

# **EASTERN GARDENS COOPERATIVE, Inc.**

## **MINUTES**

**Regular Meeting: Members and Board of Directors**

**Date/ Time: SEPTEMBER 14, 2017. 7:00 PM**

**Location: Eastern Gardens Clubhouse  
(3045 Eastern Ave. Sacramento, CA)**

MEETING MOTO: The most difficult thing is the decision to act,  
the rest is merely tenacity ---Amelia Earhart

### **I. OPENING OF MEETING - 7:05 pm**

**roll call**

**PRESENT**

Anita Stone, President/ Board Director

Teresa Magee, Vice President / Board Director

Arne Jerde, Treasurer / Board Director

Jean Davis, Secretary / Board Director

Jetta Ostrofsky, Board Director

**ABSENT**

Joyann Richardson, Board Director - alternate

### **II. MEETING MINUTES**

APPROVAL OF AGENDA: Anita asks for approval of agenda and raise of hands from members present. (25 approve out of 34 attending.) Agenda approved.

Anita Stone asks that reading of previous minutes be waived since they have been posted and available to all members for a month. She asks for hands to be raised for approval to waive Minutes. (27 approve out of 34 attending)

Reading of previous Minutes waived. Anita Stone thanks members for attending the meeting and jokes that the nagging with many notices about the meeting on members doors has paid off.

### **III. MANAGEMENT REPORTS**

#### **Jennifer Michon, Arrowhead Housing Management:**

##### **a. Pool Furniture**

Deborah Mohamed was able to find Eastern Gardens new pool Furniture at lesser price then original bid from Emigh (\$1500) submitted last executive Board meeting. She was not satisfied with this price and continued to shop until she found better deal. For sum of \$1100 at Lowe's, she purchased 12 new swivel chairs, two new tables, and another umbrella.

##### **b. Front Gate**

A hit and run driver ran into and damaged our front gate. A claim was submitted to our insurance. However, since our deductible is \$5,000 and the cost to repair the gate was less, Eastern Gardens will have to absorb the cost.

##### **c. Pets**

Deborah asks members with pets to please clean up after them. Thank you.

##### **d. SMUD Claim**

Eastern Gardens has filed a claim to have SMUD replace the Oleanders they damaged. They will replace them sometime in the future. No specified date.

##### **e. Intruder Alert**

A tall, white male carrying a backpack has been observed on the property. He appears to be checking Eastern Gardens out. If member sees this person, please call the Sheriff.

**f. Speed Bumps**

As a follow-up to member concerns about people speeding in our complex, Joey, our maintenance man, has painted all the speed bumps. We hope making them more visible will encourage drivers to slow down.

**g. Laundry Room Improvements**

Laundry room improvements continue: ceiling fans have been installed, the rooms will be painted, and steel doors installed to replace old wooden doors. New flooring will be installed after front load machines are placed.

**h. Member Selection Plan**

Arrowhead understands there is some confusion about New Tenant/Member Selection Plan. Eastern Gardens Has **Not** been reclassified to very low – low income. Eastern Gardens remains a low to moderate income Cooperative. The Tenant/Member Selection is a HUD document, in which the very low to low income they mention applies **ONLY** to section 8 Subsidized members. The plan needed to be up-dated and provides criteria for the selection process. We will be contacting HUD to see if this could be made clearer and will follow-up to members with results of our conversations with HUD. The new Tenant / Member Selection plan in **NO** way changes the low to moderate designation of Eastern Gardens for regular members.

-Anita Stone mentions: HUD also provides an average of area income and what fraction there of people can earn to be a subsidized member. Subsidized members still must purchase their membership. Only their rent is paid for by subsidy.

To summarize the Tenant/Member Plan:

- a. Very Low to Low Income sections apply only to Subsidy.
- b. Low to Moderate Classification of Eastern Gardens Cooperative remains and applies to regular memberships.
- c. New Tenant/Member Selection Plan has **NO** effect on member equity.

**i. Financials**

Monthly financials are prepared by a CPA and the full reports with bank accounts and accounts payable are given to Board Directors. The reports for member do NOT have bank accounts listed for security reasons. Monthly Financial Reports come out around the 20th of each month. Each month all Financial information is given to a CPA who compiles the report. A copy is submitted to HUD. Annually HUD audits the financials submitted and a full year-end audit is conducted. Essentially, Eastern Gardens Finances are double checked.

Major expenses this year have included the replacing of south side boilers and many air conditioners have failed this year and were replaced.

-Anita Stone mentions: that lawyer fees from 2016 and first two months of 2017 were still being paid off when new 2017 Board was elected. These were **NOT** expenses from the 2017 Board. Also, a review of the financials shows that 2015-2016 approximately \$40,000 in legal fees came out of Eastern Gardens operating budget.

**j. On-Site Person**

After much discussion between Arrowhead and the Board of Directors, it has been decided that Arrowhead Senior Manager: Pam Flores will take on-site position. She will

take next 2-bedroom apartment which comes available and work 12 hours per week, teaming with Deborah Mohamed.

-Anita Stone adds that Pam will not purchase membership, and so, will not be eligible to vote in Eastern Gardens elections. She will only be paid for hours worked and this saves us the expense of paying working comp, health benefits and additional state taxes.

#### **IV. BOARD OFFICER REPORTS**

**Treasure: Arne Jerde:** Financials will be available after September 20th. Members can obtain copies from business office. This month marked first month with new rent increase income. Should be noted on October Financial Report. As Jennifer has mentioned all financial reports are monitored by HUD.

**Secretary: Jean Davis:** At Board meeting on Sept 7th, Diane McKee was selected as Inspector of Elections for the vote on new By-Laws. Speed bumps have been painted, I just want to ask members to be courteous and slow down for your own safety and any members who are walking. Diane McKee could you stand.

*-Diane McKee announces she and ballot box will be in clubhouse for members who wish to place their ballot in person?*

- *Saturday Oct. 7 from 2:00 to 3:00pm*
- *Tuesday Oct. 10 from 6:00 to 7:00 pm*
- *Final day to vote will be at Regular Meeting Thursday Oct. 12, 6:45 to 7:30 pm.*

## V. FOLLOW UP TO PREVIOUS MEETING TOPICS

**President: Anita Stone:**

### **1. Speed Bumps**

Members shared at last regular meeting concerns over people driving faster than posted speed limit within property. To help remind drivers, and hopefully encourage them to slow down, the speed bumps have been repainted to make them more visible.

### **2. Clubhouse Flooring**

The rugs in the clubhouse have been cleaned and look good again. The Board decided that we would not change the clubhouse flooring at this point and save the money for other things needed at Eastern Gardens.

### **3. New HUD Approved By-Laws**

#### **Clarification and highlights**

All members have been mailed copies of the new HUD Approved By-Laws, including the ballots and envelopes for mailing in your vote. Our Board sincerely hopes the membership will ratify and accept these new by-laws. I would like to highlight some of the provisions the new by-laws will help provide:

**a. Directors.** In the Directors section are now clearly defined guidelines for what Directors can and cannot do. For example: member selection would now be done by management, who are familiar with Fair Housing and civil codes. Board Directors in the past and in the future, are often no versed in housing laws and so, should not be involved in the Tenant selection process. (This was actually, mentioned by HUD when MOR response was formulated.)

## **b. Elections**

1. In the new By-Laws, the election for new Directors would occur in February. In the past, having our candidacy, and election take place in November and December during holiday seasons has always been a challenge.

2. Under new By-laws, members submit candidacy in December. There are guidelines about candidacy submission, deadlines, and preparation of the ballot. There are also instructions should a candidate withdraw and how it would affect or not affect the preparation of the ballot. As you may remember these were major hindrances to our last election and due to the old by-laws lack of clear guidelines the election in December was cancelled.

3. In the new By-Laws there are instructions for what can be done if the Inspector of Elections cannot perform their duty.

4. The new By-Laws have specific guidelines for conducting a recall election and resolution of member board conflicts.

5. The new By-Laws expressly forbid Directors to self deal, make unilateral decisions by any board director. Not only do we have the Code of Ethics, but the new By-Laws specifically reinforce those codes.

## **c. Member Rights and Actions**

Our old by-laws did not have clearly define, courses of action for member grievances and what members have a right to do about those issues. The new By-Laws reinforce our Member Occupancy Agreement guidelines and compliment the provisions in it.

#### **d. Legally Up-to-Date**

Our old by-laws were limited and written in 1971, with a few amendments added. Federal, State laws have been enacted after the composition of our original by-laws. The new By-Laws are 34 pages as opposed to the 10, and they are comprehensive and compliant to current laws.

If the new HUD Approved BY-LAWS are accepted, future members elected to the Board will have a clear, complete, and legally current set of guidelines. Most members elected will not have Corporate law, Fair Housing and Civil code knowledge and without good by-laws they may make decisions which could have adverse consequences for Eastern Gardens Cooperative.

**NOTE:** Anita Stone opens forum and encourages members to utilize the time for any questions, they may have about new By-Laws.

**VIII. OPEN FORUM: Members welcome to speak on any issue.**

**(TIME LIMIT: 3 minutes per person)**

*MEMBER: We have heard a rumor the new By-Laws will affect our equity.*

ANITA STONE: I am glad you came to the meeting to get the information direct instead of from rumors. The new By-Laws will **NOT** have any effect on your equity. They are strictly guidelines for the procedures and processes to govern Eastern Gardens.



*MEMBER: Are there going to be any more lawyer fees to pay?*

ANITA STONE: All the carry over fees from Adams-Stirling from 2016 and up to February 2017-**prior** to this Board being elected have been paid as of April 2017. The only legal fee from 2017 Board was flat rate of \$500 for an Attorney to review and submit to HUD the new By-Laws. I would add the lawyer we used specializes in Cooperative Low-Income Housing and so gave us a very low price for his services.

*MEMBER: Does the money for the memberships go into a special account?*

JENNIFER MICHON: No, the membership fee goes into the Operation Account, and payout for equity also comes from this same account.

*MEMBER (1): Can members get copy of MOR from HUD.*

ANITA STONE: There is confidential information in the MOR. HUD conducted an extensive inspection of the property including members apartments. The results are private.

*MEMBER (2): You cannot get the whole report; however, you can get a copy of the summary page from HUD.*

*MEMBER (1): Will the on-site person by-pass the waiting list for 2-bedroom apartment and how many people can live in the apartment.*

JENNIFER MICHON: The 2-bedroom apartment has been assigned by HUD to fulfill the Davis Stirling Act requirement for an on-site person. So next available apartment will have priority to assign to on-site person. 2-bedroom apartment can legally have 5 people in it.

*MEMBER (2): Can the on-site be a maintenance person?*

ANITA STONE: The law has no specific requirement, only that a "responsible" person live on-site. That person can be a manager, maintenance or just a person who can be contacted in case of emergency. The on-site CANNOT be a member of the Cooperative.

*MEMBER (1): Will on-site have to pay for membership fee for stock certificate?*

JENNIFER MICHON: No, on-site cannot be a member and cannot have voting right in Cooperative.

*MEMBER (2): Will on-site be full time?*

ANITA STONE: No, the on-site will work part time - 12 hours. These will add to Deborah Mohamed's 20 hours. Having on-site be part time saves Eastern Gardens the expense of paying: workingmen's compensation, employee taxes, and health benefits. Eastern Gardens will only pay the hourly wage for hours worked. HUD requires and already had approved an exempt apartment for on-site use.

*MEMBER (3): Do we really need additional Office hours and another manager?*

JENNIFER MICHON: There are times in the year and each month when Office must file reports to HUD for subsidy, audits to Secretary of State, these require extra work. On-site will also cover for Deborah for vacation and sick leave.

*MEMBER (4): When will we know to report to Resident manager as new by-laws say we must if there should be a member issue in the future?*

TERRY MAGEE: As soon as new on-site moves on and is working, the schedule of additional hours will be posted.

*MEMBER (1): We had trouble with previous Board not responding to request to fill Director vacancy in timely manner, new By-Laws do not have a time frame for this?*

ANITA STONE: In the new By-Laws for many processes there are specific time frames given, however because selecting a new Director to fill a vacancy depends not only on asking a member to join the Board but also the time in which that member responds to the request, the attorney who reviewed the By-laws did not recommend restricting this type of action to a specific time frame. However, the new By-Laws provide that if a Board fails to fill a Director vacancy, the membership can elect a Director at any time and fill the position.

*MEMBER (2): How do new By-Laws handle the recall of a Director?*

ANITA STONE: Article 6 Directors; Section 6; part (a) gives the process by which membership can by quorum or secret ballot remove a Director with or without cause.

*MEMBER: Do the new By-Laws require Board to learn about Fair Housing and other Laws?*

ANITA STONE: No, the By-Laws should only be guidelines for procedures and processes for governing and running Eastern Gardens. This is what the Attorney told us. The new By-Laws are already 34 pages, if they addressed every single thing they would be much too long to be useful.

JEAN DAVIS: So, for future elections, chose your Directors carefully, make sure they are willing to educate themselves.

They should be willing to say so when submitting their candidacy.

*MEMBER (1): If Management does all the preliminary background checks on new tenants, can we as private housing have some requirements? What if someone is just looking for cheap rent and doesn't want to participate in our Cooperative?*

JENNIFER MICHON: All new members must pay the buy-in fee for stock. That assures that people are really wanting to move into Eastern Garden Cooperative, not just any place with cheap rent.

ANITA STONE: Eastern Gardens is not private housing, we are a Public Housing Cooperative. Once a person has cleared all management background and financial checks, paid their fees, they will become members. To put additional "requirements" is essentially discrimination, is illegal and against the Fair Housing Act.

*MEMBER (2): Eastern Gardens is a Cooperative corporation and NO corporation can practice discrimination.*

*MEMBER: What about the Rules and Regulations, will 2017 Board be working to update them too?*

ANITA STONE: When this Board was elected, HUD gave us a to-do list. Updating our documents was on that list. That is why you have already gotten the up dated pool rules. The Tenant / Member Selection plan have been up dated. The next most important document is our By-Laws. Once we know if members will ratify the new By-Laws, we will look at up-dating our other governing documents...like the Rules and Regulations.

**NOTE: Anita Stone announces if no more questions, meeting will be adjourned. Thank you all for attending this meeting and please vote.**

**VI. MEETING ADJOURNED 8: 45 pm**

*Regular Meetings of the Board of Directors and Member/Shareholders shall be in accordance with EG Bylaws Article V, Section 8.*