

790 RIVERSIDE DRIVE OWNERS, INC.

To: Shareholders
From: 790 Riverside Board
Re: Report on Shareholders 11 December meeting

1. **Children's/Community Room**

A shareholder presented an outline of the children's/ community room proposal, which will be voted on by the Board soon. This space can be used for some Board and shareholder meetings, as well as a playroom for children. The cost for the project will be between \$2,000-\$10,000. Likely space for this room is either the super's current office, or the former plumbing shop.

2. **2008 Operating Budget and Maintenance Increase**

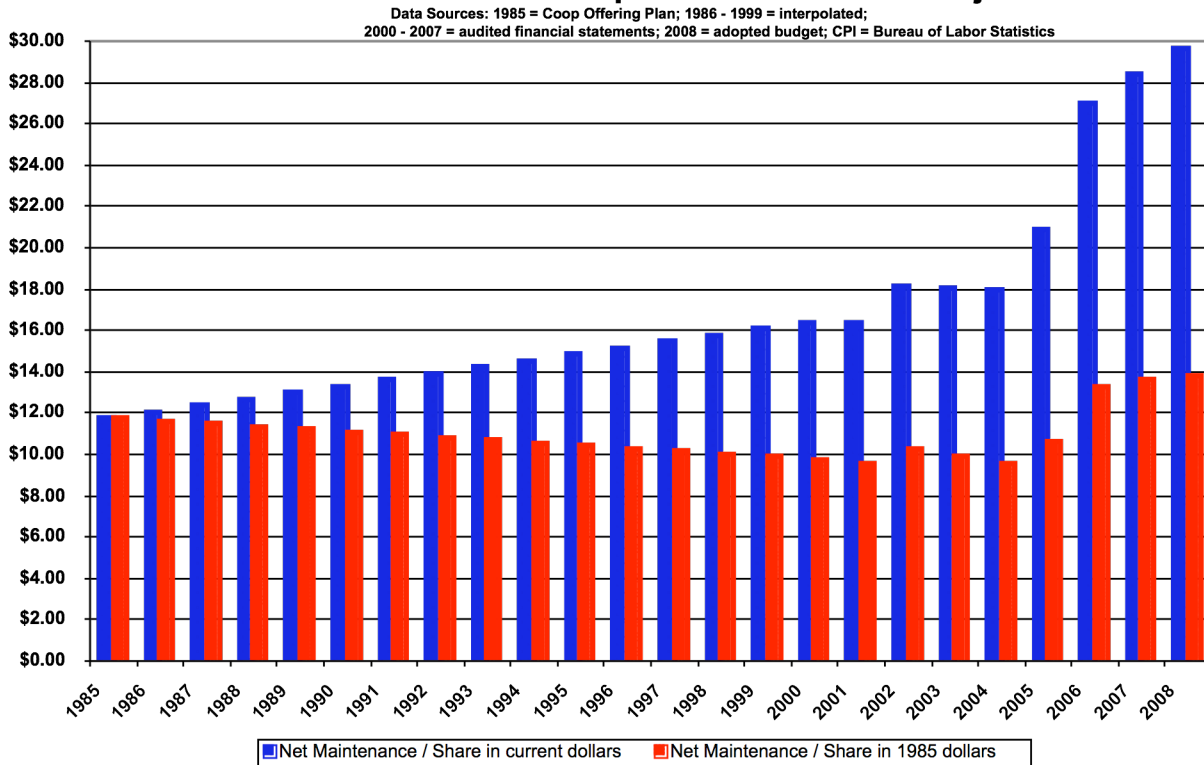
Marty Birkenthal presented an outline of the major income and expense items that went into the 4% maintenance increase.

He also presented a graph of our maintenance from 1985 to present, in current collars (blue) and in 1985 dollars adjusted for inflation (red).

He also read from articles that stated that average maintenance in this city is about \$1.50/sq ft. With the 4% increase, 790's maintenance will be up to \$1.10/sq foot.

Andre Kaplan of Orsid presented a comparison of our 4% maintenance increase with the other buildings Orsid manages, ranging from 4% to 6%, and quoted Aimee Schwartz, our accountant, who reports increases for co-ops coming in between 5% and 7%. He also answered questions about the reliability of the 2008 budget assumptions.

790 Annual Maintenance Receipts Per Share & CPI Adjusted



3. Capital Budget – Roof Development

Bill Way presented preliminary plans for developing the roof, which was initially researched by the Building Assets Working Group. Major points are:

- Planning is in the very early stages: the only action taken so far is to have the building’s architect create rough drawings of a likely configuration.
- Roof development will only proceed if it will enhance the co-op’s financial picture.
- There are many options for generating revenue from the roof development, such as selling or leasing private roof spaces to shareholders.
- Roof development, if done, will also include a common roof deck open to all residents.
- Private roof decks will be available to all shareholders to lease or purchase (to be determined).
- If private decks are sold, the normal practice is to give top floor shareholders first refusal on private deck space immediately above their apartments, enabling them to construct stairways to their own deck space, for which they pay a premium, as the co-op sells them the space between their ceilings and the roof surface, and must supervise construction.
- Next steps are to decide on a configuration, have the private deck spaces appraised, present the options (lease vs. sell, and configuration options) to shareholders to solicit input, and then seek commitment from shareholders who want to purchase/ lease private deck space to

determine if the project is fiscally sound. Note: to develop an ADA-compliant roof deck, we will have to renovate the service elevator.

- No Capital Budget funds have been allocated for the roof development project. Before we decide to proceed with the project, we will make sure we have sufficient sales or lease commitments so the project will result in a net revenue generator for the co-op.

4. Local Law 11 Status

Mike Devino of Midtown Preservation presented an update on the Local Law 11 (façade work) project. Most of the work is completed. Remaining work includes painting window baskets, cleaning and painting the limestone on the ground floor, and fixing other remaining violations. Finalizing the roof work is also part of local law 11.

5. Permanent Roof Installation

Mike Devino presented an outline for the last phase of replacing our roof and discussed his experience with roof development.

6. Parapet and Sidewalk Bridge

The Board considered adding a decorative parapet to the top of the building, to bring it more in line with its original design. For now, we cannot justify the cost, and will have coping stones placed around the perimeter of the roof as soon as the weather permits. We expect to have this done and the sidewalk bridge taken down in summer 2008. Mike Devino will offer the board prices for the possibility of a few decorative corners of the decorative parapet because that might indeed be financially feasible.

7. Energy and Resource Project

Bill Way and Jon Esman presented a brief outline of the energy and resource reduction project, now underway with the help of several shareholders. Objectives are to identify how we can reduce fuel oil, electricity and other resource usage and cost. We will keep shareholders informed of progress.

8. Laundry Room, Mailboxes, and back hallway

Vivian Ducat and Jon Esman presented the status of the laundry room renovation, moving the mailboxes to that hallway, and relocating the laundry room door. The Board is receiving bids for sprucing up that hallway. Vivian reported that Juan Delgado has agreed to move out his current office. Work is underway to separate part of the storage space (the left area) to become the new super office. A wall is being put up, and a new entrance to the storage part of the space is currently being installed to facilitate those with storage space.

Bill Way agreed to get a survey out to shareholders in the coming week which will list the options available for finishing off the back hallway, options that range from \$4,600 to paint and create a locked storage closet in front of the current one, to \$49,000 to drop the ceiling to cover the pipes, redo the floor and the walls. The board looks forward to make a decision informed by input from shareholders.

9. Board Cooperation and Communications

A spirited discussion ensued about board cooperation and communications. Jon Esman committed to bring this up at the next Board meeting.