

California State University Channel Islands
SITE AUTHORITY

Minutes of Meeting
22 March 2010

The California State University Channel Islands Site Authority met on Monday, 22 March 2010. The meeting was held at the University Glen Corporate Office on the California State University Channel Islands (CI) campus, 45 Rincon Drive, Suite 104-A, Camarillo.

Chair of the Site Authority Ms. Linda Parks called the meeting to order at 11:30 a.m. Following the recitation of the pledge of allegiance, the secretary gave the roll call and a quorum of members was present. Members absent were Ms. Charlotte Craven, Mr. R.J. Considine and Ms. Kathy Long.

Members Present:

Debra Farar
Linda Parks, Chair
Benjamin Quillian
Richard Rush

Members Absent:

Charlotte Craven
R. J. Considine, Jr., Vice Chair
Kathy Long

Others Present:

Erik Blaine, CI-University Glen
Stephanie Barbabosa, CI-University Glen
Carol Cory, CI-University Glen
Joanne Coville, CI, Division of Finance & Administration
Robert Eaton, CSU Chancellor's Office
Steven Raskovich, Counsel to the Site Authority
Elizabeth Rubalcava, Secretary to the Site Authority
Elvyra San Juan, CSU Chancellor's Office

The approval of the minutes, the public comment period, and board comment agenda items took place at the end of the meeting.

Ms. Parks called for the first information item on the agenda, the President's Report. Dr. Rush provided a brief report on campus events and activities, highlighting the Muhammad Yunus event and Student Union Opening. Dr. Rush explained that Professor Muhammad Yunus, 2006 Nobel

Peace Prize Laureate and 2009 Presidential Medal of Freedom Recipient, supports our campus because he believes that we are a university that understands the importance of social business and, for that reason, chose to lend his name to our Institute of Social Business (ISB). We will be developing the ISB over the next couple of years and we have already been invited to submit a major grant application to a significant foundation for seed money for the Institute. Ms. Parks expressed her delight with the Muhammad Yunus event and the start of social business program.

In addition, Dr. Rush announced that the Student Union opened last Thursday. Students have been planning for this event ever since they had passed a student initiative which allocated student fees for the building of the union. Dr. Rush added that it is wonderful that they will have a place of their own on campus in which to congregate.

Dr. Rush also announced that he received notification last week that the campus has been designated as a Hispanic Serving Institution. This designation enables us to apply for federal funds, which we were not able to do so previously.

Moving on to Item #6, Ms. Coville reported on the Subleasing of a Cogeneration Plant at CSU Channel Islands from CSU Channel Islands. Ms. Coville provided a brief history on the cogeneration plant and highlighted several items of significance in her written report to the Board. In particular, Ms. Coville reviewed the engineering assessment, contract and legal assessment, economic analysis and sensitivity analysis, and summarized the risk analysis. Ms. Coville explained that the cogeneration plant is a large plant with the electrical capacity of 28 mega watts and, of that amount, the campus uses about 1.5 mega watts currently. Thus, the plant produces more power than we will use. Ms. Coville also discussed our communications with OLS Energy throughout the purchasing process and explained that we are in the midst of obtaining a third appraisal to bring us to an average valuation or to identify an “outlier” as defined in the contract. Likewise, Ms. Coville requested that the previous appraisers update their appraisals as well. With regard to the financing proposal, the CSU plans to finance the purchase through vendor financing, and the CSU and Site Authority will enter into a lease agreement whereby the Site Authority will operate the plant. The Site Authority will make payments to the CSU which, in turn, will use the payments to make debt service payments on the vendor financing. In closing, Ms. Coville stated that she had signed a purchase agreement just this past week and believes that we are approximately three months away from actually purchasing the plant.

In response to Dr. Quillian’s question regarding Site Authority protections, Ms. Coville explained that we would enter into a sublease agreement and an operating agreement that would include terms and a list of documents to be prepared to ensure that the Site Authority does not lose money on the transaction. Ms. Coville also responded to questions from Ms. Parks concerning profit-sharing and liabilities. Ms. Coville indicated that the contractual terms would address profit-sharing and that sufficient insurance will be purchased to cover any liabilities, including coverage for equipment. Dr. Rush added that the campus currently spends \$800K a year in payment to the cogeneration plant. Moreover, because of the existing contract terms we have been pumping steam that we are unable to use into empty rooms, and the current contract will not expire until 2017. Dr. Rush stated that this purchase would take us from a negative financial position to a positive one in the relatively near future. Ms. Coville indicated that this action item also requires the approval of accompanying

Resolution No. 10-03-01. Ms. Parks then called for approval of this action item and its related resolution. All members were in favor and the motion carried unanimously.

Next, Dr. Blaine provided the Construction Status Update, reporting on current projects underway. Dr. Blaine stated that the Phase 1C pool has been delayed until mid-April due to the rains and contractor issues, and that the Verizon cellular antenna project has been delayed until July/August 2010 due to a back order on equipment. Also, temporary signage will be erected for traffic diversion to the campus back entrance on Potrero because of asphalt work on University Drive and Lewis Road in late May, and new signage will replace the old when the work is complete.

Dr. Blaine then presented the University Glen Corporation (UGC) financial statements for the past quarter. Ms. Coville explained that in the future there will be separate financial reports for the Site Authority, one for the Site Authority and the other for UGC as a support organization for the campus and the Site Authority. Dr. Blaine also introduced Bill Robe, Chair of the UGC, to the Board as this was the first meeting that he was able to attend.

Dr. Blaine also reported on housing sales. He stated that the Site Authority owns no homes at present. There are three homes in escrow and four homes on the market. With regard to leasing activity, Phase 1A/B/C is currently 89% occupied and 91% leased. Dr. Blaine briefly reported on one foreclosure which went to court in February. Dr. Blaine was there to bid on the home but other purchasers placed a higher bid, and then later learned that they estimated incorrectly. They had not realized that there was a ground sublease with restrictions and they ultimately resold the home with little profit if any. Two other homes are in foreclosure and the lender approved short sales in both cases. One has already closed escrow and one is expected to close tomorrow.

In addition, Dr. Blaine reported on parking issues in Phase 1C involving a lack of parking on Cuyler as well as the State Fire Marshall's notice that the streets are too narrow for fire apparatus to drive through with cars parking on both sides of the street. Dr. Blaine is in the process of working with the Homeowners Advisory Council on both of these issues.

Next, Dr. Blaine explained that FEMA identified a special high flood zone in University Glen. A civil engineer was hired and, based on the improvements made to University Glen during construction, Dr. Blaine confirmed that University Glen is not in a flood zone. UGC is working with Ventura County Watershed District and FEMA to clarify the record because 45 dwelling units are impacted by this ruling. As a result, some homeowners who are in the process of renewing their insurance coverage have seen their policy premiums increase greatly.

With regard to retail activity, Dr. Blaine announced the opening of the Coast Copy Center at the Town Center and the closing of Element Coffee at the Broome Library. The Element Coffee tenants have expressed interest in terminating their lease and we are currently negotiating an exit strategy. Dr. Blaine explained that the library coffee shop will reopen as a Freudian Sip Coffee House within 2-3 weeks.

Dr. Blaine then provided a brief update on the food services program, which now includes food service in the Student Union. Notice was given to our current residence hall food service provider, Sodexo, and their last day of service will be May 14, 2010. UGC will be providing food service to

the dining halls beginning fall 2010. About forty students will be employed as food service workers along with two staff. Dr. Blaine introduced to the Board our new food service director, Mr. Dave Nirenberg.

Dr. Blaine concluded his report with a brief review of issues discussed at the Home Owners Advisory Council. He mentioned that CI police had been tracking the speed rate in the community in response to complaints. 4,100 drivers were monitored and 97% of them were within the speed limit. Also, there was a series of vehicle break-ins that were reported which the CI police responded to and as a result had made two arrests.

Afterwards, Ms. Parks called for the approval of the minutes of the 14 December 2009 meeting. Dr. Rush moved to approve the minutes, Dr. Quillian seconded, and the motion carried with all in favor.


Ms. Parks called for public comments, pursuant to Government Code Section 11125.7. Mr. Steve Carrigan of Pinnacle Financial addressed the Board and inquired about where he might find additional information about the Cogeneration Plant purchase. Ms. Coville referred him to the CSU website for information on contracts and agreements in accordance with the CSU transparency initiative. There being no further public comments, Ms. Parks closed the public comment period.

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

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: 
Secretary to the Site Authority

Dated: 5/17/2010