

**Minutes
GHI Board of Directors
June 16, 2016**

Board Members Present: Brodd, Hess, Holland, James, Jones, Marcavitch, McFadden, Novinski, and Skolnik

Others in Attendance:

Eldon Ralph, General Manager	Michael Maccott, Washington Gas
Joan Krob, Director of Member Services	Kristen Wolferd
Joe Perry, Director of Finance	Sam Waite
Tom Sporney, Director of Homes Improvement Program	Judith Davis, Mayor Pro-Tem, City Council
Paul Kapfer, Audit Committee	Laura Shaffer
Molly Lester, Audit Committee	Jose Menjivar
Anna Socrates	Henry Haslinger
Dianne Wilkerson	Ben Wilson
James Conyers, Washington Gas	Monica Johnson, Recording Secretary

President Skolnik called the meeting to order at 7:32 p.m.

1. Approval of Agenda

Skolnik added to the agenda: 6j. Citations Received from the Maryland Department of Labor Licensing and Regulation and 6k. Selection of Utility Compatible Trees for GHI.

Motion: The Board of Directors does approve the agenda as revised.

Moved: Hess

Seconded: James

Carried: 9-0

2. Report on Executive Session

Skolnik reported that during the Executive Session the Board awarded contracts for Repairs to Slate Roofs and Gutters Damaged by a January Snowstorm; Replacement of the Roof for an Addition at 5-C Laurel Hill Road and a contract for Asbestos Removal from the Administration Building, Crawlspace of 13J-P Hillside and Seven Masonry Pilot Buildings.

3. Visitors and Members (Comment Period)

None

4. Approval of Membership Applications

Motion: That the following members are accepted into the cooperative and membership is afforded them at the time of settlement:

- **Ingrid Segarra-Torres, Sole Owner;**
- **Helenor Mesias, Sole Owner;**
- **Sanjeeb Bhoi and Suprita Pradhan, Tenants by the Entirety;**
- **Charles A. Conway; Judith M. Conway and Charles J. Conway, Joint Tenants.**

Moved: James

Seconded: Hess

Carried: 9-0

Motion: That the Board of Directors approve the following Mutual Ownership Contract change:

- **Matthew W. Schutz and Courtney S. Schutz, Tenants by the Entirety changed to Matthew W. Schutz, Sole Owner.**

Moved: James

Seconded: Hess

Carried: 9-0

5. Committee Reports

Homes Improvement Program – Sporney reported that a third siding crew was added to start work at 22 Hillside. Sporney stated to date, 48 windows have been installed at 15% completed; siding installed on 14 units 7% completed; baseboard heaters installed in 32 units 10% completed; split systems installed in 7 units 15% completed.

Buildings Committee – Skolnik mentioned that the next Buildings meeting is specifically an invitation for all of the Pilot Home members who were involved in the Pilot Program to come and give us their final thoughts and to be congratulated and thanked.

Legislative Government Affairs Committee – Marcavitch reported that the committee met on June 14th and was able to absorb the discussion that the Board had with City Council, agreed that more information was needed, and that the Board would be briefed on what is currently happening with the zoning process.

6. For Action or Discussion

6a. Approval of Minutes: May 19, 2016.

Motion: I move that the Board of Directors approve the minutes for the May 19, 2016 meeting.

Moved: James

Seconded: Hess

Carried: 7-0-2

Abstained: Jones, McFadden

6b. Letter of Intent from Washington Gas

Ralph reported that Mr. James Conyers, Neighborhood Conversions Account Manager of Washington Gas Inc., contacted him to explore GHI's interest in having Washington Gas extend its gas mains to provide gas for heating GHI's homes. On March 1, 2016, Mr. Conyers and Mr. Mike Pieno, Mid-Atlantic Regional Manager of Rinnai America Corporation, met with staff and Board members to further discuss Washington Gas' initiative. An email was sent on April 7th, which proposed the following:

- Washington Gas would extend its gas mains throughout our community if GHI made a commitment to install 1600 gas hot water heaters, and 600 members utilized gas heating appliances over a five year period after the construction of the gas mains was completed.
- Rinnai would install 1 water heater V65I, 3 EX11 heaters, and 1 EX08 heater in two pilot units at 23 Ct Ridge which are currently accessible to gas. If GHI did not fulfil its commitment as described in a) above, we would be assessed charges in the amount of \$265.00 for each water heater, \$395 for each EX11 heater and \$330 for each EX08 heater.

Staff requested Washington Gas to submit a Letter of Intent. The preliminary non-binding letter of intent includes the terms that were specified in Mr. Conyers' April 7th email, and in addition states the following:

- a) Washington Gas will extend its existing gas main by approximately 34,000 feet to service the GHI community and envisages a construction completion date of no more than three years following the signing of definitive agreements.
- b) As per standard practices approved by the Maryland State Commission, Washington Gas is permitted to absorb a certain amount of capital costs that are required to serve a customer. Any costs beyond the revenues generated from projected usage must be covered by the customer. Hence GHI (the customer), would have to contribute \$300,500 if we do not install the agreed upon number of hot water heaters and heating appliances within a 5-year period after construction of the gas mains. This amount must be paid in advance of the project and will be waived, should Washington Gas and GHI come to an agreement on the number of gas appliances to be installed.

Mr. Conyers and Mr. Maccott addressed the Board and members in attendance. A very lengthy discussion followed with questions posed by several Board members.

By Consensus: To develop a Task Force and to survey the membership to consider having Washington Gas extend its gas mains to provide gas for heating GHI's homes.

6c. Certification of Yard Lines: 22A-H Hillside Road

The Yard Line Committee is recommending that the Board certify yard plats for 22 A-H Hillside Road that the committee prepared. Staff submitted the recommended yard plats to the pertinent members for comment and did not receive any adverse feedback.

Motion: I move that the Board of Directors certify yard plats for 22 A-H Hillside as presented.

Moved: James

Seconded: Hess

Carried: 8-0

McFadden was not in the room during the vote.

6d. Recommendation re: Oversized Shed at 13-F Hillside Road

Ralph reported that he met with Mr. Menjivar on June 7th and reached an agreement whereby GHI staff would remove the oversized shed and construct a new 63 sq. ft. located near the rear fenceline of the gardenside yard.

Motion: I move that the Board of Directors direct the Manager to issue a revised permit to the member of 13-F Hillside for the construction of a shed not exceeding 63 square feet in the gardenside yard and to provide resources including labor and materials (without cost to the member) for removal of the oversized 11' wide x10' deep x10' high shed and the construction of a new permitted shed.

Moved: Hess

Seconded: Jones

Carried: 9-0

6e. Estimated Costs for Remediating Asbestos Materials in the Crawlspace of Masonry Buildings

Four months ago, staff discovered that the contractor GHI hired in 1985 to remove asbestos insulation from the boilers and heating pipes in the crawlspaces of our masonry homes, hid much of the materials in the alcoves underneath the concrete porch stoops, instead of properly disposing of them at an approved hazardous waste landfill. Following this discovery, staff inspected all 135 rows of masonry units, revealing the presence of asbestos insulation in some (not all) porch foundation alcoves of 117 buildings. Asbestos debris is present on the boilers of most of the 135 buildings.

Staff recently hired an industrial hygiene firm to prepare specifications for the remediation of the asbestos insulation materials. Those specifications were sent to three contractors.

The estimated costs that the industrial hygiene firm would charge for supervising the asbestos remediation, conducting air sampling, producing reports and ensuring that the work is performed in accordance with federal, state, and local regulations are also included in the bid summary spreadsheet. Those costs vary, depending on the quantity of shifts that each remediation contractor would take to complete the work. A breakdown of the industrial hygiene firm's bid of \$70,200 for supervising asbestos removal activities from alcoves and boilers in 128 buildings.

Staff suggests that the Board deliberate the following issues:

- a) The pros and cons of the remediation options presented in the summary and which ones should be adopted.
- b) In 1987, the Board established the goal of maintaining the contingency reserve in the amount of 10% of the annual budget, exclusive of debt service requirements. In preparing the annual budget, Management was directed to propose collections for the contingency reserve sufficient to maintain the fund at this level. If monies from the contingency reserve fund are utilized for the project, how should the fund be replenished?
- c) Should bids be obtained from additional contractors?
- d) Should GHI first hire a contractor to remediate asbestos in a few buildings (selected randomly) to ascertain whether the soil beneath the existing vapor barrier materials is contaminated?
- e) An appropriate timeline for the overall work.
- f) Any other matter pertinent to the remediation project.

Staff recommends that the Board direct the Finance Committee to recommend the appropriate level that GHI's contingency fund should be maintained at in the future and a strategy

for replenishing the fund to that level if monies are used from it to undertake the asbestos remediation project.

By Consensus: That the Board direct the General Manager to have the Industrial Hygienist firm to test the soil beneath existing vapor barriers in (4) randomly chosen crawlspaces.

Motion: I move that the Board of Directors direct the Finance Committee to recommend the appropriate level which GHI's contingency fund should be maintained, and the plan that should be adopted to replenish the contingency fund to that level if monies are used from it to undertake the asbestos remediation project.

Moved: Hess

Seconded: Jones

Carried: 9-0

6f. Audit Committee Recommendations

In a May 15, 2016 letter to the Board of Directors, the 2015-2016 Audit Committee provided supplemental communication it received from the Wegner auditors to inquiries they made to Wegner at the start of the audit. In its May 15th letter, the Audit Committee highlighted and amplified several of the findings that pertain to real estate taxes, financing the home improvements project and investment oversight, and offered recommendations to the Board of Directors.

Real Estate Taxes

The external auditors' found that staff collects fees as accurately as possible for the payment of real estate taxes billed each year by Prince George's County. The Audit Committee suggests that staff verify GHI units are being assessed by the County in a manner consistent with other types of property subject to real estate taxes, since fee-simple real estate assessments sometimes do not track as closely with the most recent sale prices as do GHI unit assessments. The Audit Committee's concern is that GHI is being taxed fairly, relative to other taxpayers in the County.

Motion: I move that the Board of Directors direct the Manager to prepare and submit a report to the Board by August 31, 2016 that includes the following information:

- a) **An explanation about how GHI's properties are assessed by Prince George's County and how the current method of charging members for real estate taxes has evolved.**
- b) **A description of the actions that GHI has undertaken in the past to appeal common area tax assessments.**
- c) **A description of the conditions for which an appeal regarding an assessed property value may be beneficial to a member.**

Moved: Hess

Seconded: Novinski

Amended

Amendment: To replace the word "Manager" with the words "Finance Committee".

Moved: Jones

Seconded: Marcavitch

Carried: 5-4

Opposed: Brodd, James, Jones, Hess

Motion as Amended: I move that the Board of Directors direct the Finance Committee to prepare and submit a report to the Board by August 31, 2016 that includes the following information:

- a) **An explanation about how GHI's properties are assessed by Prince George's County and how the current method of charging members for real estate taxes has evolved.**
- b) **A description of the actions that GHI has undertaken in the past to appeal common area tax assessments.**
- c) **A description of the conditions for which an appeal regarding an assessed property value may be beneficial to a member.**

Moved: Hess

Seconded: Novinski

Failed: 2-6-1

Opposed: Brodd, Hess, James, McFadden, Jones, Skolnik

Abstained: Novinski

Financing the Home Improvements Program

The Audit Committee agrees with the auditor's finding that it is possible investments needed in the short term for the HIP could lose value before being redeemed. The audit stated that money will be needed from the investments in the short run for the HIP. Currently that money is in instruments that may lose value. The committee feels strongly that the money needs to be protected.

Motion: I move that the Board of Directors direct the Investment Committee to prepare and submit a report to the Board by August 31, 2016 that includes the following information:

- a) **A report that shows the current distribution of GHI's funds in the corporate bond ladder, bond funds and cash/cash equivalent accounts and the rationales for those investments.**
- b) **A cash flow summary that shows the estimated amount of funds that may be required annually for the Homes improvement Program.**
- c) **The pros and cons of investing monies required in the short-term, in mutual funds or corporate bonds as compared to other financial instruments that are allowed in GHI's investment policy.**

Moved: Jones

Seconded: Holland

Failed: 3-5-1

Opposed: Brodd, James, Hess, Novinski, Skolnik

Abstained: McFadden

By Consensus: To move to Item 6i on the agenda.

6i. Reported Anecdote of Discrimination by Realtors against Prospective Home Buyers

Last year, an Audit Committee member requested the Board to investigate a reported anecdote of discrimination against prospective GHI home buyers by a realtor. The Manager spoke with a member (referred by the Audit committee member) who alleged that during an open house event, the member witnessed a realtor making adverse remarks about GHI's operations to persons of a particular ethnic demographic group during an open house event, that might have dissuaded them from wanting to purchase a GHI unit.

Brief discussion no action taken.

6j. Citations Received from the Maryland Department of Labor, Licensing and Regulation

Ralph reported that in a response to a complaint from an employee regarding the recent discovery of asbestos in masonry crawlspaces, an industrial hygienist from the Maryland Department of Labor, Licensing and Regulation (MDLLR) inspected a crawlspace on 3/15/2016 and met with staff to discuss various safety procedures and examine documents such as safety training records, files of safety data sheets, etc.

The Citation and Notification of Penalty is a result from the 3/15/2016 inspection that staff received on 6/14/2016. There are eight citations in the report. Staff has already taken actions to address all five of the "Other-than-Serious" violations. However, there are three citations regarding stairways of boiler rooms that are regarded as "Serious" violations which may be prohibitively expensive to rectify at 135 buildings. Staff recommends that GHI file a "Notice of Contest" to contest the citations and penalty for at least two of the "Serious" violations, i.e.:

1. Rise height and tread width were not uniform throughout any flight of stairs including any foundation structure used as one or more threads of the stairs

2. Vertical clearance above any stair tread to an overhead obstruction was not at least 7 feet measured from the leading edge of the tread.

Rectifying the third "Serious" violation i.e. "Handrails were not provided on at least one side of closed stairways preferably on the right side descending" would cost much less than correcting the two other "Serious" violations listed above.

Motion: I move to extend the meeting for thirty minutes.

Moved: Hess

Seconded: James

Carried: 8-0

Holland was out of the room during the vote.

Extensive discussion ensued with the following action taken.

Motion: I move that the Board of Directors direct the General Manager to file a notice of contest to the finding of MOSH in their citation and notification of penalty dated 6/9/16 case No: I4198-003-16.

Moved: Hess

Seconded: Marcavitch

Carried: 9-0

By Consensus: That the General Manager seek an attorney to advise GHI in its appeal of the citations.

6k. Selection of Utility Compatible Trees for GHI

Tami Watkins of Pepco has established a line of credit in the amount of \$21,000 at Stadler Nurseries that will allow GHI to purchase utility compatible trees to replace 104 trees that Pepco will remove in accordance with its vegetation control plan that GHI approved.

Motion: I move that the Board of Directors direct the Woodlands Committee to recommend appropriate locations in the GHI community for planting 104 trees that are acquired under Pepco's voucher program and the types of trees that should be planted in those locations. The Woodlands Committee shall submit its recommendation to the Board by August 19, 2016.

Moved: Marcavitch

Seconded: Hess

Substituted

Substitute Motion: I move that the Board of Directors direct the Woodlands Committee to recommend how to spend up to the \$21,000 made available by Pepco to GHI for utility compatible trees, and that the Committee submit its recommendation by August 19, 2016.

Moved: Brodd

Seconded: Hess

Carried: 9-0

7. Items of Information

- a. July 4th Holiday – GHI offices will be closed on Monday, July 4th in observance of Independence Day. Emergency maintenance service will be available.
- b. Strategic Planning Meeting – The Board will hold its Strategic Planning Work Session on Sunday, July 24th from noon to 6pm.

c. Board Action Plan Status & Committee Task List

d. Monthly GHI and City Calendars

8. President

Skolnik stated that the Storm Water Task Force is preparing a Chesapeake Bay trust grant application. He mentioned the Board/City work session; that the Maryland National Park and Planning Commission is re-writing the zoning laws for Prince George's County; Pepco poles and wiring; Playground surfaces and the plan to replace the shredded rubber mulch on two GHI playgrounds with wood fiber and how happy the City is with the purchase of 10A Crescent Road.

9. Board Members

Hess mentioned that he would like not to have bid amounts in the open session packets, he also mentioned having timers on the lights in the bathrooms.

Marcavitch reminded everyone that on Monday school will be over for the summer.

10. Manager

Kapfer mentioned to the Board to keep in mind that we are in the process of replacing almost all of our baseboard electric heaters at a large expense. He stated that if the Board is planning to pursue with Washington Gas, that they would reconsider that plan.

Lester mentioned that she attended the County's Briefing by the Prince George's County Office of Community Relations regarding the implementation of the Common Ownership Communities legislation, which passed in late 2015.

Motion: To recess to Executive Session after the break for member and legal issues.

Moved: Hess

Seconded: McFadden

Carried: 9-0

The meeting recessed at 10:34 p.m.

Ed James
Secretary