

Date: July 9, 2010

From: IHTA Board

To: Members

Via: Door Drop, Glass-Case Posting, Web Posting

Subject: Tenants update

Graham Cannon, Chair
Frank Farance, Secretary
Geoffrey Kerr, Treasurer

Renato Folla, Director
Richard Leopold, Director

Update on Island House

As we head into yet another summer, we wanted to update you on the slow, but steady progress over the last few months.

SHANE FIRING

Beginning with the most recent news first, as we're sure you know, RIOC President Steve Shane was fired by the RIOC Board last week.

What does that mean for us?

Steve has been a visionary and served admirably and with distinction, and in the nine months since the Island House residents voted overwhelmingly in favor of the conversion plan for our building, moved our affordability plan forward with various State and City agencies. So far, the RIOC Board has been very supportive and even passed an advisory motion urging action on the Ground Lease. We appreciate RIOC's efforts.

The RIOC Board have indicated that they plan to have a new President in place within 30 days, and we are hopeful that this change will not cause significant delays or derail the conversion proposal.

PROGRESS MOVING FORWARD

Meanwhile, we have been working closely with DHCR who are very anxious to move ahead with the final steps towards a Ground Lease. They have been working with the Empire State Development Corp. (ESDC, the state agency to whom payments in lieu of taxes are made) to enlist their support to keep those PILOT payments at the current levels in order to maintain affordability. ESDC appears to view our plan favorably, but has concerns about the Rivercross privatization plan which had been moving with ours on a concurrent track. At issue now is whether our plan can move forward by itself without being coupled with the Rivercross proposal. We are

optimistic that the RIOC Board will move to progress Island House the plan separately, if needed.

The State of New York also required an appraisal of the value of the Island House ground lease from an independent source. We understand that the appraisal has now been conducted although we have not yet seen the numbers.

As a reminder, once a RIOC has approved a new ground lease, the owner will turn our plan into a document called a "Red Herring" which then moves to the Attorney-General's office for his review, a several month process but one which is fairly standard and well-understood and that, after a review and comment period, should result in the final offering plan.

MAINTENANCE ISSUES

As you know, we have faced several recent elevator outages, inconveniencing large parts of the tenancy and creating unacceptable conditions for those that cannot climb dozens of flights of stairs. After intervention, as you may have seen, the Landlord has decided to immediately commence the elevator upgrade program which should significantly mitigate future problems, but will take time to execute. The landlord will also be proceeding with an overhaul of the laundry rooms, per the requests of many tenants. If there are specific features that you feel should be included in the laundry rooms upgrade — please let us know so we can make those specific recommendations.

FALL MEETINGS

We'll be scheduling a board meeting after Labor Day. We hope you have an enjoyable summer and, as always, don't hesitate to contact us with any issues, questions or concerns.