



COMMONWEALTH TERRACE

COOPERATIVE STUDENT HOUSING

Commonwealth Terrace Cooperative

Board Meeting Zoom Meeting – November 18, 2021

Meeting was called to order at 6:33 PM - Via Zoom

Directors Present:

Tanner Deeds
Dami Mofikoya
Ryan Johnson
Sofia Simeto
May An
Senanur Avci Tosun

Directors Absent:

Amer Al Homoud
Laura Eckhardt

Also Present were:

Shanea Amundson , Executive Director
Patrick Broderick, Operations Manager
Scott Creer, HRL University Liaison
Lindy Wirth, Marketing & Customer Support Coordinator
Erica Torkelson Flaherty, Accountant
Jeff Ciesynski, Facilities Manager
Munkh-Erdene (Muugii) Bayarsaikhan, CTC Resident
Tiffany Shermak, Auditor

Timekeeper: Lindy

Process Assistant: Tanner

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

Approve: Packet / Agenda / Consent Agenda

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

Scott Creer/HRL- University Updates



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- [University Report FY 23 Requirements](#): Increasing by 4%, to build a reserve for undetermined redevelopment. Requirements are made up by reserves (buildings), University Cost recovery (UMN Housing holds for expenses, like roof inspections, anything not spent goes to reserves), and administrative (tax on all university services that generate revenue, pays for all core services that do not generate revenue, like department of health and safety and UMPD).
- The more money required now in the reserves will help maintain affordable rates in the future once redevelopment occurs/finishes
- University will start building up reserves for future undetermined redevelopment of the cooperative with no clear time frame (but probably not sooner than 5 years), by raising the requirements and thus the rent of today's residents, and at the same time, not investing in One bedrooms and two bedroom split model buildings/areas in CTC due to the pending redevelopment plans.
- Residents may ask, "why are you increasing my rent when my salary isn't increasing?" To which the answer is that they are unrelated: UMN Housing must generate all necessary revenue and must plan to meet that, whereas, salary is based on tuition, grants, etc.

Community Voices

- No community voices from the community at large
- Considering the lost child in community two weeks ago (found safe now), where is the SMS Text process/progress?
 - Not officially announced to the community to opt-in for texting (required to individually opt-in).
 - Revisit the policy/all scenarios that would be appropriate to send texts. Possible to then include in upcoming handbook update.
 - Sending text if CTC staff member isn't in-office/readily available? Note delay, or set up system?
 - Could we partner with UMPD to send it? Do they send texts at late-night hours? UMPD has clear requirements and will send if helpful. Scott expresses uncertainty for CTC incorporating SMS, as it could differ in requirements/texts than UMPD and could hinder the investigation. Neighbors are also already doing this on their own via social media/groups.
 - CTC has an on-call, emergency maintenance technician
 - Example of promoting in a previous neighborhood: go door to door, explain what it's about, gather phone numbers.

Audit Review - Tiffany Shermak, Morgan Stanley

- Letter: Communicate to the board to anything to draw the board's attention to
 - Accounting new standards
 - Accounting Estimates: areas of the financials have some judgement,
 - Accounts receivables (monthly charges assessed to residents),
 - Then there is an allowance set up for when that amount isn't fulfilled (occupancy/vacancy, late payments, etc.)
 - The depreciation for assets (University owns land, buildings).



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- Fair value of investments: some are more stable than others, or easier to know what that value is.
 - Lastly, the co-op's reserves, which are used for times of uncertainty, and determining what is an adequate level in case of an emergency.
- Did not experience any significant difficulties.
- Any uncorrected items? Differences that were not adjusted or recorded, because they didn't rise to the level of needing to be recorded/corrected
 - Accrued vacation for paid management employees. Not currently but plan to incorporate in the future
 - Accounts receivable for uncollected amounts, slightly understated due to COVID
- After the board approves the audit, MGMT will confirm all is correct and everything pertinent has been given to auditors.
- Looking into Financials
 - Page 1: independent report, states the role of MGMT and the audit, heading of opinion: overall very good.
 - Balance sheet:
 - 10% increase, it is all in investments. Drop in markets when COVID hit and have risen back up.
 - Prepaid expense changed, increased by \$13,000. Usually the co-op has income tax owed, yet this year it was pre-paid. And at the end of the year, there wasn't anymore owed, liability for taxes.
 - Equity up by 6%
 - Liabilities up by 5.5% (mostly for security deposits)
- Statements of Operations:
 - Total Net Income dropped 1%. Rental rates didn't increase; Vacancy loss almost doubled (rental housing/pandemic, expected to bounce back)
 - Investment Income and realized losses: unrealized gains, why the investments went up so much
 - Accounting standard change: now unrealized gains will be under "other income"
 - Total income went up by 2%
 - Expenses up 4/10%, were kept very controlled.
 - We owe less in taxes; we don't get taxed until the investment sells. Unrealized gains = not taxable yet
- Cash Flow Statement:
 - Day to day operations
 - Reserves used during the year, leading to a minimal decrease
- Footnotes:
 - 1: Explains nature of business and significant accounting policies. Should stay the same every year; very standard.
 - 2: Adoption of the new accounting standard, and revenue from contracts with customers. Changed for every entity, had to look into revenue recognition.
 - 3: Types of investments that the co-op has. This shows how much risk, income, or equity the co-op has.
 - Breakout of investment income: will be corrected in final version for unrealized gains.
 - 4: University Reserves
 - 5: The board took action last year to set aside more money for the General Operating reserves



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- The total of \$318, 164 is the combining of 3 accounts to one for clarity moving forward. These 3 accounts are all reserves from the University established in years past.
 - 6: Equipment net is ~\$80,000; doesn't have much fixed assets.
 - 8: Uncertainty: speaks to COVID
- Breakdown on expenses:
 - Very stable from last year
 - Shows where accounts are held
 - Accrued expenses: Some additions this year, mostly technology related
 - Reserves
- One deficiency: Common for businesses this size, but the co-op lacks (external) control of financial reporting process. Management relies on auditors to put this together, as MGMT resources must be allotted in other more useful ways throughout the year
- Financial stability for co-op: investments and reserves are really encouraging/half million in cash provides stability. Shanea taking over as the Executive Director is also helpful to continue course with her experience and expertise. Erica, CTC Accountant, is also a strength.

Ryan makes the motion to approve the audit. Sofia seconds. All five (5) vote in favor. Zero (0) opposed. Motion passes.

Committee Liaison Update (2 minutes allotted)

- Operations Committee: Laura and Amer both absent
- Operations updates from Shanea: survey to community to get opinions on best communication, need/want for updated amenities/playgrounds. October: master campus plan, relayed discussion from board meeting to operations meeting

Executive committee – updates/suggested future agenda items – policies, future issues, events, community concerns etc.

- Plan to discuss SMS Text Messaging in an upcoming meeting, likely after budget/audit
- December Board Meeting/Social - December 16 (6:30 pm):
 - Rather than cancel the meeting outright, wanting to do a short training on budget to prepare/eliminate any confusion during the budget meeting in January.
 - Board Social: idea to cater food to Community Center.
 - December is a busier time with finals/travel/family, on top of risk of covid spread
 - Hold off for December and try to plan something for the new year
 - With postponing the social, we can schedule the social on a day that works for all members
 - No executive meeting in December; training should take about an hour.

Sofia makes the motion to approve the finance training on December 16 at 6:30. Ryan seconds. All five (5) vote in favor. Zero (0) opposed. Motion passes.



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Election of the new board member, Munkh-Erdene (Muugii) Bayarsaikhan.

May makes the motion to electing Munkh-Erdene to the board of directors (Term FY 2021-2023). Dami seconds. All five (5) vote in favor. Zero (0) opposed. Motion passes.

Sena motions to adjourn the meeting. Ryan seconds. No objections. Meeting adjourned at 7:44 pm.