

Commonwealth Terrace Cooperative, Inc.
Board of Directors
Meeting Minutes
November 21st, 2017
6:00 pm – 7:55 pm

Present:

Absent:

<input checked="" type="checkbox"/>	Grace Bell	Board President	<input type="checkbox"/>
<input checked="" type="checkbox"/>	Michael Herrmann	Board Vice President	<input type="checkbox"/>
<input checked="" type="checkbox"/>	Paul Bigwood	Board Treasurer	<input type="checkbox"/>
<input checked="" type="checkbox"/>	Matthew Young	Board Secretary	<input type="checkbox"/>
<input checked="" type="checkbox"/>	Jaddy Yuhong	Board Director	<input type="checkbox"/>
<input checked="" type="checkbox"/>	Guisheng Zhang	Board Director	<input type="checkbox"/>
<input checked="" type="checkbox"/>	Dustin Chernick	Board Director	<input type="checkbox"/>
<input checked="" type="checkbox"/>	Kate Sammons	Board Director	<input type="checkbox"/>
<input checked="" type="checkbox"/>	Javi Monardez Popelka	Board Director	<input type="checkbox"/>
<input checked="" type="checkbox"/>	Scott Creer	Housing & Residential Life	<input type="checkbox"/>
<input checked="" type="checkbox"/>	Hadley Adkins	General Manager	<input type="checkbox"/>
<input checked="" type="checkbox"/>	Shanea Schmelling	Operations Manager	<input type="checkbox"/>

Total: 12 Present, 0 absent

Guests Present (Focused on Resident Voices):

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Meeting Rules

1. Raise hand to speak
2. Two minutes per person
3. Give everyone a chance to participate
4. Stay calm, be respectful and do not get personal
5. Stay at the meeting (even if you get upset)

Meeting Preparation

1. Please read all documents in board packet in advance
2. Please let the group know in advance if you will be late or cannot make it to the meeting

5:30pm General Manager will be available to discuss any agenda item or call and set appointment if it works better

6:00 - 6:05 Welcome, Choose Time Keeper and Process Assistant

Timekeeper: Kate Sammons

Process Assistant: Michael Herrmann

6:05 - 6:32 Scott Creer, University project updates

- I. Requirement:
 - a. The University requirements for FY18-19 includes an overall 3% increase from FY 17-18. This money will be used for the capital plan budget.
 - b. The two-bedroom splits have not been put in the budget yet. Once the estimated numbers come back for the two-bedroom renovation costs, the FY19-20 budget will include the required money.
- II. Capital Projects for FY 18-19:
 - a. Two-Bedroom Split Building Study – \$75K –Met with Codes Office, Waiting for Report.
 - b. Replacing Gas Lines Between Buildings – \$350K – Pre-Bid Process Underway
 - c. Replace Electrical System - \$700K (HRL Cost)– Currently In the Midst of Bidding Process (\$2.8 Million Project)
 - d. Replace Phase IV Roofs - \$600K – Pre-Bid Process Underway
- III. Graduate Student Housing Survey – Survey Closed Friday 11/10/2017
 - a. Responses were given by more females, but the survey is still very representative of the graduate student population.
 - b. Notes from the survey show total graduate student & total graduate student with families populations. Approximately 59.7% of families came from somewhere outside of the Twin Cities. We would want to capture on average 1500 people as a target market.
 - c. Price points are found the at bottom of the notes section. This differs greatly from what undergraduates pay, for a variety of lifestyle reasons.
 - d. What actions will be taken by HRL based on the results? HRL will form questions when the Two-Bedroom split study comes back.
- IV. CTC/CSCC Resident Satisfaction Survey – Results Attached
 - a. The Board wanted to know if Scott felt that the number people who responded proved comparable to past years.
 - i. The numbers for this year were comparable to last year, Scott reported.

- b. Matthew asked if more questions could be asked to residents about how they would like to expand certain types of infrastructure or what areas they are interested in pursuing for cultivating residential life.
 - i. It would be a matter of offering specific, quantitative cost ranges for residents to consider when answering questions around future project ideas, Scott noted.
- c. More domestic students filled out the survey than did the international student population.

Michael makes a motion to move the Housekeeping and approval of packet after Investment Portfolio Management proposal presentation by Morgan Stanley Team. Javi seconds. 8 approve, 0 opposed.

6:32-6:35 Resident Voices – (2 minutes allotted) No Residents Attend

- I. A one-page document regarding residents' concerns with fertilizer and chemical applications was discussed. More future actions on parameters of such applications will need to be discussed, the Board noted.
- II. Kate highlighted a concern from a resident about winter parking problems, including the lack of parking spaces and concerns about those who do not shovel parking spaces.
 - a. Dustin, Javi, and other Board members raised such questions as: Why were the individual parking spaces retired? Hadley and others suggested that it was an effort to limit the extra work on management and ward rep time for managing the people not parking correctly. There are additional concerns about the cost to paint numbers frequently, they stated. The Land Care team has a priority list of how and where to plow, they explained. The team starts with Staff parking, salt and sand, and then cleans out gaps of parking throughout the property, they added.
- III. Michael and others brought concerns from a resident about how CTC is managed from the office side, specifically regarding how the office enforces and fines people for property violations.
 - a. From the Management side, it is not about the money, Hadley suggested, but rather it is about pursuing compliance of our residents for following policies, rules, and regulations.
 - b. Board members decided to table the conversation for the November meeting and to bring it up for discussing and approving the fees and fines via either an email thread or by the December 2017 Board meeting.

6:35—7:15 Investment Portfolio Management Proposal- Presented by Morgan Stanley Team

- I. Introductions of Each Board Member to the Morgan Stanley team.
- II. Sample packet and agenda given by the Morgan Stanley team, including Charles, Kelsi, and Alex.

- a. The Team gave their understanding of what CTC is as an enterprise and they expressed their excitement about the CTC mission and values. They think Morgan Stanley's SRI experiences would be a good fit in terms of supporting CTC goals.
- III. Morgan Stanley is a large investment firm that works in two main areas, including Investment Banking and Asset Management. There is a large demand for this type of investment, the team shared. They are the most competitive amongst Wall Street firms and they are trained to look at impact investment and sustainable investments, they added.
- IV. These include sustainable investments that make financial sense, they noted. Below are what they see fit for the two portfolios CTC currently has:
 - a. First portfolio: (Rent fund): Some growth opportunities exist, but with overall safe investments. Some risk remains, but they would be low risks. The portfolio would consist of a diversified mix of bonds, low risk equities, and more. The average rate of return would be 2-4%. Morgan Stanley would aim to buy bonds via community development types of investments via firms supporting higher wages for workers, etc.
 - b. Second Portfolio: There would be moderate risk, including some equity investments mixed with some bonds. Impact investment reporting is still being determined, but one report is shown. A Trillium Management-led option features moderately mixed stocks, bonds, and mutual funds. The Morgan Stanley team seems very interested to allow for maximum input from the Board to review and vote on preferred ESG criteria for investments.
- V. Cost: There would be a proposal of charging for advisory services- Morgan Stanley would receive an advisory cost of upwards of 1-2% annually of what the Board investments earn. Individual asset managers would have an additional cost directly paid to them. The team expressed this awareness and said they wanted to keep costs as low as possible. The team also offered to provide education when we need or want it for more impactful investment decisions.
- VI. The Morgan Stanley team said that they could move accounts quickly, specifically within a two-week timeframe, if the Board opts to move forward with Morgan Stanley. CTC assets would stay as investments rather than as holding money and then have to be put back into the investment market.

7:15-7:47 House Keeping:

1. Assign December Terrace Times Article-Due November 30th
 - a. Grace & Michael volunteered to co-write about maintenance tips for parking, winter safety tips, etc. The draft would be then sent to the rest of the Board for review.
2. Schedule Board Holiday Event
 - a. The Board decided that the Holiday Gathering will take place on Saturday December 9th, at the CTC Community Center and starting at 5pm. Grace and Shanea said that they will work on details together.

3. 2017 Season CTC Gardeners Group in Review:
 - a. A survey was given to all gardeners. Deadline to submit will run through December 1st. The summary of results from those who have responded to date reveal that more than 60% of gardeners grew on average 5-10 crops; that community gardeners most liked the accessibility of their plot by more than 55%; that 44% of community gardeners were broadly dissatisfied with soil conditions; and that more than 78% of gardeners either sometimes or never went to community garden social functions.

7:47 – 7:48 Approve: Packet / Agenda / Consent Agenda

-This is add or drop time only leading to an up or down vote. Any concerns or questions with the packet should be attended to during monthly reading of the packet prior to the meeting. (Financial, Management Report, Meeting Minutes, Committee Minutes, etc.) Address questions to Exec Committee or GM.

Dustin motions to approve the consent agenda, agenda and packet; Matthew seconds; 8 approve, 0 opposed.

7:48—8:02 Review (FY 18-19) Draft Operating Budget/Fee Schedule and Revised Capital reserve Allocations

- I. Hadley and others said that they would like to roll out the new fee schedule by January 1st, 2018 so that every resident would be on the same page with the New Year and community enforcement starting at the same time.
- II. Board members discussed that they would send these updates out to everyone with the *Terrace Times* in order to explain why this change is moved up from July 1st and the start of the fiscal year.
- III. Kate asked, “Why is the membership fee \$250 and what is it used for?” Hadley explained that membership fees go towards events and the gaps with wards not being cleaned well and there being a need to hire services. Such funds are put in the Operations budget.
- IV. The Board decided that they are not ready to vote, and they suggest to look at this fee schedule in more detail by December. They will plan to vote on this in January with the budget for the new fiscal year.
- V. Hadley reviewed the latest draft of the Revised Capital Reserve Allocations, which all of the Board members agree to and approve of in structure and funding amounts.

Michael makes a motion to approve the revised Capital reserve allocations 2017-2018. Dustin Seconds. 8 approved; 0 opposed.

Michael makes a motion to approve and support CTC Management to proceed with legal and tax counsel for requesting a 2-year planning collaboration with University of Minnesota officials in reference to the future of Commonwealth Terrace graduate student family housing facilities and our management agreement. Matthew Seconds; 8 approve, 0 opposed.

Informal discussion – Executive Committee- Updates/Suggested future agenda items- policies, future issues, events, community concerns

Email:

Terrace time article feedback when written

Fees and Fines schedule

8:05 Close Board Meeting

Next Board Meeting:

**Saturday December 9th-Holiday Gathering
CTC Community Center, 5 pm Start Time**

Enclosures:

Investment Management Materials – Morgan Stanley

Draft Operating Budget (2018-2019)

Proposed Fee Schedule (2018-2019)

Revised Estimated Capital Reserve Allocations