



# COMMONWEALTH TERRACE

## COOPERATIVE STUDENT HOUSING

### Commonwealth Terrace Cooperative

#### Board Meeting Zoom Meeting – September 22, 2022

Meeting was called to order at 6:35 PM - Via Zoom

#### Directors Present:

Ryan Johnson (Chair)  
Manlin Cui  
Munkh-Erdene (Muugii) Bayarsaikhan  
Jyoti Sanini Sharma  
Taiwo Aremu  
Brad Walker  
Amer Al-Homoud  
Jovin Lasway

#### Directors Absent:

#### Also Present:

Shanea Amundson, CTC Executive Director  
Patrick Broderick, CTC Operations Manager  
Lindy Wirth, CTC Marketing & Customer Support Coordinator  
Scott Creer, UMN Housing and Residential Life Co-op Liaison  
Alix Magner, Financial Advisor at Morgan Stanley

Timekeeper: Lindy

Process Assistant: Tanner

**Welcome**, Timekeeper (minute taker) and Process Assistant (Chair)

#### University Project Update – Scott Creer

- CTC Study Center Boiler Replacement - \$20K - pre-award
- CTC Phase IV Storm Door Replacement - \$320K - submitted
- CTC Phase IV Laundry Room Renovation - \$141K (increased price) – construction is in progress
- The Capital Planning process has begun for the next 6 years - Finalized before mid-October
  - [University Report](#)
  - Demolish 1-bedroom units: may push it out. Planning to remove as they become unrentable; will not invest in the facilities any further. Waiting for the majority of



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the building to become unrentable before demolishing the building. No specific plan to greenlight the demolition/what CTC will become yet.

- The [Resident Satisfaction Surveys](#) are planned for October
  - Similar format and questions to past years
  - Graduate Student Housing Survey – Scott may put something together for the guidebooks. The guidebooks were largely successful last year so it is anticipated they will do it every year moving forward.

### Approve: Packet / Agenda / Consent Agenda

*Taiwo makes the motion to approve the packet, agenda, and consent agenda. Jyoti seconds the motion. All four (4) vote in favor. Zero (0) opposed. Packet, agenda, and consent agenda is approved.*

### Community Voices (2 minutes each)

- One official 'Community Voices' form was received prior to the meeting regarding dissatisfaction with the CTC's contractor, Budget Towing.
- No community members attended the meeting.

### House Keeping

- Operations Committee
  - Updating the Pet/Animal Policy and organizing the respective Task Force
    - Currently researching 25 main questions. The Task Force is resident led and Patrick (MGMT) is currently helping with the research; however, the conclusion will be up to the Task Force.
    - Timeline: Delivering the recommendation to the board by the November meeting
- Programs Committee Update: Next meeting: October 3, 2022
- Adjustment to November and December Meeting
  - Due to the holidays, it is suggested to move the meeting up a week (third Thursday of the month).
  - *Muugii makes the motion to move the November and December meetings up a week. Jyoti seconds the motion. Four (4) votes in favor. Motion is approved unanimously.*
- CTC Internal Process for Checks and Balances
  - *Taiwo makes the motion to approve Jovin as a board member. Muugii seconds the motion. Four (4) votes in favor. Motion is approved unanimously.*
- Capital Planning



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*Brad Walker joins the meeting, now totaling five (5) votes + board chair.*

### **Investment Portfolio Review – Morgan Stanley (Alix Magner)**

Alix Magner and Charles Kerl, financial advisors at Morgan Stanley, started working with CTC in 2017. Alix and Charles focus on individuals and families, as well as organizations that want to align their investments with their values.

- How can we fulfill the fiduciary obligation and how can we align CTC's investments with CTC's values
  - Impact Investing: Investment funds delivering specific positive social and/pr environmental impacts through their business model, products, and services.
- Investment Policy Statement
  - Updated Sept 2018
  - ESG Addendum added 2019
  - Does not prescribe allocation guidelines (stocks vs. bonds)
  - Current Investment Policy Statement (2019)
    - Two Accounts
      - Rent deposit account: hold to be able to immediately return rent deposit to residents if needed at any given time.
        - Breckinridge Government Credit with Environmental Mandate (bonds)
        - Very conservative; no stocks
      - Operations enhancement account: more opportunistic, more volatile account expected to get more money.
        - Customized ESG Portfolio
        - 51% stock
        - 26% bonds
        - 12% alternatives investment
    - Our current policy statement for investment is in accordance with the values of CTC: investment excluding industry related to weapons, firearms, pornography, tobacco, and gambling. What we are pursuing: basic security selection process considering objectives and subjective of the companies: profitable? are they rowing their revenues? how are they engaging with the community they are in? how do they treat their employees? etc. We have a specific requirement to invest on clean energy and water conservation.
  - So far this year, our investments are down \$130K – which is about 1% more than the two other benchmarks for comparison (Barclays and S&P)
    - Negative return on bonds; hasn't happened in decades
    - This money is in the investments currently for the long-term. If CTC needed the money, there would be a plan for the smartest way to withdrawal the funds
      - Since we haven't been spending off it (no withdrawals), we are comfortable with the volatility



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- We don't know what the redevelopment of the property will look like. We incurred debt from the University in the 1990s for mold remediation. Thus, we could use this for similar (unknown) debit to incur from the University.
- Two Investment Change Recommendations for Operations Enhancement Account
  - Bonds: Short Term Fixed Income
    - Sell Lord Abbett and buy TIAA Social Choice Short Term Bonds
    - Why: More values-aligned bonds option
    - Short Term: 6 month-1 year
      - Recession? The stock market is not the economy. Right now, the stock market is down because of a fear of a recession. Once we are in a recession, the stock market goes up.
  - International:
    - Sell Clearbridge and buy Calvert International ADR
    - Why: Drop overweight to growth on international (for rising interest rates)

*Jovin Lasway joins the meeting, now totaling six (6) votes + board chair.*

### **Audit and Annual Budget Process**

- Overview: CTC started working with auditing team in July. Annual audits are a requirement from the University. Next month, our lead auditor will present the audit findings for the board's review. The Finance Committee will make suggestions prior to the board meeting. CTC's annual audit is due to the University no later than November 30.
- The audit reflects the investments, which can cause confusion with the bottom line (e.g., surplus of investments)
- Budgeting Process:
  - CTC needs to provide a budget to the University by December 15 and approve it by January.
  - CTC pays out 46% of rent income (2.6 million divided by a monthly basis). In the budgeting, we take that fee and the operating costs to try to get as close to zero as possible.
  - CTC is starting to draft a budget with current and future consideration. This budget will not take affect until next July (July 2023). This includes rental rates and fee schedule (such as pet/animal policy).
    - Difficulty to predict so far in advance, especially with unforeseen circumstances and the pending University redevelopment plans
  - CTC is waiting on Housing and Residential Life (HRL) to initiate the process of change on this property with an expected wait time of 5-10 years. Meanwhile, the



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University is building up reserves for future undetermined redevelopment of the cooperative by raising the co-op's financial requirements paid to the University. The co-op must make changes to reflect the depreciation, in fairness to our residents, as well as plan to help mitigate the co-op's significant loss when the University implements the redevelopment plans. Of CTC's 456 units, only 102 are Phase IV. CTC's one-bedroom and two-bedroom split models make up 78% of CTC's total units and, thus, annual income. The demolition and reconstruction process of all one-bedroom and two-bedroom split-levels is expected to take years to complete, in which the co-op must operate at significant income loss while 78% of our units are offline indefinitely.

*Amer Al-Homoud joins the meeting, now totaling seven (7) votes + board chair.*

- Planning process needs a minimum of a year for approval. If you have ideas for Capital Planning/Operation Budget ideas, please inform Shanea as soon as possible.
  - Suggestions?
    - Examples: stoves, refrigerators, screen doors
    - Bike path for children to bike outdoors (the University would include that in the capital planning instead of a playground)
      - Townhall meetings and surveys, then getting a contractor
    - Resurfacing Sport Court areas?
      - With depreciation, it would require a full demo and full remodel; thus, the University will not pay for it.
        - Basketball court and tennis courts were recently resurfaced and cracked within 6 months due to proximity to the Sarita wetland.
- Exercise Room: Insurance issues, lack of space
  - Unable to take a unit offline (if rentable) per the agreement with the University

*Taiwo motions to adjourn the meeting. Jyoti motions. No objections. Meeting adjourned at 8:07 pm.*