

**350 BLEECKER STREET CO-OP NEWSLETTER #160**  
**November 24, 2002**

**BOARD RE-ELECTED**

On November 12, 2002 the Annual Meeting of Shareholders took place at Synagogue Darech Amuno at 53 Charles Street. All but 10 shareholders were either at the meeting or voted by proxy. The co-op has 17,222 shares. The votes were:

John Bruno 236  
Gregory Colucci 10,910\*  
Al Del Vecchio 10,576\*  
Robert Geils 108  
Laura Herbert 10,702\*  
Elizabeth Hochbrueckner 10,910\*  
Jim Kafadar 10,742\*  
Susan Kim 10,702\*  
Mark Lilien 10,702\*  
Shirley Lomanto 108  
Kimberly Minarovich 236  
Ken Newman 128  
Cynthia Spry 344

\*indicates this person was elected.

**NEGOTIATING COMMITTEE**

The highlight of the meeting occurred during Elizabeth Hochbrueckner's presentation about the litigation. She repeated the board's request for splitting the cost of a neutral professional mediator. Ken Newman said that he would not accept mediation, but that he would negotiate to reach a settlement. He stated that the negotiating committee's members had to be acceptable to him. As an example, he stated that he would not accept any board members as negotiating committee members. The committee members are: David Briman (6KL); Josette Greechan (5E); Maryellen Keenan (LA); and Mary Sculley (LJ).

**SUMMARY OF ANNUAL MEETING**

Attached is an outline summary of the meeting and a graph showing apartment values. If you have any questions or comments about these topics, and missed the meeting, please contact any board member.

## OUR STAFF

At this time of year, people ask about the tenure of our staff:

Rifo Otovic, Super, has been working for the co-op since 1989.

Jerry Rawls, Porter and Doorman, has been here since 1963

Armando Sanchez, Doorman, since 1989.

Jasmin Orahovac has been Weekend Doorman since 1993.

Geoff Merrill, Weekend Doorman, started this year.

## Apartments for Sale

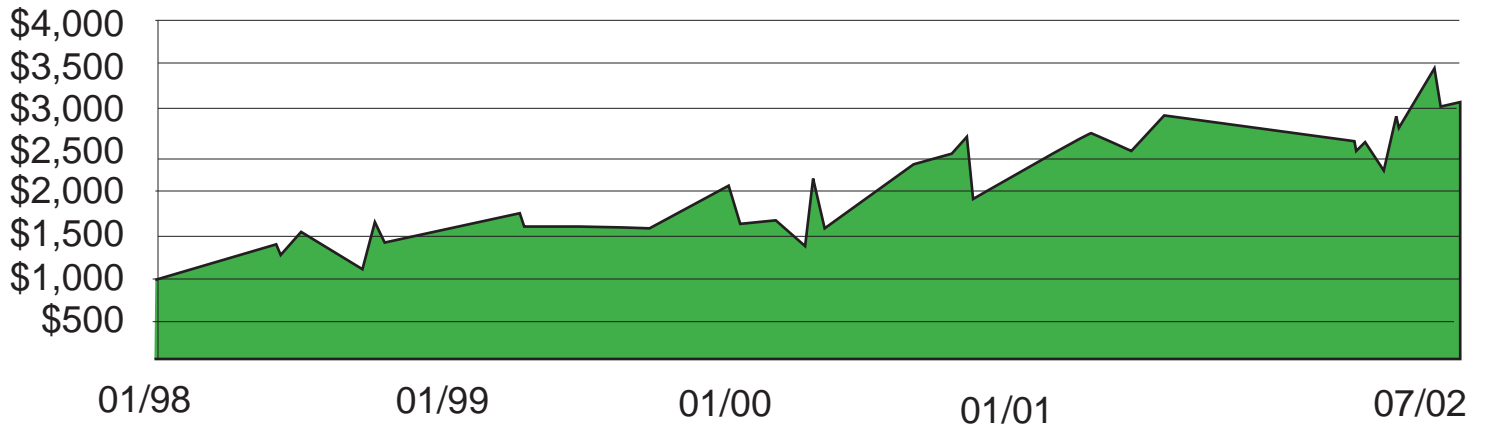
APARTMENT	SIZE	ASKING PRICE	CONTACT	PHONE NUMBER	E-MAIL ADDRESS	IN CONTRACT
LJ	1 Bedroom	\$399,000	Gerald Germany (Broker)	917-548-9887	<a href="mailto:geg@corcoran.com">geg@corcoran.com</a>	No
1D	<a href="#">Studio</a>	\$298,000	<a href="#">Armanda Squadrilli (Broker)</a>	646-824-8379	<a href="mailto:squad@aol.com">squad@aol.com</a>	No
2L	1 Bedroom	\$410,000	Shirley Lomanto	212-319-3000 (W) 516-678-0833 (H)	None	No
3X	<a href="#">Alcove Studio</a>	\$349,500	Michael Bolla (Broker)	212-243-3237	None	No
4G**	<a href="#">2 Bedroom</a>	\$670,000	Rod Jones	917-698-1827	<a href="mailto:rod.jones@kiodex.com">rod.jones@kiodex.com</a>	No
<a href="#">4P*</a>	<a href="#">2 Bedroom</a>	\$682,000	<a href="#">Armanda Squadrilli (Broker)</a>	646-824-8379	<a href="mailto:squad@aol.com">squad@aol.com</a>	No
4R*	<a href="#">1 Bedroom</a>	\$430,000	Kenneth B. Newman (Sponsor)	212-319-3000	<a href="mailto:kennybn@aol.com">kennybn@aol.com</a>	No
5G**	<a href="#">2 Bedroom</a>	\$715,000	Steven Hanley	212-691-9383	<a href="mailto:hanleys@nyc.rr.com">hanleys@nyc.rr.com</a>	No

If you would like your apartment listed on this webpage, contact any [board member](#).

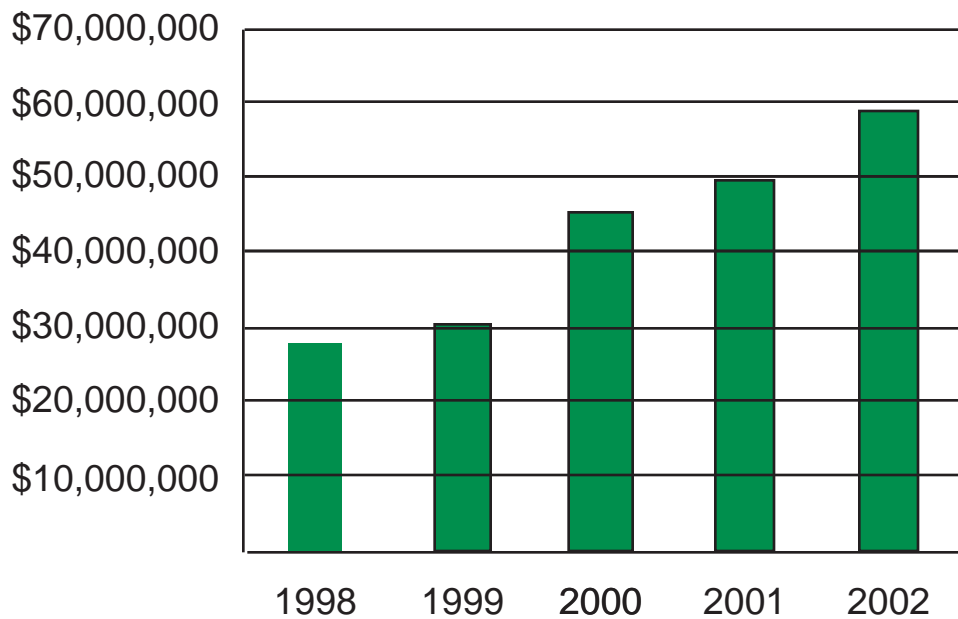
\*Note: 4P and 4R are contiguous. With board approval, they can be combined into one apartment.

\*\*Note: 4G and 5G are contiguous. With board approval, they can be combined into one apartment.

# 350 Bleecker Street Apartment Corporation Prices per Share 1998-2002



# Value of the Building 1998-2002



11/12/2002

Annual Meeting of Shareholders – summary outline

**I. Introduction of moderator (Al Del Vecchio, Chairperson) who introduced:**

- A. Board members (Gregory Colucci, Al Del Vecchio, Laura Herbert, Elizabeth Hochbrueckner, Jim Kafadar, Susan Kim, and Mark Lilien)
- B. Anthony Collela and Paul Morton of Tudor
- C. Rick Montanye, CPA
- D. Andrew Brucker (attorney, who supervised counting ballots)

**II. Board member reports**

- A. **Legal update** – the history of the 2 garage votes was outlined. Five separate legal actions were discussed.

- 1. 2 Garage votes

- 1999: lost by 3 votes. Ken stated in writing and verbally he'd sue shareholders who voted against him. Open ballot, not secret ballot.

- 2000: unanimous vote. Ken stated in writing and verbally he'd sue shareholders who voted against him, but ballots were secret

- 2. Garage appeal in federal court

- Done in August

- Answers can take 1 day to 1 year

- \$367,000 legal fee may be refunded if co-op wins

- 3. \$22 million lawsuit by co-op in state court

- conflict of interest: did Ken represent the co-op's interests or his interests?

- Ken had 7 different roles (lawyer for co-op, board president, board member, transfer agent, managing agent, commercial space lessee, sponsor)

- Attorney Mitchell Schrage paid retainer + 30% of winnings

- 4. Ken's suit to see confidential board minutes (state court)

- Court agreed with co-op that legal strategies remain confidential

- Court denied Ken his legal fees

- Insurance company defended co-op

- 5. Ken's lawsuit against Mark and Jim (state court)

- 6. Ken's demand that the board sue Mark and Jim (state court)

- 7. Repeatedly, board suggested neutral professional mediator

- Note: #5 and #6 are listed on the web site.

## **B. Financial**

1. Mortgage: 2 banks fighting each other for our business due to value of building, excellent location, excellent condition (new roof, recent boiler, etc.) Mortgage debt as a percentage of the building's value is declining.
  - a. \$4.25 million at less than 6% compared to current \$3.3 million mortgage at 7.82%. Will save about \$66,000/year for 10 years = \$660,000 less refinance costs of about \$143,100, of which \$66,000 is tax deductible. Net savings = about \$500,000 = about \$960 per week for 10 years.
  - b. Includes \$3 million credit line.
  - c. Co-ops commonly have credit lines since mortgages last for 10 years and a lot can change in 10 years.
  - d. Mortgage closing goal: first half of 2003.
2. Board members lent the co-op \$200,000 interest-free, to be paid back upon mortgage closing.

## **C. Construction, physical maintenance, and building improvements**

1. Dispute with AM+G waterproofing contractor settled. Co-op now has its roof guarantee and the contractor's lien is being lifted.
2. New intercom board installed. Volume is now fairly loud. Due to the age of the building, adjustment of volume for each apartment is not economically practical. If the volume is turned down, then some apartments have trouble hearing.
3. Mailbox replacement scheduled for January, to minimize holiday disruption. We'll have our old mailboxes in temporary lockable frames in the lobby for 1 to 2 weeks. New mailboxes will be more than twice the size of the old ones. Design Committee advised on color and physical arrangement.
4. Elevator maintenance firm will be replaced. Poor service on weekends and weeknights. Negotiation with alternative firms now going on.

## **D. Shareholder Communication**

1. Monthly newsletters and web site with litigation details
2. Requested shareholder opinions on important specific issues:
  - a. sidewalk planting design as suggested by Design Committee
  - b. budget, including legal retainer for \$22 million lawsuit against Ken Newman
  - c. garage appeal (meeting in October and specific Newsletter asking for opinions in November)
  - d. mortgage refinancing, including credit line
  - e. mailbox replacement

## **E. Safety and security**

1. gas pilot light stoves being phased out (when people move out)
2. security system rebuilt and then caught
  - a. laundry room thief
  - b. elevator vandal
3. board taking bids on emergency lighting for hallways (during power failures)

F. **Sales of apartments** – valuation reaches new high, with large number of transactions (11 so far in 2002)

(see handout with graph)

Year	High \$/share
2002	\$3,459.46
2001	\$2,897.73
2000	\$2,650.79
1999	\$1,753.73
1998	\$1,650.00

5 year rise +110%

### III. Annual election

**2002 Estimate**

	October YTD			2002 Budget	Estimate Over/(Under) Budget
	Unaudited	Nov-Dec	Full Year		
	Actual	Estimate	2002		
<b>Income</b>					
Commercial Rent	\$ 71,667	\$ 54,655	\$ 126,322	\$ 123,750	\$ 2,572
Laundry Income	11,381	2,000	13,381	12,000	1,381
Transfer Fees	89,330	-	89,330	40,000	49,330
Maintenance (B)	867,081	185,598	1,052,679	1,041,587	11,093
Other Income (Sublets, etc.)	10,734	726	11,459	10,600	859
<b>Total Income</b>	<b>\$ 1,050,193</b>	<b>\$ 242,979</b>	<b>\$ 1,293,172</b>	<b>\$ 1,227,937</b>	<b>\$ 65,235</b>
<b>Expenses:</b>					
Real Estate Tax	128,193	209,281	337,474	337,256	219
Mortgage Interest & Principal	245,249	48,806	294,054	290,526	3,529
Other Taxes	11,088	-	11,088	3,938	7,150
<b>Total Taxes &amp; Interest</b>	<b>384,530</b>	<b>258,087</b>	<b>642,617</b>	<b>631,719</b>	<b>10,897</b>
Insurance	39,024	11,197	50,221	42,749	7,472
Management Fee	33,908	6,782	40,689	40,689	(0)
Legal Fees (C)	141,887	7,611	149,499	73,000	76,499
Accounting	6,704	1,334	8,038	7,206	832
All Other (security, postage, etc.)	5,871	1,307	7,177	7,840	(663)
<b>Total Administration</b>	<b>227,393</b>	<b>28,230</b>	<b>255,623</b>	<b>171,484</b>	<b>84,140</b>
Labor	187,321	40,548	227,868	235,325	(7,457)
Utilities	88,186	13,800	101,986	115,928	(13,942)
Maintenance & Repairs	36,487	7,301	43,788	46,594	(2,806)
Contingency	-	2,500	2,500	15,000	(12,500)
Construction/Capital Projects (D)	18,785	16,858	35,643	21,858	13,785
<b>Total Expense</b>	<b>942,702</b>	<b>367,324</b>	<b>1,310,026</b>	<b>1,237,908</b>	<b>72,118</b>
<b>Net Operating Income/(Loss)</b>	<b>\$ 107,491</b>	<b>\$ (124,345)</b>	<b>\$ (16,854)</b>	<b>\$ (9,971)</b>	<b>\$ (6,883)</b>
Projected Cash @ 12/31/02 (E)			<b>\$ 14,307</b>	<b>\$ 139,251</b>	<b>\$ (124,944)</b>

Footnotes:

- (B) Reflects unbudgeted tax abatement credited to shareholders.
- (C) Overage reflects 2001 legal fees billed in 2002 + extra payments for legal fee defense.
- (D) Overage due to sub-meters (\$5,358) + carpet invoice (\$8,375) paid in 2002 not 2001 as anticipated.
- (E) Projected cash includes \$367,467 payment made to Ken Newman for his legal fees.  
\$200,000 was a no-interest loan from the board to the co-op.  
Actual cash at the end of October was \$138,651. Due to record low interest rates, the board is exploring refinancing the mortgage and acquiring a bank credit line.