

**Minutes**  
**GHI BOARD OF DIRECTORS**  
**September 3, 2015**

Board Members Present: DeBernardo, Hess, James, Jones, Marcavitch, McFadden, Skolnik, and Ready

Excused Absence: Novinski

Others in Attendance:

Eldon Ralph, General Manager	Patrick Flynn
Tom Sporney, Director of Homes Improvement Program	Ben Fischler
Bijan Khorsand, Director of Technical Services	Christine Daw
Joan Krob, Director of Member Services	Ethel Duthy
Bruce Mangum, Contract Processing	Michael Cunningham
Kandis Wyatt, Audit Committee	Yu-Hsiu Wang
Stephen Holland	Stefan Brodd
Anna Socrates	Elizabeth Walker
Phillip Payette	Kathie Jarva
Jackie Gasch	Robert Snyder
Judith Davis, Mayor Pro Tem	Rodney Roberts
Maureen Thomas	Tami Watkins, Pepco's Government and Public Affairs Manager
Marge Tolchin	Melissa R'Kingsly
Alex Barnes, Greenbelt	Altoria Ross, Recording Secretary

President Skolnik called the meeting to order at 7:45 p.m.

1. Approval of Agenda

**Motion: To approve the agenda.**

Moved: Hess

Seconded: Jones

Carried 8-0

2. Report on Executive Session

Skolnik said that during executive session earlier in the evening, the Board approved a set of minutes and discussed a member complaint issue.

3. Visitors and Members

Skolnik welcomed visitors and members. Mayor Pro tem Judith Davis wished members a happy Labor Day. Philip Payette said it is difficult for members to extract information from the presented Home Improvement Project (HIP) materials to choose optional items on the survey. He stated an opinion that the payback periods and what is done to different types homes at particular times is vague if not misleading. Payette said to understand the HIP program requires careful study and suggested that the Board is asking ill-informed members to make financial decisions.

Maureen Thomas, inquired when the siding on homes and her porch would be replaced. Skolnik

said whatever renovations are made to the main house would be done to the addition. Sporney said that Thomas's porch was built recently, and the siding is not earmarked to be replaced. Thomas asked if the porch could be grandfathered in. Skolnik said that Thomas could appeal to the Board for an exception.

Melissa R'Kingsly asked if the crawlspace work would be completed before the optional items are installed. Skolnik said the work would occur simultaneously in different parts of GHI. Skolnik said R'Kingsly should speak to Sporney to request that the crawlspace work be completed first. She also requested a forum as a collective so that information is distributed uniformly and not through individual emails. Skolnik said such a forum exists online. Sporney acknowledged that the online information needs to be updated. R'Kingsley wanted to know about the quality of work done, its durability, and steps to take if members are not satisfied. Skolnik said staff will supervise the contractors' work, and ARC, the Building Committee, and staff will review and select the items. R'Kingsley inquired at length about the windows and warranties and was informed that window choices would be approved by the Board of Directors. Skolnik said that general informational meetings for the membership would take place on September 24 and 27.

#### 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:**

- **Grey Nearing, Marie Nearing, Tenants by the Entirety;**
- **Margaret V. Nolan, Sole Owner.**

Moved: James

Seconded: Hess

Carried 8-0

#### 5. Committee Reports

Sporney said staff has received 65 surveys and had completed inventories on interior components in 33 units. The Buildings Committee met to discuss issues such as an exception that will come to the Board at the next meeting. Sporney also said he has been reviewing requests for individual exceptions and is concerned about being able to stay on schedule due to processing those requests. He said the committee has also formulated a recommendation for baseboard heaters for members who are requesting items different from what the Board has directed.

#### 6. Consent Agenda

None.

#### 7a. Approval of Minutes: August 6, 2015

**MOTION: The Board of Directors does approve the minutes for the August 6, 2015 meeting.**

Moved: James

Seconded: Hess

Carried 6-0-2

McFadden and DeBernardo abstained

7b. 2015 Fall Concrete Repair Contract, 1st Reading

In August, staff solicited bids to replace concrete sidewalks at twenty six (26) locations throughout GHI. Reasons for the replacements include the disintegration of concrete and heaving of sections of sidewalks. Some of these defects were reported to the Maintenance Department by members, while others were observed during a community-wide survey of sidewalks, at the following locations:

58 M Crescent Road	8 A-D Plateau Place
60 A-B Crescent Road	8 J-M Plateau Place
60 E-F Crescent Road	10 C-D Plateau Place
60 G-H Crescent Road	13 E-F Ridge Road
3 C-D Gardenway	13 N-P Ridge Road
4 G-H Gardenway	14 C-D Ridge Road
2 E-F Plateau Place	14 F Ridge Road
2 G-H Plateau Place	24 Q-R Ridge Road
4 A-B Plateau Place	25 G-H Ridge Road
4 C-D Plateau Place	27 A-B Ridge Road
4 G-H Plateau Place	39 B-C Ridge Road
6 E-F Plateau Place	39 G-H Ridge Road
6 L-M Plateau Place	47A-B Ridge Road

GHI formally solicited bids from fifteen (15) independent concrete contractors, who were all individually contacted to ascertain their interest. GHI received bids from three (3) contractors. The bids are summarized below:

NAME OF COMPANY	Base Bid	ADDITIONAL SIDEWALK/ s ft.	STEP	ADDITIONAL STONE / ton
<b>Prata Construction</b>	<b>\$13,469.00</b>	<b>\$7.00</b>	<b>\$500.00</b>	<b>\$50.00</b>
JMR Concrete	\$17,508.00	\$9.00	\$850.00	\$40.00
SFMS, LLC	\$15,682.00	\$8.75	\$375.00	\$40.00

Prata Construction is a concrete & asphalt contractor who has not worked at GHI in the past; they attended the pre-bid meeting and looked at the sites. Staff has reviewed Prata Construction's credentials and references provided and have not revealed any negative feedback. Staff recommends that GHI contract with them to perform the fall concrete sidewalk replacement, for the amount of its bid, with an additional 10 percent to cover contingencies.

**Motion: The Board of Directors authorizes the Manager, for first reading, to enter into a contract with Prata Construction, for the fall season repairs of concrete sidewalks for the amount of its bid, plus 10% for contingencies, not to exceed \$14,815.90.**

Moved: Hess

Seconded: James

Carried 8-0

7c. Review Woodlands Committee's Task Force Report re: Pepco's Vegetation Control Proposal

Last July 23rd, the Board directed the Woodlands Committee to create a task force to review a vegetation management plan for the Greenbelt Homes community that Pepco submitted, and recommend what adjustments should be made to the plan. The following members served on the task force that was formed: - Katherine Jarva, Mary-Denise Smith, Ethel Dutky, Gail Phillips, Susan Stewart, Ed James, Joe Mowery, Jonathan Ferguson, Justin Nero, Bill Phelan, Jennifer Page, Dave Mills and Kristi Fletcher.

Pepco had denoted 126 trees for removal on the maps that they provided to GHI. The task force found 6 trees that were physically marked but not shown on the Pepco maps, bringing the total number of trees earmarked for removal to 132. Of the 132 trees marked for removal, the taskforce recommends the following:

- 10 trees be left untouched (8% of the total)
- 18 trees be trimmed only (12% of the total)
- 104 trees be removed by Pepco (80% of the total).

Ms. Tami Watkins, Pepco's Government and Public Affairs Manager informed staff that Pepco is prepared to work with GHI on replanting 2" caliper trees in place of the ones that are removed. She also stated that Pepco will not remove or grind tree stumps.

A letter from the City of Greenbelt's Manager recommends the types of trees that should be planted under power lines. Staff recommends that the Board should consider requesting Pepco to provide GHI a line of credit (in the amount of \$200.00 per tree removed) at a local nursery, that GHI can use as it desires to acquire replacement trees to restore GHI's tree canopy.

**Motion: The Board of Directors accepts the recommendations of the Tree Task Force as contained in its Summary Report dated August 21, 2015, and directs the Manager to notify Pepco which specific trees shall be trimmed, removed or left untouched as recommended in the summary report. Further, the Board directs the Manager to request Pepco to provide GHI a line of credit at a local nursery, (equivalent to \$200.00 for each tree it removes), that GHI can use as it desires to acquire replacement trees.**

Moved: Hess

Seconded: Jones

Carried 8-0

7d. Architectural Review Committee Recommendation re: Windows to be Installed During the H.I.P.

At meetings of the Architectural Review Committee in June, July, and August, the committee discussed windows to be installed during the upcoming Homes Improvement Program. At its 10Jun meeting, ARC voted 6-0-0 to recommend to the Board of Directors that only white window frames be offered during the Homes Improvement Program. ARC voted 4-0-2 to recommend that two double hung windows be used to fill the fixed-double hung-fixed opening.

**Motion: The Board of Directors directs that windows for the Homes Improvement Program be specified with white frames, sashes, and trim.**

Moved: James

Seconded: Marcavitch

Carried 8-0

**Motion: The Board of Directors directs that windows for the Homes Improvement Program be specified as manufactured by either Vytex, American Home Center, Acadia, or Alside (Mezzo).**

Moved: Marcavitch

Seconded: James

Carried 7-1

Opposed: Skolnik

**Motion: The Board of Directors directs that windows for the Homes Improvement Program be specified with between-glass grids as opt-ins for individual member choice.**

Moved: Jones

Seconded: Marcavitch

Carried 8-0

**Motion The Board of Directors directs that frame home windows for the Homes Improvement Program be specified with full screens for double-hung windows as opt-ins for individual member choice.**

Moved: Jones

Seconded: Ready

Amended

**Amendment: Place a period after the word “windows” and delete the remainder of the sentence which reads “as opt-ins for individual member choice”.**

Moved: Hess

Seconded: McFadden

Carried 7-1

Opposed: Jones

**Motion as Amended: The Board of Directors directs that frame home windows for the Homes Improvement Program be specified with full screens for double-hung windows.**

Moved: Jones

Seconded: Ready

Carried: 7-1

Opposed: Jones

**By Concensus, the Board left the following (un-made) Motion to the next meeting: The Board of Directors directs that windows in frame homes for the Homes Improvement Program, where presently configured as 1/4 -1/2-1/4 fixed, double hung, fixed , be specified two (2) double-hung windows.**

7e. Finance Committee Recommendations About Financial Issues re: H.I.P.

Last August 20<sup>th</sup>, the Board of Directors and Finance Committee met jointly in a work session to review the Committee’s recommendations for the following HIP issues: : (A.) Financing crawlspace improvements; (B.) Financing optional improvements; and (C.) Terms of a fee deferral program. Subsequently, the Finance Committee met on August 24<sup>th</sup> and offers the following feedback as a result of its further deliberation:

## A. Recommendation re: Financing Crawlspace Improvements

### Estimated Cost of Crawlspace Improvements

The estimated cost of crawlspace improvements is \$2,709,524 for frame homes and \$1,537,379 for masonry homes, for a total cost of \$4,246,903. These figures include staff costs for administering the improvements and an assumed inflation rate of 2.5% per year during 2016 to 2020, when the improvements will be made.

### Where should the funds come from?

- Recent Board action projects that the Replacement Reserves fund will decrease to \$3.1 million by December 2020, then to 2.7 million by December 2027, and achieve a low point of \$1.4 million by December 2028. Attachment #4 consist of a cash flow spreadsheet and graph that show GHI should have sufficient liquid assets arising from cash, maturing corporate bonds, and sale of bond mutual funds as necessary to pay for the costs of the crawlspace improvements during 2016 to 2020 as they are incurred.
- Based on the 2014 audited balance sheet, the level of GHI's unreserved operating fund was \$1,459,012. Allocate \$892,800 of that amount for frame crawlspace improvements i.e. (\$900 for each of 992 units) and \$521,100 for masonry crawlspace improvements (\$900 for each of 579 units). Since crawlspace improvements are not needed for larger units, an equitable distribution to replacement reserves for larger units of \$26,100 (\$900 for each of 29 units) will be necessary. Hence, the total unreserved operating funds to be allocated would be \$1,440,000 (\$892,800 + \$521,100 + \$26,100).
- After allocating the unreserved operating fund in this manner, the additional funds needed for crawlspace improvements are \$1,816,724 for frame units and \$1,016,279 for masonry units. Members in the frame and masonry home groups should be required to contribute these required amounts over a period of time from 2016 through 2026.

### How should the costs be allocated?

- Members in the frame and masonry home groups should contribute:
  - \$67,000 and \$35,000 respectively in 2016;
  - \$134,000 and \$70,000 respectively in 2017;
  - \$ 201,000 and \$105,000 per year respectively thereafter until all crawlspace costs are recovered. Using this approach, the Finance Committee estimates the recovery of all crawlspace costs by December 2026.
- Costs should be distributed over different types of units in the same manner as the monthly coop fees are allocated. The 50-50 formula will be used to accomplish this. **OPTION:** Charge 1-bedroom frame units half of what the 50-50 formula says, since each pair of them have just one crawlspace.
- Members should contribute towards the costs for crawlspace improvements based on the unit type that they reside in. The monthly charges for masonry units, beginning in 2018, would range from \$11.58 for type 11s to \$15.66 for type 22s and \$19.00 for type 23s. The monthly charges for frame units, beginning in 2018, would range from \$14.46 for T1 to \$18.26 for K3. If unit types T1 and S1 are charged half the monthly amount, it would be \$7.80 for T1, \$7.88 for S1, \$17.88 for F2, \$17.99 for G2, and \$19.46 for K3.
- The tables below summarize the Finance Committee recommendations to the Board of Directors for financing the crawlspace improvements.

Frame Crawlspaces			
Year	Total cost	Unreserved Fund	Needed
		\$2,709,524	\$892,800
Year	Cost Incurred	Contributions	Remaining Balance
2016	\$515,478	\$67,000	\$1,749,724
2017	\$528,365	\$134,000	\$1,615,724
2018	\$541,575	\$201,000	\$1,414,724
2019	\$555,114	\$201,000	\$1,213,724
2020	\$568,992	\$201,000	\$1,012,724
2021		\$201,000	\$811,724
2022		\$201,000	\$610,724
2023		\$201,000	\$409,724
2024		\$201,000	\$208,724
2025		\$201,000	\$7,724
2026		\$7,724	

Masonry Crawlspaces			
Year	Total cost	Unreserved Fund	Needed
		\$1,537,379	\$521,100
Year	Cost Incurred	Contributions	Remaining Balance
2016	\$292,482	\$35,000	\$981,279
2017	\$299,794	\$70,000	\$911,279
2018	\$307,288	\$105,000	\$806,279
2019	\$314,971	\$105,000	\$701,279
2020	\$322,845	\$105,000	\$596,279
2021		\$105,000	\$491,279
2022		\$105,000	\$386,279
2023		\$105,000	\$281,279
2024		\$105,000	\$176,279
2025		\$105,000	\$71,279
2026		\$71,279	

Estimated Monthly Charges for Crawlspaces (Frame)		
Year	Low	High
2016	\$4.82	\$6.09
2017	\$9.64	\$12.17
2018	\$14.46	\$18.26
2019	\$14.46	\$18.26
2020	\$14.46	\$18.26
2021	\$14.46	\$18.26
2022	\$14.46	\$18.26
2023	\$14.46	\$18.26
2024	\$14.46	\$18.26
2025	\$14.46	\$18.26
2026	\$14.46	\$18.26

Estimated Monthly Charges for Crawlspaces (Masonry)		
Year	Low	High
2016	\$3.86	\$6.33
2017	\$7.72	\$12.67
2018	\$11.58	\$19.00
2019	\$11.58	\$19.00
2020	\$11.58	\$19.00
2021	\$11.58	\$19.00
2022	\$11.58	\$19.00
2023	\$11.58	\$19.00
2024	\$11.58	\$19.00
2025	\$11.58	\$19.00
2026	\$11.58	\$19.00

- This funding plan provides for slightly over 1% in additional annual increases in co-op fees for three years, and it avoids the necessity of incurring high interest rates on a bank loan. The interest rate to be charged for crawlspace improvements in this plan is zero percent.
- This plan does not assign a specific cost for an individual's crawlspace—no one unit has a loan. Hence, individual members cannot pay for crawlspace improvements immediately after work is completed or pay off costs for crawlspace improvements at resale. **Ramifications:** If crawlspace improvements were calculated for each individual member and billed separately, it may cost every member 5% to 10% up front in extra administrative costs and 3% to 5% annually for interest. Moreover, it is likely that some units would have to pay twice as much as some other units of the same type.

**Motion #1: The Board of Directors authorizes the allocation of \$1,440,000 in the following manner:**

1. \$892,800 for frame unit crawlspace improvements during the Homes Improvement Program.
2. \$521,100 for masonry unit crawlspace improvements during the Homes Improvement Program.
3. \$26,100 to the replacement reserves' fund for larger homes.

Moved: Hess

Seconded: Marcavitch

Carried 8-0

**Motion #2: The Board of Directors adopts the recommendation of the Finance Committee to include extra charges in GHI's annual operating budgets to pay for crawlspace improvements during the Homes Improvement Program, comprised of \$67,000 for frame units and \$ 35,000 for masonry units in 2016; \$134,000 for frame units and \$70,000 for masonry units in 2017, and thereafter \$201,000/year for frame units, and \$105,000/year for masonry units until the crawlspace improvements are fully paid for.**

Moved: Hess

Seconded: Jones

Carried 8-0

**Motion #3: The Board of Directors stipulates that fees charged to members in the frame and masonry home groups for crawlspace improvements during the Homes Improvement Program shall be done so in the same manner as the operating charges of the cooperative utilizing the existing 50-50 formula.**

Moved: Hess

Seconded: Jones

Carried 8-0

**Amendment: Change the period at the end of the motion to a comma and add the following words, "but charge one bedroom units half of what the 50-50 formula said since each pair of them have one crawlspace."**

Moved: Jones

Seconded: Marcavitch

Withdrawn

**B. Recommendations re: Financing Optional Improvements**

The amount of GHI liquid assets that can be loaned to members for optional improvements is about \$1.5 million up through 2019, but it is almost nothing by mid-2020, so at least one 5-year commercial loan will be necessary.

**RECOMMENDATIONS BY THE FINANCE COMMITTEE FOR BOARD ACTION:**

A member is "loan-qualified" if there are no delinquencies over 30 days in paying GHI in the past 3 years, and if there is equity in the unit (assessed value minus share loan balance) of at least twice the amount of the HIP loan. Members who are loan-qualified will be eligible for loans not to exceed \$15,000 on any one unit. All other members will be eligible for loans not to exceed \$2,000 on any one unit.

1. A member may pay part or all of the bill for any optional HIP item within thirty days of billing by GHI for the installation. The remaining part of the bill is the principal to be financed.

2. A member who chooses to finance, in whole or in part, one or more optional HIP item(s) through GHI pays a financing fee of 10% of the principal. This financing fee must be paid to GHI at least 30 days before installation of the HIP item.
3. Members who are financing through GHI will be told before GHI's commercial loan closes what the interest rate will be for the 10-year term. They will have the chance to pay all or part of the remaining principal up until 30 days before the loan closes.
4. The annual interest rate on a 10-year loan to a member, beginning in a January, will be whatever the commercial loan charges (a) plus 1.25% for members who are loan-qualified, but (b) plus 2.75% for all other members. If a member's loan payments start before the commercial rate is determined, that member will be temporarily charged \$12/month per \$1,000 borrowed. This is the monthly payment on a 9.83-year loan at 7.5%.
5. Members must pay off the entire balance of their optional HIP loans upon resale, or refinancing, or when the MOC is replaced by one that has none of the persons who were on the MOC at loan inception. Members may pay off the entire balance of their loan at any other time, but partial payments are not allowed.

**NOTES:**

- The financing fee will cover interest lost for the several months between billing and the next January, as well as 3.5% closing costs for the commercial loan and the cost of hiring a part-time bookkeeper. Example: The financing fee on principal of \$2,000 is \$200; on principal of \$4,000 it is \$400.
- GHI should keep one or two hundred thousand of assets in member loans, to absorb early payments.
- Staff should get a legal opinion on this hypothetical: a member with a \$150K share loan borrows \$10K from GHI for improvements; one year later, GHI terminates the membership for non-financial reasons; net proceeds from the sale are \$120K after coop fees and sale preparations. How much of the 120K does GHI get?
- Staff should get blanket approval from the banks (and other share-loan-lending institutions) for members who have share loans to get loans, even from outside sources, for GHI-installed-and-maintained improvements. This will facilitate members borrowing from outside sources. Such approval might come with the stipulation that HIP loans are subordinate to the share loan.
- Note: Wall thermostats cost about \$1,000; exhaust fans for bricks cost about \$1,000; and attic insulation for frames costs about \$500 if minimally done. So an extra \$30/month would pay for all of these over a 10-year period.

**Motion: The Board of Directors adopts the following recommendations of the Finance Committee regarding the financing of optional items during the Homes Improvement Program:**

- 1. There will be two groups established as eligible for GHI financing:**
  - a. Group A – Loan Qualified members must satisfy the following conditions:**
    - **No M-2 fee delinquencies in the past 3 years;**
    - **A minimum amount of equity in the unit equivalent to twice the amount of the HIP loan.**
  - b. Group B – Loan Approved members must satisfy the following condition:**

- **Must be current with GHI coop fees.**
- 2. **Loan qualified members will be eligible for a maximum GHI loan amount of \$15,000; loan approved members will be eligible for a maximum GHI loan amount of \$2,000.**
- 3. **All members who finance through GHI will be charged a financing fee equal to 10% of the principal amount borrowed. This financing fee will be due no fewer than 30 days prior to installation of the optional improvements in their units.**
- 4. **All members may pay all or part of the principal of their loan obtained from GHI, up to 30 days before the closure of the commercial loan that GHI obtains for financing optional improvements.**
- 5. **The annual interest rate charged will be calculated as follows:**
  - a. **Loan qualified members – Rate of GHI’s commercial loan + 1.25%**
  - b. **Loan approved members – Rate of GHI’s commercial loan + 2.75%.**

**If the member’s loan payments to GHI begin before the commercial rate is determined, the member will be charged \$12/month per \$1,000 borrowed.**

- 6. **Members shall pay off the entire balance of their GHI financed HIP loan upon resale, or refinancing, or if the MOC is replaced by one that has none of the persons who were listed on the MOC at the loan inception.**
- 7. **Members may pay off the entire balance of their loan at any other time, but partial payments are not allowed.**

Moved: Hess

Seconded: Jones

Carried 5-3

Opposed: DeBernardo, Marcavitch, Ready

**Motion: Extend the meeting by up to 30 minutes.**

Moved: James

Seconded: Ready

Carried 7-0

Jones was out of the room during the vote.

**C. Recommendation re: Terms for a Fee Deferral Program**

**EXECUTIVE SUMMARY:**

Members with low incomes may apply for deferral of part of their coop fee for many years. The deferral will be for at least \$20 per month of coop fees, beginning in January 2016, since the extra charge needed to pay for crawlspaces will be somewhat under \$20 per month for 11 years. If there are relatively few members who qualify, GHI might be able to afford deferring up to \$50 per month, which would keep coop fees roughly unchanged for 2016 and allow those members to afford some optional improvements. This program would tie up no more than \$30,000 per year; to compensate for this, it would earn a better interest rate than bonds.

**RECOMMENDATIONS BY THE FINANCE COMMITTEE FOR BOARD ACTION ON A DEFERRAL PROGRAM:**

Members may apply by November 30, 2015, for deferral of \$20 or more of their coop fee for many years, beginning January 2016. A couple with a 2014 income below \$24,000 qualifies for deferral. One person who is alone on the M.O.C. and has a 2014 income below \$18,000 qualifies for deferral, if that person is not part of a couple. The \$18,000 and \$24,000 limits are slightly above 150% of federal poverty guidelines for 1 and 2 persons. The following conditions apply:

1. The deferred amounts will be accumulated, together with compounded interest, until the end of the deferral period. The interest rate will be 6% annually through December 2022, then reset to the market rate for home equity loans at that time until the loan is paid in full.
2. The total accumulated, including compounded interest, must be paid in full when the unit is refinanced with a recorded loan, or the membership is sold, or when the M.O.C. is replaced by one that has no participant as a member.
3. The end of the deferral period occurs in the month when the total accumulated reaches two-thirds of that year's assessed value of the unit. From that time until the total accumulated must be paid in full, the participant(s) must pay the monthly interest on the total accumulated.
4. For purposes of this deferral program, we define a "couple" to be two people if both are on the M.O.C., or if one is on the M.O.C. and the other is in a marriage or civil union with that one or is the dependent child of that one. We define a "participant" to be (a) the one person who qualifies and is not part of a couple or (b) either of the two people of the couple that qualifies, except for a dependent child.
5. Deferral is also available to those whose income is brought below the \$24,000 & \$18,000 limits by subtracting 12 times their monthly share loan payment. That share loan must be scheduled to expire by the end of 2030 (i.e., at most 15 years to run). In this case, the end of the deferral period occurs in the month when that share loan expires. From that time until the total accumulated must be paid in full, the participant(s) must pay monthly one-third of the share loan payment that just expired or the monthly interest, whichever is larger.
6. The deferral amount for each unit will be raised to \$50 per month if there are fewer than 50 qualified applicants, and will be raised to \$35 per month if there are 50 to 70 qualified applicants. Otherwise it will be \$20 per month. The total deferred for all participants is expected to be no more than \$2,500 per month.

**NOTES:**

- The total accumulated may be paid in full earlier, if participant(s) wish, but partial payments are not accepted. The participant(s) may choose to end the deferral period earlier than specified, and the participant(s) may make a one-time choice of a larger monthly payment at the end of the deferral period.
- GHI can comfortably finance \$20/month deferrals for up to 125 units, and can manage more units if necessary (though much more would perhaps require borrowing commercially for a few years).
- The application for deferral must state the Adjusted Gross Income of participants from their 1040 form(s) for 2014 (the combined amounts for a couple). It must also state the monthly payment on any share loan and state tax-free income such as Social Security. Participants who then appear to meet the income qualifications must send their documentation to GHI's Finance Office, including 1040s, 1099s, and W-2s.
- The amount deferred is not a loan to the member but rather a delayed collection of part of the monthly coop fee. As such, share loans should be subordinate to it, so we should be able to collect even from foreclosures.

**STAFF TIME IN 2015:** Applicants must provide staff with their August or September 2015 share-loan statement and complete 2014 tax documents for everyone listed on the MOC. Estimated time: 1 hour per member. Also, each applicant will need some one-on-one discussion of the implications of electing deferrals, which may take maybe 30 minutes average; but that work can be taken over by a subcommittee of the Finance Committee — that discussion does not require that the member reveal the details of 1040 income, only state that it is below the limits set.

**DOING THE MATH:** At \$20/month, the debt-plus-interest at 6% will be \$1,353 after 5 years, \$4,532 after 13 years, and \$18,974 after 30 years. Interest-only payments after 13 years would be \$23/month. At \$30,000 of deferrals per year, GHI's investment will be at most \$169,000 at the end of 2020 (which is GHI's lowest point for liquid assets) and at most \$566,000 at the end of 2028 (which is GHI's lowest point for Replacement Reserves). Both of these are quite affordable, especially since most members will probably reach the end of the deferral before 2028.

**Motion: The Board of Directors adopts the following recommendations of the Finance Committee regarding the establishment of a Fee Deferral Program:**

- 1. Members may apply by November 30, 2015, for deferral of \$20 or more of their monthly coop fee for many years, commencing from January 2016.**
- 2. Members qualify to participate in the fee deferral program, if they fulfill one of the following conditions:**
  - a. One sole person on a Mutual Ownership Contract (MOC) had a 2014 income less than \$18,000;**
  - b. Two or more persons on an MOC had a combined 2014 income less than \$24,000.**
  - c. The 2014 income is reduced to less than \$18,000 for one person and less than \$24,000 for two or more persons on an MOC, after deducting the amount that is 12 times their monthly share loan payment. The member (s') share loan must expire by December 31, 2030.**
- 3. Deferred fees shall accumulate with compound interest at a rate of 6% beginning January 1<sup>st</sup> 2016 and continuing through December 31<sup>st</sup> 2022. The interest rate shall then reset to the current market rate for home equity loans until the deferred fee amount is paid in full.**
- 4. The accumulated deferred amount including compound interest shall be paid in full if the unit is refinanced with a recorded loan; if the membership is sold, or if the MOC is replaced by one that has no original fee deferral participant as a member.**

**5. The deferral period shall end in the month when the accumulated deferred amount reaches two-thirds of that year's assessed value of the unit. From that time until the total deferred amount is paid off in full, the participant(s) shall make monthly interest payments on the total accumulated amount. In the case of 2.c. above, the deferral period shall end in the month when the share loan expires. From that time until the accumulated deferred amount is paid off in full, the participant(s) shall be required to make minimum monthly payments equal to either one-third of the expired share loan's monthly payment or the monthly deferral interest amount, whichever amount is larger.**

**6. The deferral amount shall be set at \$20 per month for each unit.**

**a. This deferral amount will be raised to \$50 per month if there are fewer than 50 qualified applicants;**

**b. This deferral amount will be raised to \$35 per month if there are 50 to 70 qualified applicants.**

Moved: Hess

Seconded: Jones

Tabled

**Motion: To Table.**

Moved: Marcavitch

Seconded: Ready

Carried 5-3

Opposed: Hess, Jones, Skolnik

**Motion: Extend meeting by up to 15 minutes.**

Moved: Hess

Seconded: James

Carried 8-0

7f. Review 2<sup>nd</sup> Quarter Financial Statements

Joe Perry, Director of Finance, presented GHI's 2<sup>nd</sup> quarter financial statements and answered questions from the Board.

8. Items of Information

Items of information included the Committee Task List and the Monthly GHI Calendar.

9. President

Skolnik thanked Vice President Ready and the staff for support during his vacation time away. He said the Board is not finished with the strategic plan and that he and Marcavith will work on it. Skolnik said the crawl space test project contract work is almost completed. Electrical work will be done in-house. He said staff will closely examine the quality of the contractor's work and hopes for good results. GHI has finished closing off the steam tunnels.

10. Board Members

- Ready welcomed Skolnik back.
- Hess said the Buildings Committee will recommend a small test on gutter guards and protectors. He will be gone the end of next week due to his mother's death. Hess also will

be absent from the Finance Committee meeting on September 10.

- Marcavitch shifted the Historic Preservation Task Group meeting from September 8 to September 22.
- Jones said he lost 9 pounds, and his blood pressure is now normal.

11. Manager

General Manager Ralph said informational meetings for the membership regarding HIP financial matters will convene on September 24 and 27. He said thought has to be given as to how and who would make the presentations and prepare materials. Ralph suggested enlisting Lauren Cummings to produce visuals for these sessions.

**Motion: To adjourn.**

Moved: Hess

Seconded: Marcavitch

Carried 8-0

The meeting adjourned at 10:42 p.m.

Ed James  
Secretary