



January 23, 2018

Dear fellow Unit Owners,

The Board of Managers for the Brightwater Towers Condominiums (“the Board”) trusts you had a nice holiday and wishes you all a happy and healthy New Year.

At the start of a new year, the Board would like to provide all unit owners a summary of some of the accomplishments from the past year and outline the goals and objectives for the Condominium in the coming year. We also hope that this summary addresses the blatantly false and purposely misleading statements currently generated by a few unit owners that are circulating within our community.

Condominium Projects:

- Lobby of 501. The Local Law 11 façade work on 501 building is near completion; once its completed and approved by NYC Department of Buildings and declared as “Safe”, the scaffolding around the 501 building will be removed. At that point, the lobby renovation in the building will begin.

The new design will include:

- a. New entrances from West 5th street and the renovation of the existing entrance
 - b. Raising the level of the center of the lobby
 - c. New ceiling with new lighting
 - d. New mailboxes
 - e. New wall coverings
 - f. New floors coverings
 - g. Central AC for lobbies and laundries
- Renovation of 601 lobby will commence upon completion of Local Law 11 project and NYC DOB declaring 601 as “Safe”

The Local Law 11 project has significantly delayed the beginning of the lobby renovations. However, the architectural plans have already been designed and approved by the NYC Department of Buildings. Funds for this project have been allocated as well. The rendering of

the lobby design and selection of the proposed materials will be presented to unit owners early this year.

- The current Board has taken large strides to improve and upgrade the property. Several projects have been completed and ongoing projects have addressed most of the common elements and infrastructure systems, including correcting the boiler and hot water heating systems, hallway lighting, door and window replacement on the ground level and more. The most expensive part of these projects was the replacement of major portion of 50-year-old damaged plumbing that was necessary to preserve the structural integrity of the buildings. In addition, the Board updated the security equipment, by replacing outdated cameras in elevators and cameras on the ground level of the buildings. Our grounds have also been improved with new benches, bushes, trees and outdoor LED lighting. This is a work-in-progress and will be completed in phases.
- As you know, our Management office is currently under construction. The collapsing sewer piping system underneath the floor of the Management office and booster pump room required emergency excavation of the major part of the Management office. In addition, the office floor plan required revision to comply with the building codes. All these issues mandated urgent reconstruction of the Management office. Necessary DOB permits were obtained. The work in the Management office is being performed by licensed, registered and insured professionals.
- **Residential Floors Hallways.** The Board is planning to start renovation of the residential hallways in 2018.
- **Architectural and landscaping design of the property** is currently in planning stages.
- **Security Surveillance Cameras.** Proceeding with installation of new outdoor video cameras.
- **Website.** We are planning to launch in 2018 our own Brightwater Towers website. This website will help facilitate and improve the delivery of information and communications with the residents.

2018 Common Charges:

Several unit owners questioned why the common charge increases were not discussed at the information meeting with Unit Owners on December 11, 2017. Simply, the budget was not finalized prior to the meeting and only presented to the Board by our accounting company on December 18, 2017.

After receiving and reviewing the budget draft for 2018, several major factors were identified that led to the increase in Operating Expenses for the upcoming year:

- An increase in NYS minimum wage rates from \$11 to \$13 per hour directly affected the security labor costs;
- Increases in labor force costs mandated by the Union contract;

- Increase in the costs and consumption of the natural gas. Yearly increase can reach \$150,000 or higher.
- Adding new Resident Manager (most of the responsibilities are that of Maintenance Supervisor).
- Increase in bulk garbage removal costs that were recently imposed by NYC.

Financial analysis and projections of 2018 called for a greater increase of monthly common charges. The Board decided on common charges increase of a moderate 3.5%. We plan on having another informational meeting to discuss the BWT financials.

Local Law 11:

In 2017, the Board continued its efforts to improve the financial foundation of the Condominium. The Board is seeking to avoid, when possible, the imposition of special assessments. A good example of this happened last year. Prior to last year, every time the buildings would undergo façade repairs mandated by NYC Local Law 11, prior Boards imposed a special assessment charge on each Unit Owner to cover these costs. Through careful project bidding, finances monitoring and strict cost controls, we are accomplishing this project without any special assessment charges. This led to an approximate savings of \$1,300 per unit.

Laundry Rooms:

Also, in 2017, the laundry rooms renovations were successfully completed in both buildings with no special assessment as well. The project was started in part due to an emergency situation when the sewer pipes under the floors of the laundry rooms in 501A had collapsed. This required massive excavation and plumbing extending from the 501A laundry room to the Community room. Insurance coverage paid \$150,000.00, which covered most of the 501A laundry room's renovation. The remaining laundry rooms were repaired with similar amounts of excavation and plumbing work that extended into the adjacent rooms in 501B and 601A and 601B. Therefore, most of the funds spent on this project were spent for excavations and underground plumbing repairs. The spending for tiling and other interior works in the laundry rooms was minimal in comparison to the plumbing work behind the walls and under the floors. The total cost of all 4 laundry rooms renovation was approximately \$700,000.00, which included the cost for the underground plumbing work that extended across the ground level in both buildings. This major work was one of the initial necessitated steps that had to be done prior to commencing the much-anticipated lobby renovation project.

Some unit owners have inquired why new laundry equipment was not installed in the newly renovated laundry rooms. As many of you may know, the current laundry equipment is owned, installed and operated by an outside vendor pursuant to the contract that was negotiated and signed by the previous Board in 2013. The contract term is for 7 years, expiring in November 2020. The Board had several meetings with the vendor requesting the installation of new equipment to promote better services. The vendor proposed providing new machines at a significant increase in user costs and extension of the vendor's contract for 5 more years. After

considering all options, the Board has decided to wait until the expiration of the contract term, provided SEBCO does not breach the contract. The Management will continue to exude pressure on the vendor to keep their equipment fully operational. The Board is planning to upgrade the equipment thereafter.

Compactor Rooms:

Compactor room renovation on each residential floor was done in both buildings. Old shelves were removed, new enlarged stainless-steel compactor chutes installed. Rooms were completely retiled and recycle containers were provided to comply with NYC recycle program. This renovation, which cost approximately \$300,000, was completed without any special assessment.

Hurricane Sandy:

All funds received and expenditures made related to Hurricane Sandy have been fully disclosed in the annual audited financial statements from 2013 to 2016.

The Board would like to address and clarify one key point concerning the Hurricane Sandy insurance monies. The insurance monies were provided to the prior Board in late 2012 and 2013. After Hurricane Sandy, our buildings and the grounds were left devastated. The insurance proceeds received at that time were approximately \$6,000,000.00 what is reflected in Memo from the previous General Property Manager (see below). The prior Board spent all these Hurricane Sandy insurance funds on mainly infrastructure projects, including a new Boiler and Hot Water Heating systems (\$1,584,382.00 in 2013) and Electrical System Replacement (\$2,939,766.54 in 2013) and other large and expensive projects

However, despite the prior Board's spending a significant amount of monies, those efforts did not include fully renovating the Condominium lobby. Please see above for status of lobby renovation. In addition, we are still dealing with the problems related to defective work performed by certain vendors and are currently pursuing legal recourse.

(See below the Memo dated 03/12/2014)

March 12, 2014

TO: ALL UNIT OWNERS
FROM: JEFF HOWER
GENERAL MANAGER
RE: SUPERSTORM SANDY UPDATE

The purpose of this memorandum is to update unit owners about the status of repairs to fully restore Brightwater Towers after Superstorm Sandy and other matters.

INSURANCE RECOVERY

This important work is proceeding and we are making progress, albeit slow. This is mainly due to federal government bureaucracy. The National Flood Insurance Program is a Federal program, managed by the Federal Emergency Management Administration (FEMA), and allows property owners in communities prone to flooding, such as Brightwater Towers, to buy insurance to protect against flood losses. Because our buildings are in a flood zone, the flood policy can only be purchased through this government program. Our flood insurance policy has been underwritten by Travelers Insurance Company, through a cooperative undertaking of the insurance industry and FEMA. What this means is that Travelers is representing the federal government in adjusting our flood claim, however the final determination of what is covered and what is ultimately reimbursed is determined by the bureaucrats at FEMA. Despite having the maximum coverage available, there is much governmental exclusion. Please be assured that every effort is being made to expedite the fullest possible settlement so we can complete the restoration and renovation of the property.

In previous correspondence, we have written about how the heating and electrical systems were exposed to salt water from the storm and for operational and safety reasons had to be replaced. For the most part, insurance proceeds were used to fund the replacement of these two important systems that were almost 50 years old. However, as you know, other Brightwater Towers equipment was also damaged by the storm, such as the elevators, grounds, swimming pool, parking lot and of course our lobbies and first floor apartments and common area amenities. Some of the damaged equipment, especially in the outdoor areas, is uninsurable under the available flood policy and certain of our claims were disallowed.

To date, excluding lobbies, we have received and expended to date the following:

Insurance Receipts to Date:	\$6,003,666
Expenses Incurred to Date:	\$6,669,111
Shortfall Incurred to Date:	\$665,445

In 2016, the new Board retained a large and reputable law firm to represent the condominium and successfully obtained \$700,000 in additional insurance proceeds from our original Wind Insurance claim. A portion of these proceeds were distributed to the eligible unit owners that suffered damages. All of this is fully disclosed in the 2016 audited financial statements.

Play Ground:

The playground was severely destroyed by temporary boilers' trucks after Hurricane Sandy and was left in an unsafe and devastated condition. As a result, for safety reasons, the damaged playground was closed, and the space was temporarily utilized for parking spaces. A new and modern playground will be planned during an anticipated landscape redesign.

Purchase of Condominium Units:

In 2017, the Board exercised its authority provided in the By-laws to acquire two units in BWT. The Board is not in the business of purchasing Units within the buildings. However, there are instances when the Board needs to act in the best interest of the BWT community, particularly when units may be sold well below market value, which affects future sales and mortgage financing.

The first purchase involved an estate-owned apartment with a proposed sale price well below the current market value of comparable units. At the June 2017 Annual Unit Owners Meeting the Board requested and received unanimous approval from unit owners present to exercise the right of first refusal to acquire a BWT Unit. This is fully reflected in the minutes of that meeting.

The second purchase involved an abandoned unit in very poor condition. The By-Laws expressly provide the Board with authority to act when units are abandoned.

Both apartments were promptly sold. This provided additional income for the Condominium's Capital account. After all the expenses of sale, the net income to BWT resulted in \$90,000.00. In both instances, there was a clear need for the Board to act and the results were positive.

Annual Meeting Quorum:

It was questioned whether a quorum was present at our last annual meeting to make such meeting official. The quorum for June 2017 Annual Unit Owners Meeting, was determined and certified by the Election Committee. As announced at the Annual Meeting, a quorum was present allowing for the conduct of the BWT business. The Certification by the Election Committee is available for review in the management Office.

Conflict of Interests:

The Board has maintained a policy of transparency, and unit owners can review the information and documentation in the Management office. In addition, the Board has a strict policy regarding conflicts of interests for Board members involving BWT business matters. On January 1, 2018, a new law went into effect in New York State, Chapter 305 of the Laws of 2017, which imposes an annual conflict of interest reporting obligation on cooperatives and some condominiums in New York. Although this law does not apply to Condominium Boards like BWT's, our Board has voluntarily adopted this policy. All members of the Board of Managers will sign an annual conflict of interest report. The Board members will affirm they are not an interested party in any of the transactions.

In addition, the Board has agreed to sign a conflict of interest report in connection with the two purchase and sale transactions mentioned above. The Board wants to provide Unit Owners, which includes the Board members, full disclosure and confidence in these matters; the only party who benefits from the Board's transactions is the BWT community.

Leasing Policy:

Some unit owners inquired about the leasing policy in BWT. Application fees are on par with other condominiums in Brooklyn. Although the lease term was set at one year, the lease can be renewed annually as long as desired if renters comply with BWT house rules; registration fees are paid annually. There are no additional application fees to be paid at the time of the renewal. Detailed information on this policy is available in the Management office.

Unit Renovations:

Another inquiry was made regarding selection of contractors for unit renovation. Unit owners are free to select any contractor they choose. The only requirements for the contractors and their subcontractors are that they are properly licensed and duly insured and can obtain the necessary NYC DOB permits. In fact, there are currently six independent contractors conducting renovations in units in the Condominium.

We look forward to meeting with you and working together to improve Brightwater Towers in 2018!

In the meantime, please, direct all your questions to BWT general mailbox at info@bwtcondos.com

For those who were unable to attend the informational meeting on December 11, 2017 please review the following short description of items reviewed, accompanied by pictures on major BWT projects.

Board of Managers

BWT Informational Meeting December 11, 2017

Review of major Projects in 2017

- 1) **LL11** – Local Law 11 Façade Repairs mandated by NYC every 5 years. First time being executed without assessment. Savings on average about \$1300 per unit owner.
- 2) **DHW** – design and construction of new system of supplying **domestic hot water**. The goal was to fix the issues with the previous separate system: faulty design, insufficient capacity, low water pressure, and exhaust that produced fumes on the walls and apartments above.
- 3) **Incinerator Rooms on Residential Floors**. Total renovation with replacement of garbage shoots for new stainless steel larger units. First step on the way to full floors renovation.
- 4) **Booster Water Pump System**. Total design and replacement of the old, failing booster pumps system. This is the vital part of buildings infrastructure shooting water up 300 feet to the main roof water tank. It is responsible for the entire BWT water supply and maintained electronically.
- 5) **Laundries**. Full laundries renovation. Initially began due to the sewer systems collapse. Being the first step to lobbies renovation.
- 6) **Replacement of old Roof Fans**. Five (5) fans in 501 in 2017. This project is in progress since 2015.
- 7) **Air Conditioning for the Roof Elevator Rooms**. New AC Split Units (4) installed instead of old leaking wall AC Units that were damaging the roof.
- 8) **Security Surveillance Cameras and Door Entry systems**. Completed installing the new high-quality IP cameras on the lobby level and in all 8 elevators. Electronic Doors Entry system installation is in progress.
- 9) **Staircase door closers in the floors hallways** – 501 building
- 10) **Outdoor/Pool Benches**. Replaced all old benches for the new ones thru the property and around the pool area. New modern benches are made of recycle materials and do not require any painting or maintenance.
- 11) **Community Room** – general repairs including updated restrooms, AC units, Partitions, Painting, window blinds etc.

BWT Projects 2017

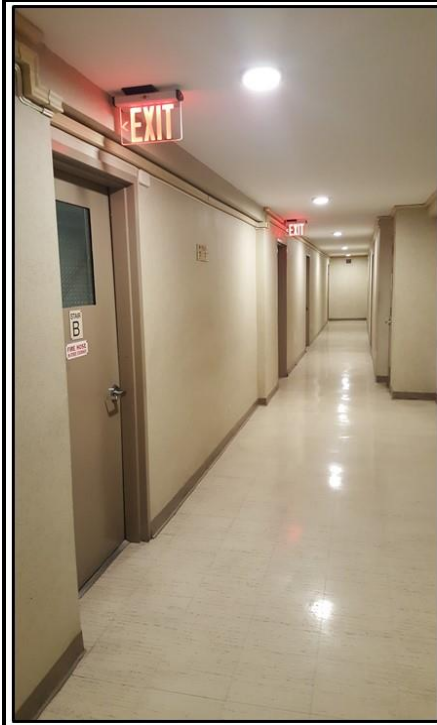


Roof Elevator Rooms AC Systems









BWT Projects 2017

501 BUILDING
**92 Staircase door closers,
handles and glass seals**



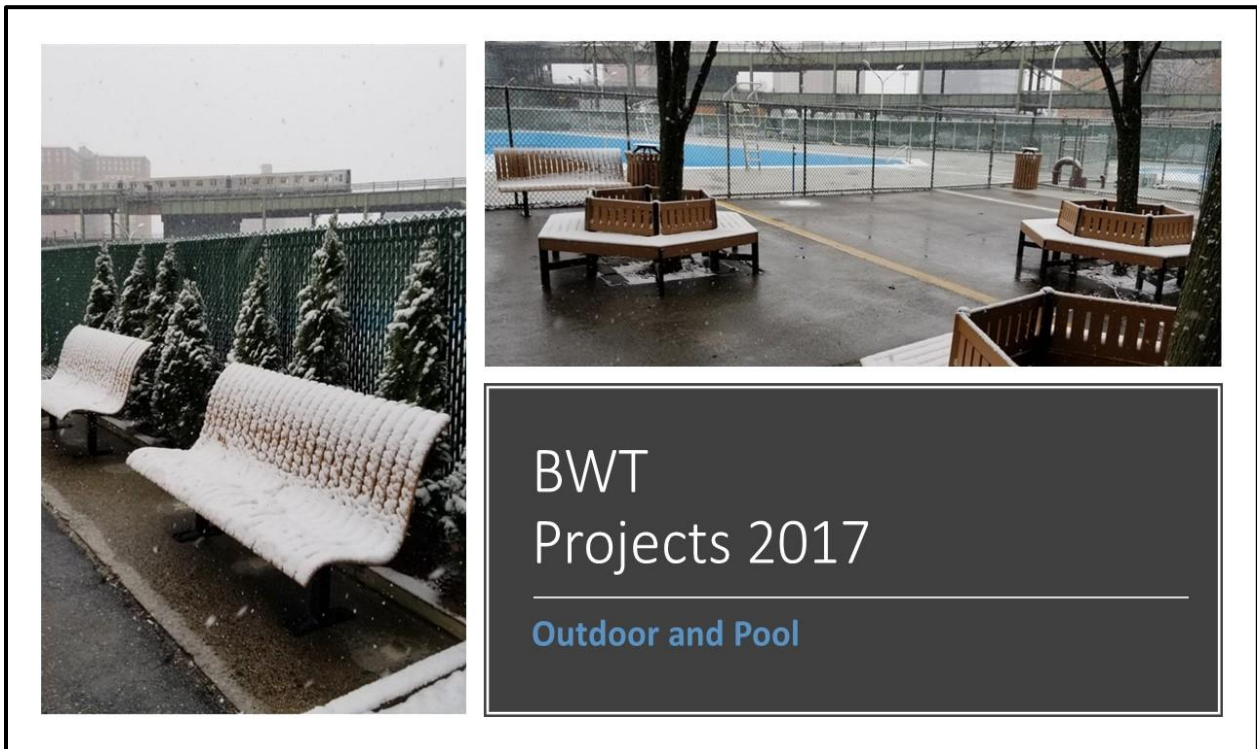
BWT Projects 2017

Before

**Domestic Hot
Water System**

After





BWT Projects 2017

Booster Pumps Rooms



Before



After

