



## Commonwealth Terrace Cooperative

### Board Meeting –November 21, 2018

Meeting was called to order at 6:08PM at the CTC Community Center Building, Fireplace Room

#### Directors Present:

Javi Monardez Popelka  
Do Yeon Hwang  
Kate Sammons  
Louai Alarabi  
Guisheng Zhang  
Fabian Chamba  
Jaddy Yuhong- teleconference

#### Also Present were:

Hadley Adkins, General Manager  
Shanea Schmelling, Operations Manager  
Scott Creer, Housing Properties Coordinator, HRL  
Mike Berthelsen, VP University Services  
Laurie McLaughlin, Director of HRL  
Sofia Simeto  
Other guests

#### Directors Absent

Brook Demissie

Time Keeper: Shanea Schmelling

Process Assistant: Javi Mondarez Popelka

**Welcome**, Time Keeper (minute taker) and Process Assistant (Chair)

#### St. Paul Campus Strategic Facilities Plan Briefing- Mike Berthelsen

The public open houses can be viewed online. Mike is willing to address any specific questions if there are any in regards to those presentations.

This program [Campus Strategic Facilities Plan] is not a detailed formula and nowhere near paper or details. It is a picture of direction of values and mission and what campus should be like. It could be a 30-year plan. It's a vision statement, later will come individual projects and merge and find space onto planning. This is done through a 6-year capital plan.



What is the next step, where are you [Commonwealth] in the planning process?

The Campus Plan has been worked on for about 12 months and research to how many students are on this campus and what programs. The first sketch of this was wrapped up and presented to Regents in September 2018. This was a little backwards from how they would like to do it, but the current regents requested it to be presented early. They are now getting to interested parties for information, as they would have preferred to do in the beginning. Will bring this to Final to regents in February and then will become a plan that will guide projects. Projects in this will take decades to accomplish.

About Commonwealth Terrace Cooperative:

The University recognizes the importance of “this kind of housing” real estate is about location, but this is about price. This has community, friendly and has green space.

The University values the co-ops as an essential service. Will continue to work with the co-op from a capital planning prospective to maintain a safe housing. Trying to figure out how much money to put in to maintain this housing. You could 1. put a lot of money into the housing that would extend the life, but will not change the underlying components needing to be improved of the housing and wouldn't make significant improvements. Of 2. How much more would it be to build new housing stock, it's more money, but would have the opportunity to build better design options. What's the tradeoff? Both cost a lot of money.

With that cost, how are we going to continue to find ways to make it affordable? The big idea, which has to be tested is there a way to have public private partnership to bring to property to accomplish 1. The lacking of food and retail that is lacking on St. Paul Campus (benefit to be used by surrounding neighborhood and campus faculty and students) 2. The campus does not need more academic buildings, only renovation. The space as Commonwealth is only needed for housing. It should be used to be continued for Family and professional graduate as its primary focus.

How can we merge these two above over time in a way that can help underwrite and help develop housing to maintain affordability? The cartoons in the open house do not accurately represent what would be. There is a need to maintain the green space, but building higher is an option. It is unknown if this is a possible to make affordable.

When?

Unknown timeline, but the current residents will most likely be long gone before this is started. When we get to those spaces, we will have more conversations with the Co-op but today he doesn't know when that will be. It will not wait 20 years for that conversation, but also not the top of the list or most urgent in the University. Would be good to schedule once a year to touch base to let us know what you have heard or what are our ideas.



#### Questions from the Board of Directors:

How do you envision the public private partnership and being able to maintain the life that students like here?

- All planning needs to start with values, if we are clear on that, the rest of the work will follow. You would have to make tradeoffs from what's most important which makes things less important when building out a plan.

Retail on Como and a vision of similar to Dinkytown. Dinkytown receives many safety alerts and the safety here is highly values. With the retail you are envision, how do you see this effecting the current safety we value here?

- Dinkytown was not a good term to compare, but more to be an extension of what is being developed in St. Anthony. There are certain things we don't need and don't want. There are design standards to increase safety and how to create separation of the public space from the residential. There are a lot of pieces that need to be thought of in the long term plan. The neighborhood would be an influence to what things work and what does not.

How much will the Co-ops have in the planning to "imagine the possibility"?

- Where is the change to think what is possible, we are at the first piece of that now and the website has a space to continue this. This is the first place for everyone to share ideas and feedback.
- The second part of conversation of when the co-ops can be able to plan. The priorities will shift in the next 12-18 months, a new president will be a new present, in 12 months a new provost, possible 4 new regents in the spring. All of these changes change priorities and how fast things advance. Don't see anybody doing anything in the next 12 months after that, it gets faster. The conversations in 2-3 hears to do early market testing. If there is a lot of interest, it might speed up in a 3-5 year mark, if no interest, it could be 10-15 years. Might be a good idea, but might not be the right time, then we need to decide how to maintain good livable housing.
- Early testing feasibility stage, we would have a conversation of what we are going to learn.
- An engagement with an RFP, would take a lot more planning. There are much

Nothing in the space would change in 6 years from the 6 years capital plan?

- It is reviewed every year and is linear. I cannot promise that it wouldn't happen in 6 years, but it doesn't seem likely. When we get to the next step, we will be
- The intent is not to put you [Commonwealth] in the middle of the strip mall. The goal is to maintain as much family housing. The waiting list show that we do not have to much, the intent is to maintain or potentially increase the housing stock.
- We hear clearly the safety value.

What are the things you wish you had?

- The use of child care is highly needed and is needs to expand and can get more people to the property and attract people to this area or to the University.



- The child care discussion is also a discussion Mike is in charge of. This site is not in the first version of the RFP, but this site is a good option for all the reasons that were stated by Javi (faculty, staff, student, surrounding community, a waiting list of 150).
- The reason it is not in this first RFP is because it makes sense to be a part of a bigger plan when developing the property, rather than drop something in the middle and then design around it. We would rather integrate in the bigger plan.

It is important to think about incorporating the alumni 55+, visiting faculty and the child care, a blend of multi generations and looking at that blend of an expansion of the neighborhood.

- this is a good idea and would need to be tested.

What if retail were on north side for students to get to rather than public passing through the property, to avoid safety.

- This is a thing that would need to be tested.
- The north side is an underutilized space. Not ruling it out, but all need testing.

There are is a point to really look at people not being directed straight through the property.

- We don't want to break up housing, we want a collection of a community space that works.

The letter states that calling for a market study, who decides for the market study or who pays it.

- Brian Bernet, Sr. VP and a few others in administration. This would not be paid for by the Co-op, the University would have to take that expense.

The Co-op wants to be heard and we are representing the future occupants.

Improvements are in the 10-year capital plan where should the next investments be? This is reviewed on an annual plan. The larger scale upgrades, as an institution to say that we cannot leave it how it is forever, renovate or replace are decisions are more than the annual conversation.

How is the different housing prioritized (Bailey vs CTC) in the planning process?

- 1<sup>st</sup> year student, committed to housing any 1<sup>st</sup> year students. 90% 1<sup>st</sup> year, 25% second, 10% of transfers. Target set for how big the Student body will be and do the math to see how much student housing we would need for these percentages.
- Both Co-ops are different student body. There is a good relationship and the management of the Co-ops.
- There are not targets for graduate students, it has been discussed whether they should do that. It is harder to set one. We have not done that yet, should we be starting to set one is the question. Especially as housing markets go up in the Twin Cities and it might influence who comes to the University.



- International students do not know how to navigate the rental seen and should be a higher target market for the University.

We understand that we do not know who will build the new development. What are the implications of who builds it, (The University or a private company) and what the management will then be.

- Do not know enough to answer the questions and cannot guarantee the commitment to the co-op to managing. There has been a positive relationship with the Co-ops but we cannot commit anything that is so far out, can't promise but would like to say positive.
- There are so many different business relationships that could come about.
- This is a good question and we should keep on asking it.

We are hearing you, but the difficulty is that not all things can be implemented. Some may show up soon, but we would have to look at those things in the future and highlight.

#### **Draft Audit (FY17-18) – CTC Auditor Larry Davidson (review/Action)**

- No concerns to be noted
- Less cash this year, because we have spent down some reserves that were saved.
- Decide to tonight about the patronage refund, it's missing in this draft until voted on tonight.
- Look at the high level of obvious signs of that need to be questioned and compare from year to year. The Audit looks at invoices and can see why things are high or low.
- Out of our investment accounts, one is required to be able to give
- The one investment account is able to help offset the rent increase, when rents raise by university. It is there to benefit current residents.
- We will be dealing with less units, less income, increase in prices. The savings will maintain the affordability if possible.
- There should be an equation for a breaking point to account the income of 8 units vs. the investment to the building. Logistically there should be a time to stopping point to put money in. Boilers breaking down or water infiltration are non-negotiable of renting out units.
- Coming internal accounting regulations in June 2020 and 2021 revenue recognition will be newly implemented. This will require addition of heavy notations. This will not have an impact on us.
- Because of the size of our organization, we do not have control over gap financial disclosers. They look over these things.
- All three scenarios are given



CTC				
Rebate Information 7/1/2017-6/30/2018 Year				
Prepared: November 16, 2018				
6/30/2018 Profit	\$223,306			
Less Invest Income	(\$11,754)			
Less Unrealized Gain	(\$37,354)			
<b>Adjust 6/30/18 Profit</b>		<b>\$174,198</b>		
<b>Rebate</b>	<b>Oper Def Reserve</b>	<b>Tax Impl 30%</b>	<b>Total</b>	<b>%</b>
\$174,198	\$0	\$0	\$174,198	3.8%
\$125,000	\$38,000	\$11,400	\$174,400	2.7%
\$100,000	\$57,000	\$17,100	\$174,100	2.2%
<b>Member Rents</b>				
	\$4,604,458			
<b>Rent Increase 2017/18 2.7%</b>				
<b>PERCENTAGE SCENARIOS</b>		\$174,198	<b>PERCENTAGE SCENARIOS</b>	
Oper Def Res		\$0	Oper Def Res	
ESTIMATED TAX IMPLICATION 30%		\$0	ESTIMATED TAX IMPLICATION 30%	
<b>RENTS</b>		<b>3.8%</b>	<b>RENTS</b>	
156	1 BEDROOM	\$732.00	\$332	156
280	2 BEDROOM	\$974.00	\$442	280
24	3 BEDROOM	\$1,203.00	\$546	24
<b>TOTALS</b>		<b>\$188,762</b>	<b>TOTALS</b>	
LESS NM RENTS ADJ		\$14,564	LESS NM RENTS ADJ	
<b>ADJUSTED TOTAL</b>		<b>\$174,198</b>	<b>ADJUSTED TOTAL</b>	
<b>PERCENTAGE SCENARIOS</b>		\$125,000	<b>PERCENTAGE SCENARIOS</b>	
Oper Def Res		\$38,000	Oper Def Res	
ESTIMATED TAX IMPLICATION 30%		\$11,400	ESTIMATED TAX IMPLICATION 30%	
<b>RENTS</b>		<b>2.7%</b>	<b>RENTS</b>	
156	1 BEDROOM	\$732.00	\$238	156
280	2 BEDROOM	\$974.00	\$317	280
24	3 BEDROOM	\$1,203.00	\$392	24
<b>TOTALS</b>		<b>\$135,450</b>	<b>TOTALS</b>	
LESS NM RENTS ADJ		\$10,450	LESS NM RENTS ADJ	
<b>ADJUSTED TOTAL</b>		<b>\$125,000</b>	<b>ADJUSTED TOTAL</b>	
<b>PERCENTAGE SCENARIOS</b>		\$100,000	<b>PERCENTAGE SCENARIOS</b>	
Oper Def Res		\$57,000	Oper Def Res	
ESTIMATED TAX IMPLICATION 30%		\$17,100	ESTIMATED TAX IMPLICATION 30%	
<b>RENTS</b>		<b>2.2%</b>	<b>RENTS</b>	
156	1 BEDROOM	\$732.00	\$191	156
280	2 BEDROOM	\$974.00	\$254	280
24	3 BEDROOM	\$1,203.00	\$314	24
<b>TOTALS</b>		<b>\$108,360</b>	<b>TOTALS</b>	
LESS NM RENTS ADJ		\$8,360	LESS NM RENTS ADJ	
<b>ADJUSTED TOTAL</b>		<b>\$100,000</b>	<b>ADJUSTED TOTAL</b>	

- Giving 2.7% back would be a zero-net increase for 17-18. The current year did not have a rent increase.
- The rents will go up for FY19-20. If we save, then we can try to use reserves to supplement of.

Kate makes the motion to approve a patronage refund of \$125,000, 2.7% and approve the final draft audit.. Louai Second. Five (5) vote in favor. Zero abstain. Motion passes.

## Informal Discussion

### House Keeping

Replacement Board Seats (Action)

Do Yeon Hwang motion to approve Sofia Simeto to take the position of Paul Bigwood through June 2018. Fabian second. Five (5) vote in favor. Zero abstain. Motion passes

### Approve: Packet / Agenda / Consent Agenda

Kate makes the motion to approve the packet, agenda and consent agenda. Do Yeon Second. All Six (6) vote in favor. Zero abstain. Motion passes.

Assign Terrace Times – Due November 29<sup>th</sup>

Fabian volunteers to write article about the University Meeting Report. Kate will edit.



December Board Holiday Event (Action)

December 9<sup>th</sup> afternoon 1pm-4pm. Families. Just need to confirm for where.

**Meeting adjourned at 8:34PM**