



**Roosevelt Island
Operating Corporation**
of the State of New York
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THE ROOSEVELT ISLAND OPERATING CORPORATION

Public Authority Annual Report

Fiscal Year Ended March 31, 2009

I. INTRODUCTION

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 Commissioner of DHCR.

Effective April 1, 1981, SAHE, a Community Development Corporation, became responsible for the day-to-day operation of Roosevelt Island.

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. On April 1, 1985, the responsibility for the operation, development and security of Roosevelt Island was transferred from SAHE to RIOCI.

II. OPERATIONS AND ACCOMPLISHMENTS

On March 26, 2009, The Board of Directors approved the Corporations Budget FY 2009/2010 & Five Year Cash Projection reflecting a projected “Operating Deficit FY 09/10” of \$1,350,772 and “Capital Expenditures for the Five Years Ending March 31, 2014” of \$71,791,713.

During the year the Corporation entered into “Collective Bargaining Agreements” with all three employee unions through to March 31, 2011.

On October 18, 2007, the Board of Directors approved the authorization to proceed with the work plan for the modernization of the Roosevelt Island Aerial Tramway Project with a projected total cost of \$25,000,000. The Legislature of the State of New York had appropriated a \$15,000,000 grant to subsidize the project cost which was received in full by the Corporation in February 2009. A design and build contract was awarded to POMAgalski, S.A. in November 2008. The Tram Modernization project is expected to be completed by January 2010.

The Renwick Ruins Phase I Stabilization project was completed in May 2009. Of the total cost of \$4,600,000, \$4,500,000 is to be subsidized by a grant appropriated by the New York City Council and is expected to be received in July 2009.

Southtown Buildings #5 & #6 are in full construction and substantial completion is estimated to be in July and August of 09. The developer has until December 31, 2012 to decide if to proceed with the development of Southtown #7, #8 & #9.

The construction of the \$8,800,000 Southpoint Park – Wild Rooms/Wild Gardens started in March 2009. The cost has been subsidized by grants of \$4,000,000 from DHCR and \$300,000 from New York City Parks. Completion of the project is expected to take place in the summer of 2010.

On September 11, 2008, the Board approved the “conditional” designation of the Franklin and Elenor Roosevelt Institute (“FERI”) for development of the FDR Four Freedoms Park, a proposed public open space at the southern portion of Roosevelt Island. If all deliverables are met by FERI, construction is expected to start in the fall of 2009.

III. FINANCIAL OVERVIEW (Receipts, Disbursements, Assets and Liabilities)

RIOC’s statement of financial activities is used to report changes in its net assets, including depreciation expense. The statement of activities details program revenues by major source and expenses by natural classification and indicates the change in net assets. RIOC’s total revenues were \$19,975,482, which included \$19,210,501 in revenues identified as program revenues and \$764,981 of non-program specific revenues, primarily interest income earned on investments. Total expenses were \$20,116,488 for the fiscal year ended March 31, 2009. The Corporation had a decrease in its net assets of \$141,006 for the fiscal year ended March 31, 2009.

Statements of Financial Activities

	FY 08-09
Revenues	
Residential Fees Revenue	\$ 1,606,840
Ground Rent	7,608,878
Commercial Rent	1,568,971
Tramway Revenue	3,672,097
Public Safety Reimbursement	1,433,743
Transport/ Parking Revenue	2,456,170
Interest Income	764,981
Other Revenue	863,802
Total Revenue	<u>\$ 19,975,482</u>
Expenses	
Personal Services	\$ 9,137,755
Insurance	1,315,025
Professional Services & Legal Services	658,544
Management Fees	3,401,635
Telecommunications	93,173
Repairs & Maintenance	399,536
Vehicles Maintenance	254,178
Equipment Purchases/ Lease	182,611

Supplies/ Services	1,141,142
Other Expenses	<u>679,439</u>
Total Expenses Before Depreciation	\$ 17,263,038
Net Surplus Before Depreciation	\$ 2,712,444
Depreciation Expense	<u>2,853,450</u>
Net Loss After Depreciation	<u>\$ (141,006)</u>

On RIOC's financial statement of net assets, total assets of \$95,851,000 exceeded total liabilities of \$17,895,517 by \$77,955,483 (total net assets). Total assets are comprised of capital assets (e.g., buildings, machinery and equipment) totaling \$42,580,086, cash and investments totaling \$48,693,093 and other assets of \$4,577,821. Liabilities are comprised of accounts payable (\$718,876), deferred revenue (\$15,646,113), other post employment benefits (\$847,695), and other liabilities totaling (\$682,833). Deferred revenue represents the net present value of ground rent revenue received for the Southtown and Octagon development projects that will be recognized over their respective lease terms. Of total net assets, \$30,619,642 is available to be used to meet ongoing capital obligations. Additionally, \$4,755,755 is available for ongoing operational expenses.

The statement of revenues, expenditures and changes in fund balances using the modified accrual basis, reported a decrease of \$141,006 to an ending balance of \$77,955,483 at March 31, 2009.

The general fund is the chief operating fund of RIOC. As of March 31, 2009, the fund balances are as follows:

General	\$ 4,426,541
Special	\$ 329,214
Capital	\$61,111,374
Reserved	<u>\$12,088,354</u>
	<u>\$77,955,483</u>

IV. DEBT SCHEDULE

The Roosevelt Island Operating Corporation does not have and did not issue any debt obligations during the reporting period.

V. COMPENSATION SCHEDULE

NAME	TITLE	SALARY	TOTAL COMPENSATION
Stephen Shane	CEO	150,355.00	153,281.00
Steven G. Chironis	VP/CFO	136,965.00	136,368.00
Kenneth Leitner	VP/GC	146,326.00	148,745.00
Fernando Martinez	VP/OPS	140,000.00	142,408.00
Rosina Abramson	VP/Planning	129,032.00	128,423.00

VI. PROJECTS

RIOC continues to implement its five year capital management plan. Completed and major projects-in-progress include, but are not limited to, Tram Modernization Project, Renwick Ruins Stabilization, Southpoint Park – Wild Rooms/Wild Gardens, Public Safety Command Center, AVAC Elbow Replacement, AVAC Facade Replacement and (2) New Hybrid Buses.

VII. REAL PROPERTY

1) Real Property to be disposed:

- a. The Roosevelt Island Operating Corporation (RIOC) currently has 11,482 sq.ft. of commercial retail space that is vacant. Commercial space rates range from \$ 6.09/sq.ft. to \$35.35/sq.ft. RIOC seeks to fill some portion of the vacant commercial retail space in FY 09-10.

2) Real Property owned

	<u>Net Asset Value</u>	
AVAC	\$ 508,365	(1)
Blackwell House	1,440,648	
Boathouse	22,689	(2)
Eastwood	126,708	
Good Shepard Chapel	36,343	(2)
Island House	87,208	
Lighthouse	10,286	(2)
Minischools	1,113,097	
Motorgate	4,561,643	
Octagon	-	(2)
Post Office	32,200	
Renwick Ruins	3,740,692	(2)
Rivercross	72,116	
Supermarket- Gristedes	115,279	
Sportspark	531,056	
Strecker Lab	-	(2)
Steam plant	58,069	
Tennis Bubble	898,026	
Tramway	1,179,399	
Westview	113,766	
Total	<u>\$ 14,647,592</u>	

Note:

(1) Fair Market Value is currently not available.

(2) Historical Landmarks-
Undetermined.

3) Real Property lease renewals:

On December 1, 2008, the lease agreement with International Christian Outreach Ministries, Inc., d/b/a Dayspring Church was extended for a ten (10) year term commencing on December 01, 2008 and ending on November 30, 2018 at a monthly rate of \$3,174.64 with an option to renew the lease for a single 5 year term at \$3,238.13 per month.

On June 27, 2008, the lease agreement with R.I. Cleaners Inc. was assigned to Roosevelt Island Cleaners, Inc and extended for a ten (10) year term commencing on February 01, 2008 and ending on January 31, 2018 at a monthly rate of \$6,386. Every year during the lease term, the monthly rate is increased by 3%. There is no renewal option.

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 June 29, 2006 (see Attachment "A") 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

Each department manager is required to complete a function identification form and inherent risk review form on an annual basis. The agency directors are required to review and make assessments of the risks for each department based on the forms submitted by each manager. For areas deemed high risk, a corrective action plan is developed and implemented. For the 2008-2009 review period, no high-risk activities were identified and no correction plans were deemed necessary.