

Draft minutes of the Annual Meeting of Shareholders of 336 Tenants Corp. held on Monday, May 9, 2011, at the Alexander Robertson School, 3 West 95th Street, NYC, NY 10025 pursuant to notice duly given in accordance with the By-Laws of the Corporation. Subject to approval by the shareholders at the next annual meeting.

### **CALL TO ORDER**

Michael Schell (Board President) called the annual meeting to order at 7:10 p.m. having a quorum present of 9,384 shares (representing approximately 78% of outstanding shares) in person or by proxy. It was noted that an informal notice of the annual meeting was sent to all shareholders on April 11, 2011. The formal notice of annual meeting, a letter to shareholders, biographies of candidates for the Board, voting instructions and forms of proxy and consent had been mailed and distributed in the building to all shareholders on April 19, 2011. It was further noted that the affidavits of mailing were available for inspection and would be filed with the records of this meeting and that a complete list of shareholders was available for inspection at the meeting.

### **INTRODUCTIONS**

The Board President introduced the individual Board members: David Bither, Vice President; Jason Kaplan, Treasurer; Lee Michel, Secretary; and Curt Middleton, Anne Corvi and Steve Kaplan, Directors. Also in attendance were Sergio Ochoa, Resident Manager; Thomas Sorrentino representing the Corporation's independent auditors PKF; Ted Eacker and Chris Girr representing Walter B. Melvin Architects, LLC; Eric Balber, Balber Pickard Maldonado & Van Der Tuin, PC, as general counsel; David Rubin, Golenbock Eiseman Assor Bell & Peskoe LLP, as special litigation counsel; and Neil Davidowitz, Andre Kaplan, Dennis DePaola and David Commender representing the Corporation's Managing Agent, Orsid Realty Corp.

### **APPROVAL OF THE MINUTES OF THE 2010 ANNUAL MEETING**

Mr. Schell noted that a draft of the minutes of the 2010 annual meeting of stockholders had been posted on the website of the co-op since July 2010, thereby affording stockholders the opportunity to read them and develop any comments they might have. Mr. Schell reported that the draft minutes, as so amended, were available to shareholders at the sign-in desk. Mr. Schell requested further comments or corrections and invited a motion to approve the 2010 annual meeting minutes. The draft minutes were approved by acclamation of the stockholders present at the meeting without objection. The reading of the 2010 minutes was waived upon a motion and a second.

### **PRESIDENT'S REPORT**

The Board President then began the business of the meeting with a report on the results of the Corporation's operations for the year 2010. Mr. Schell reported as follows:

## Financial Results

- Total revenue vs. budget (not counting transfer fees) was down ½ of a percent. Total revenue (including transfer fees) was up 9.5%.
- The remainder of the improvement from 2009 to 2010 came from maintenance charges (up 6%), storage income (8%), the special assessment (7%) and miscellaneous (almost tripled).
- Payroll was 2.6% over budget, and 2010 was up 5.6% vs. 2009.
- Fuel/Heating was 26% over budget in 2010, but was down 16% vs. 2009.
- Electricity and gas was up by 3.9% vs. budget but down by 3.5% when compared to 2009.
- Repairs/supplies/miscellaneous were down almost 5% vs. budget and almost 35% vs. 2009. Our collective efforts to manage and minimize these costs were successful.
- Insurance, after analysis of the numbers, was slightly down in 2010.
- Overall, total expenses were about 2% over budget in a difficult year and about 1% higher in 2010 than they were in 2009. This reflects the success of our expense management efforts in 2010 – both in comparison to budget and vs. 2009.
- Income before depreciation – \$90,461 – was 225% over the budgeted number of \$27,887 for one main reason – transfer fees. We took in \$138,700 in transfer fees which more than covered the negative developments in the expense side of the P&L statement – mainly payroll and fuel/heating.
- Net income was a loss of \$107,235 vs. the budget of \$27,887, which did not include any depreciation.
- Depreciation in 2009 was \$194,168, and in 2010 it was \$197,696. These reduce our income (or increase our loss), but they do not entail any cash expenditure.
- We budgeted \$140,000 of capital improvements in 2010.
- We did not anticipate that we would discover substantial additional work that would be required to correct the flaws in the Local Law 11 project work from 2005-2007. This made our target impossible to achieve.
- We spent \$273,830 in capital improvements in 2010, of which more than 2/3 was funded by depreciation.
- Operating activities in 2010 provided \$210,214 of cash (of which \$197,696 was depreciation). This compares very favorably with the \$130,181 of cash that was consumed by operating activities in 2009. This was in addition to the \$194,168 of depreciation in 2009.
- Excluding the redemption of our certificate of deposit in 2010 (\$212,030), we consumed \$63,616 of cash in 2010.

## Correcting Defective Local Law 11 Work

- Work began on the cornice repairs during the week of May 3, 2010. Prices were estimated at 2005 unit prices. DNA told the Board at its April 9 meeting it estimated it would require 4 weeks for known repairs.
- In June the Board was told by Walter Melvin there were much more elaborate problems needing attention in the northeast corner of the building – principally the A line apartments. The Board convened an informational meeting of shareholders on July 14, 2010. This additional work added between \$200 thousand and \$250 thousand to the cost of the remedial work done on the Local Law 11 project. Delays at the Landmarks Commission delayed the project on the NE corner reconstruction application by at least an additional two months.

## Operational Activities

- The 5% increase in maintenance for 2011 was principally attributable to the increases in New York City real estate taxes, labor and personnel expense and utility expense. The New York City real estate tax burden is projected to increase by nearly 7.6%, or an additional tax cost of approximately \$65,000. Similarly, payroll and related expense (mainly union contract driven) likely will increase in 2011 by almost 6.5%, or approximately \$72,000. Finally, the cost of utilities (mainly fuel oil, gas and electric and water and sewer taxes for the building) can be expected to increase by 8.7%, or approximately \$22,000.
- In budgeting for fuel oil, we estimated a price per gallon for 2011 of \$2.41 vs. what was then about \$2.30. The price today is around \$3.30 to \$3.35. If this situation does not reverse, this will cause a budget hole or shortfall in the range of \$40,000 to \$50,000 for the year. That cannot be left unremedied.
- The Board and Orsid are working in the area of energy benchmarking with a consultant named Daylight Savings Company to address the benchmarking requirement of Local Law 84. An application has been filed for funding for the benchmarking to be provided by NYSERDA (New York State Energy Research and Development Authority). We will work with them on other possible initiatives to “green” the building.
- There have been upgrades of the storage rooms on the first floor to market rents and license agreements. There are 5 such rooms. Rooms # 4 and #5 are now at market rates. Room # 3 is presently vacant. Rooms # 1 and # 2 are occupied and currently paying less than market rates per square foot annually. Rooms # 1, 2 and 3 are being addressed.
- Orsid organized a fire safety seminar with the NYFD; as a result of which dual gas/CO meters were purchased and installed. A safety committee for the building is being organized
- Installation of the new oil tank was completed in January.
- Mr. Schell concluded with thanks to Sergio Mendoza and the building staff for their work maintaining the building and controlling costs and with thanks to David Commender and the Orsid staff for their contributions to a smoothly functioning building.

Mr. Schell then introduced Jason Kaplan.

### **JASON KAPLAN'S TREASURER REPORT**

Mr. Kaplan reported on the building's financial condition and on monies currently held in all the building's accounts. Mr. Kaplan stated the overall financial condition of the building is good. The building has a fixed rate mortgage at a reasonable rate and an available line of credit. Although capital costs have increased due to the façade work, and labor, fuel, utilities and taxes increased, the maintenance costs per square foot remain lower than comparable first-class buildings.

Mr. Schell then introduced Anne Corvi

### **ANNE CORVI'S REPORT ON FACADE WORK**

Ms Corvi provided a general update on the progress of the work done since the prior year's Annual Meeting to remediate the defective 2005-2007 waterproofing and façade work.

Mr. Schell then introduced Ted Eacker and Chris Girr of Walter Melvin

### **ENGINEERS' REPORT – FAÇADE ISSUES**

Mr. Eacker reported that the steel work to the northeast corner was almost completed and will be followed up with painting and waterproofing and then the brick will be installed. The terra cotta stones were being fabricated in England and were due to be shipped by the end of the month. The work to the second and third floor balconies on the east faced was being completed as warranty work by DNA. The repairs to the leaks to the water tower enclosure are being completed. The Local law 11 Cycle 7 inspection will be conducted while the sidewalk shed is in place. The goal is to have the shed down by the end of June.

Mr. Schell then introduced Tom Sorrentino from PKF

### **TOM SORRENTINO'S REPORT ON THE ANNUAL AUDIT**

Mr. Sorrentino gave a brief review of the 2010 financial statements. There were no questions from the shareholders.

Mr. Schell then introduced Lee Michel

### **LEE MICHEL'S REPORT ON CAPITAL PROJECTS**

Mr. Michel reported on the building's deferred maintenance program. Specifically, no other major capital projects and expenses are currently expected other than the remaining façade work. He reported that the steelwork and waterproofing of the northeast corner was required because of the severe steel corrosion discovered by the building's engineer. Mr. Michel reported that jobs undertaken in-house by the building staff led by the building's superintendent, Sergio Ochoa, such as radiator valve replacements and leak repairs, have resulted in savings to the building estimated to be between \$50,000 and \$100,000.

Mr. Schell then introduced David Rubin of Golenbock, Eiseman.

### **COUNSEL'S REPORT ON CLAIM AGAINST LAWLESS & MANGIONE**

Mr. Rubin discussed in general the pending claims against Lawless & Mangione for supervision and certification of the defective waterproofing and façade work conducted from 2005-2007. Mr. Rubin reported that a demand letter has been sent to Lawless' insurance carrier's counsel outlining the building's claims of negligence and damages.

Mr. Schell then introduced David Bither.

### **DAVID BITHER'S REPORT ON THE BUILDING'S BOARD**

Mr. Bither reported that there were no changes on the Board this year and that all present members of the Board are standing for re-election. He invited shareholders to volunteer as candidates for a position on the Board next year.

Mr. Schell then introduced Curt Middleton.

## **CURT MIDDLETON'S REPORT ON THE WEBSITE& NEWSLETTER**

Curt Middleton reminded shareholders of the availability of various documents on the website. He thanked those who contributed to the newsletter. He reported that old newsletters were scanned and available on the website.

Mr. Schell then introduced Ms. Corvi's report on alterations.

## **ANNE CORVI'S REPORT ON THE REVISED ALTERATION POLICY**

Ms Corvi reported on the recent amendments to the alteration agreement. She indicated the goal for the coming year was to also have contractors be a signatory to the alteration agreement.

Mr. Schell then introduced Steve Kaplan.

## **STEVE KAPLAN'S REPORT ON 93/94<sup>th</sup> STREET PRESERVATION ALLIANCE**

Mr. Kaplan reported on his first year of serving on the Board and thanked fellow Board members for their efforts. He also indicated that information on the 93<sup>rd</sup>/94<sup>th</sup> Street Preservation Alliance as well as the planned Columbia Grammar expansion will be made available on the 336 CPW newsletter.

Mr. Schell then introduced Eric Balber.

## **CORPORATE COUNSEL'S REPORT**

Mr. Balber introduced himself and his firm as the new corporate counsel for the building. He provided a brief background on his legal experience in the field of cooperative corporations.

Mr. Schell then introduced shareholder Elizabeth Bailey.

## **ELIZABETH BAILEY'S REPORT ON THE FLAVIO FUND**

Ms. Bailey reported that \$7,000 has been raised for hearing aids for staff member Flavio Perez. He is being fitted for the aids. She thanked shareholders for their generosity.

Mr. Schell then introduced shareholder Carolyn Schindell.

## **CAROLYN SCHINDEL REPORTS ON SMOKING IN BUILDING**

Ms. Schindel requested that the building consider becoming a smoke-free building. She also reported on the damages of second hand smoke. She took questions from fellow shareholders including the legal ramifications, what other buildings had done , rights of privacy and effect on market value.

## **SHAREHOLDER QUESTIONS, COMMENTS AND DISCUSSION ITEMS**

The following topics were the subject of shareholder queries, comments and suggestions. There was also discussion among shareholders and with the Board around these items.

- Timing and costs of repairs to the northeast corner of the façade and the removal of sidewalk shed.
- Posting of alteration agreement on the website.

### **ELECTION OF THE BOARD OF DIRECTORS**

- Presentation of the seven candidates for the seven seats on the Board

DAVID BITHER  
ANNE CORVI  
JASON KAPLAN  
STEPHEN KAPLAN  
LEE MICHEL  
CURT MIDDLETON  
MIKE SCHELL

- Polls opened for voting
- Each candidate was given an opportunity to address the shareholders
- Polls were closed

### **RESULTS OF VOTING**

David Commender was appointed as Inspector of Election and tabulated the votes. The following persons were elected to the Board to serve until the next annual meeting of shareholders:

DAVID BITHER  
ANNE CORVI  
JASON KAPLAN  
STEPHEN KAPLAN  
LEE MICHEL  
CURT MIDDLETON  
MIKE SCHELL

### **ADJOURNMENT**

As there was no further business to come before the shareholders, upon motion duly made and seconded, it was unanimously resolved that the meeting be thereupon adjourned. The time of adjournment was 9:00 p.m.

Respectfully Submitted,  
David Commender  
Assistant Secretary