on many of the credit card transactions. The Corporation's certification of incorporation expressly states that it is a not-for-profit corporation formed for charitable purposes and as such is exempt from sales and use taxes on its purchases. At times, the Corporation received refunds for sales tax that was paid, but this was not always done. We determined that the Corporation paid a total of \$2,268 in sales tax over the period reviewed, and obtained a total of \$504 in refunds, leaving a total of \$1,764 in unnecessarily paid sales tax.

Corporation officials responded that it makes best effort to ensure that sales tax is not paid. To help improve these efforts, the Corporation should develop and establish specific procedures to review all procurements and ensure that sales tax is not paid.

Transparency Can Be Improved

Although established as a not-for-profit corporation, the Corporation meets the definition of a local public authority since it was created by New York City. As such, the Corporation's board is considered a public body and must comply with the provisions of Article 7 of Public Officers Law, known as Open Meetings Law (OML). The New York State Committee on Open Government has determined that committees of public boards are also public bodies that are subject to Open Meetings Law requirements.

OML requires that public bodies meet either in person or via videoconference and be open to the general public to promote openness and transparency. Notices of meetings are to be posted on the Corporation's web site in advance of such meetings and meeting minutes are to be posted within two weeks of the meeting. If meetings are to be held via videoconference, the notice must also state this, identify the locations where videoconferencing will be taking place, and allow the public to attend at any of these locations. Records and documents that are to be discussed as part of the meeting, including the meeting agenda and proposed

resolutions are to be posted on the Corporation's web site prior to the scheduled meeting.

Board Meetings Comply with Open Meetings Law

The Corporation generally holds four board meetings per fiscal year. For the three fiscal years reviewed, we found that the Corporation provided public notice of upcoming board meetings, provided a board packet containing records and documents to be discussed as part of the meetings, and posted board meeting minutes within two weeks after the meeting on its web site.

Committee Meetings Not Open to the Public

The Corporation has also established six committees of the board that have existed since June 2017. These committees are the Audit Committee, Finance Committee, Executive Committee, Governance Committee, Programming Committee, and Real Estate Committee. The Corporation has also established charters for each of these committees. These committees also are required to follow the provisions of OML, which require attendance in person or videoconference, be open to the public, public notice of meetings and minutes be posted on the web site.

While the charters for the Audit, Finance, Governance, Programming, and Real Estate Committees identify these committees as non-voting committees, and provide that attendance can be in person, by telephone or by videoconferencing, these provisions do not supersede the requirements of OML. Only the Executive Committee's charter states that its meetings are open to the public and shall be governed by OML.

There were 26 committee meetings held between July 2016 and March 2019. Two of these were Executive Committee meetings and these meetings were open to the public and the minutes were posted to the Corporation's web site. However, the remaining 24 committee meetings were not publicized, were not open to the public and meeting minutes were not posted to the Corporation's web site. For example, two of the three members of the Audit Committee met on September 25, 2018 to discuss the results of the annual financial audit with the independent auditors. However, there was no public notice of the meeting, no members of the public were able to attend the meeting, and meeting minutes were not posted to the Corporation's web site.

In addition, 8 of the 24 committee meetings were held exclusively by teleconference. For example, on September 12, 2016 two of the three members of the Governance Committee discussed the appointment of a new President and the ratification of existing policies. However, no members were physically present, but instead discussed the issues through telephone conversations with Corporation staff.

Corporation officials responded that the Audit, Finance, Governance, Programming, and Real Estate Committees are merely advisory and, in that capacity, have no authority to bind the Corporation. However, regardless of the ability to bind the Corporation, these committees are also public bodies and should comply with the provisions of OML.

Inaccurate Procurement Reporting

Section 2800 of Public Authorities Law requires public authorities to submit and certify reports on their finances and operations annually to aid in transparency and accountability to the public. As part of this reporting, the Corporation is required to report all procurement transactions to a single vendor with a cumulative total of \$5,000 or more annually in the Public Authorities Reporting Information System (PARIS). For both fiscal years 2016-17 and 2017-18, the Corporation reported that the only procurement transaction that exceeded the \$5,000 threshold was to LiRo each year. However, we found that the Corporation paid 35 different vendors at least \$5,000 in fiscal year 2016-17, and paid 47 different vendors at least \$5,000 in fiscal year 2017-18. The total amount paid to these vendors exceeded \$39.6 million in 2016-17 and exceeded \$39.9 million in 2017-18, but were not reported by the Corporation as required.

In addition, the Corporation reported the incorrect amount for LiRo in 2016-17 and 2017-18. For 2016-17 the Corporation paid LiRo a total of \$20.4 million combined for capital and operating costs, but the Corporation reported that while the value of the contract was \$47.2 million, the total paid to LiRo was \$0. And for 2017-18, the Corporation paid LiRo a total of \$27.2 million for capital and operating costs, but the Corporation reported that, while the value of the contract was \$92.2 million, the total paid to LiRo was again \$0.

We note that for 2018-19 the Corporation reported paying a total of \$37.1 million to 31 different vendors, and that it paid \$27.3 million to LiRo. However, these amounts continue to appear to be inaccurate. According to the Corporation's financial records, the Corporation paid more than \$38.2 million to 55 different vendors. For example, the Corporation paid more than \$69,000 to American Express for charges on its credit card, but did not report any payments to American Express.

Corporation officials responded that they will post all required data in the PARIS system in a careful and timely fashion and will use internal review mechanisms to ensure its accuracy.

Board Member Training

In addition, Section 2824 (2) of Public Authorities Law requires all board members to attend training regarding their legal, fiduciary, financial and ethical

responsibilities within one year of their appointment to a board. It is the responsibility of the Corporation to maintain documentation of board member participation in required training, to assure that board members are compliant with this requirement and to report whether each of its board members have complied with this training requirement. The Corporation reported in PARIS that none of the 13 board members have complied with the training requirements of Section 2824. However, we found that this is inaccurate, since ABO training records show that 12 of the Corporation board members have actually completed the training. As of September 23, 2019 only one board member (Daniel Squadron, appointed March 28, 2018), had not completed the required training.

ABO policy guidance also recommends that refresher training for board members be completed every three years, or upon reappointment to the board. Our review determined that three Corporation board members (Carolee Fink, Alicia Glen, and Carl Weisbrod) last attended the required board training sessions in 2014 and should therefore participate in refresher training to remain informed of best practices, regulatory and statutory changes relating to the effective oversight of public authorities and to adhere to the highest standards of responsible governance.

Corporation officials responded that new and existing board members will attend board member training as required to ensure they fully understand their roles and responsibilities.

Recommendations

1. The board should reassess its relationship with the Friends of Governors Island and attempt to maximize the donations and contributions that it receives directly.
2. The board should establish adequate procedures to effectively monitor all vendor contracts, establish accounts receivable controls and collect all appropriate amounts owed.
3. The Corporation should require that vendors provide detailed financial data to support revenues received when vendor contract payments are based upon a percentage of revenues. The Corporation should use this data to determine the amount owed by vendors and ensure that the appropriate amount is remitted to the Corporation.
4. The Corporation should revise its contract for ferry services to include provisions for determining and verifying ferry revenues and ensuring that the appropriate amount is paid to the Corporation.
5. The board should establish appropriate procedures to ensure that late fees are applied and collected in accordance with contract terms.
6. The board should improve its procurement policies by including discretionary spending guidelines that explicitly outlines the types of items that would and would not be considered appropriate use of Corporation funds.
7. The board should establish procedures that require all procurements be reviewed and only those that are deemed appropriate for the Corporation's mission be approved for payment.
8. The Corporation should ensure that sales taxes on items purchased are not paid, and that refunds of any sales taxes paid are obtained.
9. The board should ensure that all board and committee meetings are conducted appropriately in accordance with Open Meetings Law.
10. The board should ensure that notices of upcoming committee meetings and committee meeting minutes are posted on the web site as required by Open Meetings Law.
11. The board should establish and follow appropriate procedures to review data that is to be reported in the Public Authorities Reporting Information System (PARIS) and ensure that this data is accurate.

12. All board members should attend required board member training within one year of appointment and take refresher training upon reappointment to the board or a minimum of every three years.

December 10, 2019

Michael Farrar
Director Compliance Review
State of New York
Authorities Budget Office
PO Box 2076
Albany, New York 12220-0076

Re: Response to the Operational Review of the Governors Island
Corporation d/b/a The Trust for Governors Island ("The Trust" or
the "Corporation")

Dear Mr. Farrar,

I write in response to the recent Operational Review of The Trust.

The Trust's mission is to transform Governors Island (the "Island") into a vibrant resource for New York City, making the Island a destination with extraordinary public open space, as well as educational, not-for-profit, and commercial facilities. Within the past four years, The Trust has made significant progress, completing a new, 43-acre park and expanding its public season from four months to six while extending its public hours. With increased investment and expanded public access, the scope of The Trust's operations, including financial, has scaled significantly over the three-year period audited by the ABO. Throughout this period, The Trust has implemented new business practices to address the majority of the audit's findings.

The Trust has maintained a track-record of financial responsibility. During and beyond the period of the ABO audit, The Trust's independent auditors have issued clean opinions on The Trust's financial statements and have found no internal deficiencies or material weaknesses, nor made any observations or recommendations related to improved financial management.

Nonetheless, as a growing organization, The Trust continues to evaluate ways to improve its business practices, including technological solutions as well as personnel. For example, The Trust is considering new accounting software and the addition of another accountant to the Finance Department who would focus on accounts receivable functions.

With this background, The Trust submits the following clarifications and responses to the recommendations identified in the ABO Report.

1. The board should reassess its relationship with the Friends of Governors Island ("The Friends") and consider establishing fundraising responsibilities within the Corporation to improve overall fundraising effectiveness.

As of 2016, the mission of The Friends is to steward the Island's green spaces, enhance the visitor experience and build a community dedicated to the Island's future. The primary activities managed by The Friends involve staffing and managing visitor services for the Island's public season, coordinating a volunteer program, and supporting fundraising efforts for the Island's horticulture program and park maintenance, as well as for programmatic initiatives.

The Trust believes this report misrepresents its relationship with The Friends and its impact. While the two organizations have closely aligned goals, this relationship is non-exclusive. The Trust is able to and continues to raise monies to support the Island independent of The Friends. Additionally, the report misrepresents The Friends as solely a fundraising arm of The Trust. The Friends does perform fundraising activities to support its own programs as well as select mutually agreed upon programs in partnership with The Trust. However, the report only analyzes the percentage of revenue provided by The Friends to the Trust as direct grants. The report doesn't account for programs The Friends manages directly, such as visitor services and volunteering, which represents 37% of The Friends' overall budget. If The Friends were not managing these programs directly, The Trust would need to absorb these costs as part of its overall operating budget.

In January 2018, The Trust and The Friends entered into a strategic, one-year agreement that outlines the way in which the two organizations will collaborate and sets shared fundraising goals, primarily related to the Island's public season, public programs and caring for the park. Many non-profit development corporations and park operating organizations throughout New York City operate successfully under a similar model, with an independent non-profit conservancy or friends group supporting programmatic initiatives, horticulture programs, park maintenance and visitor services. This model serves The Trust well, in that The Trust's Board of Directors is comprised of civic volunteers who do not have fundraising responsibilities.

Since The Friends and The Trust entered into a strategic agreement, The Friends has doubled its overall budget through effective fundraising and has quadrupled its direct contributions to The Trust. It has also more closely aligned its activities with The Trust's stated goals of expanding public access. The Friends has improved its overall effectiveness over this time period, increasing its support of programs that impact the Island directly, and decreasing its operational overhead to 30%, in line with industry standards for fundraising non-profits.

The Trust will continue to work with The Friends to ensure that its joint fundraising strategy is mutually beneficial and impactful.

2. The Board should establish adequate procedures to effectively monitor vendor contracts, establish accounts receivable controls and collect all appropriate amounts owed.

The Trust's Policy and Procedures Manual, its guide for internal control, defines procedures for The Trust's accounts receivable. This function is delegated to The Trust's staff by the board. There are systems in place to effectively bill for and monitor the payment of invoices, systems that have been strengthened over the past several years as activity on the Island has expanded. In addition, permits issued by The Trust to vendors include explicit language regarding payment terms and schedules, which also allows for invoicing and payment to be tracked accurately and timely.

There are errors and misstatements in the revenue collection issues described by the ABO, many of which should be struck from the report.

- Island Oyster (page 5): \$37,500 has been paid to The Trust since the ABO completed its review.
- ABC&E LLC (page 5): \$12,875 has been paid to The Trust since the ABO completed its review.
- Arenella Productions (page 5): A deduction of \$1,500 was approved by The Trust, with documentation confirming that decision.
- Joehanne Ice Cream Co. (page 5): The Trust's records do not indicate that any payments are outstanding.
- Carousel Entertainment (page 7): Carousel Entertainment is not in arrears. In 2017, The Trust received a total of \$50,206.50, which is 15 percent of that season's gross revenue. The permit agreement specified that Carousel is responsible to pay a fee the greater of: (a) \$35,000 + \$2,000/day for load in and out on the Island; or (b) 15 percent of gross receipts. Based on revenue reports, Carousel paid 15% of gross receipts; no load in/out fees were required.
- Blazing Saddles (page 8): Blazing Saddles is not in arrears. The July 2016 payment in question was made by Blazing Saddles and was correctly booked under the General Ledger fee income account for bicycle concessions but was mistakenly entered under the name of the previous bicycle vendor.

In sum, The Trust collected 94% of the total amount the ABO identified as unpaid on page 5.

3. The Corporation should require that vendors provide detailed financial data to support revenues received when vendor contract payments are based upon a percentage of revenues. The Corporation should use this data to determine the amount owed by vendors and ensure that the amount is remitted to the Corporation.

The Trust agrees and indeed does require that all vendors that pay a revenue share provide sales data from their point of sale systems ("POS") as well as a certification of the amounts due to The Trust. This requirement, along with an audit provision allowing The Trust to view a vendor's books and records for all permits and licenses, ensures that revenues received by vendors are correct.

The ABO notes that Mel's Rink, a vendor on the Island in 2018, failed to submit the required records to The Trust to determine the gross receipts and never made any payments to The Trust. Mel's Rink is a nonprofit organization that seeks to positively impact the lives of children with disabilities by teaching them how to skate and play hockey. The Trust partnered with Mel's Rink to build and operate an ice rink for one season; the permit included a 50 percent revenue share. Counter to the information stated in the ABO report, The Trust received all required sales reports from Mel's Rink. These reports indicated that very little income was generated. The Trust agreed not to enforce the revenue share agreement, which, The Trust agrees, should have been more formally documented.

4. The Corporation should revise its contract for ferry services to include provisions for determining and verifying ferry revenues and ensuring that the appropriate amount is paid to the Corporation.

The ABO identified that the Port Imperial Ferry Company d/b/a NY Waterway ("NYWW") agreement does not require ferry fees to be paid to The Trust and yet NYWW paid The Trust more than \$1,200,000 over three fiscal years. In addition, the ABO noted that The Trust is unable to determine if that is an appropriate amount since there are no provisions for payment in the contract and The Trust has taken no action to determine the basis for the amounts paid. The Trust believes both statements are incorrect.

It has been The Trust's policy for its facilities manager to hold operating contracts for Island services, including ferry services. Turner Construction Company ("Turner"), The Trust's previous facilities manager, held a contract with NYWW from 2013 through 2018, which was later assigned to LiRo Program and Construction Management Company P.E. P.C. ("LiRo"). This contract expressly required that all fares collected by NYWW "are property of The Trust." NYWW therefore paid all ferry fare revenue directly to the Trust and provided detailed reports identifying the number of tickets

sold per day per grouping (senior/adult) as well as whether the fares were paid in cash or by credit card.

Going forward, The Trust will be entering into an agreement with NYWW directly to provide ferry services to Governors Island. This agreement incorporates detailed provisions regarding the collection, verification and payment of ferry fare revenue directly to The Trust.

5. The board should establish appropriate procedures to ensure that late fees are applied and collected in accordance with contract terms.

The Trust believes that this section should be removed from the ABO's draft report.

The Trust's contracts, including seasonal contracts, provide that a late charge "may be applied to any unpaid balance that is overdue for ten (10) days following the date for which such fees are due." The word "may" indicates that The Trust is not required to collect fees.

The Trust also notes that the \$17,000 in late fees identified by the ABO span a three-year period and are de minimis compared to the administrative cost to collect.

6. The board should improve its procurement policies by including discretionary spending guidelines that explicitly outlines the types of items that would and would not be considered appropriate use of Corporation funds.

The Trust believes that this section should be removed from the report. The \$44,688 worth of expenses, covering a three-year period, represent 0.0022% of a \$20 million annual operating budget. The discretionary spending noted by the ABO is covered by The Trust's earned income and not with public funds. Additionally, all expenditures are standard corporate spending such as business lunches, a yearly holiday party and basic kitchen provisions for staff.

Notwithstanding the above, The Trust is developing a discretionary spending policy to codify acceptable corporate expenditures.

7. The Board should establish procedures that require all procurements be reviewed and only those deemed appropriate for the Corporation's mission be approved for payment.

The Trust refers the ABO to the response to #6. In addition, The Trust maintains, and The Trust's board approves each year, its procurement policy outlining all procedures for procurements.

8. The Trust should ensure that sales taxes on items purchased are not paid and that refunds of any sales taxes paid are obtained.

In all contracts, The Trust appends its tax exemption documentation to ensure that items procured for The Trust are tax exempt. Furthermore, The Trust's tax exemption is on file with all regular vendors and The Trust uses best efforts to ensure that sales tax is not paid.

9. The board should ensure that all board and committee meetings are conducted appropriately in accordance with the Open Meetings Law.

The Trust's board complies with open meetings law and acts in a transparent manner. Specifically, The Trust's board provides notices of upcoming board meetings as well as upcoming Executive Committee meetings as required. In addition, The Trust posts its board materials online prior to any open meeting, publishes minutes for all open meetings and publishes all policies required under the Public Authorities laws. Both the board and the Executive Committee have the authority to bind the Corporation.

The remaining committees, the Audit, Finance, Real Estate, Programming and Governance committees, are merely advisory and, in that capacity, have no authority to bind the Corporation. Instead, these committees solely make recommendations to The Trust's board, which may or may not be implemented. In addition, when a committee provides a recommendation to a proposed business matter, The Trust board deliberates that matter in that open meeting as required under the Open Meetings Law.

10. The board should ensure that notices of upcoming committee meetings and committee meeting minutes are posted on the website as required by Open Meetings Law.

See response to # 9 above. In addition, The Trust properly posts all notices of Trust Board and Executive Committee meetings as well as Executive Committee meeting minutes in accordance with the Open Meetings Law.

11. The board should establish and follow appropriate procedures to review data that is to be reported in the Public Authorities Reporting Information System ("PARIS") and ensure that this data is accurate.

The Trust endeavors to post all required data in the PARIS system in a careful and timely fashion and uses internal review mechanisms to ensure its accuracy.

12. All board members should attend required training within one year of appointment and take refresher training upon reappointment to the board or a minimum of every three years.

All new and existing board members will attend board member training as required by the Public Authorities Law to ensure they fully understand their roles and responsibilities as members.

Please call me with any questions on any of these matters.

Very Truly Yours,

Alicia Glen /CN

Alicia Glen
Chairperson

cc: Clare Newman, President & CEO
Marni Friedlander, General Counsel
Willa Padgett, Chief Financial Officer