



**California State University Channel Islands Site Authority
MINUTES
Regular Meeting
Monday, December 1, 2014**

The California State University Channel Islands (CI) Site Authority met on Monday, December 1, 2014. The meeting was held at the University Glen Corporate Office on the California State University Channel Islands campus, 45 Rincon Drive, Suite 104-A, Camarillo.

Chair of the Site Authority R. J. Considine called the meeting to order at 11:38 a.m. The Secretary gave the roll call and a quorum of members was present.

Members Present: Chairperson R. J. Considine; Vice Chairperson Linda Parks; Charlotte Craven; Debra Farar; Richard R. Rush

Others Present: Pamela Abbott-Mouchou, Secretary to the Site Authority; Vi San Juan, Chris Fowler, Steve Lohr, CSU Chancellor's Office (CO); Ysabel Trinidad, Caroline Doll, and Stephanie Bracamontes, Division of Business & Financial Affairs; Missy Jarnagin, CI Financial Services; Erik Blaine, CI Administrative Services;

Guests: Jones Lang LaSalle (JLL) Representatives Jeff Graham and Javier Rivera

Approval of Minutes of September 15, 2014 Meeting.

Ms. Parks made the motion to approve the minutes of the September 15, 2014 meeting. Dr. Rush seconded the motion, and the minutes were approved unanimously.

Public Comment Period (Pursuant to Government Code section 11125.7)

Chairperson Considine called for public comments. There were none.

Board Member Comment Period

Chairperson Considine called for comments from the Board. There were none.

INFORMATION AND ACTION ITEMS

President's Campus Update

Dr. Rush began his remarks by sharing that the groundbreaking ceremony for Santa Rosa Village, a 600 bed student housing facility, occurred on Monday, November 24, and will be ready for occupation in fall, 2016. He added that, even with the construction of this new facility, CI will still need to plan to accommodate student demand for housing.

Dr. Rush provided additional items of note:

- CI's chapter of the National Honor Society earned the Silver Torch Award, which is presented to outstanding Mortar Board chapters exemplifying the ideals of scholarship, leadership, and service.

- Three CI students won top awards during the annual CSU Media Arts Festival, extending CI's winning streak for a twelfth consecutive year.
- CI saw a 12.8% increase in freshmen applications for fall, 2015, nearly 8% over the CSU system average. This demand supports the rationale for further campus development and CI 2025.

Dr. Rush concluded his remarks by wishing everyone a good holiday season.

Construction Status Update

Dr. Blaine informed the Board that part of the construction of Santa Rosa Village is the expansion of the dining hall.

University Glen Housing, Rental Update, and Financial Report

Dr. Blaine continued his report, providing the following information:

- There are currently two homes for sale and two homes in escrow.
- Phase IA/B/C is 97% occupied and 97% leased.
- One homeowner will be going through Notice of Default of Ground Sublease process.
- The third reserve study has been completed (previous studies being done in 2007 and 2011). The analysis shows that the reserve is 40% funded. Various strategies to increase the contribution are being explored.
- University Glen Corporation (UGC) and CI Veterans Affairs are teaming together to organize a Toys-for-Tots campaign.
- UGC employees Dave Nirenberg and Peter Maher were awarded grants by the National Association of College and University Food Services (NACUFS) to attend the organization's Directors Symposium and Chef Summit.
- Once again, the Town Center served as a polling locale during the November 2014 elections.
- Homeowners Advisory Council (HAC)
 - Concerns were voiced about how the maximum resale price is calculated, specifically, the calculation of improvements that can be added to the sale price of the home. Dr. Blaine introduced to the Council the concept of working with a capital improvement appraiser who would objectively appraise approved improvements and apply to the maximum resale price. To date, three homeowners have utilized this process, and indicated no objection.
 - There is a growing interest by homeowners to install solar panels on roofs.
 - Homeowners have requested a decomposed granite path in Phase IC to connect Phase IA/B to the Phase IC pool area.
 - Red curb areas have been added in Phase IC to improve safety.

Lastly, Dr. Blaine drew the Board's attention to the June 30, 2014 audited financial statements, with receipt acknowledged. The auditor found no adverse findings, consistent with previous years.

CI 2025 - Update

Ms. Trinidad recounted recent CI 2025 outreach activities, which have included meetings with the Associated Students, Inc.; CSU Land Development Review Committee; CI's Cabinet; and various community stakeholders. She then introduced Mr. Graham and Mr. Rivera, representatives from CI's developer advisor James Lang LaSalle (JLL).

Mr. Graham provided an update and overview of the multi-family scenario, explaining that JLL's charge has been to evaluate Phase 2A/B, an undeveloped land parcel currently slated for 242 for-sale homes. Advanced analysis shows that the 31.5 acres are an opportunity for the University to increase revenue and capitalize on market demand through increased density and construction of for-rent apartments.

Mr. Graham said that a range of outreach interviews with stakeholders, including local government officials such as the Ventura County Transit Authority, the Ventura County Lodging Association, and the Southern California Association of Governments, revealed overwhelming support for CI's educational opportunities and workforce development, as well as for the economic development of the area. These interviews also revealed the likely continuation of the Save Open-Space and Agricultural Resources (SOAR) initiative, as well as no plan for increased density. This will put continued restraint on rental availability and will likely cause significant rent increases in the future. Therefore, JLL is recommending an increased density construction project of 590 for-rent apartment units in Phase 2A/B. This would provide a revenue stream (as opposed to one-time sale of home revenue), while addressing continued demand for affordable housing. The Board agreed that housing priority would continue for faculty, CI staff, and to students raising families. Dr. Farar affirmed that, to date, this practice has endured.

JLL also recommended that the Site Authority engage in a public/private partnership to complete this project rather than acting as its own developer, and retain ownership of the land. This scenario has a number of advantages, including eliminating the necessity of fully financing the construction.

JLL added another three recommendations that will deliver the greatest return for the University and help meet debt obligations:

- Sell existing 88 for-rent townhomes as single family for-sale homes
- Sell the 328 existing apartment units with a ground lease
- Sell the Town Center separately (retail and 58 apartment units) with ground leases

Mr. Graham indicated that by implementing all of JLL's recommendations, conservatively speaking, a net present value of \$169m would be realized by the Site Authority. Mr. Rivera then provided further details about JLL's recommendations, which were outlined in the handout provided to the Board.

Ms. Parks asked how the debt would be addressed. Ms. Trinidad said that the selling of the units would significantly reduce outstanding debt. Ms. Parks then asked why the 328 units should be sold versus keeping them as rentals, given the current market. Mr. Rivera said that an immediate cache of cash would be of greater value to the Site Authority. Mr. Graham added that because the units are ideally located and are relatively new, they would be more attractive to a buyer now. Also, selling to a private developer within the next year-to-eighteen months would take advantage of the favorable housing market, while at the same time eliminating the inevitable expense of updating the facilities.

Ms. Craven inquired about the timing of the Site Authority Board's approval of JLL's recommendations. Ms. San Juan addressed this by explaining that CI 2025 would be introduced to the CSU Board of Trustees (BoT) for pre-concept approval, potentially during its January 2015 session. The Site Authority Board would then be given an update during its February, 2015 meeting. Following concept approval, a Request for Proposal (RFP) would be released. Ms. San Juan said that the Site Authority Board would be involved in the approval process in tandem with the BoT. The timing of the RFP release could be prior to the March 2015 BoT meeting, or shortly thereafter, but, if the RFP is successful, it would first be presented to the Site Authority Board for approval prior to being submitted to the BoT.

Ms. Parks asked if there were still outstanding issues with Ventura County regarding tax allocation. Mr. Fowler responded affirmatively, saying that CI is actively engaged in getting this resolved. Dr. Rush added that CI is being assertive in scheduling meetings in order to get a plan in place.

There being no further business to discuss, the public meeting adjourned at 12:43 p.m.

APPROVED:

California State University Channel Site Authority

Signed: Samuelo Alberto Mauchau
Secretary to the Site Authority

Dated: Feb. 2, 2015

