

**ROOSEVELT ISLAND
OPERATING CORPORATION**
of The State of New York



ANNUAL REPORT
FISCAL YEAR 2014

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OPERATING CORPORATION**
of The State of New York



ANNUAL REPORT - FISCAL YEAR ENDED MARCH 31, 2014

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Andrew M. Cuomo
Governor

Charlene M. Indelicato
President/Chief Executive Officer

Donald D. Lewis
Vice President/General Counsel

Frances A. Walton
Vice President/Chief Financial Officer

**ROOSEVELT ISLAND
OPERATING CORPORATION**
of The State of New York



591 Main Street, Roosevelt Island, NY 10044
T: (212) 832-4540 • F: (212) 832-4582
rioc.ny.gov

Board of Directors

Darryl C. Towns, *Chairperson*
Fay Fryer Christian
Dr. Katherine Teets Grimm
David Kraut
Robert L. Megna
Howard Polivy
Michael Shinozaki
Margaret Smith

THE ROOSEVELT ISLAND OPERATING CORPORATION Public Authority Annual Report

Fiscal Year Ended March 31, 2014

Background

The Roosevelt Island Operating Corporation of the State of New York ("RIOC") is a public benefit corporation and a political subdivision of the State of New York. RIOC was created by the New York State legislature, in 1984, to take responsibility, pursuant to a General Development Plan (GDP), for the development and operation of the 147 acres comprising the former Welfare Island, located in New York City's East River. RIOC assumed the role of the New York State Urban Development Corporation as lessee under a 99-year Master Lease (running until 2068) from the City of New York.

The GDP, which has been amended from time to time, provides for the development of housing, shops and community facilities for a mixed income, handicap accessible, residential neighborhood. As an island community, Roosevelt Island requires specialized operations and capital infrastructure maintenance such as an aerial tramway, comprehensive garbage compacting system and seawall improvements. RIOC supplements the very basic services provided by the City of New York, and provides specialized operations and capital improvements.

Pursuant to its enabling legislation, the RIOC Board of Directors is composed of nine members including the Commissioner of the New York State Division of Housing and Community Renewal, who serves as the chair; the New York State Director of the Budget; and seven public members nominated by the Governor of the State of New York with the advice and consent of the New York State Senate. Of the seven public members, two members are recommended by the Mayor of New York City, and five members must be residents.

I. Mission Statement

Created by the State of New York as a public benefit corporation, it is the mission of the Roosevelt Island Operating Corporation to plan, design, develop, operate, maintain and manage Roosevelt Island.

Public Benefit

The Corporation is a political subdivision of the State of New York and additional stakeholders include the City of New York, residents, students, developers and commercial operators, workers and visitors to Roosevelt Island (the "Island"). The Corporation's stakeholders benefit from the

development and preservation of properties and open spaces, as well as sharing in the economic growth of the Roosevelt Island community.

The Roosevelt Island Operating Corporation accomplishes its mission by practicing the following core values, which were adopted December 14, 2011:

- **Service**

We are committed to providing services that enhance the Island's mixed-use residential community, including public transportation, public safety, public works and parks and recreation.

- **Preservation**

The Corporation promotes the preservation, enhancement, and sustainable use of the Island's historical landmarks and other structures and open spaces.

- **Environmental Responsibility**

All new development, as well as maintenance of parks, public spaces, and other property under the Corporation's stewardship strives to employ the latest, cost-effective, high-performance environmental designs and techniques available.

- **Public Safety**

We are committed to protecting and serving the community by providing a safe and secure environment and enforcing local, State and Federal laws.

- **Communication and Transparency**

We are committed to effectively communicating with our stakeholders and undertake to be open, honest and accountable in our relationships with everyone we work with and with each other.

- **Fiscal Responsibility**

We are committed to managing the Corporation's resources with fiscal responsibility and efficiency through a single comprehensive process that is aligned with the Corporation's strategic plan, without reliance on State subsidies.

- **Innovation**

We thrive on creativity and ingenuity and strive to employ new, unique and innovative solutions to accomplish our mission.

- **Partnerships**

We strive to develop strategic partnerships with commercial enterprises, nonprofit organizations and institutions in the public and private sectors to meet the needs of our stakeholders and carry out our mission.

- **Governance**

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

I. (i) Performance Goals:

- To promote, develop, and maintain the mixed-income residential community on Roosevelt Island.
- To provide an appropriate level of services to develop and maintain public facilities, open spaces and commercial facilities.
- 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.
- 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.
- To provide a safe environment for the public and the Corporation's employees.
- To maintain and enhance the physical conditions of the Corporation's public facilities and open spaces.
- To promote a sustainable, innovative environment and to strive for island-wide green initiatives.
- To effectively communicate with all stakeholders.
- To partner with businesses, industry leaders and other government agencies to meet the needs of the Corporation's stakeholders.

I. (ii) Performance Measurement Report

See Attachment "A"

II. OPERATIONS AND ACCOMPLISHMENTS

On December 20, 2012, The Board of Directors approved the Corporation's Budget FY 2013/2014 & Five Year Cash Projection reflecting a projected "Net Income before Depreciation of \$3,065,435 and Net Loss after depreciation of (\$583,565)" and "Capital Expenditures for the Five Years Ending March 31, 2018" of \$59,711,000. For the fiscal year ended March 31, 2014, RIOC generated actual "Net Income before Depreciation of \$4,302,819 and Net Income after depreciation of \$804,082"

Six (6) of the anticipated nine (9) buildings ("Buildings") of the Southtown Development Project have been completed. Of the remaining Buildings, the Building 7 Lease was closed on October 10, 2013 and construction is in progress. The Building 8 Lease Closing shall occur no later than 30 months after the Building 7 Lease Closing; and the Building 9 Lease Closing shall occur no later than 30 months after the Building 8 Lease Closing. Should development fail to occur within the expected timeframe, RIOC is protected by a letter of credit in the amount of \$2,438,400.

RIOC believes that the development will occur based in part on the increased interest in the Island as a result of the multi-billion dollar Cornell-Technion Applied Science Technical School (“Cornell”) project on the Island.

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 infrastructure improvement was funded by a \$15 million grant from the State of New York and \$10 million from RIOC. Ridership on the Tram is increasing due to increased activities on the Island including the development of Southtown and Cornell; and higher visitorship to the Four Freedom State Park (“FFSP”). During the fiscal year ended March 31, 2014, Tramway revenue exceeded the budget by \$767,937 or 18%.

On December 12, 2013, RIOC’s board approved the elimination of the Red bus fares and the doubling of the street parking fees to compensate for the loss of bus revenue. This change has increased the efficiency of the bus operations and was effective April 1, 2014.

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.

On September 28, 2012, RIOC entered into a lease modification with Northtown Phase II Houses Inc. (the “Housing Company”) — one of four Mitchell-Lama housing projects built on the Island — to extend the term of its ground lease until December 22, 2068. During the term of the lease, the Housing Company will exit Mitchell-Lama and pursue an Affordability Plan. The Affordability Plan provides, among other things, a structure for the creation of a leasehold condominium and the conversion of the residential portion of the building to cooperative ownership, the opportunity for (i) existing tenants to purchase their apartments at below market purchase prices, (ii) non-purchasing tenants to remain in their apartments at below market rents with increases promulgated by the New York City Rent Guideline Board (the “RGB”), with adjustments to reflect tenant income, and (iii) second generation affordability by limiting the resale prices of cooperative apartments and establishing maximum income levels for second generation purchasers (and beyond).

The conversion of the residential portion of the building to cooperative ownership lease provides that the Housing Company must execute the conversion within three years from the date of lease execution. Provided that this takes place, the base ground rent will increase as follows: (a) the

current base rent will increase from \$136,000 to \$236,000 per annum — increasing by 10% on each 5th anniversary for 30 years; (b) the Housing Company will pay a transfer fee due in connection with the initial sale of each apartment equal to five percent (5%) of the unit's gross sales price — but not to exceed \$4,500,000 in the aggregate; (c) for any resales following such initial sales the seller will be obligated to pay RIOC one percent (1%) of the unit's gross sales price. The conversion to cooperative ownership occurred on July 1, 2013 and the increased ground rent of \$236,000 became effective January 01 2014, the first day of the year following the conversion in accordance with the terms of the lease.

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 located 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 Cornell; (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 has been received. Also, Cornell, at its sole cost, 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 New York City Health and Hospitals Corporation (“HHC”) initially announced its intention to close and abandon in place a large steam plant located on the Island as of March 31, 2014. The plant provides heat to the Goldwater Site, Coler Hospital, and several RIOC-owned facilities including Sportspark, AVAC, and the Bus garage/warehouse. The anticipated closure of the steam plant has created several issues for RIOC. First, because HHC had announced a closing date of March 31, 2014, RIOC was compelled to implement a costly temporary heating system at its Sportspark facility in advance of that date to prevent the interruption of heat if the steam plant were closed. As it turned out, the steam plant has not yet been closed, and HHC has not provided a definitive date for such closure. In addition, RIOC will eventually have to replace this

temporary system with a permanent system and the costs related to such an upgrade will likely be substantial. RIOC is currently reviewing proposals to obtain the services of a qualified engineering firm for the design of such a solution.

Additional engineering services were also retained for necessary repairs and recommended upgrades at the Sportpark facility. The consultant prepared a report of the facility's lighting, plumbing, and roofing systems. The analysis is complete, and it is anticipated that some of the recommended resulting upgrades will increase the efficiency of the aforementioned permanent heating system. In addition, the report indicated certain necessary emergency relief, including expedited repair of the roof of the facility which is expected to cost around \$3 million and needs to be completed before the other repair work can be done.

The expected increase in traffic due to construction of Cornell has precipitated the need to conduct a structural evaluation of the Roosevelt Island Helix Bridge Ramp, which was rehabilitated in 1987 and would not have been addressed for some years in RIOC's Capital Plan. A qualified engineering firm was procured in May 2013; the pursuant contract includes corrective engineering and design services, preparation of contract documents, and assistance with construction. To date, design documents are completed, and RIOC is in the process of preparing an RFP for construction. RIOC estimates that the project will cost approximately \$2 million and be completed by December 2014.

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.

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

SUBSEQUENT EVENT

It is RIOC's understanding that as of March 27, 2014, Rivercross Tenants Corp. ("Housing Company") has exited the Mitchell-Lama program. An amendment to the restated ground lease, which extended the term until 2068, call for the financial terms to be calculated in accordance with the section 4, 5 and 6 as follows:

Section 4. In the event that Housing Company is no longer a Mitchell-Lama development under Article II of the PHFL and subject to the supervision and direction of the Commissioner of HCR, but leaves the Mitchell-Lama program under an affordability plan approved by the Commissioner of HCR, the Residential Ground Rent and Commercial Ground Rent payable under the Restated Ground Lease shall be as agreed to at such time. If Housing Company leaves the Mitchell-Lama program, the parties shall also agree as to payments to RIOC in lieu of mortgage recording tax or sales and

compensating use taxes on construction materials incorporated into Housing Company's property if Housing Company is able to obtain an exemption from or abatement of such taxes due to RIOC's status.

Section 5. In the event that Housing Company is no longer a Mitchell-Lama development under Article II of the PHFL and subject to the supervision and direction of the Commissioner of HCR, but leaves the Mitchell-Lama program under a plan which has not been approved as an affordability plan by the Commissioner of HCR, the Financial Terms (as defined in the succeeding sentence) of the Restated Ground Lease shall be adjusted based on the form of conversion Housing Company utilizes in leaving the Mitchell-Lama program. The "Financial Terms" of the Restated Ground Lease shall be adjusted to achieve a market rate rent, and shall include escalating to market rate the Residential Ground Rent and the Commercial Ground Rent, as well as imposing other fees and charges that RIOC then typically receives for similarly structured non-Mitchell-Lama residential properties. Such fees and other charges shall include, but not be limited to, capital event fees for building sales and refinancing and transfer fees for the sale of cooperative and condominium units, and payments to RIOC in lieu of mortgage recording tax or sales and compensating use taxes on construction materials incorporated into Housing Company's property if Housing Company is able to obtain an exemption from or abatement of such taxes due to RIOC's status. If the parties are unable to reach agreement on any of the Financial Terms to be negotiated between the parties, such dispute shall be resolved in accordance with the provisions of Paragraph 6 below. Paragraphs 4, 5 and 6 of this Agreement are applicable only to the determination of the Financial Terms payable to RIOC and are not applicable to such portion of the Basic Rent allocated to the UDC pursuant to the RAA or to the determination of the "tax equivalent" payments set forth in subparagraph 1 (y) and 2 (y) of Paragraph 5(A) of the Restated Ground Lease. The "tax equivalent" payments shall be payable as provided in paragraph 6 (c) of the Restated Ground Lease as same has been amended by paragraph 3 of this Amendment.

Section 6. If the parties are unable to reach agreement on the renegotiated Financial Terms, as set forth in paragraph 5 above, by no later than sixty days prior to the effective date Housing Company is leaving the Mitchell-Lama program, the dispute shall be settled by arbitration in the City of New York before the American Arbitration Association (or, if such Association is no longer in existence, such other organization as is its successor). The following procedure shall apply:

(a) Each party shall appoint an independent person of recognized competence in the field involved as an arbitrator and notify the other party of such appointment within twenty days after notice by one such party to the other to make an appointment. If either party fails to timely make an appointment and notify the other party of the arbitrator appointed, then the arbitrator appointed by the party which has not so failed shall appoint an independent arbitrator for and on behalf of the party so failing, and shall give notice of such appointment to the failing party within twenty days after such failure by the other party to appoint.

(b) The arbitrators shall meet as promptly as practicable in an effort to resolve the dispute. If the arbitrators are unable to reach agreement within thirty days after having been appointed; they shall appoint a third arbitrator to act as an umpiring arbitrator, who shall resolve the matter in dispute. If the two arbitrators cannot agree on a third arbitrator within ten days after notice from one arbitrator to the other, the umpiring arbitrator shall be appointed by the presiding justice of the Appellate Division of the Supreme Court of the State of New York, First Department, or if for any reason such presiding justice does not make the

appointment, then by the President of the Bar Association of the City of New York.

(c) If any arbitrator who has been appointed fails, refuses or is unable to act in such capacity, a new arbitrator shall be appointed in his or her place, which appointment shall be made in the same manner as set forth above.

(d) The arbitrators shall conduct such hearings as they deem appropriate. RIOC and the Housing Company shall each be entitled to present evidence and argument to the arbitrators and shall have the right to participate in all arbitration proceedings in order to protect their rights. The umpiring arbitrator shall only select the determination of either RIOC's or the Housing Company's arbitrator, and shall render his or her decision in writing. In rendering a decision, the arbitrator shall have the right only to interpret and apply the terms of the Restated Ground Lease, as amended by this First Amendment, and may not vary, modify or amend any provision of the Restated Ground Lease.

(e) Each party shall pay the costs and expenses of their own arbitrator and shall share equally the cost of the umpiring arbitrator and all other arbitration expenses.

(f) A determination made by arbitration pursuant to this paragraph shall be final and binding upon the parties. If a final determination is made after the date the Housing Company leaves the Mitchell-Lama program, such determination shall be applied retroactively to the date of such exit, and, if as a result of the determination, the Housing Company owes any additional sums, it shall pay the party entitled to receive such sums within thirty days after the date the parties are notified of the arbitrator's final determination

Final disposition is yet to be determined.

III. FINANCIAL REPORTS

III. (i) Audited Financials.

The audited financial reports are attached – see Attachment “B”. Below is an overview of the statement of revenue, expenses and changes in fund net assets, and the statements of assets.

RIOC’s statements of revenues, expenses and changes in fund net position are used to report changes in the net position, including depreciation expense. Revenues reported here are based on a standard of recognition whereby revenues are recorded when earned. The statements of revenues, expenses and changes in fund net position detail program revenues by major source and expenses by natural classification and indicate the change in net position.

RIOC’s total operating revenues for the fiscal year ending March 31, 2014 were \$23,595,449, which includes \$23,323,917 in revenues identified as program revenues and \$271,532 of non-program specific revenues, primarily interest income and telephone commission. For the fiscal year ending March 31, 2014, operating revenues increased by \$1,725,739 or 7.89% over the last fiscal year. This was mainly due to an increase in Tramway revenues by \$477,094 or 10.28% and Ground rents by \$1,163,185 or 12.43%, which includes mortgage recording tax revenues of \$371,506 from the refinancing of Southtown building 3 and 4; and land transfer revenues of \$400,000 from Cornell. In addition, other revenues increased by \$144,921 or 15.11% mainly due to an increase in Sportspark fees by \$49,546, sports field permit fees by \$24,535, and other

permit fees including newly initiated construction permit fees by \$38,948. However, residential fees decreased by \$56,789 or 5.11% primarily due to a decrease in condo sales transactions; and interest income declined by \$27,506 or 14.84% due to low interest rate resulting from the short term nature of RIOC's investments in accordance with the State's investment guidelines.

RIOC's total operating expenses for the fiscal year ending March 31, 2014 were \$22,791,367, and \$21,664,826 for the last fiscal year ending March 31, 2013, including depreciation of \$3,498,737 and \$3,424,513, respectively. For fiscal year ending March 31, 2014, total operating expenses before depreciation increased by \$1,052,317 or 5.77% over the last fiscal year, which is mainly due to increases in professional and legal services for Cornell, FFSP, and Public Safety by \$729,914 and insurance by \$295,565. There will be a loss of approximately \$50,000 in reimbursement for public safety services provided to FFSP.

The statement of revenues, expenditures and changes in fund balances using the modified accrual basis, reported an increase of \$804,082 to an ending balance of \$81,079,671 at March 31, 2014.

**STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
MARCH 31, 2014**

	<u>2014</u>	<u>2013</u>	<u>% Change</u>
Operating revenues:			
Residential fees	\$ 1,054,652	\$ 1,111,441	-5%
Ground rent	10,519,864	9,356,679	12%
Commercial rent	1,434,674	1,421,038	1%
Tramway revenue	5,117,937	4,640,843	10%
Public Safety reimbursement	1,743,828	1,673,097	4%
Transport/parking revenue	2,469,234	2,521,892	-2%
Interest income	157,897	185,403	-15%
Unrealized Gain (Loss)	(6,875)		
Other revenues	1,104,238	959,317	15%
Total operating revenues	<u>\$ 23,595,449</u>	<u>\$ 21,869,710</u>	<u>8%</u>
Operating expenses:			
Personal services	\$ 10,130,433	\$ 10,008,395	1%
Insurance	1,433,013	1,137,448	26%
Professional services and legal services	1,400,739	670,825	109%
Management fees	4,101,573	4,074,439	1%
Telecommunications	103,010	115,623	-11%
Repairs and maintenance	352,705	281,689	25%
Vehicles maintenance	351,700	350,664	0%
Equipment purchases/lease	54,464	73,482	-26%
Supplies/services	975,482	1,051,650	-7%
Other expenses	389,510	476,100	-18%
Total operating expenses excluding depreciation	<u>\$ 19,292,630</u>	<u>\$ 18,240,313</u>	<u>6%</u>
Operating income before depreciation	4,302,819	3,629,396	19%
Depreciation expenses	3,498,737	3,424,513	2%
Change in net position	<u>804,082</u>	<u>204,884</u>	<u>292%</u>
Total net position, beginning of year	80,275,589	80,070,705	0.3%
Total net position, end of year	<u><u>\$ 81,079,671</u></u>	<u><u>\$ 80,275,589</u></u>	<u><u>1%</u></u>

On RIOC's statement of net position at March 31, 2014, total assets of \$114,858,198 exceeded total liabilities of \$33,778,527 by \$81,079,671 (total net position). Total assets are comprised of capital assets (e.g., buildings, machinery and equipment) totaling \$67,517,327, cash and cash equivalents totaling \$42,085,888 and other assets of \$5,254,983. Liabilities comprised of accounts payable of \$1,090,012, unearned revenues of \$29,213,679 (prepaid rents), other post-employment benefits of \$2,892,456, and other liabilities totaling \$582,381. Unearned revenues represent the prepaid ground rent revenue received for the Southtown and Octagon development projects that will be recognized over their respective lease terms. Of total net position, \$13,020,543 is available to be used to meet ongoing capital obligations. Additionally, \$541,801 is available for ongoing operational expenses.

STATEMENTS OF NET POSITION

<u>Assets</u>	<u>2014</u>	<u>2013</u>	<u>% Change</u>
Current assets			
Cash	\$ 244,565	\$ 692,141	-65%
Short-term investments	41,841,323	40,047,969	4%
Receivables	1,322,482	1,086,151	22%
Prepaid expenses	1,545,134	1,437,302	8%
Total current assets	44,953,504	43,263,563	4%
Noncurrent investments	2,387,367	2,050,455	16%
Capital assets, net of accumulated depreciation	67,517,327	68,724,541	-2%
 Total assets	 \$ 114,858,198	 \$ 114,038,559	 1%
<u>Liabilities and Net Position (Net Assets)</u>			
Current liabilities - accounts payable and accrued expenses	1,090,012	809,459	35%
Compensated absences	579,748	556,151	4%
Unearned revenue	29,213,679	29,910,944	-2%
Postemployment benefits other than pension	2,892,456	2,382,670	21%
Other liabilities	2,632	103,746	-97%
Total liabilities	33,778,527	33,762,970	0.05%
Net position (net assets):			
Investment in capital assets	67,517,327	68,724,541	-2%
Restricted for capital projects	13,020,543	10,450,427	25%
Unrestricted net assets	541,801	1,100,621	-51%
Total net position (net assets)	81,079,671	80,275,589	1%
 Total liabilities and net position (net assets)	 114,858,198	 114,038,559	 1%

III. (ii) Grant and Subsidy Programs

Included in "Other Expenses" are expenditures for public purpose grants totaling \$275,000 per year for the years ended 2014 and 2013. The Roosevelt Island Youth Center was granted \$175,000 each year to help fund operating expenses. The remaining grants of \$100,000 are awarded to various Island-based not-for-profits that must apply each year and require Board approval.

III. (iii) Operating and Financial Risks

Roosevelt Island Operating Corporation is self-sustaining: it generates sufficient revenues from long term ground and commercial leases – residential fees, ground rent, commercial rent, and public safety fees; service fees from its Tramway and Parking Operations; and other revenues to fully meet its operational expenses. Roosevelt Island Operating Corporation neither borrows nor depends on State or City appropriations and thus is minimally exposed to market, interest rate, and economic risks.

The development agreement for Southtown buildings ("Buildings") seven (7) through nine (9) between Hudson Related Joint Venture ("Developer") and RIOC included a contingent de-designation (cancellation of project or portion of) fee of \$2,438,400. The agreement is collateralized by a Guaranty Letter of Credit issued by Deutsche Bank Trust Company, NA in the amount of \$2,438,400 maturing on August 15, 2014, to be renewed annually. The Building 7 Lease was closed on October 10, 2013 and construction is in progress. The Building 8 Lease Closing shall occur no later than 30 months after the Building 7 Lease Closing; and the Building 9 Lease Closing shall occur no later than 30 months after the Building 8 Lease Closing. In the event that the Developer fails to close a Building lease in accordance with the foregoing schedule, except if due to RIOC, RIOC may draw the entire balance of the Guaranty Letter of Credit and apply same at its sole discretion, and in addition thereto, at its sole option, de-designate Developer for each such Building and for the remainder of the Building. RIOC believes that the development will occur based in part on the increased interest in the Island as a result of the multi-billion dollar Cornell Technion project on the Island

III. (iv) Bond Ratings

Roosevelt Island Operating Corporation does not issue bonds.

III. (v) Long-term Liabilities

Roosevelt Island Operating Corporation has no long-term liability except post employment benefits other than pension, which is described below under section III. (v)(c)

III. (v)(a) Leases

Roosevelt Island Operating Corporation has agreements with four housing companies operating on the Island to sublease commercial space occupied by the housing companies. Rent expense for the years ended March 31, 2014 and 2013 approximated \$86,000 per year

III. (v)(b) Unearned Revenue

As of March 31, 2014, unearned revenue in the amount of \$29,213,679 reported in the Statement of Net Position represents amounts collected in advance for lease-related payments related to subsequent fiscal years. These amounts will be recognized as income on an annual basis over a period of the remaining fifty-four years on the ground lease for the City of New York expiring in 2068 under the accrual basis of accounting.

<u>Buildings</u>	<u>Balance at April 01, 2013</u>	<u>Additions</u>	<u>Amortization</u>	<u>Balance at March 31, 2014</u>
Octagon	\$ 2,640,006		\$ (47,354)	\$ 2,592,652
Southtown Bldg #1	1,774,830		(31,836)	1,742,994
Southtown Bldg #2	1,693,572		(30,378)	1,663,194
Southtown Bldg #3	3,619,313		(64,920)	3,554,393
Southtown Bldg #4	4,718,777		(84,642)	4,634,135
Southtown Bldg #5	6,025,825		(108,087)	5,917,739
Southtown Bldg #6	9,274,939		(166,367)	9,108,573
Sportspark Field	163,683		(163,683)	0
Total	<u>\$ 29,910,944</u>	<u>\$ -</u>	<u>\$ (697,266)</u>	<u>\$ 29,213,679</u>

III. (v)(c) Postemployment Benefits Other Than Pensions

Roosevelt Island Operating Corporation provides continuation of medical coverage to administrative, non-represented employees (those categorized as M/C) that retire at age 55 or older with five (5) years of service with the Corporation or a combination of service with a previous NYS public employer and a minimum of one (1) year service with RIOC. The employee must meet the requirements for retiring as a member of the NYS Employees Retirement System, and the employee must be enrolled in NYSHIP. The Corporation contributes 90% for employees and 75% for an employee's spouse.

The Corporation provides certain health care benefits for retired employees. Substantially all of the Corporation's non-union employees may become eligible for these benefits if they reach the normal retirement age, of the respective tier of the New York State Employees' Retirement System, while working for the Corporation. The Corporation, on an annual basis, accrues the cost which represents the present value of these benefits to be paid over the estimated lives of the retirees.

Total expenditures charged to operations for the years ended March 31, 2014 and 2013 amounted to \$637,017 and \$457,950, respectively. At March 31, 2014, the liability for retired employees included in non-current accrued fringe benefits amounted to \$2,892,456

The Roosevelt Island Operating Corporation currently pays for post-retirement health care benefits on a pay-as-you-go basis and has set aside assets in the amount of \$2,892,456 to meet this long term obligation.

IV. DEBT SCHEDULE

Roosevelt Island Operating Corporation does not issue debt and thus does not have any bonds and notes outstanding.

V. COMPENSATION SCHEDULE

NAME	TITLE	SALARY	TOTAL COMPENSATION
Beirne, Marguerite	Director Information Technology	\$105,014	\$64,509
Chironis, Steven G.	Vice President-CFO	\$136,965	\$78,943
Guerra, W. Keith	Director Public Safety	\$104,464	\$40,982
Indelicato, Charlene M.	President/Chief Operating Officer	\$150,355	\$133,419
Jagdharry, Muneshwar	Controller	\$100,915	\$103,992
Lewis, Donald	Vice President-General Counsel	\$139,994	\$143,379
McManus, John B.	Director Public Safety	\$104,504	\$16,365
Snedkov, Alexander	Director Engineering	\$105,000	\$13,635
Walton, Frances A.	Vice President-CFO	\$130,002	\$20,358

V. (i) Biographical Information

Biographical information for all specified employees is attached – see Attachment “C”.

VI. PROJECTS

Roosevelt Island Operating Corporation did not undertake any Industrial Development Agency Projects (IDA Projects).

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.

VII. REAL PROPERTY

VII. (i) Real Property Disposition

Six (6) of the anticipated nine (9) buildings (“Buildings”) of the Southtown Development Project have been completed. Of the remaining Buildings, the Building 7 Lease was closed on October 10, 2013 and construction is in progress. The Building 8 Lease Closing shall occur no later than 30 months after the Building 7 Lease Closing; and the Building 9 Lease Closing shall occur no later than 30 months after the Building 8 Lease Closing. Should development fail to occur within the expected timeframe, RIOC is protected by a letter of credit in the amount of \$2,438,400. RIOC believes that the development will occur based in part on the increased interest in the Island as a result of the multi-billion dollar Cornell project on the Island.

Roosevelt Island was selected by the City of New York (“City”) for the site of 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 Cornell; (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.

VII. (ii) Real Property Acquisition

Roosevelt Island Operating Corporation did not acquire any real property

VII. (iii) Real Property Owned

	Net Asset Value	Note
AVAC	\$ 1,064,042	(1)
Blackwell House	\$ 1,221,834	(1)
Boathouse	\$ 14,073	(1)
Good Shepard Chapel	\$ 1,475,375	(1)
Lighthouse	\$ -	(2)
Motorgate	\$ 4,117,900	(1)
Renwick Ruins	\$ 4,116,596	(1)
Sportspark	\$ 53,219	(1)
Strecker Lab	\$ -	(2)
Tramway	\$ 20,308,336	(1)
Total	<u>\$ 32,371,376</u>	

Note:

- (1) Fair Market Value is currently not available
- (2) Historical Landmarks- Undetermined

VIII. CODE OF ETHICS

As a New York State public benefit corporation, RIOC is vested with a public trust. In order to promote and maintain governmental integrity, each officer, director, and employee of RIOC must adhere to the standards and code of ethics set forth in the Code of Ethics approved by the Board of RIOC on March 25, 2010 (see Attachment “D”) and in the State Code of Ethics and the Ethics in the Government Act.

IX. ASSESSEMENT OF THE EFFECTIVENESS OF INTERNAL CONTROL STRUCTURE AND PROCEDURES

This statement certifies that the Roosevelt Island Operating Corporation followed a process that assessed and documented the adequacy of its internal control structure and policies for the year ending March 31, 2014. RIOC is partially compliant with the New York State Governmental Accountability, Audit and Internal Control Act, and has implemented corrective action plans to be fully compliant.

X. ENABLING LEGISLATION

On September 4, 1984, The Roosevelt Island Operating Corporation (“RIOC”) was organized pursuant to Chapter 899 of The New York Unconsolidated Law as a public benefit corporation to

take responsibility, pursuant to a General Development Plan (GDP), for the development and operation of the 147 acres comprising the former Welfare Island, located in New York City's East River – see Attachment “E”.

XI. AUTHORITY AND ITS BOARD STRUCTURE

Pursuant to its enabling legislation, the RIOC Board of Directors is composed of nine members including the Commissioner of the New York State Division of Housing and Community Renewal, who serves as the chair; the New York State Director of the Budget; and seven public members nominated by the Governor of the State of New York with the advice and consent of the New York State Senate. Of the seven public members, two members are recommended by the Mayor of New York City, and five members must be residents.

XI. (i) Board Committees

See Attachment “F”.

XI. (ii) Board Meetings and Attendance

See Attachment “G”.

XI. (iii) Major Authority Units

Roosevelt Island Operating Corporation is comprised of the following functional units: Administration, Finance, Human Resources, Information Technology, Legal, Community Relations, Engineering, Public Safety, Grounds, Maintenance, Warehouse, Bus Operations, Motor Pool, Parks & Recreation, Permits & Film, Sportspark.

XI. (iv) Number of Employees

Roosevelt Island Operating Corporation has 117 employees (92 F/T and 25 P/T).

XII. CHARTER AND BY-LAWS

See Attachment “H”.

XIII. MATERIAL CHANGES IN OPERATIONS AND PROGRAMS

Roosevelt Island Operating Corporation has not made any material changes to its operations and/or programs.

XIV. FINANCIAL PLAN

XIV. (i) Current and Projected Capital Budget

See Attachment “I”.

XIV. (ii) Operating Budget Report – Actual vs. Budgeted

See Attachment “J”.

XV. BOARD PERFORMANCE EVALUATION

Pursuant to Public Authorities Law sections 2800(1)(a)(15), 2800(2)(a)(15), and section 2824(7), the Annual Board of Directors Evaluations have been completed for the fiscal year.

XVI. NON-COMPETITIVE ACQUISITIONS

See Attachment “K”.

XVII. MATERIAL PENDING LITIGATION

RIOC is a defendant in various lawsuits. In the opinion of RIOC’s legal counsel, these suits should not result in judgments which in the aggregate would have a material adverse effect on RIOC’s operations.

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.



REPORT TO THE BOARD

June 18, 2014

The Board of Directors
Roosevelt Island Operating Corporation

Dear Board Members:

We have audited the financial statements of Roosevelt Island Operating Corporation (RIOC), a component unit of the State of New York as of and for the year ended March 31, 2014 and have issued our report thereon dated June 18, 2014. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards Government Auditing Standards, as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our letter dated January 14, 2014. Professional standards also require that we communicate to you the following information related to our audit.

Significant Audit Accounting Principles

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by RIOC are described in note 2 to the financial statements. No new accounting policies were adopted and the application of existing policies was not changed during fiscal year 2014. We noted no transactions entered into by RIOC during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Accounting Estimates

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimates affecting RIOC's financial statements were:

- Management's estimate of the accumulated depreciation is based on determining useful lives of assets.
- Collection of receivables - Receivables are stated at the amount management estimates will be collectible on outstanding balances. A valuation allowance is provided based on management's estimate of probable uncollectible amounts.

The Board of Directors
Roosevelt Island Operating Corporation
Page 2

- OPEB liability - Management's estimate of postemployment benefits is calculated using assumptions for future years health care benefits and contributions on a pay as you go basis. Full detail of assumptions is located in Note 10 of the financial statements.

For the year ended March 31, 2014, we evaluated the key factors and assumptions used by management in determining that accounting estimates were reasonable in relation to the financial statements taken as a whole.

Significant Disclosures

Certain financial statement disclosures are particularly sensitive because of their significance to financial statement users. The most sensitive disclosure affecting the financial statements was the disclosure of commitments and contingencies in Note 9.

Difficulties Encountered in Performing the Audit

We encountered no significant difficulties in dealing with management in performing and completing our audit.

Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are clearly trivial, and communicate them to the appropriate level of management. There were no such misstatements.

Disagreements with Management

For purposes of this letter, a disagreement with management is a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

Management Representations

We have requested certain representations from management that are included in the management representation letter.

The Board of Directors
Roosevelt Island Operating Corporation
Page 3

Management Consultations with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to RIOC's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

Other Audit Findings or Issues

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as RIOC's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

Other Information in Documents Containing Audited Financial Statements

With respect to the supplementary information accompanying the financial statements, we made certain inquiries of management and evaluated the form, content, and methods of preparing the information to determine that the information complies with accounting principles generally accepted in the United States of America, the method of preparing it has not changed from the prior period, and the information is appropriate and complete in relation to our audit of the financial statements. We compared and reconciled the supplementary information to the underlying accounting records used to prepare the financial statements or to the financial statements themselves.

* * * * *

This information is intended solely for the use of the Board of Directors and management of RIOC and is not intended to be, and should not be, used by anyone other than these specified parties.

Very truly yours,

TOSKI & CO., CPAs, P.C.

ROOSEVELT ISLAND OPERATING CORPORATION
(A Component Unit of the State of New York)
Financial Statements and Management's
Discussion and Analysis
March 31, 2014 and 2013
(With Independent Auditors' Report Thereon)



INDEPENDENT AUDITORS' REPORT

The Board of Directors
Roosevelt Island Operating Corporation:

We have audited the accompanying financial statements of Roosevelt Island Operating Corporation (RIOC), a component unit of the State of New York, as of and for the years ended March 31, 2014, and the related notes to financial statements, which collectively comprise the RIOC's financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the RIOC's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of RIOC's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the net position of Roosevelt Island Operating Corporation as of March 31, 2014 and 2013, and the respective changes in net position and cash flows for the years then ended, in accordance with accounting principles generally accepted in the United States of America.

Other Matters

The financial statements of RIOC as of March 31, 2013, were audited by other auditors whose report dated May 17, 2013, expressed an unmodified opinion on those statements.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 4 through 11 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise RIOC's basic financial statements. The accompanying schedules listed in the Table of Contents under the heading of Supplemental Information, which are the responsibility of management, are presented for the purpose of additional analysis and are not a required part of the basic financial statements. Such information was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated June 19, 2014, on our consideration of RIOC's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering RIOC's internal control over financial reporting and compliance.

Toski & Co., CPAs, P.C.

Williamsville, New York
June 18, 2014

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated June 19, 2014, on our consideration of RIOC's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering RIOC's internal control over financial reporting and compliance.

Toski & Co., CPAs, P.C.

Williamsville, New York
June 18, 2014

ROOSEVELT ISLAND OPERATING CORPORATION
(A Component Unit of the State of New York)

Management's Discussion and Analysis

March 31, 2014

The following management's discussion and analysis (MD&A) provides a comprehensive overview of the financial position of Roosevelt Island Operating Corporation (RIOC) at March 31, 2014 and 2013, and the results of its operations for the years then ended. Management has prepared the financial statements and related footnote disclosures along with this MD&A in accordance with generally accepted accounting principles as defined by the Governmental Accounting Standards Board for state and local governments. This MD&A should be read in conjunction with the audited financial statements and accompanying notes to financial statements, which directly follow the MD&A.

OVERVIEW OF THE FINANCIAL STATEMENTS

This annual financial report consists of three parts: management's discussion and analysis (this section), basic financial statements, and supplemental information. RIOC was created by the New York State Legislature in 1984 as a public benefit corporation charged with maintaining, operating, and developing Roosevelt Island. RIOC follows enterprise fund reporting; accordingly, the financial statements are presented using the economic resources measurement focus and the accrual basis of accounting. Enterprise fund statements offer short and long-term financial information about the activities of the Corporation. These statements are presented in a manner similar to a private business. While additional information is not presented, separate accounts are maintained for each fund to control and manage transactions for specific purposes and to demonstrate that RIOC is properly performing its contractual obligations.

FINANCIAL ANALYSIS OF THE CORPORATION NET POSITION

The following is a summary of the RIOC's statement of net position at March 31, 2014 and 2013 and the percentage changes between March 31, 2014 and March 31, 2013:

	<u>2014</u>	<u>2013</u>	<u>% Change</u>
Current and other assets	\$ 47,340,871	45,314,018	4%
Capital assets, net	<u>67,517,327</u>	<u>68,724,541</u>	(2%)
Total assets	\$ <u>114,858,198</u>	<u>114,038,559</u>	1%
Liabilities	\$ <u>33,778,527</u>	<u>33,762,970</u>	0%
Net position:			
Net investment in capital assets	67,517,327	68,724,541	(2%)
Restricted for capital projects	13,020,543	10,450,427	25%
Unrestricted	<u>541,801</u>	<u>1,100,621</u>	(51%)
Total net position	\$ <u>81,079,671</u>	<u>80,275,589</u>	1%

ROOSEVELT ISLAND OPERATING CORPORATION
(A Component Unit of the State of New York)

Management's Discussion and Analysis, Continued

On RIOC's statement of net position at March 31, 2014, total assets of \$114,858,198 exceeded total liabilities of \$33,778,527 by \$81,079,671 (total net position). Total assets are comprised of capital assets (e.g., buildings, machinery and equipment) totaling \$67,517,327, cash and cash equivalents totaling \$42,085,888 and other assets of \$5,254,983. Liabilities comprised of accounts payable of \$1,090,012, unearned revenues of \$29,213,679 (prepaid rents), other post-employment benefits of \$2,892,456, and other liabilities totaling \$582,381. Unearned revenues represent the prepaid ground rent revenue received for the Southtown and Octagon development projects that will be recognized over their respective lease terms. Of total net position, \$13,020,543 is available to be used to meet ongoing capital obligations. Additionally, \$541,801 is available for ongoing operational expenses.

Short-term investments increased by \$1,793,354 or 4.48%. This was mainly due to an increase in Tramway revenues by \$477,094 or 10.28%, and an increase in ground rent by \$1,163,185 or 12.43%, which includes mortgage recording tax payments from the refinancing of Southtown building 3 and 4 in the amount of \$371,506; and land transfer payment from Cornell in the amount of \$400,000.

OPERATING ACTIVITIES

RIOC's statements of revenues, expenses and changes in fund net position are used to report changes in the net position, including depreciation expense. Revenues reported here are based on a standard of recognition whereby revenues are recorded when earned. The statements of revenues, expenses and changes in fund net position detail program revenues by major source and expenses by natural classification and indicate the change in net position.

RIOC's total operating revenues for the fiscal year ending March 31, 2014 were \$23,595,449, which includes \$23,323,917 in revenues identified as program revenues and \$271,532 of non-program specific revenues, primarily interest income and telephone commission. For the fiscal year ending March 31, 2014, operating revenues increased by \$1,725,739 or 7.89% over the last fiscal year. This was mainly due to an increase in Tramway revenues by \$477,094 or 10.28% and Ground rents by \$1,163,185 or 12.43%, which includes mortgage recording tax revenues of \$371,506 from the refinancing of Southtown building 3 and 4; and land transfer revenues of \$400,000 from Cornell. In addition, other revenues increased by \$144,921 or 15.11% mainly due to an increase in Sportspark fees by \$49,546, sports field permit fees by \$24,535, and other permit fees including newly initiated construction permit fees by \$38,948. However, residential fees decreased by \$56,789 or 5.11% primarily due to a decrease in condo sales transactions; and interest income declined by \$27,506 or 14.84% due to low interest rate resulting from the short term nature of RIOC's investments in accordance with the State's investment guidelines.

RIOC's total operating expenses for the fiscal year ending March 31, 2014 were \$22,791,367 and \$21,664,826 for the last fiscal year ending March 31, 2013, including depreciation of \$3,498,737 and \$3,424,513, respectively. For fiscal year ending March 31, 2014, total operating expenses before depreciation increased by \$1,052,317 or 5.77% over the last fiscal year, which is mainly due to increases in professional and legal services for Cornell, Four Freedoms State Park, and public safety by \$729,914 and insurance by \$295,565; respectively. There will be a loss of approximately \$50,000 in reimbursement for public safety services provided to the Four Freedoms State Park.

ROOSEVELT ISLAND OPERATING CORPORATION
(A Component Unit of the State of New York)

Management's Discussion and Analysis, Continued

The following summarizes RIOC's change in net position for the fiscal years ended March 31, 2014 and 2013:

	<u>2014</u>	<u>2013</u>	<u>% Change</u>
Operating revenues:			
Residential fees	\$ 1,054,652	1,111,441	-5%
Ground rent	10,519,864	9,356,679	12%
Commercial rent	1,434,674	1,421,038	1%
Tramway revenue	5,117,937	4,640,843	10%
Public safety reimbursement	1,743,828	1,673,097	4%
Transport/parking revenue	2,469,234	2,521,892	-2%
Interest income	157,897	185,403	-15%
Unrealized gain (loss)	(6,875)	-	100%
Other revenues	<u>1,104,238</u>	<u>959,317</u>	15%
Total operating revenues	<u>23,595,449</u>	<u>21,869,710</u>	8%
Operating expenses:			
Personal services	10,130,433	10,008,395	1%
Insurance	1,433,013	1,137,448	26%
Professional services and legal services	1,400,739	670,825	109%
Management fees	4,101,573	4,074,439	1%
Telecommunications	103,010	115,623	-11%
Repairs and maintenance	352,706	281,689	25%
Vehicles maintenance	351,700	350,664	0%
Equipment purchases/lease	54,464	73,482	-26%
Supplies/services	975,482	1,051,650	-7%
Other expenses	<u>389,510</u>	<u>476,098</u>	-18%
Total operating expenses			
excluding depreciation	<u>19,292,630</u>	<u>18,240,313</u>	6%
Operating income before depreciation	4,302,819	3,629,397	19%
Depreciation expenses	<u>(3,498,737)</u>	<u>(3,424,513)</u>	2%
Change in net position	<u>804,082</u>	<u>204,884</u>	292%
Net position, beginning of year	<u>80,275,589</u>	<u>80,070,705</u>	0%
Net position, end of year	<u>\$ 81,079,671</u>	<u>80,275,589</u>	1%

ROOSEVELT ISLAND OPERATING CORPORATION
(A Component Unit of the State of New York)

Management's Discussion and Analysis, Continued

CAPITAL ASSETS

The following summarizes RIOC's capital assets for the fiscal years ended March 31, 2014 and 2013 and the percentage change between fiscal years:

	<u>2014</u>	<u>2013</u>	<u>% Change</u>
Seawall	\$ 3,014,291	2,801,889	8%
Buildings	12,532,919	12,913,630	(3%)
Land improvements	6,673,434	6,809,287	(2%)
Vehicles and equipment	1,847,358	2,467,171	(25%)
Infrastructure	43,385,186	43,693,442	(1%)
Leasehold improvements	<u>64,139</u>	<u>39,122</u>	64%
Total net position	\$ <u>67,517,327</u>	<u>68,724,541</u>	(2%)

The capital assets of \$67,517,327 presented in the financial statements have been depreciated using the straight-line method, effective from the date of acquisition. The decrease of \$1,207,214 from the prior year is comprised of annual depreciation of \$3,498,737; addition of new capital assets of \$2,301,860, and disposal of old assets of \$110,544 and related accumulated depreciation of \$100,206. Total depreciation expense for all capital assets amounted to \$3,498,737 and \$3,424,513 for the years ended March 31, 2014 and 2013, respectively. A more detailed analysis of RIOC's capital assets is presented in the notes to financial statements on pages 22-23.

INFRASTRUCTURE ASSETS

The amounts reported in the accompanying statements of assets for the capital assets (net of depreciation) of RIOC of \$67,517,327 and \$68,724,541 at March 31, 2014 and 2013, respectively, do not include an amount for two infrastructure items: the bulk of the seawall, and Main Street (the road). Pursuant to the provisions of Governmental Accounting Standards Board (GASB) Statement No. 34, addressing the capitalization of infrastructure assets, infrastructure assets dating from prior to 1980 are not required to be recognized. Improvements to such infrastructure items, however, are reported.

ECONOMIC FACTORS AFFECTING RIOC'S FUTURE FINANCIAL POSITION

Six (6) of the anticipated nine (9) buildings ("Buildings") of the Southtown Development Project have been completed. Of the remaining Buildings, the Building 7 Lease was closed on October 10, 2013 and construction is in progress. The Building 8 Lease Closing shall occur no later than 30 months after the Building 7 Lease Closing; and the Building 9 Lease Closing shall occur no later than 30 months after the Building 8 Lease Closing. Should development fail to occur within the expected timeframe, RIOC is protected by a letter of credit in the amount of \$2,438,400. RIOC believes that the development will occur based in part on the increased interest in the Island as a result of the multi-billion dollar Cornell Technion project on the Island.

ROOSEVELT ISLAND OPERATING CORPORATION
(A Component Unit of the State of New York)

Management's Discussion and Analysis, Continued

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. Ridership on the Tram is increasing due to increased activities on the Island including the development of Southtown and Cornell Technion; and higher visitorship to the Four Freedoms State Park. During the fiscal year ended March 31, 2014, Tramway revenue exceeded the budget by \$767,937 or 18% (see Budget variance report - page 39). The infrastructure improvement was funded by a \$15 million grant from the State of New York and \$10 million from RIOC.

On December 12, 2013, RIOC's board approved the elimination of the Red Bus fares and the doubling of the street parking fees to compensate for the loss of bus revenue. This change has increased the efficiency of the bus operations and was effective April 1, 2014.

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.

On September 28, 2012, RIOC entered into a lease modification with Northtown Phase II Houses Inc. (the "Housing Company") - one of four Mitchell-Lama housing projects built on the Island - to extend the term of its ground lease until December 22, 2068. During the term of the lease, the Housing Company will exit Mitchell-Lama and pursue an Affordability Plan. The Affordability Plan provides, among other things, a structure for the creation of a leasehold condominium and the conversion of the residential portion of the building to cooperative ownership, the opportunity for (i) existing tenants to purchase their apartments at below market purchase prices, (ii) non-purchasing tenants to remain in their apartments at below market rents with increases promulgated by the New York City Rent Guideline Board (the "RGB"), with adjustments to reflect tenant income, and (iii) second generation affordability by limiting the resale prices of cooperative apartments and establishing maximum income levels for second generation purchasers (and beyond).

ROOSEVELT ISLAND OPERATING CORPORATION
(A Component Unit of the State of New York)
Management's Discussion and Analysis, Continued

The conversion of the residential portion of the building to cooperative ownership lease provides that the Housing Company must execute the conversion within three years from the date of lease execution. Provided that this takes place, the base ground rent will increase as follows: (a) the current base rent will increase from \$136,000 to \$236,000 per annum - increasing by 10% on each 5th anniversary for 30 years; (b) the Housing Company will pay a transfer fee due in connection with the initial sale of each apartment equal to five percent (5%) of the unit's gross sales price - but not to exceed \$4,500,000 in the aggregate; (c) for any resales following such initial sales the seller will be obligated to pay RIOC one percent (1%) of the unit's gross sales price. The conversion to cooperative ownership occurred on July 1, 2013 and the increased ground rent of \$236,000 became effective January 01 2014, the first day of the year following the conversion in accordance with the terms of the lease.

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 located 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 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 receive a financial contribution from the State of \$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 has been received. Also, Cornell, at its sole cost 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.

ROOSEVELT ISLAND OPERATING CORPORATION
(A Component Unit of the State of New York)

Management's Discussion and Analysis, Continued

The New York City Health and Hospitals Corporation ("HHC") initially announced its intention to close and abandon in place a large steam plant located on the Island as of March 31, 2014. The plant provides heat to the Goldwater Site, Coler Hospital, and several RIOC-owned facilities including Sportspark, AVAC, and the Bus Garage/Warehouse. The anticipated closure of the steam plant has created several issues for RIOC. First, because HHC had announced a closing date of March 31, 2014, RIOC was compelled to implement a costly temporary heating system at its Sportspark facility in advance of that date to prevent the interruption of heat if the steam plant were closed. As it turned out, the steam plant has not yet been closed, and HHC has not provided a definitive date for such closure. In addition, RIOC will eventually have to replace this temporary system with a permanent system and the costs related to such an upgrade will likely be substantial. RIOC is currently reviewing proposals to obtain the services of a qualified engineering firm for the design of such a solution.

Additional engineering services were also retained for necessary repairs and recommended upgrades at the Sportspark facility. The consultants prepared a report of the facility's lighting, plumbing, and roofing systems. The analysis is complete, and it is anticipated that some of the recommended resulting upgrades will increase the efficiency of the aforementioned permanent heating system. In addition, the report indicated certain necessary emergency relief, including expedited repair of the roof of the facility which is expected to cost around \$3 million and needs to be completed before the other repair work can be done.

The expected increase in traffic due to construction of Cornell has precipitated the need to conduct a structural evaluation of the Roosevelt Island Helix Bridge Ramp, which was rehabilitated in 1987 and would not have been addressed for some years in RIOC's Capital Plan. A qualified engineering firm was procured in May 2013; the pursuant contract includes corrective engineering and design services, preparation of contract documents, and assistance with construction. To date, design documents are completed, and RIOC is in the process of preparing an RFP for construction. RIOC estimates that the project will cost approximately \$2 million and be completed by December 2014.

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.

ROOSEVELT ISLAND OPERATING CORPORATION
(A Component Unit of the State of New York)

Management's Discussion and Analysis, Continued

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 Freedoms State 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.

ROOSEVELT ISLAND OPERATING CORPORATION
(A Component Unit of the State of New York)

Management's Discussion and Analysis, Continued

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.

SUBSEQUENT EVENT

It is RIOC's understanding that as of March 27, 2014, Rivercross Tenants Corp. ("Housing Company") has exited the Mitchell-Lama program. An amendment to the restated ground lease, which extended the term until 2068, call for the financial terms to be calculated in accordance with the section 4, 5 and 6 as follows:

Section 4. In the event that Housing Company is no longer a Mitchell-Lama development under Article II of the PHFL and subject to the supervision and direction of the Commissioner of HCR, but leaves the Mitchell-Lama program under an affordability plan approved by the Commissioner of HCR, the Residential Ground Rent and Commercial Ground Rent payable under the Restated Ground Lease shall be as agreed to at such time. If Housing Company leaves the Mitchell-Lama program, the parties shall also agree as to payments to RIOC in lieu of mortgage recording tax or sales and compensating use taxes on construction materials incorporated into Housing Company's property if Housing Company is able to obtain an exemption from or abatement of such taxes due to RIOC's status.

Section 5. In the event that Housing Company is no longer a Mitchell-Lama development under Article II of the PHFL and subject to the supervision and direction of the Commissioner of HCR, but leaves the Mitchell-Lama program under a plan which has not been approved as an affordability plan by the Commissioner of HCR, the Financial Terms (as defined in the succeeding sentence) of the Restated Ground Lease shall be adjusted based on the form of conversion Housing Company utilizes in leaving the Mitchell-Lama program. The "Financial Terms" of the Restated Ground Lease shall be adjusted to achieve a market rate rent, and shall include escalating to market rate the Residential Ground Rent and the Commercial Ground Rent, as well as imposing other fees and

ROOSEVELT ISLAND OPERATING CORPORATION
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Management's Discussion and Analysis, Continued

charges that RIOC then typically receives for similarly structured non-Mitchell-Lama residential properties. Such fees and other charges shall include, but not be limited to, capital event fees for building sales and refinancing and transfer fees for the sale of cooperative and condominium units, and payments to RIOC in lieu of mortgage recording tax or sales and compensating use taxes on construction materials incorporated into Housing Company's property if Housing Company is able to obtain an exemption from or abatement of such taxes due to RIOC's status. If the parties are unable to reach agreement on any of the Financial Terms to be negotiated between the parties, such dispute shall be resolved in accordance with the provisions of Paragraph 6 below. Paragraphs 4, 5 and 6 of this Agreement are applicable only to the determination of the Financial Terms payable to RIOC and are not applicable to such portion of the Basic Rent allocated to the UDC pursuant to the RAA or to the determination of the "tax equivalent" payments set forth in subparagraph 1 (y) and 2 (y) of Paragraph 5(A) of the Restated Ground Lease. The "tax equivalent" payments shall be payable as provided in paragraph 6 (c) of the Restated Ground Lease as same has been amended by paragraph 3 of this Amendment.

Section 6. If the parties are unable to reach agreement on the renegotiated Financial Terms, as set forth in paragraph 5 above, by no later than sixty days prior to the effective date Housing Company is leaving the Mitchell-Lama program, the dispute shall be settled by arbitration in the City of New York before the American Arbitration Association (or, if such Association is no longer in existence, such other organization as is its successor). The following procedure shall apply:

(a) Each party shall appoint an independent person of recognized competence in the field involved as an arbitrator and notify the other party of such appointment within twenty days after notice by one such party to the other to make an appointment. If either party fails to timely make an appointment and notify the other party of the arbitrator appointed, then the arbitrator appointed by the party which has not so failed shall appoint an independent arbitrator for and on behalf of the party so failing, and shall give notice of such appointment to the failing party within twenty days after such failure by the other party to appoint.

(b) The arbitrators shall meet as promptly as practicable in an effort to resolve the dispute. If the arbitrators are unable to reach agreement within thirty days after having been appointed; they shall appoint a third arbitrator to act as an umpiring arbitrator, who shall resolve the matter in dispute. If the two arbitrators cannot agree on a third arbitrator within ten days after notice from one arbitrator to the other, the umpiring arbitrator shall be appointed by the presiding justice of the Appellate Division of the Supreme Court of the State of New York, First Department, or if for any reason such presiding justice does not make the appointment, then by the President of the Bar Association of the City of New York.

(c) If any arbitrator who has been appointed fails, refuses or is unable to act in such capacity, a new arbitrator shall be appointed in his or her place, which appointment shall be made in the same manner as set forth above.

ROOSEVELT ISLAND OPERATING CORPORATION
(A Component Unit of the State of New York)
Management's Discussion and Analysis, Continued

(d) The arbitrators shall conduct such hearings as they deem appropriate. RIOC and the Housing Company shall each be entitled to present evidence and argument to the arbitrators and shall have the right to participate in all arbitration proceedings in order to protect their rights. The umpiring arbitrator shall only select the determination of either RIOC's or the Housing Company's arbitrator, and shall render his or her decision in writing. In rendering a decision, the arbitrator shall have the right only to interpret and apply the terms of the Restated Ground Lease, as amended by this First Amendment, and may not vary, modify or amend any provision of the Restated Ground Lease.

(e) Each party shall pay the costs and expenses of their own arbitrator and shall share equally the cost of the umpiring arbitrator and all other arbitration expenses.

(f) A determination made by arbitration pursuant to this paragraph shall be final and binding upon the parties. If a final determination is made after the date the Housing Company leaves the Mitchell-Lama program, such determination shall be applied retroactively to the date of such exit, and, if as a result of the determination, the Housing Company owes any additional sums, it shall pay the party entitled to receive such sums within thirty days after the date the parties are notified of the arbitrator's final determination.

Final disposition is yet to be determined.

REQUEST FOR INFORMATION

This financial report is designed to provide a general overview of RIOC's finances for all those with an interest in the Corporation's finances. Questions concerning any of the information provided in this report, or requests for additional financial information, should be addressed to the Chief Financial Officer, The Roosevelt Island Operating Corporation, 591 Main Street, Roosevelt Island, New York 10044.

ROOSEVELT ISLAND OPERATING CORPORATION
(A Component Unit of the State of New York)
Statements of Net Position
March 31, 2014 and 2013

<u>Assets</u>	<u>2014</u>	<u>2013</u>
Current assets:		
Cash	\$ 244,565	692,141
Short-term investments	41,841,323	40,047,969
Receivables	1,322,482	1,086,151
Prepaid expenses	<u>1,545,134</u>	<u>1,437,302</u>
Total current assets	44,953,504	43,263,563
Noncurrent investments	2,387,367	2,050,455
Capital assets, net of accumulated depreciation	<u>67,517,327</u>	<u>68,724,541</u>
Total assets	<u>\$ 114,858,198</u>	<u>114,038,559</u>
<u>Liabilities and Net Position</u>		
Current liabilities - accounts payable and accrued expenses	1,090,012	809,460
Compensated absences	579,748	556,151
Unearned revenue	29,213,679	29,910,944
Postemployment benefits other than pension	2,892,456	2,382,669
Other liabilities	<u>2,632</u>	<u>103,746</u>
Total liabilities	33,778,527	33,762,970
Net position:		
Net investment in capital assets	67,517,327	68,724,541
Restricted for capital projects	13,020,543	10,450,427
Unrestricted net assets	<u>541,801</u>	<u>1,100,621</u>
Total net position	<u>81,079,671</u>	<u>80,275,589</u>
Commitments and contingencies (note 9)		
Total liabilities and net position	<u>\$ 114,858,198</u>	<u>114,038,559</u>

See accompanying notes to financial statements.

ROOSEVELT ISLAND OPERATING CORPORATION
(A Component Unit of the State of New York)
Statements of Revenues, Expenses and Changes in Net Position
Years ended March 31, 2014 and 2013

	<u>2014</u>	<u>2013</u>
Operating revenue:		
Residential fees	\$ 1,054,652	1,111,441
Ground rent	10,519,864	9,356,679
Commercial rent	1,434,674	1,421,038
Tramway revenue	5,117,937	4,640,843
Public safety reimbursement	1,743,828	1,673,097
Transport/parking revenue	2,469,234	2,521,892
Interest income	157,897	185,403
Unrealized gain (loss)	(6,875)	-
Other revenue	<u>1,104,238</u>	<u>959,317</u>
Total operating revenue	<u>23,595,449</u>	<u>21,869,710</u>
Operating expenses:		
Personal services	10,130,433	10,008,395
Insurance	1,433,013	1,137,448
Professional services and legal services	1,400,739	670,825
Management fees	4,101,573	4,074,439
Telecommunications	103,010	115,623
Repairs and maintenance	352,706	281,689
Vehicles maintenance	351,700	350,663
Equipment purchases/lease	54,464	73,481
Supplies/services	975,482	1,051,650
Other expenses	<u>389,510</u>	<u>476,100</u>
Total operating expenses	<u>19,292,630</u>	<u>18,240,313</u>
Operating income before depreciation	4,302,819	3,629,397
Depreciation expenses	<u>3,498,737</u>	<u>3,424,513</u>
Changes in net position	804,082	204,884
Net position at beginning of year	<u>80,275,589</u>	<u>80,070,705</u>
Net position at end of year	<u>\$ 81,079,671</u>	<u>80,275,589</u>

See accompanying notes to financial statements.

ROOSEVELT ISLAND OPERATING CORPORATION
(A Component Unit of the State of New York)
Statements of Cash Flows
Years ended March 31, 2014 and 2013

	<u>2014</u>	<u>2013</u>
Cash flows from operating activities:		
Receipts from tenants and customers	\$ 23,191,233	21,611,911
Payments related to employees	(10,096,743)	(9,822,014)
Payments to vendors	<u>(9,109,941)</u>	<u>(8,197,349)</u>
Net cash provided by operating activities	<u>3,984,549</u>	<u>3,592,548</u>
Cash flows from investing activities:		
Purchase of capital assets	(2,301,859)	(5,058,492)
Purchase of noncurrent investments	(336,911)	(4,111)
Purchase of short-term investments	(2,976,727)	(3,755,805)
Sale of short-term investments	<u>1,183,372</u>	<u>5,500,267</u>
Net cash used in investing activities	<u>(4,432,125)</u>	<u>(3,318,141)</u>
Net increase (decrease) in cash	(447,576)	274,407
Cash at beginning of year	<u>692,141</u>	<u>417,734</u>
Cash at end of year	<u>\$ 244,565</u>	<u>692,141</u>
Cash flows from operating activities:		
Operating income	804,082	204,884
Adjustments to reconcile operating income to net cash provided by operating activities:		
Depreciation and amortization	3,498,737	3,424,513
Loss on disposition of asset	10,337	-
Changes in:		
Receivables	(236,331)	(103,010)
Prepaid expenses	(107,832)	(237,893)
Accounts payable and accrued expenses	280,553	352,210
Compensated absences	23,597	(526,975)
Deferred revenue	(697,266)	142,620
Postemployment benefits other than pension	509,786	336,325
Other liabilities	<u>(101,114)</u>	<u>(126)</u>
Net cash provided by operating activities	<u>\$ 3,984,549</u>	<u>3,592,548</u>

See accompanying notes to financial statements.

ROOSEVELT ISLAND OPERATING CORPORATION
(A Component Unit of the State of New York)

Notes to Financial Statements

March 31, 2014

(1) Organization

In 1969, the City of New York entered into a lease with the New York State Urban Development Corporation (UDC) for the development of Roosevelt Island. In May 1981, pursuant to a memorandum of understanding between UDC and the New York State Division of Housing and Community Renewal (DHCR), responsibility for Roosevelt Island was assigned to DHCR. DHCR then assigned all of its rights and responsibilities to Safe Affordable Housing for Everyone, Inc. (SAHE), a corporation under the direct control of the New York State Commissioner of Housing.

Effective April 1, 1981, SAHE, a Community Development Corporation (formed under Article (6) of the Private Housing Finance Law), became responsible for the day-to-day operation of the services and facilities of Roosevelt Island.

On September 4, 1984, Roosevelt Island Operating Corporation (RIOCI) was organized pursuant to Chapter 899 of the New York Unconsolidated Law as a public benefit corporation. The responsibility for the operation, security and maintenance of Roosevelt Island was transferred from SAHE to RIOCI on April 1, 1985.

Generally accepted accounting principles require that the reporting entity include (1) the primary government, (2) organizations for which the primary government is financially accountable and (3) other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete. The criteria provided in Governmental Accounting Standards Board codification 2100, The Financial Reporting Entity, have been considered and there are no agencies or entities which should be, but are not, combined with the financial statements of RIOCI. However, RIOCI is considered a component unit of the State of New York.

(2) Summary of Significant Accounting Policies

(a) Basis of Presentation

RIOCI was created by the New York State Legislature in 1984 as a public benefit corporation charged with maintaining, operating, and developing Roosevelt Island. RIOCI follows enterprise fund reporting; accordingly, the financial statements are presented using the economic resources measurement focus and the accrual basis of accounting. Enterprise fund statements offer short and long-term financial information about the activities of the Corporation. These statements are presented in a manner similar to a private business. While additional information is not presented, separate accounts are maintained for each fund to control and manage transactions for specific purposes and to demonstrate that RIOCI is properly performing its contractual obligations.

ROOSEVELT ISLAND OPERATING CORPORATION
(A Component Unit of the State of New York)

Notes to Financial Statements, Continued

(2) Summary of Significant Accounting Policies, Continued

(a) Basis of Presentation, Continued

The financial statements of RIOC are prepared in accordance with generally accepted accounting principles (GAAP). RIOC's reporting entity applies all relevant Governmental Accounting Standards Board (GASB) pronouncements and Accounting Principles Board (APB) opinions issued after November 30, 1989, unless they conflict with GASB pronouncements.

(b) Budgetary Information

During the year ended March 31, 2014, RIOC did not request appropriations for the State of New York and, as such, a budget was not required to be adopted by law. Accordingly, budgetary information was not included in the notes to financial statements. However, the Board did approve an operating budget for management's internal use, and is included under supplementary information.

(c) Cash and Cash Equivalents

The following is a summary of cash and cash equivalents as of March 31, 2014 and 2013:

	<u>2014</u>	<u>2013</u>
Cash - deposits	\$ <u>244,565</u>	<u>692,141</u>
Short-term investments:		
Certificates of deposit (CDARS)	21,185,589	21,135,884
Money market accounts	<u>20,655,734</u>	<u>18,912,085</u>
	<u>41,841,323</u>	<u>40,047,969</u>
Total cash and short-term investments	\$ <u>42,085,888</u>	<u>40,740,110</u>

RIOC defines cash and cash equivalents as short-term, highly liquid investments with purchased maturities of three months or less.

The money market accounts are secured by collateral securities held in escrow by JP Morgan Chase Bank, NA and managed by the National Collateral Management Group with market values totaling \$24,715,933 and \$23,284,101 as of March 31, 2014 and 2013, respectively.

ROOSEVELT ISLAND OPERATING CORPORATION
(A Component Unit of the State of New York)

Notes to Financial Statements, Continued

(2) Summary of Significant Accounting Policies, Continued

(c) Cash and Cash Equivalents, Continued

Investments managed internally consist of certificates of deposit, "CDARS", a FDIC insured program administered by Amalgamated Bank, with purchased maturities of twelve months or less, and interest bearing cash deposit accounts. RIOC is limited under its investment guidelines primarily to the investment of funds in obligations of the United States of America (United States Government Securities), the State of New York, high grade Corporate Securities or certificates of deposit. All cash and funds invested in certificates in any fiduciary bank or trust company must be secured at all times by United States Government Securities or obligations of the State of New York, with a market value, combined with any FDIC coverage, at least equal to the amount of such deposits. Monies held by the Trustees are only secured by obligations guaranteed by the United States of America.

(d) Noncurrent Investments

This represents funds set aside to satisfy the obligation of the postemployment benefits other than pension under GASB Statement No. 45 and are invested in collateralized money market and CDARS.

(e) Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets are reported on the statement of assets in the accompanying financial statements. Capital assets are defined by RIOC as assets with an initial individual cost of more than \$5,000 and an estimated useful life in excess of two years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. The costs of normal maintenance and repairs that do not add to the value of the assets or materially extend assets' lives are not capitalized.

Major outlays for capital assets and improvements are capitalized as projects are constructed. Property, plant and equipment of RIOC are depreciated using the straight-line method over the following estimated useful lives:

Seawall (improvement of 1995)	73
Buildings	40
Building improvements	15
Infrastructure	50
Vehicles	10
Office equipment	5
Computer equipment	5
Leasehold improvements	15

ROOSEVELT ISLAND OPERATING CORPORATION
(A Component Unit of the State of New York)

Notes to Financial Statements, Continued

(2) Summary of Significant Accounting Policies, Continued

(f) Compensated Absences

It is RIOC's policy to accrue for unused absences for all full time employees. Accrued compensatory time as of March 31, 2014 and 2013 were \$579,748 and \$556,151, respectively.

(g) Unearned Revenue

Unearned revenue reported in the statement of net position represents amounts collected in advance for lease-related payments pertaining to subsequent fiscal years. These amounts will be recognized as income on an annual basis over a period of the remaining fifty-six years on the ground lease for the City of New York expiring in 2068 under the accrual basis of accounting.

Breakdown is as follows:

<u>Buildings</u>	Balance at April 1, 2013	<u>Additions</u>	<u>Amortization</u>	Balance at March 31, 2014
Octagon	\$ 2,640,007	-	(47,353)	2,592,654
Southtown Bldg # 1	1,774,830	-	(31,836)	1,742,994
Southtown Bldg #2	1,693,572	-	(30,378)	1,663,194
Southtown Bldg #3	3,619,314	-	(64,920)	3,554,394
Southtown Bldg #4	4,718,776	-	(84,642)	4,634,134
Southtown Bldg #5	6,025,824	-	(108,086)	5,917,738
Southtown Bldg #6	9,274,938	-	(166,367)	9,108,571
Sportspark Field	163,683	-	(163,683)	-
Total	<u>\$ 29,910,944</u>	<u>-</u>	<u>(697,265)</u>	<u>29,213,679</u>

(h) Public Purpose Grants

Included in "Other Expenses" are expenditures for public purpose grants totaling \$275,000 per year for the years ended 2014 and 2013. The Roosevelt Island Youth Center was granted \$175,000 each year to help fund operating expenses. The remaining grants of \$100,000 are awarded to various Island-based not-for-profits that must apply each year and require Board approval.

(i) Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues, expenses and expenditures during the reporting period. Actual results could differ from those estimates.

ROOSEVELT ISLAND OPERATING CORPORATION
(A Component Unit of the State of New York)

Notes to Financial Statements, Continued

(3) Capital Assets

Capital assets for the year ended March 31, 2014 are summarized as follows:

<u>Buildings</u>	Balance at April 1, <u>2013</u>	<u>Increase</u>	<u>Decrease</u>	Balance at March 31, <u>2014</u>
Capital assets:				
Seawall	\$ 3,725,049	264,776	-	3,989,825
Building and building improvements	42,006,797	937,176	-	42,943,973
Landmarks	14,049,173	167,841	-	14,217,014
Vehicles	4,395,262	2,261	(110,544)	4,286,979
Equipment	3,375,166	17,200	-	3,392,366
Infrastructure	51,790,208	884,440	-	52,674,648
Leasehold improvements	39,122	28,167	-	67,289
Total capital assets	<u>119,380,777</u>	<u>2,301,861</u>	<u>(110,544)</u>	<u>121,572,094</u>
Less accumulated depreciation:				
Seawall	(923,160)	(52,374)	-	(975,534)
Building and building improvements	(29,093,167)	(1,317,887)	-	(30,411,054)
Landmarks	(7,239,886)	(303,694)	-	(7,543,580)
Vehicles	(2,397,748)	(436,417)	100,206	(2,733,959)
Equipment	(2,905,508)	(192,520)	-	(3,098,028)
Infrastructure	(8,096,767)	(1,192,695)	-	(9,289,462)
Leasehold improvement	-	(3,150)	-	(3,150)
Total accumulated depreciation	<u>(50,656,236)</u>	<u>(3,498,737)</u>	<u>100,206</u>	<u>(54,054,767)</u>
Net capital assets	<u>\$ 68,724,541</u>	<u>(1,196,876)</u>	<u>(10,338)</u>	<u>67,517,327</u>

ROOSEVELT ISLAND OPERATING CORPORATION
(A Component Unit of the State of New York)

Notes to Financial Statements, Continued

(3) Capital Assets, Continued

Capital assets for the year ended March 31, 2013 are summarized as follows:

<u>Buildings</u>	Balance at April 1, <u>2012</u>	<u>Increase</u>	<u>Decrease</u>	Balance at March 31, <u>2013</u>
Capital assets:				
Seawall	\$ 3,719,049	6,000	-	3,725,049
Building and building improvements	40,326,092	1,680,705	-	42,006,797
Landmarks	13,300,334	748,839	-	14,049,173
Vehicles	4,315,621	79,641	-	4,395,262
Equipment	3,276,243	98,923	-	3,375,166
Infrastructure	49,384,946	2,405,262	-	51,790,208
Leasehold improvements	-	39,122	-	39,122
Total capital assets	<u>114,322,285</u>	<u>5,058,492</u>	-	<u>119,380,777</u>
Less accumulated depreciation:				
Seawall	(872,159)	(51,001)	-	(923,160)
Building and building improvements	(27,874,765)	(1,218,402)	-	(29,093,167)
Landmarks	(6,949,173)	(290,713)	-	(7,239,886)
Vehicles	(1,962,257)	(435,491)	-	(2,397,748)
Equipment	(2,627,685)	(277,823)	-	(2,905,508)
Infrastructure	(6,945,684)	(1,151,083)	-	(8,096,767)
Total accumulated depreciation	<u>(47,231,723)</u>	<u>(3,424,513)</u>	-	<u>(50,656,236)</u>
Net capital assets	<u>\$ 67,090,562</u>	<u>1,633,979</u>	-	<u>68,724,541</u>

(4) Operating Revenues, Basic Rent and Housing Company Reimbursement

Operating revenues in the accompanying statement of revenues, expenses and fund net position consist of income derived from the following sources:

(a) Residential Fees

The net present value (NPV) fee for Octagon and Southtown buildings # 1,2,3,4,5 and 6 were collected in advance and recognized over the term of the lease - see above section 2 (f) Unearned Revenue. Tax equivalent payments (TEP) are collected and recognized from Southtown buildings # 5, 6, and 7 over the term of the lease. Condo sales fees are collected and recognized upon closing of a sale. TEP and NPV are fixed and the Condo fees vary according to sales.

ROOSEVELT ISLAND OPERATING CORPORATION
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Notes to Financial Statements, Continued

(4) Operating Revenues, Basic Rent and Housing Company Reimbursement, Continued

(b) Ground Rent

Ground rents are derived from ground subleases between RIOC and various developers of housing on Roosevelt Island. Most of the ground subleases expire in 2068, which coincides with the expiration of the master lease between RIOC and New York City, the owner of Roosevelt Island. Ground rents account for nearly 45% of annual revenues. The two main sources of ground rents are Manhattan Park and Roosevelt Landings (formerly Eastwood). The other streams of ground rents are from Southtown Buildings #1,2,3,4,5 and 6; Island House; Rivercross; and Octagon.

Manhattan Park - Under the terms of the ground sublease between RIOC and Roosevelt Island Associates dated August 4, 1986 and expiring in 2068, annual rent, which commenced on the Rent Commencement Date of January 1, 1991, consists of a base ground rent of \$100,000 and additional fixed ground rent of \$1,900,000, increasing \$100,000 annually through December 31, 2011. As of January 1, 2012 and continuing through December 31, 2026, annual ground rent consists of the base ground rent of \$100,000 and additional fixed ground rent of \$4,000,000. Beyond 2026 until expiration in 2068, the ground rent is based upon the appraised value of the property times an applicable percentage, which is the market rate of return. Ground rents earned under the terms of the ground sublease were \$4,100,000 year ended March 31, 2014, and the same amount, for the year ended March 31, 2013.

In addition to the ground rent mentioned above, RIOC received a percentage payment, which is based on a tiered percentage formula of Manhattan Park's gross income. As of January 1, 2012 and continuing through December 31, 2026, the percentage payment will increase by the excess of the applicable percentages of gross income over the sum of the prior year's fixed ground rent of \$4,000,000 and percentage rent of \$2,040,649. For the year ended March 31, 2014, the percentage rents earned was \$2,040,649; and the same amount, \$2,040,649, for the year ended March 31, 2013.

Roosevelt Landings (formerly Eastwood) - The ground sublease between RIOC and North Town Phase 1 Houses, Inc., dated March 15, 1972, was amended and restated with the base ground rent increasing to \$1 million per year effective October 1, 2006, plus a percentage increase in accordance with annual rent rolls increases. Ground rents earned totaled \$1,390,642 and \$1,354,838 for the years ended March 31, 2014 and 2013, respectively.

Northtown Phase II Houses, Inc. (Island House) - The ground sublease between RIOC and North Town Phase II Houses, Inc., dated October 30, 1972, was amended with the base rent increasing from \$136,000 to \$236,000 per year effective January 01, 2013 - increasing by 10% on each 5th anniversary for 30 years.

Ground rents for Southtowns Buildings # 1, 2, 3, 4 and for portion of Buildings # 5 and 6, as well as the Octagon were paid in advance and are reflected under note 2 paragraph (g) Unearned revenue. Rivercross paid \$34,604 in accordance with the lease, and Westview paid nothing pursuant to the terms of the lease.

ROOSEVELT ISLAND OPERATING CORPORATION
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Notes to Financial Statements, Continued

(4) Operating Revenues, Basic Rent and Housing Company Reimbursement, Continued

(c) Commercial Rent

On August 1, 2011, RIOC entered into a Master Sublease Agreement with Hudson Related Retail LLC to redevelop, improve, market, lease and professionally operate the Commercial Retail Spaces controlled by RIOC. Hudson Related Retail LLC will pay RIOC an annual guaranteed rent of \$900,000 plus participation in the profits of Hudson Related Retail LLC. According to its certified financial statements as of December 31, 2013, Hudson Related Retail LLC invested \$2,441,628 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. In addition, RIOC entered into a license with HCK Recreation, Inc. (“HCK”) on November 16, 1989 for the operation of a tennis facility, which was amended three times with the latest amendment requiring HCK to pay the greater of \$250,000 per annum or 10% of gross receipts for the period May 1, 2011 to April 30, 2016. Furthermore, on January 15, 2002, RIOC entered into an agreement with The Child School (“School”) to develop and operate the School. The agreement requires the School to pay \$275,000 per annum with an escalation in an amount equal to the percentage increase in the State’s Education Department tuition reimbursement received by the School.

(d) Tramway Revenue

During February 2004, RIOC entered into an agreement with The New York Transit Authority (NYCTA) for revenue collection from the Tramway. In the agreement, RIOC receives from the NYCTA a fare of \$2.00 for all swipes of full-fare Metro Cards, including transfers, in turnstiles located in RIOC’s tram stations. The funds are transmitted to RIOC via electronic funds transfer and the NYCTA supplies appropriate reports for the reconciliation of the revenue and rider-ship. There is a franchise fee expense associated with this agreement that is ½ of 1 percent of gross sales. Tramway revenues were \$5,117,937 and \$4,640,843 for fiscal year ending March 31, 2014 and 2013, respectively.

(e) Public Safety Reimbursement

The intent of the initial agreements with the four original Mitchell-Lama housing projects (the “WIRE Projects”) was for RIOC to recoup approximately 50% of the cost of maintaining a public safety department on the Island. Accordingly, no less than 50% of such costs have been reimbursed by the WIRE Projects and are included in public safety reimbursement on the accompanying statements of revenues, expenses, and changes in fund net position. Additionally, Manhattan Park, Southtown and the Octagon projects are responsible for their respective share of the cost of RIOC’s public safety department. Public safety reimbursements were \$1,743,828 and \$1,673,097 for fiscal year ending March 31, 2014 and 2013, respectively.

ROOSEVELT ISLAND OPERATING CORPORATION
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Notes to Financial Statements, Continued

(4) Operating Revenues, Basic Rent and Housing Company Reimbursement, Continued

(f) Transportation and Parking Fees

The Motorgate Garage, the Roosevelt Island parking facility, is managed by an agent, Central Parking System (“Central”). This agreement is cancelable by RIOC on 30-day notice and by Central on 180-day notice. Central collects the parking fees and pays the operating costs in connection with the management of the garage. The excess of parking revenues over operating costs is returned to RIOC. RIOC shares the Motorgate revenue with Roosevelt Island Associates, operator of Manhattan Park, with RIOC receiving 61% of the net income. RIOC’s share of Motorgate revenues totaled \$1,871,690 and \$1,919,258 for the years ended March 31, 2014 and 2013, respectively.

Transportation revenues from the provision of bus services totaled \$458,562 and \$451,054 for the years ended March 31, 2014 and 2013, respectively. The cost of running the bus service totaled \$1,570,065 and \$1,608,268 for the same respective periods. Additionally, revenues from street parking meters for these periods totaled \$138,982 and \$151,580.

(g) Interest and Other Revenues

Interest income is derived from deposits that are either FDIC insured or collateralized by government securities according to the investment guidelines of the State of New York. Other revenues comprised of fees for usage of the sports fields and facilities.

(h) De-designation Fee Income

The Development Agreement for Southtown buildings (“Buildings”) seven (7) through nine (9) between Hudson Related Joint Venture (“Developer”) and RIOC included a contingent de-designation (cancellation of project or portion of) fee of \$2,438,400. The Development Agreement is collateralized by a Guaranty Letter of Credit issued by Deutsche Bank Trust Company, NA in the amount of \$2,438,400 maturing on August 15, 2014, to be renewed annually. The Building 7 Lease was closed on October 10, 2013 and construction is in progress. The Building 8 Lease Closing shall occur no later than 30 months after the Building 7 Lease Closing; and the Building 9 Lease Closing shall occur no later than 30 months after the Building 8 Lease Closing. In the event that the Developer fails to close a Building lease in accordance with the foregoing schedule, except if due to RIOC, RIOC may draw the entire balance of the Guaranty Letter of Credit and apply same at its sole discretion, and in addition thereto, at its sole option, de-designate Developer for each such Building and for the remainder of the Building.

ROOSEVELT ISLAND OPERATING CORPORATION
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Notes to Financial Statements, Continued

(4) Operating Revenues, Basic Rent and Housing Company Reimbursement, Continued

(i) Future Minimum Payments Due

Future minimum payments due to RIOC under current leases all with the housing companies and leases for commercial space are as follows:

<u>Years ending March 31</u>	<u>Housing Companies</u>	<u>Commercial Leases</u>
2015	\$ 12,060,109	1,495,366
2016	13,502,197	1,525,806
2017	13,830,901	1,581,969
2018	15,415,902	1,613,874
2019	<u>15,795,020</u>	<u>1,876,539</u>
Total	\$ <u>70,604,129</u>	<u>8,093,554</u>

(5) Management Agreements

The Roosevelt Island Tramway System is operated by Leitner-Poma of America, Inc., a subsidiary of Pomagalski S.A, the designer and builder of the modernized Tramway system, which went into operation on November 30, 2010. RIOC entered into a 5-year fixed fee operating agreement at a minimal annual cost of \$3,397,200 plus certain operating costs associated with operation of the Tramway System. This agreement will be renegotiated in 2014.

RIOC also has a parking management agreement with Central Parking System (“Central”) for the management of Motorgate Garage. This agreement is cancelable by RIOC on 30-day notice and by Central on 180-day notice. RIOC pays a minimal annual management fee of \$40,000 and certain operating costs in connection with the management of the garage.

(6) Income Taxes

RIOC is a public benefit corporation of the State of New York and as such is exempt from income tax under Section 115 of the Internal Revenue Code. Accordingly, no income taxes have been provided for in the financial statements.

ROOSEVELT ISLAND OPERATING CORPORATION
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Notes to Financial Statements, Continued

(7) Retirement Plans

Retirement plans in which RIOC contributes are detailed as follows:

(a) Non-Union Employees

RIOC's non-union employees participate in the New York State and Local Employees' Retirement System (ERS). This is a cost-sharing multiple-employer retirement system. ERS provides retirement benefits as well as death and disability benefits. Obligations of employers and employees to contribute and benefits to employees are governed by the New York State Retirement and Social Security Law (NYSRSSL). As set forth in the NYSRSSL, the Comptroller of the State of New York serves as sole trustee and administrative head of ERS. The Comptroller shall adopt and may amend rules and regulations for the administration and transaction of the business of ERS and for the custody and control of their funds. ERS issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by writing to the New York State and Local Retirement Systems, Albany, New York 12244.

Funding Policy

ERS is contributory (3%) except for employees who joined the System before July 27, 1976. Employees who joined the System after July 27, 1976, but prior to January 1, 2011, and have been members of the System for at least ten years, or have at least ten years of credited service are not required to contribute 3% of their salaries. Employee hired after January 1, 2011 shall contribute 3% of salary for the duration of employment. Under the authority of the NYSRSSL, the Comptroller shall certify annually the rates expressed as proportions of payroll of members, which shall be used in computing the contributions required to be made by employers to the pension accumulated fund.

New York State Employees Retirement System (NYSERS) eligibility requirements:

Tier 1 (Member before July 1, 1973):

- a. For reduced pension benefits: Age 55 with 5 years of service.
- b. For full pension benefits: Age 55 with 20 years of service.

Tiers 2, 3, and 4 (Became a member after July 1, 1973):

- a. For reduced pension benefits: Age 55 with 5 years of service.
- b. For full pension benefits: Age 55 with 30 years of service or age 62 with 20 years of service.

Tier 5 (Became a member on or after January 1, 2010):

- a. For reduced pension benefits: Age 55 with 10 years of service.
- b. For full pension benefits: Age 62 with 10 years of service.

Tier 6 (Became a member on or after April 1, 2012):

- a. For reduced pension benefits: Age 55 with 10 years of service.
- b. For full pension benefits: Age 63 with 10 years of service.

ROOSEVELT ISLAND OPERATING CORPORATION
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Notes to Financial Statements, Continued

(7) Retirement Plans, Continued

RIOC is required to contribute at an actuarially determined rate. The required contributions for the current year and two preceding years were approximately:

March 31, 2012	\$ 639,065
March 31, 2013	\$ 583,380
March 31, 2014	\$ 540,970

RIOC has made the required contributions for each year.

(b) Union Employees

Union employees participate in separate defined contribution plans, which are administered by each union. RIOC contributed \$295,675 and \$188,730 for the years ended March 31, 2014 and 2013, respectively, to union employees' defined contribution plans.

(8) Risk Management

RIOC purchases commercial insurance policies to adequately protect against potential loss stemming from general liability, vehicle liability, property damage, and public officials and employee liability. Coverages for the forthcoming fiscal year ended March 31, 2015 were appropriately increased to provide adequate protection for RIOC as follows:

<u>Coverages</u>	<u>2014-2015 Coverage Amount</u>
General liability - RIOC and Tram	\$125 million limit
Property	\$75 million loss limit
Boiler and machinery	\$100 million limit
Automobile	\$1 million limit
Public officials liability	\$5 million limit

(9) Commitments and Contingencies

Commitments and contingencies at March 31, 2014 and 2013 are detailed as follows:

(a) Leases

RIOC has agreements with four (4) housing companies operating on the Island to sublease commercial space occupied by the housing companies. Rent expense for the years ended March 31, 2014 and 2013 were approximately \$86,000 per year.

(b) Litigation

RIOC is a defendant in various lawsuits. In the opinion of RIOC's legal counsel, these suits should not result in judgments which in the aggregate would have a material adverse effect on RIOC's financial statements.

ROOSEVELT ISLAND OPERATING CORPORATION
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Notes to Financial Statements, Continued

(9) Commitments and Contingencies, Continued

(c) Prior Years' New York State Appropriations

The Office of the State Comptroller of the State of New York, requested confirmation of the following potential liabilities:

Appropriation # 0060083	fiscal year 89/90	\$ 1,299,964
Appropriation # 0066230	fiscal year 90/91	2,463,531
Appropriation# 0071968	fiscal year 91 /92	2,702,481
Appropriation # 0078460	fiscal year 92/93	1,346,400
Appropriation # 0084266	fiscal year 93/94	<u>1,648,254</u>
		<u>\$ 9,460,630</u>

The appropriations were made to RIOC for "services and expenses related to the development and operation of Roosevelt Island". Furthermore, the appropriations required RIOC "for repayment by such corporation to the State of New York of an amount equal to any receipts collected by the corporation during the fiscal year beginning April 1, 1989 in excess of the amount that the director of the budget estimates that the corporation will receive during the fiscal year." RIOC's records indicate that it satisfied the repayment requirements of the appropriations; and it doesn't owe any monies to the State of New York for appropriations made during the fiscal years 89/90 to 93/94.

(d) Revenue Allocation Agreement - between New York State Urban Development Corporation (UDC), now known as the Empire State Development Corporation (ESD) and Roosevelt Island Operating Corporation (RIOC)

On August 3rd, 1988 ESD and RIOC entered into an agreement in the sharing of all revenues derived by RIOC in order for ESD to recover it's investment in Roosevelt Island. The total amount invested in developing the Roosevelt Island infrastructure and funding of ESD's operating deficits prior to the assignment of operations to RIOC amounted to \$170,356,976 along with a stated interest rate of 5.74%. The agreement calls for revenues to be allocated in the following manner; (1) RIOC Operating Expenditures, (2) All Other State Subsidies, (3) State (RIOC) Capital Investments and (4) ESD Debt. To date, no revenues have been allocated for the ESD debt other than "Tax Equivalency Payments" ("TEP") payments for the islands original affordable "Mitchell-Lama" buildings. ESD has acknowledged that there are significant projected future capital investments to be made by RIOC.

ROOSEVELT ISLAND OPERATING CORPORATION
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Notes to Financial Statements, Continued

(10) Postemployment Benefits Other Than Pensions

The Corporation implemented the accounting and disclosure requirements of GASB Statement No. 45 - "Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions" (OPEB) effective for its fiscal year beginning April 1, 2007.

Plan Description - The Corporation provides continuation of medical coverage to administrative, non-represented employees (those categorized as M/C) that retire at age 55 or older with five (5) years of service with the Corporation or a combination of service with a previous NYS public employer and a minimum of one (1) year service with RIOC. The employee must meet the requirements for retiring as a member of the NYS Employees Retirement System, and the employee must be enrolled in NYSHIP. The Corporation contributes 90% for employees and 75% for an employee's spouse.

The Corporation provides certain health care benefits for retired employees. Substantially all of the Corporation's non-union employees may become eligible for these benefits if they reach the normal retirement age, of the respective tier of the New York State Employees' Retirement System, while working for the Corporation. The Corporation, on an annual basis, accrues the cost which represents the present value of these benefits to be paid over the estimated lives of the retirees.

Total expenditures charged to operations for the years ended March 31, 2014 and 2013 amounted to \$637,017 and \$457,950, respectively. At March 31, 2014, the liability for active and retired employees included in non-current accrued fringe benefits amounted to \$2,892,456.

The number of participants as of January 1, 2014 was as follows:

Active employees	36
Retired employees	12
Spouses of retired employees	<u>4</u>
Total	<u>52</u>

Funding Policy - The Corporation currently pays for post-retirement health care benefits on a pay-as-you-go basis. These financial statements assume that pay-as-you-go funding will continue. The funds set aside for this purpose are discussed in note 2(d), but a trust has not been established. Currently, OPEB trusts are not allowed in New York State.

<u>Benefit Obligations and Normal Cost</u>	<u>2014</u>	<u>2013</u>
Actuarial accrued liability (AAL):		
Actuarial accrued liability	\$ 6,636,223	4,879,082
Less: Actuarial value of assets	<u>-</u>	<u>-</u>
Unfunded actuarial accrued liability (UAAL)	\$ <u>6,636,223</u>	<u>4,879,082</u>
Normal cost	\$ <u>364,808</u>	<u>261,151</u>

ROOSEVELT ISLAND OPERATING CORPORATION
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Notes to Financial Statements, Continued

(10) Postemployment Benefits Other Than Pensions, Continued

	<u>2014</u>	<u>2013</u>
<u>Annual OPEB Cost and Net OPEB Obligation</u>		
Annual required contribution	\$ 640,408	455,051
Interest on net OPEB obligation	95,307	81,854
Adjustment to annual required contribution	<u>(98,698)</u>	<u>(78,955)</u>
Annual OPEB cost (expense)	637,017	457,950
Contribution made on a pay-as-you-go basis	<u>(127,230)</u>	<u>(121,625)</u>
Increase in net OPEB obligation	509,787	336,325
Net OPEB obligation at beginning of year	<u>2,382,669</u>	<u>2,046,344</u>
Net OPEB obligation at end of year	\$ <u>2,892,456</u>	<u>2,382,669</u>

Actuarial methods and assumptions:

Valuation method	Projected Unit Credit Method
Amortization period	30 years
Amortization method	Level percent of pay, open group
Interest rate	4.0%
Inflation rate	3.0%
Annual payroll growth rate	3.5%
Retirement rates	Later of age 65 and first eligibility

Healthcare cost trend:

<u>Year</u>	<u>Medical Trend Rate</u>
2013	5.7%
2014	10.8%
2015	6.1%
2016	5.5%
2020	5.4%
2030	5.5%
2040	5.5%
2050	5.1%
Ultimate	4.2%

(11) Pollution Remediation Obligations

In accordance with the GASB Statement No. 49 - "Accounting for Pollution Remediation Obligations," management has concluded that no obligating event has occurred that would require recognition of a future pollution remediation obligation in the accompanying financial statements.

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Notes to Financial Statements, Continued

(12) Accounting Standards Issued But Not Yet Implemented

- GASB Statement No. 67 - “Financial Reporting for Pension Plans - an amendment of GASB Statement No. 25” replaces existing standards of financial reporting and notes disclosures for most pension plans that are administered through trusts or equivalent arrangements. The provisions of this statement are effective for periods beginning after June 15, 2013, which is the fiscal year beginning April 1, 2014 for RIOC. This statement is not expected to have a material effect on the financial statements of the Corporation.
- GASB Statement No. 68 - “Accounting and Financial Reporting for Pensions - an amendment of GASB Statement No. 27” replaces existing standards of accounting and financial reporting for pension plans that are provided to the employees of state and local governmental employers through pension plans that are administered through trusts or equivalent arrangements. The provisions of this statement are effective for periods beginning after June 15, 2014, which is the fiscal year beginning April 1, 2015 for RIOC. Management has not yet determined the effect, if any, that this statement will have on the future financial statements of RIOC.
- GASB Statement No. 69 - “Government Combinations and Disposals of Government Operations” establishes accounting and financial reporting standards for government mergers, acquisitions, and disposals. The Statement requires disclosures to be made about government combinations and disposals of government operations to enable financial statement users to evaluate the nature and financial effect of those transactions. The requirements of this Statement are effective for periods beginning after December 15, 2013, which is the fiscal year beginning April 1, 2014 for the Corporation. This statement is not expected to have a material effect on the financial statements of the Corporation.
- GASB Statement No. 70 - “Accounting and Financial Reporting for Nonexchange Financial Guarantees” improves the accounting and financial reporting by state and local governments that extend and receive nonexchange financial guarantees. The statement requires a government that extends a nonexchange financial guarantee to recognize a liability when qualitative factors and historical data, if any, indicate that it is more likely than not that the government will be required to make a payment on the guarantee. The statement also requires a government that has issued an obligation guaranteed in a nonexchange transaction to recognize revenue to the extent of the reduction in its guaranteed liabilities. The requirements of this statement are effective for periods beginning after June 15, 2013, which is the fiscal year beginning April 1, 2014 for the Corporation. This statement is not expected to have a material effect on the financial statements of the Corporation.

ROOSEVELT ISLAND OPERATING CORPORATION
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Notes to Financial Statements, Continued

(12) Accounting Standards Issued But Not Yet Implemented, Continued

- GASB Statement No. 71 - "Pension Transition for Contributions Made Subsequent to the Measurement Date" addresses an issue regarding application of the transition provisions of GASB Statement No. 68 - "Accounting and Financial Reporting for Pensions." This Statement amends paragraph 137 of GASB Statement No. 68 to require that, at transition, a government recognize a beginning deferred outflow of resources for its pension contributions, if any, made subsequent to the measurement date of the beginning net pension liability. The requirements of this statement are effective for the same period that the entity implements GASB Statement No. 68. Management is in the process of evaluating the potential impact due to the implementation of this statement on the financial statements of the Corporation.

(13) Subsequent Events

It is RIOC's understanding that as of March 27, 2014, Rivercross Tenants Corp. ("Housing Company") has exited the Mitchell-Lama program. An amendment to the restated ground lease, which extended the term until 2068, call for the financial terms to be calculated in accordance with the section 4, 5 and 6 as follows:

Section 4. In the event that Housing Company is no longer a Mitchell-Lama development under Article II of the PHFL and subject to the supervision and direction of the Commissioner of HCR, but leaves the Mitchell-Lama program under an affordability plan approved by the Commissioner of HCR, the Residential Ground Rent and Commercial Ground Rent payable under the Restated Ground Lease shall be as agreed to at such time. If Housing Company leaves the Mitchell-Lama program, the parties shall also agree as to payments to RIOC in lieu of mortgage recording tax or sales and compensating use taxes on construction materials incorporated into Housing Company's property if Housing Company is able to obtain an exemption from or abatement of such taxes due to RIOC's status.

Section 5. In the event that Housing Company is no longer a Mitchell-Lama development under Article II of the PHFL and subject to the supervision and direction of the Commissioner of HCR, but leaves the Mitchell-Lama program under a plan which has not been approved as an affordability plan by the Commissioner of HCR, the Financial Terms (as defined in the succeeding sentence) of the Restated Ground Lease shall be adjusted based on the form of conversion Housing Company utilizes in leaving the Mitchell-Lama program. The "Financial Terms" of the Restated Ground Lease shall be adjusted to achieve a market rate rent, and shall include escalating to market rate the Residential Ground Rent and the Commercial Ground Rent, as well as imposing other fees and charges that RIOC then typically receives for similarly structured non-Mitchell-Lama residential properties. Such fees and other charges shall include, but not be limited to, capital event fees for building sales and refinancing and transfer fees for the sale of cooperative and condominium units,

ROOSEVELT ISLAND OPERATING CORPORATION
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Notes to Financial Statements, Continued

(13) Subsequent Events, Continued

and payments to RIOC in lieu of mortgage recording tax or sales and compensating use taxes on construction materials incorporated into Housing Company's property if Housing Company is able to obtain an exemption from or abatement of such taxes due to RIOC's status. If the parties are unable to reach agreement on any of the Financial Terms to be negotiated between the parties, such dispute shall be resolved in accordance with the provisions of Paragraph 6 below. Paragraphs 4, 5 and 6 of this Agreement are applicable only to the determination of the Financial Terms payable to RIOC and are not applicable to such portion of the Basic Rent allocated to the UDC pursuant to the RAA or to the determination of the "tax equivalent" payments set forth in subparagraph 1 (y) and 2 (y) of Paragraph 5(A) of the Restated Ground Lease. The "tax equivalent" payments shall be payable as provided in paragraph 6 (c) of the Restated Ground Lease as same has been amended by paragraph 3 of this Amendment.

Section 6. If the parties are unable to reach agreement on the renegotiated Financial Terms, as set forth in paragraph 5 above, by no later than sixty days prior to the effective date Housing Company is leaving the Mitchell-Lama program, the dispute shall be settled by arbitration in the City of New York before the American Arbitration Association (or, if such Association is no longer in existence, such other organization as is its successor). The following procedure shall apply:

(a) Each party shall appoint an independent person of recognized competence in the field involved as an arbitrator and notify the other party of such appointment within twenty days after notice by one such party to the other to make an appointment. If either party fails to timely make an appointment and notify the other party of the arbitrator appointed, then the arbitrator appointed by the party which has not so failed shall appoint an independent arbitrator for and on behalf of the party so failing, and shall give notice of such appointment to the failing party within twenty days after such failure by the other party to appoint.

(b) The arbitrators shall meet as promptly as practicable in an effort to resolve the dispute. If the arbitrators are unable to reach agreement within thirty days after having been appointed; they shall appoint a third arbitrator to act as an umpiring arbitrator, who shall resolve the matter in dispute. If the two arbitrators cannot agree on a third arbitrator within ten days after notice from one arbitrator to the other, the umpiring arbitrator shall be appointed by the presiding justice of the Appellate Division of the Supreme Court of the State of New York, First Department, or if for any reason such presiding justice does not make the appointment, then by the President of the Bar Association of the City of New York.

(c) If any arbitrator who has been appointed fails, refuses or is unable to act in such capacity, a new arbitrator shall be appointed in his or her place, which appointment shall be made in the same manner as set forth above.

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Notes to Financial Statements, Continued

(13) Subsequent Events, Continued

(d) The arbitrators shall conduct such hearings as they deem appropriate. RIOC and the Housing Company shall each be entitled to present evidence and argument to the arbitrators and shall have the right to participate in all arbitration proceedings in order to protect their rights. The umpiring arbitrator shall only select the determination of either RIOC's or the Housing Company's arbitrator, and shall render his or her decision in writing. In rendering a decision, the arbitrator shall have the right only to interpret and apply the terms of the Restated Ground Lease, as amended by this First Amendment, and may not vary, modify or amend any provision of the Restated Ground Lease.

(e) Each party shall pay the costs and expenses of their own arbitrator and shall share equally the cost of the umpiring arbitrator and all other arbitration expenses.

(f) A determination made by arbitration pursuant to this paragraph shall be final and binding upon the parties. If a final determination is made after the date the Housing Company leaves the Mitchell-Lama program, such determination shall be applied retroactively to the date of such exit, and, if as a result of the determination, the Housing Company owes any additional sums, it shall pay the party entitled to receive such sums within thirty days after the date the parties are notified of the arbitrator's final determination.

Final disposition is yet to be determined.

ROOSEVELT ISLAND OPERATING CORPORATION
(A Component Unit of the State of New York)
Schedule of Operations by Department
Year ended March 31, 2014

	General Fund										Total	
	General Fund	Operations	Public Safety	Transportation	Parking	Parks/Rec.	Tram	Public purpose fund	Capital fund	Reserved fund		
Revenue:												
Residential fees	\$ 488,076	488,076	-	-	-	-	-	-	364,990	201,586	-	1,054,652
Ground rent	10,119,864	10,119,864	-	-	-	-	-	-	400,000	-	-	10,519,864
Commercial rent	1,434,674	1,434,674	-	-	-	-	-	-	-	-	-	1,434,674
Tramway revenue	5,117,937	-	-	-	-	5,117,937	-	-	-	-	-	5,117,937
Public safety reimbursement	1,743,828	-	1,743,828	-	-	-	-	-	-	-	-	1,743,828
Transportation and parking	2,469,234	-	-	458,562	2,010,672	-	-	-	-	-	-	2,469,234
Interest income	5,749	5,749	-	-	-	-	-	-	1,876	150,270	-	157,897
Unrealized gain (loss)	-	-	-	-	-	-	-	-	(6,875)	-	-	(6,875)
Other revenue	1,104,238	362,611	-	-	-	741,627	-	-	-	-	-	1,104,238
Total revenue	22,483,600	12,410,974	1,743,828	458,562	2,010,672	741,627	5,117,937	2	759,991	351,856	-	23,595,449
Expenses:												
Personal services:												
Salaries	6,511,432	3,155,765	1,981,121	907,029	-	467,517	-	-	-	-	-	6,511,432
Temporary employees	180,795	180,795	-	-	-	-	-	-	-	-	-	180,795
Employee benefits	3,414,609	2,206,980	723,557	326,968	-	157,104	-	-	-	-	-	3,414,609
Compensated absences	23,597	23,597	-	-	-	-	-	-	-	-	-	23,597
Total personal services	10,130,433	5,567,137	2,704,678	1,233,997	-	624,621	-	-	-	-	-	10,130,433
Other than personal services:												
Insurance	1,433,013	1,283,013	-	-	-	-	150,000	-	-	-	-	1,433,013
Professional services	1,193,957	907,365	243,090	-	-	42,985	517	-	-	-	-	1,193,957
Management fees	4,101,573	-	-	-	640,165	-	3,461,408	-	-	-	-	4,101,573
Legal services	206,782	206,782	-	-	-	-	-	-	-	-	-	206,782
Telecommunications	103,010	103,010	-	-	-	-	-	-	-	-	-	103,010
Island improvements/capital plan	6,000	6,000	-	-	-	-	-	-	-	-	-	6,000
Repairs and maintenance	346,706	240,362	12,047	12,858	29,854	16,119	35,466	-	-	-	-	346,706
Vehicles maintenance	351,700	47,597	22,747	280,672	-	684	-	-	-	-	-	351,700
Equipment purchases/lease	54,464	46,761	3,955	(317)	-	-	4,065	-	-	-	-	54,464
Supplies/services	975,482	469,370	69,171	39,570	61,426	153,981	181,964	-	-	-	-	975,482
Other expenses	130,562	66,435	5,717	3,286	-	55,124	-	258,948	-	-	-	389,510
Total other than personal services:	8,903,249	3,376,695	356,727	336,069	731,445	268,893	3,833,420	258,948	-	-	-	9,162,197
Total operating expenses, excluding depreciation	19,033,682	8,943,832	3,061,405	1,570,066	731,445	893,514	3,833,420	258,948	-	-	-	19,292,630
Operating income (loss) before depreciation	3,449,918	3,467,142	(1,317,577)	(1,111,504)	1,279,227	(151,887)	1,284,517	(258,946)	759,991	351,856	-	4,302,819
Depreciation expense	-	-	-	-	-	-	-	-	3,498,737	-	-	3,498,737
Operating income (loss)	\$ 3,449,918	3,467,142	(1,317,577)	(1,111,504)	1,279,227	(151,887)	1,284,517	(258,946)	(2,738,746)	351,856	-	804,082

ROOSEVELT ISLAND OPERATING CORPORATION
(A Component Unit of the State of New York)
Schedule of Operations by Department
Year ended March 31, 2013

	General Fund										Total
	General Fund	Operations	Public safety	Transportation	Parking	Parks/Rec.	Tram	Public purpose fund	Capital fund	Reserved fund	
Operating revenue:	\$	369,739	-	-	-	-	-	-	540,116	201,586	1,111,441
Residential fees	9,356,679	9,356,679	-	-	-	-	-	-	-	-	9,356,679
Ground rent	1,421,038	1,421,038	-	-	-	-	-	-	-	-	1,421,038
Commercial rent	4,640,843	-	-	-	-	4,640,843	-	-	-	-	4,640,843
Tramway revenue	1,673,097	-	1,673,097	-	-	-	-	-	-	-	1,673,097
Public safety reimbursement	2,521,892	-	-	451,054	2,070,838	-	-	-	-	-	2,521,892
Transportation and parking	7,108	7,108	-	-	-	-	-	6	1,452	176,837	185,403
Interest income	959,317	313,918	-	-	-	645,399	-	-	-	-	959,317
Other revenue	20,949,713	11,468,482	1,673,097	451,054	2,070,838	645,399	4,640,843	6	541,568	378,423	21,869,710
Total operating revenue											
Operating expenses:											
Personal services:											
Salaries	6,522,815	3,057,350	2,035,023	947,221	-	483,221	-	-	-	-	6,522,815
Temporary employees	172,553	153,942	-	-	-	18,611	-	-	-	-	172,553
Employee benefits	3,170,407	1,986,190	678,180	320,646	-	185,391	-	-	-	-	3,170,407
Compensated absences	142,620	142,620	-	-	-	-	-	-	-	-	142,620
Total personal services	10,008,395	5,340,102	2,713,203	1,267,867	-	687,223	-	-	-	-	10,008,395
Other than personal services:											
Insurance	1,137,448	987,448	-	-	-	-	150,000	-	-	-	1,137,448
Professional services	423,664	364,345	-	-	-	59,319	-	-	-	-	423,664
Management fees	4,074,439	-	-	-	638,120	-	3,436,319	-	-	-	4,074,439
Legal services	247,161	247,161	-	-	-	-	-	-	-	-	247,161
Telecommunications	115,623	115,623	-	-	-	-	-	-	-	-	115,623
Island improvements/capital plan	7,000	7,000	-	-	-	-	-	-	-	-	7,000
Repairs and maintenance	281,689	241,993	6,892	9,896	(1,545)	12,501	11,952	-	-	-	281,689
Vehicles maintenance	350,663	42,406	34,535	272,632	-	1,090	-	-	-	-	350,663
Equipment purchases/lease	73,481	62,513	773	6,985	-	1,856	1,354	-	-	-	73,481
Supplies/services	1,051,650	494,734	90,738	47,911	73,556	163,037	181,674	-	-	-	1,051,650
Other expenses	193,517	92,898	14,218	2,977	-	83,354	70	275,583	-	-	469,100
Total other than personal services	7,956,335	2,656,121	147,156	340,401	710,131	321,157	3,781,369	275,583	-	-	8,231,918
Total operating expenses, excluding depreciation	17,964,730	7,996,223	2,860,359	1,608,268	710,131	1,008,380	3,781,369	275,583	-	-	18,240,313
Operating income (loss) before depreciation	2,984,983	3,472,259	(1,187,262)	(1,157,214)	1,360,707	(362,981)	859,474	(275,577)	541,568	378,423	3,629,397
Depreciation expense	-	-	-	-	-	-	-	-	3,424,513	-	3,424,513
Operating income (loss)	\$ 2,984,983	3,472,259	(1,187,262)	(1,157,214)	1,360,707	(362,981)	859,474	(275,577)	(2,882,945)	378,423	204,884

ROOSEVELT ISLAND OPERATING CORPORATION
(A Component Unit of the State of New York)
Budget Variance Report
For the year ended March 31, 2014

	<u>Actual</u>	<u>Budget</u>	<u>Favorable (Unfavorable)</u>	
			<u>Variance</u>	<u>Percent</u>
Revenue:				
Residential fees revenue	\$1,054,652	1,028,000	26,652	3%
Ground rent	10,519,864	10,057,000	462,864	5%
Commercial rent	1,434,674	1,466,000	(31,326)	-2%
Tramway revenue	5,117,937	4,350,000	767,937	18%
Public safety reimbursement	1,743,828	1,712,000	31,828	2%
Transport/parking revenue	2,469,234	2,745,000	(275,766)	-10%
Interest income	157,897	211,000	(53,103)	-25%
Unrealized gain (loss)	(6,875)	-	(6,875)	0%
Other revenue	1,104,238	754,000	350,238	46%
Total revenue	<u>23,595,449</u>	<u>22,323,000</u>	<u>1,272,449</u>	<u>6%</u>
Expenses:				
Personal services (PS) :				
Salaries	6,258,144	6,561,694	303,550	5%
Salaries OT	253,288	175,000	(78,288)	-45%
Temporary employees	180,795	175,000	(5,795)	-3%
Workers compensation and disability	182,167	162,202	(19,965)	-12%
ER payroll taxes	582,366	596,308	13,942	2%
Health insurance	1,134,576	1,332,136	197,560	15%
Dental/vision	68,962	75,402	6,440	9%
Pension	757,651	843,708	86,057	10%
Other employee benefits	688,887	480,115	(208,772)	-43%
Compensated absences expenses	23,597	-	(23,597)	-100%
Total personal services (PS)	<u>10,130,433</u>	<u>10,401,565</u>	<u>271,132</u>	<u>3%</u>
Other than personal services (OTPS) :				
Insurance	1,433,013	1,200,000	(233,013)	-19%
Professional services	1,191,410	478,000	(713,410)	-149%
Marketing/advertising	2,547	29,000	26,453	91%
Management fees	4,101,573	4,102,000	427	0%
Legal services	206,782	375,000	168,218	45%
Telecommunications	103,010	125,000	21,990	18%
Island improvements - capital plan	6,000	12,000	6,000	0%
Repairs and maintenance	255,790	413,000	157,210	38%
Repairs and maintenance equipment	35,518	28,000	(7,518)	-27%
Other repairs and maintenance	55,398	120,000	64,602	54%

(Continued)

ROOSEVELT ISLAND OPERATING CORPORATION
(A Component Unit of the State of New York)
Budget Variance Report, Continued

	Actual	Budget	Favorable (Unfavorable)	
			Variance	Percent
Vehicles gas	\$ 201,379	167,000	(34,379)	-21%
Vehicles repair and maintenance	88,213	81,000	(7,213)	-9%
Vehicles parts	62,108	57,000	(5,108)	-9%
Equipment lease	25,564	24,000	(1,564)	-7%
Office equipment purchase	5,376	20,000	14,624	73%
Equipment purchases	17,044	60,000	42,956	72%
Other equipment purchases	6,480	12,000	5,520	46%
Exterminator	18,620	17,000	(1,620)	-10%
Uniforms	36,266	68,000	31,734	47%
Light, power, heat	601,940	642,000	40,060	6%
Water and sewer	39,094	12,000	(27,094)	-226%
Office supplies	15,259	19,000	3,741	20%
Parts and supplies	225,394	212,000	(13,394)	-6%
Service maintenance agreement	38,909	80,000	41,091	51%
Employee travel and meal	3,829	3,200	(629)	-20%
Employee training	7,029	64,400	57,371	89%
Shipping	13,630	11,000	(2,630)	-24%
Subscriptions/membership	12,102	8,400	(3,702)	-44%
Other expenses	298,745	331,000	32,255	10%
Island events - community relations	54,175	85,000	30,825	36%
Total other than personal services (OTPS)	9,162,197	8,856,000	(306,197)	-3%
Total expenses	19,292,630	19,257,565	(35,065)	0%
Operating income before depreciation	4,302,819	3,065,435	1,237,384	40%
Depreciation expenses	3,498,737	3,649,000	150,263	4%
Net surplus (deficit)	\$ 804,082	(583,565)	1,387,647	238%

ROOSEVELT ISLAND OPERATING CORPORATION
(A Component Unit of the State of New York)
Budget Variance Report
For the year ended March 31, 2013

	<u>Actual</u>	<u>Budget</u>	<u>Favorable (Unfavorable)</u>	
			<u>Variance</u>	<u>Percent</u>
Revenue:				
Residential fees revenue	\$1,111,441	1,239,509	(128,068)	-10%
Ground rent	9,356,679	9,453,000	(96,321)	-1%
Commercial rent	1,421,038	1,437,000	(15,962)	-1%
Tramway revenue	4,640,843	4,147,000	493,843	12%
Public safety reimbursement	1,673,097	1,662,000	11,097	1%
Transport/parking revenue	2,521,892	2,691,000	(169,108)	-6%
Interest income	185,403	291,000	(105,597)	-36%
Other revenue	959,317	703,000	256,317	36%
Total revenue	21,869,710	21,623,509	246,201	1%
Expenses:				
Personal services (PS) :				
Salaries	6,290,604	6,432,486	141,882	2%
Salaries OT	232,211	175,000	(57,211)	-33%
Temporary employees	172,553	175,000	2,447	1%
Workers compensation and disability	128,234	162,133	33,899	21%
ER payroll taxes	582,080	584,603	2,523	0%
Health insurance	1,111,071	1,275,238	164,167	13%
Dental/vision	68,124	74,777	6,653	9%
Pension	772,110	757,755	(14,355)	-2%
Other employee benefits	508,788	476,722	(32,066)	-7%
Compensated absences expenses	142,620	-	(142,620)	-100%
Total personal services (PS)	10,008,395	10,113,714	105,319	1%
Other than personal services (OTPS) :				
Insurance	1,137,448	1,150,000	12,552	1%
Professional services	406,600	320,900	(85,700)	-27%
Marketing/advertising	17,064	17,400	336	2%
Management fees	4,074,439	4,077,200	2,761	0%
Legal services	247,161	200,000	(47,161)	-24%
Telecommunications	115,623	107,100	(8,523)	-8%
Island improvements - capital plan	7,000	-	(7,000)	0%
Repairs and maintenance	169,451	402,200	232,749	58%
Repairs and maintenance equipment	14,019	25,200	11,181	44%
Other repairs and maintenance	98,219	105,000	6,781	6%

(Continued)

ROOSEVELT ISLAND OPERATING CORPORATION
(A Component Unit of the State of New York)
Budget Variance Report, Continued

	<u>Actual</u>	<u>Budget</u>	<u>Favorable (Unfavorable)</u>	
			<u>Variance</u>	<u>Percent</u>
Vehicles gas	\$ 208,240	168,300	(39,940)	-24%
Vehicles repair and maintenance	76,406	83,600	7,194	9%
Vehicles parts	66,017	37,200	(28,817)	-77%
Equipment lease	28,980	16,400	(12,580)	-77%
Office equipment purchase	12,067	19,800	7,733	39%
Equipment purchases	23,324	53,600	30,276	56%
Other equipment purchases	9,110	18,000	8,890	49%
Exterminator	9,800	17,100	7,300	43%
Uniforms	46,241	66,950	20,709	31%
Light, power, heat	650,696	588,000	(62,696)	-11%
Water and sewer	45,797	8,600	(37,197)	-433%
Office supplies	14,819	17,100	2,281	13%
Parts and supplies	232,665	210,700	(21,965)	-10%
Service maintenance agreement	51,632	70,500	18,868	27%
Employee travel and meal	8,229	17,500	9,271	53%
Employee training	27,783	56,400	28,617	51%
Shipping	8,763	13,400	4,637	35%
Subscriptions/membership	18,043	15,700	(2,343)	-15%
Other expenses	324,159	338,200	14,041	4%
Island events - community relations	82,123	85,000	2,877	3%
Total other than personal services (OTPS)	<u>8,231,918</u>	<u>8,307,050</u>	<u>75,132</u>	<u>1%</u>
Total expenses	<u>18,240,313</u>	<u>18,420,764</u>	<u>180,451</u>	<u>1%</u>
Operating income before depreciation	3,629,397	3,202,745	426,652	13%
Depreciation expenses	<u>3,424,513</u>	<u>3,577,000</u>	<u>152,487</u>	<u>4%</u>
Net surplus (deficit)	<u>\$ 204,884</u>	<u>(374,255)</u>	<u>579,139</u>	<u>155%</u>



INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER
FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN
ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

The Board of Directors
Roosevelt Island Operating Corporation:

We have audited in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States, the financial statements of Roosevelt Island Operating Corporation ("RIOC"), a component unit of the State of New York, as of and for the year ended March 31, 2014, and the related notes to financial statements, which collectively comprise RIOC's basic financial statements, and have issued our report thereon dated June 18, 2014.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered RIOC's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of RIOC's internal control. Accordingly, we do not express an opinion on the effectiveness of RIOC's internal control over financial reporting.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the RIOC's financial statements will not be prevented, or detected and corrected on a timely basis. A significant deficiency is a deficiency, or combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether RIOC's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under Government Auditing Standards.

Purpose of this Report

This report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of RIOC's internal control or on compliance. This report is an integral part of an audit performed in accordance with Government Auditing Standards in considering RIOC's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Toski & Co., CPAs, P.C.

Williamsville, New York
June 18, 2014



INDEPENDENT ACCOUNTANTS' REPORT ON COMPLIANCE
WITH INVESTMENT GUIDELINES

The Board of Directors
Roosevelt Island Operating Corporation:

Report on Investment Program Compliance

We have audited the Roosevelt Island Operating Corporation's ("RIOC"), a component unit of the State of New York, compliance with the types of compliance requirements described in the Section 201.3 of Title Two of the Official Compilation of Codes, Rules, and Regulations of the State of New York related to its investment program during the year ended March 31, 2014.

Management's Responsibility

Management is responsible for compliance with the requirements of Section 201.3 of Title Two of the Official Compilation of Codes, Rules, and Regulations of the State of New York related to its investment program.

Auditor's Responsibility

Our responsibility is to express an opinion on the compliance of RIOC's investment program based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States; and, the State of New York Investment Guidelines for Public Authorities. Those standards and the State of New York Comptroller's Investment Guidelines for Public Authorities require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on the investment program occurred. An audit includes examining, on a test basis, evidence about RIOC's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for the investment program. However, our audit does not provide a legal determination of RIOC's compliance.

Opinion on Investment Program

In our opinion, the Roosevelt Island Operating Corporation complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on its investment program for the year ended March 31, 2014.

Report on Internal Control over Compliance

Management of RIOC is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered RIOC's internal control over compliance with the types of requirement that could have a direct and material effect on the investment program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for the investment program and to test and report on internal control over compliance in accordance with Section 201.3 of Title Two of the Official Compilation of Codes, Rules, and Regulations of the State of New York, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of RIOC's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement on a timely basis. A material weakness in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement will not be prevented, or detected and corrected, on a timely basis. A significant deficiency in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of Section 201.3 of Title Two of the Official Compilation of Codes, Rules, and Regulations of the State of New York. Accordingly, this report is not suitable for any other purpose.

Toski & Co., CPAs, P.C.

Williamsville, New York
June 18, 2014



The Board of Directors
Roosevelt Island Operating Corporation:

In planning and performing our audit of the financial statements of Roosevelt Island Operating Corporation (RIOIC) as of and for the year ended March 31, 2014, in accordance with auditing standards generally accepted in the United States of America and Government Auditing Standards, we considered RIOIC's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of RIOIC's internal control. Accordingly, we do not express an opinion on the effectiveness of RIOIC's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or combination of deficiencies in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis.

Our consideration of internal control was for the limited purpose described in the first paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses. Given these limitations during our audit, we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

This communication is intended solely for the information and use of management, the Board of Directors, and others within the organization, and is not intended to be and should not be used by anyone other than these specified parties.

Toski & Co., CPAs, P.C.

Williamsville, New York
June 18, 2014



RIOC Senior Staff Biographical Information

Senior Staff as of March 31, 2014

Charlene M. Indelicato
President & Chief Executive Officer

Charlene M. Indelicato is the President and CEO of the Roosevelt Island Operating Corporation. Her responsibilities include supervision and oversight of the Island's day-to-day functions as well as management of the Corporation's various administrative and operational departments.

Ms. Indelicato served as City Manager of the City of New Rochelle, where she appointed and supervised the City Departmental Directors and prepared the City's annual budget submission to Council. Her executive oversight included the operations of city service departments, such as public works and parks. Ms. Indelicato also facilitated commercial projects for the City by using federal, state and private funds to turn a municipal contaminated waste site into the home of two major retailers.

As the Westchester County Attorney for nine years, she managed a department of approximately ninety attorneys, who represent all of the County's departments and commissions as well as the Board of Legislators and the District Attorney's office in all civil matters. She was also charged with the administration of the County's Risk Management Department.

Ms. Indelicato was the Commissioner of Planning and Community Development of the City of Mount Vernon, New York, where she oversaw the Planning, Zoning and Architectural Review Boards and acted as Executive Director of the Mount Vernon Urban Renewal Agency and Industrial Development Agency. Her efforts led to the completion of a Comprehensive Land Use Plan, a long-range development plan, and the procurement and administration of grants for citywide initiatives.

In her private practice, Ms. Indelicato represented clients such as Beeline Buses and the Town of Mamaroneck. Her areas of practice are contracts, real estate, land use and municipal law. In addition to her work as an attorney, she has also taught municipal law at Pace University.

Donald D. Lewis
Vice President
General Counsel

Donald D. Lewis, Esq. is Vice President and General Counsel of the Roosevelt Island Operating Corporation (RIOC). Mr. Lewis is responsible for providing legal advice to the President/Chief Executive Officer, as well as to the Chairperson and members of the Board of Directors in connection with the actions of the Corporation, including the analysis and interpretation of applicable laws, and litigation involving the Corporation. Additionally, Mr. Lewis' responsibilities may include, negotiating contracts, drafting proposed legislation, drafting resolutions for adoption by the Board, drafting proposed rules and regulations for promulgation by the

Board, and conferring with the Office of the Attorney General and other high level governmental officials. Prior to joining RIOC, Mr. Lewis was a litigation associate at the law firm of Skadden, Arps, Slate, Meagher & Flom LLP in New York. He has represented corporations and individuals in complex litigations involving a range of corporate and commercial matters in federal and state court, including securities class actions, shareholder derivative suits and disputes concerning Chapter 11 reorganizations. Through the firm's externship program, Mr. Lewis served as a Special Assistant Corporation Counsel for the New York City Law Department, Office of Corporation Counsel where he was lead trial counsel in tort actions against the City. Mr. Lewis also has provided extensive pro bono service, including work on a high profile death penalty case. In addition, Mr. Lewis was a 2008 recipient of the Commitment to Justice Legal Team Award from inMotion, a New York-based organization that provides free legal services to women from underrepresented communities.

Mr. Lewis mentors students on the mock trial team at the Bronx Leadership Academy High School and is involved with Ice Hockey in Harlem, a community-based non-profit organization for young people that uses the sport to promote academic achievement, responsibility and teamwork.

Mr. Lewis received his Juris Doctor degree from Harvard Law School (2000) and his Bachelor of Arts degree in psychology, cum laude, from Harvard College (1995). He is admitted to practice in New York State and in the U.S. District Court for the Southern District of New York.

Frances Walton
Vice President
Chief Financial Officer

Frances Walton is the Chief Financial Officer and Vice President for Financial Affairs of the Roosevelt Island Operating Corporation. Ms. Walton's experience includes a rich background in public administration, banking and financial management. For more than sixteen years, Ms. Walton served in various capacities at the Empire State Development, including Chief Financial and Administrative Officer. During this time, she directed the agency's financial functions, including Banking, Investments, Cash Management, Debt Insurance, Budgeting, Accounting, Portfolio Management, Loans and Grants, and Project Finance programs. She was also responsible for the management and direction of their I.T., Human Resources and Administration departments.

Immediately prior to joining ESD, Ms. Walton served as the Senior Vice President and Director of the State of New York Mortgage Agency's Mortgage Insurance Fund, an agency which promotes the rehabilitation of New York State communities by providing mortgage insurance to public and private lenders, as well as assisting first-time homebuyers. Before joining the State of New York Mortgage Agency, she was a Public Finance banker for Chemical Securities Inc. and Lebenthal & Co. Inc. In addition, Ms. Walton has a decade of experience in finance and management positions at the Port Authority of New York and New Jersey. Prior to graduate school, she held the position of Research Associate at a Management Consulting firm in Boston.

Ms. Walton is a former Executive Board member and Standing Committee member for the Government Finance Officers Association, a current Executive Board member and the past President of the Council for Development Finance Agencies, a Board member and former Treasurer of the Municipal Forum of New York, an Executive Board member and Corporate Secretary of the Metropolitan College of New York, and a Board member of the Northeast Women in Public Finance.

Ms. Walton has received various professional awards for innovation and excellence, including the 2012 Trailblazer Award from Northeast Women in Finance, 2007 Public Service Award from the Municipal Forum, and two Unit Citation awards from the Port Authority of New York and New Jersey. Ms. Walton graduated with an MPA from the Maxwell School of Citizenship and Public Affairs at Syracuse University. She has since worked for over three decades in the financial sector with public and private New York agencies and firms.

Muneshwar Jagdharry
Comptroller

Muneshwar Jagdharry is a Certified Public Accountant with over 30 years of experience, specializing in the not-for-profit and governmental sectors. He graduated from Lehman College with a Bachelor of Science in Accounting; Baruch College with a Master of Business Administration in Finance; and Hunter College with a Master in Public Health.

Marguerite M. Beirne
Director of Information Technology

Marguerite Beirne is the IT Director for the Roosevelt Island Operating Corporation. In this capacity, she is responsible for all aspects of Information Technology, including infrastructure, software, closed circuit cameras, and telecommunications. Ms. Beirne is a senior level Information Technology leader with an equal blend of project management and technology experience as well as a broad background in leading highly skilled, cross-functional teams. Ms. Beirne's industry experience includes manufacturing, publishing, non-profit and financial services in both private and public organizations.

Prior to joining RIOC, Ms. Beirne was the Chief Information Officer for Westchester County government. She worked for the County of Westchester beginning in 2006, first as Deputy CIO and in May 2008 was appointed CIO.

In addition to setting the strategic direction for Westchester County's use of technology, Ms. Beirne was responsible for all of the County's computer systems, desktop/office computing, the data network, telecommunications (including landline phone, cell, video and radio), geographical information systems, website, E-government activities, multi-media, graphics arts, printing and mail support, and the records and archives center. The department also provides these services to selected municipalities.

Ms. Beirne received her Bachelor's degree in Management Information Systems from SUNY Buffalo and her MBA from CUNY Baruch. She currently holds IT Infrastructure Library and Project Management Professional certifications. She served on the New York State CIO Council, was a member of the NYS Local Government Information Technology Directors Association, the Westchester Not-for-Profit Technology Council and the Fairfield / Westchester chapter of the Society for Information Management.

John B. McManus
Director of Public Safety

In June of 2013, John McManus became the Director of Public Safety for the Roosevelt Island Operating Corporation. In this capacity, Mr. McManus oversees a staff of 40 Public Safety Officers occupying various ranks. Mr. McManus is a strong supporter of the Community Policing Model of Law Enforcement, which focuses on building ties and working closely with members of the community.

John McManus brings 27 years of prior police management and supervisory experience with the NYPD, where he rose to the rank of Assistant Chief before retiring to become the Director of Security at the World Trade Center/Port Authority of NY and NJ. In that capacity he was responsible for all security operations and emergency planning during the initial rebuilding phase at Ground Zero.

While at the NYPD, Mr. McManus served as Executive Officer to the Chief of Department and the Internal Affairs Bureau. He also commanded the NYPD Emergency Operations Center (EOC), where he oversaw emergency response efforts for the 9/11 disaster, floods, citywide power outages and other natural and unnatural disasters, and served as the Commanding Officer of the NYPD Operations Division which is responsible for planning all major events in NYC. A recognized expert in special event security planning, he was charged with planning the security for the Republican National Convention in 2004 and served as the NYPD Coordinator/Liaison to the Office of the Mayor for the NYC 2012 Olympic Bid.

During his tenure, Mr. McManus commanded three patrol precincts in NYC, each of which saw progressive crime reductions annually. Mr. McManus is known as an innovator and developed many new outreach programs while he was Precinct Commander, including programs targeting local at risk youths.

Mr. McManus received a Masters Degree in Communications from the NY Institute of Technology and a Certificate in Police Management from the Columbia University Graduate School of Business. He is a member of the American Academy for Professionals in Law Enforcement, National Law Enforcement Associates, American Society for Industrial Security (Board Member) and the International Association of Chiefs of Police (IACP). He maintains a Top Secret (SCI) National Security Clearance.

Former Senior Staff[†]
Steven Chironis
Vice President
Chief Financial Officer

Mr. Chironis joined Roosevelt Island Operating Corporation as Vice President, Chief Financial Officer in February 2008.

He has over thirty years of financial management experience ranging from an Audit Manager at a New York CPA Firm, CFO and Controller for a Construction Engineering Firm, Financial Advisor & Employee Benefits Specialist at several Fortune 500 Companies and a partner in a Real Estate Development Firm. He has a Bachelor of Science degree from Plattsburgh State University of New York in Accounting and Finance.

[†] Prior to the close of the fiscal year, the Chief Financial Officer, Director of Public Safety, and Director of Engineering resigned from their positions. Their respective biographical information is noted under heading "Former Senior Staff" (above).

Keith Guerra
Director of Public Safety

W. Keith Guerra joined the Roosevelt Island Operating Corporation in January of 2008, after completing a 20+ year career in Law Enforcement with the NYPD and Greenburgh Police Departments. He is a NYS Certified Police Instructor registered with the Department of Criminal Justice Services (DCJS). In addition to certifications from the NYPD, Keith has also received training from the FBI, FEMA, American Red Cross, American Heart Association, Monadnock Training Council and Tri-Star SWAT.

In addition to his background in training, his Law Enforcement Career is also highlighted by an investigative background in Special Victims Crimes. As a 1st grade Detective, he was instrumental in solving several crimes against juveniles and the elderly, missing persons cases and sex crimes cases. He served on the SWAT Team for seven years and competed in SWAT competitions throughout the country.

As the Director of Public Safety, Keith has brought the Community Policing Strategy to Roosevelt Island. The Officers under his command have adopted the slogan of "Courtesy, Professionalism and Respect." Officers have new uniforms, are better trained and better equipped to perform their Law Enforcement duties, and are eager to "Protect and Serve" the residents and business owners here on Roosevelt Island.

Alexander Snedkov
Director of Engineering

Alexander Snedkov joined Roosevelt Island Operating Corporation as a Director of Engineering in November 2010.

He has over twenty years of engineering, facility and construction management experience ranging from a Facilities Manager at a pharmaceutical firm to positions as an Electrical Engineer, Project Manager, and Vice President at several construction firms. He has a Bachelor of Science degree in electrical engineering from the Rostov State University of Railway Transport in Russia and a certificate in Facilities Management from New York University.

ROOSEVELT ISLAND OPERATING CORPORATION

Code of Ethics

As a New York State public benefit corporation, the Roosevelt Island Development Corporation (the "Corporation") is vested with a public trust. In order to promote and maintain governmental integrity, each officer, director and employee of the Corporation must adhere to the standards and code of ethics set forth herein, in the Corporation's Employee Handbook, and in the State Code of Ethics and the Ethics in Government Act.

Rule with Respect to Conflicts of Interest

No director, officer or employee of the Corporation may have any interest, financial or otherwise, direct or indirect, or engage in any business or transaction or professional activity or incur any obligation of any nature, which is in substantial conflict with the proper discharge of his or her duties in the public interest.

Standards

1. No director, officer or employee of the Corporation may accept other employment which will impair his or her independence of judgment in the exercise of his or her official duties.
2. No director, officer or employee of the Corporation may accept employment or engage in any business or professional activity which will require him or her to disclose confidential information which he or she has gained by reason of his or her official position or authority.
3. No director, officer or employee of the Corporation may disclose confidential information acquired by him or her in the course of his or her official duties nor use such information to further his or her personal interests.
4. No director, officer or employee of the Corporation may use or attempt to use his or her official position to secure unwarranted privileges or exemptions for himself or herself or others, including but not limited to, the misappropriation to himself, herself or to others of the property, services or other resources of the state for private business or other compensated non-governmental purposes.
5. No director, officer or employee of the Corporation may engage in any transaction as representative or agent of the Corporation with any business entity in which he or she has a direct or indirect financial interest that might reasonably tend to conflict with the proper discharge of his or her official duties.
6. No director, officer or employee of the Corporation may by his or her conduct give reasonable basis for the impression that any person can improperly influence him or her or unduly enjoy his or her favor in the performance of his or her official duties, or

that he or she is affected by the kinship, rank, position or influence of any party or person.

7. Each director, officer or employee of the Corporation must abstain from making personal investments in enterprises which he or she has reason to believe may be directly involved in decisions to be made by him or her or which will otherwise create substantial conflict between his or her duty in the public interest and his or her private interest.
8. Each director, officer and employee of the Corporation must endeavor to pursue a course of conduct which will not raise suspicion among the public that he or she is likely to be engaged in acts that are in violation of his or her trust.
9. No director, officer or employee of the Corporation employed on a full-time basis nor any firm or association of which such a director, officer or employee is a member nor corporation a substantial portion of the stock of which is owned or controlled directly or indirectly by such director, officer or employee, shall sell goods or services to any person, firm, corporation or association which is a party to any contract with the Corporation.
10. If any director, officer or employee of the Corporation shall have a financial interest, direct or indirect, having a value of ten thousand dollars or more in any activity undertaken by the Corporation, he or she must file with the Secretary of the Corporation a written statement that he or she has such a financial interest in such activity, which statement shall be open to public inspection.
11. No director, officer or employee of the Corporation shall, directly or indirectly, seek or accept any loan or extension of credit from the Corporation or any subsidiary of the Corporation.

Violations

In addition to any penalty contained in any other provision of law any such officer, member or employee who shall knowingly and intentionally violate any of the provisions of this Code of Ethics may be fined, suspended or removed from office or employment in the manner provided by law.

Dated: March 25, 2010

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Mckinney's Consolidated Laws of New York Annotated Currentness
UNCONSOLIDATED LAWS (REFS & ANNOS)

TITLE 16. MUNICIPALITIES

CHAPTER 26. ROOSEVELT ISLAND OPERATING CORPORATION

§ 6385. Legislative declaration

The legislature hereby finds, determines and declares that: (a) the city of New York and the New York state urban development corporation have entered into a lease and related agreements providing for the urban development corporation to use its statutory powers to create on Roosevelt Island a new community which would retain and heighten the benefits of urban living while preserving a sense of scale and open space for Roosevelt Island residents and New York city as a whole; (b) the urban development corporation has constructed the first phase of the island's development, including public facilities, pursuant to a general development plan for Roosevelt Island, which plan is being updated and contemplates significant future development on the island, including the provision of additional housing, commercial, civic, recreational and other facilities; (c) it is in the public interest for the urban development corporation to transfer all of its rights and obligations with respect to the development, operation and supervision of both such existing and such proposed development to a public benefit corporation which shall be under the supervision of the commissioner of housing and community renewal; and (d) it is in the public interest that such a public benefit corporation plan, design, develop, operate, maintain and manage Roosevelt Island, that such corporation have vested in it such powers as are necessary or convenient to effectuate those functions and that the division of housing and community renewal be authorized to assist such corporation in the performance of its duties with respect to Roosevelt Island.

§ 6386. Definitions

As used in this act, the following terms shall have the following meanings:

1. "City" shall mean the city of New York.
2. "Commissioner" shall mean the commissioner of housing and community renewal.
3. "Corporation" shall mean the Roosevelt Island operating corporation created by section three of this act.

4. "Development subleases" shall mean (a) the sublease dated August first, nineteen hundred eighty between the urban development corporation and the city, (b) the ground lease, dated October thirtieth, nineteen hundred seventy-two, between the urban development corporation and North Town Phase II Houses, Inc., (c) the ground lease, dated April twenty-fifth, nineteen hundred seventy-three, between the urban development corporation and North Town Phase III Houses, Inc., and (d) the restated ground lease, dated November thirtieth, nineteen hundred seventy-seven, between the urban development corporation and Rivercross Tenants' Corporation.
5. "Division" shall mean the New York state division of housing and community renewal.
6. "Lease" shall mean the lease, dated December twenty-third, nineteen hundred sixty-nine, as heretofore or hereafter amended, among the city of New York, the New York state urban development corporation and the Roosevelt Island development corporation, pursuant to which the city leased substantially all of Roosevelt Island to the New York state urban development corporation for development substantially in accordance with the development plan referred to therein.
7. "Roosevelt Island" shall mean the island located in the East River, city and county of New York, extending from approximately fiftieth street to eighty-sixth street in Manhattan.
8. "Safe affordable housing for everyone, inc." shall mean the New York corporation organized under article six-A of the private housing finance law and under the supervision and control of the commissioner.
9. "Tramway franchise" shall mean the franchise for the Roosevelt Island tramway granted by the city to the urban development corporation on February nineteenth, nineteen hundred seventy-four.
10. "Urban development corporation" shall mean the New York state urban development corporation.

§ 6387. Establishment of corporation; organization of board

1. To effectuate the purposes and provisions of this act, there is hereby created the "Roosevelt Island operating corporation", which shall be a body corporate and politic constituting a public benefit corporation and a political subdivision of the state of New York.
2. The board of directors of the corporation shall be composed of nine members. One member shall be the commissioner, who shall serve as the chair; one member shall be the director of the budget; and seven public members shall be appointed by the governor with the advice and consent of the senate. Of the seven public members, two members, one of whom shall be a resident of Roosevelt Island, shall be appointed upon the recommendation of the mayor of the city; and four additional members shall be residents of Roosevelt Island. Each member shall serve for a

term of four years and until his or her successor shall have been appointed and shall have qualified, except that (a) two of the initial public members appointed by the governor, one of whom is a resident of Roosevelt Island, and the Roosevelt Island resident member appointed upon the recommendation of the mayor of the city shall serve for terms of two years each, and (b) the commissioner and the director of the budget shall serve so long as they continue to hold their respective offices. Any action taken by the directors of the corporation shall be taken by majority vote of the directors then in office. The elected public officials who represent Roosevelt Island shall be representatives to the board of directors of the corporation entitled to receive notice of and attend all meetings of such board but shall not be entitled to vote. Failure to give such notice shall not effect the validity of any action taken at a meeting of such board.

3. The governor may fill any vacancy which occurs on the board of directors of the corporation in a manner consistent with the original appointment. Any member of the corporation may be removed by the governor for cause, but not without an opportunity to be heard, in person or by counsel, in his defense, upon not less than ten days' written notice.

4. The commissioner and the director of the budget may each designate an officer or employee of his respective division to represent such member at meetings of the corporation. Such designation shall be by written notice filed with the chairman or the secretary of the corporation by the member making the designation, and may be revoked at any time by similar notice. Any representative so designated shall have the power to attend and to vote at any meeting of the corporation from which the member making the designation is absent with the same force and effect as if the member making the designation were present and voting. No such designation shall limit the right of the member making the designation to attend and vote in person at any meeting of the corporation.

5. A member of the corporation who is not an officer or employee of the state or the city shall not receive a salary or other compensation, but shall be entitled to reimbursement for actual and necessary expenses incurred in the performance of official duties as a member. A member of the corporation who is not an officer or employee of the state or the city may engage in private employment, or in a profession or business, unless otherwise prohibited by law from doing so. Notwithstanding any other provision of law, general, special, or local, no officer or employee of the state or any civil division thereof shall be deemed to have forfeited, or shall forfeit such office of employment because of acceptance of membership in the corporation, or by virtue of being an officer, employee or agent thereof.

§ 6388. Powers of corporation

The corporation's powers shall be limited to carrying out the development, management and operation of Roosevelt Island. In carrying out such development, management and operation, the corporation shall have the power to:

1. Sue and be sued;
2. Have a seal and alter the same at pleasure;
3. Make and alter by-laws for its organization and internal management and make rules and regulations governing the use of its property and facilities;
4. Make and execute contracts and all other instruments necessary or convenient for the exercise of its powers and functions under this act;
5. Acquire in the name of the corporation by purchase, grant or gift, or by the exercise of the power of eminent domain pursuant to the eminent domain procedure law, or otherwise, real or personal property, or any interest therein deemed necessary or desirable for the development, management or operation of Roosevelt Island, including, without limitation, leasehold interest, air and subsurface rights, easements and lands under water at the site of Roosevelt Island or in the general vicinity thereof, and to subject such property or interest therein to a purchase money or other lien or security interest in connection with the acquisition and development thereof, provided that the corporation shall have no authority or power to issue any notes, bonds or other debt obligations, whether for the purpose of financing the development of Roosevelt Island or otherwise;
6. Hold and dispose of real or personal property for its corporate purposes;
7. Appoint officers, agents and employees, prescribe their duties and fix their compensation in accordance with a staffing and compensation plan submitted to and approved by the director of the budget;
8. Engage the services of private consultants on a contract basis for rendering professional and technical assistance advice;
9. Procure insurance against any loss in connection with its activities, properties and other assets, in such amount and from such insurers as it deems desirable;
10. Charge and collect fees, rents and other charges for the occupancy or other use of real or personal property or facilities owned, operated, managed or regulated by the corporation;
11. Accept any gifts or grants of money or property, or financial or other aid in any form, from the federal government, the state, or the city (or any instrumentality of any such government) or from any other source and, subject to the provisions of this act and other applicable law, to comply with any conditions of such assistance and execute any contracts or other instruments in connection therewith;

12. Invest any funds of the corporation, or any other monies under its custody and control not required for immediate use or disbursement, at the discretion of the corporation, in obligations of the state or the United States government or obligations the principal and interest of which are guaranteed by the state or the United States government, or in any other obligations in which the comptroller of the state is authorized to invest pursuant to section ninety-eight of the state finance law;

13. Enter into such agreements with the state, the urban development corporation and the city as the parties thereto deem appropriate to effectuate the provisions of this act;

14. Assume and perform the obligations and responsibilities of the urban development corporation under the lease, the tramway franchise, and all other contracts, leases, and agreements heretofore entered into by the urban development corporation relating to the development, management and operation of Roosevelt Island (except that the corporation shall not assume any of the rights, duties and responsibilities of the urban development corporation in relation to any bonds or notes issued, or mortgages or security agreements held, by the urban development corporation or any of its subsidiaries) and exercise all of the rights of the urban development corporation with respect thereto; and

15. Do and perform all other acts necessary or convenient to carry out the foregoing in connection with the development, management or operation of Roosevelt Island.

§ 6389. Rules and regulations; approval of development plan amendments; applicability of local laws

1. The corporation shall promulgate such rules and regulations as it shall deem appropriate to provide an opportunity for residents of Roosevelt Island to comment upon any major amendment of the development plan for Roosevelt Island referred to in the lease at a public hearing held prior to its adoption by the corporation.

2. Any amendment of the development plan for Roosevelt Island referred to in the lease shall be subject to the review and approval of the director of the budget, and the corporation shall not enter into any agreement for the design or construction of any improvement provided for in any such amendment prior to such approval.

3. The requirements of all local laws, ordinances, codes, charters or regulations shall be applicable to the construction, alteration or improvement of any building or structure on Roosevelt Island, provided that the corporation may, in lieu of such compliance, determine that the requirements of the New York state uniform fire prevention and building code, formulated by the state fire prevention and building code council pursuant to article eighteen of the executive law, shall be applicable to such work. In the event of such compliance with the New York state uniform fire prevention and building code, the city shall have no power to modify any drawings, plans or

specifications for such work or for the plumbing, heating, lighting or other mechanical branches thereof, or to require that any person, firm or corporation employed on any such work perform the same except as provided by such plans and specifications or obtain any additional authority, approval, permit or certificate from the city in connection therewith.

§ 6390. Powers and duties of Urban Development Corporation; lease and tramway franchise

1. The corporation shall perform all obligations of the urban development corporation or any of its subsidiaries with respect to the development, management and operation of Roosevelt Island, including, without limitation, all such obligations arising under the lease and the tramway franchise.
2. The urban development corporation, the division and the corporation shall each use their best efforts to obtain any required consents to the assignment of the lease and the tramway franchise from the urban development corporation to the corporation and to any other assumption by the corporation of the obligations of the urban development corporation or any of its subsidiaries under any other contracts, leases, agreements or instruments entered into by the urban development corporation, or any such subsidiary, relating to the development, management or operation of Roosevelt Island (other than any bonds or notes issued, or mortgages or security agreements held, by the urban development corporation or any of its subsidiaries) and, upon obtaining such consents, the corporation and the urban development corporation shall enter into such agreements and take such actions as shall be necessary to effectuate such assignments and assumptions, provided that in order to permit the urban development corporation to recover the investment which it has heretofore made in the development of Roosevelt Island, such agreements shall provide appropriate assurances satisfactory to the urban development corporation (a) for the prompt payment directly to the urban development corporation of (i) all sums from time to time due from lessees under the development subleases and (ii) all sums received by the corporation from the city in connection with the termination of the lease, and (b) for the amending or supplementing of the development subleases to the extent, if any, necessary to protect the rights of the holders of any mortgages on the leasehold interests created thereunder. Nothing in this act shall (a) constitute or authorize an assignment by the urban development corporation (or any subsidiary thereof) of any mortgage or security interest held by the urban development corporation (or any such subsidiary) on any real or personal property or interest therein on Roosevelt Island or any rights or obligations of the urban development corporation (or any such subsidiary) arising under any such mortgage or security agreement, (b) relieve the urban development corporation of any of its obligations under any bonds heretofore issued by the urban development corporation, or (c) otherwise affect the interests of the holders of any such bonds.
3. All revenues (other than state appropriations) derived from the contracts, leases, agreements or instruments assigned to or assumed by the corporation pursuant to subdivision two of this section shall be applied first to the payment of those obligations assigned to or assumed by the corporation.

4. The urban development corporation and the corporation are hereby authorized to enter into such agreements with the city as the corporation shall determine to be appropriate to amend, reform or supplement the lease (including the development plan referred to therein) and the tramway franchise in order to carry out the purposes of this act. The provisions of any general, special or local law notwithstanding, the city is hereby authorized, upon the approval of the board of estimate of the city, to enter into any such agreements with the corporation and the urban development corporation.

§ 6391. Equal employment opportunities

1. The corporation shall not discriminate against employees or applicants for employment because of race, creed, color, national origin, sex, age, disability or marital status, and will undertake or continue programs of affirmative action to ensure that minority group persons and women are afforded equal employment opportunity without discrimination. Such action shall be taken with reference, but not be limited, to recruitment, employment, job assignment, promotion, upgrading, demotion, transfer, layoff, termination, rate of pay or other forms of compensation, and selections for training or retraining, including apprenticeship and on-the-job training.

2. The corporation shall request each employment agency, labor union, or authorized representative of workers with which it has a collective bargaining or other agreement or understanding, to furnish a written statement that such employment agency, labor union or representative shall not discriminate because of race, creed, color, national origin, sex, age, disability or marital status and that such union or representative will cooperate in the implementation of the corporation's obligations hereunder.

3. The corporation shall state, in all solicitations or advertisements for employees placed by or on behalf of the corporation, that all qualified applicants will be afforded equal employment opportunity without discrimination because of race, creed, color, national origin, sex, age, disability or marital status.

4. The corporation shall seek meaningful participation by minority business enterprises in the programs of the corporation and shall actively and affirmatively promote and assist their participation in the corporation's programs, so as to facilitate the award of a fair share of contracts to such enterprises. For purposes hereof, "minority business enterprise" shall mean any business enterprise which is at least fifty-one per centum owned by, or in the case of publicly owned business, at least fifty-one per centum of the stock of which is owned by, citizens or permanent resident aliens who are Black, Hispanic, Asian, American Indian or women, and such ownership interest is real, substantial and continuing.

§ 6392. Indemnification; notice of claim

a. 1. The state shall indemnify and hold harmless the corporation, urban development corporation and safe affordable housing for everyone, inc., and pursuant to section seventeen of the public officers law, their respective officers, directors and employees, from and against any and all liability, claim, loss, damage, suit or judgment and any and all costs and expenses (including, but not limited to, counsel fees and disbursements) that such corporations or their officers, directors or employees may suffer or incur, whether before or after the date hereof, as a result of either (a) the development, management or operation of Roosevelt Island or (b) the performance or non-performance by the division of any of its obligations or duties with respect to Roosevelt Island. All of the provisions of section seventeen of the public officers law which are not inconsistent with this section shall apply to the officers, directors, and employees of such corporations, including the provisions relating to the defense by the attorney general or private counsel of any civil action and the payment of legal costs incurred in connection with the defense of any such action. Any member, officer or employee of such corporations seeking to be saved harmless or indemnified or to claim any other benefits available pursuant to this section or section seventeen of the public officers law shall comply with the procedural requirements of such section seventeen. As used in this section the terms “member”, “officer” and “employee” shall include a former member, officer or employee, his estate or judicially appointed personal representative.

2. A notice of claim, served in accordance with the provisions of section fifty-e of the general municipal law, shall be a condition precedent to the commencement of an action against the corporation, its officers, directors and employees. No such action shall be commenced more than one year after it has accrued, except that an action against the corporation for wrongful death shall be commenced within the notice of claim and time limitation provisions of title eleven of article nine of the public authorities law.

b. 1. Notwithstanding the provisions of section one hundred thirteen of the retirement and social security law and any other general, special or local law, the Roosevelt Island operating corporation shall provide to persons employed by the Roosevelt Island operating corporation any retirement, disability, death or other benefits provided or required pursuant to any agreement with a labor union of which its employees are members, and the Roosevelt Island operating corporation is hereby authorized to retroactively or in the future make such contributions as may be necessary to provide such benefits.

2. For purposes of the retirement and social security law, persons employed by the Roosevelt Island operating corporation and to whom the Roosevelt Island operating corporation provides any retirement, disability, death and other benefits required pursuant to any agreement with a labor union of which its employees are members, shall be deemed not to be employees of the Roosevelt Island operating corporation. Such other persons who are employees of the Roosevelt Island operating corporation as of the effective date of this act shall be eligible to receive credit under the retirement and social security law for previous service with the entities (or where applicable, their subsidiaries) made subject to section seventeen of the public officers law by subdivision a of this section.

§ 6393. Annual budget and report

1. On or before September fifteenth, nineteen hundred eighty-four and on each September fifteenth thereafter, the chairman of the corporation shall make and deliver to the director of the budget for his review a proposed budget for the operation of the corporation for the next fiscal year of the state. The chairman of the corporation shall also deliver a copy of such budget to the chairman of the senate finance committee and the chairman of the assembly ways and means committee at the same time that the budget is delivered to the director of the budget. The budget shall include the total amount needed for corporate purposes, including the funds required by the corporation for operation of Roosevelt Island facilities and improvements, the source of all funds that the corporation expects to receive and such other information as the director of the budget shall require. The governor shall recommend in his annual budget such appropriations to the corporation for its operations as he deems necessary.

2. The corporation shall submit to the director of the budget, chairman of the senate finance committee and chairman of the assembly ways and means committee, within ninety days after the end of its fiscal year, a complete and detailed report setting forth (a) its operations and accomplishments, and (b) its receipts and expenditures during such fiscal year in accordance with categories and classifications established by the corporation, with the approval of the director of the budget, for its operating and capital outlay purposes.

§ 6394. Future management study

The corporation shall also study the future operation and management of Roosevelt Island. Such study shall be completed by December thirty-first, nineteen hundred eighty-five.

§ 6394-a. Open space development prohibited

Notwithstanding any other provision of this act, or any other law to the contrary, on or after the effective date of this section, no further development or construction for other than park purposes shall be permitted on any real property which is identified as open space areas in the general development plan as amended May 10, 1990 and approved by the board of estimate of the city of New York on August 17, 1990 and referred to in the lease defined in subdivision six of section two of this act, and on such real property shall remain open space areas for the duration of the lease unless such development or construction includes the reconstruction, restoration, rehabilitation or preservation of the historic landmarks located in such open space areas and furthers the use of the areas surrounding the historic landmarks as open space areas. Open space areas, as used in this section shall be limited to Lighthouse park, Octagon park, Blackwell park, and South Point park.

§ 6395. Liability for corporate obligations; tax exemption

1. The obligations of the corporation shall not be debts of the state, and the state shall not be liable thereon, and such obligations shall not be payable out of any funds other than those of the corporation.

2. It is hereby found, determined and declared that the creation of the corporation and the carrying out of its purposes is in all respects for the benefit of the people of the state and is a public purpose, and that the corporation will be performing an essential governmental function in the exercise of the powers conferred upon it by this act. The corporation and its operations, property and moneys shall be free and exempt from taxation of every kind by the city and the state and any subdivision thereof. Except as hereinabove provided and except as may otherwise specifically be provided, nothing contained in this act shall confer exemption from any tax, assessment or fee upon any person, firm, corporation or other entity, or upon the obligations of any of them.

§ 6396. Division of Housing and Community Renewal; assistance and services

The corporation may from time to time request the division to perform such services and render such technical assistance to the corporation with respect to the development, management or operation of Roosevelt Island as the corporation deems necessary or convenient and may provide for the reimbursement to the division by the corporation of the reasonable cost of such services. The division is hereby authorized to perform such services and render such technical assistance as may be agreed upon between the division and the corporation pursuant to this section. In addition, the commissioner is hereby authorized to represent the corporation in any negotiations with the city concerning amendments or supplements to or reformations of the lease and tramway franchise as contemplated by section six of this act.

§ 6397. Operation of motor vehicles

In addition to any other power conferred upon it by this act, the corporation is hereby authorized to prescribe rules and regulations governing the operation (including the parking, standing or stopping) of vehicles on Roosevelt Island; provided however, that such rules and regulations shall not restrict access to any city facilities situated on Roosevelt Island nor unreasonably restrict parking by city of New York employees, their visitors and invitees. The violation of such rules or regulations shall be an offense punishable upon a first conviction thereof by a fine of not more than fifty dollars, upon a second within a period of eighteen months by a fine of not more than one hundred fifty dollars, and upon a third or subsequent conviction thereof within a period of eighteen months by a fine of not more than one hundred fifty dollars, or by imprisonment for not more than thirty days, or by both such fine and such imprisonment. For purposes of enforcement and administration of such rules and regulations, including but not limited to conferring jurisdiction with respect thereto upon the applicable courts and administrative tribunals, all provisions of law relating to, and rules or regulations of, the New York city department of transportation not inconsistent with this act shall be applicable.

§ 6398. Separability of provisions

If any section, clause or provision of this act or the application thereof shall be adjudged invalid, such judgment shall not affect or invalidate any other section, clause or provision of this act.

§ 6399. Transfer of appropriations

1. Notwithstanding the provisions of any general or special law, the director of the budget is authorized to transfer to the corporation from funds appropriated to the division for the fiscal year beginning April first, nineteen hundred eighty-four, the amount he determines necessary to carry out the provisions of this act, including providing for Roosevelt Island operations, capital improvement program and any other appropriate management expenses.

2. Notwithstanding the provisions of any general or special law, no part of such appropriations shall be available for the purposes designated until a certificate of approval of availability shall have been issued by the director of the budget and a copy of such certificate is filed with the state comptroller, the chairman of the senate finance committee and the chairman of the assembly ways and means committee. Such certificate may be amended from time to time, subject to the approval of the director of the budget, and a copy of each such amendment shall be filed with the state comptroller, the chairman of the senate finance committee and the chairman of the assembly ways and means committee.

Andrew M. Cuomo
Governor

Charlene M. Indelicato
President/Chief Executive Officer

Donald D. Lewis
Vice President/General Counsel

Frances A. Walton
Vice President/Chief Financial Officer

**ROOSEVELT ISLAND
OPERATING CORPORATION**
of The State of New York



591 Main Street, Roosevelt Island, NY 10044
T: (212) 832-4540 • F: (212) 832-4582
rioc.ny.gov

**Attachment F
Board of Directors**

Darryl C. Towns, *Chairperson*
Fay Fryer Christian
Dr. Katherine Teets Grimm
David Kraut
Robert L. Megna
Howard Polivy
Michael Shinozaki
Margaret Smith

**COMMITTEES OF THE BOARD OF DIRECTORS AS OF
March 31, 2014**

COMMITTEES MEMBERS

Audit Committee – Established February 11, 1999

Howard Polivy (Chair), David Kraut, and the DOB designee

Real Estate Development Advisory Committee – Established March 13, 2003

Howard Polivy (Chair); Dr. Katherine Grimm; and Fay Christian

Operations Advisory Committee – Established July 13, 2000

Michael Shinozaki (Chair), David Kraut, Margie Smith

Governance Committee – Established September 8, 2005

Margie Smith (Chair), David Kraut, Howard Polivy

Andrew M. Cuomo

Governor

Charlene M. Indelicato

President/Chief Executive Officer

Donald D. Lewis

Vice President/General Counsel

Frances A. Walton

Vice President/Chief Financial Officer

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Board of Directors

Darryl C. Towns, *Chairperson*

Fay Fryer Christian

Dr. Katherine Teets Grimm

David Kraut

Robert L. Megna

Howard Polivy

Michael Shinozaki

Margaret Smith

**List of Board Meetings and Attendance
For the 2013-14 Fiscal Year**

April 4, 2013

A meeting of the Board of Directors was held at the Manhattan Park Community Center, 8 River Road, Roosevelt Island on April 4, 2013 at 5:30 p.m

Directors Present:

Darryl C. Towns – RIOC Chair and Commissioner, the New York State Division of Housing and Community Renewal

Michael Kendall Representing Robert L. Megna – Director, the New York State Division of Budget

Fay Fryer Christian – Director

Dr. Katherine Teets Grimm – Director

David Kraut – Director

Howard Polivy - Director

Michael Shinozaki – Director

Margaret Smith – Director

May 30, 2013

A meeting of the Board of Directors was held at the Manhattan Park Community Center, 8 River Road, Roosevelt Island on May 30, 2013 at 5:30 p.m

Directors Present:

Darryl C. Towns – RIOC Chair and Commissioner, the New York State Division of Housing and Community Renewal

Elaine McCann – Representing Robert L. Megna, Director, the New York State Division of Budget

Fay Fryer Christian – Director

Dr. Katherine Teets Grimm – Director

David Kraut – Director

Howard Polivy – Director

Michael Shinozaki – Director

Margaret Smith – Director

June 27, 2013

A meeting of the Board of Directors was held at the Manhattan Park Community Center, 8 River Road, Roosevelt Island on June 27, 2013 at 5:30 p.m

Directors Present:

Darryl C. Towns – RIOC Chair and Commissioner, the New York State Division of Housing and Community Renewal
Michael Kendall Representing Robert L. Megna – Director, the New York State Division of Budget

Fay Fryer Christian – Director
David Kraut – Director
Howard Polivy – Director
Margaret Smith – Director

Directors Absent:

Dr. Katherine Teets Grimm – Director
Michael Shinozaki -- Director

September 12, 2013

A meeting of the Board of Directors was held at the Manhattan Park Community Center, 8 River Road, Roosevelt Island on September 12, 2013 at 5:30 p.m

Directors Present:

Darryl C. Towns – RIOC Chair and Commissioner, the New York State Division of Housing and Community Renewal
Michael Kendall Representing Robert L. Megna – Director, the New York State Division of Budget
Dr. Katherine Teets Grimm – Director
David Kraut – Director
Howard Polivy – Director
Margaret Smith – Director

Directors Absent:

Fay Fryer Christian – Director
Michael Shinozaki – Director

November 7, 2013

A meeting of the Board of Directors was held at the Child School Gymnasium, 566 Main Street, Roosevelt Island, New York on November 7, 2013 at 5:30 p.m

Directors Present:

Darryl C. Towns – RIOC Chair and Commissioner, the New York State Division of Housing and
Community Renewal

Michael Kendall Representing Robert L. Megna – Director, the New York State Division of
Budget

Fay Fryer Christian – Director

Dr. Katherine Teets Grimm – Director

David Kraut – Director

Howard Polivy – Director

Michael Shinozaki – Director

Margaret Smith – Director

December 12, 2013

A meeting of the Board of Directors was held at the Manhattan Park Community Center, 8 River Road, Roosevelt Island on December 12, 2013 at 5:30 p.m

Directors Present:

Darryl C. Towns – RIOC Chair and Commissioner, the New York State Division of Housing and
Community Renewal

Elaine McCann Representing Robert L. Megna – Director, the New York State Division of
Budget

Fay Fryer Christian – Director

Dr. Katherine Teets Grimm – Director

David Kraut – Director

Howard Polivy – Director

Michael Shinozaki – Director

Margaret Smith – Director

January 23, 2014

A meeting of the Board of Directors was held at the Child School Gymnasium, 566 Main Street, Roosevelt Island, New York on January 23, 2014 at 5:30 p.m

Directors Present:

Darryl C. Towns – RIOC Chair and Commissioner, the New York State Division of Housing and
Community Renewal

Michael Kendall Representing Robert L. Megna – Director, the New York State Division of
Budget

Fay Fryer Christian – Director

Dr. Katherine Teets Grimm – Director

David Kraut – Director

Michael Shinozaki – Director

Margaret Smith – Director

Directors Absent:

Howard Polivy – Director

ADOPTED JULY 1, 1985
AMENDED JANUARY 14, 1988
AMENDED MAY 11, 1989
AMENDED DECEMBER 1989
AMENDED JULY 12, 1990
AMENDED AS OF APRIL 14, 1994
AMENDED AS OF FEBRUARY 11, 1999
AMENDED JUNE 29, 2006
AMENDED MARCH 25, 2010

BY-LAWS
OF
ROOSEVELT ISLAND OPERATING CORPORATION

ARTICLE I

THE CORPORATION

Section 1. Description. The Roosevelt Island Operating Corporation (the "Corporation") is a body corporate and politic constituting a public benefit corporation and a political subdivision of the State of New York, created and having the powers and functions set forth in Chapter 899 of the Laws of 1984, as amended (the Roosevelt Island Operating Corporation Act) ("the Act").

Section 2. Offices. The principal office of the Corporation shall be located on Roosevelt Island, in the City, County, State of New York. The Corporation may also have offices at such other place or places within the State of New York as it may from time to time designate by resolution of its Board of Directors.

Section 3. Seal. The official seal of the Corporation shall be in the form of a circle and shall bear the name of the Corporation and the year of its creation. Such seal may also include such other insignia as may be approved by the Corporation.

ARTICLE II

DIRECTORS

Section 1. Number. The business and affairs of the Corporation shall be managed by a Board of nine (9) directors that shall exercise all of the powers of the Corporation. The elected public officials who represent Roosevelt Island shall be representatives to the Board of Directors of the Corporation entitled to receive notice of and attend all meetings of such Board, but shall not be entitled to vote.

Section 2. Chairperson. The Commissioner of Housing and Community Renewal (the "Commissioner") shall be the Chairperson of the Board of Directors.

Section 3. Terms of Office. The selection of members of the Board of Directors and their tenures shall be as set forth in Section 3.2 of the Act.

Section 4. Property Interest of Directors. No director of the Corporation shall have any right, title or interest in or to any property or assets of the Corporation, either prior to or at the time of any liquidation or dissolution of the Corporation.

Section 5. Non-Liability for Debts. The private property of any director shall be exempt from execution or other liability for any debts of the Corporation and no director shall be liable or responsible for any debts or liabilities of the Corporation. Pursuant to Section 8 of the Act, the State shall indemnify and hold harmless the officers and directors of the Corporation from all liability as a result of their performance or non-performance of their duties with respect to the development, management or operation of Roosevelt Island.

Section 6. Compensation. A member of the Board of Directors of the Corporation is entitled to reimbursement for his or her actual and necessary expenses incurred in the performance of his or her official duties as a member. No director may receive any other salary or compensation for his or her services.

Section 7. Removal. Any member of the Board of Directors may be removed by the Governor for cause, after opportunity to be heard upon not less than 10 days notice.

ARTICLE III

MEETINGS

Section 1. Meetings. Meetings of the directors may be called by the Chairperson or upon request of three (3) or more of the directors and it shall thereupon be the duty of the Secretary to cause notice of such meeting to be given as hereinafter provided. The Chairperson or the directors calling the meeting shall fix the time for the holding of the meeting. All meetings shall be at the office of the

Corporation or at such other place as the Board or the Chairperson may designate.

Section 2. Notice. Written notice of the time, place and purpose of any meeting of the directors shall be delivered to each director by the Secretary, if personally or by telefacsimile at least seventy-two hours prior thereto or if by mail at least ten days prior thereto. Written notices of all directors' meetings shall be delivered to the elected public officials who represent Roosevelt Island, as representatives to the board of directors, not less than two days prior thereto if delivered personally or five days prior thereto if delivered by mail. Failure to give notice to public officials shall not affect the validity of any action taken at a meeting. Any notices mailed hereunder shall be deemed to have been given when deposited in the United States mail addressed to the director, or representative, at his or her address as it appears on the records of the Corporation, with postage thereon prepaid.

Section 3. Quorum and Voting. A majority of the members of the Board then in office shall constitute a quorum; provided that if less than a majority of the directors is present at any meeting, the directors present may adjourn the meeting; and provided further that the Secretary shall notify any absent directors of the time and place of such adjourned meeting. Any action taken by the Board shall be taken by a majority vote of the directors then in office.

Section 4. Order of Business. At the regular meetings of the Corporation the following shall be the order of business.

1. Call to Order.
2. Roll Call.
3. Approval of the minutes of the previous meeting. A copy of the minutes of the previous meeting shall be sent to each director not later than ten business days in advance of the meeting at which the same are to be considered, and, if no corrections or amendments are made therein, shall be deemed approved.
4. Old Business.
5. New Business.

6. Adjournment.

Section 5. Resolutions to be in Writing. All proposed resolutions shall be presented in writing to the directors present and, upon adoption, each resolution shall be copied in or attached to the minutes of the meeting.

Section 6. Manner of Voting. Voting on all questions at meetings shall be by roll call, and the yeas and nays shall be entered upon the minutes of such meeting, except that the election of officers may be by majority vote without the necessity of recording the individual votes upon the minutes.

Section 7. Approval of Resolutions without Meeting. Resolutions, which the Chairperson desires to be considered by the directors without holding a meeting thereon may be delivered in person or mailed to the business or home address of each director, and upon the written approval of such resolutions by a majority of the directors then in office, and less than three members dissenting, the same shall become effective as if introduced and passed at a meeting of the directors duly called and held.

Section 8. Proxies. Only the Commissioner of the Division of Housing and Community Renewal and the Director of the Budget may designate an officer or employee of such director's respective division to represent such director at meetings of the Board. Such designation shall be by written notice, filed with the Chairperson and Secretary of the Corporation, and may be revoked at any time by similar notice. Any representative designated hereunder shall be notified of all meetings of the Board and shall have the power to attend and vote at such meetings. However, the director making the designation may attend and vote at any meeting in place and stead of the designated representative.

Section 9. Waiver of Notice. Any director of the Board may waive in a signed writing any notice of a meeting required to be given by these By-Laws before or after such meeting, or at such meeting if such director shall be present at such meeting. The attendance of a director or representative to the Board at any meeting shall constitute a waiver of notice of such meeting by such director except in case a director shall attend a meeting and, prior thereto or at the commencement thereof, protest the lack of notice to him or

her. Notice of an adjourned meeting need not be given to any director present at the time of adjournment.

ARTICLE IV

OFFICERS

Section 1. Appointment. The officers of the Corporation shall be the Chairperson as provided in the Act, the President and Chief Executive Officer, the Vice President, the Chief Fiscal Officer, the Secretary, the Assistant Secretary, and the Treasurer, and such other officers or deputies of officers as may be determined by the Board from time to time to perform such duties as may be designated by the Board. None of the officers of the Corporation need be members of the Board unless otherwise required by applicable law. A person who is otherwise qualified may hold more than one office.

Section 2. Election and Term of Office. Except as otherwise provided in the Act, the officers shall be elected by resolution at a regular meeting of the Board. Each officer shall hold office, unless removed, until his or her successor shall have been elected. Except as otherwise provided in the Act, a vacancy in any office shall be filled by the Board.

Section 3. Removal of Offices by Directors. Any officer elected or appointed by the Board may be removed by the Board whenever in its judgment the best interests of the Corporation will be served thereby.

Section 4. Chairperson. The Chairperson shall preside at the meetings of the Directors. In addition, the Chairperson shall take a lead in the Board's oversight role, which includes setting the Board's agenda, managing the flow of information to the Board, coordinating the work of the Board's committees and serving as the primary liaison between the Board and senior management.

Section 5. President and Chief Executive Officer. The President and Chief Executive Officer:

- (a) shall be responsible for the discharge of the executive and administrative functions and powers of the Corporation, and shall supervise and control the business and affairs of the Corporation;
- (b) may sign any deeds, mortgages, deeds of trust, notes, bonds, contracts or other instruments authorized by the Board to be executed, except in cases in which the signing and execution thereof shall be expressly delegated by the Board, or by these By-Laws, to some other officer or agent of the Corporation, or shall be required by law to be otherwise signed or executed; and
- (c) shall in general perform all duties incident to the office of President and Chief Executive Officer.

Section 6. Vice President. In the absence of the President and Chief Executive Officer or in the event of his or her inability or refusal to act, the Vice President:

- (a) shall perform the duties of the President and Chief Executive Officer;
- (b) the Vice President shall also perform such other duties as from time to time may be assigned to him or her by the Board.

Section 7. Secretary. The Secretary shall:

- (a) keep the minutes of the meetings of the Board in one or more books provided for that purpose;
- (b) see that all notices are duly given in accordance with these By-Laws or as required by Law;
- (c) be custodian of the records of the Corporation;
- (d) keep a register of the names and post office addresses of all members of the board of directors and all of the elected officials who are representatives to the Board;

- (e) have general charge of the books of the Corporation;
- (f) keep on file at all times a complete copy of the Act and By-Laws of the Corporation containing all amendments thereto; and
- (g) in general perform all duties incident to the office of Secretary, and such other duties as from time to time may be assigned to her or him by the Board.

Section 8. Treasurer. The Treasurer shall, subject to the guidance and direction of the President and Chief Executive Officer:

- (a) have charge and custody of and be responsible for all funds and securities of the Corporation;
- (b) be responsible for the receipt of and the issuance of receipts for all monies due and payable to the Corporation and for the deposit of all such monies in the name of Corporation in such bank or banks, trust companies or other depositories, as shall be selected in accordance with the provisions of these By-Laws;
- (c) act as controller of the Corporation and shall be in charge of the books and accounts, the accounting procedures and financial operations of the Corporation, and
- (d) in general perform all the duties incident to the office of Treasurer, and such other duties as from time to time be assigned to her or him by the Board or President.

Section 9. Compensation. The powers, duties and compensation, if any, of officers and employees shall be fixed by the Board, subject to the provisions of applicable laws and these By-Laws. No Chairperson who is also the President and Chief Executive Officer shall participate in determining the level of compensation or reimbursement, or time and attendance rules for the position of the President and Chief Executive Officer.

ARTICLE V
FINANCIAL TRANSACTIONS

Section 1. Approval of Activities. All of the activities of the Corporation shall be and remain subject to the supervision and control of the Board of Directors.

Section 2. Contracts. Except as otherwise provided in these By-Laws, the Board may authorize any officer or officers, agent or agents, in addition to the officers so authorized by these By-Laws, to enter into any contract or execute and deliver any instrument in the name and on behalf of the Corporation, and such authority may be general or confined to specific instances.

Section 3. Checks, Drafts, Etc.. All checks, drafts or other orders for the payment of money, and all notes, bonds or other evidences of indebtedness issued in the name of the Corporation shall be signed by such officer or officers, agent or agents, employee or employees of the Corporation in such manner as shall from time to time be determined by resolution of the Board. In the absence of such determination by the Board, such instruments shall be signed by the Treasurer and countersigned by the President of the Corporation.

Section 4. Deposits. All funds of the Corporation shall be deposited from time to time to the credit of the Corporation in such bank or banks, trust companies or other depositories as the Board may select.

Section 5. Fiscal Year. The fiscal year of the Corporation shall mean a twelve month period commencing April 1st of each and every year and shall end on the following March 31st.

Section 6. Gifts. The Board of Directors may accept on behalf of the Corporation any contribution, gift, bequest or devise for the general purposes or any special purpose of the Corporation.

Section 7. Loans. The Board of Directors shall not, directly or indirectly, including through a subsidiary, extend or maintain credit, arrange for the extension of credit, or renew an extension of credit, in the form of a personal loan to or for any officer, board member or employee of the Corporation.

ARTICLE VI

BOOKS, RECORDS, AUDITS AND REVIEWS

Section 1. Books and Records. The Corporation shall keep correct and complete books, records and accounts and shall also keep minutes of the proceedings of the Board of Directors, and shall keep at the registered or principal office a record giving the names and addresses of the directors. All books and records of the Corporation may be inspected by the New York State Department of Audit and Control.

Section 2. Audits. The Corporation shall annually cause an audit to be performed by an independent certified public accountant.

ARTICLE VII

INDEMNIFICATION

Section 1. Defense and Indemnification of Directors, Officers and Employees of the Corporation. The Corporation confers the benefits of Section 18 of the Public Officers Law upon its directors, officers and employees and shall be held liable for the costs incurred under such provisions.

ARTICLE VIII

MISCELLANEOUS

Section 1. Rules and Regulations. The Board shall have power to make and adopt such rules and regulations not inconsistent with law, the Act, or these By-Laws, as it may deem advisable for the management of the business and affairs of the Corporation.

Section 2. Standing and Advisory Committees. The Board of Directors shall, by resolution, establish a governance committee and an audit committee as standing committees, and by resolution, establish other standing and advisory committees. The purposes of these committees are to be specified in their adopting resolution. Standing and advisory committees shall serve at the pleasure of the Board of Directors. At least one member of the Board of Directors shall be appointed by the chairperson with the consent of the Board of Directors. Under no circumstances may the number of Directors serving on any standing or advisory committee be equal to the number of Directors needed for a quorum of a meeting of the Board of Directors then in office.

Section 3. Governance Committee. The governance committee shall be comprised of not less than three Directors who (1) are each independent, as such term is defined in Section 2825 of the Public Authorities Law; (2) shall constitute a majority on the committee; and (3) shall possess the necessary skills to understand the duties and functions of the governance committee; provided, however, that in the event that the Board has less than three independent members, the Board may appoint non-independent members to the governance committee, provided that independent members must constitute a majority of the members of the governance committee. It shall be the responsibility of the governance committee to keep the Board of Directors informed of current best governance practices; to review corporate governance trends; to recommend updates to the Corporation's corporate governance principles; to advise appointing authorities on the skills and experiences required of potential Board members; to examine ethical and conflict of interest issues; to perform Board self-evaluations; and to recommend by-laws which include rules and procedures for conduct of Board business.

Section 4. Audit Committee. The audit committee shall be comprised of not less than three Directors who (1) are each independent, as such term is defined in Section 2825 of the Public Authorities Law; (2) shall constitute a majority of such committee; and (3) shall possess the necessary skills to understand the duties and functions of the audit committee; provided, however, that in the event that the Board has less than three independent members, the Board may appoint non-independent members to the audit committee, provided that independent members must constitute a majority of the members of the audit

committee. The committee shall recommend to the Board of Directors the hiring of a certified independent accounting firm for the Corporation, establish the compensation to be paid to the accounting firm and provide direct oversight of the performance of the independent audit performed by the accounting firm hired for such purposes. Members of the audit committee shall be familiar with corporate financial and accounting practices.

ARTICLE IX

AMENDMENTS TO BY-LAWS

The By-Laws may be altered, amended, or repealed by a majority of the directors then in office at any meeting, provided notice of such meeting shall have contained a copy of the proposed alteration, amendment or repeal, or such requirement shall have been duly waived by all directors.

BYLAWS.10

The Roosevelt Island Operating Corporation (RIOC)
CAPITAL IMPROVEMENTS 2013/2014 (In Thousands)

5% inflation rate

	Actual	Approved Budget	Projected Budget	Budgets 2014 - 2028													
	2014	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	Total
1 Sports Fields/Parks	\$0	435.00	\$631	\$347	\$365	\$383	\$402	\$422	\$443	\$465	\$489	\$513	\$539	\$566	\$594	\$624	\$7,217
Octagon Park - Comfort Station Rehab		60.00															\$60
Octagon Park - Tennis Court Resurfacing		60.00															\$60
Mediation Steps																	\$0
504 Main Childrens Park			\$300														\$300
Miscellaneous Upgrades & Improvements - Reserve		315.00	\$331	\$347	\$365	\$383	\$402	\$422	\$443	\$465	\$489	\$513	\$539	\$566	\$594	\$624	\$6,797
2 Historic & Landmark Structures	\$350	1,280.00	\$910	\$221	\$232	\$243	\$255	\$268	\$281	\$295	\$310	\$326	\$342	\$359	\$377	\$396	\$6,096
Blackwell House Interior renovation	\$190	800.00															\$800
Good Shepherd - HVAC																	\$0
Good Shepherd - Roof Replacement	\$130																\$0
Good Shepherd - Façade Repointing		100.00															\$100
Good Shepherd - Interior Repairs/Doors		100.00															\$100
Good Shepherd - Alarm System		80.00															\$80
Blackwell Lighthouse Restoration			\$700														\$700
Old Tram Cabins Restoration																	\$0
Lighthouse Park - Lighting (FEMA)	\$30																\$0
Miscellaneous Upgrades & Improvements - Reserve		200.00	\$210	\$221	\$232	\$243	\$255	\$268	\$281	\$295	\$310	\$326	\$342	\$359	\$377	\$396	\$4,316
3 Infrastructure Improvements	\$499	10,495.00	\$14,120	\$5,246	\$1,783	\$2,822	\$1,913	\$2,009	\$2,109	\$2,215	\$2,326	\$2,442	\$2,564	\$2,692	\$2,827	\$2,968	\$58,531
Island-Wide Road Improvements - Reserve		600.00	\$600	\$200	\$210	\$221	\$232	\$243	\$255	\$268	\$281	\$295	\$310	\$326	\$342	\$359	\$4,743
Island-Wide Z Brick Replacement - Reserve		105.00	\$110	\$116	\$122	\$128	\$134	\$141	\$148	\$155	\$163	\$171	\$180	\$189	\$198	\$208	\$2,266
Island-Wide Z Brick Replacement - FEMA (Sandy)	\$70																\$0
Good Shepherd Plaza - Pavement Replacement	\$59																\$0
Good Shepherd Plaza - Narthex Restoration/Entry Doors	\$15																\$0
Blackwell Park Plaza & Fountains		700.00															\$700
Blackwell Circle		200.00															\$200
36 Avenue Bridge Helix (Ramp)	\$90	2,500.00															\$2,500
Seawall - Reserve	\$260	5,000.00	\$5,000			\$1,000	\$1,050	\$1,103	\$1,158	\$1,216	\$1,276	\$1,340	\$1,407	\$1,477	\$1,551	\$1,629	\$24,207
Seawall Railings Replacement		1,000.00	\$1,000	\$1,000	\$1,000	\$1,000											\$5,000
West Drive Modernization			\$2,000														\$2,000
Con Edison Electrical Vault Equ. Hatch	\$5																\$0
Steamplant Decommissioning			\$3,500	\$3,500													\$7,000
Eastern Pier			\$1,500														\$1,500
Site Amenities - Benches, Waste Receptacles - Res.		75.00	\$79	\$83	\$87	\$91	\$96	\$101	\$106	\$111	\$116	\$122	\$128	\$135	\$141	\$148	\$1,618
Utilities Infrastructure Improvements - Reserve		105.00	\$110	\$116	\$122	\$128	\$134	\$141	\$148	\$155	\$163	\$171	\$180	\$189	\$198	\$208	\$2,266
Sewer Upgrades - Reserve		210.00	\$221	\$232	\$243	\$255	\$268	\$281	\$295	\$310	\$326	\$342	\$359	\$377	\$396	\$416	\$4,531
4 Facilities & Offices	\$930	7,930.00	\$2,041	\$673	\$706	\$741	\$779	\$817	\$858	\$901	\$946	\$994	\$1,043	\$1,095	\$1,150	\$1,208	\$21,883
Motorgate Project Repairs Project																	\$0
Motorgate Garage - Reserve		200.00	\$210	\$221	\$232	\$243	\$255	\$268	\$281	\$295	\$310	\$326	\$342	\$359	\$377	\$396	\$4,316
Motorgate Atrium/Escalator/N.Elevators		600.00															\$600
Motorgate Under deck Lighting	\$300																\$0
Motorgate Electrical Vault Waterproofing	\$13																\$0
Motorgate HVAC	\$8																\$0
Motorgate Enclosed Phase 3 Air Shaft																	\$0
Motorgate Coat Level 3 Deck																	\$0
Motorgate Coat Roof Deck																	\$0
Motorgate Fire Alarm Rehabilitation																	\$0
Motorgate Restoration/Waterproofing	\$10																\$0
504 Main Street - Interior Demolition	\$40																\$0
504 Main Street - Window/Door Replacement																	\$0
504 Main Street - ADA Elevator																	\$0
AVAC Stack Repairs			\$400														\$400
AVAC Interior Painting			\$300														\$300
AVAC Mechanical/Piping - Reserve	\$180	210.00	\$221	\$232	\$243	\$255	\$268	\$281	\$295	\$310	\$326	\$342	\$359	\$377	\$396	\$416	\$4,531
AVAC Waste Collection System	\$15																\$0
AVAC Heating System	\$70																\$0
Sportspark - HVAC	\$120	3,000.00															\$3,000
Sportspark - Roof			\$600														\$600
Sportspark - Pool		120.00															\$120
Sportpark - New Flooring Squash/Ping Pong		40.00															\$40

The Roosevelt Island Operating Corporation (RIOCC)
CAPITAL IMPROVEMENTS 2013/2014 (In Thousands)

5% inflation rate

	Actual	Approved Budget	Projected Budget	Projected Budget	Projected Budget	Projected Budget	Projected Budget	Projected Budget	Projected Budget	Projected Budget	Projected Budget	Projected Budget	Projected Budget	Projected Budget	Projected Budget	Projected Budget	Budgets 2014 - 2028
	2014	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	Total
Sportpark - Upgrade Locker Rooms		60.00															\$60
Sportspark - Façade Repointing			100														\$100
Sportspark Rehabilitation - Reserve	\$44	100.00	\$105	\$110	\$116	\$122	\$128	\$134	\$141	\$148	\$155	\$163	\$171	\$180	\$189	\$198	\$2,158
Warehouse/Bus Garage Rehabilitation	\$130	3,500.00															\$3,500
Miscellaneous Facilities & Offices - Reserve		100.00	\$105	\$110	\$116	\$122	\$128	\$134	\$141	\$148	\$155	\$163	\$171	\$180	\$189	\$198	\$2,158
5 Equipment & Vehicles	\$17	323.50	\$188	\$152	\$177	\$1,159	\$1,347	\$1,289	\$1,372	\$1,346	\$1,606	\$1,568	\$302	\$218	\$317	\$324	\$11,588
Admin - (2) GEMs (50% paid by NYPA)					\$25				\$30				\$35				\$90
Bus - Hybrid Buses						\$1,000	\$1,050	\$1,103	\$1,158	\$1,216	\$1,276	\$1,340					\$8,142
Bus - F-350 Pickup							\$40							\$60			\$100
Bus - Sissor Lift		20.00															\$20
Engineering - Ford Escape						\$26					\$33						\$59
P.S. - Ford Escapes		21.00	\$22	\$23	\$24	\$26	\$27	\$28	\$30	\$31	\$33	\$34	\$36	\$38	\$40	\$42	\$453
P.S. - Segways		15.00	\$6	\$16	\$7	\$18	\$7	\$20	\$8	\$22	\$8	\$24	\$8	\$26	\$9	\$9	\$203
P.S. - Gem		15.00	\$11		\$12		\$14		\$15		\$16		\$18		\$20	\$20	\$141
P.S. - (4) Substations (Tram/Lighthouse/Bridge/SP Park)																	\$0
P.S. - Taser Equipment & Training		40.00															\$40
Motorpool - (2) GEMs (50% paid by NYPA)				\$30				\$40			\$50						\$120
Motorpool - Aerial Truck Lift							\$35						\$45				\$80
Maintenance - Ford 350																	\$0
Grounds - Brush Chipper		45.00															\$45
Parks & Recreation- Ford Escape						\$26					\$33						\$59
Parks & Recreation- Gym Equipment		15.00															\$15
IT - Servers			\$50				\$55				\$62				\$70	\$70	\$307
IT - Plotter				\$25				\$28				\$34					\$87
IT - Parking Meter Replacement																	\$0
IT - Software Upgrades	\$7	31.50	\$33	\$35	\$36	\$38	\$40	\$42	\$44	\$47	\$49	\$51	\$54	\$57	\$59	\$62	\$680
IT - (2) Copiers/AV/Printers			\$22		\$24		\$26		\$29		\$32		\$35		\$39	\$39	\$246
IT - (20 PC Replacements)	\$10	21.00	\$22	\$23	\$24	\$26	\$27	\$28	\$30	\$31	\$33	\$34	\$36	\$38	\$40	\$42	\$453
IT - Upgrade of Switches			\$22		\$24		\$26		\$29		\$32		\$35		\$40	\$40	\$248
Excavator		40.00															\$40
(2) Bobcats		30.00															\$30
Misc. Heavy equipment		30.00	\$32	\$33	\$35	\$36	\$38	\$40	\$42	\$44	\$47	\$49	\$51	\$54	\$57	\$59	\$647
6 Special Projects	\$11	370.00	\$53	\$55	\$58	\$61	\$64	\$67	\$70	\$74	\$78	\$81	\$86	\$90	\$94	\$99	\$1,399
Admin - Islandwide Geographic Information System																	\$0
P.S. - Island Wireless Security Camera System	\$11	100.00															\$100
IT - Off-Site Data Backup Recovery System																	\$0
Parking Management System		120.00															\$120
Parking Meters Replacement		100.00															\$100
Other - Special Projects		50.00	\$53	\$55	\$58	\$61	\$64	\$67	\$70	\$74	\$78	\$81	\$86	\$90	\$94	\$99	\$1,079
7 Lighting & Signage	\$0	42.00	\$44	\$46	\$49	\$51	\$54	\$56	\$59	\$62	\$65	\$68	\$72	\$75	\$79	\$83	\$906
Street Light Replacement		21.00	\$22	\$23	\$24	\$26	\$27	\$28	\$30	\$31	\$33	\$34	\$36	\$38	\$40	\$42	\$453
Signage		21.00	\$22	\$23	\$24	\$26	\$27	\$28	\$30	\$31	\$33	\$34	\$36	\$38	\$40	\$42	\$453
8 Tram	\$200	1,500.00	\$100	\$80	\$0	\$700	\$0	\$100	\$0	\$0	\$880	\$275	\$0	\$0	\$0	\$0	\$3,635
Tram - Security/Monitoring/Replacement Equipment			\$100									\$150					\$250
Tram - Haul Rope Replacement						\$600					\$750						\$1,350
Tram - Sheve Liners Replacement				\$80				\$100				\$125					\$305
Tram - Other Equip. & Tools																	\$0
Tram - Electrical PLC Replacement						\$100					\$130						\$230
Tram Modernization - Note A	\$200	1,500.00															\$1,500
9 Southpoint Park	\$38	0.00	\$0														
TPL - Wild Rooms/Wild Gardens	\$38																\$0
10 Miscellaneous	\$300	525.00	\$551	\$579	\$608	\$638	\$670	\$704	\$739	\$776	\$814	\$855	\$898	\$943	\$990	\$1,039	\$11,329
Contingency	\$300	525.00	\$551	\$579	\$608	\$638	\$670	\$704	\$739	\$776	\$814	\$855	\$898	\$943	\$990	\$1,039	\$11,329
TOTAL CAPITAL IMPROVEMENTS	\$2,345	22,900.50	\$18,637	\$7,398	\$3,977	\$6,799	\$5,483	\$5,732	\$5,933	\$6,135	\$7,514	\$7,122	\$5,845	\$6,039	\$6,428	\$6,741	\$122,584

The Roosevelt Island Operating Corporation (RIOC)
(A Component Unit of the State of New York)

Budget Variance Report

For The Year Ended March 31, 2014

	Actual	Budget	Favorable (Unfavorable)	
			Variance	Percent
Revenue				
Residential Fees Revenue	\$ 1,054,652	\$ 1,028,000	\$ 26,652	3%
Ground rent	10,519,864	10,057,000	462,864	5%
Commercial Rent	1,434,674	1,466,000	(31,326)	-2%
Tramway Revenue	5,117,937	4,350,000	767,937	18%
Public Safety Reimbursement	1,743,828	1,712,000	31,828	2%
Transport/ Parking Revenue	2,469,234	2,745,000	(275,766)	-10%
Interest Income	157,897	211,000	(53,103)	-25%
Unrealized Gain (Loss)	(6,875)	0	(6,875)	0%
Other Revenue	1,104,238	754,000	350,238	46%
Total Revenue	23,595,449	22,323,000	1,272,449	6%
Operating expenses:				
Personal Services :				
Salaries	6,258,146	6,561,694	303,548	5%
Salaries-overtime	253,288	175,000	(78,288)	-45%
Temporary Employees	180,795	175,000	(5,795)	-3%
Workers Compensation & Disability	182,167	162,202	(19,965)	-12%
ER Payroll Taxes	582,366	596,308	13,942	2%
Health Insurance	1,134,576	1,332,136	197,560	15%
Dental/Vision	68,962	75,402	6,440	9%
Pension	757,651	843,708	86,057	10%
Other Employee Benefits	688,887	480,115	(208,772)	-43%
Compensated Absences Expenses	23,597	0	(23,597)	0%
Total Personal Services (PS)	10,130,433	10,401,565	271,132	3%
Other Than Personal Services (OTPS) :				
Insurance	1,433,013	1,200,000	(233,013)	-19%
Professional Services	1,191,410	478,000	(713,410)	-149%
Marketing / Advertising	2,547	29,000	26,453	91%
Management Fees	4,101,573	4,102,000	427	0%
Legal Services	206,782	375,000	168,218	45%
Telecommunications	103,010	125,000	21,990	18%
Island Improvements/Capital Plan	6,000	12,000	6,000	50%
Repairs & Maintenance	255,790	413,000	157,210	38%
Repairs & Maintenance Equipment	35,518	28,000	(7,518)	-27%
Other Repairs & Maintenance	55,397	120,000	64,603	54%
Vehicles Gas	201,379	167,000	(34,379)	-21%
Vehicles Repair & Maintenance	88,213	81,000	(7,213)	-9%
Vehicles Parts	62,108	57,000	(5,108)	-9%
Equipment Lease	25,564	24,000	(1,564)	-7%
Office Equipment Purchase	5,376	20,000	14,624	73%
Equipment Purchases	17,044	60,000	42,956	72%
Other Equipment Purchases	6,480	12,000	5,520	46%
Exterminator	18,620	17,000	(1,620)	-10%
Uniforms	36,266	68,000	31,734	47%
Light, Power, Heat	601,940	642,000	40,060	6%
Water & Sewer	39,094	12,000	(27,094)	-226%
Office Supplies	15,259	19,000	3,741	20%
Parts & Supplies	225,394	212,000	(13,394)	-6%
Service Maintenance Agreement	38,909	80,000	41,091	51%
Employee Travel & Meal	3,829	3,200	(629)	-20%
Employee Training	7,029	64,400	57,371	89%
Shipping	13,630	11,000	(2,630)	-24%
Subscriptions / Membership	12,102	8,400	(3,702)	-44%
Other Expenses	298,745	331,000	32,255	10%
Island Evenst - Community Relations	54,175	85,000	30,825	36%
Total Other Than Personal Services	9,162,197	8,856,000	(306,197)	-3%
Total Expenses excluding depreciation	19,292,630	19,257,565	(35,065)	0%
Operating income (loss) excluding depreciation	4,302,819	3,065,435	1,237,384	40%
Depreciation Expenses	3,498,737	3,649,000	150,263	4%
Operating income (loss)	\$ 804,082	\$ (583,565)	\$ 1,387,647	238%

Procurement Transactions Bulk Load Worksheet

Version 1.8

Procurement Transaction

In accordance with Sections 2879 and 2824(e) of the Public Authorities Law, please provide the following information on each procurement contract that was active (open) at any time during the reporting period:

Columns whose names contain "*" are required and must have values for each record to be loaded. Do not enter blank lines, as a blank line (a line with no information) will be regarded as the end of the file. This worksheet must be saved as type "csv" in order to be uploaded to PARIS. Select "Save As" from the "File" menu above and select "CSV (comma delimited)" as the file type.

Note: Most cells have some level of validation, however, validation in Excel only functions when you actually type data in the cell. It is recommended that you selectively check validation in rows that you have copied data into.

* Vendor Name	Transaction Number	* Procurement Description	* Status	* Type of Procurement	* Award Process	Award Date	Begin Date	Renewal Date	Does the contract have an end date?	End Date	Amount	* Amount Expended For Fiscal Year	Amount Expended For Life To Date	Current or Outstanding Balance	Number of Bids or Proposals Received Prior to Award of Contract	Is the Vendor a NYS or Foreign Business Enterprise?	Is the Vendor a Minority or Woman-Owned Business Enterprise?	Were MWBE firms solicited as part of this procurement process?	Number of bids or proposals received from MWBE firms.	Exempt from the publication requirements of Article 4c of the economic development law?	If yes, basis for exemption	Fair Market Value	Explain why the fair market value is less than the contract amount
AECOM TECHNICAL SERVICES INC	23557	ENVIRONMENTAL CONSULTANT SERVICES	Completed	Consulting Services	Authority Contract - Non-Competitive Bid	04/13/09	05/01/09		Y	05/15/11	157426.00		146714.45	10711.55	1	Foreign	N	N	0	Y	Continuation Of Existing Services	157426.00	
BRIGHT POWER INC.	28221	UTILITY BENCHMARKING SERVICES	Open	Other Professional Services	Authority Contract - Non-Competitive Bid	01/08/13	01/08/13		Y	04/01/14	20000.00	5000.00	18500.00	1500.00	1	NYS	N	N	0	Y	SOLE SOURCE	20000.00	
CHRISTMAS DESIGNERS.COM	29267	HOLIDAY STREET LIGHTS	Completed	Commodities/Supplies	Authority Contract - Non-Competitive Bid	11/25/13	11/25/13			11/29/13	5943.80	650.00	650.00	5293.80	4	NYS	N	N	0	Y	-\$15,000	5943.80	
CUMMINS POWER SYSTEMS, INC.	28030	BUS WARRANTY SERVICES	Open	Other	Authority Contract - Non-Competitive Bid	10/22/12	10/22/12		Y	04/01/14	15000.00	8532.32	14108.01	891.99	1	NYS	N	N	0	Y	SOLE SOURCE	15000.00	
CUMMINS POWER SYSTEMS, INC.	28666	ENGINE BUS REPAIR #4	Completed	Other	Authority Contract - Non-Competitive Bid	05/29/13	05/29/13		Y	05/29/13	5991.54	5991.54	5991.54	0.00	1	NYS	N	N	0	Y	SOLE SOURCE	5991.54	
CUMMINS POWER SYSTEMS, INC.	28675	PARTS FOR ORION BUSES	Completed	Other	Authority Contract - Non-Competitive Bid	07/29/13	07/29/13		Y	03/31/14	11130.53	9218.09	9218.09	1912.44	1	NYS	N	N	0	Y	SOLE SOURCE	11130.53	
DERIVE TECHNOLOGIES LLC	28341	CAMERAS FOR PS DEPARTMETN	Completed	Design and Construction/Maintenance	Authority Contract - Non-Competitive Bid	02/13/13	02/13/13		Y	03/31/14	7642.00	7642.00	7642.00	0.00	1	NYS	Y	Y	1	Y	OGS VENDOR	7642.00	
ENVAC IBERIA S.A	28390	AVAC GARBAGE PIPE REPAIRS ON CALL EMERGENCY SE	Open	Design and Construction/Maintenance	Authority Contract - Non-Competitive Bid	02/26/13	02/26/13		Y	04/01/14	100000.00	85884.19	85884.19	14115.81	1	Foreign	N	N	0	Y	SOLE SOURCE	100000.00	
ENVAC IBERIA S.A	28431	PARTS FOR AVAC COMPACTORS	Completed	Commodities/Supplies	Authority Contract - Non-Competitive Bid	03/12/13	03/12/13		Y	03/31/14	20139.14	20139.14	20139.14	0.00	1	Foreign	N	N	0	Y	SOLE SOURCE	15544.00	
ENVAC IBERIA S.A	25924/25927	AVAC TRANSPORTATION PIPING REPAIR	Completed	Other Professional Services	Authority Contract - Non-Competitive Bid	01/12/11	01/12/11		Y	03/31/14	118218.46	15245.00	118218.46	0.00	1	Foreign	N	N	0	Y	SOLE SOURCE	120000.00	
GUIDEPOST SOLUTIONS LLC	28750	PROVIDE PUBLIC SAFETY DIRECTOR	Completed	Other Professional Services	Authority Contract - Non-Competitive Bid	07/17/13	12/16/13		Y	12/16/13	187500.00	187500.00	187500.00	0.00	1	NYS	N	N	0	Y	Time of the Essence	187500.00	
HENRICH EQUIPMENT CO INC.	27463	MONITORING PETROLEUM BULK STORAGE	Open	Other Professional Services	Authority Contract - Non-Competitive Bid	04/26/12	04/26/12		Y	04/01/17	11700.00	2535.00	4485.00	7215.00	1	NYS	N	N	0	Y	Continuation Of Existing Services	11700.00	
HILL INTERNATIONAL INC.	28620	SENIOR PROJECT MANAGER SERVICES	Open	Design and Construction/Maintenance	Authority Contract - Non-Competitive Bid	05/13/13	10/31/13		Y	10/31/13	348720.00	195195.00	195195.00	153525.00	1	NYS	N	N	0	Y	Time of the Essence	348720.00	
JONES LANG LASALLE AMERICAS INC	25474	REAL ESTATE CONSULTING SERVICES	Open	Consulting Services	Authority Contract - Non-Competitive Bid	11/18/04	11/18/04		Y	03/31/15	400000.00		337321.36	62678.64	1	NYS	N	N	0	Y	Continuation Of Existing Services	400000.00	
KTR REAL ESTATE ADVISOR INC	28537	APPRAISAL REPORT VACANT LAND ON ROOSEVELT ISLA	Completed	Consulting Services	Authority Contract - Non-Competitive Bid	04/17/13	04/17/13		Y	11/15/13	6000.00	6000.00	6000.00	0.00	1	NYS	N	N	0	Y	-\$15,000	6000.00	
LANGAN ENGINEERING AND ENVIRONME	27836	SOUTHPOINT PARK SEAWALL SURVEY	Open	Design and Construction/Maintenance	Authority Contract - Non-Competitive Bid	12/12/12	12/12/12			06/30/14	455000.00	221856.03	221856.03	233143.97	1	NYS	N	N	0	Y	Time of the Essence	455000.00	
LOVELL SAFETY MANAGEMENT CO. LLC	29536	OVERSIGHT/MANAGEMENT OF WORKERS COMPENSATIO	Completed	Consulting Services	Authority Contract - Non-Competitive Bid	03/03/14	03/03/14		Y	02/21/14	15990.03	15990.03	15990.03	0.00	1	NYS	N	N	0	Y	SOLE SOURCE	15990.03	
MELI CONTRACTING CO., INC.	28584	EMERGENCY REPAIR TRAM STREET LIGHTS	Completed	Design and Construction/Maintenance	Authority Contract - Non-Competitive Bid	04/30/13	04/30/13		Y	05/13/13	12441.00	12441.00	12441.00	0.00	1	NYS	N	N	0	Y	-\$15,000	12441.00	
MID-ISLAND ELECTRICAL SALES	29146	(PARTS)REPAIRS TO AVAC EAST SIDE ELECTRICAL CON	Completed	Commodities/Supplies	Authority Contract - Non-Competitive Bid	10/10/13	10/10/13		Y	03/31/14	7629.85	7629.85	7629.85	0.00	1	NYS	N	N	0	Y	OGS VENDOR	7629.85	
NEW FLYER INDUSTRIES LIMITED	29096	PARTS FOR BUSES	Completed	Commodities/Supplies	Authority Contract - Non-Competitive Bid	09/24/13	09/24/13		Y	03/31/14	8960.19	8960.19	8960.19	0.00	1	Foreign	N	N	0	Y	-\$15,000	8960.19	
NORTH TOWN ROOSEVELT, LLC	28397	LEASE AGREEMENT FOR ENGINEERING OFFICE	Completed	Other	Authority Contract - Non-Competitive Bid	02/28/13	02/28/13		Y	01/31/14	6000.00	5000.00	6000.00	0.00	1	NYS	N	N	0	Y	Continuation Of Existing Services	6000.00	
OCEAN & COSTAL CONSULTINATS	26280	FERRY LANDING CONCEPT REPORT	Completed	Consulting Services	Authority Contract - Non-Competitive Bid	07/10/11	07/10/11		Y	03/31/13	30000.00	6068.49	30000.00	0.00	1	Foreign	N	N	0	Y	SOLE SOURCE	30000.00	
OCEAN & COSTAL CONSULTINATS	27084	FERRY LANDING LOCATION STUDY	Completed	Consulting Services	Authority Contract - Non-Competitive Bid	01/13/12	01/13/12		Y	03/31/13	19750.00	19439.01	19439.01	310.99	1	Foreign	N	N	0	Y	SOLE SOURCE	19750.00	
PIM CORPORATION	29106	GROUND AND DUCT LINE SEALING CON EDISON ELECTR	Completed	Design and Construction/Maintenance	Authority Contract - Non-Competitive Bid	09/27/13	09/27/13		Y	11/14/13	22610.00	22610.00	22610.00	0.00	1	NYS	N	N	0	Y	Emergency	22610.00	
SHEA CARR JEWELL(PARAMETRIX)	20059	ENGINEERING TRAMWAY	Completed	Consulting Services	Authority Contract - Non-Competitive Bid	03/29/10	03/29/10		Y	03/31/13	2297017.00		2221639.08	75377.92	1	Foreign	N	N	0	Y	Uniquely Qualified Source	2297017.00	
SPIRING AIR HVAC INC	26491	HVAC REPLACEMENT PROJECT GSC-MECHANICAL	Completed	Design and Construction/Maintenance	Authority Contract - Non-Competitive Bid	06/30/11	06/30/11		Y	03/31/13	19500.00		16500.00	3000.00	1	NYS	N	N	0	Y	TIME IS OF THE ESSENCE	19500.00	
WEST GROUP PAYMENT CENTER	27617	LEGAL MEMBERSHIP	Completed	Legal Services	Authority Contract - Non-Competitive Bid	06/01/12	06/01/12		Y	05/31/13	9145.47	1532.60	9145.47	0.00	1	Foreign	N	N	0	Y	SOLE SOURCE	9240.00	