

THE COOPERATOR

THE STIRLING TOWERS NEWSLETTER

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January 18, 2012

The Board met on January 7th to discuss the budget, future capital projects and our maintenance structure. After thorough analysis and lengthy discussion, the Board voted unanimously that a maintenance increase of 6% is essential to meet our expenses for the coming year. In an effort to minimize the impact of this increase, it will not be retroactive to January 1, 2011, but will begin in February.

The Board would like to assure all shareholders that we have sought the advice of experts (our accountant, lawyers, management, and real estate agents who specialize in Washington Heights/Hudson Heights) and have been assured that even with this 6% increase, we are in line with similar coops in the area.

To help put this increase in perspective, we have prepared a rough worksheet which you will find on the back of this Cooperator. It details the results of our actual periodic maintenance increases since the building became a coop in 1986. It then shows what our maintenance would be if there had been yearly cost of living increases of 3% instead of the periodic increases of between 3% and 12%. We have used the actual maintenance of a K line apartment because at around 900 square feet, it falls mid-way between the largest and smallest apartments in our building.

Bear in mind that the actual cost of running and maintaining our building has increased a great deal more than 3% per year. For example, based on the high price of oil, fuel costs in 2011 were 18% over budget, even though the Board was able to minimize the damage by "locking in" at a price that is well below market, leaving us in a better position going forward than coops that did not lock in. Water costs last year also exceeded the amount budgeted which highlights the importance of letting Sam know about any leaks in your apartment.

The worksheet shows that had the coop instituted 3% cost of living increases every year, rather than sporadic increases of varying amounts, this K line apartment alone would have yielded an additional \$4,254.00 since 1986. Since our building has 85 apartments (and using the K line as the average in size and maintenance), a 3% increase every year since 1986 would have netted our coop an additional and sorely needed \$361,590.00. And the additional average monthly cost to each shareholder would have only been around \$14.00!

As our building approaches its 100th birthday, the Board must make certain that we have the financial resources to pay for a number of important capital projects that must be dealt with in the not-so-distant future (for example, repairing the courtyard).

The Board is committed to putting Stirling Towers on a strong financial footing. This increase is absolutely necessary if our coop is to continue to function.

If you have any questions about this or any other building issues, please contact the Board at **BOARD@875WEST181.COM**.