

Roosevelt Island Operating Corporation Performance Measure Report

1. To promote, develop, and maintain the mixed-use residential community on Roosevelt Island.

Pursuant to the guidelines specified in the Roosevelt Island General Development Plan, the Roosevelt Island Operating Corporation (“RIOCC”) has promoted the development of approximately 4,960 units of housing, with the expected development of an additional 798 units. Of the built out units of housing stock, approximately 46% are currently affordable under Federal Section 8, NYS Mitchell-Lama, NYC Inclusionary Housing Programs or qualifying units sold or rented as Middle Income Affordable Housing (see Figure 1 below).

Table 1

Building	Units Developed	In Development	To Be Developed	Total Units	Units Developed as Affordable	Units Subsequently Converted To Market	Units Currently Affordable	Current Percentage Affordable
Manhattan Park	1,107			1,107	222		222	20%
Roosevelt Landings	1,003			1,003	1,003	340	663	66%
The Octagon	500			500	100		100	20%
Island House	400			400	400		400	100%
Southtown	1,202	266	532	2,000	542		542	45%
Westview	371			371	371		371	100%
Rivercross	377			377	377		377	100%
Total:	4,960	266	532	5,758	3,015	340	2,675	46%

Note: Unit Counts and Percentages are Approximate Values.

Of the total 3,272 affordable units originally developed above, 2,151 units (68% of the affordable units) were developed through the NYS Mitchell Lama (ML) program in the mid to late 70’s. The ML developers have the option after twenty years to exit the program and convert to a market rate building. Roosevelt Landings (formerly Eastwood) has exited the ML program whereby existing tenant rents will continue to be subsidized but units that become vacant will convert to market rate. As of March 31, 2014, approximately 34% of the units have been converted to market rate units. The ground lease for Island House was extended to 2068, allowing the developer to exit ML under a 30 year Affordability Plan, which provides a structure for the creation of a leasehold condominium and the conversion of the residential portion of the building to cooperative ownership. The conversion to cooperative ownership occurred on January 01, 2014, the first day of the year following the conversion in accordance with the terms of the lease. At least 65% of the units will either be sold as “affordable” CO-OPs or remain as affordable rentals.

2. To provide appropriate level of services which develop and maintain public facilities, open spaces, and commercial facilities.

As part of its mission the Corporation has sought the development of this 147-acre island by promoting public facilities including a transit system, sanitary and safety departments, pedestrian walkways, recreational activities, open spaces, and a street system. The initial planners promoted the development of a centralized parking facility that currently provides 1,522 parking spaces. A fourth quadrant may be required as part of development of Southtown 7-9 that would increase garage parking to approximately 2,000 parking spaces. The Island with one of the lowest crime rates per capita in the City is serviced by an on-island Public Safety Department with support from the NYPD.

The Modernized Tram, which was placed in service on November 31, 2010, now better meets the transportation needs of the residents and visitors: more passengers are shuttled quickly and safely; there is greater availability - the system allows for one cabin to continue operations while the other is down for preventive maintenance; and it is more reliable with redundant generators to power the system resulting in increased efficiencies and capabilities. The Tram stations improvements are scheduled to be completed by the end of 2015. The infrastructure improvement was funded through a \$15 million grant from the State of New York and \$10 million from RIOC. This important transportation mode shuttled 2,637,040 riders this past fiscal year between Roosevelt Island and Manhattan. The Tram operating net profit for the year amounted to \$1,284,517.

The on-island mass transportation is serviced by a fleet of seven clean energy hybrid buses. The buses are all wheel chair accessible and service the Island's significant disabled population. On December 12, 2013, RIOC's board approved the elimination of the bus fares and the doubling of the street parking fees to compensate for the loss of bus revenue. This change will increase the efficiency of the bus operations and was effective April 1, 2014.

Roosevelt Island has a public school, PS / IS 217, which currently has 517 students enrolled and The Child School / Legacy High School, a government funded private school specializing in educating children with special needs, is also located on Roosevelt Island — serving approximately 300 students. The Island is also home to a library, community center, and senior center.

The revitalization of Main Street and improvement of the retail businesses are in progress. On August 1, 2011 (“Commencement Date”), RIOC entered into a Master Sublease Agreement (“Agreement”) with Hudson Related Retail LLC (“HRR”) to redevelop, improve, market, lease and professionally operate the Retail Spaces controlled by RIOC. RIOC receives an annual guaranteed rent of \$900,000 - escalating by 2% annually beginning on the first anniversary of the Commencement Date for the first five years and 2.5% annually thereafter - as well as participation in the profits of the Master Sub-lessee. HRR is required to invest no less than \$2,365,000 in the aggregate in capital improvements during the first five years of the Agreement. According to its certified financial statements as of December 31, 2013, Hudson Related Retail LLC invested \$2,444,628 and incurred a loss of (\$292,892). According to the Agreement, RIOC will share future profits 50/50 once HRR is paid back its investment. HRR is yet to recoup any of its' investment and has not made any profit sharing payment. RIOC anticipates that profit sharing will not begin for several more years.

A new significantly larger New York Public Library (“NYPL”) is planned for the Island, which will be located at 504 Main Street. NYPL entered into a lease dated July 1, 2013 with HRR.

RIOC promotes recreational activities and has developed the Sportspark that includes a swimming pool, full-size basketball court, ping pong room, and weight room. Open recreational spaces include Lighthouse Park, Octagon Soccer Field, Octagon Pony Field, Capobianco Field, and Firefighters Field and Southpoint Park.

The Four Freedoms State Park, a memorial to honor President Franklin D. Roosevelt located on the southernmost tip of Roosevelt Island, opened in the fall of 2012. This popular destination received over 40,000 visitors between its opening and April 2013—to date attracting over 200,000 such visitors and tourists.

The infrastructure for basic utilities has been developed, and residential buildings are connected to the Automated Vacuum (“AVAC”) facility, an underground network of pipes that disposes of trash, eliminating the need for the majority of curb-side pickup.

Roosevelt Island was selected by the City of New York (“City”) for the site of the Cornell/Technion Applied Sciences Graduate School (“Cornell”). The project, which is projected to be built in three phases over a twenty

year period, will be built on the City's Goldwater Hospital site ("Goldwater Site"). To facilitate this project, on December 12, 2013, RIOC's Board resolved to: (1) amend its' Master Lease with the City to exclude the 2.62 acre surrounding the site ("Parcel") so that it may be incorporated into the City's 9.8 acre Goldwater Site for the Cornell Tech Campus; (2) approve and adopt the State Environmental Quality Review Act Findings Statement ("SEQRA"); (3) execute the Letter of Resolution regarding State Historic Preservation Act ("SHPA"); (4) enter into agreements with the State of New York ("State"), Cornell, and New York City Economic Development Corporation ("NYCEDC"), including a Development Agreement with Cornell; and (5) authorize all related actions.

For the surrender of the Parcel back to the City, RIOC will get financial contributions from the State as follows: \$1,000,000 annually for 55 years payable to RIOC (escalating 2.5% every 10 years) in accordance with State budgetary procedure, with the present value of the payment fully made by December 31, 2018, to support capital infrastructure improvement on Roosevelt Island. In addition, Cornell will pay RIOC \$400,000 annually for 55 years (escalating 2% every 10 years). The first of such payment was received. Also, Cornell, at its sole costs, will be responsible for the following: mitigation under SEQRA and SHPA; infrastructure improvements on, around, and under Loop Road (includes roadway work, sewers, relocation of electrical duct banks, and gas service); access to the RIOC premises under permits and License Agreements providing work plans, bonding and insurance, and incorporating construction protocols including but not limited to truck access, all approved by RIOC; air and noise pollution mitigation; payment for RIOC's Engineer and Consultant to review Work Plans for work to occur on the RIOC premises and to monitor performance of work by Cornell or its agents pursuant to Work Plans; repair of damage on the Island caused by Cornell or its agents; general indemnification for work performed by Cornell or its agents; environmental indemnification for environmental liabilities caused by Cornell or its agents; and increased security by Cornell at southern end of the Island. Cornell has commenced construction on the project site, which includes demolition and removal of debris by barging.

The Corporation has engaged a consultant to provide engineering design and marine permitting services for the completion of the Southpoint Park ("SPP") shorelines. Failures due to deterioration exist along both shores, and the west shore seawall consists of a succession of different masonry construction types, ranging from cut granite to large concrete blocks interspersed with eroded gaps. The eastern seawall, while in generally better condition, does have some localized failures including but not limited to damage to some 100 linear feet that was breached during Hurricane Irene; the portion damaged by the storm event has been approved by FEMA as a project for disaster recovery funding. Public access to the shorelines is not practical until structural integrity is restored. Moreover, loss of park area continues to occur as erosion penetrates beyond the wall breaches.

As noted above, Roosevelt Island was affected by Hurricane Irene. Before and during the storm, RIOC staff took measures to mitigate potential damage and to protect lives and property. Similarly, staff and contractor labor was used immediately following the storm to clear the roads and open spaces of debris and downed trees. Under Federal guidelines, these efforts were identified as eligible for reimbursement by FEMA. The following projects to rehabilitate portions of the Island impacted by Hurricane Irene were approved by FEMA and completed: (1) repairs to fencing damaged by falling trees; (2) repairs to damaged stone benches and walkways; (3) replacement of safety mulch washed away from playgrounds; (4) repairs to damaged streetlights adorning the open space at Lighthouse Park; and (5) repairs to several hundred linear feet of the West Side Sidewalk. For the aforementioned projects, RIOC has incurred \$232,057. Repairs to damages to the electrical system at Lighthouse are in progress and estimated to cost \$145,764. FEMA will reimburse RIOC 75% of the costs incurred.

Repairs to Hurricane Irene damages of the South Point Seawall, extending from the northern tip of the South Point park to the beginning of the Four Freedom Park on both the east and west side of approximately 1600 linear feet, are in progress; the design development documents were completed and accepted by RIOC and the final design documents for construction are in progress. RIOC has applied to the DEP for the construction permits, and DEP has received the permits from the Army Corp of Engineers. RIOC expects to receive the

final design documents and permits by September 2014 and issue an RFP shortly afterward for construction. RIOC estimates that the repairs would cost approximately \$16.5 million inclusive of replacement of the seawall railings and be completed by 2016. Of the estimated \$16.5 million, FEMA has approved \$1,098,656. RIOC has submitted an application to FEMA Hazard Mitigation Grant Program in the amount for \$15.3 million and is awaiting a response from FEMA.

Similarly, the Island experienced damages caused by Hurricane Sandy during October 2012. RIOC has completed some projects including repairs to damaged electric wiring in Lighthouse Park. Both completed and in-progress work has been identified to FEMA/OEM and the projects are currently under review for eligibility under Federal guidelines. Approved projects in the amount of \$57,294 will result in Federal reimbursement of \$42,971 at the Federal cost-share of 75%. The estimated total cost to complete the projects being reviewed is \$235,790 and contingent upon FEMA's acceptance, the expected Federal cost-share of 75% is 176,842. All projects resulting from Hurricane Sandy have been filed and must be completed prior to November 3rd, 2016 — which is anticipated to be more than sufficient.

3. To ensure good governance through compliance with its enabling legislation, corporate By-laws, General Development Plan, contractual obligations and all applicable Federal, State, and local laws.

RIOC has set forth Investment Guidelines, Lobbying Guidelines, Procurement Guidelines, Guidelines Regarding Acquisition and Disposal of Property, By-Laws, Policies for Senior Management, Travel Policies, and Policies on Reporting Misconduct and Protection Against Adverse Personnel Action.

4. To manage the Corporation's resources with fiscal responsibility and efficiency through a single comprehensive process that is aligned with the Corporation's strategic plan and to continue to operate without reliance on State subsidies.

RIOC's operating revenues were sufficient to meet its operating and capital needs for the 2013-14 fiscal year. The Corporation reported an operating profit, before depreciation, of \$4,302,819, a 40% amount in excess of the amount budgeted. The capital budget is prioritized to match the Corporation's strategic planning process and revenues have produced reserve funds, which are invested for necessary development and maintenance without relying on State subsidies.

5. To provide a safe environment for the public and the Corporation's employees.

The mission of the Roosevelt Island Public Safety Department ("PSD") is to provide a safe and secure environment for the residents, employees, business owners, community and visitors of Roosevelt Island. PSD is a division of RIOC, and its Public Safety officers are the front-line problem solvers for the Roosevelt Island community. By working closely with the City Police Department's 114th Precinct, with the Fire Department and their Medical Services (EMS), PSD provides a 24-hour a day, seven-day-a-week presence on the Island. The Corporation intends to place more emphasis on community-based policing and quality of life issues.

In furtherance of this mission, the Corporation retained TM Protection Resources Inc. to conduct an audit of the policies and procedures of PSD. Upon completion of the audit, TM produced a report which contained a number of recommendations which either have been, or are in the process of being, adopted by the Corporation.

6. To maintain and enhance the physical conditions of the Corporation's public facilities and open spaces.

RIOC's capital improvement plan provides a framework for the Corporation to renew existing aged infrastructure, and maintain the quality of life for the Island's residents, workers, and visitors. The Corporation achieves this by making capital improvements and strategically acquiring capital assets that support essential services such as transit, sanitation, and public safety. Significant projects in progress include the installation of LED lighting in the Motorgate Garage and repairs to the helix ramp estimated at \$3 million; maintaining a state of good repair on the Island's newly renovated aerial tramway including the replacement of the current elevator with an ADA-compliant one and the addition of a new ADA-compliant elevator as well as the painting of the tram stations for an estimated cost of \$3.6 million; renovation of the Bus Garage/Warehouse for an estimated cost of \$3.9 million; rehabilitation of the Island's seawall for an estimated cost of \$21.6 million; replacement of the railings for an estimated cost of \$6 million; restoration of the Cultural Center for an estimated cost of \$700,000; removal of z-brick and paving with asphalt for an estimated cost of \$600,000; augmentation of rip-rap along Steam tunnel for an estimated cost of \$500,000; improvement to the Sportspark facility including the implementation of a permanent heating system at an estimated cost of \$700,000, and replacement of the roof at an estimated cost of \$600,000; and the island wide security camera system at an estimated cost of \$1.2 million

See the attached Capital Budget Plan.

7. To promote a sustainable, innovative environment and to strive for island-wide green initiatives.

To limit the congestion caused by excess traffic, RIOC provides bus services — utilizing 7 hybrid-electric buses powered by ultra-low-sulfur diesel fuel, thereby limiting production of greenhouse gases (GHG). Further reductions to the low GHG levels are expected due to the previously noted elimination of the bus fares, which will reduce stop and idling times associated with GHG production. The Corporation has also purchased neighborhood electric vehicles to the extent possible to lessen dependence on fossil fuel utilizing vehicles for light duty usage by employees. A feasibility study was conducted for the installation of canopy solar panels above the Motorgate Garage. The study concluded that it would most likely not be economically feasible at this time until such cost efficiencies could be attained.

8. To effectively communicate with all stakeholders.

Notices are posted to all stakeholders in public view and on the RIOC web site for all Board of Directors and Committee meetings pursuant to the NYS Open Meetings Law. The web site provides relevant information to stakeholders, such as community information and information about the Corporation's operations and finances. Advisories are also sent to stakeholders informing them about emergency situations, traffic/transportation advisories affecting the island, and community events.

9. To partner with businesses, industry leaders and other government agencies to meet the needs of the Corporation's stakeholders.

The fares for stakeholders riding the Aerial Tramway are collected on RIOC's behalf via the Metro Card system through a partnership with New York City Transit, which promotes the efficiency of the system by connecting riders to the mass transit system of the greater urban area. The aforementioned Agreement between RIOC and Hudson/Related is a partnership that will promote utilization of the island's commercial sector, thereby increasing stakeholder's access to goods and services.