

TOSKI, SCHAEFER & CO., P.C.

CERTIFIED PUBLIC ACCOUNTANTS

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May 29, 2009

The Board of Directors
The Roosevelt Island Operating Corporation

Dear Board Members:

We have audited the financial statements of The Roosevelt Island Operating Corporation (RIOC) for the year ended March 31, 2009, and have issued our report thereon dated May 29, 2009. Considering the test character of our audit, you will appreciate that reliance must be placed on adequate methods of internal control as your principal safeguard against irregularities which a test examination may not disclose. We now present for your consideration our comments and recommendations based upon observations made during our audit.

This report is intended solely for the information and use of the Board of Directors, management and others within RIOC.

Funding of Postemployment Benefit Obligations

As of March 31, 2009, the Corporation had an unfunded postemployment benefit obligation of approximately \$3.6 million for its non-union employees. Presently, New York State has not passed legislation to allow for the establishment of an irrevocable trust to begin funding this liability. Since the Corporation has sufficient net assets to begin funding this obligation, we recommend that management review the establishment of a restricted reserve account with the Board of Directors for the express purpose of funding the postemployment benefit obligations.

Information Technology

RIOC does not have a formalized disaster recovery plan or a business continuity plan in the event of a major shutdown of its information technology systems. RIOC's internal control system relies heavily on information technology programs to support its fiscal and other operations. We recommend that management begin to implement a disaster recovery plan and a business continuity plan. We understand that management is in the process of procuring professional services to address this condition.

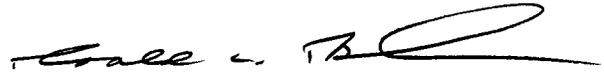
The Board of Directors
May 29, 2009
Page 2

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We wish to take this opportunity to thank the staff of The Roosevelt Island Operating Corporation for the courtesy extended to us during our audit. If you have any questions regarding the foregoing comments or wish any assistance in their implementation, please contact us at your convenience.

Very truly yours,

TOSKI, SCHAEFER & CO., P.C.



Ronald C. Toski, CPA
Managing Director