

**Making
a Difference.
Every Day.**

FirstService Residential

ADVANTAGE

Practical Solutions to Help Owners Improve Efficiency, Save Energy and Reduce Costs

Property managers share best practices for “attainable sustainability” at monthly meeting

Savings Through Submetering and LED Lighting

Recognizing that boards may initially be wary of green initiatives fearing high implementation costs, Senior Property Manager Aubrey Phillibert offered advice. “By providing validated financial projections that clearly show the impact a project will have on future operating expenses, this perception can be overcome.”



Aubrey Phillibert (left) espouses the virtues of LED lighting.

Electric Submetering: Year-Over-Year Energy & Cost Savings



Phillibert used that strategy to encourage a board to install electric submeters in a complex that had over 1,000 apartments. Since implemented in 2011, electricity use has plummeted by 1.1 million kWh and savings are near \$500,000 [see chart above].

Phillibert also discussed his tactics for urging boards to implement LED lighting retrofits. Having initiated several LED projects, he has found boards' initial concerns generally the same: skepticism of aesthetics, bulb color, and projected cost savings. “After simplifying the project, providing bulb demonstrations, and supplying data to support projected expense and usage reductions, it’s difficult for a board to deny the project,” he said.

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> Message from the President

How Home Sharing Puts Multifamily Properties at Risk

The increasing popularity of short-term rentals, primarily driven by home sharing websites like Airbnb, poses a serious threat to the safety, security, quality-of-life, and sense of community within residential buildings. Although the New York City’s Multiple Dwelling Law (MDL) prohibits renting out an apartment for fewer than 30 days, illegal subletting continues to proliferate.



Dan Wurtzel

Importantly, short-term leasing can jeopardize a building’s 421-a tax abatement. Below are some additional risks stemming from this practice.

Safety

Several New York City building, fire and housing codes mandate stricter safety standards for dwellings rented on a short-term basis. Hotels, for instance, are required to provide fire extinguishers, sprinkler systems, photo-luminescent exit path markings for exits and stairwells in high rise buildings, manual and/or automatic fire alarm systems on all floors with smoke detection capability, and a fire safety and evacuation plan. Illegal units in residential buildings are not required to provide these safety protections.

Compounding that, if the required fire safety notice is not posted on the back of the apartment door, transient individuals will not know the safest course of action in the event of a fire. If illegal walls have been constructed, individuals may not have adequate

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FSPM Wins Resiliency Competition

FS Project Management (FSPM), a subsidiary of FirstService Residential, is among the winners of RISE:NYC, a competition that recognizes the world's most promising resiliency innovations. Only 11 of 200 entries were selected to receive a combined \$30 million in implementation funding.



FSPM won for Flood Panels, a mitigation system designed to protect critical building components from interruption due to flooding caused by storms and natural disasters. Because it takes a team approach to ensure that all flood protection measures put in place provide the desired level of protection, FSPM collaborated with Koenen Associates, e2 Engineers, F. William Brown, and Architectural Metals on its entry.

For its part, “The FSPM team will ensure the final product is aesthetically pleasing, able to withstand flood water pressures, and is installed and maintained properly,” explains Jennifer Murphy, LEED Green Associate and FSPM Project Manager.

“We are thrilled to be recognized for providing a solution that will better protect a building’s infrastructure to withstand future storms,” says Tal Eyal, President, FSPM. While the award money will enable Flood Panels to be installed at 10-15 small business impacted by Superstorm Sandy, “this technology also has potential to benefit many buildings within the FirstService Residential portfolio.”



Identifying Barriers to Energy Efficiency

Our property managers recently participated in a focus group aimed at better understanding the barriers that board members and building owners might face when considering energy efficiency projects in their buildings. Conducted by independent researchers, the session is part of a larger study that will be conducted over the course of the year.



Solar Guidance Available for Multifamily Properties

New York City has the highest energy prices in the continental U.S. With the availability of public incentives and tax credits, solar photovoltaic (PV) systems can pay for themselves in just a few years by reducing the amount of electricity that a building needs to purchase from the grid. *The New York City Multifamily Solar Guide*, developed by a consortium of experts, provides valuable guidance for co-op and condo boards when considering solar. To download the guide, visit our website at tinyurl.com/Indulq8.

Fast Facts about Solar Systems in NYC

- ▶ New York City already has more than 45 megawatts of solar installed—enough to power 6,500 homes
- ▶ Solar systems can often be financed for \$0 down, either through a loan or third-party ownership via a lease or power purchase agreement
- ▶ Current incentives and tax credits can reduce out-of-pocket costs by 80%
- ▶ Monetizing state and federal tax credits is complicated but the economic and environmental payoffs can be worth it
- ▶ Incentives and tax credits are scheduled to decline in the coming years; it may pay to act now rather than wait for further price declines or technological advances
- ▶ The electric rate categorization, or utility tariff, of a building’s electric meter will significantly impact the potential savings and payback of solar
- ▶ Solar can be combined with energy efficiency to reduce the size of a solar system needed to offset your building’s energy usage or to maximize the impact of your investment

Changing the Strategy— A Different Loan Structure

Our affiliate, FirstService Financial, Inc. (FFI), assists clients of FirstService Residential in fulfilling their financing requirements at the most competitive interest rates and terms available. FFI has facilitated or assisted in loan placements in excess of \$1 billion for co-ops and condo associations.



This transaction illustrates why many of our clients participate in FFI's programs, which provide added value based on the global purchasing power of our parent company, FirstService Corporation.

200 East 90th Street Owner Corp. 166-unit cooperative in Manhattan	
Existing Situation	
Original Mortgage Amount	\$ 8,300,000
Original Interest Rate	5.91%
Original Amortization	Interest Only

"FFI was able to tailor a loan product to meet our long-term objectives," says Behzad Mansouri, 200 East 90th Street Owners Treasurer. "They listened to our needs, exceeded our customer service expectations, and ultimately secured a loan for us that removed our need to refinance again, while lowering the interest component of our mortgage."

FFI and the co-op began initial refinance discussions in late 2013. The proactive board wanted to begin exploring options to lower their interest rate due to attractive market conditions. Over the next 18 months, FFI and the board discussed several different loan structures, but the board continued to fall back on the same reservation: paying the large prepayment penalty and rolling the costs into another balloon mortgage.

Given its fiduciary responsibility to shareholders, and not wanting to jeopardize the financial condition of the building, the board did not want to increase the debt load just

to lower monthly payments and have a larger balloon payment to payoff in the future. Aware of this, FFI suggested a long-term self-amortizing loan which would eliminate the balloon payment and lock the interest rate until the mortgage was paid off. The board instructed FFI to move forward.

FFI Solution	
New Mortgage Amount	\$ 9,700,000
New Interest Rate	3.77%
Term	30-Year Fixed
New Amortization	30-Year Self Amortizing

FFI identified a bank willing to offer a fixed 30-year self-amortizing mortgage to the co-op. The board accepted the terms and instructed FFI to proceed. Within two weeks, the loan was approved and a commitment letter was issued. At the same time, FFI identified an insurance company that was offering the same loan product at a substantially lower interest rate.

Having the co-op's best interest at heart, FFI alerted the board with the recommendation to withdraw from the current loan and proceed with the insurance company. Although closing costs would be approximately \$100,000 higher, the board would save over \$1 million in interest over the life of the loan. In addition, FFI negotiated a credit for the deposit the board had lost from withdrawing from the loan with the bank.

The board elected to move forward and the loan closed within 60 days of submitting the application to the insurance company.

To learn how FFI's programs may benefit your property, please contact Jordan Muchnick at 484-398-6042 or jmuchnick@firstservice.com.

Thank You for Your Feedback

One way to ensure we're delivering great service is through the candid feedback we receive from you via our annual Client Experience Survey. Thank you to those clients who took the time to participate by letting us know if our programs and services are meeting the needs of your property and your residents.

Your opinions and recommendations are vital to the process of continuously enhancing the services we provide. Thank you for your efforts on behalf of your residential community.



Attainable Sustainability

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His boards recently approved two LED projects: one building is projected to save \$40,000 per year with a 39% ROI; another is projected to save \$71,000 per year with a 105% ROI.

Sustainability Expo Spurs CHP

Property Manager Rovena Haxhijaj shared lessons learned from overseeing a complex heating and cooling project which entailed replacing two dual fuel boilers/burners and two gas absorption chillers, as well as installing a cogeneration or combined heat and power (CHP) system. While the board was planning to replace the equipment—which was running inefficiently and had passed its useful life—the idea to incorporate CHP was ignited when the board president attended a presentation at FirstService Residential's 2013 Sustainability Expo.

Haxhijaj also shared creative ways she achieved unit owner buy in for CHP, such as playing a video loop in the lobby showing case studies from similar buildings.

In the end, the decision to add CHP to the project mix resulted in:

- ▶ A significant reduction in energy costs
- ▶ Offsetting purchase/installation costs with NYSERDA rebates
- ▶ Backup/emergency power available during outages
- ▶ Reduced run time of boilers and chillers.



Victor Berrios executed an array of sustainable projects at Jaime Towers.

With residential buildings accounting for 37% of NYC's greenhouse gas emissions, FirstService Residential has a social responsibility to help protect the environment by guiding clients on the road to energy efficiency.

When considering energy efficiency projects, she urged her peers to tap the knowledge of FS Energy—especially with regard to obtaining NYSERDA and Con Edison incentives—which for this project totaled over \$700,000.

The Greening of Jaime Towers

General Manager Victor Berrios outlined the array of sustainable achievements he has executed at Jaime Towers, a four building, 620-unit complex. Early on he enlisted the city's Bureau of Waste Prevention, Reuse and Recycling to implement initiatives aimed at proper recycling—from "chute room makeovers" containing proper signage and bins to workshops for maintenance staff and residents.

The complex was *among the first* to offer re-fashionNYC textile recycling bins and *the first* to add e-cycleNYC bins. Efforts that began with "just one phone call" have contributed to recovering a veritable mountain of material for a second life.

Each success fueled Berrios' pursuit for more. Soon, exterior lights across the complex's 12 acres were replaced with LED lighting. Staff turned Christmas trees into mulch to nurture the complex's flower beds. Instead of discarding countless bags

of leaves into dumpsters, he salvaged them as compost for a local garden.

A conversion to replace #6 oil with natural gas is underway which is projected to save \$350,000 per year in heating costs. In addition, the board voted to install two CHP units. Up next: the installation of a water well to provide an economical solution for filling the complex's pool.

Bureau of Recycling and Sustainability Can Help

Jessica Schreiber from the Department of Sanitation's Bureau of Recycling and Sustainability addressed how properties can benefit from the city's recycling, composting and waste prevention programs, covering:

- ▶ **re-fashionNYC**, a textile recycling program;
- ▶ **e-cycleNYC**, an electronics recycling program;



Jessica Schreiber called FirstService Residential "one of New York City's greenest property management companies."

- ▶ **Apartment Building Recycling Initiative**, a recycling education and outreach program; and
- ▶ **NYC Organics Collection**, the newly-expanded curbside organic waste collection program.

Schreiber, who has participated in our previous Sustainability Expos and recently conducted an e-cycleNYC training for managers, lauded FirstService Residential as "one of New York City's greenest property management companies."

FS Project Management Lends “Punch List” Expertise to Incomparable Baccarat Residences

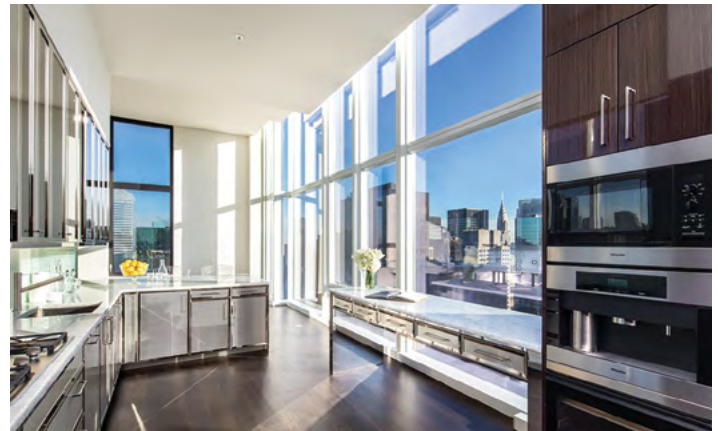
Sales began this spring at Baccarat Residences, a collection of 59 ultra luxury condominium units atop the Baccarat Hotel where owners are purchasing more than a residence—they are buying a lavish lifestyle that includes complete access to all of the hotel's opulent services and amenities.



From pied-à-terres to a 7,400 square foot duplex penthouse, an exceptional team of visionaries contributed to this French inspired crystal palace, including architects Skidmore, Owings, and Merrill (SOM), interior designer Tony Ingrao, and French designers Gilles & Boissier. Offering the ultimate in luxury and quality, residences feature solid ebony-mahogany stained white oak floors, customized SieMatic kitchens with Miele and Sub-Zero appliances, and Baccarat lighting fixtures. Bathrooms feature honed Lido white marble slab floors and walls, heated floors, custom vanities with Lucite base and hammered nickel sinks, and custom Fantini polished chrome fixtures.

To ensure that all final construction specifications are completed to the satisfaction of each new owner, developer Tribeca Associates enlisted FS Project Management (FSPM), a subsidiary of FirstService Residential, to perform pre-closing buyer inspection services.

“Our involvement begins during the 30-day closing period when we perform a walkthrough with the owner, their broker, architect, or construction team and create a ‘buyer punch list,’ along with corresponding photographs, of all remaining construction items or visual deficiencies,” explains Tal Eyal, President, FSPM. “We then liaise with the developer and the construction team to coordinate the completion of all punch list items before the closing date.”



The FSPM team inspects every nook and cranny with consummate attention to detail. The process includes inspecting all appliances, floors, wall surfaces, windows, doors, electrical outlets, and washer/dryers. All bathroom pieces, including the sink, plumbing, shower, and bathtub are inspected in addition to saddle transitions, smoke detectors, sprinkler heads, and garbage disposals. As work is completed, a final sign off walkthrough is conducted with each unit owner.

“Our scope of services includes multiple site visits, weekly contractor coordination meetings, status updates, detailed tracking reports, and coordination with the owners and building staff,” explains Lisa Siniscalchi, Business Project Manager, FSPM. “Over the past nine months, our team has performed 45 of 59 buyer walkthroughs and successfully signed off on 19 units to date.”

Working with the architect, SOM, the residential lobby and passenger elevators are also included in FSPM's scope of services and continue to be monitored for completion.

Managers Briefed on Labor Relations

Howard Rothschild, President of the Realty Advisory Board on Labor Relations (RABOLR), held a seminar for FirstService Residential property managers on the new terms of the 2014 Apartment Building Agreement between RABOLR and Local 32BJ SEIU that covered salaries and benefits; disciplinary action, grievance and arbitration procedures; and vacation relief personnel.

Rothschild also addressed new guidance from the National Labor Rela-

tions Board on company policies which it considers unlawful, stressing the importance of having properties evaluate their applications, employee handbooks and other employer policies to ensure compliance.

He also touched upon a new law that takes effect in New York City on September 3, 2015 that makes it an unlawful discriminatory practice for an employer to use an individual's consumer credit history in making employment decisions.



Abigail Michaels: Lifestyle Creation Specialists

As a partner company of FirstService Residential, Abigail Michaels Concierge provides a multitude of benefits to residents in properties where boards or building owners have engaged their services.

“Our story began while working in a New York City luxury hotel where we had a vision that residents in luxury properties should be entitled to the same special access and wide range of services that are bestowed upon guests of five-star hotels,” explains co-founder and CEO Michael Fazio, who is also the author of *Concierge Confidential*, “including using the concierge to snag reservations at the best restaurants and premium seats at the hottest shows and sporting events.”

While Abigail Michaels offers these dining and entertainment services to its clients, the team understands that fulfilling the needs of residents requires a larger repertoire of services. That’s why their offerings have expanded to include move-in coordination, utility activation, home office set-up, art installation, housekeeping, dog walking, travel destination research, salon & spa appointments, fitness trainers and class bookings.

Add Abigail Michaels’ amenities programs and social events to the menu and you will see why the company attracted the attention of the *New York Times* (April 6, 2015). “Beautiful amenity spaces are great, but they need to



< Abigail Michaels curates fun and interesting social events for residents.

be brought to life with a robust calendar of activities,” says Abbie Newman, co-founder and president.

For the gym, it might be a weekly schedule of group fitness classes and personal training sessions. For the resident lounge, it may be a “meet and greet” with a noted author, a “how to” class with an industry expert, or simply a monthly social reception for residents to mingle. For those seeking social and learning events outside the building, Abigail Michaels curates fun and interesting activities ranging from a private drawing class at the Metropolitan Museum of Art and a chocolate making lesson at Li-Lac Chocolates, to a private showing of the latest gallery exhibit or a private reception at the Tesla showroom to test drive the latest model.

“On top of this, we still manage to reserve more than 15,000 tables each year at the best restaurants around the world,” adds Fazio.

Resident feedback speaks volumes. “Having Abigail Michaels in my building was an unexpected and wonderful surprise that has shaped my entire experience of living in New York City,” says a resident of 15 William Street Condominium.

Speak with your property manager for more information or visit www.abigail-michaels.com.



FSR Team Raises Funds for GrowNYC

By adopting plants in honor of the 45th anniversary of Earth Day, FirstService Residential associates raised \$820 for GrowNYC, a non-profit that improves the city’s quality of life by empowering New Yorkers to secure a clean, healthy environment for future generations.

President's Letter

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means of egress, which can lead to tragic consequences for temporary occupants, as well as for neighbors and first responders.

Most of the laws in New York City put the burden of compliance on the “owner” of the building, be it a landlord of a rental property or the board of a cooperative or condominium. For example, if an apartment is “rented” short term to someone with a child under the age of ten, but that apartment does not have window guards, should the child be injured as a result of this, the liability could be placed on the landlord, or individual members of the board. While insurance may cover some of the damages, the window guard law also imposes criminal liability that is not insurable.

Security

Another concern is that criminal background checks are not undertaken, nor are identities verified, for illegal renters using services such as Airbnb. Bypassing the proper screening procedures normally required for subletting presents a serious security threat to other residents. Providing entry privileges to the building, as well as to its shared amenities, can open the door to an undesirable element—or worse, criminals—giving them access to residents, corridors, stairwells, gym, pool, locker rooms and lounges.

Community Impact

With a vacationer mindset, transients will move about with less care than permanent residents—adding wear-and-tear to common areas and potentially abusing amenities. The building's sense of community will also be threatened by these anonymous lodgers. Concern for neighboring apartments is much less likely to be considered with regard to noise, odors, cigarette smoke, and more.

Not only can this practice hurt the reputation of the building, it can also devalue the apartment as a real estate investment by allowing entry to those who may not otherwise be able to afford living there if occupancy were to be long term.

What Boards and Owners Can Do

- ▶ Understand your building's governing documents as they relate to leasing apartments; if the language is vague regarding permissible length, consult with counsel before enacting specific rules.
- ▶ Use FSRConnect or your front desk system to track all guests—including names, photos, length of stay, and contact information—which will alert the front desk and management of the expiration date.
- ▶ Do not permit strangers in the building unless an owner or shareholder is present in the apartment, or without written authorization from the managing agent.
- ▶ Train building personnel on how to respond to suspicious “guest” activity.
- ▶ Document unauthorized occupancy activity with detailed information (e.g. occupancy and/or vacate dates, names of occupants, etc.) to create prima facie evidence in the event of legal action against the unit owner or shareholder.
- ▶ Institute penalties to anyone found to be permitting illegal tenancy. Some buildings have instituted fines up to \$1,000 per night, and are also charging back any legal fees incurred by the building to enforce compliance with the law and the building's governing documents.
- ▶ Lock-out electronic key or fob access to amenities for units found to be in illegal occupancy.
- ▶ Alert building residents, unit owners and shareholders to the problems and pitfalls of illegal short-term rentals and recommend a “see something, say something” process for notifying the Resident Manager/Super or Managing Agent to investigate.

Implementing these measures will help your building remain a desirable residence while ensuring the safety and quality of life of residents.

Dan Wurtzel Named to Realty Advisory Board on Labor Relations



Dan Wurtzel

President Dan Wurtzel has been elected a director of the Realty Advisory Board on Labor Relations (RABOLR). The RABOLR negotiates collective bargaining agreements on behalf of commercial and residential building owners that employ the industry's major unions, including the Service Employees International Union (SEIU), Local 32BJ, and others.

The RABOLR also advises and represents its members in the administration of their collective bargaining agreements and in matters concerning personnel and human resources. The organization has more than 4,000 commercial and residential building members in addition to building main-

tenance contractor members who employ more than 20,000 union members.

“We are fortunate to have Dan lend his leadership and expertise to our organization as a director,” said Howard Rothschild, president of the RABOLR. “Dan brings with him a deep understanding of the real estate industry and its financial operations that will be beneficial to reaching our goals.”

“I am honored to be elected a director of an organization that is of significant importance to our industry and the value we deliver to our clients,” says Wurtzel. “I look forward to helping the RABOLR work with building workers and their legal representatives to negotiate agreements that are fair and equitable for all parties.”

Lifestyle Blog Launched

FirstService Residential's new lifestyle blog, *The Elements of Living*, offers fresh ideas and insights into how to live better and get more out of life—from recipes and well-being tips, to home design and style ideas, to pointers for keeping your family connected. *The Elements of Living* embodies our commitment to making a difference, every day, for our clients. Visit www.theelementsofliving.com.



FirstService Residential to Manage City's First Micro Apartments

FirstService Residential is thrilled to be a consulting partner on the development of Carmel Place, a new housing model for New York's growing small-household population, and looks forward to managing this unique property when it opens later this year. To read more: tinyurl.com/o84ke2m.



FirstService Residential

ADVANTAGE

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Have a comment about this newsletter? Send an email to: news.ny@fsresidential.com.

FirstService Residential supports the highest social and environmental standards in the market. We are contributing to conservation and responsible management by using FSC-certified paper and print products.



FirstService Residential Green Mission

Environmental responsibility is a corporate value for FirstService Residential and its subsidiaries. By striving to set a green standard for the real estate industry, our aim is to find opportunities—within our operations and for our clients—to develop innovative and cost effective solutions that promote environmentally sound practices.