

Dear Shareholders,

Below is a detailed summary of the discussion from the recent “town hall” meeting held on February 3rd 2026. The Board believes transparency and clarity are essential, particularly given the significance of the matters discussed, and appreciates the time and thoughtful engagement of those who attended or submitted questions in advance.

1. Opening Remarks and Purpose of the Meeting

The Board emphasized its intent to establish a constructive and respectful tone for the discussion, particularly in light of the complexity and seriousness of the topics on the agenda.

Shareholders were advised that:

- The purpose of the meeting was to provide updates, address concerns, and clarify next steps on key questions related to the assessment and façade project.
 - The Board provided time at the conclusion of the meeting for shareholder questions and comments to ensure all voices could be heard.
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2. Acknowledgment of Shareholder Outreach and Pre-Submitted Questions

The Board formally acknowledged receiving a substantial number of questions, comments, and suggestions from shareholders prior to the meeting. The Board expressed appreciation for the level of engagement demonstrated, noting that many submissions reflected careful consideration and a strong interest in the long-term well-being of the cooperative.

The Board specifically:

- Thanked shareholders for taking the time to communicate their concerns and ideas.
 - Acknowledged that not all questions could be addressed individually during the meeting, but that the feedback provided was meaningful and would inform ongoing discussions and decision-making.
 - Recognized shareholder participation as a vital component of responsible governance.
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3. Legal Consultation Concerning Prior Management (Blue Woods)

In response to repeated shareholder advocacy regarding potential legal action against Blue Woods, the Board provided an update on steps taken to responsibly explore this option.

The Board reported that:

- Through the cooperative's current managing agent, **EBMG**, an attorney has been identified who is willing to meet with the cooperative **for an initial consultation at no cost**.
- The purpose of this meeting would be to provide preliminary legal guidance on:
 - The feasibility of pursuing legal action
 - Potential legal strategies
 - Estimated costs and financial implications for shareholders

Recognizing the importance of inclusive participation and due diligence, the Board voted to establish a **Legal Committee**, composed of:

- Board members, and
- A few shareholders

The committee's role will be limited to participating in the initial consultation and reporting findings back to the full Board.

The shareholders that join the Legal Committee will be required to sign waivers to protect information they obtain as part of the Legal Committee.

Charlie Anderson, Board Member, will chair and lead this committee. He will follow up directly with shareholders who expressed interest in serving, and will coordinate communications related to the committee's work.

4. Facade Project Overview and Engineering Status

Michael Luft-Weissberg, Board member, led the portion of the meeting focused on the façade project.

Michael began by acknowledging that:

- Numerous shareholders had submitted detailed and thoughtful questions regarding the project.
- The level of inquiry reflected a strong desire for transparency and understanding of the scope, cost, and process.

Key updates included:

- **Rand Engineering** is expected to issue a complete **bid set of drawings** in the coming week.
- These drawings will form the basis for a competitive bidding process involving **four to five qualified contractors**.
- Once bids are received, the Board will evaluate them based on a blind bid comparison provided by Rand engineering based on cost, qualifications, experience, and project approach.

The Board also reiterated its commitment to transparency by stating that:

- Shareholders may request an in-person review of the bid documents and Rand estimates. Depending on the number of requests this will likely be scheduled for a group to join.
- Board members are willing to meet with shareholders to explain the process, answer questions, and address concerns related to the façade project.

5. Assessment Participation, Funding Strategy, and Shareholder Concerns

The Board and Management thanked shareholders for their participation in the assessment survey distributed by EBMG.

It was reported that:

- A significant number of shareholders elected to pay the assessment **in full**, resulting in **over \$300,000 committed in lump-sum payments by March 1 2026**.
- This level of upfront funding places the cooperative in a position to move forward promptly once bids are finalized and permits are secured.
- The Board anticipates that construction could begin as early as **April**, assuming bids and approvals proceed as expected.

Several questions and concerns were addressed during this portion of the meeting:

Transparency of the Contractor Selection Process

Shareholders requested greater visibility into how contractors would be evaluated and selected. The Board committed to sharing:

- The general criteria used to assess bids
- An overview of the process followed in selecting the final contractor

Safeguarding of Assessment Funds

Concerns were raised regarding how assessment funds would be protected and whether they could be used for purposes unrelated to the façade project.

Mark Levine, Principal at EBMG, explained:

- Mark assured everyone that funds can be collected and held in a manner that complies with the conditions mandated by the budget separating operating and capital funds.
- Mark informed the shareholders that the board had voted to designate the assessment funds for the façade and capital projects only, and that they would be accounted for appropriately to ensure they are used as intended.

Treatment of Excess Funds if the Project Comes in Under Budget

Shareholders asked whether unused assessment funds would be refunded.

Management explained that:

- It is customary for excess assessment funds to be applied toward other capital needs of the building.
- In this case, any surplus would be directed toward **garage repairs and elevator replacement projects**, which are known upcoming capital expenses.

Discussion Regarding Elevator Assessment and Reserves

During the meeting, shareholders raised questions and concerns regarding the cooperative's reserves in relation to the **elevator assessment**.

The Board clarified that:

- The **elevator assessment is separate and distinct** from the façade capital project assessment.
- Funds collected under the elevator assessment are **not related to, nor intended to be used for**, the façade project.
- The elevator assessment is expected to **remain in place** and is structured to allow the cooperative to accumulate sufficient designated funds.

It was further explained that:

- The continued collection of the elevator assessment is intended to position the Board to proceed with the elevator project on a planned timeline.
- Based on current projections, the elevator assessment should allow the Board to have adequate funds to **initiate the elevator project by 2027**, subject to future Board approvals, engineering evaluations, and bidding.

The Board acknowledged shareholder concerns regarding financial planning and reiterated its commitment to maintaining clarity and separation between assessments designated for specific capital projects.

Discussion Regarding the Treasurer Role

During the meeting, shareholders raised questions and concerns regarding the absence of a current Treasurer position on the Board.

In response, a former Board Member and Treasurer, spoke at length to provide historical context. She explained that:

- She is a **certified public accountant (CPA)** and served as Treasurer through **2023**.
- During her tenure, she performed the duties of Treasurer and encountered multiple financial and operational challenges related to prior management, Blue Woods.
- She no longer resides in the building and therefore no longer serves on the Board.

Aiah emphasized the importance of strong financial oversight and encouraged the current Board of Directors to prioritize appointing a Treasurer. She advised that:

- She emphasized that, in fact, the treasurer need NOT be a CPA or possess any other professional designation; merely an interest in finance and an aptitude for critical thinking and data analysis is sufficient.
- She stated an independent auditor hired by Blue Woods should have detected evidence of fiscal mismanagement and not continued to render a clean opinion on the building's financials year over year. The audited financial statements were the only source of information Justin provided that could be reasonably assumed reliable. She suggests that EBMG should provide recommendations for a new auditor for 2025.

The Board acknowledged this discussion and the importance of the Treasurer function as part of sound cooperative governance.

6. Risks and Consequences of Delaying Required Work

Following the assessment discussion, **Mark Levine (EBMG)** outlined the serious risks associated with failing to complete required façade and SWARMP repairs.

These risks include:

- **Violations**, carrying fines of up to **\$2,000 per violation**, assessed monthly while conditions remain unresolved.
 - Continued classification of the building as **UNSAFE** with the NYC Department of Buildings has many consequences including inability for people to obtain financing to buy homes in our coop.
 - Ongoing monthly costs associated with required sidewalk bridging, which cannot legally be removed while UNSAFE conditions exist.
 - Potential loss of insurance coverage due to unresolved violations and unsafe conditions.
 - In extreme circumstances, the DOB may issue an **eviction order** if unsafe conditions persist without remediation.
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7. Insurance Considerations

Management advised that:

- Any potential legal action against prior management would require consultation with the cooperative's insurance broker.
 - Determining coverage applicability would depend on policy terms and the nature of any claim.
 - Shareholders suggested further research into a clause in a policy for employee misconduct which should be explored to make a claim related to Blue Woods actions, providing up to \$450k within 16 weeks. EBMG is currently reviewing this.
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8. Financial and Reserve Status

EBMG provided an update on cooperative reserves:

- **Current reserves held by EBMG: \$118,065.37**
 - This figure does not include funds that Blue Woods still needs to transfer to EBMG this week - see below
 - Blue Woods currently holds approximately **\$50,590** (late-2025 balance) at Webster Bank, which they have advised is also in the process of being transferred.
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The Board appreciates the engagement of all shareholders and remains committed to open communication as these matters progress. Additional updates will be shared as new information becomes available.

Sincerely,

The Board of Directors
NagleNaborsBoard@gmail.com