

Making  
a Difference.  
Every Day.

FirstService Residential

# ADVANTAGE

## FS Energy Facilitates \$100,000+ in Free Lighting Upgrades

For a limited time, Con Edison is offering properties with five to 75 units in specific Brooklyn and Queens neighborhoods free energy efficient lighting upgrades. The program was designed to relieve Con Edison's electric load and has the added benefit of reducing our clients' energy costs.

Our FS Energy subsidiary quickly identified which clients met the program's parameters and set the wheels in motion. So far, five FirstService Residential properties comprising 10 buildings are set to receive installation and equipment valued at \$101,040—**at no cost**. Upgrades are also in process for four properties that recently joined our portfolio.

Through this program, common areas will receive upgraded lighting and controls and individuals apartments will be fitted with



Outdated and inefficient linear fixtures are being replaced with efficient CFL bulbs and fixtures. These new fixtures can be equipped with LED bulbs as the CFLs burn out.

light-emitting diode (LED) and compact fluorescent lamp (CFL) bulbs.

Please contact Da-Wei Huang of FS Energy at (212) 634-8922 or [dawei.huang@fsenergyservices.com](mailto:dawei.huang@fsenergyservices.com) for more information.

## > Message from the President

At FirstService Residential, we are committed to delivering excellent service and significant value to our clients. Our resources and capabilities exceed those of any management firm and enable us



Dan Wurtzel

to offer exclusive programs that positively impact your building's bottom line. This edition of *Advantage* includes examples that validate how we are generating significant results.

- Since 2011, our Energy Aggregation Purchasing Program has produced more than **\$14.5 million in savings** on natural gas and electricity costs. [p. 1]
- Since 2010, our properties have **saved millions of dollars to settle tax protests** through an alliance that offers expert tax certiorari services at steeply discounted rates. [p. 3]
- Since 2003, our FirstService Financial affiliate has helped clients fulfill their financing requirements at **the most competitive rates and terms** available. [p. 4]
- Since 2012, our M.R. Cooper insurance subsidiary has negotiated contracts that have resulted in **lower annual premiums** as well as **better terms and coverage limits** for clients. [p. 5]

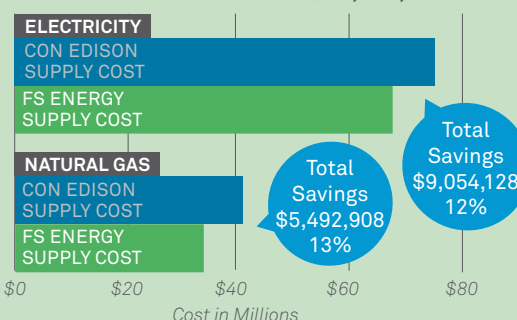
## Energy Purchasing Program Exceeds \$14.5 Million in Savings

The FirstService Residential Energy Aggregation Purchasing Program, managed by our FS Energy subsidiary, continues to deliver impressive returns to our clients. Since its inception three years ago, participating properties have saved upwards of \$14.5 million in natural gas and electricity costs. Through the program, FS Energy leverages the purchasing power of our large portfolio of buildings in order to negotiate excellent rates relative to those charged by local utilities.

### Portfolio-wide Energy Savings

October 2011 – October 2014

TOTAL SAVINGS TO DATE: \$14,547,037



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# Cielo Lighting Retrofit Results in Financial and Environmental Benefits

*The Cielo, a 128-unit condo located at 450 East 83rd Street, will receive \$2,280 in rebates from Con Edison as a result of replacing its lobby light bulbs. The entire cost of the project will be recouped in just six months.*

After attending a “Lighting Essentials” seminar hosted by FS Energy, Property Manager Yves Martinez was inspired to consider replacing the lobby light bulbs at The Cielo. Covering the pros and cons of various lighting types, the seminar demonstrated how the simple replacement of bulbs or fixtures could yield significant improvements.

Armed with knowledge about the disadvantages of halogen bulbs—including their inefficiency, short lifespan, and emission of an often uncomfortable amount of heat—Martinez set out to find the right solution to replace the 152 halogen bulbs in the Cielo’s lobby. He also learned that by doing so, the building would be eligible for financial incentives.

Following a visit and analysis from FS Energy’s Da-Wei Huang to confirm the strategy, Martinez contacted a lighting vendor to install sample LED bulbs in the lobby. “Through my research and by comparing the sample LED bulbs’ brightness and color, we are confident the LED bulbs can provide equal, if not better, appearance than the existing halogen bulbs,” Martinez explains.



New LED lighting in the lobby of The Cielo.

“The halogens burned out every two to three months, which was costly as well as time consuming since the staff had to climb a ladder to replace them each time one burned out,” adds Martinez. “Given how infrequently the new bulbs need to be replaced, the staff now has more time to focus on other tasks.”

“Because LED bulbs do not disperse as much heat as halogens, the lobby air conditioner is expected to run less during the summer,” adds Resident Manager Steve Windle, “which will result in even more energy and financial savings.”

*Financial incentives for lighting efficiency projects are available. Email [dawei.huang@fsenergyservices.com](mailto:dawei.huang@fsenergyservices.com) for more information.*

## By the Numbers

Project Cost	\$ 7,595
Con-Ed incentives (\$15 per bulb)	\$ 2,280
Cost to building	\$ 5,305
Estimated annual savings (\$)	\$ 10,147
Estimated annual kWh reduction	56,370 kWh
Estimated payback period	0.52 years

## Annual Client Experience Survey to Launch in April

At FirstService Residential, our mission is to deliver industry-leading programs and personalized service that make a difference, every day, for your property. As your management partner, we work hard to consistently provide responsive, genuinely helpful service that meets the needs of your property as well as your residents. Are we achieving our goal?

We again have engaged an independent firm to obtain your feedback so that we can respond to your

concerns. Your opinions and recommendations are vital to this process as they will enable us to add value to your property while enhancing the lifestyle of your residents.

Thank you in advance for taking the time to participate in the survey which will be conducted during April and May 2015.

**Making a Difference.  
Every Day.**



# Clients Achieve Savings and Assessment Reductions through Tax Certiorari Alliance

FirstService Residential properties have saved millions of dollars on legal fees to settle their tax protests as a result of our alliance with a leading tax certiorari firm. Participating properties pay a contingent fee equal to 9% of the total tax savings—a steep discount over other firms and well below the “industry standard” of 15-plus percent.

“We have essentially changed a long standing, ambiguous, and overpriced system as a result of our size, strength, and commitment to creating value for our clients,” explains President Dan Wurtzel. In addition to providing superior service at a discounted rate, the program keeps boards informed via semi-annual status reports.

While savings on fees are nice, they are only of real value if they yield excellent results. Here is a sampling of reductions achieved for our properties last year:

## At the Tax Commission

- ▶ **Downtown Cooperative:** Reduced the assessment for 2014/2015 from \$14,575,000 to \$13,500,000 resulting in immediate tax savings of \$23,800 and projected savings of \$119,000 over five years. Fees: \$8,325 vs. ~\$17,900 industry standard.
- ▶ **Upper West Side Condominium:** Reduced the assessment for 2014/2015 from \$3,000,000 to \$2,500,000 resulting in immediate savings to unit owners of ~\$13,000.

## At the Law Department

- ▶ **Downtown Condominium:** Settled assessments for the tax years 2008/2009 – 2011/2012 resulting in a refund to unit owners of over \$300,000 and total tax savings in excess of \$550,000. Fees: \$50,000 vs. ~\$84,000 industry standard.
- ▶ **Upper East Side Cooperative:** Reduced the assessment for the tax years



2009/2010 – 2013/2014 resulting in a refund of \$56,000. Fees: \$6,000 vs. ~\$8,500 industry standard.

- ▶ **Two Large Upper West Side Cooperatives:** Reduced the assessments for the tax years 2009/2010 – 2011/2012 resulting in refunds of \$375,000 and \$825,000. Fees: Nearly 40% less than the industry standard.

*Please contact your property manager if you are interested in participating in this program.*

## About The Tax Protest Process

The tax protest process involves two primary opportunities to generate reductions in assessments. Each year, eligible properties have a hearing before the Tax Commission during which assessments for the current and one prior tax year can be adjusted. If no settlement is reached, a petition is filed to begin civil litigation against the City of New York, and negotiations ensue with the Law Department that may result in a reduction. Law Department negotiations can continue for many years and can result in settlements affecting five or more years.

## FirstService Residential Receives Award of Excellence

FirstService Residential was honored to receive the 2014 Three Hands Award of Excellence, presented annually by a coalition of the Manhattan

Resident Managers Club, the Metropolitan Building Managers of New York, and the Scandinavian-American Building Manager's Guild.



## President's Letter

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- Since 2010, FS Energy has helped secure millions of dollars in incentives. The team recently secured over **\$100,000 in free lighting upgrades** that will also reduce future energy costs. [p. 1] A recent seminar also inspired a lobby light bulb replacement project that will recoup its cost in six months while netting **\$2,280 in rebates**. [p. 2]

Is your property taking advantage of our value-added services? If not, please speak with your property manager to find out what options are available to you.

We look forward to continuing to deliver exceptional service and exclusive programs that are truly making a difference, every day, for our clients.

Sincerely,

Dan Wurtzel  
President



# FFI Offers Creative Financing Options

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



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

"We were able to meet our refinancing objectives and achieve favorable new loan terms," says Greg Reed, 201 W 21st Street Tenant Association's President. "FFI's professional guidance throughout the process was a fantastic benefit offered through FirstService Residential as our management company."

201 West 21st Street Tenants Corp 130-unit co-op in Manhattan	
Existing Situation	
Original Mortgage	\$5,200,000
Original Interest Rate	5.47%

FFI and the co-op began discussions on loan alternatives in July 2013. The board was interested in refinance options as they had significant capital improvement projects on the horizon and wanted to rebuild reserves. They had spent a large portion of their reserve funds on projects including a new sidewalk, hallway renovations including energy efficient lighting retrofits, and Local Law 11 façade work.



Upon initial review, FFI advised the board they would incur a substantial yield maintenance prepayment penalty due to the remaining term on the loan and existing treasury rates. The board was hesitant to incur the penalty on their interest-only loan at that time.

Over the next 12 months, FFI continued to update the board on the lending market, interest rates, and strat-

egies that could meet both short- and long-term financial objectives. In late 2014, FFI identified a hybrid loan product that would offer the co-op a way to avoid short-term cost increases with a new loan, gain access to significant loan proceeds, and switch from an interest-only to an amortizing loan—all without having to raise maintenance or impose a special assessment.

The board elected to move forward and FFI spearheaded the entire process. The board was able to lock in a rate of 3.91% on the new hybrid amortization schedule that reduced annual debt service cost by 4% in the first two years. They were also able to secure net proceeds of \$1.2 million to pay for upcoming capital projects in 2015.

Coincidentally, the board also finalized lease negotiations with a new commercial tenant for ground floor retail space. This additional rental income was enough to offset all of the increased principal repayment cost on the loan once it began amortizing.

The amortization on the new loan will allow principal pay down of \$1.3 million during the term, putting the co-op in a less risky position in the future while maintaining fiduciary responsibility to the shareholders. The loan closed within 60 days of initiation.

FFI Solution	
New Mortgage Amount	\$7,000,000
New Line of Credit Amount	\$1,000,000
New Interest Rate:	3.91%
Term:	10-Year Fixed
Amortization:	Hybrid: 2 years interest only converting to 30-year amortization

- ▶ FFI locked in a rate of 3.91% on a 10-year fixed loan with the first two years on an interest-only schedule converting to a 30 year amortization in the last 8 years;
- ▶ The board elected to incur the prepayment penalty to reduce future interest rate risk before the loan matured;
- ▶ The co-op was able to pull out \$1.2M in proceeds at closing to address immediate capital needs, without increasing short-term costs;
- ▶ The new loan reduced annual debt cost by 4% within the first two years. The co-op was able to re-lease commercial space offsetting any additional principal repayment cost when the loan begins amortizing in 2017;
- ▶ The entire process from application to closing took less than 60 days.

To learn how FFI's programs may benefit your property, contact Jordan Muchnick at (484) 398-6042 or [jmuchnick@firstservice.com](mailto:jmuchnick@firstservice.com).



# Insurance Subsidiary Continues to Deliver Significant Value

M.R. Cooper, FirstService Residential's insurance subsidiary, continues to deliver outstanding results to our clients. By leveraging the size of our property portfolio, historical claims and loss data, and our property managers' certification in risk management, M.R. Cooper is able to deliver greater coverage at lower costs.



M.R. Cooper recently negotiated the following contracts on behalf of our clients which resulted in **lower annual premiums** and **better terms and coverage limits**:

► By moving coverage to M.R. Cooper, a 10-unit luxury condo in So-ho saved over \$10,000—a 29% decrease—in its annual premium. The condo now has a \$100,000,000 umbrella limit vs. a \$5,000,000 expiring limit. It also has coverage for earthquake and flood which was not provided by the previous carrier.

► A 330-unit co-op in Brooklyn saved approximately \$9,000—a 17% decrease—in its annual premium. The new policy provides a \$10,000,000 flood limit—twice what the expiring policy provided—and coverage for green upgrades in the event of a loss.

► A 161 unit co-op in Brooklyn saved \$9,200—a 15% decrease—in its annual premium and now has double the limit on earthquake coverage.

► A 9-unit condo in Chelsea saved \$3,500—a 22% decrease—in its annual premium. The deductible is half what the incumbent offered

and the building now has a \$5,000,000 earthquake limit vs. the expiring limit of \$1,000,000.

*The program is exclusive to FirstService Residential properties and their boards. For more information, email [leonor.vivona@mrcooperinsurance.com](mailto:leonor.vivona@mrcooperinsurance.com).*



## FS Energy Named Finalist in RISE:NYC Competition

Our FS Energy subsidiary is a finalist in the RISE:NYC competition which recognizes innovative technologies that will bolster the city's buildings and infrastructure against future storms. FS Energy is a lead applicant on three projects in the finals and a partner on two more.

Triggered from the impact of Hurricane Sandy, RISE:NYC is a \$30 million competition created by the New York City Economic Development Corporation that encourages the development of demonstrable improvements to a building or infrastructure network's resiliency in withstanding or recovering from utility service interruptions, storm surges, flooding or other storm-related events. The competition garnered more than 200 entries from 20 countries.

Through the competition, FS Energy was able to showcase its enhanced energy infrastructure capabilities with cost-effective solutions that provide emergency power for electronics and telecommunications networks in the event of grid failure.

"The impact of Hurricane Sandy compelled us to explore ways to better protect our buildings and keep them operational in the face of natural disasters," says President Dan Wurtzel.



FS Energy team members at the RISE:NYC Technology Demo Night held at 7 World Trade Center.

"Being selected as a finalist validates FS Energy's efforts to create solutions that can help strengthen New York City's infrastructure."

Winners will be announced in 2015 and will be awarded a portion of a \$30 million funding pool to underwrite their projects.



## Dwayne Doucette, Resident Manager of 85 East End Avenue

*Eighty-five East End Avenue, a 155-unit luxury rental tower, is thriving under Resident Manager Dwayne Doucette's supervision and care.*

### Clean Heat Advocacy

In the past year, Doucette oversaw a successful boiler conversion from no. 6 oil to a dual fuel system that burns no. 2 oil and natural gas. The project entailed installing a connection to a new Con Edison high pressure line, thus creating a containment room. With New York City's elimination of no. 6 oil, Doucette and the management team saw this clean burning method as the most cost effective and energy efficient for the building. "The building can be proud of its effectiveness in lowering operating costs while improving air quality," proclaims Doucette.

### Local Law 11 Compliance

After nearly two years, Doucette and his staff achieved a sense of accomplishment for seeing through a \$2 million Local Law 11 project that included rebuilding 175 balconies. With an unrelenting daily construction schedule that included a crew of 30 workers, the potential for safety hazards, debris, noise disturbances, and resident complaints was high. However, Doucette and his team were able to efficiently secure the construction sites and unfailingly address any issues that arose. The team's exceptional organizational and communication skills eased tenant relations and enabled the project to proceed smoothly.

"Trying to keep a building clean and residents happy during such a complex project always provides a challenge," says Doucette. "My staff's ability to work in sync with our proactive management team



Dwayne Doucette

enabled us to keep inconveniences to a minimum while maintaining the comfortable living conditions that our residents deserve."

### Professional Leadership

Doucette believes in the benefits of networking and knowledge sharing. As an active member of the Metropolitan Building Managers of New York (MBMNY), where he currently serves as president, he has witnessed his industry colleagues evolve into so much more than just building managers. He views his involvement as a valuable asset for himself and his peers as it provides an opportunity to meet monthly, transfer industry knowledge, and trade advice on handling various scenarios.

"The educational forums organized by MBMNY allow building managers to discuss issues unique to their positions, which is highly beneficial in improving one's professional path in this industry," says Doucette. "Membership also provides an outlet to further develop leadership and practical skills that help to alleviate stress in many situations."

Working alongside Vice President Bob Klehammer and Property Manager Iwona Bardecka of FirstService Residential, Doucette feels fortunate to be surrounded by an accomplished and competent management team and maintenance staff. "I am very lucky to be working with these individuals on a daily basis," he adds.

## Composting to Curtail Waste

As an environmentalist, FirstService Residential's Victor Berrios, General Manager of Jaime Towers Housing Company, was troubled seeing his building staff place countless bags of leaves—gathered from across the complex's 12 acres—into dumpsters last fall. After a referral by the Department of Sanitation's Bureau of Waste Prevention, Reuse, and Recycling, Berrios connected with a science teacher and Master Composter at Bronx Guild High School, located near the complex. Now students from the school's Agricultural Internship Program regularly pick up the leaves to create compost that is used to fertilize the school's three-acre plot filled with chickens, honey bees, organic vegetable beds, and a 200 tree-orchard.



Bronx Guild High School students collect leaves from Jaime Towers.



# Commitment to Continuing Education

*To ensure our property managers and building staff are informed on the latest industry developments, FirstService Residential regularly hosts seminars and training sessions during which experts share their knowledge. Among the subjects covered recently:*

- ▶ Tim Lynch, Assistant Commissioner for Investigative Services with the NYC Department of Buildings, addressed the Façade Inspection Safety Program to help managers better understand the new codes, laws, and rules surrounding balconies, enclosures, handrails and guards.



DOB's Tim Lynch explains the Façade Inspection Safety Program.

- ▶ Rick Futterman of F&L Claims Services addressed risk management covering alteration, hold harmless, and indemnification agreements; insurance; and timely reporting of accidents with the overall goal of protecting our clients.
- ▶ Nick Zoppi of Business Credentialing Services addressed the importance of collecting and correcting vendor insurance and related compliance documents to ensure that a vendor's insurance will cover a loss in the event of a claim.

- ▶ Attorney Robert Sparer hosted a seminar on disciplinary action that covered discrimination laws, accommodations for disabilities, leaves of absence, retaliation claims, hostile work environments, wage and hour claims, importance of documentation, and setting consistent precedents.



Attorney Robert Sparer addresses disciplinary action.

- ▶ Quadlogic Controls Corp., an energy monitoring company, covered proper testing, methodology, and reporting requirements regarding the New York State Public Service Commission's new requirement that a statistical sample equal to four percent of a building's electric submeters be inspected and tested annually to certify accuracy.
- ▶ FS Energy continued its operational excellence seminar series with "Best Practices for Heat Timer Controls." Da-Wei Huang of

FS Energy, and Vinny Clerico of Heat Timer Corporation, presented techniques aimed at enhancing resident comfort and efficiency, reducing environmental impact, and improving performance of heating systems.



Vinny Clerico addresses Heat Timer control best practices.

## Dan Wurtzel Named to Community Access Board

Community Access, Inc., a non-profit organization that assists New Yorkers living with psychiatric disabilities in transitioning to independent living, has elected FirstService Residential President Dan Wurtzel to its Board of Directors.



Founded in 1974, Community Access helps over 10,000 homeless and low-income New Yorkers by providing affordable housing, job training, hot meals, counseling and crisis support services. With over \$140 million in real estate holdings, the agency has built housing developments which have won numerous awards within the supportive housing industry.

"Dan has been an advocate and supporter for over 20 years and has a deep understanding of the real estate industry and financial operational management," says Steve Coe, CEO of Community Access. "We are fortunate to have his leadership, expertise and involvement to help us reach our goals, which include building 1,000 new units of affordable housing in New York City."

"Community Access has been at the forefront of creating cost effective community-based solutions for people with mental health challenges and other disabilities," says Wurtzel. "I'm looking forward to helping the organization reach its goals, which will make New York City a better place to live for everyone."

To learn more, visit [www.communityaccess.org](http://www.communityaccess.org).

## 8 Spruce Street Serves as Canvas for Local Artist

A papercut art installation was displayed in the lobby windows of the Frank Gehry-designed tower at 8 Spruce Street. Local artist Rosa Chang's "Icicle Dream" creates the illusion of interior and outdoor spaces and invites viewers to envision their own whimsical winter world.



### FirstService Residential featured in *Green Matters*

FirstService Residential's success in helping our clients to operate in a more environmentally sustainable manner prompted *Green Matters* magazine to feature our company in its January issue. You can read the article on our website: [www.fsresidential.com/new-york/news-and-events/articles](http://www.fsresidential.com/new-york/news-and-events/articles).

### FirstService Residential's 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.



### FirstService Residential

## ADVANTAGE

*Advantage* is published for board members and owners of properties managed by FirstService Residential. While every effort is made to achieve accuracy in the information contained in this publication, it is not intended as advice to any specific property, and FirstService Residential shall not be liable for any damages resulting from reliance on the accuracy of information contained herein.

Have a comment about this newsletter? Send an email to: [news.ny@fsresidential.com](mailto:news.ny@fsresidential.com).

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