



## California State University Channel Islands Site Authority

### MINUTES

Regular Meeting: Monday, April 17, 2017, 11:30 A.M.

The California State University Channel Islands (CI) Site Authority (SA) met on Monday, April 17, 2017 at 11:30 a.m. on the CSUCI campus in the Handel Evans Conference Room in the John Spoor Broome Library, Camarillo St., Camarillo, CA.

1. Call to Order and Roll Call: SA Board Chair R. J. Considine, Jr. called the meeting to order at 11:38 a.m. The Secretary called roll and a quorum of members was present: Chairman R. J. Considine, Jr.; Supervisor Kelly Long; Supervisor John Zaragoza; and President Erika Beck. Alternates Ysabel Trinidad, Robert Eaton, and Ken Simons were also present.

Others Present: Elvyra San Juan and Francis Freire from the CSU Chancellor's Office (CO), Rolland Vasin of Vasin, Heyn & Company; Matt Do and Javier Rivera from Jones Lang LaSalle (JLL), John Gormley, Diane Mandrafina, Missy Jarnagin, Erik Blaine, Caroline Doll, Deanne Ellison and Dusty Russell from the Division of Business and Financial Affairs, Jake Friesen, Kennedy Wilson (KW): Bill Robe, Chair of the University Glen Community Advisory Group; Dave Nirenberg, University Auxiliary Services; and David Press.

2. Approval of Minutes of February 6, 2017 Meeting: The motion to approve the minutes was made by Supervisor Long, seconded by Supervisor Zaragoza and was approved unanimously.
3. Public Comment Period (Pursuant to Government Code section 11125.7): Chairperson Considine called for public comments. There being none, the comment period was closed.
4. Board Member Comment Period: Chairperson Considine called for board comments: There being none, the comment period was closed.

#### INFORMATION AND ACTION ITEMS

5. INFORMATION: Campus Update:

President Beck extended her greetings. After a very extensive search, a new provost has been hired. Dr. Geoffrey Chase was the Vice President at WASC Senior College and Dean of Undergraduate Studies at San Diego State University. His first day will be July 6, 2017. President Beck is expecting to conclude the search for a new Dean of Education in the next month. The interim hiring is going well. President Beck mentioned the flurry of activity on campus including commencement, honors convocations, and a host of celebrations. The incoming freshman class this fall will be the largest to date. CSU Channel Islands (CI) is the only Southern California university accepting redirected students. The governor's budget does not include enrollment growth. Upcoming events on campus include the 13<sup>th</sup> Annual Business and Technology Partnership Leadership Awards Dinner on April 20, 2017 and President Beck's Investiture on May 5, 2017 at Broome Library.

6. INFORMATION: Audit Entrance for FY 16/17 Audit – (*moved from agenda item 15*).

Rolland Vasin of Vasin, Heyn and Co reported an audit of the Site Authority and Finance Authority has begun. The University Auxiliary Services staff will handle the audit which is focusing on complicated sale transactions. Mr. Vasin will mention to auxiliaries that post-retirement health benefit plans are required to be audited by actuaries. Liability will be audited next year. Health plans have not been subject to actuarial thinking. The audit fee of \$35,500 is identical to prior years and the deadline is September 18, 2017.

7. INFORMATION: CI Power Plant Update and SCE Negotiation:

Dr. Blaine reported that a proposal was submitted to Southern California Edison (SCE) to blend and extend the current agreement, which expires in April 2018, and proposes to run through 2022-23 when the next major overhaul improvements are scheduled. SCE's analysis will be through the RFO process, but no response is expected until mid-May. The campus had previously negotiated to run two more years and came to terms with



SCE only to have the deal fall through. The existing contract won't likely be replicated. It is critical that a deal be made because the power plant is still operational and there are revenue opportunities for the campus. The CI Power Plant contains 30 megawatts of power, with 26 megawatts of power going to SCE. Given these parameters, this deal could allow the University to net \$800,000.

8. **INFORMATION: Site Authority General Operations Update:**  
Housing Sales Report: In 2017, there have been five (5) home resales to date. There are currently no homes in escrow. The Site Authority purchased a short sale home to prevent a foreclosure, and that home was sold to another buyer and escrow closed on April 12, 2017. Regarding Phase 2A/B and the Glovis contract for parked cars, Dr. Blaine reported there have been discussions with the vendor using products to remove weeds and rodents from the site. The vendor has been informed to cease as that function is the responsibility of the Site Authority.

There are currently 100 CI Faculty and Staff leased-back units. Subsidies for faculty and staff are targeted at no more than four percent below market value. Five (5) units are vacant and prepared to be rented. Concerning rental townhomes converted to for-sale townhomes, a total of 29 townhomes have been sold, five (5) are in escrow, and two (2) are vacant and listed for purchase.

9. **INFORMATION: Conflict of Interest Code Intent to Amend and Filing:**  
The Site Authority Conflict of Interest Code is currently being updated/amended with the FPPC and the OAL to correct non-substantive language, adding alternate members, new positions, and a new disclosure category.

10. **ACTION ITEM: Approval of Revised Meeting Schedule:**  
Upon review of the request to move meetings to Tuesdays, this action item was tabled for further study, as a number of Board members have conflicts on Tuesdays. Ms. Ellison will work with Board members to determine if it is possible to coordinate a revised schedule.

11. **INFORMATION: Construction Status Update:**  
The projects to date include bike racks being installed for student use at the North play fields; the second floor of Arroyo Hall being remodeled; a new chiller is being installed to assist the campus with its heating and cooling needs; and minor repairs to an underground utility line have been completed.

12. **ACTION ITEM: Approval of 32 Acre University Glen Development - Kennedy Wilson Project:**  
Action item to seek Site Authority Board's approval in concept. The next step will be sending the 32 Acre KW Project to the Chancellor's Office for review. A land-use development committee will review in May. Approval of terms of the deal will be sought in July. Mr. Gormley discussed design concepts and representatives from JLL (Matt Do and Javier Rivera) provided information about the financial deal.

KW has provided a \$250,000 deposit. Once approved, development of project can begin. Site Authority will receive \$25,000 per home sold. The rental apartments contribute a gross income of \$700,000 per year. It will take 12-18 months to develop the site which will include an amenity center, multi-family homes, and age-restricted homes. Discussion of child care arose. As the campus grows, child care may become an issue the university will need to address.

KW has been selected because they are consistent with Site Authority goals. The development will return 9.5% over 10 years. Discussion of requirements including non-compliance, valuation of land, parcel improvements, and no minimum market leverage occurred.

The motion was made by Supervisor Zaragoza for the Board to approve 32 Acre KW Project as submitted and to authorize the Board chair to sign agreements to move the deal forward. Motion was seconded by Dr. Beck and approved unanimously.

13. **INFORMATION: Financial Report:**  
Ms. Jarnagin directed the Board to Tab 7 of the Financial Report from Feb 28, 2017. Working with the Chancellor's office for actual sale, debts will be reduced. With proceeds from the original sale, in addition to the \$6.6 million revenue in townhome sales, the debt has been reduced as of the May payment. The CAM payment has changed because of the sale and rental operations will decrease. The proceeds from the sale of the



townhomes is being used toward the payoff of \$20 million debt. A question was posed regarding possessory interest tax. Mr. Considine responded that the debate hinges on initial legislation and how to achieve a consensus between Chancellor's Office, Site Authority and Ventura County to resolve.

14. ACTION ITEMS: Approval of 2017-18 Site Authority and Common Area Maintenance Fee Budgets: Dr. Blaine drew attention to the Site Authority Budget page two (2) highlights, which is the same budget presented annually. Adjustments are anticipated with sales through June 2018. The leasing budget to include a home sales transaction fee of 1% which will increase on average with the rental townhomes becoming for-sale townhomes. The 2A/2B rental revenues of \$480,000 with Glovis cease once construction in 2A/2B starts. Assumptions made in the current budget include: the Leasing budget, Mello-roos, bond payment, CI Power in full operation, the first transaction of 328 apartments and the expense of faculty and staff subsidy. \$87,000 first time in black. The motion was made by Supervisor Long to approve the Site Authority Budget as proposed, seconded by Dr. Beck and passed unanimously.

Common Area Maintenance Fee (CAM): Rental or owned townhomes and single-family homes' CAM fees should benefit all. Dr. Blaine recommends a 10 to 11 percent reduction in fees for the 2017-18 budget. Homeowners pay tax directly into County. The management fee is \$126,000. The motion to approve was made by Supervisor Long, seconded by Supervisor Zaragoza and passed unanimously.

15. ACTION ITEM: Approval of Reserves Policy: Upon review of the proposed policy, the motion was made by Supervisor Zaragoza, seconded by Dr. Beck and the Reserves Policy was approved unanimously.

16. INFORMATION: University Glen Advisory Group Update: Mr. Bill Robe reported that the group has come to understand the charter; he reported Kennedy Wilson is preparing to begin painting. Responsibility for maintenance of the low walls on the detached owned home properties is of concern and legal counsel will be consulted. The group may recommend the ground sublease be reviewed and updated, but the issue has been tabled for legal counsel and will be reported on in August. Street lighting, which is owned by SCE but paid by reserves, has been an issue that will be worked out with SCE.

17. ADJOURN: There being no further business, the regular meeting of the Site Authority Board was adjourned at 1:15 p.m.

APPROVED:

California State University Channel Islands Site Authority Board

Respectfully Submitted:

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Secretary to the Site Authority

Dated: \_\_\_\_\_