

To: Laurette Valdez, Senior Property Manager, Westchester Property Management Group, Inc.

CC: Les Lew, Treasurer, Riveredge Co-op

From: Peter Merson, Shareholder, Riveredge Cooperative Apt 8T, Yonkers, NY 10701

Date: May 28, 2025

Subject: Request for Clarification on Financial Practices at 2025 Riveredge Co-op Annual Meeting

Dear Ms. Valdez,

I am writing to request clarification on several financial matters concerning the Riveredge Co-op, to be addressed by you or Treasurer Les Lew at the 2025 Annual Meeting. These concerns stem from my review of the co-op's financial records from 2006 to 2024, during Mr. Lew's tenure as Treasurer. I have also attached my notes for your reference.

Financial Overview (2006–2024)

- Capital expenditures: \$2,572,000
- Reserve fund additions: \$1,706,000 (\$271,000 to \$1,977,000)
- Total: \$4,278,000, representing the third-highest shareholder cost. (1)

Questions for Discussion

- Since 2006, shareholders have been informed that operating expenses were significantly increasing. However, it appears that a substantial portion of funds collected were allocated to capital expenditures and reserve fund additions rather than operating expenses. Can you explain the rationale for this communication and allocation?
- Why have shareholders not been informed that the third-highest co-op cost, after real estate taxes and utilities, stems from maintenance fees primarily used for capital expenditures and reserve funds? Classifying these as special assessments would have provided greater transparency. If so, based on my 544 shares, I would have seen a \$120 monthly assessment charge on my statements for the past 19 years (14%). (2)
- When I moved into the Riveredge Co-op in 1990, my equivalent share of the co-op's Reserve and cash fund was approximately \$2,500. By 2024, this has grown to \$12,650—a 406% nominal increase, or approximately 105% when adjusted for inflation (\$2,500 in 1990 equates to \$6,156 in 2024 dollars). Can you explain the factors contributing to this significant growth, such as the role of maintenance fee allocations or special assessments, and why shareholders were not informed of these changes over the years?
- When concerns like these are raised, what steps will Westchester Property Management Group and the co-op board take to address them and ensure greater financial transparency for shareholders?

I respectfully request a written response to these questions for the record, in addition to their discussion at the annual meeting. Please let me know if you need further details from my attached notes to prepare your response.

(1)

Riveredge Co-op Operating Expenses 1 to 11	Total 2006 - 2024		
1) Real estate taxes	\$ 6,720,120	22%	
2) Utilities	4,748,595	15%	
Capital expenditures & Reserve fund additions	4,278,000	14%	Most shareholders have been unaware their maintenance fees were in fact being used for Capital expenditures and Reserve fund additions and not operating expenses as they were told. Why ?
3) Payroll & related benefits	3,866,117	12%	
4) Repairs & maintenance	3,600,242	12%	
5) Mortgage Interest	3,205,882	10%	
6) Insurance	1,266,524	4%	
7) Security	1,094,746	4%	
8) Management fee	794,936	3%	
9) Water & sewer	606,720	2%	
10) Legal & acct fees+ Refund related 2021 \$59,237	501,905	2%	
11) Corporate taxes & misc	419,184	1%	
Totals	\$ 31,102,971	100%	

(2)

Hypothetical example (2006–2024)		Description
\$4,278,000	÷	19 years
\$225,158	÷	85,027 co-op shares
\$2.65	÷	12 months
\$0.22	✗	544 my shares
	=	\$225,158 average annual cost of Capital expenditures & Reserve additions over 19 years
	=	\$2.65 average annual cost per share
	=	\$0.22 average monthly cost per share
	=	\$120.05 the assessment charge appearing on my monthly statement for 19 years !

Note that my October 1, 2005, Riveredge statement showed a \$102.00 assessment charge, based on \$2.25 per share for my 544 shares (2002–2006). Furthermore, the 2006 memo from the Board of Directors, announcing a 17% maintenance increase (Chart 3) stated, “The assessment (**burden**) is scheduled to finish with the August 2006 payment and there is no plan to extend the assessment.” This is obviously incorrect, as I was then charged an additional \$2.65 per share in excess Maintenance fees, equal to an assessment of \$120 a month over the next 19 years (2006-2024) for Capital expenditures & Reserve fund additions.

Hudson North Management, LLC. 1053 Saw Mill River Road Ardsley, NY 10502		DATE 10/01/05	Keep This Part for Your Records											
MAKE CHECK PAYABLE TO:	RIVEREDGE OWNERS INC.	AMOUNT DUE 746.38	Account No.	Includes Payments Received As of										
		ACCOUNT NO. 830-314	830-314	9/22/05										
\$40 LATE FEE CHARGED AS OF THE 15TH OF THE MONTH. 914-674-2100		<table border="1"> <tr> <td>Item</td> <td>Amount</td> </tr> <tr> <td>MAINT.</td> <td>718.53</td> </tr> <tr> <td>STAR CREDIT</td> <td>-99.15</td> </tr> <tr> <td>PARKING</td> <td>25.00</td> </tr> <tr> <td>ASSESSMENT</td> <td>102.00</td> </tr> </table>			Item	Amount	MAINT.	718.53	STAR CREDIT	-99.15	PARKING	25.00	ASSESSMENT	102.00
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