

# The Eric Gazette

Editorial, Page 1 of 2

Friday, May 17, 2013

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## ...NOT OUT OF THE WOODS... + ENDORSEMENTS

We are not yet out of the woods. Not yet. It is not the right time to switch course with respect to whom we choose in the coming election. This is why I endorse:

#4. DEBBIE FINSTON,  
#6. RAY RIGA, and  
#8. NORMA RAMIREZ.

We should stay the course. Let's go to the way-back machine to see why:

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In 2008, the U.S. experienced its worst economic collapse since the Great Depression. It is painful even now to recall the financial impact this had on so many of us, not to mention friends and relatives. But remembering is worthwhile because this event shaped our coop for the next several years.

It was then, in 2009, that we elected several "fiscally conservative" Directors for our Board. We were all greatly concerned about how the economy would affect the coop, its future, our maintenance. These candidates stoked our fears, to great effect. We voted them in, thinking they would keep expenses and

maintenance down, and institute good managerial practices.

In the end, these self-described "professionals" – 3 lawyers and 2 accountants among them, came to constitute a majority of our Board.

I believe what followed should inform our election decisions today:

SPHC went on a spending spree. The coop threw managerial best practices overboard. We experienced large maintenance increases.

- Though these candidates did not campaign on these issues, the coop nonetheless went on to: Demolish the fountain between Buildings 1 & 2 (promised to take a month, it took a year-plus).
- In a mad rush, the coop wasted millions on the Hallways (going way over budget – this is why we still don't have new lobbies).
- We paid \$881,000 for work that was re-done anyway (all the hallway lighting, all the wall paper and 90 re-tiled floors).
- We spent \$551K abating asbestos caused by shoddy work.
- We wasted tens of

thousands of dollars on our no-bid "Owner's Rep." • While being told that they'd pay for themselves (they won't), we built a new community room, a new playroom, a new Hester Street, and a new Hester Street sign. • We spend \$23K/year on a work order system and web site that basically replicates what was already working in place for years (free of charge). And this is not all.

- Yet, as mentioned earlier, we experienced compounded maintenance increases that came to nearly 20%.

- Despite the disappointment of the \$881,000 settlement with the coop's Hallway contractor, it was a triumph (believe it!), gained through arbitration. Of the 3 lawyers then on the Board, can you guess how many of them came to any of the arbitrations? **None.** Not one of them came to even a single hearing! (I went to them all.)

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- Although there was a 10-year ticking clock – and therefore lead time – for the

Boiler Project, it got no serious attention whatsoever during this time. Now well underway, this project should save the coop ~\$700K per year, while providing energy independence from Con Ed. (In fact, we were a year late. But thanks to Shelly Silver, the contract was extended at the 11<sup>th</sup> hour for an 11<sup>th</sup> year.) To sum up, these “professionals,” elected by us at the height of the financial meltdown, neglected the boiler project while spending many millions (much of it wastefully) on discretionary projects.

- With great chutzpah, these accounting types argued that one-time flip tax revenues should not be used for operating expenses, while telling you that the afore-mentioned optional capital projects would finance themselves, through rent. Aside from the fact they knew this might not happen in our lifetime, to their thinking it should be just as bad to finance capital projects with operating revenues. (Except when they do it?)

- Remember the rationale for privatizing the work order system and web site? The audio for this rationale is still on SPBuzz. It was, in

essence, shareholders shouldn't be doing things. So how was this corrected? A shareholder (who was not a Director) was put in charge and given a budget that had start up costs and a \$23K annual budget. What happened? The shareholder moved away, was not a shareholder anymore, and took the passwords with her. So: Those two weeks recently when the web site had no SSL Certificate (SSL's protect visitors to the web site), these two weeks were the time it took to hunt down the ex-shareholder, and get the passwords from her. Ironic, no?

Take a deep breath. There are two more historical artifacts to review. But remember: “Those who forget the past are doomed to repeat it.”

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What else was happening during this rushed spending spree on discretionary projects (which wasted millions), while neglecting necessary projects? These same “professionals” also spent a great deal of energy opposing, watering down, or blocking revenue-producing sources that left amenities and maintenance alone. Three examples:

- FLIP TAX: While the professionals were busy

decrying the increase on 1<sup>st</sup> sales flip taxes, none of them bothered to track the revenue realized, nor rescind it. As of this writing, SPHC has realized an **extra** \$3.3 million in revenue from this source. That is a lot of money for the coop, sparing us all a great deal in maintenance increases.

- SUBLET FEES: Because sublet fees account for an additional 5%-7.5% over our maintenance revenue, since 2006, the coop has seen somewhere between \$4.2 million and \$6.3 million additional revenue from this source. (I base this on 7 years, with an average of \$12 million per year in maintenance, and a steady percentage of coop sublettors, at about 5% of households.)

While not keeping their campaign promise to eliminate this extra revenue, they did substantially lower it. This, despite the fact that the number of sublettors rose after the sublet fees increased. Even then they opposed this.

- SALES OF COOP OWNED APARTMENTS:

One of the most important functions of a Director is to approve (or not) the sale of apartments. An important part of this decision is the sales price.

(To go paperless with the Eric Gazette, send an email to [eric@EricThinks.com](mailto:eric@EricThinks.com), with your apartment and name.)

If it is too low, then the coop sees less money in flip tax revenue. Just as importantly, this is the last defense against dropping property values.

Even before 2009, I had developed an automated system that quickly and easily produced our comparable sales data, not only by number of rooms or bedrooms, or balconies, but by the entire layout – all 24 of them.

Yet, for the years the “professionals” were in power, they blocked the use of this comparables report. It wasn’t until I became President that I unilaterally had them printed out and distributed to all Directors before meetings.

The results have been fantastic. In the last two years, for the first time in many years, the coop bought and sold (or are now selling) 8 apartments for a profit of ~\$1.5 million. Found money.

Actually having the real numbers in front of us helped Directors to make objective numerical decisions about whether and when the coop should exercise the right of first refusal to purchase an apartment. Moreover, what better signal is there to keep those property values high? Imagine had we been doing this during the time that the

“professionals” were in charge. The data was there. Why didn’t they take advantage of it?

Probably for the same reason that I still can’t bring up automation in the Boardroom... The coop is still using the software I developed for the Waiting Lists, Security Rosters, Garage Maintenance, Incident Reports, Intercom Directories, Sales Tracking and Analysis, Calendar functions, Flip Tax Chronological Analyses, and more.

Why does a majority of Directors continue to block discussions of automation? There is more we can do. It’s been several years now that MyBuilding.org has failed to replicate any of this other work. But really, we all know the reason...

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Politics of Personal Destruction. This I will spare you. We all know about the negative press aggressively and openly sought in the New York Times, the anonymous attack flyers, the censures, the shouting, the threats of physical violence, and so much more.

Sadly, not all of it has been directed at me alone. Aside from the untold legion of people who will never run for

the Board because of this “noise machine,” we have lost the services (through resignations) of some of our best Directors, in my opinion. Most notably Jerry Waldman and Bill King...

And also, Debbie Finston.

If we want to put these days behind us, we will vote for the following three tried and true candidates...

### ~ ENDORSEMENTS ~

In DEBBIE FINSTON’s first year, she was everybody’s favorite Director. She would host Energy Task Force meetings in her apartment, cooking healthy meals for all of us. She is the only Director that I know of who ever did that. May not sound like much, but with our Board, it certainly pointed us in the right direction.

She is also the one who started the ball rolling on electronic recycling, composting, and more, related to cost-cutting energy initiatives.

She was ahead of most of us with respect the practical and financial aspects of selling the coop’s air rights. (Still a hot topic; Debbie and I oppose.)

She had good attendance (an issue with this Board), but unfortunately, her sweet disposition (otherwise a

positive) made her the primary target for those seeking to force people off the Board.

FELLOW SHAREHOLDERS, You have always supported candidates who hung in there while being unfairly vilified during elections. But at the same time, we have also frowned upon those who resign in mid-term. This is understandable, and I've shared with Debbie (and others) that this is a real fact of life here.

If *you* are one who feels this way, I'd like to ask you to reconsider this. You know, Jerry and Bill are no wilting flowers, yet there reached a point where even they had to be tired of putting up with the garbage.

The bullies play hardball. Remember: Twice they held special meetings whose purpose it was to throw me off the board, though I violated no by-laws nor resolutions whatsoever. There was even talk a while back about evicting me from my apartment, because I work from home. Hardball. It just seems like they do not fancy people who speak truth to power, who do not go along with their special interest agenda, and who will blow the whistle when needed.

I've watched Debbie grow through the years. As unpolished as her early whistle-blowing memos were, they became increasingly effective, while remaining important.

Remember the organized Election Boycott from last year? If not for Debbie writing, printing and distributing her get-out-the-vote flyer throughout the whole coop last year (by herself!), I do believe we would not have had a quorum for last year's election – leaving us with a very dysfunctional board indeed.

Before open warfare broke out, Debbie was an excellent Director. A graduate of the prestigious Bank Street College, she came to meetings, she came to meetings prepared, she made contributions, and ironically, she was the most agreeable person on the Board. She cares. We all know she never stopped caring. That is why she has my endorsement, and, I hope, your vote. We do need her. Now more than ever. We need to stay the course. Voting for Debbie will do this.

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Speaking of hope, let's hope that (as has been the case

so often at SPHC in the past), the 3<sup>rd</sup> time is a charm for RAY RIGA.

But first, I feel the need to address a false rumor that has made its way around the coop about Ray:

He is *not*, not, not in favor of raising the parking fees – or the fees for any amenities. Period. Not at all. There is no need, and he knows it. He has always known it.

This insidious lie got started at Meet the Candidates night in that notorious year, 2009. Ray was heckled during a discussion of amenities by one of our less savory (shall we say) neighbors, and the rumor-mill (we all know about that) just took off. I was amazed to find this falsehood still had legs years later, in our most recent election.

In fact – and I have kept up with Ray all this time – he is an ardent supporter of “The Greatest Generation.” He is one who lives here for affirmative reasons, enjoying the multi-generational nature of our coop, much as he enjoys it with his own family. Being part of the “pinched” generation, he is very familiar with the issues many of our seniors face with respect to fixed or limited incomes. As an SPHC-er, he is one of us.



Highly motivated (obviously), he is also extremely bright and talented. His computer skills are superior to mine – maybe that is why I want him on the Board so badly. We all know about his two Masters; the MBA and in Education. But his “professional” background is not why he has my vote.

He puts his enormous analytical skills to the values embodied by the best of our coop. He is energetic, and despite having the worst thrown at him here, is also still upbeat. It is not easy to get bright people of his rare caliber to run. Let’s give him a chance this time.

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**NORMA RAMIREZ** has been **fantastic** in the Boardroom. She is both our glue and our spark! She is probably the only one in the Boardroom that every Director speaks to. She also probably speaks to more Directors about the issues facing the coop – between meetings – than anyone else. This is important as preparation for not only her – but for the rest of us, as well. It keeps us on our toes, and our head with the issues.

In this, the year of the absentee Director, her attendance is perfect. She takes bold stands, and had

much to do with both the boiler project moving forward, and making sure that the 7-11 space did not go vacant. If we want Co-Gen (and more), we need her back.

As I started out by saying, we are not quite yet out of the woods. Yet, you must have noticed more civility, and more forward progress than we have seen in years. So while there has been some of the silliness from before, you haven’t seen it as much... Let’s stay on course...

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*Please note that no candidates were disparaged in this Gazette.* But please don’t get seduced by the “professional” label, or by such supporters. I urge you to keep the momentum of the last two years going, by electing:

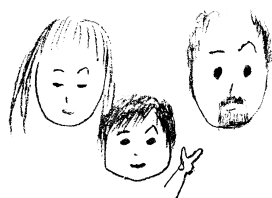
**#4. DEBBIE FINSTON**

**#6. RAY**

**RIGA**

**#8. NORMA**

**RAMIREZ**



Thank you,  
Fraternally yours,  
ERIC MANDELBAUM