

188 E 70

A Note From the Board of Managers March 7, 2001

The Board of Managers would like to take this opportunity to inform the owners of certain significant improvements and changes. These were all done to protect your investment, security and the quality of life in this beautiful building.

One matter that was successfully resolved was the completion of the certiorari proceeding that caused the City of New York to rebate the excess real estate taxes from the years 1993 to 2000. New York City requires a yearly filing for tax reductions. We now have a procedure in place to file yearly and have done all we can to make sure that you get future rebates in a timely manner.

The board has increased security by adding four cameras located throughout the building. The system we installed can be expanded at minimal cost. Another benefit affecting almost everyone living in the building was the significant reduction in monthly fees charged by Time-Warner Cable by changing to bulk rates from the individual rates that had been in place.

The board has arranged for some amenities and corrected many problems. You may have noticed the potted trees at the building entrance that add a nice touch. We had great success in our campaign to improve the toys and play equipment in the playroom off the atrium. The trees and the toys were donated. The frosted glass for the doors and the clean-up of the interior of the service entrance are a great improvement as well. A ventilation specialist was bought in to correct a serious problem with cigar smoke for some units. A broken roof fan was repaired at that time as well.

In addition, the big news and the occasion that has inspired the board to prepare this newsletter is that after a six month trial period the board, by a unanimous vote, has given Eugene Arjoca the permanent position of Resident Manager. Eugene is multi-lingual and multi-talented and a true professional. He is a civil engineer and has a degree in hotel management with training at the Waldorf Astoria and Hilton Hotels.

The following pages are a report on how Eugene immediately discovered and corrected certain deficiencies in staff management and began an aggressive program of major repair and maintenance on what had become a very neglected and, in some instances, a dangerous physical plant.

Often it is the things you don't see or know about that can hurt you. The board is very proud of our new Resident Manager and wishes you to know that your property and investment is being properly cared for.

Report on 188 East 70th Street

March 7, 2001



We all share an interest in what goes on in our building. Whether we live here full-time or own property as an investment, the proper management of the staff and the physical plant are essential.

Our prospectus guarantees us a Resident Manager and provides an apartment for that specific purpose. Mr. Eugene Arjoca began working in the building on August 28, 2000. We were very fortunate to be able to attract a professional with such excellent qualifications whose need could be met by the one bedroom apartment available to him. He has staff management and hotel experience as well as being fully qualified to manage the complex systems in the building's physical plant.

Eugene was immediately faced with a staff that was chronically late and had been in the habit of

covering for each other's unexcused absences. At his suggestion, we purchased and installed a biometric hand punch. Each employee must be physically present to punch-in. As in most cases when procedures are changed and made more rigorous, some employees find these changes difficult to adjust to and make their feelings known.

The board had long thought that the Resident Manager's office should be on the main floor for more effective supervision of the staff and better availability to residents. Oversight of outside contractors can be much better maintained from this vantage point as well.

Eugene made short work of converting a little used space into an office. All work was done by himself and building staff and the single expense was for a new door.

His office now has a direct telephone line, (212) 585-2106, and answering machine so residents can directly contact him without concern for lost messages or forgotten communications through other staff. In addition he has been provided with an e-mail account (TrafalgarNY@aol.com) so that our busy and far-flung owners can be in touch.



We have registered a domain name for the building (www.188East70th.com) and plan to develop a simple Web site to provide up-to-date communication with our owners. You will be able to get accurate information about critical matters and be provided with contact information so you can easily make your feelings known to the board members.

While setting up procedures for supervision of staff and more efficient operation of the building, Eugene was conducting a much needed thorough evaluation of the physical plant. The following pages show in graphic detail some of what he found and how he proceeded to repair the damage of a long neglected building maintenance program.

Valve & Pipe Repair

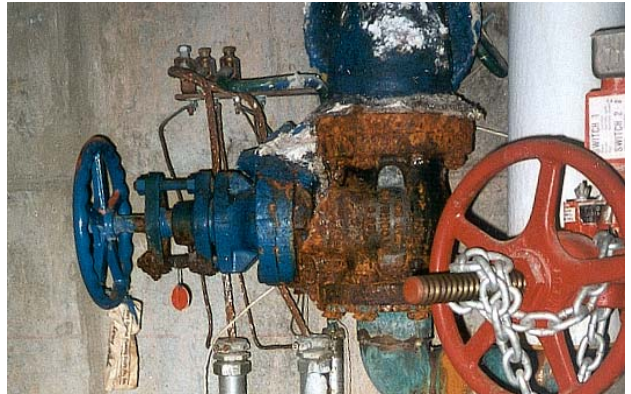
One of the most alarming aspects of Eugene's evaluation was the fact that a critical document was missing. The "Valve Chart Book" is essential to the safe operation of a complex physical system like a modern residential building. Each valve has a tag. The tag refers to the book. To properly shut down systems for routine maintenance or for control of emergencies this book is critical.

The current staff and former responsible parties have not been able to produce this important document. As a result, maintenance is made considerably more difficult by the need to recreate this document on an ad hoc basis. A perfect example of what happens without this map of the critical systems is that the location of the main water shut-off valve was unknown.

In an attempt to trace the source of leaks, Eugene discovered this valve. It had not had any maintenance for many years and did not even appear on the Rand report commissioned to assess the physical plant. The advanced state of the corrosion and neglect made it a very serious potential disaster.

Leaks have been a continuing problem in the building. A great deal has been accomplished toward repairing the causes of many of these leaks by proper routine maintenance like repacking valves and checking seals and caulking.

This page illustrates before and after conditions of some main water valves, water and sprinkler pipes in one of the critical valve rooms.



Main water shut-off valve. Top photo the serious state of corrosion. Above, the valve has been insulated and fully checked and cleaned. All valves in this room were serviced.



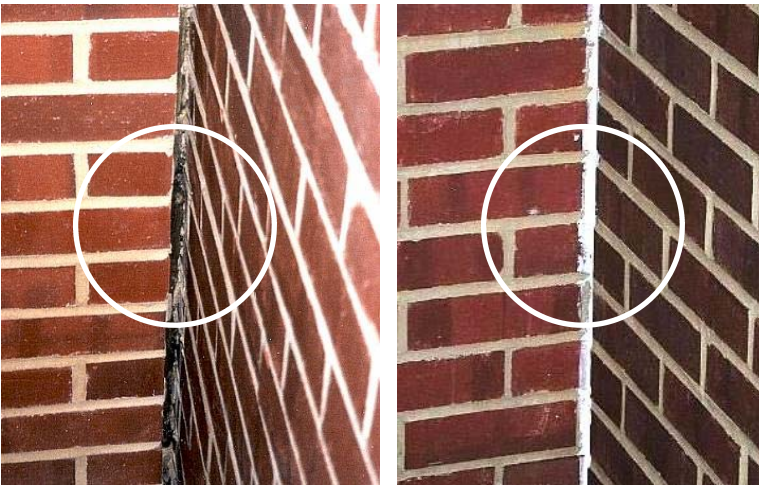
Above left you see the standing water and mold indicating serious long-term neglect. The water leaks were caused by badly maintained valves. Above right you see the clean and dry floor now that the valves have been repacked. This is basic but important maintenance.

Below left shows the state of decay on one of the main sprinkler lines. This line is connected to a 4,000 gallon tank on the roof. A rupture in this joint might have caused a very serious flood. The repaired pipe and new joints are shown below right.



Atrium

Leaks from the atrium planters into the commercial space below were chronic. Eugene proceeded to completely remove the plants and soil from the planters and clean them completely. You see below that the liners had not been tarred properly and raw concrete was exposed to water.



The opportunity for leaks was obvious when exposed. The planters have since been completely renovated and are now operating as designed.

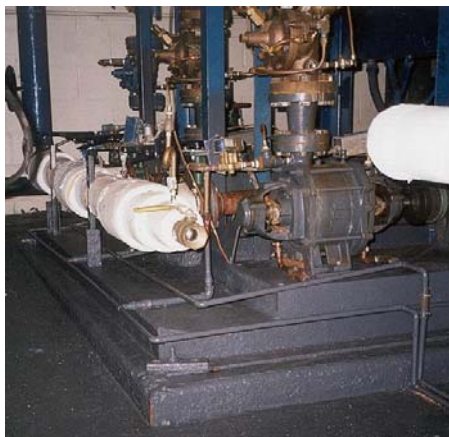
At far left you see the gap in the brick wall above the planters at the entrance to the playroom. This gap had not been filled in since the building was originally constructed.

This gap was the cause of water leaking into the atrium from the skylight above.

The long-term lack of proper maintenance causes great expense that could otherwise be avoided.

Pump Room

Dangerous conditions were found in the pump room. Below left, you see the corrosion and leaking around the pumps for building water supply. Even more serious was the condition of the pumps themselves due to long-term neglect of proper maintenance. Because he is a professional engineer, Eugene was able to do much of the major repair in-house and saved the building approximately \$5,000.00. You see the results is below.



Above you see that the sewer sump pump was in serious disrepair. The cover was rusted and corroded and the motor compartment was filthy. It has been cleaned and painted.

Chaotic Supply Spaces

Supplies and maintenance materials were stored in a hopeless jumble. Inventory was not kept so it was impossible to know if supplies were just being used or perhaps disappearing. The large photos at left show the previous chaotic condition of storage. Eugene has not only done the obvious good job of putting things in order as you see below, but now has better inventory control and can see considerable savings.



Fire Hazards

Lack of proper supervision and control of the physical space in your building is not just a matter of esthetics and opinion. It is a serious matter of basic fire safety.

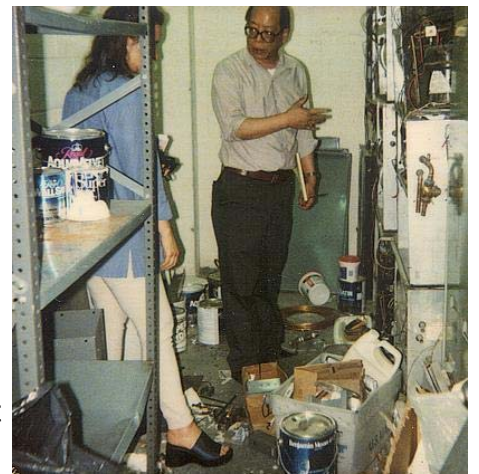


The current board, after considerable struggle to get cooperation, forced the previous superintendent to arrange for removal of personal property. It has now been made certain that halls are always clear and clean.

Storing materials in the wrong places can cause severe obstruction to emergency crews and be a general fire hazard.

Often it is possible for staff to think that it is better for their relationship with the residents to make certain allowances for liberties in this regard. It may suit both residents and staff to look at the short term benefit of having a place to store an old desk, but when you put at risk all the rest of the occupants this abuse can not be tolerated.

The board is sensitive to this difficulty and hopes to find alternatives.



At top is the incredible mess made of the telephone room. It is unlawful and a fire hazard for anything to be stored here. Above is the condition today.



This is the electric room. Furniture and trunks and other items were stored here. By law, this room must be free of any unauthorized gear.