

**Commonwealth Terrace Cooperative, Inc.  
Board of Directors  
Meeting Minutes  
August 18, 2009  
7-9pm**

**Present:**

- Haink Tu
- Lisa Puga
- Yu (Tony) Jiang
- Karen Slaght
- Aysegul Kozak
- Nili Makovski
- Pablo Olivera
- Walter Novillo
- Eric Msechu
- Scott Creer
- Kris Graham
- Pat Larson
- Shanea Amundson

**5 BOD members present**

**Meeting came to order at  
7:15PM**

**Absent:**

- Board President
- Board Vice President
- Board Treasurer
- Board Secretary
- Board Director
- Board Director
- Board Director
- Board Director
- Board Director
- Housing & Residential Life
- Manager
- Accountant
- Minute Taker

**4 absences**

## Rules

Time Keeper: Karen

Process Assistant: Nili

- Raise hand to speak
- 2 minutes per turn
- Hear from everyone who wants to speak before anyone has a second turn
- Stay calm
- Be respectful
- Stay focused on topic
- Stay in the meeting even if you're upset
- Step up; step back

## Agenda Review

- The only things changed in the handbook are in Red
- History page seems irrelevant
- Clarification needed on passing the General Management evaluation report. That is, if the consent agenda is passed, there is no more discussion in future. Correct.

*Motion made by Karen to pass the consent agenda as is. Eric Seconded. All (5) in favor.*

## Grievance Policy

- GM said Donna set this policy up and said that there should be no need for a grievance policy.
- GM said If there is a grievance from anyone, it is a process that can be handled. It should be not taken care of by the Executive committee
- Point were made that it is not clear who will be the ones hearing problems, seems that it would be the general manger. Suggest that in a regular hearing (that is not against the GM) the hearing will have the GM and maybe 2 more people from the community .
- This grievance policy is designed to solve r grievance that are related to fines and fees only.
- According to the bylaws. , complaints that are related to customer service with no relation to a fine or a fee will be handled by C&E
- In all circumstances if a complain cannot be solved after all grievances procedures were exhausted- the complaint will be handled at the board level
- What is written now is very ambiguous. Should be clearer to where it is going in the process.
- Grievance or complaint are words that are used in this policy and they mean 2 two different things; it should be clarified in the writing. "grievance/complaint form"

- Management says that this form is beyond C&E, where grievance will go if they cannot handle it.
- C&E will take the customer service complains where management will take financial side
- GM said Donna felt it would be rare, that it should be set up as it goes.
- Feel it should be much simpler.
- C&E will handle resident to resident and minors. But if a resident feels offended by management and staff, they should go to C&E. this policy is for the financial aspects. This is not the obvious fines charged.
- If it is against the general manager, GM suggested providing with a number to a lawyer or a different official of a third party will be involved.
- No previous policy set in place. Would be good to start taking statistics of how many grievances to keep track for policies. Only two have taken place in the past year, who didn't go through the process and when to the University directly, avoiding all steps.
- More discussion needed. Additions to this form wanted:
  - step by step process wanted for simplicity

*Motion made by Nili to let Kris work more on the grievance process with Donna and table it until September meeting. Seconded by Walter. All (5) in favor.*

#### **Budget/Finance Discussion**

- Two budgets given to see comparison between the two years.
- The 2007-2008 budget is the year that Kris (General Manger) started, she didn't prepare it, but had to manage it. Since the past 4 years before 2007-08 there was no rent increase (besides a 3% increase in 06-07) , the actual operation costs were much higher than estimates
- year 2006-2007 ended in a loss and were 163000\$ were pulled from reserves in order to cover the loss, '05-'06 had a loss, prior to that there was not a loss. These losses may be from the many previous turnovers in management and from not doing a good job on budgeting.
- 07-08, was the previous budget that Kris had to manage which ended at a los 106,040\$ were pulled from reserves.
- When doing 08-09budget the board knew that in order to cover the cost of that year they will have to raise rent by 12%, the board chose a middle option which was- raising rent only by 6% and raising the amount of fees to catch up on the other 6%.(mainly by raising the air condition fee)
- When 08 -09 came to the middle of the year (when budget for next year was due) it was clear that the estimation on how much those extra fees will generate were over estimated. Therefore, for 09-10 budget, the board had raised rent again by 6%.
- The 2008-2009 has not been audited, but at this point shows a positive income.
- 08-09 budget was formed on how to bring income to avoid increasing rent. So user fees were increased. This didn't work because we didn't get the expected income.
- The community resident coordinator was not hired earlier to stay in the budget. We then came out under budget.

- When Kris had to make this budget, she had no past budget to go from, so it is now getting worked out, but we still came out under budget in most areas. There are areas you cannot predict and may come out over budget, such as winter, snow removal...
- Kris said the things she could control and save CTC money were cutting of the amount of office supply that was bought and was not serving an immediate need, negotiating laundry and CCCC contracts, and also reducing the size of the garbage containers- she had replaced some of them to smaller containers and saved a couple of hundreds of dollars per months
- Looks like \$15,000 under budget at this time, before audit.
- This budget was really monitored, month by month by the general manager and the accountant.
- Evaluation is done through out the property frequently to . Fees were diminished that were found and not needed.

### University Budget Discussion

University liaison explanation of document attached to agenda:

- University budget is shown on the pie chart, current year.
- It shows each cost for each section, HRL, UM PD, Debt service from the bonds taken to build phase 4 in the 1980s, should be up in a few years, when that is up they will go into capital improvements.
- The total mold rehab cost is listed on the other sheet, 2002-2008. \$8.5 million spent.
- Add \$560,000 each year, on top of any big ticket items.
- Rent is given to University which is then split into different sections.
- From a 3.5m\$ budget, CTC currently gives 1.7 million \$ annually to the university, currently the U is spending \$560,000 on ongoing capital improvements minus appliance costs because they are under \$10,000 that comes out of CTC budget..

Board discussion regarding the capital improvements budget and the “loan” that CTC has to pay and how it effect next year rent increase

- For the last 5 years the u have increase its financial requirement(the 1.7m\$) by 5% each year in order to pay back University for a “loan”, what happened is that some of CTC’s buildings had mold problem and the u needed to rebuild those problematic complexes , this project cost the U a lot of money , So each year CTC is paying back the debt from the loan from the big mold deficit by increasing the U requirement by 5%, so there is not a 30% increase in one year.

Several concerns were raised by the board members:

- Regarding capital improvement, the board would like to get more transparency on the capital improvement plan, as mentioned before only 560k are actually spent on

improvements, questions were raised to what happens to the rest of the money and how much of it is going to reserves.

- U liaison said projections can be given on large number but not itemization. The capital plan shows where the improvements goes.
  - The board also raises concerns regarding the mold loan, wanted numbers for how much was already paid for the mold, one of the board members mentioned that in previous discussions with Norm who is in charge of budgeting at the U, it seems like from the 8 m\$ spent on the mold 7m\$ were already paid from capital improvements reserves, so we are realistically talking about a 1 m \$ deficit as of last year(2008).
  - University liaison said he does not have the numbers in front of him
  - The board wanted numbers for how much was already paid for the mold the large plans and how long it is going to take to pay off loan.
  - University liaison said the 5% increase is not going to be negotiable thing. Because the University takes on large projects, it is going to need to be paid back. All money goes back to CTC, it does not go to other University projects. The money being paid back goes back to this property in capital improvements.
  - It makes it important as the manager to keep an eye on where the improvements go and how much money will be needed for them.
  - After reserves are reached, then increase will stop.
  - Board members expressed concern on the 5% increase, from a 3.5m \$ budget, an increase of 5% on the 1.7 m portion of the U, will immediately generate a 3% increase in the residents rent. That is before any raises were made from the management side,
  - Since management have cut down this year on almost everything that it has control off, it is reasonable to expect that there will be a raise for some of the expenses juts because of the cost of doing business, we can estimate that for next year the board will have to face another 5-6% raise again after 2 years of raising rent by 12%., the board is not comfortable with the 5% increase when it comes in March vote.
  - The board would like to see CTC rent going up in correlation with inflation which historically goes up by approximately 3% every year.
  - There are several options the board would like the U to consider 1) Can the payback be expanded for a longer time for more generations at CTC.  
2) Since a part of the U financial requirements' are designated to pay out 100k bond debt , and those bonds are going to be paid and expire in 2 years, the U can use the portion of the budget that was designated to the bonds and convert it to the mold debt.
  - The previous boards will affect you and you will affect future boards.

- The U liaison said that these topic should not be a board discussion but should be brought to an education and training.
- A training should be schedule ahead of time if you would like to learn about University budgeting.
- Board asked for more clarification is wanted to see what University can do for you. Clarification of University budgeting is wanted; U liaison said that a copy of capital plan is not going to be given.
- The board mentioned that these things are wanted to understand what is going on. This will have board informed for future voting.
- U liaison said that regardless of what happens, there will still remain a 5% each year.
- Board members do not feel that the 5% is fixed, feel that if concerns are strong enough that the University can be discussed. also board feel s that the U interest should be the same as the residents interest which is- to have affordable living for students and to have no vacant units.
- large increases as we had in the past 2 years are a big burden on student and to ask for a third large increase is too much to put on one generation and might drive students out of CTC.
- Scott says he will not allow a group explanation on capital improvements, he is willing to offer the information one on one to educate board members individually, but this will not be educated at a board meeting.

***Motion made by Nili to request University to provide more information on capital improvements the mold debt and information on when bonds expire for 2009-2010 budget estimate. Walter seconded. All (5) in favor.***

### **MacGrey Contract Addendum**

- MacGrey was not explained very well at last meeting.
- Every month the money collected is given to both MacGrey and CTC. Each month we get \$2800 as income with current two machines. Possible extra money allowed.
- If cash machine is replaced with credit card machine, we are proposed to get \$2700 a month instead of \$2800 for about 5 years (adds up to 6000\$ loss). This will limit the need for burglars to want to break in on the new doors that will be installed.
- No expense to replace the machine, just the \$100 per month in profit.

***Motion made by Karen to replace the cash machine with a credit card machine. Eric Seconded. 3 in favor. 2 opposed. PASSED***

**F&O Committee Concerns and Solutions**

- The issue of the Finance committee is that since the new bylaws have passed, there has been a loss of members involved.
- This committee is not functioning without members as well as other committees.
- The finance chair wants to know how to change this and an update of the status of the committees.
- Since the new model has passed, the members have left because it is on a voluntary basis. No assignments can be given because we cannot guarantee that members will come back for next meeting.
- Committees are important, but a concern is what is the future of committees.
- Would like to come back with a plan next month with how we think we can get committee members. Como has success is with a resident coordinator who knows people and has many events. This is part of what is missing is that there is that people don't know the need for committees. A meeting with the housing coordinator and the resident coordinator will be held this week to help set the plan of getting involvement.
- Finance requirement is that you need at least 3 people. Add the people that need to understand finance are harder to find.
- Concern is the members will not come back after a month.
- Has any training been offered to the F&O committee?
- Committees are not functioning at this time without members.
- Run an ad in the Terrace Times.

**Meeting Process**

- Better recognition of whose turn is to speak
- Critique about not adding old business to agenda
- Look towards the future not the now

**Meeting adjourned at 8:58pm.**