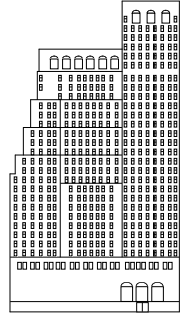


Windows and Air Conditioners

We have been working closely with the co-op's architect to ensure that we have up-to-date procedures and requirements for installation of replacement windows and through-wall air conditioners when shareholders want to replace either their windows or AC units. These procedures are being updated in large part because our architect advises that more rigorous specifications are needed for installation of windows and ACs to avoid compromising the structural integrity of the building envelope and to avoid water penetration.



Windows: Our architect has developed a new master plan for installation of windows. These windows are detailed with enhanced thermal properties, better sound and water resistance and with a high level of durability to ensure long service life. The master plan includes architectural and installation specifications. **In 2008, the new Master Plan was filed with the New York City Landmarks Preservation Commission (“Landmarks”), and we are still awaiting approval from Landmarks. Until we receive approval, replacement of windows in the building cannot be carried out.** We will keep shareholders updated on the status of this application.

AC units: Most apartments in the building have through-wall air conditioner units. These are actually ‘Packaged Terminal Air Conditioner’ or ‘PTAC’ units. Each PTAC unit is located within a metal sleeve that passes through and is anchored to the wall of the building. This sleeve, in turn, holds the PTAC in place and should ensure proper drainage of condensation from the unit. Our architect advises that many of the current sleeves are rusting or have other problems such as incorrect alignment or poor drainage and that when PTAC units are replaced, the sleeve should be replaced with a new sleeve at that time.

In the past, shareholders have been able to replace PTAC units without putting in a new sleeve. Moving forward, when a shareholder replaces a PTAC unit, they must also have the contractor replace the sleeve. A new sleeve is necessary to avoid water penetration and related problems. At present, we are awaiting Landmarks approval for new sleeves (this is required because the outside of the sleeve is visible from the street); but shareholders can still replace a PTAC unit, putting the new unit into the old, existing sleeve with the proviso that when we do receive Landmarks approval they must have the contractor return to install a new sleeve around that new PTAC unit. As has been policy for many years, shareholders are responsible for the cost of the replacement PTAC unit. However, given the new mandate for all shareholders replacing a PTAC to also replace the sleeve, the co-op will reimburse 50% of the cost of the materials and labor for the new sleeve.

We are also looking into alternative types of air conditioner units that could be used instead of the PTAC units, if shareholders want to explore other options. If a PTAC is removed, it may be feasible to install a ‘split system’ air conditioner in which the condenser system resides within the sleeve and is connected via plumbing and electrical lines to the cooler unit (i.e., the thing that blows out the cold air) located adjacent to or above the window. If we find systems that are suitable, we will let shareholders know.