

December 8, 1998

Dear Galaxy Owner:

Just prior to our semi-annual Committees' Walk last month, Phil Gotthelf sent an inflammatory letter to all of our committee members, intended to disrupt this important event. (It didn't work. We had an outstanding meeting, during which 50 people inspected the Galaxy and found it to be in excellent condition.)

Two weeks ago, Gotthelf sent a letter to the members of our Budget and Finance Committee, trying to persuade them not to approve the 1999 Budget by making veiled threats of possible personal liability if they did so. (It didn't work. The Budget was approved.)

Now comes Gotthelf's frightening letter, once again unfairly attacking the Board and suggesting astronomical assessments. (Given the timing and contents, it was clearly intended to create hostility at tomorrow's Open forum.)

Doesn't this remind you of the "phony issue" campaign conducted by Gotthelf in 1997? (Can Directors' elections be far behind?)

1. To correct just a few of Gotthelf's statements intended to mislead you.
  - \* It is not true that we are "selling property to raise cash". This is a lie.
  - \* It is not true that the 1999 Budget contains no funds for repairs and maintenance. This is a lie.
  - \* It is not true that our legal fees in the ACLU case "cost over \$100,000". This is a lie and he knows it, because he was provided with a detailed schedule showing that the fees amounted to \$50,892.
  - \* No special assessments have been proposed by the Board, much less the huge amounts mentioned by him.
  
2. It is important that you know where Gotthelf is coming from.
  - \* Since his slate's defeat in 1997, he has continually been obstructive.
  - \* When asked at a Board meeting whether he had assisted in the preparation of Bodnar's lawsuit against us, Gotthelf refused to answer.
  - \* He is a tenant of the Mall and has often argued on its behalf at Board meetings.
  - \* The complaint in the Mall's lawsuit against us contains information not normally available to it; and allegations are made which parrot comments and assertions made by Gotthelf. (And by the way, the lawyer representing the Mall in that lawsuit also happens to be Gotthelf's long-time personal attorney!)
  - \* He has persistently and continually been negative and disruptive. It would be bad enough if this conduct remained internal, but he continues to issue writings (such as his latest letter) which can readily reach brokers and prospective buyers, thus potentially damaging the Galaxy's reputation and values.

(over) ..

3. Now let's talk about the surveys.

\* Work on this project started early in 1997 and is far from being completed.  
\*The purpose is twofold: because the Galaxy is 22 years old, prudent management dictates that a long-term renovation program be prepared; and as I have mentioned in recent articles, **the development of the waterfront presents an opportunity to sharply increase the value of our apartments, provided that the Galaxy continues to be maintained in excellent condition.**

\* The figures cited by Gotthelf are unrealistic, because:

- (a) The recommendations for near-term work include replacement of equipment that is still functioning satisfactorily, and we have no intention of doing that.
- (b) Useful life expectancies for various items are only approximations. Because of good maintenance, our equipment usually lasts longer than normally anticipated.
- (c) The replacements, and therefore the outlays for them, will be made over a long period of time.
- (d) Some recommendations are optional possible cost-savers; and the Board may decide that the savings do not justify the required investment.
- (e) **We have more than \$4 million in replacement reserves and will be adding to these funds each year just as was done in the past, so that money will be available to cover much of the projected expense.**

\* Our committee is still working on the physical condition survey, but it is apparent that comments similar to the above will apply to it as well. (For example, it is not likely that we will agree to spend almost \$2 million for an optional sealant to be applied to all garage floors after repairs are made. This is economically unrealistic.)

**Disregarding Gotthelf's usual doom-and-gloom tactics, what is he really complaining about? Not that the surveys are being made (he voted for them), but that we should have put a lot of money in the Budget for whatever renovations we may decide to make.**


**The rest of us on the Board believed that this would be premature and irresponsible, because we do not yet know what is to be done, over what period, or at what cost; and if a program is ultimately developed that requires large expenditures, it should be submitted to Galaxy owners for approval before being funded.**

Finally, I'd like to end with this:

**The Galaxy is in excellent shape;** nothing has happened or is imminent that should alarm you; people love living here, and more and more people want to do so; invariably, visitors are impressed with our appearance and facilities; apartment values are increasing.

What we are doing is intended to perpetuate this happy situation.

Cordially,

  
Bernard Furman  
President GTCA