



**Roosevelt Island
Operating Corporation**
of the State of New York
591 Main Street
Roosevelt Island, NY 10044
(212) 832-4540
rioc.ny.gov

Andrew M. Cuomo
Governor

Leslie Torres
President
Chief Executive Officer

Fernando Martinez
Vice President
Operations

Steven Chironis
Vice President
Chief Financial Officer

Board of Directors
Darryl C. Towns
Chairperson
Fay Fryer Christian
Katherine Teets Grimm
Jonathan Kalkin
David Kraut
Robert L. Megna
Howard Polivy
Michael Shinozaki
Margaret Smith

MEMORANDUM

To: Board of Directors of the Roosevelt Island Operating Corporation
From: Steven Chironis, Vice President / CFO
Re: Public Authority Annual Report – Fiscal Year 2010-11
Date: June 14, 2011

Pursuant to the Public Authorities Law section 2800, attached is Roosevelt Island Operating Corporation's Public Authority Annual Report for the Fiscal Year April 2010 to March 2011, for your approval.



THE ROOSEVELT ISLAND OPERATING CORPORATION

Public Authority Annual Report

Fiscal Year Ended March 31, 2011

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I. MISSION STATEMENT

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.

RIOC accomplishes its mission by:

Promoting the development of a mixed-use, residential community; now home to more than 13,000 residents

Servicing the growing community and developing and maintaining public facilities, public promenades, and commercial opportunities.

Ensuring the corporation is in compliance with its enabling legislation, corporate By-laws and guidelines, Public Authority laws, and applicable Federal, State, and City laws and rules, by evaluating and implementing efficient and effective policy and procedures.

I. (i) Performance Goals:

To promote, develop, and maintain the mixed-use residential community on Roosevelt Island.

To provide appropriate level of services which develop and maintain public facilities, open spaces, and commercial facilities.

To ensure good governance by compliance with applicable Federal, State, and City laws, corporate By-laws and guidelines.

I. (ii) Performance Measurement Report

See Attachment "A"

II. OPERATIONS AND ACCOMPLISHMENTS

On March 25, 2010, The Board of Directors approved the Corporations Budget FY 2010/2011 & Five Year Cash Projection reflecting a projected "Operating Profit before Depreciation of \$2,146,478 and a Operating Deficit after depreciation of (\$1,216,522)" and "Capital Expenditures for the Five Years Ending March 31, 2015" of \$59,096,000 of which the Tram, Facilities, Infrastructure, and Southpoint Park projects detailed below constitute more than \$44,649,000.

The Tram Modernization project was substantially completed and the Tram was back in operation on November 30, 2010. The Tram stations improvements are scheduled to be completed by the end of 2012. The infrastructure improvement was funded through a \$15 million grant from the State of New York and \$10 million from RIOC. The dual Tram system 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. Total cost incurred for the Tram Modernization project as of March 31, 2011 was \$19,871,814.

The development of Southpoint Park is progressing. Phase I, which include the stabilization of the Renwick Ruins, was completed and Phase II is expected to be completed by Spring 2011. The \$13,300,000 project is funded by appropriations from the City of New York for \$4,500,000, the State of New York for \$4,400,000, and \$4,400,000 from RIOC.

The revitalization of Main Street and improvement of the retail businesses are in process. RIOC is negotiating with Hudson/Related Realty LLC to enter into a Master Sublease Agreement to redevelop, improve, market, lease and professionally operate the Retail Spaces controlled by RIOC. RIOC is expected to receive an annual guaranteed rent of about \$900,000 and participation in the profits of the Master Sublessee.

The Octagon Field Project was completed in August 2010. The field provides increased access and availability of recreational and sports space for the benefit of the public health and well being. The repairs to the Motorgate parking facility is in progress and is expected to be

completed by June 2011. Phase 1 of the wireless security camera system is completed and Phase II is in progress.

Six (6) of the anticipated nine (9) buildings of the Southtown Development Project have been completed. The developer Hudson/Related Joint Venture has an option to develop the remaining three buildings by December 31, 2012. Should development fail to occur within the expected timeframe, RIOC is protected by a letter of credit in the amount of \$1,420,800. The downturn in the housing market may delay the development of the three buildings. However, RIOC believes that the development will occur as the economy recovers and the housing market rebounds.

The construction of the Franklin D. Roosevelt Four Freedoms Park, located at the southern tip of the island, is progressing as scheduled. Phase I is about 80% complete and is expected to be finished by July, 2011. Phase II was accelerated and is about 15 % complete with expected completion by June 2012. Phase III has not begun and is expected to be completed by the Fall 2012. The developer, Franklin and Eleanor Roosevelt Institute, "FERI", estimates that the entire project, phases 1-3, will cost approximately \$44,000,000, whereby the majority will come from private funds raised by FERI. Funds for Phase I were secured from New York City, \$4,738,000, New York State, \$4,000,000, and private donations in the amount of \$6,905,000. Funds for Phase II consist of appropriations from New York State, \$2,000,000, New York City \$5,500,000, and private donations of \$12,826,704. Funds for Phase III consist of Federal appropriation, \$500,000 and private donations in the amount of \$7,053,309.

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 assets are used to report changes in the net assets, including depreciation expense. Note that revenues reported here are based on a standard of recognition whereby revenues is recorded when earned. The statements of revenues, expenses and changes in fund net assets detail program revenues by major source and expenses by natural classification and indicate the change in net assets. RIOC's total revenues for the year ended March 31, 2011 amounted to \$17,688,648, which includes \$17,314,264 in revenues identified as program revenues and \$374,384 of non-program specific revenue, primarily interest income earned on investments. During the fiscal year 2011, operating revenues decreased by \$5,721,177 or 24%. Tramway revenue dropped by \$2,529,638 or 72% since the tramway was out of service for eight (8) months for an overhaul. Residential fees decreased by \$3,631,381 or 77% primarily because this fiscal year, there is no more one-time fee of \$3,050,000 for a mortgage recording fee on the Octagon Development project.

Expenses were \$18,871,719 in 2011 and \$20,114,324 in 2010, including depreciation of \$3,336,240 and \$3,243,359, respectively. This is mainly due to decrease in management fees by \$1,611,543 or 47% related to tramway non-operations for 8 months.

The statement of revenues, expenditures and changes in fund balances using the modified accrual basis, reported a decrease of (\$1,183,701) to an ending balance of \$80,761,736 at March 31, 2011

STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN FUND NETS
ASSETS

	<u>2011</u>	<u>2010</u>	<u>% Change</u>
Operating revenues:			
Residential fees	\$ 1,066,734	\$ 4,698,115	-77%
Ground rent	8,801,291	8,648,600	2%
Commercial rent	1,438,078	1,525,403	-6%
Tramway revenue	996,870	3,526,508	-72%
Public safety reimbursement	1,579,764	1,521,494	4%
Transport/ parking revenue	2,546,365	2,384,636	7%
Interest income	374,384	358,972	4%
Other revenues	<u>885,162</u>	<u>746,097</u>	19%
Total operating revenues	<u>17,688,648</u>	<u>23,409,825</u>	<u>-24%</u>
Operating expenses:			
Personal services (PS)	9,899,587	9,457,165	5%
Insurance	1,104,969	1,134,571	-3%
Professional services and legal services	334,309	379,789	-12%
Management fees	1,787,125	3,398,668	-47%
Telecommunications	89,099	104,212	-15%
Repairs and maintenance	415,273	305,870	36%
Vehicles maintenance	260,456	240,565	8%
Equipment purchases/ Lease	103,367	102,854	0%
Supplies/ Services	999,169	1,091,325	-8%
Other expenses	<u>542,125</u>	<u>655,946</u>	-17%
Total operating expenses excluding depreciation	<u>15,535,479</u>	<u>16,870,965</u>	<u>-8%</u>
Operating income before depreciation	2,153,169	6,538,860	-67%
Depreciation expense	<u>3,336,240</u>	<u>3,243,359</u>	3%
Change in net assets	(1,183,071)	3,295,501	-136%
Capital contributions for stabilization of Renwick Ruins	480,811	213,012	126%
Total net assets, beginning of year	<u>81,463,996</u>	<u>77,955,483</u>	5%
Total net assets, end of year	<u>\$ 80,761,736</u>	<u>\$ 81,463,996</u>	-1%

On RIOC's financial statement of net assets, total assets of \$114,499,354 exceeded total liabilities of \$33,737,618 by \$80,761,736 (total net assets). Total assets are comprised of capital assets (e.g., buildings, machinery and equipment) totaling \$66,395,699, cash and short-term investments totaling \$45,175,251 and other assets of \$2,928,404. Liabilities are comprised of

accounts payable of \$534,283, deferred revenue of \$30,814,428, other post-employment benefits of \$1,708,479, and other liabilities totaling \$680,428. 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, \$13,743,612 is available to be used to meet ongoing capital obligations. Additionally, \$622,425 is available for ongoing operational expenses

STATEMENTS OF NET ASSETS

	<u>2011</u>	<u>2010</u>	% Change
Current and other assets	\$ 48,103,655	\$ 62,827,301	-23%
Capital assets, net	66,395,699	52,340,229	27%
Total assets	<u>\$ 114,499,354</u>	<u>\$ 115,167,530</u>	-1%
Total liabilities	<u>\$ 33,737,618</u>	<u>\$ 33,703,534</u>	0%
Net assets:			
Investment in capital assets	\$ 66,395,699	\$ 52,340,229	27%
Restricted for capital projects	13,743,612	28,884,694	-52%
Unrestricted	622,425	239,073	160%
Total net assets	<u>\$ 80,761,736</u>	<u>\$ 81,463,996</u>	-1%

III. (ii) Grant and Subsidy Programs

Roosevelt Island Operating Corporation provided public purpose grants totaling \$275,000 per year for the years ended 2011 and 2010. The Roosevelt Island Youth Center was awarded \$175,000 each year to help fund operating expenses. This is a contractual obligation between Roosevelt Island Operating Corporation and Roosevelt Landings which was agreed to as one of the terms of Roosevelt Landings Lease agreement (the Youth Center's Landlord) in exchange for free rent and utilities. 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 Bus Operations; and other revenues to fully meet its operational expenses. Roosevelt Island Operating Corporation neither borrows nor depends on appropriations and thus is minimally exposed to market, interest rate, and economic risks.

For the long term, the development agreement for Southtown buildings five through nine between Hudson Related Joint Venture and RIOC included a contingent de-designation (cancellation of project or portion of) fee of \$2,252,198. As of the date of this report, Southtown building five and six were completed within the agreed upon timeframe, and resulted in the pro-rata reduction of the de-designation fee to \$1,420,800. The remaining Southtown buildings seven, eight and nine may not be developed before the determination date of December 31, 2012,

which would result in de-designation fee income to the corporation. The agreement is collateralized by a letter of credit issued by Deutsche Bank Trust Company, NA in the amount of \$1,420,800 maturing on August 15, 2011, to be renewed annually.

Should the development of Southtown buildings five through nine not happen, Roosevelt Island Operating Corporation projected cash reserves will be adversely affected. However, it is management's belief that if Southtown buildings five through nine did not occur, there would be other subsequent development opportunities.

III. (iv) Bond Ratings

Roosevelt Island Operating Corporation does not issue bonds.

III. (v) Long-term Liabilities

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, 2011 and 2010 approximated \$86,000 per year

III. (v)(b) Deferred Revenue

As of March 31, 2011, deferred revenue in the amount of \$30,814,428 reported in the statements of net assets 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-eight years on the ground lease for the City of New York expiring in 2068 under the accrual basis of accounting.

DEFERRED REVENUE

<u>Buildings</u>	<u>Balance at April 01, 2010</u>	<u>Additions</u>	<u>Amortization</u>	<u>Balance at March 31, 2011</u>
Octagon	2,782,069	-	(47,354)	2,734,715
Southtown Bldg. #1	\$ 1,870,336	\$ -	\$ (31,835)	\$ 1,838,501
Southtown Bldg. #2	1,784,706	-	(30,378)	1,754,328
Southtown Bldg. #3	3,814,074	-	(64,920)	3,749,154
Southtown Bldg. #4	4,972,702	-	(84,642)	4,888,060
Southtown Bldg. #5	6,350,085	-	(108,087)	6,241,998
Southtown Bldg. #6	9,774,039	-	(166,367)	9,607,672
Verizon	<u>28,606</u>	<u>-</u>	<u>(28,606)</u>	<u>-</u>
Total	<u>\$ 31,376,617</u>	<u>\$ -</u>	<u>\$ (562,189)</u>	<u>\$ 30,814,428</u>

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

Roosevelt Island Operating Corporation provides continuation of medical coverage to employees that retire at age 55 or older with five years of service if hired before April 1, 1975 or ten years of service if hired after April 1, 1975. For employees with a date of retirement after April 1, 1983 and at least ten years of service, the Corporation contributes 90% for employees and 75 % for an employee's spouse.

Roosevelt Island Operating 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, 2011 and 2010 amounted to \$488,603 and \$473,981, respectively. At March 31, 2011, the liability for postemployment benefits other than pensions amounted to \$1,708,479.

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 \$1,279,824 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

<u>NAME</u>	<u>TITLE</u>	<u>SALARY</u>	<u>TOTAL COMPENSATION</u>
Stephen H. Shane	Former President/CEO	\$150,355	\$71,233
Leslie Torres	President/CEO	\$150,355	\$97,731
Kenneth Leitner	VP General Counsel	\$146,326	\$150,872
Fernando Martinez	VP Operations	\$140,000	\$144,500
Steven G. Chironis	VP / CFO	\$136,965	\$140,943
Rosina Abramson	VP Planning & Intergovernmental Affairs	\$129,032	\$102,468
Thomas N. Turcic	Former Director Engineering	\$107,095	\$93,463
Alexander Snedkov	Director Engineering	\$105,000	\$37,962
Michael Moreo	Director IT	\$104,931	\$108,481
W. Keith Guerra	Director Public Safety	\$104,464	\$108,010
Muneshwar Jagdharry	Controller	\$100,915	\$104,436

V. (i) Biographical Information

Biographical information for all board members and specified employees are attached – see Attachment “C”.

VI. PROJECTS

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

Roosevelt Island Operating Corporation continues to implement its five year capital management plan. Completed and major projects-in-progress include, but are not limited to, the Tram Modernization Project, the Octagon Field Project, repairs to the Motorgate Parking Facility, Seawall Railings, Island Camera Security System, Infrastructure Improvements, and Rehabilitation of the AVAC Building.

VII. REAL PROPERTY

VII. (i) Real Property Disposition

Rivercross Ground Lease Extension

An amendment to the restated ground lease for Rivercross was executed between Rivercross Tenants Corp (“Housing Company”) and Roosevelt Island Operating Corporation (“RIOC”) on March 29, 2011 (“Effective Date”).

The Housing Company is a Mitchell-Lama project with 365 residential units located on Roosevelt Island. RIOC extended the ground lease term for a sufficient number of years to allow the Housing Company to refinance its present mortgage in order to take advantage of interest rates currently available in the market, thereby enhancing the affordability for all its residents. A portion of the refinancing proceeds will be used for major capital improvements to the premises, including improvements needed for a 35 years old building, as well as energy efficiency improvements, all of which RIOC supports as part of its mission to maintain quality housing stock on Roosevelt Island. Additionally, for as long as the Housing Company elects to continue in the Mitchell Lama Program, the Housing Company will maintain low ground sublease payments and RIOC will maintain affordable housing stock on Roosevelt Island, which RIOC also supports as part of its mission and statutory purpose.

The term of the lease as stated in the restated ground lease commenced on April 26, 1973 and was set to expire on October 1, 2028. Per the terms of the restated ground lease the Housing Company is currently paying residential ground rent to the Empire State Development Corp (“ESDC”) of \$5,655.00 per month and additional residential ground rent to RIOC of \$2,624.48 per month.

The extended term of the restated ground lease is from 2028 through 2068. Effective on the first (1st) anniversary of the Effective Date, the monthly payment to RIOC shall increase by four per

cent (4%) to \$2,729.46, and on each anniversary of the Effective Date thereafter during the term of the Restated Ground Lease, the monthly payment to RIOC shall increase by four per cent (4%) compounded annually.

The aforementioned disposition was undertaken to meet the housing needs of Roosevelt Island and was for less than fair market value. The Corporation complied with all applicable provisions of the Public Authorities Law of the State of New York. The necessary findings by the Board of Directors were made at the public meeting convened on January 19, 2011 and subsequently posted on the Corporation’s web site; at such time the Board did authorize the President of RIOC to negotiate and enter into an appropriate amendment and extension of the ground lease.

VII. (ii) Real Property Acquisition

Roosevelt Island Operating Corporation did not acquire any real property.

VII. (iii) Real Property Owned

<u>Property</u>	<u>Net Asset Value</u>	(1)
AVAC	\$ 1,276,072	
Blackwell House	1,379,584	
Boathouse	19,243	
Eastwood	89,165	
Good Shepherd Chapel	416,003	
Island House	56,875	
Lighthouse	-	
Motorgate	4,363,305	
Post Office	21,000	
Renwick Ruins	4,444,976	
Rivercross	50,748	
Supermarket- Gristedes	75,182	
Sportspark	266,097	
Steam plant	55,148	
Tennis Bubble	819,079	
Tramway	20,370,404	
Westview	80,057	
Total	<u>\$ 33,782,938</u>	

Note:

(1) Fair Market Value is currently not available.

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

Each department manager is required to complete a functional 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 2010-11 review period no high risk-activities were identified, however all functions were reviewed by managers, directors, and supervisors.

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 departments: Administration, Finance, Human Resources, Information Technology, Legal, Community Relations, Engineering, Public Safety, Island Operations, Grounds, Maintenance, Warehouse, Bus Operations, Motor Pool, Parks & Recreation, Permits & Film, Sportspark.

XI. (iv) Number of Employees

Roosevelt Island Operating Corporation has 118 employees (112 F/T and 6 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 RIOCI’s legal counsel, these suits are without substantial merit and should not result in judgments which in the aggregate would have a material adverse effect on RIOCI’s operations.

However, RIOCI has a claim from the contractor for the modernization of the Roosevelt Island Aerial Tramway for additional compensation in the amount of \$18,794,956 (on top of the fixed fee contracted price of \$16,693,894) on account of various items of alleged extra work and alleged interferences to its work. RIOCI believes that these claims are without merit.

In addition, the contractor also claims a Contract Sum balance of \$1,995,230 under the Design/Build Agreement. The claimed Contract Sum balance is disputed by RIOCI for reason of various incomplete items of Work and contractor’s failure to return the Tramway to service within the Contract Time.

The Corporation's legal counsels are reviewing these claims and have not yet formed an opinion on these matters

ATTACHMENTS

- A.....Performance Measurement Report
- BManagement Letter and Audited Financials
- C.....Biographical Information
- D.....Code of Ethics
- E..... Copy of legislation
- F..... Board Committees
- G.....Board Meetings and Attendance
- H..... Charter and By-Laws
- I..... Current and Projected Capital Budget
- J.....Operating Budget
- K..... Non-Competitive Acquisitions



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 ("RIOC") has promoted the development of approximately 5,500 units of housing, with the expected development of approximately 500 additional units. Of the built out units of housing stock, approximately 58% are 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).

Building	Unit Count	To Be Developed	Total	Number Affordable	Percentage Affordable
Manhattan Park	1,107		1,107	222	20%
Roosevelt Landings	1,003		1,003	1,003	100%
The Octagon	500		500	100	20%
Island House	400		400	400	100%
Southtown	1,202	540	1,742	697	40%
Westview	371		371	371	100%
Rivercross	377		377	377	100%
Total:	4,960	5,500	5,500	3,170	58%

Note: Unit Counts and Percentages are Approximate Values.

Figure 1

RIOC has also engaged in capital projects to preserve the Island's landmarks, including: the Blackwell Island Lighthouse, the Octagon Tower, the Strecker Memorial Laboratory, the Smallpox Hospital (Renwick Ruin), Blackwell House, and the Chapel of the Good Shepherd. Maintenance of these structures is prioritized in the capital plan, and currently additional work is being performed on Blackwell House — to be completed in June 2012, as well as the Chapel.

For a detailed overview of RIOC's capital projects, please see the five-year "RIOC Capital Management Plan" (attached).

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 fostered the development of this 147-acre island by promoting public facilities including a transit system, pedestrian walkways, 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 will be completed if the last three residential buildings are developed, yielding an approximate total of 2,000 parking spaces.

To limit the congestion caused by excess traffic, RIOC provides bus services — utilizing 7 hybrid-electric buses powered by ultra-low-sulfur fuel.

The Tram Modernization project was substantially completed and the Tram was back in operation on November 30, 2010. The Tram stations improvements are scheduled to be completed by the end of 2012. The infrastructure improvement was funded through a \$15 million grant from the State of New York and \$10 million from RIOC. The dual Tram system now better meets the transportation needs of the residents and

visitors: More passengers are shuttled quickly and safely and 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. This important transportation mode shuttles approximately 2,000,000 riders per year between Roosevelt Island and Manhattan.

Roosevelt Island has a public school, PS / IS 217, which currently has 410 students enrolled. Also, The Child School / Legacy High School, a government funded non-public 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.

RIOC also 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. In July 2011 this extensive offering in July 2011 will be complemented by Southpoint Park, which is 90% complete.

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. The Island has a low crime rate, and is protected by members of the RIOC Public Safety Department (“PSD”), which provides a twenty-four-hour-a-day, seven-day-a-week presence on the Island.

The Island has 99,134 square feet of above grade rentable commercial retail space located along the Main Street corridor. This retail space is separated into 35 spaces. RIOC is currently negotiating a Master Sublease Agreement (“the Agreement”) with Hudson/Related Realty LLC. The retail space has 33,758 square feet of above grade space that is currently vacant or occupied by a public agency, or not-for-profit tenant who is not paying rent — reflecting a 34% vacancy rate. Due to the vacancy rate, RIOC’s Net Operating Income has not reached its full potential. The Agreement will alleviate this situation by providing a guaranteed minimum annual payment, as well as a 50/50 split of additional rental income which will be considered “profit sharing”.

3. To ensure good governance by compliance with applicable Federal, State, and City laws, corporate By-laws and guidelines.

RIOC has ensured compliance with all applicable provisions of the New York State Public Authorities Law, and maintains ethical guidelines by which officers, directors, and employees must abide. In addition, 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.

RIOC CAPITAL MANAGEMENT PLAN - 5 Year (2006/2007)
(BOARD APPROVED)

Updated March 31, 2011

ITEM	Year 1	Year 2	Year 3	Year 4	Year 5	Notes	Status As of	Remarks
	2006-2007	2007-2008	2008-2009	2009-2010	2010-2011			
Sportsfields/Parks	\$ 740,000	\$ 388,000	\$ 70,000	\$ 43,000	\$ 930,000			
Pony field	\$ 75,000	\$ 100,000				Reconfiguration, surface correction, fencing	\$ 175,000	Completed
Octagon Soccer Field - Fencing		\$ 35,000				Access control West side	\$ 35,000	Completed
Ecological Park - Recreational Area		\$ 95,000				Site amenities	\$ 95,000	Completed
Comfort Station	\$ 55,000					Facilities Upgrade Capital Improvement Bathrooms	\$ 55,000	Completed
Lighthouse Park Retaining Walls		\$ 115,000				Replace wood with stone interlock blocks, new game tables	\$ 115,000	Not Completed
All Weather Field					\$ 850,000	Min maintenance synthetic field	\$ 850,000	Completed
Spring/Fall Field Prep	\$ 35,000	\$ 18,000	\$ 45,000	\$ 18,000	\$ 55,000	Landscape contractor aeration/fertilization/irrigation	\$ 171,000	Completed
Lighthouse Park Seawall Repair	\$ 550,000					Barge collision damage	\$ 550,000	Completed
Irrigation	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	Replacement of failed systems	\$ 125,000	Completed
Blackwell House	\$ 1,400,000	\$ 16,500	\$ -	\$ 45,000	\$ 45,000			
Exterior Stabilization	\$ 1,400,000			\$ 45,000	\$ 45,000	Historic Restoration - Continuing Maintenance	\$ 1,490,000	Completed
Site Improvements		\$ 16,500				Grounds improvements - Plantings/Pavers/Lighting	\$ 16,500	Completed
Main Street/WSD Road Work/Esplanade	\$ 390,000	\$ 1,580,000	\$ 1,700,000	\$ 1,500,000	\$ 1,550,000			
North Main Street Repair & Upgrade		\$ 1,100,000				Fire House to Lighthouse Park	\$ 1,100,000	Completed
Storm Water Control - island wide	\$ 140,000	\$ 200,000				Replacement Basin/Pipe Collapse	\$ 340,000	Completed
North Main Road Modification - Traffic Circle	\$ 50,000					Bus U Turn at rear of Coler	\$ 50,000	Completed
Ramp Repair		\$ 110,000			\$ 750,000	Wearing Deck Repair - Wearing Deck Replacement after DOT Bridge work	\$ 860,000	Not Completed
Main Street/Tram Road South Upgrade	\$ 125,000					Asphalt Resurfacing	\$ 125,000	Completed
Pedestrian Path Extension WSD		\$ 85,000				West Service Drive South of Subway station along waters edge	\$ 85,000	Completed
Sidewalk Replacement				\$ 600,000		Concrete Sidewalk conversion	\$ 600,000	Completed
East/West Esplanade Upgrade					\$ 800,000	Asphalt Resurfacing curb work, removal block	\$ 800,000	Completed
Main Street - Manhattan Park to Rivercross			\$ 1,700,000	\$ 900,000		40 River Rd to Fire House Water Main Upgrade Road Replacement	\$ 2,600,000	Completed
Octagon Cross Drive Widening		\$ 85,000				Widen road to 30'	\$ 85,000	Completed
Main Street Beautification	\$ 75,000						\$ 75,000	Completed
Good Shepard Chapel	\$ 83,000	\$ 113,000	\$ 10,000	\$ 610,000	\$ -			
Plaza - Repair	\$ 35,000	\$ 35,000	\$ 10,000			Repair worst areas brick Concrete pavers	\$ 80,000	Completed
Tower Water Proofing	\$ 48,000					HVAC deck drain repair	\$ 48,000	Completed
Plaza - Replacement				\$ 525,000		Replacement of Brick/Concrete pavers	\$ 525,000	Not Completed
HVAC		\$ 78,000				Upgrade/Major Service	\$ 78,000	Completed
Vertical Transportation				\$ 85,000		Equipment Upgrade/Modernization	\$ 85,000	Completed
Motorgate Parking Facility	\$ 934,000	\$ 530,000	\$ 100,000	\$ -	\$ 65,000			
Garage Lighting-Stairwell/Egress	\$ 275,000					All area garage interior lighting repair upgrade - Exit signs	\$ 275,000	Completed
Stairway Repairs, emergency concrete repairs	\$ 175,000					See Item Description	\$ 175,000	Completed
Emergency Waterproofing over commercial areas	\$ 95,000					Epoxy Acrylic Coating	\$ 95,000	Completed
Painting - Metal Work		\$ 250,000	\$ 100,000			Railings/Signage	\$ 350,000	Completed
Escalator Decommissioning	\$ 150,000					See Item Description	\$ 150,000	Completed
Atrium Upgrades	\$ 45,000	\$ 50,000				Painting/Glass replacement	\$ 95,000	Completed
Plaza Toll Booth Removal		\$ 65,000				Removal of Tollbooths & Concrete Islands	\$ 65,000	Completed
Under deck Lighting	\$ 145,000					Ramp Approach - Post Office Area - East Side Esplanade- Plaza/Atrium	\$ 145,000	Completed
Metal Doors & Hardware	\$ 49,000	\$ 165,000			\$ 65,000	Replacement of hollow metal door stairwells and Egress areas	\$ 279,000	Completed
Facilities/Offices - Garage	\$ 175,000	\$ 135,000	\$ -	\$ -	\$ -			
Repave Bus Parking Area & Approach	\$ 125,000					Asphalt Resurfacing	\$ 125,000	Completed
Consumables Storage Sheds/Dividers	\$ 25,000	\$ 50,000				Addition of shed to protect sand/clay/road salt	\$ 75,000	Completed
HVAC Upgrade		\$ 65,000				Exhaust System reconfig/upgrade	\$ 65,000	Completed
Security System Upgrades	\$ 25,000	\$ 20,000				Smart Card integration	\$ 45,000	Completed
Tram	\$ 1,268,000	\$ 2,670,000	\$ 200,000	\$ 98,000	\$ 50,000			
Re-build SCR drive						See Item Description	\$ -	Completed
Vertical Lift Manhattan Station	\$ 75,000					See Item Description	\$ 75,000	Completed
Manhattan elevator upgrade		\$ 150,000				See Item Description	\$ 150,000	Not Completed
Replace roller chain and supports - Manhattan side	\$ 500,000					See Item Description	\$ 500,000	Completed
Counter-haul rope replacement	\$ 200,000					See Item Description	\$ 200,000	Completed
Haul rope replacement		\$ 200,000				See Item Description	\$ 200,000	Completed
Shift track rope			\$ 150,000			See Item Description	\$ 150,000	Completed
Replace cabins, and hanger arms, including cabin elec. sys., hydraulic pump and motor unit, track rope brakes, safety switch mechanism & evacuation system	\$ 160,000	\$ 2,000,000				See Item Description	\$ -	Completed
Replace attendants booth - both stations	\$ 75,000					See Item Description	\$ 75,000	Completed
Rebuild MG set / procure a new MG set / new system	\$ 50,000					See Item Description	\$ 50,000	Completed
Miscellaneous repairs / upgrades	\$ 80,000	\$ 50,000	\$ 50,000	\$ 50,000	\$ 50,000	See Item Description	\$ 280,000	Completed

Roof Modification & Repair	\$ 5,000					Installation of skylight at Rescue Room	\$ 5,000	Completed	
Station Concrete Repair	\$ 65,000	\$ 30,000				Roosevelt Island/Manhattan boarding area repair and sealant	\$ 95,000	Completed	
Tram Station Security System	\$ 10,000	\$ 100,000				Digital system upgrade	\$ 110,000	Completed	
Painting - Metal Work	\$ 48,000	\$ 140,000		\$ 48,000		Railings-structural steel bldg., towers	\$ 236,000	Not Completed	Work-In-Progress - Part of Tram Station Work
Commercial Space Improvements	\$ 35,000	\$ -	\$ -	\$ -	\$ -				
Marketing Improvements	\$ 35,000					Cleanup/ Minor repairs	\$ 35,000	Completed	
Hybrid Bus	\$ -	\$ 120,000	\$ 50,000	\$ 75,000	\$ 100,000				
Maintenance Equipment/Specialty Equipment		\$ 120,000	\$ 50,000	\$ 75,000	\$ 100,000	Specialty Equipment	\$ 345,000	Completed	
AVAC System & Building	\$ 515,000	\$ 100,000	\$ 65,000	\$ 55,000	\$ 10,000				
Roof replacement	350,000					See Item Description	\$ 350,000	Completed	
Mechanical/Electrical upgrades	\$ 35,000		\$ 35,000			See Item Description	\$ 70,000	Completed	
Replace AVAC Pipe (High Impact Areas)		\$ 45,000		\$ 45,000		See Item Description	\$ 90,000	Completed	
Parking Lot Pavement Restoration	\$ 65,000					See Item Description	\$ 65,000	Completed	
Communication Cabling Replacement	\$ 25,000	\$ 15,000	\$ 10,000			See Item Description	\$ 50,000	Completed	
Pneumatics Equipment/Valves	\$ 40,000	\$ 40,000	\$ 20,000	\$ 10,000	\$ 10,000	See Item Description	\$ 120,000	Completed	
Equipment & Trucks	\$ 140,000	\$ 103,000	\$ 40,000	\$ -	\$ -				
Refuse Collection Equipment	\$ 10,000	\$ 5,000				See Item Description	\$ 15,000	Completed	
Electric Vehicles	\$ 20,000	\$ 18,000				See Item Description	\$ 38,000	Completed	
Facilities/Grounds Vehicles	\$ 75,000	\$ 60,000	\$ 30,000			See Item Description	\$ 165,000	Completed	
Facilities/Grounds Equipment	\$ 35,000	\$ 20,000	\$ 10,000			See Item Description	\$ 65,000	Completed	
Site Amenities	\$ 250,000	\$ 280,000	\$ 50,000	\$ 65,000	\$ 50,000				
Bus Shelters	\$ 90,000					See Item Description	\$ 90,000	Completed	
Public Safety - Station Booths		\$ 25,000				See Item Description	\$ 25,000	Completed	
Miscellaneous	\$ 40,000	\$ 40,000	\$ 40,000	\$ 40,000	\$ 40,000	Replacement of Picnic tables, game tables, garbage cans,	\$ 200,000	Completed	
Blackwell Park - Playground Equipment		\$ 110,000				See Item Description	\$ 110,000	Completed	
Vehicle Bollards	\$ 30,000					Parking Controls	\$ 30,000	Completed	
Pier Decking restoration/Replacement		\$ 90,000	\$ 10,000	\$ 10,000	\$ 10,000	Dimensional Lumber Decking replacement	\$ 120,000	Completed	
Signage	\$ 75,000	\$ 15,000		\$ 15,000		Directional Signage	\$ 105,000	Completed	
Dog Run Area	\$ 15,000					See Item Description	\$ 15,000	Completed	
Lighting	\$ 1,789,000	\$ -	\$ -	\$ -	\$ -				
Replace street/promenade lighting with NYC standard	\$ 1,724,000					See Item Description	\$ 1,724,000	Completed	
Lighthouse Park - Lighting Replacement	\$ 65,000					See Item Description	\$ 65,000	Completed	
Seawall Railing	\$ -	\$ 2,000,000	\$ 2,000,000	\$ 2,000,000	\$ -				
Replace railing/grating/stanchions		\$ 2,000,000	\$ 2,000,000	\$ 2,000,000		See Item Description	\$ 6,000,000	Not Completed	Work in Progress - Design Complete
Seawall	\$ -	\$ -	\$ 1,000,000	\$ 2,000,000	\$ -				
Install rip-rap as per USACOE report			\$ 1,000,000	\$ 2,000,000		See Item Description	\$ 3,000,000	Not Completed	To Be Addressed 2011-2012
Southpoint Park	\$ 2,025,000	\$ 2,000,000	\$ -	\$ -	\$ -				
Phase I Development	\$ 2,000,000	\$ 2,000,000				See Item Description	\$ 4,000,000	Completed	
Security/Fencing Upgrades	\$ 25,000					See Item Description	\$ 25,000	Completed	
Sportspark Facility	\$ 90,000	\$ 500,000	\$ 75,000	\$ 300,000	\$ 400,000				
Pool Restoration		\$ 450,000	\$ 75,000			Gunite resurfacing, Tile and gutter work, filtration	\$ 525,000	Completed	
Lighting		\$ 50,000				Repair/Replacement light fixtures	\$ 50,000	Completed	
HVAC	\$ 45,000					Repair MEP	\$ 45,000	Completed	
Facility Upgrade				\$ 300,000	\$ 400,000	Gymnasium Flooring	\$ 700,000	Completed	
Replacement Metal Doors	\$ 45,000					Replacement of hollow metal doors Egress areas	\$ 45,000	Completed	
Replacement Panic Hardware						Replacement of door hardware Egress areas			
Utilities Infrastructure Improvements	\$ 105,000	\$ 60,000	\$ 45,000	\$ 45,000	\$ 45,000				
Storm Drainage	\$ 35,000	\$ 35,000	\$ 35,000	\$ 35,000	\$ 35,000	See Item Description Island Wide	\$ 175,000	Completed	
Electrical	\$ 55,000	\$ 25,000	\$ 10,000	\$ 10,000	\$ 10,000	See Item Description Island Wide	\$ 110,000	Completed	
Communications	\$ 15,000					See Item Description Island Wide	\$ 15,000	Completed	
Engineering/Architectural Consulting Services	\$ 190,000	\$ 150,000	\$ 75,000	\$ 100,000	\$ 100,000				
All Disciplines	\$ 190,000	\$ 150,000	\$ 75,000	\$ 100,000	\$ 100,000	Architectural/Engineering Support ofor Capital Plan	\$ 615,000	Completed	
Contracting Services MEP	\$ 160,000	\$ -	\$ 180,000	\$ -	\$ 200,000				
Electrical	\$ 65,000		\$ 75,000		\$ 85,000	See Item Description Island Wide	\$ 225,000	Completed	
HVAC	\$ 45,000		\$ 55,000		\$ 65,000	See Item Description Island Wide	\$ 165,000	Completed	
Plumbing	\$ 50,000		\$ 50,000		\$ 50,000	See Item Description Island Wide	\$ 150,000	Completed	
RIOC Office Improvements	\$ 175,000	\$ 400,000	\$ 150,000	\$ 150,000	\$ 150,000				
Office Imprvement	\$ 25,000	\$ 250,000				Lighting, partitions, doors, , etc.	\$ 275,000	Completed	
Emergency Conditions Contingency	\$ 150,000	\$ 150,000	\$ 150,000	\$ 150,000	\$ 150,000	Unknown Unforseen Conditions	\$ 750,000		
TOTALS	\$ 10,464,000	\$ 11,145,500	\$ 5,810,000	\$ 7,086,000	\$ 3,695,000		\$ 38,200,500		

Attachment "B"

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

MANAGEMENT LETTER

For the Year Ended March 31, 2011

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

MANAGEMENT LETTER

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May 18, 2011

The Board of Directors
Roosevelt Island Operating Corporation

Dear Board Members:

We are pleased to submit the accompanying Schedule of Findings and Recommendations in connection with our audit of the Financial Statements of Roosevelt Island Operating Corporation ("RIOC") for the year ended March 31, 2011. 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 findings and recommendations.

The findings and recommendations have been discussed with RIOC's management. Their comments and responses have been incorporated in the report. Responses that indicate corrective action has been taken have not been verified at this time, but will be verified in the succeeding audit.

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

Dadia Valles Vendiola LLP

Elmhurst, New York

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

**SCHEDULE OF FINDINGS AND RECOMMENDATIONS
FOR THE YEAR ENDED MARCH 31, 2011**

I. CURRENT YEAR FINDING AND RECOMMENDATION

None

II. FOLLOW-UP ON PRIOR YEAR FINDINGS AND RECOMMENDATIONS (FY 2009)

1. Funding of Postemployment Benefits Obligations

Status

Condition no longer exists.

2. 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.

Recommendation

We recommend that management implement a disaster recovery plan and a business continuity plan. We understand that management is still procuring professional services to address this condition.

Management's Response

RIOC is continuously working on our Disaster Recovery and Business Continuity Plans. Management and staff have taken FEMA training in Incident Command. The Public Safety Department has just completed its annual review of our Comprehensive Emergency Management Plan. In addition, the Finance Department has begun drafting a Business Continuity Plan via an online application. The Director of Information Technology has taken many FEMA and Technical seminars, courses and participated in discussion groups about Business Continuity and Disaster Planning and Recovery.

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

**SCHEDULE OF FINDINGS AND RECOMMENDATIONS
FOR THE YEAR ENDED MARCH 31, 2011**

(continued)

The Director of Information Technology is now evaluating several Technology Based Solutions for building out a Disaster Tolerance Strategy and a level of Disaster Recovery that is “right sized” and “appropriately responsive” to our acceptable level of risk. Risk is being evaluated based on Hazard Analysis which outlines severity, impact and likelihood of an event. Technological Solutions will be evaluated based on associated costs, data availability and recovery time.

Comment on Management’s Response

Compliance will be verified in subsequent audit.

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

Financial Statements and Management's
Discussion and Analysis

March 31, 2011
(With Comparative Figures for 2010)

(With Independent Auditors' Report Thereon)

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

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INDEPENDENT AUDITORS' REPORT

The Board of Directors
Roosevelt Island Operating Corporation

We have audited the accompanying statement of assets of Roosevelt Island Operating Corporation ("RIOC"), a component unit of the State of New York, as of March 31, 2011 and the related statements of revenues, expenses and changes in fund net assets and cash flows for the year then ended. These financial statements are the responsibility of RIOC's management. Our responsibility is to express an opinion on these financial statements based on our audit. The financial statements of RIOC as of March 31, 2010 were audited by other auditors whose report dated June 4, 2010 expressed an unqualified opinion on those statements.

We conducted our audit 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 audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing 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 over financial reporting. Accordingly, we express no such opinion. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Roosevelt Island Operating Corporation as of March 31, 2011, and the results of its operations and its cash flows for the year then ended in conformity with U.S. generally accepted accounting principles.

In accordance with *Government Auditing Standards*, we have also issued our report dated May 18, 2011 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 the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The management's discussion and analysis is not a required part of the basic financial statements but is supplementary information required by the Governmental Accounting Standards Board (GASB). We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming an opinion on the basic financial statements. The schedules listed in the accompanying Table of Contents under the heading of Supplemental Information are presented for the purpose of additional analysis and are not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in our audits of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

Dacia Valles-Vandora LLP

Elmhurst, New York
May 18, 2011

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

Management's Discussion and Analysis
March 31, 2011 and 2010

The following management's discussion and analysis (MD&A) provides a comprehensive overview of the financial position of Roosevelt Island Operating Corporation at March 31, 2011 and 2010, 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 detailed sub-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 ASSETS

The following is a summary of the RIOC's statement of assets at March 31, 2011 and 2010 and the percentage changes between March 31, 2011 and March 31, 2010:

	<u>2011</u>	<u>2010</u>	<u>% Change</u>
Current and other assets	\$ 48,103,655	\$ 62,827,301	-23%
Capital assets, net	<u>66,395,699</u>	<u>52,340,229</u>	<u>27%</u>
Total assets	<u>\$ 114,499,354</u>	<u>\$ 115,167,530</u>	<u>-1%</u>
Liabilities	<u>\$ 33,737,618</u>	<u>\$ 33,703,534</u>	<u>0%</u>
Net assets:			
Investment in capital assets	\$ 66,395,699	\$ 52,340,229	27%
Restricted for capital projects	13,743,612	28,884,694	-52%
Unrestricted	<u>622,425</u>	<u>239,073</u>	<u>160%</u>
Total net assets	<u>\$ 80,761,736</u>	<u>\$ 81,463,996</u>	<u>-1%</u>

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

Management's Discussion and Analysis
March 31, 2011 and 2010
(continued)

On RIOC's statement of assets at March 31, 2011, total assets of \$114,499,354 exceeded total liabilities of \$33,737,618 by \$80,761,736 (total net assets). Total assets are comprised of capital assets (e.g., buildings, machinery and equipment) totaling \$66,395,699, cash and short-term investments totaling \$45,175,251 and other assets of \$2,928,404. Liabilities are comprised of accounts payable of \$534,283, deferred revenue of \$30,814,428, other post-employment benefits of \$1,708,479, and other liabilities totaling \$680,428. 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, \$13,743,612 is available to be used to meet ongoing capital obligations. Additionally, \$622,425 is available for ongoing operational expenses.

Short-term investments decreased by \$16,357,415 or 27%. This was mainly due to purchases of capital assets (infrastructure) totaling \$17,391,710.

OPERATING ACTIVITIES

RIOC's statements of revenues, expenses and changes in fund net assets are used to report changes in the net assets, including depreciation expense. Note that revenues reported here is based on a standard of recognition whereby revenues is recorded when earned. The statement of revenues, expenses and changes in fund net assets details program revenues by major source and expenses by natural classification and indicates the change in net assets. RIOC's total revenues for the year ended March 31, 2011 amounted to \$17,688,648, which includes \$17,314,264 in revenues identified as program revenues and \$374,384 of non-program specific revenue, primarily interest income earned on investments. During the fiscal year 2011, operating revenues decreased by \$5,721,177 or 24%. Tramway revenue dropped by \$2,529,639 or 72% since the tramway was out of service for eight (8) months for an overhaul. Residential fees decreased by \$3,631,381 or 77% primarily because this fiscal year, there is no more one-time fee of \$3,050,000 for a mortgage recording fee on the Octagon Development project.

Expenses were \$18,871,719 in 2011 and \$20,114,324 in 2010, including depreciation of \$3,336,240 and \$3,243,359, respectively. This is mainly due to decrease in management fees by \$1,611,543 or 47% related to tramway's non-operation for 8 months.

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

Management's Discussion and Analysis
March 31, 2011 and 2010
(continued)

The following summarizes RIOC's change in net assets for the fiscal years ended March 31, 2011 and 2010 and the percentage changes between fiscal years 2011 and 2010:

	<u>2011</u>	<u>2010</u>	<u>% Change</u>
Operating revenues:			
Residential fees	\$ 1,066,734	\$ 4,698,115	-77%
Ground rent	8,801,291	8,648,600	2%
Commercial rent	1,438,078	1,525,403	-6%
Tramway revenue	996,870	3,526,508	-72%
Public safety reimbursement	1,579,764	1,521,494	4%
Transport/ parking revenue	2,546,365	2,384,636	7%
Interest income	374,384	358,972	4%
Other revenues	<u>885,162</u>	<u>746,097</u>	<u>19%</u>
Total operating revenues	<u>17,688,648</u>	<u>23,409,825</u>	<u>-24%</u>
Operating expenses:			
Personal services	9,899,587	9,457,165	5%
Insurance	1,104,969	1,134,571	-3%
Professional services and legal services	334,309	379,789	-12%
Management fees	1,787,125	3,398,668	-47%
Telecommunications	89,099	104,212	-15%
Repairs and maintenance	415,273	305,870	36%
Vehicles maintenance	260,456	240,565	8%
Equipment purchases/lease	103,367	102,854	0%
Supplies/services	999,169	1,091,325	-8%
Other expenses	<u>542,125</u>	<u>655,946</u>	<u>-17%</u>
Total operating expenses excluding depreciation	<u>15,535,479</u>	<u>16,870,965</u>	<u>-8%</u>
Operating income before depreciation	2,153,169	6,538,860	-67%
Depreciation expense	<u>3,336,240</u>	<u>3,243,359</u>	<u>3%</u>
Change in net assets	(1,183,071)	3,295,501	-136%
Capital contributions for stabilization of Renwick Ruins	480,811	213,012	126%
Total net assets, beginning of year	<u>81,463,996</u>	<u>77,955,483</u>	<u>5%</u>
Total net assets, end of year	<u>\$ 80,761,736</u>	<u>\$ 81,463,996</u>	<u>-1%</u>

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

Management's Discussion and Analysis
March 31, 2011 and 2010
(continued)

CAPITAL ASSETS

The following summarizes RIOC's capital assets for the fiscal years ended March 31, 2011 and 2010 and the percentage change between March 31, 2011 and 2010:

	<u>2011</u>	<u>2010</u>	<u>% Change</u>
Seawall	\$ 2,897,836	\$ 2,948,781	-2%
Buildings	13,221,428	12,639,482	5%
Land improvements	6,324,364	6,483,356	-2%
Machinery and equipment	3,621,793	3,949,972	-8%
Infrastructure	<u>40,330,278</u>	<u>26,318,638</u>	<u>53%</u>
Net capital assets	<u>\$ 66,395,699</u>	<u>\$ 52,340,229</u>	<u>27%</u>

The capital assets of \$66,395,699 presented in the financial statements have been depreciated using the straight-line method, effective from the date of acquisition. The increase of \$14,055,470 from the prior year represents additions of new capital assets valued at \$17,391,710 less depreciation expense of \$3,336,240. Total depreciation expense for all capital assets amounted to \$3,336,240 and \$3,243,359 for the years ended March 31, 2011 and 2010, respectively. A more detailed analysis of RIOC's capital assets is presented in the notes to financial statements on pages 15 to 16.

INFRASTRUCTURE ASSETS

The amount reported in the accompanying statement of assets for the capital assets (net of depreciation) of RIOC of \$66,395,699 and \$52,340,229 at March 31, 2011 and 2010, respectively, does 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

The Tram Modernization project was substantially completed and back in operation on November 30, 2010. The Tram stations improvements are scheduled to be completed by the end of 2012. The infrastructure improvement was funded through a \$15 million grant from the State of New York and \$10 million from RIOC. The dual Tram system 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.

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

Management's Discussion and Analysis
March 31, 2011 and 2010
(continued)

Six (6) of the anticipated nine (9) buildings of the Southtown Development Project have been completed. The developer, Hudson/Related Joint Venture, has an option to develop the remaining three (3) that expires December 31, 2012. Should development fail to occur within the expected timeframe, RIOC is protected by a letter of credit in the amount of \$1,420,800. The downturn in the housing market may delay the development of the three buildings. However, RIOC believes that the development will occur as the economy recovers and the housing market rebounds.

The construction of the Franklin D. Roosevelt Four Freedoms Park, located at the southern tip of the island, is progressing as scheduled. Phase I is about 80% complete and is expected to be finished by July 2011. Phase II was accelerated and is about 15% complete with expected completion by June 2012. Phase III has not begun and is expected to be completed by Fall 2012. The developer, Franklin and Eleanor Roosevelt Institute, "FERI", estimates that the entire project, phases 1-3, will cost approximately \$44,000,000, whereby the majority will come from private funds raised by FERI. Funds for Phase I were secured from New York City, \$4,738,000, New York State, \$4,000,000, and private donations in the amount of \$6,905,000. Funds for Phase II consist of appropriations from New York State, \$2,000,000, New York City \$5,500,000, and private donations of \$12,826,704. Funds for Phase III consist of Federal appropriation, \$500,000 and private donations in the amount of \$7,053,309.

The development of Southpoint Park is progressing. Phase I, which include the stabilization of the Renwick Ruins, was completed and Phase II is expected to be completed by Spring 2011. The \$13,300,000 project is funded by appropriations from the City of New York for \$4,500,000, the State of New York for \$4,400,000, and \$4,400,000 from RIOC. To date, the City of New York has paid \$4,465,938 of the agreed funding.

The revitalization of Main Street and improvement of the retail businesses are in process. RIOC is negotiating with Hudson/Related Realty LLC to enter into a Master Sublease Agreement to redevelop, improve, market, lease and professionally operate the Retail Spaces controlled by RIOC. RIOC is expected to receive an annual guaranteed rent of about \$900,000 and participation in the profits of the Master Sublessee.

RIOC continues to implement its five-year capital management plan. The Octagon Field Project was completed in August 2010. The repairs to the Motorgate parking facility are in progress and are expected to be completed by June 2011. Phase 1 of the wireless security camera system is completed and Phase II is in progress. Projects slated for fiscal year 11/12 include, but are not limited to: Tram stations renovations, Motorgate garage lightning, seawall railings and wall repairs, and rehabilitation of the Warehouse/Bus Garage.

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)
Statement of Assets
March 31, 2011
(With Comparative Figures for 2010)

<u>Assets</u>	<u>2011</u>	<u>2010</u>
Current assets:		
Cash	\$ 867,434	\$ 503,357
Short-term investments	44,307,817	60,665,232
Receivables	1,098,961	553,868
Prepaid expenses	<u>488,390</u>	<u>195,920</u>
Total current assets	46,762,602	61,918,377
Noncurrent investments	1,279,824	847,695
Security deposits	61,229	61,229
Capital assets, net of accumulated depreciation	<u>66,395,699</u>	<u>52,340,229</u>
 Total assets	 <u>\$ 114,499,354</u>	 <u>\$ 115,167,530</u>

Liabilities and Net Assets

Current liabilities - Accounts payable and accrued expenses	\$ 534,283	\$ 311,573
Security deposits	61,229	61,229
Compensated absences	514,730	566,497
Deferred revenue	30,814,428	31,376,617
Postemployment benefits other than pension	1,708,479	1,279,812
Other liabilities	<u>104,469</u>	<u>107,806</u>
 Total liabilities	 <u>33,737,618</u>	 <u>33,703,534</u>
Net assets:		
Investment in capital assets	66,395,699	52,340,229
Restricted for capital projects	13,743,612	28,884,694
Unrestricted net assets	<u>622,425</u>	<u>239,073</u>
Total net assets	<u>80,761,736</u>	<u>81,463,996</u>
 Commitments and contingencies (Note 9)		
 Total liabilities and net assets	 <u>\$ 114,499,354</u>	 <u>\$ 115,167,530</u>

See accompanying notes to financial statements.

ROOSEVELT ISLAND OPERATING CORPORATION
(A Component Unit of the State of New York)
Statement of Revenues, Expenses and Changes in Fund Net Assets
Year ended March 31, 2011
(With Comparative Figures for 2010)

	<u>2011</u>	<u>2010</u>
Operating revenues:		
Residential fees	\$ 1,066,734	\$ 4,698,115
Ground rent	8,801,291	8,648,600
Commercial rent	1,438,078	1,525,403
Tramway revenue	996,870	3,526,508
Public safety reimbursement	1,579,764	1,521,494
Transport/ Parking revenue	2,546,365	2,384,636
Interest income	374,384	358,972
Other revenue	<u>885,162</u>	<u>746,097</u>
Total revenues	<u>17,688,648</u>	<u>23,409,825</u>
Operating expenses:		
Personal services	9,899,587	9,457,165
Insurance	1,104,969	1,134,571
Professional services and legal services	334,309	379,789
Management fees	1,787,125	3,398,668
Telecommunications	89,099	104,212
Repairs and maintenance	415,273	305,870
Vehicles maintenance	260,456	240,565
Equipment purchases/lease	103,367	102,854
Supplies/services	999,169	1,091,325
Other expenses	<u>542,125</u>	<u>655,946</u>
Total operating expenses excluding depreciation	<u>15,535,479</u>	<u>16,870,965</u>
Operating income before depreciation	2,153,169	6,538,860
Depreciation expense	<u>3,336,240</u>	<u>3,243,359</u>
Change in net assets	(1,183,071)	3,295,501
Net assets, beginning of year	81,463,996	77,955,483
Capital contributions for stabilization of Renwick Ruins	<u>480,811</u>	<u>213,012</u>
Net assets, end of year	<u>\$ 80,761,736</u>	<u>\$ 81,463,996</u>

See accompanying notes to financial statements.

ROOSEVELT ISLAND OPERATING CORPORATION

(A Component Unit of the State of New York)

Statement of Cash Flows

Year ended March 31, 2011

(With Comparative Figures for 2010)

	<u>2011</u>	<u>2010</u>
Cash flows from operating activities		
Receipts from tenants and customers	\$ 17,005,154	\$ 39,525,439
Payments related to employees	(9,899,737)	(9,343,791)
Payments to vendors	<u>(5,755,727)</u>	<u>(7,840,910)</u>
Net cash provided by operating activities	<u>1,349,690</u>	<u>22,340,738</u>
Cash flow from investing activities		
Purchase of capital assets	(17,391,710)	(13,002,674)
Purchase of noncurrent investments	(432,129)	(847,695)
Purchase of short-term investments	(25,676,024)	(60,183,149)
Sale of short-term investments	<u>42,033,439</u>	<u>47,772,327</u>
Net cash provided by (used in) investing activities	<u>(1,466,424)</u>	<u>(26,261,191)</u>
Cash flow from financing activities		
Capital contributions for Renwick Ruins Project	<u>480,811</u>	<u>3,985,127</u>
Net cash provided by financing activities	<u>480,811</u>	<u>3,985,127</u>
Net increase in cash	364,077	64,674
Cash, beginning of year	<u>503,357</u>	<u>438,683</u>
Cash, end of year	<u>\$ 867,434</u>	<u>\$ 503,357</u>
Reconciliation of operating income to net cash provided by operating activities		
Operating income (loss)	\$ (1,183,071)	\$ 3,295,501
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:		
Depreciation and amortization	3,336,240	3,243,359
Provision for bad debt	2,980	-
Gain on disposition of assets	-	(828)
Changes in:		
Receivables	(548,073)	157,875
Prepaid expenses	(292,470)	(171,853)
Accounts payable and accrued expenses	222,710	(407,303)
Compensated absences	(51,767)	88,346
Deferred revenue	(562,189)	15,730,504
Postemployment benefits other than pension	428,667	432,117
Other liabilities	<u>(3,337)</u>	<u>(26,980)</u>
Net cash provided by operating activities	<u>\$ 1,349,690</u>	<u>\$ 22,340,738</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, 2011 and 2010

(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 (RIOC) 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 RIOC 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 RIOC. However, RIOC is considered a component unit of the State of New York.

(2) Summary of Significant Accounting Policies

(a) Basis of Presentation

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 detailed sub-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.

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, 2011, 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 Short-Term Investments

The following is a summary of cash and short-term investments as of March 31, 2011 and 2010:

	<u>2011</u>	<u>2010</u>
Cash - deposits	\$ 867,434	\$ 503,357
Short-term investments:		
Certificates of deposit (CDARS)	31,052,404	20,742,420
Money market accounts	<u>13,255,413</u>	<u>39,922,812</u>
	<u>44,307,817</u>	<u>60,665,232</u>
 Total Cash and Short-term investments	 <u>\$ 45,175,251</u>	 <u>\$ 61,168,589</u>

RIOC defines cash and 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 \$14,362,095 and \$42,690,346 as of March 31, 2011 and March 31, 2010, respectively.

Investments managed internally consist of certificates of deposit, "CDARS", a FDIC insured program administered by Amalgamated Bank, with purchased maturities 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

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)

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.

(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 asset 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 is depreciated using the straight-line method over the following estimated useful lives:

<u>Assets</u>	<u>Years</u>
Seawall (improvement of 1995)	73
Buildings	40
Building improvements	15
Infrastructure	50
Vehicles	10
Office equipment	5
Computer equipment	5

(f) Deferred Revenue

Deferred revenue reported in the statement of assets 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-eight years on the ground lease for the City of New York expiring in 2068 under the accrual basis of accounting.

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)

Breakdown is as follows:

<u>Buildings</u>	<u>Balance at</u> <u>April 01, 2010</u>	<u>Additions</u>	<u>Amortization</u>	<u>Balance at</u> <u>March 31, 2011</u>
Octagon	\$ 2,782,069	\$ -	\$ (47,354)	\$ 2,734,715
Southtown Bldg. #1	1,870,336	-	(31,835)	1,838,501
Southtown Bldg. #2	1,784,706	-	(30,378)	1,754,328
Southtown Bldg. #3	3,814,074	-	(64,920)	3,749,154
Southtown Bldg. #4	4,972,702	-	(84,642)	4,888,060
Southtown Bldg. #5	6,350,085	-	(108,087)	6,241,998
Southtown Bldg. #6	9,774,039	-	(166,367)	9,607,672
Verizon	<u>28,606</u>	<u>-</u>	<u>(28,606)</u>	<u>-</u>
Total	<u>\$ 31,376,617</u>	<u>\$ -</u>	<u>\$ (562,189)</u>	<u>\$ 30,814,428</u>

(g) Compensated Absences

It is RIOC's policy to accrue for unused compensated absences for all full time employees. Accrued compensated time as of March 31, 2011 and 2010 were \$514,730 and \$566,497, respectively.

(h) Public Purpose Grants

Included in "Other Expenses" are expenditures for public purpose grants totaling \$275,000 per year for the years ended 2011 and 2010. The Roosevelt Island Youth Center was awarded \$175,000 each year to help fund operating expenses. This is a contractual obligation between RIOC and Roosevelt Landings which was agreed to as one of the terms of Roosevelt Landings Lease agreement (the Youth Center's Landlord) in exchange for free rent and utilities. 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, 2011 are summarized as follows:

	<u>Balance at</u> <u>April 1, 2010</u>	<u>Increase</u>	<u>Decrease</u>	<u>Balance at</u> <u>March 31, 2011</u>
Capital assets:				
Seawall	\$ 3,719,049	\$ -	\$ -	\$ 3,719,049
Building and building improvements	38,226,377	1,698,566	-	39,924,943
Landmarks	12,870,977	118,208	-	12,989,185
Vehicles	3,910,302	367,250	-	4,277,552
Equipment	2,839,076	265,052	-	3,104,128
Infrastructure	<u>31,233,888</u>	<u>14,942,634</u>	-	<u>46,176,522</u>
Total capital assets	<u>92,799,669</u>	<u>17,391,710</u>	-	<u>110,191,379</u>
Less accumulated depreciation:				
Seawall	(770,267)	(50,946)	-	(821,213)
Building and building improvements	(25,587,340)	(1,116,175)	-	(26,703,515)
Landmarks	(6,387,515)	(277,306)	-	(6,664,821)
Vehicles	(1,115,160)	(418,587)	-	(1,533,747)
Equipment	(1,684,245)	(541,895)	-	(2,226,140)
Infrastructure	<u>(4,914,913)</u>	<u>(931,331)</u>	-	<u>(5,846,244)</u>
Total accumulated depreciation	<u>(40,459,440)</u>	<u>(3,336,240)</u>	-	<u>(43,795,680)</u>
Net capital assets	<u>\$ 52,340,229</u>	<u>\$ 14,055,470</u>	<u>\$ -</u>	<u>\$ 66,395,699</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, 2010 are summarized as follows:

	Balance at <u>April 1, 2009</u>	<u>Increase</u>	<u>Decrease</u>	Balance at <u>March 31, 2010</u>
Capital assets:				
Seawall	\$ 3,639,688	\$ 79,361	\$ -	\$ 3,719,049
Building and building improvements	34,825,328	3,402,308	(1,259)	38,226,377
Landmarks	12,041,888	949,089	(120,000)	12,870,977
Vehicles	2,763,779	1,202,616	(56,093)	3,910,302
Equipment	3,240,376	200,086	(601,386)	2,839,076
Infrastructure	<u>26,341,001</u>	<u>7,169,144</u>	<u>(2,276,257)</u>	<u>31,233,888</u>
Total capital assets	<u>82,852,060</u>	<u>13,002,604</u>	<u>(3,054,995)</u>	<u>92,799,669</u>
Less accumulated depreciation:				
Seawall	(719,486)	(50,781)	-	(770,267)
Building and building improvements	(24,649,621)	(937,719)	-	(25,587,340)
Landmarks	(6,226,661)	(280,854)	120,000	(6,387,515)
Vehicles	(857,422)	(313,831)	56,093	(1,115,160)
Equipment	(1,766,592)	(519,039)	601,386	(1,684,245)
Infrastructure	<u>(6,052,192)</u>	<u>(1,141,135)</u>	<u>2,278,414</u>	<u>(4,914,913)</u>
Total accumulated depreciation	<u>(40,271,974)</u>	<u>(3,243,359)</u>	<u>3,055,893</u>	<u>(40,459,440)</u>
Net capital assets	<u>\$ 42,580,086</u>	<u>\$ 9,759,245</u>	<u>\$ 898</u>	<u>\$ 52,340,229</u>

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

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

(a) Residential Housing Companies

Manhattan Park - Under the terms of a land lease, dated August 4, 1986, expiring in 2068, with the housing company operating Manhattan Park ("Operator"), the Operator is required to make annual payments of base ground rent of \$100,000 to RIO. Additional fixed ground rent of \$1,900,000 is due annually, to be paid in monthly installments subject to certain rent credit adjustments set forth in the lease, and increased \$100,000 annually through August 4, 2007. Rents after August 4, 2007 are based on several factors including a fixed base; gross income of the operator; a percentage of the appraised value of the Manhattan Park; and a percentage of the revenue of the Motorgate parking facility. Ground rents earned under the terms of this lease totaled approximately \$3,925,000 and \$3,825,000 for the years ended March 31, 2011 and 2010, respectively.

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

Notes to Financial Statements
(continued)

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

Roosevelt Landings (formerly Eastwood) - The ground lease between RIOC and North Town Phase 1 Houses, Inc. was amended and restated with the base ground rent increasing to \$1 million per year effective October 1, 2006, plus a percentage interest in subsequent increasing rent rolls. Ground rents earned totaled \$1,216,459 and \$1,205,133 for the years ended March 31, 2011 and 2010, respectively.

Public Safety Cost Reimbursement - Reimbursements from four housing companies (known as the WIRE projects) Westview, Island House, Rivercross, Eastwood and Manhattan Park for no less than 50% of the cost of maintaining a public safety department are included in public safety reimbursement on the accompanying statements of revenues, expenses, and changes in fund net assets. Additionally, the Operator of the Southtown and the Octagon project are responsible for their respective share of the cost of RIOC's public safety department.

(b) Commercial Space Rental

Leases for commercial space on the Island are negotiated under varying terms with merchants operating on the Island. Lease terms generally range from 5 to 10 years. RIOC is negotiating with Hudson/Related Realty LLC to enter into a Master Sublease Agreement to redevelop, improve, market, lease and professionally operate the Retail Spaces controlled by RIOC. RIOC is expected to receive an annual guaranteed rent of about \$900,000 and participation in the profits of the Master Sublessee.

(c) Tramway Fees

During February 2004, RIOC entered into an agreement with The New York Transit Authority (NYCTA) for revenue from the Tramway. In the agreement, RIOC receives from the NYCTA a base fare of the current prevailing transit fare 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 ridership. There is a franchise fee expense associated with this agreement that is ½ of 1 percent of gross sales. The Tramway was out of service for 9 months (March – November 2010) for an overhaul. Both revenues and expenses dropped by almost 70% from a year ago.

(d) 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. Motorgate revenue approximated \$1,937,000 and \$1,828,000 for the years ended March 31, 2011 and 2010, respectively.

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

Notes to Financial Statements
(continued)

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

Bus and parking meter revenues totaled \$609,617 and \$557,157 for the years ended March 31, 2011 and 2010, respectively.

(e) De-designation Fee Income

The development agreement for Southtown buildings five through nine between Hudson/Related Joint Venture and RIOC included a contingent de-designation (cancellation of project or portion of) fee of \$2,252,198. As of the date of this report, Southtown building five and six were completed within the agreed upon timeframe, and resulted in the pro-rata reduction of the de-designation fee to \$1,420,800. The remaining Southtown buildings seven, eight and nine may not be developed before the determination date of December 31, 2012, which would result in de-designation fee income to the corporation. The agreement is collateralized by a letter of credit issued by Deutsche Bank Trust Company, NA in the amount of \$1,420,800 maturing on August 15, 2011, to be renewed annually.

(f) 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:

Years ending <u>March 31</u>	Housing <u>Companies</u>	Commercial <u>Leases</u>
2012	\$ 10,814,330	\$ 1,606,505
2013	11,110,244	1,831,627
2014	11,596,177	1,862,015
2015	12,332,879	1,893,314
2016	<u>13,524,104</u>	<u>1,950,232</u>
	<u>\$ 59,377,734</u>	<u>\$ 9,143,693</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 an annual cost of \$3,397,200.

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

Notes to Financial Statements
(continued)

(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.

(7) Retirement Plans

Retirement plans in which RIOC contributes are detailed as follows:

(a) Non-Union Employees:

Plan Description

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 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. 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. 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, 2009	\$ 264,157
March 31, 2010	357,700
March 31, 2011	389,011

RIOC has made the required contributions for each year.

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

Notes to Financial Statements
(continued)

(7) Retirement Plans (continued)

(b) Union Employees

Union employees participate in separate defined contribution plans, which are administered by each union. RIOC contributed \$200,676 and \$163,576 for the years ended March 31, 2011 and 2010, respectively, to union employees' defined contribution plans.

(8) Risk Management

RIOC purchases commercial insurance policies in varying amounts for general liability, vehicle liability, damage to fixed assets, and public officials and employee liability coverage. Coverage has not been materially reduced, nor have settled claims exceeded commercial coverage in any of the three years.

(9) Commitments and Contingencies

Commitments and contingencies at March 31, 2011 and 2010 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, 2011 and 2010 approximated \$86,000 per year.

(b) Litigation

RIOC is a defendant in various lawsuits. In the opinion of RIOC's legal counsel, these suits are without substantial merit and should not result in judgments which in the aggregate would have a material adverse effect on RIOC's financial statements.

(c) Prior Years' New York State Appropriations

On February 1, 2011, 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 # 0078460	fiscal year 92/93	1,346,400
Appropriation # 0084266	fiscal year 93/94	<u>1,648,254</u>
		\$ <u>6,758,149</u>

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

Notes to Financial Statements
(continued)

(9) Commitments and Contingencies (continued)

The above were appropriations paid to RIOC to subsidize general fund operations. Management's position is that all appropriations were fully spent resulting in no unspent funds. It is management's view, based on internal findings, that due to the fact that there were no unspent funds, the above potential liability will be resolved with an outcome of no amount due to the State of New York.

(d) Claims

The contractor for the modernization of the Roosevelt Island Aerial Tramway has submitted claims to RIOC for additional compensation in the amount of \$18,794,956 (on top of the fixed fee contracted price of \$16,693,894) on account of various items of alleged extra work and alleged interferences to its work. RIOC believes that these claims are without merit.

In addition, the contractor also claims a Contract Sum balance of \$1,995,230 under the Design/Build Agreement. The claimed Contract Sum balance is disputed by RIOC for reason of various incomplete items of Work and contractor's failure to return the Tramway to service within the Contract Time.

The Corporation's legal counsels are reviewing these claims and have not yet formed an opinion on these matters.

(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" effective for its fiscal year beginning April 1, 2007.

Plan Description - The Corporation provides continuation of medical coverage to employees that retire at age 55 or older with five years of service if hired before April 1, 1975 or ten years of service if hired after April 1, 1975. For employees with a date of retirement after April 1, 1983 and at least ten years of service, 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, 2011 and 2010 amounted to \$488,603 and \$473,981, respectively. At March 31, 2011, the liability for retired employees included in non-current accrued fringe benefits amounted to \$1,708,479.

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

Notes to Financial Statements
(continued)

(10) Postemployment Benefits Other Than Pensions (continued)

The number of participants as of January 1, 2011 was as follows:

Active employees	45
Retired employees	6
Spouses of retired employees	-
Total	<u>51</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 fund set aside for this purpose is discussed in Note 2 (d).

Benefit Obligations and Normal Cost

	<u>2011</u>	<u>2010</u>
Actuarial accrued liability (AAL):		
Actuarial accrued liability	\$ 4,114,910	\$ 3,609,128
Less Actuarial Value of Assets	<u>0</u>	<u>0</u>
Unfunded actuarial accrued liability (UAAL)	<u>4,114,910</u>	<u>3,609,128</u>
Normal cost	\$ <u>323,259</u>	\$ <u>402,657</u>

Annual OPEB Cost and Net OPEB Obligation

Annual required contribution	\$ 486,790	\$ 472,806
Interest on net OPEB obligation	51,192	16,454
Adjustment to annual required contribution	<u>(49,379)</u>	<u>(15,279)</u>
Annual OPEB cost (expense)	488,603	473,981
Contribution made on a pay-as-you-go basis	<u>(59,936)</u>	<u>(41,864)</u>
Increase in net OPEB obligation	428,667	432,117
Net OPEB obligation at beginning of year	<u>1,279,812</u>	<u>847,695</u>
Net OPEB obligation at end of year	\$ <u>1,708,479</u>	\$ <u>1,279,812</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>
	2010	9.0%
	2011	8.0%
	2012	7.5%

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

Notes to Financial Statements
(continued)

(10) Postemployment Benefits Other Than Pensions (continued)

2013	7.0%
2014	6.5%
2015	6.0%
2016	5.5%
2017 and beyond	5.0%

(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.

(12) Accounting Standards Issued But Not Implemented

GASB Statement No. 54 - "Fund Balance Reporting and Governmental Fund Type Definitions," enhances the usefulness of fund balance information by providing clearer fund balance classifications that can be more consistently applied. The requirements of the statement are effective for periods beginning after June 15, 2010, which is the fiscal year beginning April 1, 2011 for RIOC. Management has not yet determined the effect that this statement will have on the future financial statements of RIOC.

GASB Statement No. 57 - "OPEB Measurements by Agent Employers and Agent Multiple-Employer Plans," addresses issues related to the use of the alternative measurement method and the frequency and timing of measurements by employers that participate in agent multiple-employer other postemployment benefit (OPEB) plans. The requirements of the statement are effective for periods beginning after June 15, 2011, which is the fiscal year beginning April 1, 2012 for RIOC. Management has not yet determined the effect that this statement will have on the future financial statements of RIOC.

Roosevelt Island Operating Corporation
(A Component Unit of the State of New York)
Schedule of Operations by Department
Year Ended March 31, 2011

	General Fund						Public Purpose Fund	Capital Fund	Reserved Fund	Total
	Operations	Public Safety	Bus	Parking	Parks/Rec.	Tram				
Operating Revenues:										
Residential fees	\$ 369,739	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 161,509	\$ 535,486	\$ 1,066,734
Ground rent	8,801,291	-	-	-	-	-	-	-	-	8,801,291
Commercial rent	1,438,078	-	-	-	-	-	-	-	-	1,438,078
Tramway revenue	-	-	-	-	-	996,870	-	-	-	996,870
Public safety reimbursement	-	1,579,764	-	-	-	-	-	-	-	1,579,764
Transport/ parking revenue	-	-	484,772	2,061,593	-	-	-	-	-	2,546,365
Interest income	9,246	-	-	-	-	-	17	5,902	359,219	374,384
Other revenue	179,000	-	-	-	456,162	-	-	250,000	-	885,162
Total operating revenues	10,797,354	1,579,764	484,772	2,061,593	456,162	996,870	17	417,411	894,705	17,688,648
Operating Expenses:										
Personal Services:										
Salaries	3,623,233	1,967,898	690,290	-	477,136	-	-	-	-	6,758,557
Temporary employees	152,500	9,000	-	-	55,571	-	-	-	-	217,071
Employee benefits	1,936,630	624,596	253,392	-	161,108	-	-	-	-	2,975,726
Compensated absences expenses	(51,767)	-	-	-	-	-	-	-	-	(51,767)
Total personal services	5,660,596	2,601,494	943,682	-	693,815	-	-	-	-	9,899,587
Other Than Personal Services:										
Insurance	993,647	-	-	-	-	111,322	-	-	-	1,104,969
Professional services	264,761	2,500	-	-	54,294	-	-	-	-	321,555
Management fees	-	-	-	633,948	-	1,153,177	-	-	-	1,787,125
Legal services	11,120	-	-	-	-	-	-	1,634	-	12,754
Telecommunications	89,099	-	-	-	-	-	-	-	-	89,099
Repairs and maintenance	254,768	3,500	33,537	11,055	89,096	23,317	-	-	-	415,273
Vehicles maintenance	55,895	32,053	170,481	-	2,027	-	-	-	-	260,456
Equipment purchases/ lease	88,987	3,909	4,922	-	-	5,549	-	-	-	103,367
Supplies/ services	492,135	96,726	30,121	69,648	128,939	181,600	-	-	-	999,169
Other expenses	151,682	10,665	13,827	-	89,670	1,246	275,000	-	35	542,125
Total other than personal services	2,402,094	149,353	252,888	714,651	364,026	1,476,211	275,000	1,634	35	5,635,892
Total operating expenses	8,062,690	2,750,847	1,196,570	714,651	1,057,841	1,476,211	275,000	1,634	35	15,535,479
Operating income (loss) excluding depreciation	2,734,664	(1,171,083)	(711,798)	1,346,942	(601,679)	(479,341)	(274,983)	415,777	894,670	2,153,169
Depreciation expense	-	-	-	-	-	-	-	3,336,240	-	3,336,240
Operating income (loss)	\$ 2,734,664	\$ (1,171,083)	\$ (711,798)	\$ 1,346,942	\$ (601,679)	\$ (479,341)	\$ (274,983)	\$ (2,920,463)	\$ 894,670	\$ (1,183,071)

Roosevelt Island Operating Corporation
(A Component Unit of the State of New York)
Schedule of Operations by Department
Year Ended March 31, 2010

	General Fund						Public Purpose Fund	Capital Fund	Reserved Fund	Total
	Operations	Public Safety	Bus	Parking	Parks/Rec.	Tram				
Operating Revenues:										
Residential fees	\$ 419,664	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 109,678	\$ 4,168,773	\$ 4,698,115
Ground rent	8,648,600	-	-	-	-	-	-	-	-	8,648,600
Commercial rent	1,525,403	-	-	-	-	-	-	-	-	1,525,403
Tramway revenue	-	-	-	-	-	3,526,508	-	-	-	3,526,508
Public safety reimbursement	-	1,521,494	-	-	-	-	-	-	-	1,521,494
Transport/ parking revenue	-	-	442,126	1,942,510	-	-	-	-	-	2,384,636
Interest income	25,853	-	-	-	-	-	2,498	25,228	305,393	358,972
Other revenue	180,315	-	-	-	388,282	177,500	-	-	-	746,097
Total operating revenues	10,799,835	1,521,494	442,126	1,942,510	388,282	3,704,008	2,498	134,906	4,474,166	23,409,825
Operating Expenses:										
Personal services :										
Salaries	3,468,107	1,864,431	617,117	-	415,236	-	-	-	-	6,364,891
Temporary employees	169,121	7,770	-	-	31,282	-	-	-	-	208,173
Employee benefits	1,877,082	554,723	223,276	-	140,674	-	-	-	-	2,795,755
Compensated absences expenses	88,346	-	-	-	-	-	-	-	-	88,346
Total personal services	5,602,656	2,426,924	840,393	-	587,192	-	-	-	-	9,457,165
Other Than Personal Services:										
Insurance	1,014,571	-	-	-	-	120,000	-	-	-	1,134,571
Professional services	249,864	635	-	-	17,989	66,039	-	68	-	334,595
Management fees	-	-	-	647,782	-	2,750,886	-	-	-	3,398,668
Legal services	4,327	-	-	-	-	-	-	40,867	-	45,194
Telecommunications	104,212	-	-	-	-	-	-	-	-	104,212
Repairs and maintenance	224,838	2,965	10,558	4,505	27,035	35,969	-	-	-	305,870
Vehicles maintenance	26,331	27,799	186,201	-	234	-	-	-	-	240,565
Equipment purchases/ lease	73,664	8,131	6,727	-	2,056	12,276	-	-	-	102,854
Supplies/ services	502,835	28,455	28,389	84,679	209,846	237,121	-	-	-	1,091,325
Other expenses	135,361	14,448	5,572	-	88,067	138,038	274,460	-	-	655,946
Total other than personal services	2,336,003	82,433	237,447	736,966	345,227	3,360,329	274,460	40,935	-	7,413,800
Total operating expenses	7,938,659	2,509,357	1,077,840	736,966	932,419	3,360,329	274,460	40,935	-	16,870,965
Operating income (loss) excluding depreciation	2,861,176	(987,863)	(635,714)	1,205,544	(544,137)	343,679	(271,962)	93,971	4,474,166	6,538,860
Depreciation expense	-	-	-	-	-	-	-	3,243,359	-	3,243,359
Operating income (loss)	\$ 2,861,176	\$ (987,863)	\$ (635,714)	\$ 1,205,544	\$ (544,137)	\$ 343,679	\$ (271,962)	\$ (3,149,388)	\$ 4,474,166	\$ 3,295,501

Roosevelt Island Operating Corporation
(A Component Unit of the State of New York)
Budget Variance Report
For The Year Ended March 31, 2011

	<u>Actual</u>	<u>Budget</u>	<u>Favorable (Unfavorable)</u>	
			<u>Variance</u>	<u>Percent</u>
Operating revenues:				
Residential fees	\$ 1,066,734	\$ 1,209,125	\$ (142,391)	-12%
Ground rent	8,801,291	8,821,573	(20,282)	0%
Commercial rent	1,438,078	1,501,609	(63,531)	-4%
Tramway revenue	996,870	2,359,000	(1,362,130)	-58%
Public safety reimbursement	1,579,764	1,576,362	3,402	0%
Transport/ parking revenue	2,546,365	2,507,000	39,365	2%
Interest income	374,384	455,875	(81,491)	-18%
Other revenue	<u>885,162</u>	<u>594,654</u>	<u>290,508</u>	<u>49%</u>
Total revenues	<u>17,688,648</u>	<u>19,025,198</u>	<u>(1,336,550)</u>	<u>-7%</u>
Operating expenses:				
Personal services :				
Salaries	6,653,053	6,462,299	(190,754)	-3%
Salaries-overtime	105,503	175,000	69,497	40%
Temporary employees	217,071	175,000	(42,071)	-24%
Workers compensation and disability	156,548	182,030	25,482	14%
ER payroll taxes	599,700	583,963	(15,737)	-3%
Health insurance	1,026,071	1,080,627	54,556	5%
Dental/vision	69,377	71,507	2,130	3%
Pension	589,687	583,260	(6,427)	-1%
Othet employee benefits	534,344	466,471	(67,873)	-15%
Compensated absences expenses	<u>(51,767)</u>	<u>-</u>	<u>51,767</u>	<u>-100%</u>
Total personal services	<u>9,899,587</u>	<u>9,780,157</u>	<u>(119,430)</u>	<u>-1%</u>
Other than personal services (OTPS) :				
Insurance	1,104,969	1,180,000	75,031	6%
Professional services	294,273	450,900	156,627	35%
Marketing / advertisting	27,282	27,600	318	1%
Management fees	1,787,125	2,305,500	518,375	22%
Legal services	12,754	325,000	312,246	96%
Telecommunications	89,099	104,820	15,721	15%

continued

Roosevelt Island Operating Corporation
(A Component Unit of the State of New York)
Budget Variance Report
For The Year Ended March 31, 2011

	<u>Actual</u>	<u>Budget</u>	<u>Favorable (Unfavorable)</u>	
			<u>Variance</u>	<u>Percent</u>
Repairs and maintenance	328,304	394,600	66,296	17%
Repairs and maintenance equipment	28,443	31,200	2,757	9%
Other repairs and maintenance	58,526	75,000	16,474	22%
Vehicles gas	150,256	146,100	(4,156)	-3%
Vehicles repair and maintenance	79,998	137,600	57,602	42%
Vehicles parts	30,202	30,200	(2)	0%
Equipment lease	9,523	25,880	16,357	63%
Office equipment purchase	20,063	25,200	5,137	20%
Equipment purchases	48,371	66,200	17,829	27%
Other equipment purchases	25,410	26,000	590	2%
Exterminator	7,095	15,600	8,505	55%
Uniforms	32,421	102,245	69,824	68%
Light, power, heat	670,590	558,700	(111,890)	-20%
Water and sewer	3,109	30,000	26,891	90%
Office supplies	18,705	27,720	9,015	33%
Parts and supplies	231,094	275,100	44,006	16%
Service maintenance agreement	36,155	91,700	55,545	61%
Employee travel and meal	8,760	18,480	9,720	53%
Employee training	65,987	84,478	18,491	22%
Shipping	11,329	13,440	2,111	16%
Subscriptions/membership	13,412	13,100	(312)	-2%
Other expenses	354,544	424,200	69,656	16%
Island events - Community relations	<u>88,093</u>	<u>92,000</u>	<u>3,907</u>	<u>4%</u>
Total other than personal services	<u>5,635,892</u>	<u>7,098,563</u>	<u>1,462,671</u>	<u>21%</u>
Total expenses excluding depreciation	15,535,479	16,878,720	1,343,241	8%
Operating income (loss) excluding depreciation	2,153,169	2,146,478	6,691	0%
Depreciation expense	<u>3,336,240</u>	<u>3,363,000</u>	<u>26,760</u>	<u>1%</u>
Operating income (loss)	<u>\$ (1,183,071)</u>	<u>\$ (1,216,522)</u>	<u>\$ 33,451</u>	<u>3%</u>

Roosevelt Island Operating Corporation
(A Component Unit of the State of New York)
Budget Variance Report
For The Year Ended March 31, 2010

	<u>Actual</u>	<u>Budget</u>	<u>Favorable (Unfavorable)</u> <u>Variance</u>	<u>Percent</u>
Operating revenues:				
Residential fees	\$ 4,698,115	\$ 1,178,847	\$ 3,519,268	299%
Ground rent	8,648,600	8,265,626	382,974	5%
Commercial rent	1,525,403	1,547,783	(22,380)	-1%
Tramway revenue	3,526,508	1,850,000	1,676,508	91%
Public safety reimbursement	1,521,494	1,515,935	5,559	0%
Transport/ Parking revenue	2,384,636	2,504,040	(119,404)	-5%
Interest income	358,972	374,700	(15,728)	-4%
Other revenue	<u>746,097</u>	<u>550,580</u>	<u>195,517</u>	<u>36%</u>
Total revenues	<u>23,409,825</u>	<u>17,787,511</u>	<u>5,622,314</u>	<u>32%</u>
Operating expenses:				
Personal services :				
Salaries	6,231,737	6,402,782	171,045	3%
Salaries-overtime	133,155	125,000	(8,155)	-7%
Temporary employees	208,173	135,000	(73,173)	-54%
Workers compensation and disability	151,426	188,800	37,374	20%
ER payroll taxes	566,450	540,244	(26,206)	-5%
Health insurance	971,600	960,872	(10,728)	-1%
Dental/Vision	67,885	72,064	4,179	6%
Pension	521,276	442,964	(78,312)	-18%
Other employee benefits	517,117	77,957	(439,160)	-563%
Compensated absences expenses	<u>88,346</u>	<u>-</u>	<u>(88,346)</u>	<u>-100%</u>
Total personal services	<u>9,457,165</u>	<u>8,945,683</u>	<u>(511,482)</u>	<u>-6%</u>
Other than personal services (OTPS) :				
Insurance	1,134,571	1,119,000	(15,571)	-1%
Professional services	321,462	356,000	34,538	10%
Marketing/advertising	13,133	17,400	4,267	25%
Management fees	3,398,668	2,140,000	(1,258,668)	-59%
Legal services	45,194	325,000	279,806	86%
Telecommunications	104,212	102,300	(1,912)	-2%

continued

Roosevelt Island Operating Corporation
(A Component Unit of the State of New York)
Budget Variance Report
For The Year Ended March 31, 2010

	<u>Actual</u>	<u>Budget</u>	<u>Favorable (Unfavorable)</u>	
			<u>Variance</u>	<u>Percent</u>
Repairs and maintenance	230,255	325,000	94,745	29%
Repairs and maintenance equipment	17,388	64,000	46,612	73%
Other repairs and maintenance	58,227	56,000	(2,227)	-4%
Vehicles gas	109,121	166,500	57,379	34%
Vehicles repair and maintenance	49,544	193,600	144,056	74%
Vehicles parts	81,900	20,000	(61,900)	-310%
Equipment lease	14,786	16,200	1,414	9%
Office equipment purchase	19,464	32,000	12,536	39%
Equipment purchases	41,484	69,500	28,016	40%
Other equipment purchases	27,120	40,000	12,880	32%
Exterminator	14,659	15,600	941	6%
Uniforms	23,608	91,000	67,392	74%
Light, power, heat	599,101	544,800	(54,301)	-10%
Water and sewer	126,700	140,000	13,300	10%
Office supplies	22,375	30,400	8,025	26%
Parts and supplies	246,754	299,800	53,046	18%
Service maintenance agreement	58,126	111,500	53,374	48%
Employee travel and meal	6,832	18,500	11,668	63%
Employee training	26,867	84,800	57,933	68%
Shipping	12,197	18,700	6,503	35%
Subscriptions/membership	11,353	12,400	1,047	8%
Other expenses	510,205	430,900	(79,305)	-18%
Island events-Community relations	<u>88,494</u>	<u>165,000</u>	<u>76,506</u>	<u>46%</u>
Total other than personal services	<u>7,413,800</u>	<u>7,005,900</u>	<u>(407,900)</u>	<u>-5%</u>
Total expenses excluding depreciation	<u>16,870,965</u>	<u>15,951,583</u>	<u>(919,382)</u>	<u>-5%</u>
Operating income excluding depreciation	<u>6,538,860</u>	<u>1,835,928</u>	<u>4,702,932</u>	<u>256%</u>
Depreciation expense	<u>3,243,359</u>	<u>3,186,700</u>	<u>(56,659)</u>	<u>-2%</u>
Operating income (loss)	<u>\$ 3,295,501</u>	<u>\$ (1,350,772)</u>	<u>\$ 4,646,273</u>	<u>344%</u>

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

The Board of Directors
Roosevelt Island Operating Corporation

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, 2011 and have issued our report thereon dated May 18, 2011. We conducted our audit in accordance with auditing standards generally accepted in the United States and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered RIOC's internal control over financial reporting as a basis for designing our auditing procedures 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 over financial reporting. 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 combination of significant 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 over financial reporting 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 deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether RIOC's financial statements are free of 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*.

This report is intended solely for the information and use of the board of directors, management of the Corporation and appropriate officials of the State of New York, and is not intended to be and should not be used by anyone other than these specified parties.

Dadia Valles-Venolida LLP

Elmhurst, New York
May 18, 2011

INDEPENDENT AUDITORS' REPORT ON COMPLIANCE
WITH INVESTMENT GUIDELINES

The Board of Directors
Roosevelt Island Operating Corporation

We have audited Roosevelt Island Operating Corporation's ("RIOC") compliance with the State Comptroller's Investment Guidelines as required by Section 201.3 of Title Two of the Official Compilation of Codes, Rules, and Regulations of the State of New York during the year ended March 31, 2011. Management is responsible for RIOC's compliance with those requirements. Our responsibility is to express an opinion on RIOC's compliance based on our examination.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States; and State of New York Investment Guidelines for Public Authorities. Those standards and 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 compliance requirements referred to above that could have a material effect on investment compliance occurred. An audit includes examining on a test basis, evidence about Roosevelt Island Operating Corporation'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. Our audit does not provide a legal determination of Roosevelt Island Operating Corporation's compliance with those requirements.

In our opinion, Roosevelt Island Operating Corporation complied, in all material respects, with the aforementioned requirements for the year ended March 31, 2011.

This report is intended solely for the information and use of the board of directors, management of the Corporation and appropriate officials of the State of New York, and is not intended to be and should not be used by anyone other than these specified parties.

Dadia Valles Vendiola LLP

Elmhurst, New York
May 18, 2011



RIOC Executive Staff Biographical Information

Leslie Torres

President and Chief Executive Officer

Leslie Torres Esq. joined the Roosevelt Island Operating Corporation (RIOC) in August 2010 as the President and Chief Executive Officer. In the past 15 years, she has held several public service positions all of which uniquely contribute to her ability to effectively manage the issues facing the Roosevelt Island community and demonstrates her commitment to public service. Ms. Torres is responsible for leading a staff of 125 employees that manage and operate the island. Additionally, Ms. Torres, along with her staff and the Board of Directors of the Roosevelt Island Corporation, work with New York City, New York State and the Federal government to ensure that all projects related to Roosevelt Island are responsibly and successfully managed and completed.

Prior to joining RIOC, Ms. Torres worked at the NYS Division of Housing as the Deputy Commissioner for Rent Administration from 2007-10. In that role, Ms. Torres was responsible for the direct oversight of all rent stabilized and rent controlled buildings statewide. She led a staff of 400 State employees that annually issued decisions in thousands of landlord-tenant proceedings.

From 2004- 07, Ms. Torres worked for the City's Department of Buildings as the Assistant Commissioner for Enforcement. In this role she had direct oversight for the administration of the Building Code and Zoning Resolution, directed the prosecution of over 45,000 Environmental Control Board violations annually, as well as administrating law relating to the construction of buildings, signs, and facades. In the area of building development, she was also responsible for overseeing the proper licensing of tradesmen who engaged in building construction and enforced all related disciplinary matters for licensed tradesmen and agency employees.

From 2001-04, Ms. Torres served as Executive Director and General Counsel of the New York City Loft Board at the Mayor's Office, where she managed all aspects of agency performance, including the prosecution and adjudication of cases. Prior to becoming Executive Director, Ms. Torres was Director of Hearings at the Loft Board (1998-01).

Additionally, Ms. Torres also served as an Assistant District Attorney for the Manhattan District Attorney's Office from 1995-98.

Ms. Torres received her Juris Doctor degree from New York Law School in 1993 and her Bachelor of Arts in Political Science and Spanish Language from Amherst College in Massachusetts (1989). She is admitted to practice law in New York, New Jersey and Massachusetts.

Fernando Martinez

Vice President Operations

Fernando Martinez joined the Roosevelt Island Operating Corporation in May 2007. As the Vice President of Operations, Mr. Martinez is directly responsible for the management and operation of Roosevelt Island.

Prior to joining RIOC, he served for 6 years as the Executive Director for the Downstate Medical Center Biotechnology Park. In that capacity, he was responsible for developing and managing New York City's second biotechnology research and development facility.

Mr. Martinez's 20-year professional career includes working for the Port Authority of New York and New Jersey, the Metropolitan Transportation Authority, and the United States Department of Housing and Urban Development.

Mr. Martinez received a Bachelor of Arts degree in Economics from Iona College, and a Master of Arts degree in Public Administration from Columbia University School of Public and International Affairs.

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.

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.

Michael W. Moreo
Director of Information Technology

Michael W. Moreo joined the Roosevelt Island Operating Corporation in February of 2003. He has 15 years experience in the Information Technology field specializing in LAN/WAN Technologies and Project Management and Implementation. During Michael's professional career, he has worked for private sector and non-for-profit organizations, which include, Catholic Healthcare Systems, Thomson Industries and Cablevision Systems.

Michael has transformed the Information Technology Department during his tenure with the corporation by improving computing systems, developing solid policies and procedures, establishing in-house service response times and building strong relationships with vendors.

Michael holds a Bachelor of Business Administration from Hofstra University, Zarb School of Business, which was completed in 1991. In addition, Michael is a member of the New York State Chief Information Officer

Council, serving on the Economic Development and Infrastructure Committee. In addition, Michael is a member of the New York State Office of Emergency Management Region 1 Response Team.

Michael lives in Lynbrook with his daughter and son.

Muneshwar Jagdharry
Comptroller

Muneshwar Jagdharry is a Certified Public Accountant with over 20 years of experience in financial reports, accounting, financial systems, accounts payable, account receivable, auditing, procurement, non-profit/fund/grant accounting, cash management, financial analysis, budgeting and forecasting. 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.

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.



**Roosevelt Island
Operating Corporation**
of the State of New York
591 Main Street
Roosevelt Island, NY 10044
(212) 832-4540
rioc.ny.gov

Andrew M. Cuomo
Governor

Leslie Torres
President
Chief Executive Officer

Fernando Martinez
Vice President
Operations

Steven Chironis
Vice President
Chief Financial Officer

Board of Directors
Darryl C. Towns
Chairperson
Fay Fryer Christian
Katherine Teets Grimm
Jonathan Kalkin
David Kraut
Robert L. Megna
Howard Polivy
Michael Shinozaki
Margaret Smith

ATTACHMENT "F"

COMMITTEES OF THE BOARD OF DIRECTORS AS OF March 31, 2011

COMMITTEES MEMBERS

Audit Committee

David Kraut (chair); Howard Polivy; and the DOB designee; (February 11, 1999)

Real Estate Development Advisory Committee

Jonathan Kalkin (chair); Dr. Katherine Grimm; and Fay Christian; (March 13, 2003)

Operations Advisory Committee

Jonathan Kalkin (chair); Michael Shinozaki; David Kraut; (July 13, 2000)

Governance Committee

Margie Smith (chair); David Kraut; Jonathan Kalkin. (September 8, 2005)



ATTACHMENT “G”

List of Board Meetings and Attendance For the 2010-11 Fiscal Year

**Roosevelt Island
Operating Corporation**
of the State of New York
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Fay Fryer Christian
Katherine Teets Grimm
Jonathan Kalkin
David Kraut
Robert L. Megna
Howard Polivy
Michael Shinozaki
Margaret Smith

May 6, 2010

A meeting of the Board of Directors was held at the Good Shepherd Center, 543 Main Street, Roosevelt Island on May 6, 2010 at 5:30 p.m.

Directors Present:

- Brian Lawlor - RIOC Chair and Commissioner, the New York State Division of Housing and Community Renewal (“DHCR”)
- Meghan Anderson Representing Robert L. Megna - Director, the New York State Division of Budget (“NYS DOB”)
- Fay Fryer Christian - Director
- Dr. Katherine Teets Grimm - Director
- Jonathan Kalkin - Director
- David Kraut - Director
- Howard Polivy - Director
- Michael Shinozaki - Director
- Margaret Smith - Director

June 28, 2010

A meeting of the Board of Directors was held at the Good Shepherd Center, 543 Main Street, Roosevelt Island on June 28, 2010 at 5:30 p.m.

Directors Present:

- Brian Lawlor - RIOC Chair and Commissioner, the New York State Division of Housing and Community Renewal (“DHCR”)
- Fay Fryer Christian - Director
- Dr. Katherine Teets Grimm - Director
- Jonathan Kalkin - Director
- David Kraut - Director
- Howard Polivy - Director
- Margaret Smith – Director

Directors Absent:

- Robert L. Megna Director, the New York State Division of Budget (“NYS DOB”)
- Michael Shinozaki Director

August 4, 2010

A meeting of the Board of Directors was held at the Manhattan Park Community Center, 8 River Road, Roosevelt Island on August 4, 2010 at 5:30 p.m.

Directors Present:

- Brian Lawlor - RIOC Chair and Commissioner, the New York State Division of Housing and Community Renewal (“DHCR”)
- Mary Beth Labate - Representing Robert L. Megna, Director, the New York State Division of Budget (“NYS DOB”)
- Fay Fryer Christian - Director
- Dr. Katherine Teets Grimm - Director
- Jonathan Kalkin - Director
- David Kraut - Director
- Howard Polivy - Director
- Margaret Smith - Director

Directors Absent:

- Michael Shinozaki – Director

October 12, 2010

A meeting of the Board of Directors was held at the Manhattan Park Community Center, 8 River Road, Roosevelt Island on October 12, 2010 at 5:30 p.m.

Directors Present:

- Brian Lawlor - RIOC Chair and Commissioner, the New York State Division of Housing and Community Renewal (“DHCR”)
- Meghan Anderson - Representing Robert L. Megna, Director, the New York State Division of Budget (“NYS DOB”)
- Fay Fryer Christian - Director
- Dr. Katherine Teets Grimm - Director
- Jonathan Kalkin - Director
- David Kraut - Director
- Howard Polivy - Director
- Michael Shinozaki - Director
- Margaret Smith - Director

December 15, 2010

A meeting of the Board of Directors was held at the Manhattan Park Community Center, 8 River Road, Roosevelt Island on December 15, 2010 at 5:30 p.m.

Directors Present:

- Brian Lawlor - RIOC Chair and Commissioner, the New York State Division of Housing and Community Renewal (“DHCR”)
- Meghan Anderson - Representing Robert L. Megna, Director, the New York State Division of Budget (“NYS DOB”)
- Fay Fryer Christian - Director
- Dr. Katherine Teets Grimm - Director
- Jonathan Kalkin - Director
- David Kraut - Director
- Howard Polivy - Director
- Margaret Smith - Director

Directors Absent:

- Michael Shinozaki - Director

January 19, 2011

A meeting of the Board of Directors was held at the Manhattan Park Community Center, 8 River Road, Roosevelt Island on January 19, 2011 at 5:30 p.m.

Directors Present:

- Garry Connor - Representing Brian Lawlor, RIOC Chair and Commissioner, the New York State Division of Housing and Community Renewal (“DHCR”)
- Fay Fryer Christian - Director
- Dr. Katherine Teets Grimm - Director
- Jonathan Kalkin - Director
- David Kraut - Director
- Howard Polivy - Director
- Michael Shinozaki - Director
- Margaret Smith – Director

Directors Absent

- Robert L. Megna Director, the New York State Division of Budget (“NYS DOB”)

ATTACHMENT "H"

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

ATTACHMENT " I "

The Roosevelt Island Operating Corporation (RIOC)																			
CAPITAL IMPROVEMENTS (In Thousands)																			
Fund 03 - Capital Project Fund																			
5% Inflation Rate																			
	Approved Budget	Projected Actual	Approved Budget	Projected Budget	Budgets 2011 to 2025														
	2010	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	Total	
1	Sports Fields/Parks	\$2,095	\$114	\$2,730	\$1,860	\$221	\$232	\$243	\$255	\$268	\$281	\$295	\$310	\$326	\$342	\$359	\$377	\$396	\$8,496
	Octagon Field Project	\$1,500		\$1,800															\$1,800
	Octagon Park - Sprinkler/Landscaping/Benches	\$25	\$30																\$0
	Octagon - Provision for Possible 3rd Party Fees	\$100	\$14																\$0
	Capobianco Park Seat Wall Replacement			\$80															\$80
	Blackwell Park	\$70	\$70	\$500	\$1,500														\$2,000
	Miscellaneous Upgrades & Improvements - Reserve	\$100		\$200	\$210	\$221	\$232	\$243	\$255	\$268	\$281	\$295	\$310	\$326	\$342	\$359	\$377	\$396	\$4,316
	Public Restrooms - Capobianco/Firefighters	\$300		\$150	\$150														\$300
2	Historic & Landmark Structures	\$700	\$150	\$1,640	\$105	\$610	\$116	\$122	\$128	\$134	\$141	\$148	\$155	\$163	\$171	\$180	\$189	\$198	\$4,198
	Blackwell House Site/Civil Improvements	\$10																	\$0
	Blackwell House Interior renovation	\$440	\$100	\$440															\$440
	Good Shepherd Cooling Tower & HVAC	\$250	\$50	\$700															\$700
	Good Shepherd Roof Replacement			\$400															\$400
	Blackwell Lighthouse Restoration					\$500													\$500
	Miscellaneous Upgrades & Improvements - Reserve			\$100	\$105	\$110	\$116	\$122	\$128	\$134	\$141	\$148	\$155	\$163	\$171	\$180	\$189	\$198	\$2,158
3	Infrastructure Improvements	\$3,470	\$298	\$8,375	\$1,864	\$1,957	\$2,055	\$2,158	\$1,344	\$1,412	\$1,482	\$1,556	\$1,634	\$1,716	\$1,802	\$1,892	\$1,986	\$2,086	\$33,317
	Island-Wide Road Improvements	\$1,000		\$800	\$840	\$882	\$926	\$972	\$100	\$105	\$110	\$116	\$122	\$128	\$134	\$141	\$148	\$155	\$5,678
	Island-Wide Z Brick Replacement	\$200	\$130	\$100	\$105	\$110	\$116	\$122	\$128	\$134	\$141	\$148	\$155	\$163	\$171	\$180	\$189	\$198	\$2,158
	Good Shepard Plaza - Pavement Replacement	\$420	\$30	\$600															\$600
	36 Avenue Bridge Helix (Ramp)			\$4,000															\$4,000
	Seawall - Reserve	\$1,400	\$50	\$500	\$525	\$551	\$579	\$608	\$638	\$670	\$704	\$739	\$776	\$814	\$855	\$898	\$943	\$990	\$10,789
	Seawall Railings Replacement			\$2,000															\$2,000
	Western Pier	\$50																	\$0
	Site Amenities - Benches, Waste Receptacles, etc.	\$75	\$38	\$75	\$79	\$83	\$87	\$91	\$96	\$101	\$106	\$111	\$116	\$122	\$128	\$135	\$141	\$148	\$1,618
	Utilities Infrastructure Improvements	\$125	\$50	\$100	\$105	\$110	\$116	\$122	\$128	\$134	\$141	\$148	\$155	\$163	\$171	\$180	\$189	\$198	\$2,158
	Sewer Upgrades	\$200		\$200	\$210	\$221	\$232	\$243	\$255	\$268	\$281	\$295	\$310	\$326	\$342	\$359	\$377	\$396	\$4,316
4	Facilities & Offices	\$6,580	\$3,994	\$3,700	\$3,370	\$914	\$959	\$1,007	\$1,057	\$1,110	\$1,166	\$1,224	\$1,285	\$1,350	\$1,417	\$1,488	\$1,562	\$1,641	\$23,251
	Motorgate Project Repairs Project	\$1,500	\$500	\$1,000	\$250	\$263	\$276	\$289	\$304	\$319	\$335	\$352	\$369	\$388	\$407	\$428	\$449	\$471	\$5,900
	Motorgate Atrium/Escalator/N.Elevators	\$1,200			\$500														\$500
	Motorgate Under deck Lighting	\$50	\$50																\$0
	504 Main Street (Blackwell School)				\$2,000														\$2,000
	Transportation Yard Project		\$43																\$0
	PS Offices	\$2,100	\$2,100																\$0
	AVAC Building Rehab Project	\$1,200	\$600	\$600	\$75	\$79	\$83	\$87	\$91	\$96	\$101	\$106	\$111	\$116	\$122	\$128	\$135	\$141	\$2,070
	AVAC Mechanical/Electrical upgrades	\$200	\$50		\$25	\$26	\$28	\$29	\$30	\$32	\$34	\$35	\$37	\$39	\$41	\$43	\$45	\$47	\$490
	Replace AVAC Pipe (High Impact Areas) - Reserve	\$150	\$351	\$200	\$210	\$221	\$232	\$243	\$255	\$268	\$281	\$295	\$310	\$326	\$342	\$359	\$377	\$396	\$4,316
	Sportspark - HVAC			\$600															\$600
	Sportspark - Roof			\$600															\$600
	Sportspark - Pool Filter			\$100															\$100
	Sportspark Rehabilitation - Reserve	\$80	\$300	\$100	\$100	\$105	\$110	\$116	\$122	\$128	\$134	\$141	\$148	\$155	\$163	\$171	\$180	\$189	\$2,060
	Warehouse/Bus Garage Rehabilitation (HVAC)			\$300															\$300
	Miscellaneous Facilities & Offices - Reserve	\$100		\$200	\$210	\$221	\$232	\$243	\$255	\$268	\$281	\$295	\$310	\$326	\$342	\$359	\$377	\$396	\$4,316
5	Equipment & Vehicles	\$935	\$1,553	\$1,079	\$748	\$194	\$163	\$184	\$162	\$345	\$173	\$222	\$184	\$1,274	\$1,300	\$1,469	\$1,411	\$1,544	\$10,450
	Admin - (2) GEMs (50% paid by NYPA)	\$13		\$20				\$25				\$30				\$35			\$110
	Bus - Hybrid Bus - (added with 5/22/08 resolution)	\$650	\$1,300	\$650	\$660								\$1,000	\$1,050	\$1,103	\$1,158	\$1,216		\$6,836
	Bus - F-350 Pickup		\$30						\$40								\$60		\$100
	Bus - Tire Machine	\$10																	\$0
	P.S. - Ford Escapes	\$35	\$32	\$20			\$23		\$25		\$27		\$30		\$33		\$36		\$194
	P.S. - Segways		\$14	\$14		\$8		\$9		\$10		\$11		\$12		\$13		\$14	\$91
	P.S. - Office Furniture & Fixtures	\$35	\$35																\$0
	P.S. - Gym Equipment	\$20	\$20						\$30						\$40				\$70
	P.S. - Upgrade Rooftop Radio Repeater			\$25															\$25
	P.S. - (4) Substations (Tram/Lighthouse/Bridge/SP Park)			\$100															\$100

The Roosevelt Island Operating Corporation (RIOC)																			
CAPITAL IMPROVEMENTS (In Thousands)																			
Fund 03 - Capital Project Fund																			
5% Inflation Rate																			
	Approved Budget	Projected Actual	Approved Budget	Projected Budget	Budgets 2011 to 2025														
	2010	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	Total	
Motorpool - (2) GEMS (50% paid by NYPA)	\$12	\$12																\$0	
Motorpool - F-150 Pickup	\$20	\$20	\$25						\$35						\$45			\$105	
Motorpool - Maintenance Software & Hardware	\$10																	\$0	
Grounds - Kawasaki ATV Mole	\$6																	\$0	
Parks & Recreation- Ford Escape			\$15						\$20						\$25			\$60	
IT - Servers					\$50				\$55				\$62				\$70	\$237	
IT - Plotter						\$25				\$28				\$34				\$87	
IT - Parking Meter Replacement			\$15			\$18			\$21			\$24		\$28				\$106	
IT - Software Upgrades	\$35	\$35	\$30	\$32	\$33	\$35	\$36	\$38	\$40	\$42	\$44	\$47	\$49	\$51	\$54	\$57	\$59	\$647	
IT - (2) Copiers	\$20	\$20	\$20		\$22		\$24		\$26		\$29		\$32		\$35		\$39	\$227	
IT - (20 PC Replacements)	\$24	\$20	\$25	\$26	\$28	\$29	\$30	\$32	\$34	\$35	\$37	\$39	\$41	\$43	\$45	\$47	\$49	\$539	
IT - Upgrade of Switches	\$15	\$15	\$20		\$22		\$24		\$26		\$29		\$32		\$35		\$40	\$228	
Excavator (2) Bobcats			\$40															\$40	
Misc. Heavy equipment			\$60															\$60	
6 Special Projects	\$645	\$75	\$620	\$300	\$53	\$55	\$58	\$61	\$64	\$67	\$70	\$74	\$78	\$81	\$86	\$90	\$94	\$1,850	
Admin - Islandwide Geographic Information System	\$220		\$220															\$220	
Admin - Records Management Project	\$150	\$75	\$75															\$75	
P.S. - Island Wireless Security Camera System	\$200		\$250	\$250														\$500	
IT - Off-Site Data Backup Recovery System	\$75		\$75															\$75	
Other - Special Projects				\$50	\$53	\$55	\$58	\$61	\$64	\$67	\$70	\$74	\$78	\$81	\$86	\$90	\$94	\$980	
7 Lighting & Signage	\$380	\$0	\$220	\$31	\$33	\$34	\$36	\$38	\$40	\$42	\$44	\$46	\$48	\$50	\$53	\$56	\$58	\$828	
Street Light Replacement	\$330		\$20	\$21	\$22	\$23	\$24	\$26	\$27	\$28	\$30	\$31	\$33	\$34	\$36	\$38	\$40	\$432	
Signage	\$50		\$200	\$10	\$11	\$11	\$12	\$12	\$13	\$13	\$14	\$15	\$16	\$16	\$17	\$18	\$19	\$396	
8 Tram	\$17,700	\$12,000	\$10,020	\$121	\$22	\$103	\$24	\$726	\$27	\$128	\$30	\$31	\$913	\$309	\$36	\$38	\$40	\$12,567	
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			\$20	\$21	\$22	\$23	\$24	\$26	\$27	\$28	\$30	\$31	\$33	\$34	\$36	\$38	\$40	\$432	
Tram - Electrical PLC Replacement								\$100					\$130					\$230	
Tram Modernization - Note A	\$17,700	\$12,000	\$10,000															\$10,000	
9 Southpoint Park	\$7,300	\$2,300	\$6,000	\$0	\$0	\$2,000	\$0	\$8,000											
Renwick Ruins		\$1,000				\$2,000												\$2,000	
TPL - Wild Rooms/Wild Gardens	\$7,300	\$1,300	\$6,000															\$6,000	
10 Professional Services	\$200	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	
Engineering Services	\$200			\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	
11 Miscellaneous	\$500	\$150	\$500	\$525	\$551	\$579	\$608	\$638	\$670	\$704	\$739	\$776	\$814	\$855	\$898	\$943	\$990	\$10,789	
Capitalized Legal Expenditures	\$100																	\$0	
Contingency	\$400	\$150	\$500	\$525	\$551	\$579	\$608	\$638	\$670	\$704	\$739	\$776	\$814	\$855	\$898	\$943	\$990	\$10,789	
TOTAL CAPITAL IMPROVEMENTS	\$40,505	\$20,559	\$34,884	\$8,924	\$4,554	\$6,295	\$4,439	\$4,409	\$4,069	\$4,183	\$4,328	\$4,495	\$6,681	\$6,328	\$6,459	\$6,652	\$7,046	\$113,746	
Note A: Cost shown is total cost of project (NYS share of 60%, \$15,000 is included)																			

ATTACHMENT "J"

Roosevelt Island Operating Corporation
(A Component Unit of the State of New York)
Budget Variance Report
For The Year Ended March 31, 2011

	<u>Actual</u>	<u>Budget</u>	<u>Favorable (Unfavorable)</u> <u>Variance</u>	<u>Percent</u>
Operating revenues:				
Residential fees	\$ 1,066,734	\$ 1,209,125	\$ (142,391)	-12%
Ground rent	8,801,291	8,821,573	(20,282)	0%
Commercial rent	1,438,078	1,501,609	(63,531)	-4%
Tramway revenue	996,870	2,359,000	(1,362,130)	-58%
Public safety reimbursement	1,579,764	1,576,362	3,402	0%
Transport/ parking revenue	2,546,365	2,507,000	39,365	2%
Interest income	374,384	455,875	(81,491)	-18%
Other revenue	<u>885,162</u>	<u>594,654</u>	<u>290,508</u>	<u>49%</u>
Total revenues	<u>17,688,648</u>	<u>19,025,198</u>	<u>(1,336,550)</u>	<u>-7%</u>
Operating expenses:				
Personal services :				
Salaries	6,653,053	6,462,299	(190,754)	-3%
Salaries-overtime	105,503	175,000	69,497	40%
Temporary employees	217,071	175,000	(42,071)	-24%
Workers compensation and disability	156,548	182,030	25,482	14%
ER payroll taxes	599,700	583,963	(15,737)	-3%
Health insurance	1,026,071	1,080,627	54,556	5%
Dental/vision	69,377	71,507	2,130	3%
Pension	589,687	583,260	(6,427)	-1%
Othet employee benefits	534,344	466,471	(67,873)	-15%
Compensated absences expenses	<u>(51,767)</u>	<u>-</u>	<u>51,767</u>	<u>-100%</u>
Total personal services	<u>9,899,587</u>	<u>9,780,157</u>	<u>(119,430)</u>	<u>-1%</u>
Other than personal services (OTPS) :				
Insurance	1,104,969	1,180,000	75,031	6%
Professional services	294,273	450,900	156,627	35%
Marketing / advertisting	27,282	27,600	318	1%
Management fees	1,787,125	2,305,500	518,375	22%
Legal services	12,754	325,000	312,246	96%
Telecommunications	89,099	104,820	15,721	15%

continued

Roosevelt Island Operating Corporation
(A Component Unit of the State of New York)
Budget Variance Report
For The Year Ended March 31, 2011

	<u>Actual</u>	<u>Budget</u>	<u>Favorable (Unfavorable)</u> <u>Variance</u>	<u>Percent</u>
Repairs and maintenance	328,304	394,600	66,296	17%
Repairs and maintenance equipment	28,443	31,200	2,757	9%
Other repairs and maintenance	58,526	75,000	16,474	22%
Vehicles gas	150,256	146,100	(4,156)	-3%
Vehicles repair and maintenance	79,998	137,600	57,602	42%
Vehicles parts	30,202	30,200	(2)	0%
Equipment lease	9,523	25,880	16,357	63%
Office equipment purchase	20,063	25,200	5,137	20%
Equipment purchases	48,371	66,200	17,829	27%
Other equipment purchases	25,410	26,000	590	2%
Exterminator	7,095	15,600	8,505	55%
Uniforms	32,421	102,245	69,824	68%
Light, power, heat	670,590	558,700	(111,890)	-20%
Water and sewer	3,109	30,000	26,891	90%
Office supplies	18,705	27,720	9,015	33%
Parts and supplies	231,094	275,100	44,006	16%
Service maintenance agreement	36,155	91,700	55,545	61%
Employee travel and meal	8,760	18,480	9,720	53%
Employee training	65,987	84,478	18,491	22%
Shipping	11,329	13,440	2,111	16%
Subscriptions/membership	13,412	13,100	(312)	-2%
Other expenses	354,544	424,200	69,656	16%
Island events - Community relations	88,093	92,000	3,907	4%
Total other than personal services	<u>5,635,892</u>	<u>7,098,563</u>	<u>1,462,671</u>	<u>21%</u>
Total expenses excluding depreciation	15,535,479	16,878,720	1,343,241	8%
Operating income (loss) excluding depreciation	2,153,169	2,146,478	6,691	0%
Depreciation expense	<u>3,336,240</u>	<u>3,363,000</u>	<u>26,760</u>	<u>1%</u>
Operating income (loss)	<u>\$ (1,183,071)</u>	<u>\$ (1,216,522)</u>	<u>\$ 33,451</u>	<u>3%</u>

Roosevelt Island Operating Corporation
Procurement Report FY 10-11
Non- Competitive Contract

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	Transacti on 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 Minority or Woman- Owned 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	Open	Consulting Services	Authority Contract - Non-Competi	4/13/2009	5/1/2009		Y	5/15/2011	157,426	146,714	146,714	10,712	1	Foreign	N	N	0	Y	Continuation Of Existing Services	157,426	
ALTERNATE CONSTRUCTIONS CO	08-22136	STABILIZATION OF RENWICK	Completed	Other Professional Services	Authority Contract - Non-Competi	2/28/2008	5/5/2008		Y	5/11/2011	4,590,000	26,913	4,563,053	26,947	1	Foreign	N	N	0	Y	Emergency Condition	4,571,226	
ANAT GERSTEIN INC	26128	COMMUNITY RELATIONS SERVICES	Open	Consulting Services	Authority Contract - Non-Competi	3/21/2011	3/21/2011		Y	7/19/2011	18,000	6,000	6,000	12,000	1	NYS	N	N	0	Y	TIME OF THE ESSENCE	18,000	
BLACKBAUD	24800	ACCOUNTING SOFTWARE ANNUAL MAINTENA	Completed	Technology - Consulting/Development or	Authority Contract - Non-Competi	2/1/2010	2/1/2010		Y	2/6/2011	9,791	0	9,791	0	1	Foreign	N	N	0	Y	SOLE SOURCE	9,791	
BLACKBAUD	25937	FUND ACCOUNTING SOLUTIONS MAINTENAN	Open	Technology - Consulting/Development or	Authority Contract - Non-Competi	1/18/2011	1/18/2011		Y	2/6/2012	10,085	10,085	10,085	0	1	Foreign	N	N	0	Y	SOLE SOURCE	10,085	
CENTENNIAL ELEVATOR INDUSTR	26032	EMERGENCY TRAM ELEVATOR HYDRAULIC PI	Completed	Other Professional Services	Authority Contract - Non-Competi	2/22/2011	2/22/2011		Y	3/3/2011	7691.07	7691.07	7691.07	0.00	1	NYS	N	N	0	Y	Emergency Condition		
COPPOLA PAVING & LANDSCAPIN	25629	TO PROVIDE POWER TO TRAMWAY TOWER 1	Completed	Design and Construction/Maintenance	Authority Contract - Non-Competi	10/7/2010	10/7/2010		Y	10/8/2010	46,000	46,000	46,000	0	1	NYS	N	N	0	Y	TIME OF THE ESSENCE	46,000	
DAIMLER BUSES NORTH AMERICA	25011	HYBRID-ELECTRICAL 1294A BUS	Completed	Commodities/Supplies	Authority Contract - Non-Competi	3/31/2010	3/31/2010		Y	6/18/2010	305,000	305,000	305,000	0	1	NYS	N	N	0	Y	Sole Source	305,000	
EDWARD MORAN	25939	ENGINEERING CONSULTING SERVICES	Open	Consulting Services	Authority Contract - Non-Competi	1/18/2011	1/18/2011		Y	4/1/2012	45,000	14,900	14,900	30,100	1	NYS	N	N	0	Y	TIME OF THE ESSENCE	45,000	
ENVAC SCANDINAVIA AB	25047	TO REPAIR/SURVEY AVAC PIPES	Completed	Other Professional Services	Authority Contract - Non-Competi	4/15/2010	4/15/2010		Y	10/1/2010	25,117	25,117	25,117	0	1	Foreign	N	N	0	Y	SOLE SOURCE	25,117	
ENVAC SCANDINAVIA AB	25484	DISCHARGE VALVES FOR AVAC COMPACTOR	Completed	Commodities/Supplies	Authority Contract - Non-Competi	9/2/2010	9/2/2010		Y	12/10/2010	10,220	10,220	10,220	0	1	Foreign	N	N	0	Y	SOLE SOURCE	10,220	
ENVAC SCANDINAVIA AB	25924	AVAC TRANSPORTATION PIPING REPAIR	Completed	Other Professional Services	Authority Contract - Non-Competi	1/12/2011	1/12/2011		Y	4/1/2012	120,000	0	0	120,000	1	Foreign	N	N	0	Y	SOLE SOURCE	120,000	
GEORGE H BRAITHWAITE	25184	TO OFFER PING PONG CLASSES AT SPORTS	Open	Other Professional Services	Authority Contract - Non-Competi	6/3/2010	6/3/2010		Y	5/1/2011	6,100	6,100	6,100	0	1	NYS	N	N	0	Y	UNIQUELY QUALIFIED SOURCE	6,000	
GFI GENFARE	25025	FARE BOX FOR ORION BUS	Completed	Commodities/Supplies	Authority Contract - Non-Competi	4/7/2010	4/7/2010		Y	5/26/2010	13,854	13,854	13,854	0	1	Foreign	N	N	0	Y	SOLE SOURCE	13,854	
HARDESTY & HANOVER LLP ENGIN	26069	ASSESSMENT OF ELECTRICAL INSTALLATION	Completed	Other Professional Services	Authority Contract - Non-Competi	3/7/2011	3/7/2011		Y	4/27/2011	17,990	0	0	17,990	1	NYS	N	N	0	Y	TIME OF THE ESSENCE	17,990	
HENGE INC.	25878	CONCRETE PING PONG TABLES	Open	Commodities/Supplies	Authority Contract - Non-Competi	12/21/2010	12/21/2010		Y	4/1/2011	8,367	3,581	3,581	4,786	1	NYS	N	N	0	Y	SOLE SOURCE	8,367	
HENRICH EQUIPMENT CO., INC.	25442	BUS GARAGE DIESEL TANK INSPECTION/REP	Completed	Other Professional Services	Authority Contract - Non-Competi	8/24/2010	8/24/2010		Y	9/16/2010	20,369	19,993	19,993	376	1	NYS	N	N	0	Y	Emergency Condition	20,369	
HENRICH EQUIPMENT CO., INC.	25938	FUEL MANAGEMENT SYSTEM FOR GAS AND	Completed	Technology - Software	Authority Contract - Non-Competi	1/18/2011	1/18/2011		Y	2/23/2011	24,705	24,705	24,705	0	1	NYS	N	N	0	Y	SOLE SOURCE	24,705	
HEWLETT-PACKARD COMPANY	26017	HP DESIGN JET 820 PLOTTER SERVICE CONT	Open	Technology - Consulting/Development or	Authority Contract - Non-Competi	2/15/2011	2/15/2011		Y	4/1/2012	5,249	0	0	5,249	1	Foreign	N	N	0	Y	SOLE SOURCE	5,249	
INGOLD'S HICO INC.	23266	REPLACE AVAC COMPACTORS	Open	Other Professional Services	Authority Contract - Non-Competi	1/28/2009	1/28/2009		Y	4/1/2012	179,000	89,500	143,200	35,800	1	Foreign	N	N	0	Y	Sole Source	179,000	
JEROME HAIMS REALTY INC	25492	APPRAISAL SEVICES RIVERCROSS BUILDING	Completed	Other Professional Services	Authority Contract - Non-Competi	9/2/2010	9/2/2010		Y	1/13/2011	13,000	13,000	13,000	0	1	NYS	N	N	0	Y	TIME OF THE ESSENCE	13,000	
JEROME HAIMS REALTY INC	26111	APPRAISAL SERVICES-MAIN STREET RETAIL	Completed	Other Professional Services	Authority Contract - Non-Competi	3/17/2011	3/17/2011		Y	5/20/2011	10,000	5,000	5,000	5,000	1	NYS	N	N	0	Y	TIME OF THE ESSENCE	5,000	
JONES LANG LASALLE AMERICAS	25474	REAL ESTATE CONSULTING SERVICES	Open	Consulting Services	Authority Contract - Non-Competi	11/18/2004	11/18/2004		Y	3/31/2012	200,000	99,047	99,047	100,953	1	NYS	N	N	0	Y	Continuation Of Existing Services	200,000	
LIBERTY APPRAISAL SERVICES	25455	TO ESTABLISH MARKET VALUE OF COMMERC	Completed	Consulting Services	Authority Contract - Non-Competi	8/24/2010	8/24/2010		Y	9/9/2010	5,850	5,850	5,850	0	1	NYS	N	N	0	Y	<\$15,000	5,850	
LITGREEN	25162	MOTORGATE LED LIGHTING PILOT PROGRAM	Completed	Other Professional Services	Authority Contract - Non-Competi	5/24/2010	5/24/2010		Y	6/7/2010	9,500	9,500	9,500	0	1	NYS	N	N	0	Y	SOLE SOURCE	9,500	
MALVESE EQUIPMENT CO INC	26096	REPAIR CLUTCH & GEAR BOX ON FORD 2010	Completed	Other Professional Services	Authority Contract - Non-Competi	3/14/2011	3/14/2011		Y	4/13/2011	8,449	0	0	8,449	1	NYS	N	N	0	Y	SOLE SOURCE	8,449	
MELI CONTRACTING CO., INC.	25985	EMERGENCY REPAIRS TO SPORTS PARK ELE	Completed	Design and Construction/Maintenance	Authority Contract - Non-Competi	2/4/2011	2/4/2011		Y	2/16/2011	5,400	5,400	5,400	0	1	NYS	N	N	0	Y	<\$15,000	5,400	
NEW YORK PLUMBING AND HEATI	25115	TRAM PLAZA STANDPIPE REPAIR AND TESTI	Completed	Other Professional Services	Authority Contract - Non-Competi	5/5/2010	5/5/2010		Y	5/17/2010	14,391	14,391	14,391	0	1	NYS	N	N	0	Y	EMERGENCY CONDITION	14,391	
NORTH EASTERN BUS REBUILDER	25320	REPAIR DAMAGE LEFT PANEL ON ORION BUS	Completed	Other Professional Services	Authority Contract - Non-Competi	7/9/2010	7/9/2010		Y	9/9/2010	6,622	6,622	6,622	0	1	NYS	N	N	0	Y	SUPERIOR QUALIFICATION PERFORM SERVICE	6,622	
PARAMETRIX CONSULTING INC.	20496	ENGINEERING OVERSIGHT	Completed	Consulting Services	Authority Contract - Non-Competi	2/18/2005	3/15/2005		Y	3/19/2010	70,080	1,202	66,369	3,711	1	Foreign	N	N	0	Y	Uniquely Qualified Source	70,080	
SCIENTIFIC ELECTRIC COMPANY I	25913	INSTALLATION OF RADIANT HEATERS AT TRA	Completed	Other Professional Services	Authority Contract - Non-Competi	1/7/2011	1/7/2011		Y	2/3/2011	18,000	18,000	18,000	0	1	NYS	N	N	0	Y	TIME OF THE ESSENCE	18,000	
SCIENTIFIC ELECTRIC COMPANY I	25984	ELECTRICAL REPAIRS AT TRAM	Completed	Other Professional Services	Authority Contract - Non-Competi	2/4/2011	2/4/2011		Y	3/3/2011	8,999	8,677	8,677	322	1	NYS	N	N	0	Y	TIME OF THE ESSENCE	8,999	
SCIENTIFIC ELECTRIC COMPANY I	25999	INSTALL TEMPORARY HEATERS/GOOD SHEPI	Completed	Other Professional Services	Authority Contract - Non-Competi	2/10/2011	2/10/2011		Y	2/24/2011	9,023	5,400	5,400	3,623	1	NYS	N	N	0	Y	TIME OF THE ESSENCE	9,023	
SHEA CARR JEWELL(PARAMETRIX	09-20059	ENGINEERING TRAMWAY	Open	Consulting Services	Authority Contract - Non-Competi	3/29/2010	3/29/2010		Y	12/31/2010	2,002,900	333,297	2,001,204	1,696	1	Foreign	N	N	0	Y	Uniquely Qualified Source	2,002,900	
THE NEW YORK LANDMARK CONS	23803	HVAC CONSULTANCY(GOOD SHEPHERD CHA	Completed	Other Professional Services	Authority Contract - Non-Competi	6/3/2009	6/3/2009		Y	6/9/2010	5,000	4,500	4,500	500	1	NYS	N	N	0	Y	SOLE SOURCE	5,000	
THE NEW YORK LANDMARK CONS	25026	BLACKWELL HOUSE RAMP SUBMISSION REVIE	Completed	Other Professional Services	Authority Contract - Non-Competi	4/7/2010	4/7/2010		Y	6/9/2010	5,000	2,150	2,150	2,850	1	NYS	N	N	0	Y	SOLE SOURCE	5,000	
THE TRUST FOR PUBLIC LAND	06-19579	PHASE ONE OF S/POINT PARK	Completed	Design and Construction/Maintenance	Authority Contract - Non-Competi	6/1/2006	6/1/2006		Y	4/15/2011	1,396,295	97,284	1,380,688	15,607	1	NYS	N	N	0	Y	Continuation Of Existing Services	1,396,295	
WEST PAYMENT CENTER	24201	SUBSCRIPTION FROM 7-1-09 TO 6-30-10	Completed	Legal Services	Authority Contract - Non-Competi	8/21/2009	8/21/2009		Y	4/1/2010	7,550	2,546	7,550	0	1	Foreign	N	N	0	Y	SOLE SOURCE	7,550	
WEST PAYMENT CENTER	25360	REFERENCE LEGAL LIBRARY/SUBSCRIPTION	Open	Legal Services	Authority Contract - Non-Competi	7/20/2010	7/20/2010		Y	6/30/2011	8,200	5,355	5,355	2,845	1	Foreign	N	N	0	Y	SOLE SOURCE	8,200	