

**California State University Channel Islands  
SITE AUTHORITY**

**Minutes of Meeting  
13 September 2010**

The California State University Channel Islands Site Authority met on Monday, 13 September 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.

In absence of the Chair, Vice Chair Considine called the meeting to order at 11:35 a.m. The secretary gave the roll call and confirmed a quorum of members was present. Members absent were Ms. Kathy Long and Ms. Linda Parks, however, Ms. Parks arrived approximately fifteen minutes after roll call was taken. The Board then stood for the recitation of the pledge of allegiance.

Members Present:

Charlotte Craven  
R. J. Considine, Jr., Vice Chair  
Debra Farar  
Linda Parks, Chair  
Benjamin Quillian, Treasurer  
Richard Rush

Members Absent:

Kathy Long

Others Present:

George Ashkar, CSU Chancellor's Office  
Erik Blaine, CI-University Glen  
Carol Cory, CI-University Glen  
Joanne Coville, CI, Division of Finance & Administration  
Mr. Ken High, Attorney, Nordman, Cormany, Hair and Compton  
Ms. Megan Clark, Attorney, Nordman, Cormany, Hair and Compton  
Steven Raskovich, Counsel to the Site Authority  
Elizabeth Rubalcava, Secretary to the Site Authority  
Elvyra San Juan, CSU Chancellor's Office

Mr. Considine called for the approval of the minutes of the 17 May 2010 meeting. Ms. Craven moved to approve the minutes, Dr. Rush seconded, and the motion carried with all in favor.

Mr. Considine called for public comments, pursuant to Government Code Section 11125.7. There being no public comments, Mr. Considine closed the public comment period.

Mr. Considine then called for board member comments, but there were none.

Mr. Considine called for the first item on the agenda, the Annual Election of Officers. Dr. Rush moved to nominate Mr. R.J. Considine to serve as Chair and Ms. Craven for the position of Vice Chair. Dr. Farar seconded and the motion carried unanimously.

Next, Dr. Rush gave the President's Report, providing a brief report on campus events and activities. President Rush explained that the campus has had a successful beginning of the school year but the first week was difficult because of a flood in the Bell Tower building. Referencing his annual convocation speech, Dr. Rush mentioned that he addressed a litany of achievements by faculty and staff which were accomplished during a most challenging year of budget cutbacks. Dr. Rush noted that as vice chair of the Board of Directors for Campus Compact, a national organization of presidents with 1100 universities as registered members, he is pleased to host its annual meeting here on campus in October. The meeting was formerly hosted by the president of Georgetown University. In addition, Dr. Rush noted that Nobel Peace Prize Winner, Muhammad Yunus, who has helped us start our California Institute of Social Business, has again invited Dr. Rush to join him in Germany for the annual Global Social Business Summit. The first summit took place last year in Berlin and Dr. Rush was one of the presenters. Moreover, the campus has been identified as one of the Great Colleges to Work For, one of four universities identified in California and the only CSU or UC. Last, one of our faculty members, Professor Kevin Volkan, was called upon to testify before the Senate Judiciary Committee, at the request of Senator Frye, for his research on "crush" videos of animals being mutilated.

Moving to Item #7 on the agenda, Ms. Coville provided an update on the purchase and financing of the cogeneration plant at CSU Channel Islands. Ms. Coville reminded the Board that the campus has committed to purchase the Cogeneration Plant and has proposed to lease it to the Site Authority which would operate the plant through a third party vendor. She indicated that progress has been slow and steady; it took two and a half years to negotiate a purchase price. The campus solicited for financing, received four acceptable responses and selected the best bidder, All Points Capital. Ms. Coville explained that there was an issue with the financier because she had expected simple financing on equipment but it turned out to be slightly more complicated. However, the campus has resolved that issue and is now dealing with Southern California Edison (SCE) because they have concerns about consenting to the assignment of an existing agreement to the campus and the "sharing" of a meter. SCE has expressed a small concern that California Public Utilities Commission (CPUC) may take issue as well. She currently has a call scheduled later this week with one of the directors of the CPUC and will work on persuading SCE to consent to the assignment. Ms. Coville is treading carefully through the discussions and issues with SCE and hopes to keep within the parameters of the original deal and close in a week. Ms. Coville responded to board member questions concerning the solution to the metering issue and the purchase process in general.

Ms. Parks, upon her arrival, took over as chair of the meeting and introduced Item #8, Site Authority Budget for FY 2010-11, which was distributed at the start of the meeting. Ms. Coville provided a brief overview of the budget and discussed operating revenues and expenses as well as nonoperating revenues for infrastructure, leasing, home sales, campus building, low and moderate

income housing, common area maintenance and maintenance reserves. Ms. Coville also indicated that the budget is based on positive cash flow even though the actual net asset is a high deficit. University Glen Corporation (UGC) is a small corporate entity with a budget of less than one million and acts as an agent of the Site Authority. UGC is no longer incorporated into the Site Authority's financial structure therefore separate audited financial statements are issued. The actual numbers are unaudited and Ms. Coville expects only minor adjustments after the audit is complete. KPMG is conducting its annual audit at present and Ms. Coville anticipates that the audit report will be produced later this fall and presented to the Board at the next meeting. After some brief discussion about maintenance reserves, Dr. Rush moved to approve the budget as presented, Mr. Considine seconded, and the motion carried unanimously.

Moving on to Item #9, Local Area Pass Through, Ms. Coville introduced Mr. Ken High of Nordman, Cormany, Hair and Compton, as the attorney providing counsel on the ongoing issue of the distribution of tax increment due to the Site Authority (SA). Mr. High in turn introduced Megan Clark, an attorney with his firm who also worked on this issue. Mr. High began by explaining the history of the tax issue with the County of Ventura and the difference between the SA and redevelopment agencies (RDAs) based on state legislation, specifically Senate Bill 1923. Referencing his August 27, 2010 written response to Assistant County Counsel Lori Nemiroff, Mr. High explained that the SA is unlike RDAs because in its redevelopment plan, known as the Specific Reuse Plan, the SA did not elect to divide the taxes and therefore is not subject to Health Safety Code Section 33607.5 (Pass Through section). Furthermore, the SA's situation is unique and entirely different from RDAs because there never were any prior taxes paid on the redevelopment site as it was owned by the State and the drafters of the special legislation which created the SA knew that full well. Thus, the adopted Reuse Plan did exactly what was intended when the legislation was adopted. It laid claim to all the taxes generated from the site by stating unequivocally: "The SA has the ability to issue bonds and other debt instruments to raise funds, and is able to receive all the taxes generated at the site." Moreover, legislative history provides very clear evidence that the drafters knew that the SA was entirely different from all other RDAs since there was no prior tax base and intended to allow the SA to use all the taxes from the site if it elected to do so.

Mr. High continued his briefing by reading directly from California Bill Analysis S.B. 1923 by the Senate Local Government Committee (CBS) dated April 1, 1998:

"2. Redevelopment financing. RDAs use property tax increment revenues—the difference between the property taxes generated before and after the improvement—to pay for projects in blighted areas. Because RDAs are a controversial tool, the Legislature passed sweeping reforms in 1993 (AB 1290, Isenberg). These reforms, among other things, required RDAs to pass through some tax increment revenues to affected local agencies, and to stop collecting money by a certain date. SB 1923 allows the Authority to receive property tax revenues as if it were an RDA, but the bill's authorization differs from all other redevelopment statutes in two important ways:

Sharing with others. State law requires RDAs to annually "pass through" between 25% and 60% of their tax increment revenues to other local agencies. SB1923 allows the Authority to collect tax increment like an RDA, but doesn't require it to pass through any revenue to

tax entities other than the county. The 13 taxing entities that may feel the service impacts of CSU Channel Islands but are permanently prohibited from receiving property tax revenues include several school districts, a community college district, and park, fire, library, flood control, sanitation, water, and hospital districts.

3. Something from nothing. SB 1923's tax increment powers are a departure from current policy and may divert revenues that would otherwise flow to schools, community colleges, the County, and special districts. But CSU officials point out that the property isn't currently on the property tax roll at all. All property tax revenues that the Authority generates or stimulates will be new money, so it's not an actual revenue loss to local agencies."

In conclusion, Mr. High asserted that based on the plain language of applicable statutes, the legislative history, and the language of the SA's Specific Reuse Plan, he disagreed with county counsel's conclusion that the SA has to pay out the Pass Through to other agencies. Instead, the SA is allowed to keep all the taxes, exactly as it has done, and exactly as planned when the legislation was adopted and the plan was approved. Mr. High added that originally the SA revenue was intended to pay off bonds and Ms. Clark stated that the County was in fact in support of SB 1923. As this time, Mr. High is waiting for the county counsel to respond to his August 27<sup>th</sup> letter.

Ms. Coville also mentioned the SA had been paying the Pass Through up until last year when campus staff realized that the SA didn't have to pay and was accruing an unnecessary liability. From last year forward, the SA ceased to pay the Pass Through. The Board discussed the matter at length and then Ms. Parks restated that the SA will wait to receive word on the County's and acknowledged Mr. High for his briefing on the issue.

Next, Dr. Blaine provided the Construction Status Update, reporting on current projects underway. Dr. Blaine stated that the Phase 1C pool is now complete and that he is negotiating with the contractor on liquidated damages which lengthened the project timeline. The Verizon cellular antenna has been installed on top of Building C of the Town Center and UGC is now awaiting Verizon to start services. The Islands Café summer remodeling project was completed on time and on budget. Dr. Blaine also reported on campus construction projects noting that the North Hall project received a notice to proceed and that the infrastructure project is almost complete.

Next, Dr. Blaine reported on housing sales. He stated that there are four homes on the market, two single family homes and two townhomes. There is one single family home which is leaning toward foreclosure. With regard to leasing activity, Dr. Blaine stated that we are currently 90% occupied and 92% leased.

In addition, Dr. Blaine indicated that the KPMG is currently auditing the Site Authority's financials and that the auditors are expecting to meet with the Board or with an appointed audit committee in the near future.

Last, Dr. Blaine provided an update on the FEMA issue involving an area identified as a special high flood zone in University Glen which is affecting thirty-five homeowners who have experienced significant insurance premium increases. Conversations to resolve the issue continue

with FEMA and it is expected that the issue will be settled soon. Also, Dr. Blaine is working with the County Fire Department on the notice of violation issued to UGC for inadequate width of streets for fire apparatus.

There being no further business to discuss, the public meeting adjourned at approximately 12:20 p.m.

APPROVED:  
California State University Channel Islands Site Authority

Signed: Elizabeth Rubalcavo Dated: 12/6/2010  
Secretary to the Site Authority