

336 Board Meeting Summary September 2008

At its September 24, 2008 meeting the Board addressed the following matters:

- Management and the superintendent advised the Board of certain concerns regarding the sub-basement oil tank room, including potential structural deterioration reflected in vertical cracks visible in the room's brick columns and a significant quantity of coal stored in the room since the building's conversion from coal-fired to oil heat and hot water. The Board viewed the conditions in the room and directed the following actions:
 - Clean up coal debris accumulating on the floor below the oil tank. The Superintendent and building staff have completed the clean-up.
 - Investigate any legal requirements relating to the storage and removal of the coal remaining in the room.
 - Engage an engineering consultant recommended by the managing agent to investigate the structural concerns as well as certain other conditions affecting the exterior of the building in the courtyard.
- The Board agreed to make available to shareholders an offer received from an outside vendor for chimney cleaning services.
- The Board considered further changes to the building's out-of-date Alteration Agreement, including provisions relating to plumbing and usage matters.
- The Board ratified placement of a portion of the building's cash reserve funds into a CD rollover program to optimize both return and FDIC insurance protection for cash reserves.
- The Board asked the managing agent to monitor the price of No. 6 heating oil throughout the summer, after prices rose to levels in excess of \$3.20 per gallon due to significant volatility in oil markets. As prices declined through the late summer, the Board determined that renewed upward price pressure during the cold season posed a significant risk to the building's budget. In order to mitigate such risk, the Board agreed that the building should seek to lock in its price for heating oil through the winter, should prices fall to a level at which the building could achieve a 2009 fuel oil budget at the 2008 level. Accordingly, the Board directed the managing agent to arrange an agreement for the purchase of No. 6 heating oil at a fixed price in the event that prices fell below \$2.50 a gallon. On October 1, 2008, the Board entered into a 6-month agreement with Castle Oil to purchase heating oil at \$2.48 per gallon through April 2009. As oil prices have since declined significantly, the Board will continue to monitor prices and lock-in opportunities to continue reducing the building's cost of fuel through 2009 and perhaps into 2010.