

790 Riverside Drive Owners, Inc.

Summary of Shareholders' Informational Meeting

A shareholders' informational meeting was held on December 12, 2006 between 7:30 and 9:30 p.m. in apartment 1E. The meeting was attended by Board Members Vivian Ducat, Larry Chabra, Piruz Alemi, and Bruce Dennis, plus co-op Treasurer Marty Birkenthal, Orsid VP Dennis DePaola; and about 40 shareholders.

Vivian Ducat opened the meeting with a brief introduction.

Marty Birkenthal – Report on Operating Finances

Note: The Operating Budget comprises the ongoing monthly expenses required to run the building, such as utilities, staff, insurance, taxes, fuel, and the interest we pay on borrowed funds. The operating budget is based on shareholders' monthly maintenance payments as well as non-maintenance income which includes laundry room and storage fees, flip tax, and interest we earn on unspent capital reserve funds.

- **2006 Performance:**

We fully expect that all the operating expenses incurred in 2006 will be covered by the income from 2006.

- **2007 Budget**

Beginning this January, there will be a 4.0% maintenance increase to balance our budgeted expenses for 2007. The net result of this maintenance increase and the cessation of the 2006 assessment will be a reduction of monthly maintenance by 10.9 cents per share relative to our December 2006 charges. For a 500-share apartment, this is equivalent to a reduction of \$54.67 each month beginning in January 2007.

- **790 Apartment Values & Maintenance Cost Comparisons**

Since 2001, the average apartment sale price per share increased 80%, from \$772 to the current level of \$1,387 per share. This compares to a 66% increase in maintenance charges per share for the same period, from \$1.37 to \$2.27 currently.

Sales of apartments in the Riviera reflect, to a large extent, the sponsor's desire to "cash out." The sponsor's ownership in the building between the end of 2001 and 2006 has decreased from approximately 50% of total coop shares to 28.6%. Total apartment sales were: 11 in 2002, 17 in 2003, 29 in 2004, 19 in 2005, and 17 in 2006. [Note: It was reported at the meeting that 16 apartments sold in 2006. Since the meeting, one additional apartment has sold.]

On a square foot basis, our current maintenance charges are \$1.02 per square foot, which, with the 4.0% increase starting January 1st, will go to \$1.06 per square foot. Note that the measurements used for this calculation are for interior wall-to-wall space with a subtraction made for the building's "boxed-in" vertical pipes and structural beams that jut out from apartment interior walls.

As a cross-check, a quick survey was conducted using the New York Times' real estate web site. The search was filtered to include properties similar to the Riviera. This included property

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selections only for the following coordinates: Manhattan, co-op, pre-war, elevator, and doorman. Further, to capture a greater number of properties in Washington Heights, the maximum price range was set at \$2 -million. We used data for the first 100 apartments that appeared, for which both monthly maintenance and square footage were identified. The properties were sorted in descending order from highest maintenance per square foot to least expensive. The results of this survey are as follows:

1. 49 properties were identified as being above 96th Street, and 51 below 96th Street.
2. The highest maintenance per square foot in this survey was \$2.05 for an apartment on Astor Place, and the lowest was an apartment on Fort Washington Avenue at \$0.37.
3. Three apartments in the Riviera appeared at #54, #59, and #78 in the ranked order (i.e., #1 is most expensive and #100 least expensive in this survey.)
4. The square footage and monthly maintenance information shown on the New York Times' site for the 3 Riviera apartments resulted in charges of \$0.93 (for #54), \$0.92 (for #59), and \$0.77 (for #78).

Note that the method used to determine square footage has a direct impact on these calculations. While we used interior wall-to-wall measurements, and subtracted common building space that juts out from walls, most real estate agencies will simply take the exterior apartment floor plan "footprints." This latter method results in substantially larger areas – and lower costs on a square foot basis. That is why our figure of \$1.02 for the Riviera is higher than what was derived from the Times' listings.

5. 13 properties all above 113th Street, came up as being more expensive than the Riviera on a monthly maintenance cost per square foot.

- **Ongoing Planning – Finance Committee**

The Finance Committee continues with both short- and long-range financial planning for the co-op. Emphasis is on evaluating both flip tax and interest revenue changes (flip tax hard to forecast, and interest revenue is declining as we consume funds for the Capital budget).

Larry Chabra – Capital Program

Note: The Capital Budget comprises large-scale improvements or repairs to the building, such as rebuilding the roof, replacing the parapet steelwork, renovating the elevators, and executing the Local Law 11 façade work. It is funded by funds we hold in our reserve account. Last year we increased our reserve funds by refinancing the co-op's mortgage.

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We are close to our estimates for our capital program, given the work completed so far and its actual cost. After all current capital projects are completed in 2008 (including parapet, roof, corners, Local Law 11, and elevators) we expect to have \$2.6-million in liquid assets remaining in our capital reserve account.

- **Parapets:**

Inspection and repair on low parapets on interior alcoves is done; have begun work on the much higher decorative parapets that face the street. We will reuse as much of the original material as possible, and will fill in the rest with a material to be selected soon. We will anchor the higher parapets to the building as they were originally; the anchoring system was removed some time in the building's history.

- **Local Law 11 Façade Work**

Corners for apartments A, B, & D are done, and the steelwork underneath OK. Based on this, we have reduced the scope of the inspection for the remaining corner work, which results in lower costs for the total job.

Inspections of lintels over windows, however, have shown more damage than expected, so we are now planning on replacing 200 lintels instead of the 100 that were originally estimated.

The costs of this project so far have been reasonably stable over the last year, given the savings in some areas such as the corner work, and increased costs for others such as the lintels.

The back courtyard and alcove 5 are done – scaffolding for that side (facing Broadway) will come down this month, and we will continue working around the building in this order:

The side facing 157th Street, then;

The side facing Riverside Drive, then;

The side facing 156th Street.

Scaffolding and sidewalk bridges for each side will be removed as the sides are completed.

Cold winter weather will delay the replacement of removed brickwork, as mortar does not set well when temperatures are below 40°F. However, all work not affected by the winter weather will continue.

- **Roof**

We removed the roof buildup and installed a sacrificial waterproof membrane in 2006. Final phase of roof work will begin in 2008.

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- **Elevators**

Passenger elevators are scheduled for renovation starting in June 2007. Each elevator is scheduled to be down 11 weeks. We may put staff on the freight elevator during busy times so it can be used for passengers.

- **Hallways**

Work is progressing on the 12th floor. We plan to finish hallway repainting in the spring, and install the new signage

Larry Chabra – Building Assets Committee

This is a sub-group of the Finance Committee and Board members.

Its goals are to identify and develop building assets to produce additional income, increase value per share, and/or provide improvements in quality of life. Some assets in question are the roof, and other non-share space in the building.

After an exhaustive search, we hired Charles Rizzo & Associates to help us evaluate all the options available to us; they will be on site Wednesday. This firm specializes in this kind of evaluation.

Next steps: evaluate their report, approve recommendations, provide funding, and prioritize and schedule projects.

Following these presentations, there was a Q&A session.