



Roosevelt Island Operating Corporation

KATHY HOCHUL
Governor

SHELTON J. HAYNES
President & CEO

BOARD OF DIRECTORS

RuthAnne Visnauskas, Chair, Commissioner of NYSHCR
Robert F. Mujica Jr., Director of BUDGET
Conway S. Ekpo
David Kapell
David Kraut
Howard Polivy
Michael Shinozaki

Agenda Item V, 2. October 28, 2021

PROPOSED RESOLUTION

AUTHORIZATION TO ENTER INTO CONTRACT WITH THE NEW YORK COMMUNITY TRUST FOR PUBLIC PURPOSE FUNDS GRANT PROGRAM

RESOLVED by the Board of Directors of the Roosevelt Island Operating Corporation of the State of New York (“RIOC”), as follows:

- Section 1. that RIOC is hereby authorized to enter into contract with New York Community Trust (“NYCT”) for Public Purpose Funds Grant Program, upon such terms and conditions substantially similar to those outlined in the Memorandum from Gretchen Robinson and Markus Szejnberg to Shelton J. Haynes/RIOC Board of Directors dated October 20, 2021, attached hereto;
- Section 2. that the President/Chief Executive Officer or President’s designee is hereby authorized to take such actions and execute such instruments as deemed necessary to effectuate the foregoing; and
- Section 3. that this resolution shall take effect immediately.



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MEMORANDUM

To: RIOC Board of Directors/Shelton J. Haynes,
President & CEO

From: Gretchen Robinson, VP/General Counsel
Markus Szejnberg, Special Counsel

Date: October 20, 2021

Re: Public Purpose Funds Grant Program;
NYCT Grant Administration Contract

Public Purpose Funds (“PPF”) grants were first awarded in 1989 when New York State established the fund to support community uses. In line with RIOC’s mission and core values, RIOC issues PPF grants to local non-profit organizations that dedicate those funds to services, programs, and projects, that benefit and enrich the Roosevelt Island community.

The application process requires grant applicants to submit a budget along with their desired award amount. At the conclusion of the grant application process, the Board of Directors vote to approve the purpose for which the grant is sought, and the award amount to be distributed to each applicant. This process in turn, creates an obligation of the grant recipient to use the grant award for the purposes outlined and approved in their grant applications. And, in the event a grant recipient is unable to execute the program or project for which funds have been granted, they are not entitled to the award and must seek Board approval to authorize any change in allocation of grant funds.

The PPF cycle, covering FY 2020-21, running from April 1, 2020 through March 31, 2021, was applied for and approved prior to the onset of the COVID-19 Pandemic. Indeed, when New York State entered a state of emergency and Executive Order 202 – NY on PAUSE went into effect, many grant recipients were forced to halt all approved activities, and some organizations, without seeking prior board approval, reallocated funds for other uses. It is important to note, however, that during this time, RIOC staff worked – both in-person and remotely – to respond to the pandemic and to ensure that essential and non-essential services and amenities continued throughout Roosevelt Island and were available to respond to any inquiries.

A review of the FY 2020-21 grant cycle has revealed no less than four organizations that reallocated grant funds without seeking prior board approval. Said organizations now seek to have the board ratify and approve expenditures that were made unilaterally – by them – outside of the accepted rules and practices. This review process also uncovered additional deficiencies in the administration of the grant program, in that several organizations had failed to provide a full year’s accounting of their expenditures; certain organizations had failed to submit necessary paperwork from the prior FY cycle (2019-20) rendering them ineligible to receive the current FY grant award until such time that the prior year was closed; and countless employee hours spent in an effort to administer the Public Purpose Funds Grant Program. Indeed, given the above, all but two organizations had open items for the FY 2019-20 and/or FY 2020-21 grant cycles, despite the many attempts of RIOC staff to remind recipients of such deadlines and outstanding items.

We consulted with New York State agencies that make grants as part of their ordinary course of business in order to determine best practices in this area. It is worth noting that we were unable to identify any comparable NYS public benefit corporations that regularly provided grant funds as part of their ordinary course of business. In conducting this best practice research, we were guided, in part, by the New York State Council on the Arts (NYSCA) to explore the use of a grant administration partner. NYSCA specifically assisted in identifying the New York Community Trust (NYCT) as an organization that is unique in this field in that is positioned to leverage the efficiencies of its large scale and deep expertise in grant-making alongside its mission dedicated to improving the lives of the residents of New York City and its suburbs. It is an overwhelmingly efficient non-profit organization that specializes in grant administration and is singularly positioned to provide assistance of best practices for the Public Purpose Funds Grant Program. We consulted with NYCT and included in those discussions were grantee governance and finance best practices training, grant administration, and back-office efficiency through the implementation of software, among other things. Further conversations revealed that NYCT was capable of performing all these duties and responsibilities with ease at a cost of about \$25K per grant cycle. In order to provide this service, NYCT would require the administration of at least \$500K to take over such operations.

NYCT is uniquely positioned in this field to assist RIOC in administering the Public Purpose Funds Grant Program. The reasons are its stature in this area evidenced, in part, as being trusted with NY Attorney General's hard fought and extensively publicized funds of the Astor Estate. This also highlights its unique nature among grant administrators who have worked with NYS government. Also, important is that it is of sufficiently large size (\$3bn) with extremely low overhead (97% goes to giving) and non-profit nature all serve to help represent best value. Moreover, RIOC currently spends well over NYCT’s administration fee in employee hours to manage and monitor the Program.

Recommendation:

For the above reasons, RIOC is seeking Board approval to enter into a one-year contract – and two one-year options to renew – with NYCT for the purpose of providing grant administration and monitoring services for RIOC’s Public Purpose Funds Grant Program. This contract will include a pre-funding authorization for public purpose funds in the amount of \$450K; along with additional funding for grantee governance and finance best practices education in the amount of \$50K; for a contract service fee of \$25K per each grant cycle.