

The AOAC and the Realty Sector Continue Their Respective Plans for "Rent Guidelines Season"

By Jeff Hanley, IMPACT Editor

WHITE PLAINS

The Apartment Owners Advisory Council (AOAC) is continuing its preparations for the realty industry's testimony on rent guideline increases for rental apartment buildings affected by The Emergency Tenant Protection Act (ETPA).

The preparations, AOAC officials recently said, include the planning of the strategies of the realty industry for

the upcoming Public Hearings and Deliberations of The Westchester County Rent Guidelines Board. Realty industry officials annually term the overall process as the "Rent Guidelines Season."

The guidelines board is the entity that annually decides on guidelines for lease renewals affected by the ETPA. Those guidelines are decided upon after the board conducts its Public Hearings and Deliberations.

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Impact

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News for the Building and Realty Industry

71 Years of Providing Knowledge to the Building Community

MARCH/APRIL 2017 VOL. 16 NO. 3



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Industry Officials: NY State Legislators, NYC Council Taking Aim at the Very Heart of Co-op Boards' Fiduciary Responsibilities

ALBANY

In what building and realty industry officials termed as "a seemingly simultaneous and thorough effort," Albany state legislators and members of the New York City Council have caved to the powerful Realtor lobby by recently introducing bills to severely constrain Boards of Directors of co-ops in their fiduciary responsibilities by imposing unworkable timetables and mandating reasons for an applicant's denial.

On the state level, there are two bills that directly threaten a co-op board's fiduciary duties for a thorough, uniform, fair and legal approach to processing applications from prospective shareholders, building and realty industry officials said. The bills are:

*S2540, sponsored by Sen. Kemp Hannon (R-C-IP 6th SD, Central Nassau County, L.I.). Essentially, this bill requires applications to purchase cooperatives to be acted upon within 45 days. Failure to do so results in automatic approval.

*S4551, sponsored by Sen. James Sanders, Jr. (D-WF, 10th SD, Queens). The bill requires that cooperative corporations provide a prospective purchaser with a written statement of reason(s) when withholding approval to purchase.

One Westchester County Co-op Board President said: "This is a classic one-two punch. First, they want to hand-cuff a co-op board into a time-frame that could

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Lashing Out At Landlords, Again: MCI's Targeted by Legislators in Albany

ALBANY

New York State's long-standing and incredibly lop-sided legislative and judicial history against landlords of rental housing in the New York City metropolitan area has taken on yet another ugly chapter with the introduction of bills to severely restrict the return on Major Capital Improvements (MCI's) that owners make to their aging rental buildings, building and realty industry officials recently said.

The bills, and their Democratic sponsors (A.2239, Shelly Mayer-D, Westchester and S.4568, Jamaal Bailey-D, Bronx-Westchester) would undercut an owner's incentive and reward to invest in repairing, enhancing or extending the life and condition of their rental buildings. Specifically, the legislation calls for capping the amount of collectible rent increases due to MCI's at

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SEQRA 'And You Shall Find'... The BI-BRI is the Lone Industry Voice Criticizing DEC's SEQRA "Reforms" at Mar. 31 Public Hearing in Albany



Albert Annunziata

ALBANY

The first recommendations to streamline the state's State Environmental Quality Review Act (SEQRA) Regulations drew some 60 people representing some 25 organizations, environmental groups and other stakeholders to the State Department of Environmental Conservation's (DEC's) flagship Public Hearing at its headquarters in Albany on Mar 31.

The Builders Institute (BI)/Building and Realty Institute (BRI) of Westchester and The Mid-Hudson Region was the only construction and realty-based industry association to appear and provide critical verbal and written testimony on DEC's proposed SEQRA changes.

BI-BRI representatives Albert Annunziata, executive director of the organization; Kenneth J. Finger, chief counsel, BI-BRI; and Nat Parish, planning and engineering consultant to the association; all spoke at the hearing.

"If one were keeping score as to attendance, it would have been environmental and preservation groups 25, building industry two," Annunziata said.

The New York State Builders Association (NYSBA) was represented as well, but the organization's representative chose not to speak.

"The only positive thing that I can say, based on my more than 30 years of representing the homebuilding, commercial building and multi-family housing industry in Westchester, is that DEC's proposed amendments to SEQRA are themselves, proof-positive of the need to reform and improve the environmental review process," Annunziata said at the hearing. "However, DEC did not address the core problems in the current SEQRA process."

A Big Problem

Building, realty and construction industry experts have long maintained that one of the main

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Insurance Insights: A Review of Why the BRI Does Not Support the New York Senate Bill to Remove the State Insurance Fund 30-Day Rule

By Ken Furst and Jason Schiciano, Levitt-Furst Associates

TARRYTOWN

The Building and Realty Institute of Westchester and The Mid-Hudson Region (BRI) represents more than 1,500 Contractors, Condo/Co-op/Apartment Owners and Property Managers from around the state of New York.

The BRI has asked Levitt-Furst Associates to explain why it is in everyone's best interest to keep the State Insurance Fund (SIF) 30-Day Rule. This article will describe why the SIF has this unique rule, and you will understand the interests of the insurance brokers' lobbying group that is trying to remove it.

By the end of this piece, you might wonder why every insurance company does not have a 30-Day Rule.

About the SIF

First off, let us explain the State Insurance Fund (SIF). This self-supporting insurance company is the largest insurer of Workers Compensation for businesses in New York State.

The fund's mission is to guarantee the availability of Workers Compensation Insurance at the lowest possible cost to employers. The SIF is a competitive option to help the businesses of New York keep their mandatory Work-

ers Compensation Costs down. But, the SIF, unlike other insurance companies, does



Ken Furst

Jason Schiciano

not pay any commission to insurance brokers! And there lies the rub! Other insurance companies not only pay a commission, but many offer bonuses to insurance brokers for moving business to them.

The SIF is the only insurance company in New York that requires a Policy Holder to give 30 days of notice if they are considering canceling their SIF insurance. The Policy Holder does not have to commit to cancelling their insurance in 30 days, only to notify the SIF that it might cancel. This law protects both the Certificate Holder and, also, Policy Holders.

Why Does It Protect a Certificate Holder?

If you hire a contractor, you are going to want to know that they have Workers Compensation Insurance. Typically, you ask for a Certificate of Insurance to prove that there is

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“London Calls” on Mamaroneck Self-Storage

MAMARONECK

Mamaroneck Self-Storage was recently visited by a group of London-based insurance brokers who specialize in insuring self-storage facilities, company officials said.

The tour was arranged by Jacquelyn Nash of On the Move to give the English team of experts a first-hand, birds-eye view of select U.S. self-storage facilities.

“Mamaroneck Self-Storage is an amazing facility,” said Nash. “Our insurers were very impressed by the cleanliness, construction and security features at their facility.”

On The Move is a family business, servicing the self-storage industry for more than 25 years. The insurance agency offers industry-specific property and casualty insurance for self-storage operators, as well as an award-winning Tenant Protection Program. The company’s Tenant Protection Program helps operators increase rent rolls (at up to 90 percent margins), protect tenants and add value to their portfolio or property, company officials said.

Mamaroneck Self-Storage is also a family-owned business. The company offers local storage solutions for both personal and business storage opportunities in the Sound Shore area of Westchester County, company spokesmen said.

More than 40 representatives of the local building, realty and construction industry attended a Mar. 22 seminar of The Builders Institute (BI)/Building and Realty Institute (BRI) at The Holiday Inn of Mount Kisco. The meeting provided an update on the recent revisions to New York State’s Building Codes. Erika Krieger, assistant director for code compliance and inspection, Department of State (DOS), Division of Building Standards and Codes, was the keynote speaker. Krieger is pictured, standing, in the center, during her presentation. *Photo by Albert Annunziata*



The Builders Institute (BI)/Building and Realty Institute (BRI) was an exhibitor at the Mar. 29 Westchester Business Expo of The Business Council of Westchester (BCW). The event featured exhibitors that represented many sectors of the local business community. More than 1,500 representatives of the business sector participated in the program, event officials said. Pictured during the Expo, from left to right, are New York State Attorney General Eric T. Schneiderman; Albert Annunziata, executive director of the BI-BRI; and Marsha Gordon, president and chief executive officer, the BCW. The event was at the Hilton Westchester in Rye Brook. *An IMPACT Staff Photo*

Insurance Insights: A Review of Why the BRI Does Not Support the New York Senate Bill to Remove the State Insurance Fund 30-Day Rule, Continued from p. 1

a policy in effect. The SIF issues you a Certificate of Insurance and you are expecting the SIF to notify you if the contractor’s insurance is being cancelled.

This 30-day Notice Requirement allows the SIF time to generate and mail Cancellation Notices in advance of their policy cancelling.

Why Does It Protect the Policy Holder?

This explanation will alert you to why some insurance brokers might not want you to have 30 days to look at your insurance options. It can be very confusing for a Policy Holder to understand how much they are paying for their Workers Compensation Insurance. It is why the SIF mails out their policies 45 days before the renewal date to give their Policy Holders enough time to review it.

And, more than half of SIF Policy Holders are in Safety Groups which offer both Upfront Group Discounts and potentially large Group Dividends each year, following policy expiration. Plus, there are often Service Fee Costs associated with being in a Safety Group.

And, to make this more confusing, final premiums are determined after the policy is over when the audit is billed. So comparing one insurance program to another is not simple. The 30-Day Rule allows the Policy Holder 30 days to evaluate and carefully analyze options. There is no downside to allowing a business owner time to understand their insurance options.

A Negative Scenario

The impact of this protection was dramatically seen in the late 1990’s. During that time, some insurance brokers started selling a different concept, Self-Insurance Workers Compensation Trusts. These Trusts paid insurance brokers a significant commission to sell their product.

From the outside, the Trusts looked like they were offering business owners a significant savings on their Workers Compensation, a savings they just couldn’t refuse.

But, thanks to the 30-Day Rule, business owners were required to notify the SIF 30 days prior to leaving the SIF for these new Trusts. That allowed the State Fund and the business owners’ current insurance brokers to educate business owners to a significant risk with these new Self-Insurance Trusts.

In the “small print” of these Self-Insurance Policies was the fact that the business owners had to sign up to become jointly and severally liable for the Trust.

So, if the trust ended up having more claims than projected, the Trusts could assess the policy holders, years down the road! This is a huge exposure that the business owner never had before. This needed to be carefully explained and analyzed.

Most business owners did not want to take on this added risk. But those that did soon learned the consequences.

Within a few years the Trusts collapsed, resulting in \$500 Million in assessments. Unfortunately many businesses could not afford these assessments and ended up closing down, or suing their insurance brokers. In the long run, all New York State Taxpayers were forced to cover the costs of these unpaid Workers Compensation Claims!

A Key

The Bottom Line is that the 30-Day Rule allows for a free market of competition while allowing the policy owner enough time to consider their options. There is only one group that has a vested interest in not allowing a business owner the time to weigh its options.

Editor’s Note: Levitt-Fuirst Associates is the Insurance Manager for The Builders Institute (BI)/Building and Realty Institute (BRI) The firm can be reached at (914) 457-4200.

“The Bottom Line is that the 30-Day Rule allows for a free market of competition, while allowing the policy owners enough time to consider their options.”

Letters to the Building and Realty Institute (BRI) and Impact Newspaper

To Albert Annunziata, Executive Director, BRI and Publisher, IMPACT Newspaper

FEBRUARY 21, 2017

“Thank you for inviting me to share my thoughts on the global capital markets at the BRI’s inaugural (General Membership Meeting of January 12, 2017) meeting for the year. I was delighted by the terrific turnout (a total of 96 BRI members) and the active engagement of your members. Congratulations on celebrating your 70th (anniversary) year (in 2016), and best wishes for many more.”

Steve Cucchiaro, president and chief investment officer of 3EDGE Asset Management

To Jeff Hanley, Associate Executive Director, BRI, and Executive Editor, IMPACT Newspaper

APRIL 4, 2017

“When I first became involved with The Cooperative and Condominium Advisory Council (CCAC) of the BRI, I did so because I knew it would be an excellent forum for the exchange of information and experience. I did not expect that it would offer me the opportunity to spend time

with so many wonderful people whose company I truly enjoy. The CCAC, in fact, the BRI in general, is so much more than a networking organization. You and Albert Annunziata, Maggie Collins, Jane Gill, Margie Telesco and all the staff have created such a welcoming atmosphere at all of our meetings and events, and I am delighted to be counted among the many informed and concerned individuals who comprise the membership. I truly appreciate all you do.”

Kathleen Jensen Graham, Board Member, CCAC

Editor’s Note: All comments, letters and e-mails to The Building and Realty Institute (BRI) and IMPACT Newspaper are welcome. Letters can be mailed, or faxed to us, at BRI, 80 Business Park Drive, Suite 309, Armonk, NY 10504. Fax: (914) 273-7051.

E-mails can be sent to: Jeff Hanley, Associate Executive Director, BRI and Executive Editor, IMPACT, at jeff@buildersinstitute.org; Margaret Collins, Director of Membership, BRI, and IMPACT Advertising Director, maggie@buildersinstitute.org, or Albert Annunziata, Executive Director, BRI, IMPACT Publisher, aaabri@msn.com.

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