

Commonwealth Terrace Cooperative, Inc.
Board of Directors
Meeting Minutes
September 26, 2017
6:03pm – 8:00pm

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 type="checkbox"/>	Shanea Schmelling	Operations Manager	<input checked="" type="checkbox"/>

Total: 9 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

6:03 - 6:05 Welcome, Choose Time Keeper and Process Assistant

Timekeeper: Javi Monardez-Popelka

Process Assistants: Michael Herrman & Kate Sammons

6:05 - 6:17 Scott Creer, University project updates

- I. Starting of contract with Bush Architects
 - a. Focused on Assessing 2-BR Split-Building Study With Plans to Meet Scott, Jeff (Facilities Manager), & Hadley By the Following Week
 - b. Largely Focused Around Square Footage Assessments, etc.
- II. Capital Project Construction Slated for Fall 2017, But More Likely to Start Spring 2018
- III. Graduate Housing Survey To Be Distributed by Late October 2017
 - a. Survey Will Evaluate Trend-Line, Longer-Term Residency Rates, etc.
 - b. Javi Asks Scott Follow-Up Questions on Recipients Survey, & Scott Answers that Approximately 5,000 of 12,000 Total Graduate Students Will Receive Survey with An Estimated 1,500 Respondents.
- IV. Survey for CTC Residents Will Also Be Sent in Late October 2017
 - a. Kate Asks About Nature of Questions to Be Plotted in Survey, & Scott Answers that He and Team Would Be Open to Feedback on Metrics, etc.
 - b. Scott Elaborates on A Preference for "Harder Data" Questions versus "Hodge-Podge" Open-Answer Questions. a
- V. Dustin Poses A Follow-Up Question on Status of 1-BR Units; Scott Answers from An Angle More About "An Interest to Divest from Further 1-BR Unit Installations."

6:17-6:31 Resident Voices – (2 minutes allotted)

Two Adult Residents and One Child Resident Visited. One of the Adult Residents Expressed Concern Around A/C & HVAC Units Making "Strong Noises" During Inconvenient Times. Hadley Answers About Potential Interest with Jeff & Scott About Turning A/C & HVAC Units Offline During Select Hours (11:00 pm-7:00 am).

Dustin Responds with Words of Support, But One Resident Pushes on a “Lack of Response on Solutions” Being Currently Offered. Michael Proposes a “Transfer of Living Space,” which could amount to an additional \$400 in expenses. Hadley Adds About An Interest to Continue Problem-Solving with Jeff & Scott. Scott Discusses About an Engineering Study Needed, As Well As Ducting & Other Technical Procedures Needed to Be Done. The Current Noise Likely Stems from A Nearby Condenser, Resident States & Scott Reasons is Likely to Be The Case.

Afterwards, Michael Asks About Opportunity for CTC to Reclaim Project Responsibility to Scott. Scott States that UMN Housing & Residential Life Is Required by Minnesota State Law to Follow Purchasing & Contracting Process. Scott Recounts Example of Phase-IV Housing Debacle Years Back, Wherein CTC & UMN Housing & Residential Life Paid \$9.5 million in mold removal and cleaning.

6:31-6:38 House Keeping:

1. Assign October Terrace Times Article-Due September 30th
 - a. Paul Volunteers to Write & Pitches Some Ideas Around Increasing Community Involvement
2. Sign Conflict of Interest Policy & Board Agreement

6:38 – 6:40 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.

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

6:40—7:22 Investment Portfolio Management Proposal- Presented by Creative Planning

- I. Introductions of BOD Members to Tia, Director Institutional Services of Creative Planning
- II. Background of Creative Planning, Founded in 1983 & With \$27 Billion of Assets Under Management
- III. Creative Planning (CP) Splits Services Among Strategic Consultation, Portfolio Management, Fiduciary/Investment Education, Custom Reporting, & Other Professional Support.
- IV. CP Highlights Recommendations of Investment Policy Development from Discovery Stage (e.g. Risk Concern, Asset Class, Benchmarks) to Recommendations Stage (e.g. Capital Market Assumptions, Stress Testing, Asset Allocation) to Approval Stage (e.g. Board Approval, Finalize IPS, etc.)

- V. CP & “Can Active Managers Beat the Benchmark?” Across Investment Sizes and Across One-Year and Five-Year Spans—Likely Conclusion: Not The Best Odds in Beating the Benchmark.
- VI. CP & The Benefits of Diversification
 - a. Tia Discusses How Indexes from S&P 500 Index through Russell 2000 Value Index Diversified Lead to Increased Annualized Returns from 5.4% to 7.6%, Growth of \$1 Return, & More As One Adds More Investments Across Indexes.
 - b. Michael Asks if There Are Cost Differences Across Portfolio Types, & Tia Answers There Are No Cost Differences.
- VII. CP & Asset Allocation
 - a. Tia’s Colleague, Scott, Discusses the Outlook for Fixed Income Investments of 6% Endowment Investments in International Equity, 14% of Endowment Investments in U.S. Equity, 2% of Endowment Investments in Alternatives, and 76% of Endowment Investments in Fixed Income.
 - b. Kate Asks About Status of Fixed or Hypothetical Nature of Investments; Tia Answers on the Hypothetical Nature of the Investment Plan.
- VIII. CP & Fees
 - a. Tia Highlights Advisory Fee, Fund Expense, & Custodial Fee Costs Which Could Add Upwards of \$11,000 Annual Fee or \$24,677 Current Fee Listed, Compared With Estimated Current Fees of \$19,000 for CTC Endowment Investments.
 - b. General Q&A Opens Up: Matt Asks About Nature of “Green” and SRI Investment Roles in Proposed Investment Groups, & Tia Answers that This Represents a Basic-Level Portfolio But Opportunities Are Open for Including More “Green” & SRI Investment Roles in The Future.
- IX. Tia Discusses Next Steps for Consultations & Signing On to CP Investment Leadership & Management. Hadley Mentions About One Other Firm Soliciting Interest for CTC Endowment Investment Potential.

7:22—7:43 Capital Reserve Allocations

- I. Highlights of CTC Capital Reserve Projects During 2017-2018 Ranging from Eco-Community Building (\$400,000), to Landscape & Environmental Designs (\$100,000), to Community Center Updates (\$15,000), to Sustainable Improvements (\$120,000), to Community Child Care Center (\$35,000), to Co-op Rebranding & Marketing (\$35,000) Leads to **\$705,000** Total in Costs.
- II. Hadley Mentions “Hex House” Project Installation Interest from Architects for Society as a Donated Structure; Hadley & Others Bring Up the Costs of Permitting, of Reviewing Zoning Needs, & More.
- III. Javi Mentions About the Opportunity to Incorporate Additional Pergolas, While Michael Adds Discussion Around Renting Out “Hex House” to Visiting Families.
- IV. Kate, Javi, & Grace Ask About the “Binding Nature” of Current Draft of Capital Reserve Allocations, & Hadley Answers There is No Binding Nature.

Paul motions to approve 2017-2018 Capital Reserve Allocations; Javi seconds motion; 8 approve, 0 opposed.

7:43 – 8:00 Informal discussion – Executive Committee- Updates/Suggested future agenda items- policies, future issues, events, community concerns

- I. Kate Asks About Concerns Around Offering Residential Units for Rental Policies, & Hadley Clarifies on Entrenched UMN Policies Which Block Non-Student Residential Use.**
- II. Paul Asks About Pitching Additional Ideas for October Terrace Times article, Including Details on Communicating Capital Reserve Allocation Projects, Greater Awareness for Residents on Ward Activities, etc.**
- III. Javi Proposes Ward Management Discussion for Next Meeting, Dustin Proposes “Neighbor Night” Ideas, Paul & Others Highlight “Ward Rep Orientation” Gathering, & Michael Talks About Interest from Ward 5 Rep Locke Newell About Ward Reps Receiving \$50/Month Compensation for Duties.**

8:00 Close Board Meeting

Next Board Meeting: Tuesday October 24th, 2017 at 6:00 pm, CTC Community Center Fireplace Room

Enclosures:

**Conflict of Interest Policy & Board Agreement
Investment Management Proposal Materials – Creative Planning
Proposed Capital Reserve Allocations**