PROPOSED RESOLUTION

AUTHORIZATION TO APPROVE MORTGAGE REFINANCING BY RIVERCROSS TENANTS CORP.

WHEREAS, “Rivercross Tenants Corp.” (“Rivercross”), is the lessee under a Ground Lease, from the New York State Urban Development Corporation (“UDC”), as amended and restated November 30, 1977, and subsequently amended (the restated Ground Lease, as amended, is referred to as the “Ground Lease”); and

WHEREAS, UDC’s interest in the Ground Lease has been assigned to RIOC; and

WHEREAS, in 2011, Rivercross financed its interest in the Ground Lease with a leasehold mortgage in the amount of $50,000,000 from NCB, FSB for a term expiring in 2021; and

WHEREAS, in light of the approaching maturity of the current mortgage, and in order to take advantage of current lower interest rates, Rivercross wishes to refinance its existing mortgage with the same lender (now known as National Consumer Cooperative Bank) by entering into a first leasehold mortgage in the amount of $67,000,000, and a revolving line of credit in the amount of $2,900,000 secured by a second leasehold mortgage.

NOW, THEREFORE THE BOARD OF DIRECTORS FINDS AND RESOLVES AS FOLLOWS:

1. Allowing Rivercross to refinance the existing mortgage that is maturing next year in order to take advantage of lower interest rates currently available in the market will benefit the residents by allowing it to fund reserves, decreasing the need to increase maintenance charges or impose assessments for future expenses, such as building upgrades or maintenance; and

2. The result of these actions will help RIOC maintain high quality, affordable housing stock on Roosevelt Island, which is within the mission and statutory purposes of RIOC;

and be it further

RESOLVED, that the Acting President of RIOC be, and he hereby is, to consent to Rivercross’s refinancing of the existing mortgage and to enter into such ancillary agreements in
connection with the refinancing substantially in the same form as were delivered by RIOC in connection with the 2011 mortgage financing; and be it further

RESOLVED, that the Acting President/Chief Executive Officer or his designee be, and he hereby is, authorized and directed to take such further actions and execute such further documents as are necessary or desirable to effectuate the foregoing; and be it further

RESOLVED, that these resolutions shall take effect immediately.
MEMORANDUM

To: Board of Directors
From: Shelton J. Haynes
Re: Consent to Mortgage Refinancing by Rivercross Tenants’ Corp.
Date: August 4, 2020

Background

Rivercross Tenants’ Corp. leases the property known as Rivercross pursuant to a Restated Ground Lease dated as of November 30, 1977, which was amended by Amendment #1 dated as of March 28, 2011 and the Second Amendment to Restated Ground Lease dated as of May 30, 2018. In July 2011, Rivercross obtained a $50,000,000 loan from NCB, FSB, which was secured by a first leasehold mortgage (the “Existing Mortgage”). The Existing Mortgage was for a 10 year term, maturing in 2021. The interest rate on the Existing Mortgage is approximately 4.64 %.

Rivercross seeks approval to refinance the Existing Mortgage with the same lender (now known as National Consumer Cooperative Bank) with a first leasehold mortgage in the amount of $67,000,000, and a second leasehold mortgage securing a $2,900,000 revolving line of credit (collectively, the “New Mortgages”). While the interest rate of the New Mortgages will not be locked in until after RIOC’s consent has been obtained, it is anticipated that the interest rate of the New Mortgages will be approximately 3%.

In conjunction with the Existing Mortgage, the lender and RIOC entered into a Subordination, Non-Disturbance and Attornment Agreement, whereby the lender agreed not to disturb RIOC’s occupancy of the commercial space it sublets in Rivercross if the lender succeeds to Rivercross’s interest under the Ground Lease. RIOC delivered a written consent to the Existing
Mortgage, which included various provisions relating to the rights of the parties in the event of the termination of the Ground Lease. The parties contemplate exchanging substantially similar documents in connection with the New Mortgages.

We have been advised by Rivercross’s counsel that it is Rivercross’s intention to use the loan proceeds remaining after satisfaction of the Existing Mortgage to fund reserves.

**Recommendation**

I hereby recommend that the RIOC Board of Directors consent to the proposed refinancing by Rivercross Tenants’ Corp.