

Full transcript: Interview with Mark Ponton Tuesday, November 29, 2005

The WIRE: Since you have been the Board's person in charge of real-estate matters on the Board in recent months, I have a series of questions about the recent requests for initial proposals (RFIPs) that RIOC sent out recently.

Ponton: OK.

Q: First question: Why did the Board approve an offering of land at Southpoint and at the SportsPark area?

A: The Board did not approve the offering of any land anywhere. The Board did what I said they were going to do. I don't remember if I said it in April or May – that we were going to go to the development community to find out if there was any interest in doing anything on Roosevelt Island, and if so, what was that, and if so, at what price to us?

Q: How were those parcels selected for possible development?

A: I think a fair statement was that whatever there is should be looked at, since we were only talking conceptually, anyway, and that's what happened, in my opinion.

Q: You say it's your opinion. In other words, the real-estate committee did not approve these specific parcels?

A: It was not a question of approving specific parcels. It was a question of looking at the Island in total, determining what areas presented interest, and then having the Board decide whether they wanted to make those available.

Q: But the Board has never made a decision on that, right?

A: Well, the Board has never said, "Let's sell this and not sell that."

Q: What about the real-estate committee? Did the real-estate committee approve these specific parcels?

A: The real-estate committee said, "Let's look at the whole Island, and whatever comes up, comes up."

Q: Then where was that decision made? Who decided to offer those specific parcels?

A: I think it's different than you're portraying. I don't think anybody made a decision to offer those specific parcels. I think, when we said, "Look at the whole Island," naturally, that included every parcel of land on the Island. And so, a decision was made to look at the whole Island, and the whole Island was looked at. And now you say, "Well, who highlighted these things?" I guess

you'd have to say that the highlighting of these five or six parcels happened with the company to whom we've given the responsibility for marketing, and that's Jones Lang LaSalle.

Q: It seems to me residents have good reason to wonder why what they've conceived of as protected parkland at Southpoint would be put forward for possible development. Can you explain that?

A: I can explain why they'd feel that way because I'd feel that way myself. But when you give a company the permission to look at the whole Island, then I think you can expect that they'll look at the whole Island within the constraints that they see where they shouldn't build things or offer things. For instance, when the talk about "Big Box Retailers" came in, I said, "I don't think you can build anything permanent under a bridge," and I made that concern known, and apparently Jones Lang LaSalle pursued that and found that either you could or there was a way around it, and so that parcel came up for offer.

Q: Why "Big Box?"

A: That was a suggestion of Jones Lang LaSalle.

Q: Not approved by any real-estate committee specifically, or by the RIOC Board?

A: Neither approved nor disapproved. If somebody had said, "I think we can put a blacksmith shop there," the real-estate committee might have said, "Well, I don't think we want one." But if somebody said, "We think we can put a Big Box Retailer there," some people, including myself, didn't like that idea, but there was no reason at that point to say, "Wait a minute, don't consider that."

Q: So "Big Box" was brought up?

A: Oh, yes, it was brought up at the real-estate meetings.

Q: And the real-estate committee said, "Sure, go ahead with that"?

A: We did not say "no." That's the accurate thing. Some of us liked the idea, some of us didn't, but we didn't say, "No, don't consider that."

Q: You said you wouldn't favor that yourself, but it seems to me that what you're saying is that when you have a three-member real-estate committee, and there was not a command to stay away from that kind of offering, it sounds to me as though it was a two-to-one vote, or a two-to-one sentiment, at least, and your sentiment to avoid big-box at that location lost out.

A: That's a little stricter than my recollection. I don't think it was a yes or no in most of the things we talked about. I think it was a question of, unless there's some gigantic, huge objection unanimously felt by everyone, that the recommendation of Jones Lang LaSalle would be followed. I think that's a fair portrayal.

Q: Followed through to its logical conclusion of actually having a big-box retailer?

A: I think you would have to expect that if the Board did not turn it down.

Q: So your sense of this, I gather, is that (1) a big-box retailer could end up under the bridge in the Tram-station area, and some kind of commercial development could end up on the northern edge of Southpoint Park, based on the way this process has been executed so far.

A: I think “could” is correct, but I think it would take the approval of the Board. The way that I tried to set the situation up and, unfortunately, I wasn’t very successful at it, was that Jones Lang LaSalle was going to report to me. They were going to tell me what they had in mind and what they were doing and why; I was going to review that with the real-estate committee, and based on what we as a committee decided, I was going to tell the Board. I was going to tell them of the deals we were looking at and had continued to look at; I was going to tell them of the deals that we had looked at and turned down. Now, unfortunately, I was not successful in getting that process in place.

Q: How did it work out?

A: It worked out a number of random ways, as a matter of fact. Occasionally, someone would call RIOC directly. Occasionally, someone would call a member of the real-estate committee directly, and occasionally, someone would call Jones Lang LaSalle directly, and, in my opinion, we never had the channeling and funneling of that information through one central point that I would have liked us to have.

Q: Is the process out of control?

A: I can’t say “out of control.” I can say that I was unsuccessful in implementing the way I wanted to. As far as today’s process is concerned, I’d suggest you’d have to ask the Chair of the real-estate committee.

Q: OK, if the process isn’t outright out of control, then what is the biggest danger inherent in the way this is all being done?

A: I think the biggest danger for the Island is no different than when I was on the real-estate committee. In my opinion, the single biggest danger is that we will be offered, for Southpoint, an amount so obscenely large that we will not have the courage to turn it down, and that all the dreams of parklands and open lands and all that will go away, replaced instead by a 100-story condominium. When you look that land and what it has and the uniqueness of it, it’s impossible for me to believe that money will not come into play in a way that’s irresistible for those who chase money over quality of life.

There’s a 2nd danger, and that is one that I’ve been talking about since the first night I was on the Board, and that is that we have no plan for the Island. There’s no question in my mind that someone has a plan for the Island. I can’t tell you I don’t know who that someone is, but I can

tell you it's not me. We have a capital expense plan, but what we don't have is the vision, the strategy that capital expense plan supports. You have to start of a vision of what this Island is going to be when it's reached its full maturity. That can be an amusement facility, it can be a residential community, it can be a military-industrial complex, it can be whatever.

We have that only in the vaguest, vaguest terms. We don't know, for example, if we ever have to sell another piece of land to become self-sufficient, in order to remain self-sufficient. You can tell me yes, and show me data that supports that, and I can tell you no, and show you data that supports that. And the reason is, we don't have the vision, supported by a strategy, supported by a financial plan.

That danger existed when I got on the Board. It exists today.

Q: What do we do about that?

A: Somewhere, the leadership has to say, "We are going to stop now doing anything we're doing, other than preventive maintenance, until we have an agreed-upon vision in place, supported by a strategy, supported in turn by a plan.

Q: What leadership?

A: It either has to be the Board or it has to be at the direction of a committee appointed by the Board, or it has to be, in my opinion, by the President of RIOC.

Q: I don't want to ask you to say unkind things about your fellow Board members, but do you see that leadership coming from the Board?

A: I have not seen it so far.

Q: Thank you.

A: You're welcome.