



**ANDREW M. CUOMO**  
Governor

**SUSAN G. ROSENTHAL**  
President & CEO

**BOARD OF DIRECTORS**

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

Agenda Item V, 7. June 25, 2019

**PROPOSED RESOLUTION**

**APPROVAL OF PROPERTY REPORT  
FOR FISCAL YEAR ENDING MARCH 31, 2019**

---

**RESOLVED** by the Board of Directors of the Roosevelt Island Operating Corporation of the State of New York, as follows:

- Section 1. that the Property Report for fiscal year ending March 31, 2019, and the Guidelines Regarding Acquisition and Disposal of Property, annexed hereto, are hereby approved and may be furnished to the State Comptroller, the Director of the Budget, the Commissioner of General Services, the Majority Leader of the Senate, the Speaker of the Assembly, the Authorities Budget Office, and any other governmental entity as required by law;
- Section 2. that the President/Chief Executive Officer or her designee is hereby authorized to take such actions and execute such instruments as deemed necessary to effectuate the foregoing;
- Section 3. that this resolution shall take effect immediately.



## Roosevelt Island Operating Corporation

**ANDREW M. CUOMO**  
Governor

**SUSAN G. ROSENTHAL**  
President & CEO

**BOARD OF DIRECTORS**  
RuthAnne Visnauskas, Chair, Commissioner of NYSHCR  
Robert F. Mujica Jr., Director of BUDGET  
David Kraut  
Howard Polivy  
Michael Shinozaki

### MEMORANDUM

To: Susan G. Rosenthal/ Board of Directors

From: Muneshwar Jagdharry 

Re: Real Property Disposal, Fiscal Year 2018-19

Date: June 18, 2019

---

Seven (7) of the anticipated nine (9) buildings (collectively, the “Buildings”) of the Southtown Development Project have been completed. The Lease for Building 8 (“Ground Lease”) was executed as of December 26, 2018 (“Commencement Date”). From the Commencement Date to the earlier of (i) the date upon which one or more Temporary Certificates of Occupancy is issued by the New York City Department of Buildings for at least ninety percent (90%) of the Units in Building 8, or (ii) the second (2<sup>nd</sup>) anniversary of the Commencement Date, Construction Period Ground Rent shall be payable at the rate of \$24,000 monthly (\$288,000 annually). The earlier of (i) or (ii) in the preceding sentence is the Rent Commencement Date (“RCD”). Commencing on the RCD, currently projected to be in December of 2020, Ground Rent shall be \$576,000 annually, which shall increase by 3% annually and be re-set, as set forth in the Ground Lease. In addition, Developer shall pay to RIOC a Specified Rental Payment of \$16,800,000, which is due on the Rent Commencement Date. Building 9 Lease closing shall occur no later than 30 months after the Building 8 Lease Closing. Should closing fail to occur within the expected timeframe, RIOC is protected by a Letter of Credit in the amount of \$2,438,400.

On July 26, 2018, the ground lease with NORTH TOWN PHASE III HOUSES, INC (“Westview”) was amended to: (1) extend the term through December 22, 2068; and (2) document the exit from the Mitchell Lama program in exchange for Westview to be maintained as an affordable housing complex for a period of 30 years pursuant to an Affordability Plan. The Affordability Plan provides that for the next 30 years at least 55% of the 361 residential units, (i.e. at least 199 units) will either be affordable restricted price cooperative apartments or affordable rental units. The existing ground rent with respect

to the Residential Portion in the amount of \$70,681 per annum remains in effect until the First Ground Rent Adjustment Date. Commencing as of the First Ground Rent Adjustment Date and continuing through and including the day preceding the fifth anniversary of the First Ground Rent Adjustment Date, the Ground Rent shall be \$325,000 per annum, and would increase by 10% every 5 years during the 30-year affordable period, and thereafter at 4% per year. As used herein, the term “First Ground Rent Adjustment Date” means the later of (a) the first day of the Project’s fiscal year immediately following the Master Cooperative Closing (provided the Master Cooperative Closing shall occur within three years of the date of this Fourth Amendment), or (b) the date of this Fourth Amendment, if the Master Cooperative Closing does not occur within three years of the date of this Fourth Amendment. If the Master Cooperative Closing occurs more than three years after the date of this Fourth Amendment, then the difference between the ground rent payable on the First Ground Rent Adjustment Date and the existing ground rent for the period between the date of this Fourth Amendment and the Master Cooperative Closing shall be paid to RIOC in twenty-four equal installments, commencing on the first day of the first month following the Master Cooperative Closing.

## **ROOSEVELT ISLAND OPERATING CORPORATION**

### **Guidelines Regarding Acquisition and Disposal of Property**

As required by Sections 2824(1)(e) and 2896(1) of the Public Authorities Law of the State of New York, the Board of Directors of the Roosevelt Island Operating Corporation (the “Corporation”) hereby adopts the following guidelines, which shall govern, along with the provisions of the Act, as defined below, Title 5-A of the Public Authorities Law, and other applicable law, the acquisition of real and personal property and the disposition of real and personal property by the Corporation.

#### **1. Definitions**

As used herein:

“Acquire” or “Acquisition” and related forms shall mean acquisition of title or any other beneficial interest in personal or real property.

“Act” shall mean the Roosevelt Island Operating Corporation Act, Chapter 899 of the Laws of 1984, as amended.

“Contracting Officer” shall mean the officer or employee of the Corporation who shall be appointed by resolution of the Board of Directors of the Corporation to have responsibility for the Acquisition and Disposition of Property in conformity with the requirements of these guidelines.

“Dispose” or “Disposal” and related forms shall mean transfer of title or any other beneficial interest in personal or real property in accordance with Section 2897 of the Public Authorities Law.

“Explanatory Statement” shall mean the explanatory statement to be prepared in the case of certain Property dispositions pursuant to these guidelines.

“Fair Market Pricing” shall mean pricing of Property for purposes of sale or other Disposal by reference to the price for which similar property would sell in an arm’s-length unforced transaction between a willing seller and a willing buyer on the open market.

“Fair Market Value” shall mean with respect to Property the price for which such Property would sell in an arm’s-length unforced transaction between a willing seller and a willing buyer on the open market.

“Property” shall mean personal property with a Fair Market Value in excess of \$5,000, real property, and any inchoate or other interest in such property, to the extent that such interest may be conveyed to another person for any purpose, excluding an interest securing a loan or other financial obligation of another party.

“Property Report” shall mean the report concerning the Property of the Corporation to be prepared by the Contracting Officer pursuant to these guidelines.

“Scrap Items” shall mean the items that have no useable life in their present condition but are saleable for scrap value in accordance with the provisions set forth in these guidelines. This definition includes, but is not limited to, scrap metal, including bits and pieces of metal parts (e.g. bars, turnings, rods, sheets, wire) or metal pieces that may be combined together with bolts and soldering (e.g. radiators, scrap automobiles), which when worn or superfluous can be recycled.

## 2. Inventory

- 2.1. The Contracting Officer shall establish and maintain, subject to the supervision of the Board of Directors, inventory controls and accountability systems for all Property of the Corporation, and complete records of all Acquisitions and Disposals of Property by the Corporation.
- 2.2. The Contracting Officer shall periodically inventory the Property of the Corporation, determine, subject to the approval of the Board of Directors, what Property is no longer required for the purposes of the Corporation, and Dispose of all such Property as promptly as possible in accordance with the requirements of these guidelines, the Act, Section 2897 of the Public Authorities Law, and other applicable law.

## 3. Acquisition

- 3.1. Pursuant to the Act, the Corporation is authorized to Acquire by purchase, grant or gift, or by the exercise of the power of eminent domain pursuant to the Eminent Domain Procedure Law, or otherwise, Property or any interest therein deemed necessary or desirable for the development, management or operation of Roosevelt Island, including, without limitation, leasehold interests, air and subsurface rights, easements and lands under water at the site of Roosevelt Island or in the general vicinity thereof.
- 3.2. All Acquisitions of Property by the Corporation shall be carried out under the supervision and direction of the Contracting Officer, in accordance with terms approved by the Board of Directors, and pursuant to findings by the Board of Directors that such Acquisitions are necessary or desirable for the development, management or operation of Roosevelt Island.

## 4. Disposition

- 4.1. All Dispositions of Property by the Corporation shall be carried out under the supervision and direction of the Contracting Officer, in accordance with terms approved by the Board of Directors.

- 4.2. The Corporation may Dispose of Property by sale, exchange, or transfer, for cash, credit, or other property, with or without warranty, and upon such other terms and conditions as the Contracting Officer deems proper, subject to the approval of the Board of Directors, and it may execute such documents for the transfer of title or other interest in Property and take such other action as it deems necessary or proper to Dispose of such Property.
- 4.3 All Dispositions of Scrap Items shall be prohibited unless approved by the Director of Operations. Scrap Items approved for disposal must be collected under the direct supervision of the Director of Operations. All Scrap Items shall be inventoried on a monthly basis. Director of Operations shall: (1) promulgate procedures that detail the process for Disposal of Scrap Items; and (2) provide training in such procedures to all operations personnel.
- 4.4 Except as may be permitted by these guidelines, the Act, Section 2897 of the Public Authorities Law, or other applicable law, all Dispositions of Property by the Corporation shall be for not less than Fair Market Value, whether determined by appraisal pursuant to these Guidelines or Section 2897 of the Public Authorities Law, or otherwise, unless:
- 4.4.1 the transferee is a government or other public entity, and the terms and conditions of the transfer require that the ownership and use of the asset will remain with the government or any other public entity;
  - 4.4.2 the purpose of the transfer is within the purpose, mission or governing statute of the Corporation; or
  - 4.4.3 in the event the Corporation seeks to transfer an asset for less than its Fair Market Value to other than a governmental entity, which Disposal would not be consistent with the Corporation's mission, purpose or governing statute, the Corporation shall provide written notification thereof to the governor, the speaker of the assembly, and the temporary president of the senate, and such proposed transfer shall be subject to denial by the governor, the senate, or the assembly as set forth in Subdivision 7 of Section 2897 of the Public Authorities Law.
- 4.5. The Corporation shall not Dispose of real property, or any interest in real property, unless an appraisal to determine the Fair Market Value of such Property has been made by an independent appraiser and included in the record of the transaction, and provided further, that no Disposal of any other Property, which because of its unique nature or the unique circumstances of the proposed transaction is not readily valued by reference to an active market for similar property, shall be made without a similar appraisal.

- 4.6. Except as may be permitted by these guidelines, the Act, Section 2897 of the Public Authorities Law, or other applicable law, all Disposals or contracts for Disposal of Property by the Corporation shall be made after publicly advertising for bids.
- 4.7. Whenever public advertising for bids is required under these guidelines, the Act, Section 2897 of the Public Authorities Law, or other applicable law:
- 4.7.1. the advertisement for bids shall be made at such time prior to the Disposal or contract, through such methods, and on such terms and conditions as shall permit full and free competition consistent with the value and nature of the Property;
  - 4.7.2. all bids shall be publicly disclosed at the time and place stated in the advertisement; and
  - 4.7.3 the award shall be made with reasonable promptness by notice to the responsible bidder whose bid, conforming to the invitation for bids, will, as determined by the Contracting Officer, subject to the approval of the Board of Directors, be most advantageous to the State, price and other factors considered; provided, that all bids may be rejected when the Contracting Officer determines that it is in the public interest to do so.
- 4.8. The Corporation may Dispose of Property or enter into contracts for the Disposal of Property by negotiation or public auction without publicly advertising for bids, but subject to obtaining such competition as is feasible under the circumstances, in any one of the following situations:
- 4.8.1. the Property involved is personal property and is determined by the Contracting Officer, subject to the approval of the Board of Directors, has qualities separate from the utilitarian purpose of such Property, such as artistic quality, antiquity, historical significance, rarity, or other quality of similar effect, that would tend to increase its value, or if the personal property is to be sold in such quantity that, if it were Disposed of through public advertising for bids, would adversely affect the state or local market for such Property, and the estimated Fair Market Value of such Property and other terms of Disposal satisfactory to the Contracting Officer can be obtained by negotiation; or
  - 4.8.2. the Fair Market Value of the Property does not exceed \$15,000; or
  - 4.8.3. bid prices received after advertising therefor are determined by the Contracting Officer, subject to the approval of the Board of Directors, to be not reasonable, either as to all or some part of the

Property, or to have been not arrived at independently in open competition; or

4.8.4. the Disposal of Property will be to the State or any political subdivision of the State, and the estimated Fair Market Value of the Property and other terms of disposal satisfactory to the Contracting Officer are obtained by negotiation; or

4.8.5. under those circumstances permitted by Section 4.4 above; or

4.8.6. such action is otherwise authorized by law.

4.9. A deed, bill of sale, lease, or other instrument executed by or on behalf of the Corporation, purporting to transfer title or any other interest in Property of the Corporation, shall be conclusive evidence of compliance with the provisions of these guidelines and Section 2897 of the Public Authorities Law, insofar as concerns title or other interest of any bona fide grantee or transferee who has given valuable consideration for such title or other interest and has not received actual or constructive notice of lack of such compliance prior to the closing.

## 5. Explanatory Statements

5.1. The Contracting Officer shall, subject to the approval of the Board of Directors, cause an Explanatory Statement to be prepared of the circumstances of each Disposal by negotiation of:

5.1.1. any Property that is personal property with an estimated Fair Market Value, as determined by the Contracting Officer, in excess of \$15,000;

5.1.2. any Property that is real property with an estimated Fair Market Value, as determined by the Contracting Officer, in excess of \$100,000, except that ant real property Disposed of by lease or exchange shall only be subject to Sections 5.1.3 and 5.1.4 below;

5.1.3. any Property that is real property Disposed of by lease, if the estimated annual rent over the term of the lease is in excess of \$15,000;

5.1.4. any Property that is real property or real and related personal property Disposed of by exchange, regardless of value, or any Property any part of the consideration for which is real property.

5.2. Each Explanatory Statement required by Section 5.1, above, shall be transmitted to the Comptroller, the Director of the Budget, the Commissioner of General Services, the Majority Leader of the Senate, the Speaker of the

Assembly and the Authorities Budget Office (or as otherwise required by Section 2896 of the Public Authorities Law) not less than 90 days in advance of such Disposal, and a copy thereof shall be preserved in the files of the Corporation.

5.3 In the event a below Fair Market Value asset transfer is proposed, the following information must be provided to the Corporation's Board and the public:

5.3.1 a full description of the asset;

5.3.2 an appraisal of the Fair Market Value of the asset and any other information establishing the Fair Market Value sought by the Board;

5.3.3 a description of the purpose of the transfer, and a reasonable statement of the kind and amount of the benefit to the public resulting from the transfer, including but not limited to the kind, number, location, wages or salaries of jobs created or preserved as required by the transfer, the benefits, if any, to the communities in which the asset is situated as are required by the transfer;

5.3.4 a statement of the value to be received compared to the Fair Market Value;

5.3.5 the names of any private parties participating in the transfer, and if different than the statement required by subparagraph 5.3.4 of this paragraph, a statement of the value to the private party; and

5.3.6 the names of other private parties who have made an offer for such asset, the value offered, and the purpose for which the asset was sought to be used.

5.4 Before approving the Disposal of any Property for less than Fair Market Value, the Corporation's Board shall consider the information described in Section 5.3, above, and make a written determination that there is no reasonable alternative to the proposed below-market transfer that would achieve the same purpose of such transfer.

## 6. Reporting

6.1. The Contracting Officer shall produce each year a Property Report including all Property of the Corporation that is real property at the end of the period covered by the report, as well as all Property Disposed of during such period. With respect to Property that is sold by the Corporation during such period, the Property Report shall include the name of the purchaser and the price paid. To the extent that information included in the Corporation's Annual Report

pursuant to Section 2800(1)(a)(7) of the Public Authorities Law duplicates information that would otherwise be required to be included in the Property Report, the Property Report may incorporate such information by reference.

- 6.2. Following its review and approval by the Board of Directors, each Property Report shall be made available to the public via the Corporation's internet website, subject to the limitations set forth in Section 2800(1)(b) of the Public Authorities Law, and furnished by the Corporation to the Comptroller, the Director of the Budget, the Commissioner of General Services, the Majority Leader of the Senate, the Speaker of the Assembly and the Authorities Budget Office.

Dated: June 26, 2014