



# COMMONWEALTH TERRACE

## COOPERATIVE STUDENT HOUSING

### Commonwealth Terrace Cooperative

#### Board Meeting Zoom Meeting – December 16, 2021

Meeting was called to order at 6:40 PM - Via Zoom

#### Directors Present:

Tanner Deeds  
Ryan Johnson  
Senanur Avcı Tosun  
Sofía Simeto  
Laura Eckhardt  
Munkh-Erdene (Muugii) Bayarsaikhan

#### Directors Absent:

Dami Mofikoya  
May An  
Amer Al Homoud

#### Also Present were:

Shanea Schmelling, Executive Director  
Patrick Broderick, Operations Manager  
Lindy Wirth, Marketing & Customer Support Coordinator  
Erica Torkelson Flaherty, Accountant

Timekeeper: Lindy

Process Assistant: Tanner

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

**Approve: Packet / Agenda / Consent Agenda**

*Senanur makes the motion to approve the packet, agenda, and consent agenda. Laura seconds. All five (5) vote in favor. Zero (0) opposed. Motion passes.*

#### Board Terrace Times Article

- Assigned volunteers: Tanner and Muugii

#### Member Meeting Date

- Proposed: Thursday, May 26, 2022 - 6:30 pm



# COMMONWEALTH TERRACE

## COOPERATIVE STUDENT HOUSING

- The meeting date in May is unideal with UMN finals (May 5-11) and a high flux of move-ins/move-outs, plus summer traveling and plans. The majority of board members present favor to move the meeting to April. To meet in April, the meeting would likely need to match previous year's model of the meeting due to less preparatory time.
- *Senanur makes the motion to approve the member meeting for April 28. Ryan seconds. All five (5) vote in favor. Zero (0) opposed. Motion passes.*

### FY22-23 Draft Operating Budget

- Operating Budget Draft Overview:
  - Voting will occur in January. Finance Committee will recommend their suggestions for the January meeting.
  - First informed of the University's plan to redevelop the property in 2015, now the master plan will be approved soon, and changes must be made accordingly. CTC laid out all scenarios to continuously benefit the residents, yet the University requires 4% without the promise of any development plans or updating buildings.
  - CTC Budgets to Zero: as a cooperative, we are not aiming for gains but rather to serve our community and provide a quality place to live at the lowest rental rates.
  - The budgeting process begins by laying out expenses and make sure the co-op can cover the expenses
  - In the first couple pages, the budget is laid out in detail for income and expense, as also condensed in the summary section
  - Two types of expenses: fixed and variable
    - Fixed expenses: not changing throughout the year. Fixed expenses make up over half of our expenses, mostly due to the University Financial Requirement.
    - Variable expenses: these are our operating costs, which can vary or arise unexpectedly. We look at historical averages (4 years back for this year) for good support of estimating the variable costs.
  - We are anticipating on breaking even. Allocated funds will be forwarded to next year. Comfortable with the loss for the proposed rental rates for the upcoming rental rates.
    - Projecting to break-even, which is due to our vacancy levels (better than expected), anticipated expenses were less than expected, and a reduction in overhead expenses.
  - Note: Line item listing as zero: allocated into one account, providing a more condensed view for efficiency and digestibility.
- Seeing a loss on the budget, when should it be significant enough to worry?
  - In CTC's case, being aware of our cash balance and where we are reserve wise could make us comfortable or uncomfortable. We are not anticipating losing the 32K and can carry that forward. Where we are estimated to fall, a 30-40K loss is comfortable due to the reserve.
- When is the University planning to take off the one-bedrooms (which is a huge loss in income)?
  - With the University's financial requirement increase from the co-op a rental increase is inevitable, plus considering the loss of income when they tear down buildings.
  - Range of rental rate increase for upcoming FY is 2.75-3.25%; the range is to help the range of units coming offline in the future and lack of University investments.



# COMMONWEALTH TERRACE

## COOPERATIVE STUDENT HOUSING

- We worked through all options for what made the most sense – breaking out 1 and 2 bedrooms, as we will need to create a divide. Upper-level units are more desirable than garden-level. 1 bedroom to reduce the financial impact it has when they are torn down. Yet, we must still have a universal increase.
- The University is only investing in phase iv buildings, in which those buildings will be nicer in which they can absorb the cost. While minimal now, this is a steppingstone of where we need to be for the financial impact and the quality differentiation to come for lack of updates/improvements from the University.
- 10+ year timeline is shown on the Campus Master Plan; yet, once approved at the Regents, it is HRL's planning and executing, in which CTC's UMN liaison, Scott, expects it to be in the next 5-7 years.
- Knowing the University's increase of 4%, CTC is still maintaining lower at 3% and adjusting all other operating costs to maintain the lowest rental rates feasible.

### **FY22-23 Proposed Fee Schedule**

- Many of the "added" things, are already in place and agreed to in other locations/documents yet consolidated now on the fee schedule list for further clarification and consistency.
- Only completely new listing is the 'Window Blind (vertical) headrail replacement,' which applies solely to phase iv units. This is needed due to the age and increased damage from residents.