

Minutes - UCOL meeting

**10 December 2020 7.30-9.30pm**

at Numberworks, 90 Crawford St, Dunedin

and via Zoom - Meeting ID: 9016 25 9016 Password 25 25 25

<https://otago.zoom.us/j/9016259016?pwd=ZGZQRnM2L2tsai90eENKRExQUEtJQT09>

*Chair and note-taker:* Sander and Donald, Susan, Mike, Jan, Sandy, Frances, Gay, Anne, Ngaire, Sue, Rainer, Jeffrey, Catherine, Miriam, Maria, Marianne, Min, Roz, Anna, Anthony, Claire, James, Alex, Warren & Sara

*Apologies:* Jess, Liz, Pauline, Karen,

7.30 Appreciations

Marianne - All sorts of behind the scenes work by everyone.

Catherine - the the concrete "blob" moved today.

Frances- to A2 proposal work group.

Min - to Rainer and Tim and the air ventilation system installation.

We welcomed Ngaire Tieger to Toiora Cohousing.

7.35 Reports & updates (PCG, BCG, Legal)

BCG is next week. PCG has approved the flooring for the kitchen. Minutes of meeting happening before year end will be circulated.

Lawyer's email outlining some minor points re body corp rules but essentially giving it his OK but possible need to be clearer about capital gain (i.e. 5% of the capital gain on sale of property) rather than capital value. Rainer noted that a Commons Development Fund that amounts to the same value but is paid annually could be a clearer way to handle this. Noted that if there is another way to achieve what we want - a Commons Development Fund available sooner rather than later - we should explore that.

Catherine reported Stephen Edge's view which is that Kiwi Bank may find a way to become a lender even though the Kiwi Bank Retail arm is not supportive that the bank should lend to individuals. Catherine will report back after a further conversation about that this week.

Susan will find what Westpac's view is when she meets them tomorrow and has requested any other issues that people are aware of please email her. Sandy reported on an unsatisfactory meeting with an ill-prepared Westpac today who have agreed to get back to them later this week. Westpac credit team have indicated that the project as they currently understand it does not meet their criteria.

Catherine has circulated email about a broker to those likely to need a mortgage.

Alex has noted that the Earth Song covenant may be a guide and he will follow that up directly with Cathy Angell.

Coop Bank and SBS seem likely to be supportive.

Agreed that a meeting with the lawyer to clarify the matters that he has raised would be useful. Body Corp team will work on the revisions as per Alex's email. Anne, Sandy and Alex will meet with Simon.

Maria has advised that their bank want to see the S&P agreement of two years ago and associated documents including Body Corp rules and Unit Title - which seems to be a sticking point. Unit tile is

currently with the DCC but ought to be pretty much as circulated earlier.

## 8.20 Timeline Review

- Tina Gillan to report in progress back to Anne with insurance on Monday.
- The 4 scoping nibs have been completed.
- Kitchen - stuck until a decision is made on bench tops and servery. Southern Hospitality do not want to have anything to do with wooden bench tops because of hygiene and cultural matters.

\$16,000 approximately already committed to cookers and ventilation, wooden bench tops for servery and island bench are under consideration. Dishwasher also. Next steps from here to decide bench tops subject to price. Industrial mixer, hot water urn and preserver available from Ron McLachlan at Karitane.

## 8.20 Sale of A2 – see report copied below (also emailed) Min and others

Quick phone survey of those currently interested prospective buyers has turned up 1 household that may be able to afford upwards of \$720,000 which is below what the DCC is paying.

Note - DCC price is based on the cost price that we all paid plus 15% to cover financing, fit out and turn key costs that are currently being met by UCOL. If we sell within our Cohousing group including inductees there is no GST charged. But selling to the DCC delivers us a bit more for contingency.

While this may not create a problem we seem likely to need to look at another induction day on Sunday 10th January in order to generate greater interest with a deadline sale for A2 by 27th January, acceptance by 3rd February with our best guess at settlement date of 19th February.

Susan expressed the view that she is loathe to ditch the DCC at this point because the bank is comfortable with the DCC being involved. Also because it has an expressed interest in a social housing provider we should stick with them. Given the DCC's stated position there seems no reason to put ourselves under pressure. Selling off the plans prior to occupancy is likely to be less attractive to a buyer.

The advantage of UCOL selling is that we could attract a family that meets our requirements.

Holding onto our contingency may be helpful in terms of having sufficient back up money for settlement.

Warren has a pool of buyers for his house.

Roz and Micheal are awaiting a S&P date.

Denis & Adelyn still investigating mortgage and if not will look to sell.

Thursday 14th January is our first meeting. Date for 2021.

Saturday 30th January 10.30 - 12.30 followed by shared lunch suggested date for Induction day.

Advertising on website, Facebook page, contact list and if possible ODT news article.

## 8.52 Registered valuation for mortgage lending Sander

Banks are asking for registered valuations for lending purposes. Liz and Sander looking to book valuer in late January and are interested in who else may wish to join them. Juan & Maria, Sara, James, seem interested in doing this together. Sander will coordinate this effort.

## 8.57 Christmas gathering Sue

Anne willing to host it on Friday 17th December at 6.00 bring something to eat and drink. Usual present swap/secret Santa.

9.02 Neurodiversity in the community

Jan

ODT article suggested we ought to adopt the approach of “neurodiversity” rather than spectrum language. Jan has drawn our attention to Eroni’s profile whose mother Margaret has written up his profile as a potential co-housing member so that he has a community where he can live. Eroni is a neuro diverse young man who attended the induction workshop with his mother. Gay commends Eroni to us because we would benefit from him being there. Single flat would suit his needs best.

9.07 Common Development Fund (CDF) contributions

Sander

While no consensus seems possible on this at present it was agreed that we do need to have this settled while noting that at present as per our covenant the first sale will be the first opportunity for contribution to the CDF. It was felt that the CDF should also be included in the Body Corp Agreement, however is not yet in there. Earth Song recommended the 5% capital gain because of its number of sales. Sense seems to be that we need both small annual contribution and 5% of capital gain. For consideration in 2021 when we have greater time to think about this but the levy, if agreed, should be applied on same basis as rest of body corp fees.

9.13 “Gather” cohousing software (short report below)

Sander spoke about this software and has talked about how this might work for us. Demo via Zoom on Saturday Jan 16th @ 1.00pm is a possibility for us.

9.25 Cohousing agreement (last week’s deferred item)

Warren

Suggest hold to Saturday 30th January following our induction workshop. Warren spoke to some changes that he has included in the document for our consideration and will circulate the reworked document prior to the January workshop. Warren happy to receive comments back in between times.

**Centre for Sustainability (both seminar room and tea room) have been booked as the venue for the Induction Workshop and Cohousing Agreement workshop.**

*Next Meeting - 7.30pm 14 January 2021. Sue Taylor will facilitate.*

**Attached Reports:**

- Gather
- A2 Sales proposal

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**Gather:**

Gather is software made for cohousing. It helps with meals, reservations, jobs, communication, and directories. Tom from Gather has offered to demo it to us. This could be organised during a weekend day in January, through Zoom (his Friday or Saturday evening). Much more information on <http://info.gather.coop/>

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# Report of A2 Sale Working Group Meeting, Tuesday 8/12/2020

Present – Min, Sander, Catherine, Donald

## Survey of Families with known interest in A2

The working group approached 3 families with known interest in A2 unit for a better indication of where they were placed to purchase the unit.

Out of three, only one family indicated a clear commitment and ability to purchase, with a price range of \$700-750k. This is below the DCC price of \$776k

One family could not meet this price range. And one family was not certain about purchasing.

The Working Group concludes that the Group will need to widen our range of potential buyers, within our preferred “family with children” demographic, should we decide to cancel the DCC contract and sell A2 privately.

## Conversation with Sandy Graham DCC

From Catherine’s conversation with Sandy Graham on 7/12:

- Sandy Graham is still in talks with a Social Housing provider. Catherine will follow up before Christmas to find out the outcome.
- If UCOL decides to sell the unit ourselves, the DCC is open to a flexible settlement date to allow the buyer more time to complete the sale. This means we don’t have to have A2 settlement on the same day that the rest of the units are settled, and there is a bit more time if the A2 purchaser needs to sell their existing house, etc.
- The downside to extending the settlement date for A2 is that UCOL will have to continue paying interest to Kiwibank for the outstanding loan amount.
- If the DCC completes the purchase of A2 and then on-sell the unit, they will work with UCOL to find a family who fit our preferred demographic. They would also pay for an agent to market and sell the unit.
- However, they are unlikely to sell A2 for less than they paid for it.
- DCC does not mind if we advertise that we have a unit available for sale over the Christmas period, eg through Trademe.

## Conversation with Stephen Edge - Kiwibank

From Catherine’s conversation with Stephen Edge on 7/12:

- Should UCOL sell A2 privately, Kiwibank should not have a problem with a flexible settlement date for the DCC. The DCC must continue to underwrite A2 until S&P is completed with the private purchaser.
- There should be no problem with accepting a lower price than the DCC \$776k, so long as we are able to repay the loan. Once the bank is fully repaid, they will release security on all the units.

## Conversation with Michael Turner – Polson Higgs

- Nicola suggested we speak to Michael Turner about s131 of the Companies Act - Duty of Directors to Act in Good Faith and in Best Interests of Company, wrt selling A2 at a lower price than we would receive from the DCC. The following is from Catherine’s conversation with Michael Turner.
- In general, the “best interest” of a company would usually involve obtaining the highest price, unless specified differently in our Constitution.
- However, if Directors genuinely feel it is in the best long term interest of the development, eg to select a younger family, Michael feels it should not be a problem, since we also have a registered valuation of \$720k, to sell at a price between \$720k and the DCC’s \$776k.

## Recommendations & Decision Required from the Group

**1. That we have another Induction Day on Sunday, 10<sup>th</sup> Jan.**

- We still need to increase our potential pool of buyers for A2, and there may also still be units available for rent.
- Check with Warren, Dennis & Adelyn, and Roz & Michael about the status of their units sale/rent

**2. Option to Cancel DCC Purchase and Sell Privately**

- Pros are that we could sell unit for lower price which is more affordable to the preferred younger family demographic.
- Some flexibility in settlement date, but we have to keep paying interest until the Kiwibank loan is fully paid
- Cons are that we will lock out the possibility of Social Housing option that Sandy Graham is still working on.
- DCC has to continue to underwrite A2 until the final sale to 3<sup>rd</sup> party is completed. If sale falls through, DCC will still end up buying the unit.

**3. Option to Let DCC Purchase A2**

- Pros are that the sale is certain, at the high end of Market Price, and requires no further work from us.
- Potential to have the social housing unit that was the original plan for the DCC purchase
- Sandy Graham has said the DCC will work with the Group to sell to a family that is a good fit for our preferences, and they will engage and pay for an agent to sell the unit.
- Cons are that we will lose the chance to sell at a slightly lower price, which will lock out more young families (our preferred demographic).
- We will also have much less control over who buys A2

**4. Should we go ahead with a Deadline Sale for A2 – General Process outlined in previous Report, with the following amendments.**

- Set up advertising and invite offers ASAP
- State at the 10<sup>th</sup> Jan Induction day that Unit is for sale & invite deadline offers.
- Proposed timeline is for a Deadline Sale closing on Wed, 27<sup>th</sup> January.
- Acceptance of offer by the 3<sup>rd</sup> of Feb (5 working days).
- Settlement date has some flexibility per DCC & Kiwibank discussions