NEW YORK STATE DEPARTMENT OF

HOMES AND COMMUNITY RENEWAL

NASSAU COUNTY RENT GUIDELINES BOARD

MEETING

DATE: Thursday, June 23, 2022

TIME: 7:30 PM

LOCATION: Nassau County Legislative Building
1550 Franklin Avenue
Mineloa,NY 11501

REPORTER: BARRINGTON MOXIE

MR. MILLER: I apologize for the late start this evening. Welcome to the deliberation and vote for the Nassau Rent Guidelines Board. There's no public participation in this meeting.

I'm going to go ahead and start introducing members of the Board starting on my right.

MR. COHEN: Andy Cohen, landlord member.

MR. STEIN: Barry Stein, landlord member.

MR. MAHONEY: Adam Mahoney, public member.

MR. MELKONIAN: Martin Melkonian, public member.

MR. GRAY: Garrett Gray, public member.

MS. HARRIS: Cathryn Harris-Marchesi, tenant member.

MS. ALEXANDER: Jeannetta Alexander, public member.

MR. RYCHLOWSKI: Rob Rychlowski, tenant member.

MR. MILLER: My name is Mike Miller and I'm a public member.

MR. FERRARA: James Ferrara, Associate Attorney, DHCR.

MR. MILLER: Thank you very much. Has everyone had a chance to go over the minutes for the last meeting?

MS. HARRIS-MARCHESI: Yes.

MR. MILLER: Motion to accept? Motion answer second. All in favor?

MR. GRAY: Aye.

MS. HARRIS: Aye.

MR. MILLER: Aye.

MR. RYCHLOWSKI: Aye.

MR. STEIN: Aye.

MS. ALEXANDER: Aye.

MR. MAHONEY: Aye.

MR. COHEN: Aye.

MR. MILLER: All right. Ladies and gentlemen, we have obviously heard extensive testimony from landlords ranging from inflation and many of the issues, rising taxes in Long Beach, et cetera, and increasing costs from tenants who have heard the same inflation issue of course and the fact that they're not as flexible to absorb the increases due to inflation and all the things as some of them are on fixed incomes. So tonight we're going to go ahead and we now have all the figures from DHCR plus some additional information we got just -- just in the last couple days a serious but robust discussion.

I know there was an adjustment to the mortgage interest statement from DHCR, but do you want to go ahead? You had a correction that had to be made on something that was said?

MR. STEIN: Well, yeah, I don't know if I interpreted this correct, but the -- what is says the mortgage -- but it says the mortgage interest, now it says in Nassau 2022, 23, I guess, buildings reported that refinanced. Now, they may have refinanced at the beginning of the year or last year. But then when it said, and the median rate for current mortgages, now it's dated June 23rd, 2022. So I'm interpreting it that a current mortgage is at 2.58 is factually wrong and the current mortgages today -- and I listed I think I sent in the banks that are, it's anywhere from 5 to 6 percent, probably 5.25. But somebody told me today, Andy mentioned that TD Bank is at 6 percent --

MR. COHEN: And Wells Fargo.

MR. STEIN: Pardon me?

MR. COHEN: Wells Fargo.

MR. STEIN: Oh, Wells Fargo. Excuse me. So I just think -- I want to be specific, so I listed the lenders that are in that 5 to 5.5 percent rate and I, you know, New York Community Bank and Flushing Bank, these are the major multifamily lenders in the New York community.

In fact, Real Community Bank is probably the largest lender of apartment buildings in the metropolitan area. So I just wanted to be specific and if I misinterpreted, I stand corrected. But it says the current mortgages are 2.58, the date of it is June 23rd. There's no specific date. Notwithstanding, we don't know the length of the term whether it's 5 years, 10 years, 7. So it wasn't clear and that's all. I just wanted to make that point.

MR. MILLER: Point taken.

Andy, go ahead.

Please listen to Andy very, very carefully because by the end there's a special announcement. So we're giving him full attention tonight.

MR. COHEN: I just have a few comments if I could?

MR. MILLER: Okay.

MR. COHEN: I'll try to get through quickly. It's interesting to note that we had just 6 tenants speakers representing 2,753 apartments over the last three meetings, that represents two-tenths of one percent of potential tenant speakers. We had 8 landlords speakers for 95 buildings or 8.42 percent. I think that says something. I'm not exactly sure what it says. I don't know if it's apathy or maybe there is no rage that we think there is, but it says something.

We also had four politician speakers who clearly advocated for the tenants rather than representing all the citizens. And they want us to keep the increases at 0, but they increased our real estate taxes 5 percent, at least in Long Beach. I also just want to talk about Mr. McKee's testimony a little bit. I'm not going to read the whole thing, but I've been listening to him for almost 18 years and almost every one of those years he would come up with something that indicated that landlords commit fraud with not one iota of evidence. And it's hard to take anything else as credible that he says because I think that's a terrible thing when he attacks the landlords and says that they're committing fraud.

He did say one thing and I'll get back to it in a little while, when he said we should look at amounts rather than percentages. I'm going to get back to that. The schedules indicate there was a 1.35 percent increase in rent and 2.58 percent increase in expenses. And I want to also -- I want to drill down on the NOI of 37.2 percent because everybody says, oh, they're doing fine. That's great. And this is where we're going to talk about dollars instead of percentage.

According to the DHCR report, the NOI in dollars per building on average is 27,098 and if you reduce that by interest, it's 16,465. So if you just take the average, if that's what it is, where's all this money that the landlords are making? I'm not really sure I get it and I'm looking at dollars instead of percentages because when you say 37.2 percent, well, yeah, that's healthy. I agree with that, but in real dollars, not so healthy. And these are right off the reports.

And we could talk about that these reports include regulated apartments as well as unregulated and the result is that the unregulated has always subsidized the regulated apartments. However, there doesn't appear to be anything in the legislative history or rational to support that the unregulated apartments should support regulated apartments. In addition, the Board, all of us who learned on Tuesday night that the Board could of instruct DHCR how to do these reports. I would like to see the schedule include only regulated rent income and expenses could be prorated between regulated and unregulated. For example, if there's 100 apartments and 50 are regulated, 50 are unregulated you take the income from the regulated apartments and half the expenses and you'll get a true picture what's really happening with regulated apartments as far as income goes. Is it high? Is it low? We don't know. But I don't think it's fair that we look at these numbers at 37 percent NOI that includes unregulated apartments. That's my opinion.

Section 26-5 10, if it still exists, it might be relevant to the new Act of 2019 of the Rent Stabilization or it requires the Board to consider a prevailing -- a projected operating expenses and maintenance cost. There was testimony from Mr. Padyk (phonetic) and Mr. Rush and others regarding the current 8.6 percent rate of inflation which is poised to rise even higher I believe. Last year we had a long discussion about inflation and everyone said it's temporary. I think we know the answer now, it wasn't temporary.

New York City passed their guidelines Tuesday night, which was 3.25% for one-year leases and 5% for two-year leases. As indicated in the landlord's testimony, the Board should also consider for fairness a reasonable increase for two-year leases. Failure to pass fair guidelines coupled with the 2019 Act, rent inflation could have unintended consequences to the maintenance and upkeep of the buildings.

As I discussed every year, the legislative findings of the New York State Emergency Tenant Protection Act of '74 was to prevent speculative, unwarranted, and abnormal increases in rent, as well as to stall profiteering and other disruptive practices. I didn't hear any evidence that would indicate any of that exist today.

Finally, as this is my last meeting, I want to thank the Board for its professionalism in decorum over the years, Notwithstanding, that we have competing interest. I truly enjoyed my 18 years or so on the Board and I wish each one of you well and success in the future. Again, I really enjoyed being on this Board, so thank you for that.

MR. MILLER: Thank you very much, Andy, and you certainly will be missed. Good luck.

MR. STEIN: Can we stop him from leaving?

MR. MILLER: Maybe if somebody proposed. Is it your proposal?

MR. STEIN: I'm working on it. It's not working.

MR. MILLER: I know. I know.

MR. COHEN: I won't be a New York resident.

MR. MILLER: Thank you.

Robert?

MR. RYCHLOWSKI: Yeah, I just wanted to make a mention about -- Andy had said about how there was so much fewer tenants speaking and testifying now. A part of the problem I know in Long Beach is that a lot of the ones who are most affected by this is senior citizens who are less able to get around. And I know that when this started, I was one of the younger people and now I'm still one of the youngest people and I'm 66 years old now. So I'm the young guy on the group in Long Beach.

Also, I wanted to mention that you mentioned the 3.25 and 5 percent for New York City. We didn't mention the .5 percent for Rockland County for a one-year lease and .75 percent for two-year lease.

MR. MILLER: That's your job.

MR. STEIN: Can i just -- you know, I don't know how we want to discuss this. I think everyone feels, whether it's the landlord reps, colleagues, or the tenant or public numbers, when you mention the senior citizens and, you know, I sort of have a pet peeve that it seems that the municipalities, whoever it may be, not singling out, well I can't remember how many years and sometimes when you talk to some legislators, they're not familiar with the SCRIE Program. And you -- I think you know what I'm going to say. I think the SCRIE Program, if there's a way that we could recommend it and maybe it doesn't become effective, but I think I want to make at least a point that everyone on this Board is in favor of trying to produce a SCRIE Program for the particular municipalities, which for the particular audience here, that's where they freeze for senior citizens that can't afford the increase. They freeze any increase and it gets passed on to the landlord as a tax credit. And, you know, it sort of bothers me a little bit.

And I think this Board, we try to help. Michael, if I'm not mistaken, we wanted to do two guidelines and what happened is they -- I forget how it came about, but they overruled us, and who got hurt? The senior citizens. That's the vulnerability that I feel for the senior citizens that don't have the money. Like you said, they couldn't get out, the cost and things of that. So I don't know what this Board could do, but I know we all feel the same, whether it's a tenant, public, or landlord rep.

MS. HARRIS-MARCHESI: There is -- I don't remember off the top of my head, but I remember before, when I was doing a lot of housing issues on Long Island, I did look into the SCRIE Program to do with I believe it was Martha Krisel (phonetic) and I, who used to be the -- who used to work for the legal department for Nassau County, she was the head of it. And there was some kind of issue that a lot of the municipalities would not qualify or there was some kind of hoop they had to jump.

MR. STEIN: Was it two sets of -- two sets of guidelines and they didn't permit that? It was something --

MS. HARRIS-MARCHESI: I'm not talking about when we tried to do it but I'm talking about the SCRIE Program in particular. There's something about it that makes it very difficult for municipalities to get it. I cannot remember what it is off the top of my head, but one of it might be looking at the New York legislator -- legislature to try to change -- to try to change whatever those hoops are and to make it easier.

MR. COHEN: Well, it cost them money. That's why they don't want to do because it costs them money.

MR. RYCHLOWSKI: Excuse me. You know, I know we discussed this SCRIE program before. We discussed it when we're at the meeting in Long Beach.

MR. STEIN: Yes.

MR. RYCHLOWSKI: And I know the city council president had mentioned that they just settled a lawsuit and they had to pay out $75 million and they just got the bonds upgraded from junk bond status right now. So the money is not there. Believe me, I would love to push SCRIE through --

MR. STEIN: I know you would.

MR. RYCHLOWSKI: -- over there. I think it's a valuable thing. And as soon as things are a little better financially, I will be pushing it in Long Beach.

MR. STEIN: And you know -- and I think that's -- and it's not directed at you, Robert, but I know the landlords would say, don't make your problems my problems. But I understand where you're coming from because you did mention it. But, look, there are other municipalities and I just, you know, when some of the legislators talk about the zero guidelines and they talk about the tenants and some of them don't even know about the program, that's sort of -- that is surprising and disappointing because senior citizens, we know that's the most vulnerable group. There's no question about it, you know? And I know your where your heart is because I know you would -- we were all in favor of it and then what happened was they declined it. You know, I don't know if it's making a political point, but I just don't want it to be an imbalance on the backs of the landlords -- representing landlords. That's why I'm bringing it up. That was my motivation and to try to help the senior citizens.

And, by the way, then there was a lawsuit and it's amazing. The senior citizens were the ones that got hurt on one of the guidelines because we had either a very low guideline, an extreme low, we didn't raise it, but we disproportionately spread it across the most of the tenants. And there's a lawsuit and the senior citizens -- and they said, no, senior citizens have to pay, if I remember correctly.

MR. MILLER: That was my first year as Chair.

MS. HARRIS-MARCHESI: That was my first year here.

MR. STEIN: Well, welcome to the line of fire. You know, but, you know where I'm coming from, at least in that respect.

MR. COHEN: The tenants started that action.

MR. STEIN: The tenants started that, yes.

MR. COHEN: So if they didn't, the senior citizens would be in good shape today because they would have -- it just would have carried over from year to year.

MR. RYCHLOWSKI: I think some of the tenants were concerned about, like, divide and conquer, like having separate guidelines like that. And, also, then we had -- there was one year I think we had separate guidelines for Hempstead than the rest of Nassau County also.

MR. STEIN: And, right. And, look, we were just trying to be -- you want to use the word fair and balanced.

I think everyone of this Board was trying to reach some sort of a sensitivity with some of the people in Hempstead that maybe couldn't afford it and some of the others, you know?

MR. MILLER: There's another part to that. A part of the issue, just to bring everybody up to speed, was that a lot of the landlords in Hempstead had major issues where they weren't maintaining their properties. So I think that is where that came from.

MR. STEIN: Well, there was some landlords -- and that's like everything, there are some landlords that just create the negativity for the majority of landlords or a lot of things in life, you know, that creates that negativity. I mean, just right now they have fair housing for real estate brokers. I don't know how or why anyone would want to be a real estate broker on Long Island or Westchester selling houses that -- of how they can jeopardize their license just by doing -- just a quick story -- I know someone that was looking to lease an apartment, the broker you know was looking to do it, knows him, and there were two offers. One was, I think, $3,500 it was a house and the other one was $3,700. And the owner took the $3,500. Why? Because it was a single tenant and they wanted their house -- they protect as opposed to five people with a dog, but because the dog was a, I guess, a therapy dog and the broker told me they had to drop that sale because if they would have gone for the $3,500, they could have been sued for discrimination. And I think anyone else in the position, if we own the property, we would say if they pass credit, I'll take less, but I want to make sure my property is in good condition.

And that's how -- what I was saying is that there are some brokers that will -- that cause the problem for the majority of brokers. And that was the point I was trying to make.

MR. MILLER: And, of course, that's not to say by any means that they're not landlords that are doing a very, very good job in Hempstead and in all areas. We're not suggesting that in any way. We hear the problem over and over. So -- but let's move on from this.

MR. STEIN: Okay.

MR. MILLER: Let's just move on. I think -- go ahead, Martin.

MR. MELKONIAN: Thank you. Well, I think what we're here to do is to talk about what, if any, should be a change in the guidelines. And in looking through the data, and we have data going back to 1987, in those 34 years the highest rate of return, the net operating income, which is the data we use generally to think about how profitable a building is. Well, there are two years in those 34 years that was slightly less -- or slightly more than the current year.

In 2021, net operating income was 37.2 percent above -- one percentage point above the previous year and higher than almost any year in the past 34 years. So based on the data that we have, it seems to me that landlords are doing well despite the fact that we've had significant controls. Prices.

MR. COHEN: Can you quantify the dollars?

MR. MELKONIAN: Pardon?

MR. COHEN: Can you quantify it in dollars though.

MR. MELKONIAN: You can quantify it in dollars. We always look at --

MR. COHEN: $27,000.

MR. MELKONIAN: -- the percentages. There's no numbers for balances.

MR. COHEN: $27,000. It's on the sheets.

MR. MELKONIAN: Well, We'll have to look at that. I don't know. I'm going by the data we have, and what it shows is that we're at peak, close to peak net operating income, which is perhaps the best measure of profitability.

MR. STEIN: Is that before the debt service, Martin?

MR. MELKONIAN: This is before the debt service, correct. Yes. It's before debt service and it's also before depreciation.

UNIDENTIFIED SPEAKER: And taxes.

MR. MELKONIAN: It should be pointed out that that's a very substantial return, considering the fact that most investors, and admittedly those investors are not directly involved in buildings as landlords are. Most investors got substantially less than that. There's a decent return in the past several years. It might have been 2, 3, 4, or 5 percent. Here we have 37.2 percent.

Now, most tenants actually received no real increases in their income after adjusting for inflation. That is to say, inflation was presumably about -- well, depending on how you gauge it, currently it's a little more than 8 percent, but say last year it was closer to 4 or 5 percent. Their incomes barely covered the inflation and certainly this year it will not cover the inflation, okay?

And on top of that, it seems to me we're headed into fairly hard times. As you know, the Federal Reserve is in the process of raising interest rates, which is of course, going to be detrimental to housing. But in the process, a lot of people are going to lose their jobs. There's going to be, I suspect, perhaps the oncoming of a recession and that will hurt most of the people at the lowest income right off.

Now, in addition to the better returns that landlords have experienced this year and in most of the 34 years that we're talking about. In addition to these higher returns, it struck me that statement that, I forgot, someone made was that the real estate mogul, Helmsley, who said, buy real property, inflation will make you rich. That indeed has been the case. Indeed, most building owners have seen pretty dramatic rises in the value of their properties. So that even if you could argue that the return is insufficient, which obviously it's not, but if you could make that argument, one could look at the rise in the value of their assets, which has been rather dramatic over the past 34 years. So that in that sense, landlords, I think, are better capable of handling the hard times ahead.

We are facing hard times and I suspect this year will be very difficult and next year will be very difficult. A lot of people will be affected, including landlords, because of higher costs. But tenants are also going to be affected because everything is going up in prices. We just talked about earlier how gasoline and energy and all the other costs are rising, that will affect tenants as well as landlords.

So I think the point that Legislator Ford made a couple of weeks ago, that who's better able to handle the crisis that we're headed for? Who is better able to handle it? People with substantial wealth or people who are on the margins who are probably going to see a decline in their real incomes?

As a result, I suspect that we can't tolerate -- we cannot tolerate further increases in rents. I think we have to try to stabilize them and that we're facing a problem of people who can't afford these rents. Admittedly, the SCRIE Program is a good idea, but it's not likely to happen. They're facing this problem and many people may be forced into the streets. We already have a significant homeless problem and so this -- an increase in rents it seems to me is going to add to that. We need stability in the housing area, and that means that people at the lowest levels of income should not be forced to pay higher rents.

MR. STEIN: Okay. I would like to make some statements. First of all, that 37 percent profit is very misleading because it's before the mortgage payment or the debt service, which is interest and amortization.

Second of all, most owners of apartment houses have mortgages. Some may have it higher, some lower. So that 37 percent is very misleading on a profit because the mortgage payment represents a substantial amount of cost to the particular landlords.

Second. Mortgage rates, inflation does tend to certain properties increase to value, but when you have rent stabilization, which is where the income is restricted and the expenses are not, that's a terrible imbalance. And values don't increase so quickly like that.

The third thing is that the mortgage rates -- and incidentally, it affects all of us, inflation, but it also affects landlords. And it affects landlords very much in the pocketbook. Excuse me, but because of the interest rates and the interest rates today are somewhere in between 5 and 6 percent. So what's happening is, when the mortgages come due and they have to refinance and the most -- the largest portion, most landlords need mortgages. Most landlords have mortgages and there's a debt service, and they have to pay it back. So, one, the 37 percent I think is before debt service, and I've said it before, it's misleading. Two, the inflation can affect properties and value, but that doesn't affect their cash flow. It affects their cash flow because the expenses are going up and the income is restricted. Second, the way that -- I know you took a look at the statistics, but I -- Andy and I and a lot of other people seem to feel that the statistics are very much flawed because of what it's based upon. I think Andy said in the beginning that, number one, they're mixing market rates with stabilized apartments. So that adds to that. Number two, 40 percent did not respond. Number three, the outliers that how -- how they do away with certain expenses, so outliers mean they do away with it. It's very hard. How do they decide that a building needs more repair? And landlords banks are like people that differ. Landlords are different. Buildings are different.

So I'm just saying it's hard to imagine of what's going on without having a -- landlords having a reasonable increase in their guidelines. Particularly with the 2019 regulations, where they put money into it, they can't get their money out. If they want to repair and upgrade a building, they can't get their money out. If you can't get your money out, why are you repairing the building? So if you can't get increases, over time, Andy said unintended consequences. Now you have maintenance issues with buildings. So I just wanted to get that across.

Thank you. That's all.

MR. MILLER: Thank you.

Cathryn Marchesi?

MS. HARRIS-MARCHESI: Okay, I'd like to respond to a few things. First of all, when Mr. Cohen mentioned that there were only so many tenants that were here, well, we've just talked about 40 percent of landlords not responding. That's landlords who have chosen not to respond to these different things.

One of the things that I want to bring up and we keep talking about fair market rents and so forth, I looked at HUD, and I looked at what the fair market rents were, which were discussed. An efficiency is looking at $1,372 a month; a one-bedroom, $1,900 -- sorry -- $695; a two-bedroom, $2,065; a three-bedroom, $2,642; and a four-bedroom, $2,911.

Now, on the next page of this they talk about what the actual median -- let me make sure I'm right. It's what the median rent prices are in Nassau and Suffolk County. And right now for inefficiency, it's $1,472.01; a one-bedroom is $1,018.18; a two-bedroom is $2,215; a three-bedroom is $2,834; and a four-bedroom is $3,123.

When we look at what, and mind you, for Nassau County, where you're looking at the vacancy and what the median rent is, we're looking now at $2,133. The list is not into the number of rooms of apartments. And I'd actually like to ask for that next year, when we break down the apartments, if we can please break them down into if they're efficiency, one-bedroom, two-bedroom or three-bedroom apartments. I think that is very helpful. But this shows that when we're talking about these huge gaps in red, there are all these people who are paying $400 a month. That's not true. And even when we look at what the vacancies are here, the majority of the 49 of the 144 apartments are $2,000 -- between $2,000 and $2,499. There are 47 apartments that are between $1,500 and $1,999. There are 22 apartments that are between $500 and $2,099. Then we've got five that are between $3,000 and $3,499. And then we've got four that are $3,500.

When we look at the low range, there's nothing below $500. There are two apartments that are between $599 and we don't know if those are efficiency -- sorry -- we don't know if those are efficiencies or otherwise. And there are 15 between $1,000 and $1,499.

Last week when we were speaking, one of the landlords that spoke, Charles -- sorry.

MR. MILLER: Trucillo (phonetic.)

MS. HARRIS-MARCHESI: Trucillo and I asked him specifically what he thought apartments should be listed -- what they should go for. He said with an efficiency, he was looking at $1,400; a one-bedroom apartment around $1,800; a two-bedroom apartment between $1,900 and $2,500 depending on whether it was two bathrooms or how big or whatever else; and then we didn't get into three or four bedrooms.

What I'm seeing is that we're not that far off from what market value is and there are apartments that are above market value. And one thing that's really important to remember -- and I became familiarized with this actually in Queens with one of my girlfriends who was Senior Legislative Counsel for New York -- she rented an apartment in Queens and they offered her a preferred rent. And I was like, what is that? And she says, well, if they had kept it at the guidelines, it would be far more than what is actually market value. So they offer us a preferred rent. That's something we'd like to see next year too, is how many preferred rents there are, how many landlords there are offering preferred rents and how many units are preferred rents rather than following what the guidelines are.

Now, quickly to do with -- there are two other things I want to address. And I promise I'll be quick. With Hempstead there are two main landlords. One of them is in court right now, his son, infamous to do with habitability issues. Those things have not changed. I've been through those buildings myself in person, partly to do with my business before I went through them with the county and they are the majority of the apartments. And when it comes to tenants coming out as well, when we used to have our meetings in Hempstead at the library, where it was right near within a walking distance of a lot of those apartments, we had a lot of people who would come out. And I would submit that if we did that again next year, I would put forth that we should have another meeting at one of the libraries, which is within walking distance where most of those tenants live.

Having something up in Manhasset, no one comes there except for our landlords. It's a long way to come and it's a hard place to get to, especially if you're a tenant that's in a position where you don't own a car. You know, we are all lucky here and privileged to be able to have transportation.

MR. COHEN: That's why we spread it around. That's why.

MS. HARRIS-MARCHESI: Transportation like that. Now, when it comes, the other thing I wanted to talk about, because I just did a little research on this, because I thought it was kind of interesting is when we're talking about inflation -- when we're talking about inflation as well. Last week I spoke about how where I live, I pay for all of my utilities. I don't get to write them off. My utilities a month are approximately $500 a month. That is $6,000 a year. If my landlord was paying that $6,000 a year, they could write that off because that's part of one of their business expenses.

And I looked up, actually on a real estate site, as to what eleven tax deductions for landlords. Closing costs. Employee wages, employee wages are interesting if you have, let's say my husband and I owned a building and we needed a property manager and he decided to hire me as the property manager and set my salary, that would be a deduction and that money would also come back into our family. We have office operation; insurance; maintenance; mortgage interest; property depreciation; and this was interesting is that with -- unlike residential, meaning like your own home, with a multifamily building, you have a 27-year period -- 27.5 year period to get a deduction, which is -- roughly averages out to about 3.65 percent of a depreciation on the value of the building for 27 years.

Then you have your real estate taxes that are deductible. And then things to do with tenant screening and that sort of thing as well as any kind of travel expenses you do. The last thing is -- just because I am not eloquent with this or fluent in it -- I looked up another thing, it was actually to do with a CPA firm that helps with a real estate financing for landlords and it's part of their course. And it has the top six deductions for landlords. One of the things I wanted to look at here which explains a little better is a depreciation of long-term assets.

It says, according to the US. Tax code, a portion of the cost of an asset that wears out or becomes obsolete over time can be deducted, especially a capital asset, as it can be greatly depreciated. A capital asset is a property that is owned long term and it has a lifespan of more than a year. Capital assets include properties themselves, as well as appliances within, such as stoves, dishwashers and refrigerators. Land does not become obsolete over time, as its value cannot be depreciated, meaning that only the cost of the structure itself can be depreciated.

To calculate how much can be deducted for depreciation, one first has to know the tax assessed value of the property structure is and what the IRS allows for each assets recovery period. Each year, the landlord is able to deduct the value of the property divided by the assets designated recovery period until the cost has been fully deducted. Rental property structures have a recovery period over 27 years, whereas personal property, such as an appliance is usually five or seven years.

So within this, when we're looking at inflation and so forth and we're talking about different things such as utilities, such as insurance, such as that -- all those sort of things, yes, a landlord has to pay it out, but they get it -- but when you're unable to deduct it from your taxes as a tenant, I don't get to deduct any of those sort of things from my taxes. I don't get a tax -- my utilities, I don't get to deduct what my rent is. So that is one of the points I wanted to make.

The last point I wanted to make is that -- I'm sorry, Barry.

MR. STEIN: It's okay. Go ahead.

MS. HARRIS-MARCHESI: I'm sorry I'm boring you. The last point I wanted to make is that not everybody who works gets an increase. I do not get an increase in my salary every year. And when inflation happens and so forth, not everybody's going to get it. Not everybody's been -- I went for years without getting an increase in salary because of where our company was at a certain time. And that's just a point I want to make.

Thank you.

MR. MILLER: I want to take Garrett. He's been waiting and then we'll come back to you.

MR. GRAY: Let them respond.

MR. MILLER: He's yielding to you, Andy.

MR. COHEN: Two issues. Depreciation is not based on value, it's based on cost. You put on a new roof of $300,000, that's money out of your pocket and you could depreciate that over 27.5 years. That's correct. But it's not based on value, it's based on cost. And what you're suggesting -- I think you're suggesting, and I'm not sure if you're suggesting this -- you're saying that a landlord should collect the rent and not have any deductions against that. All the money they have to pay out, you want them to pay tax on the $70,000 of income that they received. That's what it sounded like to me.

MS. HARRIS-MARCHESI: That's not what I'm saying. What I'm saying is that -- what I'm saying is these are things that are deductible.

MR. COHEN: It's a business expense.

MS. HARRIS-MARCHESI: Yeah, it's a business expense.

MR. COHEN: You can't deduct it because they're personal expenses.

MS. HARRIS-MARCHESI: No, which -- which is the way our tax code is built. But it makes the richer rich and the poor poorer.

MR. COHEN: But your expenses for electric and gas, they're all personal expenses, they're not business expenses. That's why you can't deduct it. We're not in a socialist society here.

MS. HARRIS-MARCHESI: I'm not suggesting socialism, I'm suggesting a fairness. Politicians, they benefit some and take away from others.

MR. MILLER: Thank you.

Garrett?

MR. GRAY: I've been on this Board for a number of years now, and I think we have done a pretty good job looking out for everybody, especially tenants. I know that at the end of the vote every year we've gotten a round of applause from the tenants. That was for every year that I've been on this Board. So I'd say that, you know, looking back, we've been more than fair.

As a matter of fact, the biggest increase we've given in the last eight years was only 1.5 percent. You know, somebody, I think it was one of the tenant speakers decided to give a calculation of percentages into dollars and went up to about 9 percent or 10 percent and to what that translates to an increased rent. We've never even gone near that. We've never gone near the 5 percent range. As a matter of fact, the highest two-year lease, which is traditionally higher than the one-year lease, was 2.5 percent. And then it hit 2 percent a couple of times, and then lower than that.

I hear a lot of arguments being made that landlords are much better equipped to handle the inflation that's hitting the economy than tenants. This was the same argument that was made when we were going through COVID, that landlords were better equipped to handle it and I agreed. Unemployment was at an all time high, people couldn't afford to pay the rent because they were out of work, and landlords were better equipped to handle that. And we recognized that as a Board and went zero to zero. It was a no-brainer. I was the one who made the motion.

Times have now changed. Unemployment has come way down from where it was. As an attorney, I represent a lot of companies. They can't hire people fast enough. They're constantly looking for more and more people. So saying that now landlords are better equipped to handle inflation, well, if inflation comes down, it's going to be something else. I think that there's got to be some degree of fairness and we can't keep knocking the landlords. I'm not saying shoot up a 10 percent increase, but I think costs have gone up. A lot of people are back at work. COVID's still around, but it's certainly not what it was as far as throwing people out of work like it was before. The other thing to keep in mind is going back -- somebody had handed us a chart of what every Rent Guideline Board did in the last eight years, which I thought was extremely helpful and thank you to whoever handed that up.

It does also show that we -- except in years after we've given zero to zero, which has happened twice, a tenant has never been better off selecting the two-year lease then the one-year lease. They've always been better off with the one-year lease. And so it almost didn't make sense for us to give a two-year lease number since I can't imagine many people were selecting that. So I think we have to think long and hard about what we do this year to have a modicum of fairness.

New York City, as you heard, did 3.25 percent for a one year and 5 percent for a two year. That was their highest that they've ever been, at least according to the chart, in the last eight years. This Board -- there's also which I'm sure down on my way down -- I'd like to point out -- Rockland County only did I think was .75 percent and 1 percent.

MR. MILLER: No, point 5.

MR. GRAY: Point 5 percent and point 75 percent. That was the same thing that they did last year. Before that, they had done zero, zero for six straight years. So it's almost like an anomaly. This Board has unknowingly -- because we deliberate and vote as an independent Board and don't base the numbers that we propose on what another Board's done -- but we have in the past historically most closely resembled New York City. We have been equal to or slightly less than what they've done every year. I don't think there's been a year we've ever exceeded it. And I'm not saying that we should now, but it's just something to keep in mind because we have to be fair to everybody. There's a reason why there's two tenant reps and two landlord reps and five public members on this Board. And if we were just geared to tenants, this Board would be made entirely of tenant's reps and we would have zero to zero every year and there wouldn't be a need for us.

So That's all I have to say.

MR. STEIN: Question.

MR. MILLER: Let me go to Barry and then I'll come back to you.

Go ahead, Berry. Your mic is off.

MR. STEIN: Oh, I was just saying the definition of public members and tenant members, and I don't know if your number's correct, but I understand what you're getting at. That's all. No comment after that.

MR. MILLER: Go ahead.

MR. MELKONIAN: Garrett, what I don't understand is if the net operating income, a measure of profit, is higher now than it was last year, why are we advocating any increase?

MR. GRAY: Basically because while net operating income is what it was for last year, we know what inflation is doing to the costs that landlords have to incur.

MR. MELKONIAN: Next year we may have to consider that, but we have to base our judgment on the statistics that are given to us. And you may not like some of these statistics --

MR. STEIN: But it's also future, according to the bottom line. It's not just --

MR. MELKONIAN: Well, we have to go on the basis of these numbers. It's like a lot of economists don't like the inflation rate. They say 8.6 percent isn't the true inflation rate. We could argue that, but that's the numbers that we have, that's not --

MR. STEIN: But we're judging not only now --

MR. MELKONIAN: There' are the numbers we have.

MR. STEIN: -- but in the future, that's what the guidelines say. Which is what Garrett was getting at.

MR. GRAY: Correct. And also, Marty, every public board, the courts have said that board members are allowed to use their personal information and knowledge. So my knowledge and this Board's knowledge of the way the economy is today and what's going on and what the trends are, we should certainly figure into what our ultimate decision should be.

MR. MELKONIAN: Suppose you -- I mean, you said we have peak employment now and I agree with you in that sense, but many economists are arguing that in the next several months we're going to hit a recession. And I would say, given the fact that the Federal Reserve is moving towards a very, very restrictive policy, there are going to be a lot of people unemployed over the next several months.

So, on the one hand, it's true that prices may go up, but on the other hand, the Federal Reserve has made a decision where we're going to stop this is by unemploying a lot of people.

MR. GRAY: But the problem we had is that certainly has not been trend. Unemployment has not picked up. It's been going straight down to the point -- to the point where employers these days are holding job fairs to try and get more and more people. It's a lot easier to get a job now than it was a year ago.

MR. COHEN: You said, well, you have minimum wage and up.

MR. MELKONIAN: You said you're looking to the future. We'll see.

MR. GRAY: So you've got a floor.

MR. MILLER: All right. Thank you, gentlemen.

I'm going to move to Jeannetta Alexander.

MS. ALEXANDER: I just want to take piggy back a little bit on what Garrett said as well as push back on what you said. And I think it's -- it would be improper for us to ignore the fact that we have to look at what the current numbers are and kind of look at what the immediate future numbers are. And I think what you're advocating is exactly what we're supposed to do, meaning that your argument takes us right back to our internal dilemma, and that is, how do you navigate what the tenants face as well as what the landlord's face?

So the arguments keep repeating themselves, just coming at the different angles. And I think we'll be remiss, particularly as public members, to ignore those things, because we're public members and we have to understand that the trend is for the numbers to go up for the tenant and for the landlord. And the question is, how do we make sure the system is effective, equitable, and in fact, is working?

And the question becomes, do we need to look at the last few years at what the numbers have been as far as what guidelines we have set forth and then be able to predict going forward, at least for the next year, or let's say, at minimum the next two years for a two-year lease, what those numbers are?

So I just want to underscore the fact that what our obligation is to do here is to predict the immediate future and the current numbers. And we can look at whatever we get from any given, whether it be a landlord or whether it be a tenant, whether the real estate properties taxes are going to increase. We got a handout today that the Village of Hempstead is increasing their water rates by 12.5 percent. And I'm not even going to touch Long Beach.

So the question becomes is, how can we mitigate and how can we come up with an equitable solution that, quite honestly, is fair not for today, but for the next two years?

Thanks.

MR. MAHONEY: So I think Garrett stole my notes because he said exactly what I was going to say.

MR. STEIN: Say that again. I didn't hear you.

MR. MAHONEY: Garrett stole my notes because he read off almost point by point.

So as we are public members, we're not advocating either side; landlords or tenants, but we're trying to come up with a compromise solution on what would a fair increase be for the next one year and for some tenants, two years.

As Garrett had said, if you look back over the last six years or so, the increase of the rents have been fairly modest. I'll just go back five years, back to about 2016 or '17. They were .5; 1 percent, 1 percent; zero, zero; 1 percent, 2 percent; 1.5 and 2.5, which was the highest one, as Garrett had said. COVID year we had zero, zero. And then last year, it was 1 and 2. So I think those are -- and every year there was a different set of circumstances, but two out of the last five were zero, zero. And inflation had been very low through all of those years. Inflation has not really been on the horizon or we haven't really experienced it in many years, more than 2 percent or so.

So, I think -- and I'm just going to try to summarize a little bit of what I think we are to get to some kind of maybe a starting point of voting. I don't think that -- I think that what Garrett is saying, and maybe Jeannette and maybe myself, is that maybe it's not zero, zero. So I think maybe Martin is kind of saying, leave it, you know, zero, zero. I think that from an inflation in the way that the environment is now, an inflation affects everybody and there's no doubt about that. But it's maybe not fair for only one side to only be penalized because of something that is really out of everyone's control. So I think maybe -- that's just one of my points where I think we would start above the zero, zero.

In terms of on the higher end if we were to maybe go in between is New York City was 3.25 and 5 percent. They just voted, I think, the other day. And, you know, I think we're probably below that. So just in terms of some type of a range. And then -- you know, but me -- I've been on this for probably as long as Andy has been on the Board. So we do receive the income and expense reports each year. And each year -- it's not a perfect system and there are outliers and there's decisions based on the DHCR staff of, you know, excluding certain buildings. Maybe they include certain buildings or their outliers. There are different reasons.

So most years, you know, we look at the numbers objectively and compare them from year to year. This year is a little -- not 100 percent on. And the reason I'm a little more skeptical of the numbers this year, there were 95 building schedules -- schedules that they used and 70 percent of the apartments were ETPA -- well, 71 percent, but 29 percent were not. So if you're using a sample and 30 percent of the sample is not apples to apples, that's, you know, from a statistical standpoint, that may not be the best set of numbers to utilize especially just being practical. In the last year we talked about inflation, last year being transitory. It's obviously carried over to become more of a problem, not only US wide, but worldwide with 8.6 or whatever it was the last report. You know, to have the same -- and Martin is right, reading off the net operating income over the past 20 some-odd years, this year's numbers came in at one of the best numbers since 1987. That doesn't seem right. I mean, I don't know. Does that seem right? Because, you know, it doesn't feel right, you know? I don't know. I mean it's on a piece of paper but if everybody's -- you go to the gas station and it's $100 to fill up a car when it was $50 a year and a half ago, when you go into the supermarket and you buy eggs and it's three times what it was a year ago, and so on and so on, I don't think that, you know, people are making more money in the last twelve months than they were previously. But, again, I don't want to generalize either.

So I think that from a public member standpoint, I think that we probably would be in the range of going above what Rockland County did and below what New York City did and be somewhere -- be somewhere in the middle there. And understand that if there is a recession, and maybe there will be, there's a high likelihood of that and there is a higher unemployment rate, because there is a low unemployment rate and wages for individuals -- wages have gone up in the last three years. Wages have gone up. So next year --

MR. MELKONIAN: No, no. Real wages have not gone up.

MR. MAHONEY: Well, real -- well, again, we could discuss economics and I don't disagree that real wages if you're taking inflation out, but if somebody was making X amount and then the wages went up, you know, dollars per hour over the last couple of years and then you take inflation out of that, but real wages for everybody go down. You know, even the profitability of landlords, that wouldn't been true.

MR. STEIN: Andrew, just to answer to Adam. Also, not only have the costs gone up, which we realize, but the cost have run up to a building. Lumber has gone up an unbelievable amount, building supplies. So I'm just saying it's not just all of us with the gas and the food, but the actual running of a building.

MR. MAHONEY: Right.

MR. STEIN: And one other point, when we did zero, zero, most of the tenants, which I would have done the same, took zero for two years. Which means on the next year it put landlords in a very difficult position. And by the way, even though you were reading 1 percent or 0 percent, I don't know if we broke down, but the actual costs of taxes, insurance, definitely went up during those years of more than 0, 1, or 2, or 3 percent. So after a while it starts to add up. That's all.

MR. MAHONEY: Sure.

MS. HARRIS-MARCHESI: Can I just --

MR. MELKONIAN: Basically --

MS. HARRIS-MARCHESI: -- say something really quickly? One of the things I wanted to note, too is -- and if anybody wants to see this, I've got extra copies -- is that according to HUD, the Nassau-Suffolk fair market rate is 99 -- is in the 99th percentile. It's one of the most expensive rents in the United States and I'm happy to show you that if you want that.

MR. STEIN: Welcome to Long Island.

MS. HARRIS-MARCHESI: No, but that's -- but what I'm saying, too, is that our rents are really high. And in some places, like we go into Queens, a lot of the rents are a lot less than they are here.

MR. STEIN: Everything's high.

MS. HARRIS-MARCHESI: Exactly. But what I'm saying is --

MR. COHEN: Property taxes here --

MR. MILLER: Go ahead, Martin.

MR. MELKONIAN: I guess what I'm hearing here is that the statistics that we get from DHCR aren't worth looking at, because these statistics tell us that over the past five years, despite the fact that we've kept rent increases at a very low level and in some cases freezing it, yet profitability is increasing in these past five years. We've gone from 34 percent to 35 percent to 36 percent to 37 percent. Each year profitability is increasing at a time when we froze or kept rents at a very low increase. That doesn't make sense to me. You're basically saying these statistics are not worth looking at.

MR. COHEN: That doesn't match up the report because we have a different units this year. So if you take the 2020, it's 38 percent, so it didn't go up, it went down by .8 percent. That's historical based on what it was then. But if you want to match year to year, it went down. If you look at 2020 -- if you look at 2020, the NOI is 38 percent. If you do the math. Now it's 37.2, as you said.

MR. MELKONIAN: No, I have 36.2 in 2020.

MR. COHEN: But that's based on different units. You know, these things are different every year. It's different every year.

MR. MELKONIAN: We have to go on what data we get.

MR. COHEN: I got data. I got data right here.

MR. MELKONIAN: You can't say, oh, the data's not good, therefore we don't --

MR. COHEN: This is the same data, but it's different numbers.

MR. MILLER: All right. I'm going to go ahead. Go ahead now, Robert.

MR. RYCHLOWSKI: Yeah, I'd like to say I don't like the idea that all of a sudden now the income and expense reports we're supposed to ignore because the landlords don't seem to like the numbers.

Also, we talked about last year, we talked about inflation and then we had to look at that as a projection last year before we voted and we were told, well, wait till next year. It will show up in next year's income and expense report. It hasn't. We're talking about what the outliers are for the DHCR paperwork. A lot of it is because a lot of those buildings do not have a sufficient amount of ETPA regulated apartments in them to be counted.

Should I go ahead with the whole thing?

MR. MILLER: Go ahead.

MR. RYCHLOWSKI: Okay, I'll try to keep it brief.

MR. COHEN: Robert, just one thing. When did we say we don't like the numbers? You said the landlords don't like the numbers.

MR. RYCHLOWSKI: I didn't say that.

MR. MELKONIAN: We're talking about pretty much ignore the income and expense report.

MR. RYCHLOWSKI: I didn't say that.

MR. MELKONIAN: No, but it's an insinuation.

MR. RYCHLOWSKI: No, I said that I'm skeptical --

MR. COHEN: The gentlemen over there said it.

MR. RYCHLOWSKI: I said I'm neutral.

MR. STEIN: A legitimate public member said that.

MR. MELKONIAN: Then what should we use then if we don't go by this?

MR. COHEN: You know, the landlords get blamed a lot for a lot of things.

MR. MAHONEY: Well, that's my dilemma. That's exactly my dilemma.

MR. MELKONIAN: Well, what you're saying is, is that we should ignore this and go by what people tell us. You know, that prices are up here.

MR. MAHONEY: It's not a matter of ignoring, it's a matter of how much do we weigh it in our decision. That's really the --

MR. MELKONIAN: We go by the numbers we have.

MR. MAHONEY: I agree.

MR. MELKONIAN: Well, if you agree, then why would you say if we go by the numbers we have here, profitability is increasing each of these last five years?

MR. MAHONEY: Because there's other facts.

MR. STEIN: That's not what --

MR. MELKONIAN: Like what?

MR. MAHONEY: Inflation.

MR. MELKONIAN: That includes inflation, because inflation means income is going up and costs are going up, okay? Both are affected by inflation. So are you talking about future inflation? Is that what you're saying?

MR. MAHONEY: Yes.

MR. MELKONIAN: Is that what you're saying?

MR. MAHONEY: Yes.

MR. MELKONIAN: Well, we don't know the future of inflation.

MR. STEIN: And the costs are going up quicker than the income, that's the problem we're getting.

MR. COHEN: Marty, the statute actually says it should also consider prospective rates; right?

MR. MELKONIAN: Right, I agree.

MR. COHEN: It's not just based on historical, it's based on historical and perspective. And we know where inflation is and we think -- well, I think it's going up -- It's certainly not temporary.

MR. MELKONIAN: No, it's not.

MR. COHEN: And I don't know that we're going to be in a recession. The President said we're not going to be in a recession. I heard him he was pretty in fact about it. He screamed that we're not going to have a recession.

MR. MILLER: All right, gentlemen.

MR. RYCHLOWSKI: My 401K is now a 201K.

Either way, we need to look at projections also, and we do every year, but we also need to look at the facts and firm numbers that are given to us which are more solid than projections. Charles Chauciello (phonetic) stated that the 2019 rent laws do not allow vacancy allowances. The Legislature obviously recognizes the huge loss of affordable apartments. It is not our job to circumvent the legislature. As Mickey Schneer (phonetic) noted, there has been a 40 percent loss of ETPA units in Nassau County in the last 20 years, that one third of all remaining units are preferential rents as per DHCR. And the new rentals of ETPA units average over $2,000 per month. Amy Rychlowski cited that over 300,000 in Nassau spent more than one third of their income for housing and that homelessness is growing at alarming rates. More than 57 percent of Hempstead tenants pay more than 30 percent of their income for housing.

We need to do our jobs and protect our seniors and low-income residents struggling to pay their bills. The I&E reports contrary to what we were told to expect this year, show a robust year for landlords with the NOI at its highest since 1998. There's no justification for any increase at this time, certainly not on one-year leases.

Any proposals?

MR. MILLER: Go ahead.

MR. RYCHLOWSKI: I'd like to propose .5 percent for

a one-year lease and 1.5 percent for a two-year lease.
MR. MILLER: Are you going to second?
MS. HARRIS-MARCHESI: I'll second that.
MR. MILLER: We got a second.
All right. We'll take the votes going across. So we have two.
Jeanetta?
MS. ALEXANDER: No.
MR. MILLER: Garrett?
MR. GRAY: No.
MR. MELKONIAN: Yes.
MR. STEIN: No.
MR. COHEN: No.
MR. MAHONEY: No.
MR. MILLER: So the motion is defeated.
MR. STEIN: Barry, yes.
MR.STEIN: Okay. I'd like to match -- maybe go a little lower with what Adam said. 3 percent for 1 year leases to increase and 4 and three quarters for 2-year leases.
MR. MILLER: Do I have a second?
MR. COHEN: Yeah.
MR. MILLER: And we go across.
MR. RYCHLOWSKI: No.
MS. HARRIS-MARCHESI: No.

MR. GRAY: No.

MR. MAHONEY: No.

MR. MELKONIAN: No.

MS. ALEXANDER: No.

MR. STEIN: All right. We got that out of the way.

MR. STEIN: Maybe one of the --

MR. MILLER: Public members?

MR. STEIN: -- distinguished public members can make a suggestion.

MR. MAHONEY: Who wants to go first?

MS. HARRIS-MARCHESI: Mr. Garrett and his streak has been going very well.

MR. GRAY: I've got a pretty good streak going.

MS. HARRIS-MARCHESI: Yeah.

MR. GRAY: I will go. 2.5 percent for one-year lease, 4 percent for a two-year lease.

MS. ALEXANDER: I second it.

MR. MILLER: Second. Cathryn?

MS. HARRIS-MARCHESI: No.

MR. MILLER: Martin?

MR. MELKONIAN: No.

MR. MILLER: Adam?

MR. MAHONEY: I would say no.

MR. RYCHLOWSKI: No.

MR. MILLER: No.

MR. MELKONIAN: So what -- that's no good?

MR. MILLER: No good.

MR. MELKONIAN: Okay.

MR. MILLER: All right. Adam, go ahead.

MR. MAHONEY: I suggested 2 percent for one-year and 3.5 for a two-year.

MR. MILLER: Do I have a second?

MR. GRAY: Second.

MR. MILLER: Garrett seconds.

All right. Rob?

MR. RYCHLOWSKI: No.

MS. HARRIS-MARCHESI: Yes.

MS. ALEXANDER: Yes.

MR. MELKONIAN: No.

MR. STEIN: Yes.

MR. COHEN: I'm sorry. What was the proposal?

MR. MILLER: 2 and 3.5. 2 percent for one year and 3.5.

MR. COHEN: I'll go for that.

MR. MILLER: The motion carries. Based on our deliberation tonight and the testimony that we received over the last few weeks. The Board hereby rules that the rents for one year will be 2 percent and two-year leases will be 3.5 percent. Are there any other matters the Board has to consider? No?

I want to thank everyone for their service. DHCR, certain board members really had a robust discussion tonight and I just want to wish you every success in your travels and your retirement. God bless you and take care.

MR. STEIN: Mike, just not withstanding with this. I just wanted to --

UNIDENTIFIED SPEAKER: This is not right.

MR. MILLER: The gentleman is retiring from the Board and --

UNIDENTIFIED SPEAKER: This is not right. No.

MR. MILLER: -- he has served the Board well.

UNIDENTIFIED SPEAKER: No. No. No.

Mr. Miller: You may not all agree that --

UNIDENTIFIED SPEAKER: No. You want the proof? I got that --

MR. MILLER: All right. Do I have a motion for adjournment?

UNIDENTIFIED SPEAKER: Motion to adjourn.

MR. MILLER: Second aye? All right. All in favor say aye.

IN UNISON: Aye.

MR. MILLER: Thank you all very much. Have a good and safe year.

(END RECORDING.)

C E R T I F I C A T E

The prior proceedings were transcribed from audio files and have been transcribed to the best of my ability. I further certify that I am not connected by blood, marriage, or employment with any of the parties herein nor interested directly or indirectly in the matter transcribed.

Marisa D'Antonio

MARISA D'ANTONIO

DATE: 07/01/2022