



Midboro Management Inc. Year End Review 2017

Dear Friends,

Please see some of this year's highlights below:

Board Seminars: Midboro hosted two informational Board seminars. We held an Annual Meeting seminar for Board Presidents to review the process and provide suggestions on conducting productive Annual Meetings. We also held a Board Treasurer seminar to review the information and data that is used to prepare a building's operating budget and presented a brief overview of our accounting process. We hope these seminars prove to be useful and we welcome suggestions for future topics.

2018 Budgets: The budgets for our clients who operate on a calendar year have been completed. Although real estate taxes, payroll and benefits, insurance and water costs continue to rise, we made efforts to contain or decrease other expenses, which is reflected in each 2018 budget. If you did not choose a fixed rate contract for oil, we projected #2 fuel oil price to be \$2.10/gallon for #2 oil and \$1.90/gallon for #4 oil. We will continue to monitor prices and will provide lock in rates based on market trends. The average 2018 maintenance/common increase for our portfolio of 120 buildings varies between 3-5%. If there are any questions, your account executive, your financial analyst or our Principal, Gary Ziprin, CPA will be pleased to answer them.

Reducing Costs: Throughout the year, Midboro strives to reduce costs for the buildings, including both major and minor line items. Midboro competitively bids all major repairs/capital improvements with reputable firms in the industry to ensure the best possible quality and price. In addition, pricing out maintenance supplies to attain bulk rates for building supplies is one way we reduce costs. For example, we negotiated pricing for hallway/stairwell emergency markings to comply with the recent New York City Fire Department rule, and negotiated bulk pricing for calcium chloride purchase in preparation for the winter season.



SiteCompli's Checkmark Awards: This year Midboro was honored as the Residential Firm of the Year at SiteCompli's Checkmark Awards at RealFocus 2017, which recognizes innovative contributors to the real estate compliance industry. SiteCompli is a web-based program that is used by most of the Real Estate the industry to monitor and alert property managers of violations, permits, permit expirations, etc. affecting their buildings.

Welcome to the Family: We would like to take this opportunity to welcome the latest additions to the Midboro family:

46-30 Center Boulevard Condominium - Long Island City
Hollis Court in Bayside
470 West End Corp.
Lincoln Towers - 165 West End Avenue
The Dillon - 425 West 53rd Street
The 99 Jane Street Condominium
270 West 11th Street Owners Corp.
425 Central Park West Condominium
315 Homes Corp. - 315 Riverside Drive

Training Seminars/RoundTable Discussion for Management Teams: Midboro's entire management staff meets at least every two weeks for in house education/training seminars. We invite some of the top professionals and vendors in the industry to speak to our staff regarding the latest news that affects property management. In addition, we have round table discussions focusing on issues and experiences that our management teams encounter on a day to day basis. These discussions allow our staff to share and collaborate on the best approach with handling particular situations.

Compliance: We regularly report on any new codes mandated by various agencies that would affect our portfolio. Our compliance department works diligently with our management teams to ensure that our clients adhere to the new regulations including, but not limited to, bed bug disclosure, cooling tower filings, FDNY signage, elevator code compliance, and Board non-conflict interest disclosures. New York City Codes are constantly evolving and our Compliance Department plays an integral role in the management of our buildings.

Legislative Updates:

New Smoking Policy:

By September 1, 2018, all co-ops and condos are mandated to adopt and disclose a detailed building policy, which states where a person can or cannot smoke within the building. The new policy is to be included in the house rules and attached to sale contracts or leases. We will provide a sample smoking policy to be adopted into your house rules.

Co-op Sale Application Bill:

The New York City Council is seeking to pass two bills that would limit the amount of time a board and managing agent have to process co-op sale applications. According to the proposed legislation, failure to respond within a designated approval time (20 days) will result in automatic approval of the application to purchase. In addition to the time restriction to review applications, the proposed bill will require boards, whenever they reject a purchase application, to provide in writing (i) the specific reasons for the rejection; (ii) identify any elements of the application that were deficient; (iii) explain if the application failed to meet specific requirements of the cooperative; (iv) the source of any negative information relied upon by the Board in rejecting the application; and (v) detailed data concerning purchase applications for the prior three years. The rejected applicant has the option of addressing the specified deficiencies. Failure to adhere to the law can result in monetary penalties and prevailing legal fees that can be enforced by either the applicant or any broker who would have been entitled to a commission had the application been approved. We will monitor these proposed bills and provide updates if they are actually approved and becomes a new law.

Board Conflict of Interest

The New York State legislature recently passed significant amendments to the Conflict of Interest Laws pertaining to (i) New York Cooperative Corporations organized under the Business Corporation Law (BCL) or the Non-For-Profit Corporation Law; and (ii) New York Condominiums organized under Non-For-Profit Corporation (NFCPL) Law. These changes will require co-ops and condos to establish procedures and notification requirements in connection with certain conflicts of interest by persons serving as a board member of co-ops and condos in either one of these statutes.

Effective January 1, 2018, the amendment will require that at least once a year (i) Co-op Board of Directors under BCL receive a copy of Section 713 of the BCL, Condo Board of Managers receive a copy of the Section 715 of NFCPL; (ii) a report signed by all directors/managers to be sent to shareholders and unit owners listing all contracts and transactions in which any director/manager has personal financial interest, including the name of the contract recipient, contract amount, and purpose of the contract, (iii) a report that there were no contracts or transactions in which any director had personal financial interest, or (iv) a record of any Board meetings during which the contract or transaction was voted on that includes the date of each meeting, the attendance of each meeting, and how each board member voted.

Going forward, we will distribute the sections from the BCL or NFCPL after every Annual Meeting to each board member and provide a sample disclosure report for our buildings to distribute to owners.

Board Packages: We wish to remind Board Members that all purchase, rental/lease and refinancing packages can be reviewed online at www.midboro.com. Each Board Member has a unique user name and password for “Midboro Online” that provides access to a portal for only Board members to review both the monthly financials and board packages. We encourage board members to eliminate paper, switch over to reviewing electronic copies of Board packages and discontinue hard copies. Please contact the Director of the Transfer Department, Fatima Ismaili at fismaili@midboro.com or your Account Executive for assistance.

The Co-op and Condo Communicator: Residents will receive our winter issue of the Co-op Condo Communicator in January.

Superintendent’s Club Meeting: Midboro’s Superintendent’s Club meets throughout the year as a forum for resident managers/superintendents to discuss various topics pertaining to building management. This year we endeavored to enroll all of the resident managers/superintendents in the Community Emergency Response Team (CERT) Program which provides training in emergency preparedness. These courses are designed to prepare resident managers with knowledge and tools to deal with natural and man-made disasters, including storms, floods, fires, building collapses, and terrorist attacks. The courses are a combination of classroom lectures and hands-on scenarios. At the end of the course, the resident manager receives a certification from the Federal Emergency Management Agency (FEMA). The certification does not have an expiration.



These courses are typically held for ten 3-hour sessions in the evening. Midboro was able to coordinate consolidating the course into three full day classes at our office. By doing so, we were able to negotiate a discount, expedite the certification process and eliminate overtime costs that would apply if the course was taken in the evening.



We are pleased to announce that almost 50% of our resident managers/superintendents are certified. We received positive feedback from those who have attended. We plan to hold additional courses early next year for those who were unable to attend our October and November sessions.

Annual Midboro Outing:

Our superintendents and resident managers also had a fabulous time at our Annual Midboro Outing.



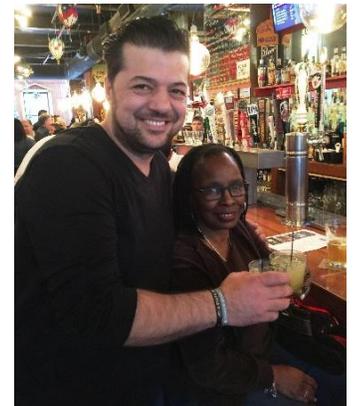
Regina Duggan, Our First Female Superintendent (left), Linda Romolo, Account Executive (right)



Ellen Marrone, Idriss Gebara and Dyra Arnold-Blackstock, Midboro Team (from left to right)



Michael Wolfe showing his skills on the pool table!



Giovanni Rakaj, Superintendent (left), Beverly Whitfield, Assistant Manager (right)

Midboro Gives Back: Every year, account executive Jackie Lora organizes a fabulous potluck where each of our staff members contribute a homemade dish to the company Thanksgiving lunch. Although Midboro has grown over the years, our company remains a family-oriented firm where



our employees and clients are treated exactly like family. This year members of our staff prepared meal plates with the surplus of food and took to the streets of New York City, distributing home-cooked meals to the homeless. In addition to serving our clients; we believe it is important to serve our community as well.



Antonia Quintieri, Jackie Lora, and Gabrielle Strass-Bucher (from left to right)

Stacey Channer, Gabrielle Strass-Bucher, Michele Markowitz, Jackie Lora, Kristen Lopez distributing food to the homeless.

32BJ Union Contract:

The contract for building service employees in Local 32BJ buildings (this does not apply to our Bronx and non-union properties) is set to expire at midnight on April 20, 2018. The union contract covers pay and benefit standards for more than 30,000 residential building service employees, including doormen, porters, handymen and superintendents in New York City. In buildings with six or more employees (including the superintendent position) the superintendent is considered a resident manager who is covered under a separate contract which expires at midnight on June 20, 2018. In the unlikely event the building workers go on strike because an agreement is not reached between the Realty Advisory Board (RAB) and Local 32BJ, the Service Employees Union, Midboro will have a contingency plan in place to handle the day-to-day operations of the building. Michael Wolfe is a member of the RAB Board and has been selected to be part of the negotiating team.

Feedback: Please do not hesitate to contact any of our Directors or me by email or phone to share your thoughts about our services. Your comments acknowledging the efforts of our staff or, the rare case of displeasure, help us to continue to improve our services. We look forward to hearing from you.

Midboro Staff: Many of you have contacted me concerning your desire to convey your appreciation to members of my staff (account executive, assistant manager, transfer department and financial analyst) that work on your account in the form of a monetary holiday bonus. Obviously, I would not provide you with an amount or suggest it is necessary, but I appreciate your acknowledgement of their efforts.

The entire staff at Midboro Management wishes everyone a safe and joyous holiday, as well as a healthy and prosperous New Year!

We are truly happy to have each and every one of you in our Midboro Family.