

[REDACTED]
101 Clark St. Apt. [REDACTED]
[REDACTED]@yahoo.com

[REDACTED],

Today I was handed a Yellow Memo written by cooperators who oppose Cadman's Article 11 plan.

It saddened me because they're distributing questionable information 43 days into a 90-day silent period when Board Members are prohibited from talking to cooperators about the Proxy Statement.

Saddened because they should have had the courtesy to wait another 40 plus days so that Board Members could respond to their issues. Who knows, maybe there can be some common ground. Imagine that.

Remember Article 2 to Article 11 has proven successful with Mitchell-Lama rentals since the mid-2000s. That is why HPD and both the Bloomberg and the de Blasio administrations have been offering it to Mitchell-Lama co-ops. Is it suitable for Cadman Towers? That is for cooperators to decide based on factual information, not conjecture or ideology.

I've personally sent three emails since the distribution of the Proxy Statement (this one makes 4). Here is the content of those emails:

1. Pick up your copy of the Proxy Statement.
2. Privatization is no longer an option for Cadman Towers.
3. Cadman has a debt load of \$100 million (page 8).

Cooperators can do with that information as they see fit. The Yellow Memo contains a lot of conjecture. I will not do that. I will tell you what is real, based on facts.

I will review statements made in the Yellow Memo and comment via email over the next few days. [* see footnote below] Email me if you have a question regarding something in the Yellow Memo.

Once the quiet period is over, the Board will hold informational meetings. How we decide to move forward will be based on open conversations regarding the details provided by HPD and authorized by the NY State Attorney General. I'm comfortable saying that this issue is not about the Yellow Memo people or me. It's about us. All of us, working together.

Thanks for your time. I will write again soon.

[REDACTED]

[REDACTED]
101 Clark Street [REDACTED]
[REDACTED]

Email me your comments or questions

***Not everyone at Cadman Towers is on my email list. I only have the email addresses of cooperators who have given me their email address. If you have a neighbor who is not on my email list but would like to be, please have them email me.**

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[REDACTED]
[REDACTED]

Someone asked me why I haven't sent out more emails about the yellow memo. I have to say that it genuinely saddens me every time I read through it, thinking that people who live here would deliberately put out misleading information to scare their neighbors.

What's worse is that they are distributing this information when Board Members and even HPD cannot respond to their assertions. It's a little disingenuous, particularly when they can easily wait 35 days or more so we can all have a back and forth discussion with Board Members.

Last week, I was happy to read that there will be a series of informational meetings with cooperators after the NY Attorney General gives the okay. It would be helpful if representatives from HPD and HDC participated in these meetings. They can help debunk misstatements and double-speak asserted in the memo.

I will comment on the memo's key gripes, but let me start with this:

Cadman Towers our Forever Home: Overview

As City and State Mitchell-Lamas age, they are borrowing millions of dollars to fund structural and mechanical projects and, as a result, impose multi-year double-digit maintenance increases on residents.

The Cadman Towers Proxy Statement (page 17)* includes a list of still unfunded million dollar projects, like boiler replacement, electrical upgrades, Plumbing and Fire Protection, and hallway renovations.

The Cadman Towers Article 11 plan was created for one purpose; to keep Cadman Towers affordable forever. That's it. It's as simple and as complex as that.

Article 11 includes a stream of income that doesn't exist in the Mitchell-Lama program. These new funds will be managed by HPD and held in a reserve account and can **only** be used to finance costly restoration projects and pay down our current loan debt, which is \$62 million dollars, not including interest **(page 8).

The Cadman Towers Article 11 plan reduces the necessity for massive maintenance increases. If we decide to remain as we are, we can only expect more double-digit maintenance increases and assessments. It's true. The definition of insanity is doing the same thing over and over again and expecting different results.

I will write again soon. I look forward to your feedback. Please email me your questions or comments at [REDACTED][yahoo.com](mailto:[REDACTED]@yahoo.com).

[REDACTED]
*(more about page 17 in another email).

**(more about page 8 in another email).

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I'm told that a bunch of people did not receive my last email so I'm resending it. The next email newsletter will deal with our estimated \$10 million in unfunded repair work. Oy! ██████████

██████████,

One key topic - was the overly aggressive nature of the folks handing out yellow memos. This is not necessary. We need not be divided. There is no wrong or right here. There are just facts. The yellow memo advocates for more of what we have now: back-to-back-to-back double-digit increases 13% + 13% + 13%. We cannot afford this.

Based on the yellow memo we will have more and more increases if we follow their guidance. It reminds me of the famous quote: "Insanity is doing the same thing over and over and expecting a different result."

As Cadman Towers ages, we will need more money to fund expensive repair projects (see page 17 of the Proxy Statement). But, again, that should be clear to everyone.

The yellow memo strategy that Cadman Towers "join other Mitchell-Lamas to develop a global plan for capital repair loans" is not a financial strategy. It's made up. It's not a real thing. It's also highly irresponsible. Even if it were a thing when you borrow money, you have to pay it back with interest, closing costs, legal fees, and other expenses referred to as "soft costs." (More on this next time.) that means more large maintenance increases. Thankfully we have an alternative.

Article 11 offers a stream of income that Mitchell-Lama doesn't have. This new stream of income will be held in a reserve account by HPD and can only be used to pay down our current loan debt or fund repair projects, like boiler replacement, green initiatives, or hallway renovations. That makes the most sense to me. HPD created Article 11 to help us fund our repair work without the need for endless loans and double-digit increases. This will keep us affordable forever.

Page 8 of the Proxy Statement lists our current debt.

Cadman Towers has over \$62 million in loans already. The payback to the city is over \$100 million. We've maxed out our credit even with deferred payments and balloon mortgages. See page 8 of the proxy statement for full details.

Loan 1 \$17,502,472 @ 5.18% interest
Loan 2 \$13,604,730 @ 5.18% interest
Loan 3 \$10,684,225 @ 1% interest
Loan 4 \$13,743,646 @ 0% interest
Loan 5 \$ 1,612,930 @ 1% interest
Loan 6 \$ 5,050,000 @ 0% interest*

*Loan 6 is referred to as a grant. However, it remains on our books as a loan until 2041. Rosemary Scanlon termed this a "groan," meaning a grant that's actually a loan. So we are paying it back.... groan.

Next newsletter topic - focus on Page 17, more repair work. Also, I promise when I have more time, I will detail some of the misstatements in the yellow memo. Knowledge is power.

NOT EVERYONE AT CADMAN TOWERS RECEIVES MY EMAILS. I ONLY SEND EMAILS TO THOSE WHO HAVE GIVEN ME THEIR EMAIL ADDRESSES. IF YOU HAVE A NEIGHBOR WHO IS NOT RECEIVING MY EMAILS. PLEASE HAVE THEM SEND ME AN EMAIL, AND I WILL ADD THEM TO MY LIST.

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An online dictionary defines "False Narrative" as a story that you perceive as being true but has little basis in reality. Sounds right, but it isn't right.

A few weeks ago, 5 cooperators began pushing a false narrative about the HPD sponsored Article 11 option. I'm not challenging their right to protest, but they don't have the right to mislead cooperators. Cadman Cooperators are not stupid. If you promote a false agenda, expect to be exposed.

Granted, the review process for the proxy statement is flawed. Board members delivered a 200-page legal document with the message, "read it, understand it, but don't ask us any questions because we cannot respond." This has created a window for misinformation to thrive. Is there any wonder why the state of affordable housing in NYC is in the mess it's in? Mitchell-Lama's all across the city are borrowing millions of dollars and imposing multi-year double-digit increases challenging the promise of affordability. Yet the initiative created by HPD to preserve affordability is hampered by bureaucratic red tape. It's frustrating.

I was so outraged by the false narrative of the yellow memo that I personally mailed a letter to Cadman residents expressing the need to work together to preserve our affordability, whatever it's named. We succeed when we work together. It's always been that way.

Here is what I mean about their false narrative. The yellow memo states Cadman will lose vital double-equity dollars if we approve the Article 11 plan.

Sounds right, but it isn't right. The truth is, if you moved to Cadman Towers in 2005 or after, either through internal transfer or external waiting list, your apartment will provide \$0 dollars under the Double-Equity plan. That's a fact.

Let's compare using the apartments by the authors of the yellow memo as an example - if they were to sell their apartments today.

Double-Equity

Apt [REDACTED] - double-equity Cadman receives \$0
 Apt [REDACTED] - double-equity Cadman receives \$0
 Apt [REDACTED] - double-equity Cadman receives \$0
 Apt [REDACTED] - double-equity Cadman receives \$20,000
 (after this sale \$0 forever)
 SX [REDACTED] - double-equity Cadman receives \$15,000
 (after this sale \$0 forever)

Total Double-Equity \$ for Cadman Towers
 from the sale of these five apts is \$35,000.

Article 11

Apt [REDACTED] - Article 11 Cadman receives \$82,500
 (afterward 3% on all future sales)
 (page 183 Proxy Statement)

Apt [REDACTED] - Article 11 Cadman receives \$82,500
 (afterward 3% on all future sales)
 (page 177 Proxy Statement)

Apt [REDACTED] - Article 11 Cadman receives \$86,000
 (afterward 3% on all future sales)
 (Page 183 Proxy Statement)

Apt [REDACTED] - Article 11 Cadman receives \$118,000
 (afterward 3% on all future sales)
 (Page 181 Proxy Statement)

SX [REDACTED] - Article 11 Cadman receives \$88,000
 (afterward 3% on all future sales)
 (Page 184 Proxy Statement)

Total Article 11 \$ for hallways, new boilers, green initiatives, or paying down our debt from selling these five apartments \$457,000.

The yellow memo falsely claims that Cadman Towers will lose money by switching to Article 11. Just one sale from Article 11 is more than double what all of these five apartments would bring in under double-equity. That's a substantial difference. That's why Article 11 deserves our consideration.

We are many neighbors but only one Cadman Towers. Let's work together.

Thanks,

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