

**California State University Channel Islands  
SITE AUTHORITY**

**Minutes of  
Special Teleconferenced Meeting  
July 26, 2004**

The California State University Channel Islands Site Authority met via teleconference on Monday, July 26, 2004. The Special Teleconferenced Meeting was held pursuant to Government Code Section 11123 at the Training Room of the Administration Building, California State University Channel Islands (CSUCI), One University Drive, Camarillo, where the session was audible and open to the public. Vice Chair Craven served as Acting Chair for this meeting in the absence of Chairman Jim Considine. Acting Chair Craven presided and called the meeting to order at 11:32 a.m. Roll call was given and the following members were present.

Members Present:

Charlotte Craven

Members Present Via Phone:

Kathy Long  
Linda Parks  
Richard Rush  
Richard West

Others Present:

Joanne Coville, CSUCI  
Elizabeth Velasco, Secretary to the Site Authority  
Deborah Wylie, CSUCI

Others Present Via Phone:

Karen Carr, Legal Counsel to the Site Authority  
Richard Hiscocks, Bond Counsel, Orrick, Herrington & Suytcliffe, LLP  
Dennis Hordyk, CSU Chancellor's Office  
Steven Lam, Unidev  
Jeff Minter, Unidev  
Todd Mitchell, Orrick, Herrington & Suytcliffe, LLP  
David Rosso, CSU Chancellor's Office  
Elvyra San Juan, CSU Chancellor's Office  
Robert Whalen, Orrick, Herrington & Suytcliffe, LLP

The public comment period was opened pursuant to Government Code Section 11125.7.

Acting Chair Craven called for comments and hearing none closed the public comment period of the CSU Channel Islands Site Authority meeting.

Ms. San Juan presented Item 3, Approval of Guaranteed Maximum Price (GMP) for Phase 1C Vertical Construction. A full written report was provided to the Board members in advance along with Amended Resolution No. SA 04-05-01, A Resolution of the California State University Channel Islands Site Authority Approving the Guaranteed Maximum Price (GMP) Phase 1C Vertical Construction. This item is for approval of a new GMP for Phase 1C, which is a combination of 158 rental units and 86 for-sale homes. In May, the Site Authority approved a GMP of just over \$41.352M for Phase 1C. Staff noted at that time that the price was higher than budgeted and that materials cost escalation was a driving factor. Unfortunately, soon after the May meeting, Brookfield indicated that they could not enter into a contract at the \$41.3M price due to confirmed increases in the costs of construction materials. The increases have been particularly acute in lumber, steel and concrete. Therefore, instead of entering into the agreement with Brookfield, staff and Site Authority consultants have been negotiating revised contract terms to enable the Phase 1C project to move forward. The most significant changes to the agreement with Brookfield include the increases to the cost of construction and the inclusion of a commodity price escalation program. The concern from Brookfield was that material price increases from suppliers had not yet stabilized. So, as part of the negotiation process, Brookfield was asked to go back to their subcontractors to solicit firm prices that would hold for fifteen months. This resulted in a price increase from \$41,352,494 to \$44,819,800, an increase of approximately 8.4% or \$3.5M. Ms. San Juan noted a correction to the revised cost of construction on page 2, second paragraph, of her report changing the figure from \$44,815,254 to \$44,819,800 based on the latest Design/Build Agreement being circulated for final review. The second major point of negotiation was how to address further mitigation of material price increases for both the Site Authority and Brookfield. As a result, the contractors and subcontractors agree to absorb 3%, the Site Authority agrees to absorb 10% (this is a correction to page 3 of the report that indicates 7%) which would be funded by contingency, and the agreement will include that subcontractors that impact the critical path will obtain a payment and performance bond, or a line of credit. In addition to the modified agreement provisions, Ms. San Juan further explained that the cost proposal for the increased GMP does not increase the bond sizing for the rental bond as previously presented and authorized by the Board. However, a small increase in the amount of the for-sale construction bond has resulted partly from the increased GMP, and partly from other financings. Home prices could increase as much as 9% to replenish the contingency, which could be reduced by increased costs under the revised GMP and financial plan. Even with the possible increase in home prices, the average price of the homes will remain at less than 75% of the market prices for similar homes in the area. Staff recommended that the proposed resolution with the correction of the amount to \$44,819,800 be approved.

At the conclusion of Ms. San Juan's report, Ms. Craven called for board members' comments and questions. Mr. West asked if the contractor was ready to proceed with the project and Mr. Minter replied affirmatively. Ms. Long inquired about the impact on the rentals and Ms. San Juan indicated that the rental prices would remain the same and that the single family homes were taking the majority of the increase. Mr. West then asked about the construction schedule and Mr. Minter responded that there is a 14-month construction period and, if construction began immediately, the first units would be available in July 2005; cluster homes first, followed by townhomes, then single family homes. Dr. Rush requested that the projected sale prices be sent

to him and Ms. San Juan agreed to do so. Ms. Parks explained that she had voted against this resolution at the May 10, 2004 Site Authority meeting because the cost for sprinklers was not included in the price. She then inquired if any other board members felt this was an important issue. Ms. Parks also asked how much it would cost to sprinkle the town homes and Ms. San Juan responded that the cost to install sprinklers has gone up from the prior estimate of \$4 – 6K per home to \$10 – 12K per home with a total cost exceeding \$1M because we would have to stop to redesign the townhomes and the prices of materials are so volatile that we would expect an even higher GMP. Next, in response to Ms. Parks’ concern, Ms. Craven solicited board members’ comments. Mr. West concurred with Ms. San Juan’s report and wished to move ahead as designed without including the cost of sprinklers. When asked to report on compliance with fire codes, Ms. San Juan stated that the project is consistent with State Fire Marshal codes and confirmed that emergency response times were adequate. Dr. Rush emphasized that safety is of utmost importance and asked Mr. Minter if every code has been met. Mr. Minter assured him that they are in full compliance, and added that for each phase or anytime there is a design change, the plans go through plan check which includes review by the Fire Marshal for approval again. There being no other issues regarding this item, Dr. Rush motioned to approve Resolution No. SA 04-05-01 concerning the GMP for Phase 1C Vertical Construction as presented, Mr. West seconded and the motion passed with the following 4:1:0 vote: AYES: Craven, Long, Rush, West; NOES: Parks; ABSTENTIONS: None. Ms. Parks declined for the reasons expressed earlier.

Mr. Hordyk stated that Item 4, Approval of Financing of CSUCI Rental Housing Bonds Series 2004 (Phase IC), could be removed from the agenda since the new GMP did not affect the rental housing bond financing.

Mr. Hordyk presented Item 5, Approval of Financing of Revenue Bonds Series 2004A (For-Sale Housing Construction), and Amended Resolution No. SA 04-05-03, Resolution of the Governing Body of the CSUCI Financing Authority Authorizing the Issuance of Not to Exceed \$48,000,000 Aggregate Principal Amount of CSUCI Financing Authority Revenue Bonds, Series 2004A (For-Sale Housing Construction), Approving the Form and Authorizing the Execution of an Indenture, a Loan Agreement, an Intercreditor Agreement, an Official Statement, a Bond Purchase Contract, a Remarketing Agreement and Authorizing Related Actions. Mr. Hordyk stated that this item is identical to the one approved at the May 10 meeting except for the “not to exceed” cost which now stands at \$48M. Dr. Rush motioned to approve Amended Resolution No. SA 04-05-03, Ms. Long seconded and the motion carried unanimously as indicated by the following vote: AYES: Craven, Long, Parks, Rush, West; NOES: None; ABSTENTIONS: None.

There being no further business to come before the Board, the meeting adjourned at 11:55 a.m.

APPROVED:  
California State University Channel Islands Site Authority



Signed: \_\_\_\_\_  
Secretary to the Site Authority

Dated: 11-15-04