



# COMMONWEALTH TERRACE

COOPERATIVE STUDENT HOUSING

## Commonwealth Terrace Cooperative

### Board Meeting – November 3, 2019

Meeting was called to order at 6:34PM at the CTC Community Center Building, Meeting Room

#### Directors Present:

Sofia Simeto  
Do Yeon Hwang  
Amer Al Homoud  
Brook Demissie  
Tamara Walsky  
Kiwoong You  
Byju Govindan  
Antony Maikur

#### Directors Absent:

Raghu Velagaleti

#### Also Present were:

Hadley Adkins, General Manager  
Scott Creer, HRL University Liaison  
Lindy Wirth, Marketing and Customer Support Coordinator  
Pat Larson, Accountant

Timekeeper: Lindy Wirth

Process Assistant: Amer Al Homoud

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

#### Approve: Packet / Agenda / Consent Agenda

*Byju makes the motion to approve the packet, agenda and consent agenda. Kiwoong Second. All seven (7) vote in favor. Zero (0) opposed. Motion passes.*

#### University Updates: Scott Creer –HRL

- Presents University Financial Requirements for fiscal year 2021 (proposed, subject to UMN Board of Regents approval), with percent increases for all categories: University Requirements (3.93%), Capital Renewal Reserve (4%), and Equip Reserve Requirement (2.0%).



# COMMONWEALTH TERRACE

## COOPERATIVE STUDENT HOUSING

- Significant University reinvestment plans is guiding the increases. The U estimates that 60-70 million dollars is needed to fulfill their pending, uncertain redevelopment plans on-site.
  - The University believes the University Financial Requirement increase of 3.93% is “not excessive,” due to the looming St. Paul Campus redevelopment plan, which schemes a drastic overhaul of the co-op but is undecided on any of the logistics. The 3.93% increase serves to begin augmenting the investment reserve for when the overhaul is enacted in the next 5-10 years (current, variable time estimate), rather than raising it significantly (i.e. 70%) at one point.
- The Financial Requirement has historically increased every year (upwards of 4+ percent), apart from one year during the recession between 2007 to 2009.
- The University Financial Requirement consists of the Capital and Equipment Reserves, and U of M’s Indirect Cost Recovery, and U of M Administrative Units Assessment
  - The Capital Renewal Reserve (4% increase; \$2,282,069) contributes toward paying for major, on-site projects indicated on the 10-Year Capital Plan.
  - Equipment Replacement Reserve (2%; \$84,566) contributes toward paying for the replacement of stoves, refrigerators, playgrounds, and other equipment.
  - University Indirect Cost Recovery (6%; \$151,052) pays for UMN Housing and Residential Life’s (HRL) costs working with the cooperative. This includes Scott’s salary and benefits, equipment and expensing items that are the University’s financial responsibility (i.e. roof inspections).
  - Administrative Services Units Assessment (1.75%; \$44,844) referable to a “University Tax.” All University services pay this assessment, which pays for University system wide and Twin Cities Campus services that are non-revenue generating (i.e. UMPD, Department of Environmental Health and Safety, EFS system, etc.).
- The 10-Year Capital Plan, which the co-op board received an updated version in September/October, projects a Reserve Balance in 2030 of \$27 million; however, this number only forecasts minimal expenditures, which is variable and dependent on pending redevelopment plans. Once the variables come into focus, the associated costs will be computed.
- Updates on Co-op Reinvestment + Redevelopment Plans
  - Currently, the Board of Regents and HRL are considering how a public/private partnership model could provide funds needed to reinvest in the area, and the extent to which these partnerships can meet the University’s own financial and housing goals. The University is also considering going into debt in the reinvestment of the property, which is how the U is financing the other projects included in the St. Paul Campus Plan. UMN Board of Regents will ultimately decide and finalize investment and redevelopment plans: next meeting on Dec.12-13,2019.



# COMMONWEALTH TERRACE

## COOPERATIVE STUDENT HOUSING

- The proposed plan is exploring the potential for alumni, staff, and faculty housing
  - This would expand CTC's current eligibility requirements to include a larger job code list.
  - Analyzing incorporating market rate apartments for faculty, staff, and other students with higher income, in addition to subsidized housing
  - However, there are hesitations to include paid UMN employees/faculty/researchers, as it contradicts the continued intention for the property to provide subsidized, affordable housing for graduate students (especially those with families): graduate students are unpaid, creating a greater need and demand for this service/accommodation
- The University follows their own unique codes and regulations in building developments. Scott shares that adhering to the U's internal standards makes development projects very expensive and, thus, restrictive in affordability.
  - The city has no governance over the University's redevelopment, buildings or anything done on University property, as in University discretion and compliance with the state. The University does not to adhere to city ordinances, such as being unlimited to building height requirements legislated in the surrounding city.

### **Draft Audit (FY18-19)- CTC Auditor Larry Davidson**

- Auditor's report finds that financial statements are in accordance with principles and standards; clean report, no issues found (page 1).
- Balance sheet comparing 2018 and 2019, show investments up slightly in 2019, and increased cash flow seen in dividend from 2018 (page 3).
- Statements of Revenue and Expenses (page 4):
  - Vacancies went down, receiving more money in 2019.
  - Other income (fees/penalties, service fees, investment income and realized losses, leases and rents) went down.
  - Unrealized gains right now in investments, realized once it is sold.
- Near zero net income
  - No rental rate increase last year, which reflects the unlikelihood of patronage refunds at the end of the fiscal year. Expected loss of \$68,000; yet, our diversified investments with Morgan Stanley shows a lot more gain this year (page 12)
  - Patronage is not recommended this year. More expensive to distribute and barely broke even where profits equal to the costs. Recommended the estimated ~\$5,000 of profit goes to Operations deficit.
  - U's Financial Requirement rates are going up 4%. Walters garbage removal 12% increase this year. Comcast and Internet going up. Some expense increases are uncontrollable, and some are fixed.
- Noticeable expense categories



# COMMONWEALTH TERRACE

## COOPERATIVE STUDENT HOUSING

- Significant amount for painting (interior and exterior) this year to catch up on needed work.
- Snow removal cost \$144,581 in 2019, about \$50,000 more than 2018 (page 15). Snow is uncontrollable and inevitable, yet it could be explored to mitigate the large expense (i.e. CSCC enlists residents to preserve resources).
- Community education can help reduce costs for pest control and grounds maintenance
- The University requires CTC to build in 2% (low) rent loss in the budget, last year was 1.6% (very good)
  - Must consider the 5 days between move-outs and move-ins for maintenance to 'turn' (clean, repaint, restore) apartments, which are unpaid rent days because it is not occupied
  - With looming redevelopment plans, there will be significant rent loss when taking units offline in order to demolish buildings and during the reconstruction of the new buildings. Correspondingly, this will cut some expenses, such as maintenance, with the reduction of units.
  - The rent loss during the reconstruction impacts operations expenses: our co-op wants to keep them online and keep income flowing in as long as possible, as opposed to the University's desired process. Ideally, the co-op wants to build new apartments in the area of recently demolished ones. However, we are at the mercy of the University, and University's style entails a complete overhaul, getting everyone out at once
- 'Miscellaneous' listed for Schedules of Expenses (page 16): please follow-up with an explanation of categories comprising of the miscellaneous grouping.

### Approve: Draft Audit (FY18-19)

***Tamara makes a motion to approve the Draft Audit (FY18-19). Kiwoong seconds. All seven (7) vote in favor. Zero (0) opposed. Motion passes. Draft Audit is signed by Board of directors Chair, Amer Al Homoud and Hadley Adkins, General Manager.***

### Informal Discussion

- Gas Issue in Building 6: not operating for 17 days, restored fully on Nov. 18<sup>th</sup>.
  - It cost more than \$10,000 to replace and resolve the issue, in which the cooperative is billing the University for the amount
  - Residents affected will not be compensated: the heat was managed to preserve the space as livable; CTC maintenance and contractors worked diligently to get fixed as soon as possible; and the Kitchen in Community Center was made accessible in the meantime.
    - It is arguable that even personally owned Renter's Insurance would provide restitution, being that the space was livable (essentials provided



# COMMONWEALTH TERRACE

## COOPERATIVE STUDENT HOUSING

- with no direct health/safety hazards) and hired professionals were actively working to resolve as soon as possible.
- Scott explains University's policy that if the space is livable and safe, then rent is charged; if it is not livable, then not chargeable for rent. Rent credits become subjective, in which the University is willing to relocate individuals but not provide rent credits. It is acceptable to provide additional services (such as hiring carpet cleaners) to resolve the issue to restore the condition and provide accommodation to the resident.
  - Recent Tree Removal: a few trees were recently removed throughout the co-op on the recommendation of UMN Land Care, as dying or diseased.
    - The primary goal is not to remove trees unless necessary and to replant trees as much as possible.
    - As trees are removed, the co-op works with Land Care to be intentional about replanting trees within property and only around phase IV buildings to accommodate the future, known/unknown redevelopment of the property. The primary purpose of this to be mindful of the maximizing the tree's longevity and not necessarily cost, as there are programs for free trees that occasionally apply to the University.
  - A resident household name card removed from mailbox; address was deemed vacated somehow and mail wasn't delivered for two weeks.
    - Name must be in mailbox. Potential mix up in address/box number and mistake on carrier's end, as CTC has not had a consistent mail carrier since July. USPS has not assigned our community a mail carrier, in which there is a new mail carrier every day.
    - Last year, there was an influx of issues pertaining to residents not checking/clearing mailbox out weekly, in which the mail carrier claimed the household to be 'vacant' upon seeing the mail build-up, taking mail to the post office and deeming the address as undeliverable until resident went to post office to sort out the confusion.
  - Parking Policy proposal from Operations Committee: Resident vehicle registration
    - (#1) Solution to address to the following concern: parking permits being in cars of non-CTC residents (either sold or given away to friends)
      - Registration of resident vehicles must be proven at time of receiving a parking permit (both first and second). Resident must prove the authenticity of ownership, providing a title, vehicle insurance, or proof of payment that matches and corresponds with the vehicle's description and respective resident's name.
      - CTC Management team needs time to write policy for registration and determine process for obtaining proof to validate all currently registered vehicles



# COMMONWEALTH TERRACE

## COOPERATIVE STUDENT HOUSING

- Educate residents to not allow friends' use of the passes, better informing the community how it is negatively affecting neighbors
- (#2) Solution to address the following concern: Visitor Parking Policy – with required registration, there might be an increase in 30-day visitor pass purchase.
  - CTC Management will be diligent to watch for patterns of those who purchase the 30-day visitor pass for friends to park and go to school or anything that seems unusual. If it comes to the notice, it will result in penalizing the concerned CTC resident who assisted parking violations.
- (#3) Solution to address the following concern: Many cars that do not belong to residents park near Commonwealth Ave on Knapp and Fifield Ave. In addition, residents who live at the west or south side of property also move their vehicles to this location, likely to park closer to campus. In combination, residents of Knapp and Fifield do not have access to parking spaces close to their homes.
  - Implement an exclusion, pilot zone in the troublesome areas of Knapp and Fifield (Ward 3 and 9). Only residents with registered vehicles of Ward 3 and 9 can park in the zoned area – Fifield Ave north of Community Center and the small Knapp area south of Ward 3 – receiving colored permits to distinguish their rightful access. After implemented, there will be a two-week window of leeway where violators will receive warnings. After two weeks, violators will be ticketed.
- Proposal Conclusions:
  - The final solution (#3) of the exclusion area needs a complete analysis before implementation in consideration to execution logistics (i.e. cost of new permits and monitoring, communication roll-out) and the overall impact it will have on the community and office.
  - Registration of cars for entire community holds validity. Acquiring this registration from all currently registered vehicles will be difficult, especially on the office's productivity; however, the coordination can be arranged. CTC Office will work in phases to obtain registration to alleviate the strain on administration.

**Approve: Proposed Parking Solution #3: Resident Vehicle Registration for exclusion, pilot zone. Kiwoong makes the motion to approve the proposed parking solution calling for resident vehicle registration pilot zone. Tammy Second. All seven (7) vote in favor. Zero (0) opposed. Motion passes.**

### Resident Voices

- No residents in attendance to provide feedback or Q/A section.

### House Keeping

- Assign Terrace Times article due December 2<sup>nd</sup> – Written by Amer



# COMMONWEALTH TERRACE

COOPERATIVE STUDENT HOUSING

- Synopsis of University Requirements, Improbability of Member Rebates, Review of Audit
- December Board Strategic Planning
  - Planned for December 18<sup>th</sup> for 6:30-8pm
  - Resident voices for future issues
  - Clarification of 'Miscellaneous' grouping in audit report
  - Board of Regents meeting recap/discussion from Dec. 12-13

Meeting adjourned at 8: 30PM