

**California State University Channel Islands
SITE AUTHORITY**

**Minutes of Meeting
14 December 2009**

The California State University Channel Islands Site Authority met on Monday, 14 December 2009. The meeting was held at the University Glen Corporate Office on the California State University Channel Islands (CSUCI) campus, 45 Rincon Drive, Suite 104-A, Camarillo.

Chair of the Site Authority Ms. Linda Parks called the meeting to order at 11:36 a.m. Following the recitation of the pledge of allegiance, the secretary gave the roll call and all members were present except for Ms. Debra Farar. Mr. R.J. Considine was not present for roll call but arrived shortly after at 11:47 a.m.

Members Present:

R. J. Considine, Jr., Vice Chair
Charlotte Craven
Kathy Long
Linda Parks, Chair
Benjamin Quillian
Richard Rush

Members Absent:

Debra Farar

Others Present:

Erik Blaine, CSUCI-University Glen
Carol Cory, CSUCI-University Glen
Kelly Cox, CSU Chancellor's Office
Joanne Coville, CSUCI
Robert Eaton, CSU Chancellor's Office
Missy Jarnagin, CSUCI
Steven Raskovich, Counsel to the Site Authority
Elizabeth Rubalcava, Secretary to the Site Authority
Elvyra San Juan, CSU Chancellor's Office

At the request of a board member whose time was limited, Ms. Parks asked if there were any objections to reviewing action items first in order to ensure a quorum. Hearing no objections, Ms. Parks moved to the first action item on the agenda.

Ms. Parks called for the approval of the minutes of the 16 March 2009 meeting. Ms. Craven moved to approve the minutes, Ms. Long seconded, and the motion carried with all in favor.

Ms. Parks pointed to the next action item on the agenda, the 2010 Calendar of Meetings (revised), and asked for the Board's review and approval. Ms. Craven moved to adopt the calendar of meetings, Dr. Rush seconded and the motion carried unanimously.

Moving to action item #9, Ms. Coville presented the Investment Policy for the Board's review and approval along with its related resolution (Resolution No. SA 09-12-01). Ms. Coville explained that until June 30, 2009 the Site Authority had been managed by the Chancellor's Office, including all of its accounting work. Effective July 1, 2009, Site Authority financial operations have been transferred to the campus. As a result, Ms. Coville indicated that procedures and policies are being put in place to invest and manage the Site Authority funds. In response to Ms. Craven's question, Ms. Coville explained that the policy is keeping with CSU standards. Ms. Long moved to approve the Investment Policy and Resolution No. SA 09-12-01, Dr. Rush seconded, and the motion carried unanimously.

Next, Ms. Coville presented action item #10, Delegation of Authority, which is represented by two separate resolutions (Resolution Nos. SA 09-12-02 and SA 09-12-03) granting authority for transacting Site Authority business to the President and Vice President for Finance and Administration. In an effort to establish policies and procedures as previously stated, as well as separation of duties and internal controls, Ms. Coville explained that Resolution No. SA 09-12-02 is necessary to delegate administrative control for the Site Authority to the President who in turn may delegate responsibility to others as appropriate. The second resolution, SA 09-12-03, grants authority to the Vice President for Finance and Administration, President and Treasurer of the Site Authority for conducting banking and investment transactions on behalf of the Site Authority. Ms. Craven moved the approval of Resolution No. SA 09-12-02, Ms. Long second, and the motion carried unanimously. Ms. Craven then moved to approve the second resolution, Resolution No. SA 09-12-03, Ms. Long seconded, and the motion carried unanimously.

Dr. Blaine presented action item #11, Approval of Revised FY 2009/10 University Glen Corporation (UGC) Leasing Budget. The budget was revised to make it more reflective of the current economic and real estate market conditions, and reduced occupancy rates. Dr. Blaine explained that it was in our best interest to lower the projections and expenses. The UGC Board of Directors approved this budget previously. Per policy, Dr. Blaine is now presenting it to the Site Authority Board for its approval as this meeting is the first opportunity for him to do so due to the rescheduling of the last two Site Authority meetings. Members agreed with the reduced budget figures and with Dr. Blaine's report. Ms. Craven moved to approve the Revised FY 2009/10 UGC Leasing Budget as presented, Ms. Long seconded, and the motion carried unanimously.

Moving to action item #12, Dr. Blaine presented the CY 2010 Common Area Maintenance (CAM) Budget for Homeowners. Dr. Blaine stated that the 2010 Homeowner CAM Budget was vetted and approved by the UGC Board of Directors. The UGC Board communicated the CAM fee increases to homeowners for comment and generally speaking the increases are understood. He also discussed the CAM Budget with the Homeowners Advisory Council and they did not object to the increase. The CAM fee increases are slightly more than 7% for townhome owners and slightly less

than 2% for single family residences. There was no CAM fee increase in 2009. Ms. Coville complimented Dr. Blaine for his excellent work with managing this budget and in engaging the homeowners in the CAM fee budget discussion. Ms. Long moved to approve the budget as presented, Ms. Craven seconded, and the motion carried unanimously.

With the action items having been promptly addressed and with board members in agreement, Ms. Parks continued with the remaining items on the Site Authority agenda.

Ms. Parks called for public comments, pursuant to Government Code Section 11125.7. There being none, Ms. Parks closed the public comment period.

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

Moving to information item #5, Dr. Rush introduced Dr. Benjamin F. Quillian, Jr. as Board Member and Treasurer, and expressed his delight in having Dr. Quillian as a member of the board and in having his support of our campus.

Dr. Rush then gave a brief report on campus activity beginning with the economic state of the campus. Giving recognition to Ms. Coville for her insight and proactive planning, the University's financial condition is satisfactory.

In addition, Dr. Rush announced that the National Science Foundation (NSF) recently honored Dr. Blake Gillespie, Assistant Professor of Chemistry, with the prestigious NSF Faculty Early Career Development (CAREER) award for nearly \$1 million. Subsequently, Dr. Ching-Hua Wang, Director of MS in Biotechnology and Bioinformatics Program, received a \$300,000 grant award from the National Science Foundation. Tomorrow evening, Dr. Rush and Dr. Wang will be attending a reception hosted by Eli Broad for the California Institute for Regenerative Medicine (CIRM). Dr. Wang was previously granted \$1.7 million by CIRM for her stem cell research and she continues to do an outstanding job as a faculty member and researcher. Dr. Rush also commented on the quality of our science programs and our faculty by citing that over the past two plus years 22 of our graduates are pursuing doctorates in various Ph.D. programs.

On another positive note, Dr. Rush announced that the campus will host on February 26 the 2006 Nobel Peace Prize Winner, Muhammad Yunus, who will help us start our California Institute of Social Business. Dr. Rush asked the Board to save the date and assured them that they will each be receiving a formal invitation to the event. Recently, Dr. Rush was invited to Germany to attend a meeting organized by Prof. Yunus and to speak among nine other distinguished presenters. Dr. Rush was called upon to speak because Prof. Yunus considers our campus a 21st Century university which understands the importance of social business and forward planning.

In response to Ms. Parks' question concerning enrollment, Dr. Rush explained that he closed admissions on November 30. As of that date, the University had 8,800 applicants, a fifteen percent increase from last year. Because our enrollment will not increase this year, we will simply replace students that graduate in May, which is somewhere between 900 and 1,000. Dr. Rush also commented on the state of the CSU and the challenges that the system faces in the years to come.

Moving on to item #8, Ms. Cox presented the FY 2008/09 Audited Financial Statements, briefly highlighting items of significance. Ms. Cox began by stating that KPMG issued a clean opinion of the financials. In addition, this year there was a change in reporting—the Chancellor’s Office is no longer managing the Site Authority’s accounting function and it was decided that with that change and the conclusion of construction, it is a better presentation to identify the Site Authority as a Discretely Presented Component Unit of the California State University Channel Islands rather than combined with the Chancellor’s Office.

Ms. Cox then reviewed liabilities, net assets, revenue, and long-term debt. Ms. Cox indicated that our investments have decreased over the prior year and that is mainly contributed to our debt service requirements. She also noted a decline in capital assets which is related to the depreciation of our assets as well as to the removal of \$2.1 million from capital assets due to the favorable outcome of the Fassberg lawsuit. With regard to net assets, Ms. Cox pointed to the large negative value of \$62 million dollars and explained that that is a normal presentation because the Broome Library is not on the Site Authority books, but on the campus’ books. Thus, the Site Authority holds the debt, but not the assets. There is also a decline in home sales, about \$2.1 million dollars, which is consistent with the cessation of new home construction. The home sales revenue represents homes which are bought back and resold. Rental costs have also declined which is a positive result of UGC’s excellent management. Investment income earnings have declined by \$2 million which is an expected result from the absence of the \$44.5 million commercial paper which was held by the Site Authority for nine months during the last fiscal year and then repaid. Of significant note, Ms. Cox pointed out that the Site Authority received some back taxes which were due and coupled with library construction money we were able to make our debt service payment without tapping into the Chancellor’s Office priority fund.

In closing, Ms. Cox indicated the UGC financial statements are a new addition to the audit report as supplemental schedules from prior year. Also, Ms. Cox explained that the Site Authority, as a redevelopment agency, must have an audit compliance performed each year and this year KPMG did not identify any deficiencies. Ms. Craven moved to receive and file the audit report, Ms. Long seconded and the motion carried unanimously.

Next, Ms. Coville presented item #13 concerning the purchase and financing of a cogeneration plant at CSU Channel Islands. Ms. Coville clarified that this item is not being presented for approval, but that it is an information item which will be brought back to the Board for action at a later date. Ms. Coville explained that there is a cogeneration plant that is on campus land which has been operated by various owners over the years. There have been issues with the owner(s) who lease the land from the campus which have been extremely difficult to work with. In light of the terms of the agreement, the campus has become eligible to purchase the cogeneration plant. The campus has had several studies completed and has done its due diligence to determine the feasibility of purchasing the plant. Ms. Coville concludes that this will be a good financial investment and would save the campus money in future years. The campus hired an appraiser who valued the plant at \$12 to \$13 million while the plant owners claim the plant is worth \$18 to \$20 million. The campus and the plant owners will soon jointly hire another appraiser to serve as the tie-breaker. The campus plans to borrow the money to buy the plant and have the Site Authority manage the plant by contracting with a third-party operator. Although there is no firm purchase price at this time, our

financial analysis is that this purchase would serve to be a fine revenue source for the campus even if the price is closer to \$18 to \$20 million.

With regard to item #14, Construction Status Update, Dr. Blaine reported on a few of projects in University Glen including an off-leash dog park, a Verizon cellular antenna on the roof of the Town Center, as well as a second pool with restroom facilities and a gym for Phase 1C residents. There was a brief discussion on the cost of the pool and future plans for campus swimming facilities.

Dr. Blaine reported next on the UGC financial statements for July through October 2009 which he distributed to the Board. Ms. Coville explained that in the future the financial reports will be provided in advance of the meeting but due to the change in accounting operations and furloughs they were not available beforehand. Dr. Blaine also reported on housing sales, stating that the Site Authority owns no homes at this time. UGC is currently handling homeowner to homeowner direct sales and there are seven homeowners that have placed their homes on the market. Since 2003/2004, Dr. Blaine stated that there have been ninety home resales to date. Currently, there are four homes in various stages of foreclosure. Two homes have come close to auction. Interestingly, all four of these homes are CalHFA homes. The Board briefly discussed the housing market and the frequency of resales in University Glen.

Dr. Blaine then reported on leasing activity. The apartments are 86% occupied and 88% leased which is quite a large increase since he last reported to the Board. With regard to Town Center apartments, they are 95% occupied. Dr. Blaine stated that there are currently three retail spaces available in the Town Center.

Afterwards, Dr. Blaine provided a general update on UGC activity. UGC is presently airing commercials during primetime on major channels. UGC also recently implemented a full-benefit retirement program for the auxiliary staff which was effective December 1. As information only, Dr. Blaine distributed to the Board an organizational chart for UGC. Also, the campus had asked UGC to oversee food service operations beginning 2010. UGC will be providing food service to the new Student Union building when it opens and will be hiring mostly students for the various food service positions. While on this topic, Dr. Rush announced that the grand opening of the new Student Union will take place on February 22 at 11 a.m.

Next, Dr. Blaine reported on the Homeowner Advisory Council election whereby a new member, Beverly Dressel, was appointed to the council. He also reported on various complaints handled by the Council as well as other issues in the community.

There being no further business to discuss, the public meeting adjourned at 12:29 p.m.

APPROVED:

California State University Channel Islands Site Authority

Signed: Elizabeth Rubalcava Dated: 5/22/10
Secretary to the Site Authority