



**Roosevelt Island
Operating Corporation**

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March 19, 2018

Hon. Thomas P. Dinapoli
Comptroller of the State of NY
110 State Street
Albany, NY 12236

Mr. Robert F. Mujica
Director
Division of Budget
State Capitol – Room 113
Albany, NY 12225

Hon. RoAnn M Destito
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The New York State
Office of General Services
41st Floor, Corning Tower
Empire State Plaza
Albany, NY 12242

Senator John J. Flanagan
Temporary President & Majority
Leader
Room 330, State Capitol Building
Albany, NY 12247

Hon. Carl E. Heastie
Speaker of the NYS Assembly
Legislative Office Building 932
Albany, NY 12248

Mr. Jeff Pearlman
Acting Director of the NYS
Authorities Budget Office
P.O. Box 2076
Albany, NY 12220-0076

Re: 90-Day Notice Letter under the Public Authorities Law
Roosevelt Island Operating Corporation
Property: 595-625 Main Street - Ground Lease Modification and Extension
Tenant: North Town Phase III Houses, Inc.

To Whom It May Concern:

Pursuant to subparagraph (ii) of paragraph (d) of subdivision (6), of § 2897 of Title 5-A of the Public Authorities Law, this explanatory statement is being provided at least 90 days prior to the disposal of property by negotiation.

EXPLANATORY STATEMENT

As authorized by Title 5-A, § 2897 (6)(c)(v) and § 2897 (7)(a)(ii) of the Public Authorities Law, The Roosevelt Island Operating Corporation (“RIOC”) consistent with its purpose, mission and governing statute intends to dispose of property by negotiation not less than 90 days from the date of this notice.

The disposition at issue concerns a proposed modification and extension of an existing ground lease (the "Ground Lease") between the Roosevelt Island Operating Corporation ("RIOC") and North Town Phase III Houses, Inc. (the "Housing Company"), governing a Mitchell-Lama development with 361 residential rental units located on Roosevelt Island ("Westview"). Westview is comprised of two inter-connected nineteen story buildings, situated on an approximately 2.3± acre parcel of land. The equitable owner of the Housing Company's interest in the Ground Lease (North Town Phase III Associates, LP, referred to herein as the "Partnership"), has agreed to create and implement a program to maintain Westview as an affordable housing complex through conversion of the building into condominium and cooperative units (the "Conversion"), pursuant to a thirty-year affordability plan (the "Affordability Plan") approved by New York State Homes and Community Renewal. In exchange for the affordability-based Conversion, RIOC intends to grant the Partnership an extension of the expiration date of the existing Ground Lease from January 31, 2028 through December 22, 2068.

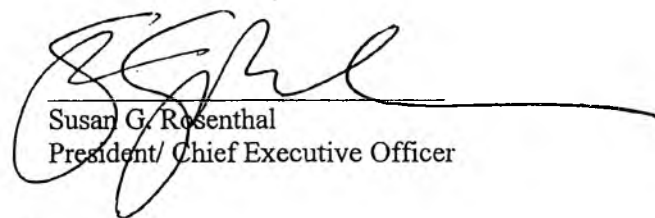
In addition, the proposed modification and extension of the existing Ground Lease provides for below-market ground rent payable to RIOC. The ground rent for the extended term will start at \$325,000 per annum, with 10% escalations every five years thereafter. In addition, the sponsor will pay RIOC a 5% transfer fee on the sale of apartments, capped at \$1,500,000.00, and shareholders will pay RIOC a 1% transfer fee on shareholder sales (other than sponsor sales). Westview will continue to pay public safety fees. The below-market ground rent was negotiated in exchange for the Partnership not exiting the Mitchell-Lama program at market and agreeing instead to implement the Affordability Plan. As a result of this agreement, Westview will maintain affordable housing -- at least 55% of the 361 units -- for an additional 30 years. RIOC supports affordable housing as part of its mission and statutory purpose.

In the event the Conversion is not approved by the New York State Attorney General's Office, the building will convert as an "Affordable Rental," whereby 55% of the 361 units will be subject to rent increases using as a base those percentage increases given to rent stabilized apartments for 30 years.

The annual rent has been appraised at \$2,910,000 per annum, increasing at 10% every 5 years.

RIOC will not publicly advertise for bids before granting the lease extension and modification. Since the purposes of this property disposition are within RIOC's purpose, mission and statutory authority, RIOC is availing itself of the exceptions within the Public Authorities Law previously cited herein.

Respectfully submitted,



Susan G. Rosenthal
President/ Chief Executive Officer