

**California State University Channel Islands
SITE AUTHORITY**

**Minutes of Meeting
9 April 2007**

The California State University Channel Islands Site Authority met on Monday, 9 April 2007. The meeting was held in the Training Room of University Hall, California State University Channel Islands (CSUCI), One University Drive, Camarillo.

Vice Chair Linda Parks presided as acting chair in Dr. Debra Farar's absence and called the meeting to order at 11:37 a.m. Following the recitation of the pledge of allegiance, the secretary gave the roll call and all members were present with the exception of Dr. Farar and Ms. Long.

Members Present:

R. J. (Jim) Considine, Jr.
Charlotte Craven
Linda Parks, Vice Chair
Richard Rush
Richard West

Members Absent:

Debra Farar, Chair
Kathy Long

Others Present:

George Ashkar, CSU Chancellor's Office
Erik Blaine, CSUCI-University Glen
Joanne Coville, CSUCI
Jean Gill, CSU Chancellor's Office
Dennis Hordyk, CSU Chancellor's Office
Marlene Jones, Legal Counsel to the Site Authority
Steven Raskovich, General Counsel, CSU Chancellor's Office
David Rosso, CSU Chancellor's Office
Elvyra San Juan, CSU Chancellor's Office
Elizabeth Velasco, Secretary to the Site Authority

Acting Chair Parks called for the approval of the minutes of the 22 January 2007 teleconferenced meeting. Mr. Considine moved to approve the minutes, Dr. Rush seconded, and the motion carried unanimously.

The public comment period was opened pursuant to Government Code Section 11125.7. Ms. Parks called for comments. There being none, Ms. Parks closed the public comment period of the CSU Channel Islands Site Authority meeting.

Ms. Parks called for board member comments, but there were none.

Before moving to the next agenda item, Ms. Parks asked Ms. Jones to introduce her replacement, Mr. Steven Raskovich, CSU General Counsel. Ms. Jones indicated that Mr. Raskovich would be taking over as Legal Counsel to the Site Authority as she had been reassigned to San Diego State University. Ms. Jones thanked the Site Authority members for allowing her to serve the Board. Ms. Parks welcomed Mr. Raskovich to the Board and he responded in like manner.

In giving the President's Report, Dr. Rush stated that the Western Association of Schools and Colleges (WASC) final site visit occurred in March which, once again, resulted in a very successful visit. Citing our assessment efforts, the Site Visit Team said in their exit interview that the University has distinguished itself as a national model. Dr. Rush fully expects to receive full accreditation when he meets with the WASC Commission later this year in June. Dr. Rush also gave credit the faculty and staff of the University for making this a positive visit and thanked them for their efforts.

In response to Ms. Park's inquiry, Dr. Rush reported on the enrollment figures for the current academic year, which is a headcount of 3,100 students. With regard to the next academic year, the University has an enrollment target of 2,600 FTEs, which equates to a headcount of 3,100 students. Dr. Rush said that all indicators suggest that we will meet that target and possibly exceed it, as we have already received 7,700 applications thus far.

In addition, Dr. Rush thanked Ms. Jones for her service and extended efforts on behalf of the Site Authority. Afterwards, Dr. Rush announced Dennis Hordyk's retirement and conveyed his appreciation for Mr. Hordyk's terrific work and assistance in forming partnerships.

Ms. San Juan presented Item 7, Construction Status Update, and reported on construction activities in Phase 1C, 2A, 2B and the Town Center as well as the Broome Library Project. The Phase 1C Residential Project is complete. A notice of completion was filed in August 2006 and, as of October 2006, all 86 homes had been sold. As of early March, ninety percent of the 158 apartment units have been leased. They are currently in the process of closing out the project accounting. A final settlement withholding of \$457,000 was applied to the project retention because the project duration extended beyond the final contract completion date by 201 days. The settlement withholding will be applied toward mitigation and out-of-pocket expenses on the Town Center.

The Town Center is very close to completion. Punch list items that are due within two weeks will allow staff to file for completion on the entire project. The project is currently over eighteen months late and approximately \$1.8 million in retention is being withheld. Remaining general contractor (Fassberg) operations are being paid for by the surety. Ms. San Juan anticipates that Fassberg may file a construction claim as a precursor to possible litigation. However, Ms. San

Juan maintained extensive documentation of the contractor's substandard performance and would vigorously respond to such a claim.

With regard to the Phase 2A and 2B Residential Project, a mix of attached town homes and single family units that will complete the 900-unit east campus University Glen Community, Ms. San Juan reported on estimated selling prices, higher construction costs and the progress of working drawings. Ms. San Juan noted that successful bids were received on 13 March 2007 for the rough grading portion with a projected Notice to Proceed date of 23 April 2007. Street improvement and vertical construction designs are now in plan review and final document coordination should be completed by the end of April. Street improvements commence with a Bid opening anticipated 31 May 2007, and Notice to Proceed on 15 June 2007. Ms. San Juan estimates that vertical construction will begin in June 2007.

Ms. San Juan also reported on the construction progress of the Broome Library, which began in May 2005. Currently, the project is on schedule, on budget and approximately 70% complete. The targeted completion date for the Library is January 2008. Due to cost savings, the campus was able to add a bridge to link the Library to the Town Center.

Next, Mr. Hordyk introduced Mr. George Ashkar to present the FY 2005/2006 Financial Statements. Because of their integral relationship, Mr. Ashkar reviewed the KPMG audit reports for the CSUCI Site Authority and CSUCI Financing Authority simultaneously. The audit reports focus on a twelve-month period from July 2005 through 30 June 2006. KPMG has issued clean opinions in both cases. KPMG also issued a favorable opinion regarding compliance with the terms, covenants, provisions or conditions of the reimbursement agreements of 2001 and 2004 respectively by and among CSUCI and Citibank, FSB, Governing CSUCI revenue bonds 2001 series A, rental housing revenue bonds series 2001, for sale housing bond series 2004 and rental housing and town center bonds 2004 series A and B in so far as they relate to accounting matters.

With regard to the Financing Authority audit report, Mr. Ashkar indicated that there has been no new financing and that the figures show a spending down of available proceeds for construction. Next, Mr. Ashkar reviewed in detail the statement of revenue, expenses, liabilities and changes in net assets in the Site Authority audit report.

Last, the auditors provided a compliance observation pertaining to CSUCI Site Authority as fitting the category of a redevelopment agency, but because the Authority was created by special legislation, it is separate and distinct from state law governing redevelopment agencies. However, certain provisions of the Site Authority legislation direct the Site Authority to follow specific, but not all sections of law relating to redevelopment agencies. Mr. Ashkar noted that in formulating a plan to address the compliance observation noted by KPMG, the Site Authority would review the requirements as set forth in its enabling legislation.

Moving to Item 8, University Glen Corporation Budget for FY 2007/08, Dr. Blaine submitted the budget for approval by the Board. The budget was previously approved by the University Glen Corporation Board at its 19 March 2007 meeting. The most significant change in the 2007/08 budget is that University Glen Corporation is no longer splitting funds with Alliance Residential, the property management company operating the rental business for University Glen, as the

existing operation agreement terminated. Consequently, staff employed by Alliance Residential have been given the option of working for University Glen instead. Board members inquired about the transition as well as the timeline for new construction. Dr. Blaine noted that bids for the final stage of construction, 2A/2B, are anticipated in June 2007. In response to an inquiry about revenue estimates, Dr. Blaine remarked that estimates are lower than expected due to rising construction costs, but with additional time, revenue will eventually reach the estimated amounts. After a brief discussion, Mr. West moved to approve the budget as presented, Dr. Rush seconded, and the motion carried unanimously.

Next, Dr. Blaine gave the University Glen Housing and Rental Update. Beginning with the housing sales and resales in Phase 1A/B/C, a total of 184 homes for-sale homes, Dr. Blaine reported that there are three letters of intent to sell: one single-family dwelling and two townhouses. One is scheduled for this month and the other two in June. To date for 2006/07, there have been ten resales. With regard to rentals in Phase 1A/B, apartments are 91% occupied and 93% leased; in Phase 1C rental townhomes are 100% occupied (28 rental units); in Phase 1C apartments are 89% occupied and 92% leased; and four of the Town Center Apartments are occupied.

Dr. Blaine also reviewed the Town Center floor plans and tenant leases in process, which include food service vendors, University bookstore, grocery store, coffee shop and executive offices, including space for the University Glen Corporation. There was some discussion about the length of leases, which are typically 5-year leases. Dr. Blaine explained that the reason for this is that initial tenants pay additional costs for designing the interior space to accommodate their needs. The Board also discussed the intended purpose of the Town Center and uses for the space. The common understanding is that the Town Center was built to serve the needs of students (expanded dining services, for example) as well as the University Glen community.

In closing, Dr. Blaine informed the Board that the bills for special tax were recently direct-billed to the University Glen homeowners.

There being no further business to come before the Board, the public meeting adjourned at approximately 12:12 p.m.

APPROVED:
California State University Channel Islands Site Authority



Signed: _____
Secretary to the Site Authority

9/10/2007

Dated: _____