



Regular Meeting Minutes Monday, November 18, 2019

The California State University Channel Islands (CSUCI) Site Authority (SA) met on Monday, November 18, 2019, 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.

Site Authority Board Chairperson R.J. Considine called the meeting to order at 11:36 a.m. The secretary called roll and a quorum of members was present.

Members present: Chairperson R.J. Considine; Trustee Silas Abrego; President Erika Beck; Assistant Vice Chancellor Robert Eaton; Supervisor Linda Parks; Supervisor Kelly Long

Alternates present: Vice President Ysabel Trinidad

Others present: University Counsel Marc Mootchnik; Stephanie Bracamontes; Tom Hunt; Nathan Bowden; Laurie Nichols; Bill Robe, Chair of the University Glen Community Advisory Group; Rosa Bravo, Site Authority Secretary; Roland Vasin, Vasin Heyn & Co.

OPENING STATEMENTS

Site Authority Chairperson R.J. Considine called for public comments (Pursuant to Government Code section 11125.7).

Public Comment Period

University Glen Resident Tom Bockhart spoke regarding the financial schedules. He referred to schedule 1 and schedule 2 of financial statements, and requested that schedule 2 be expanded, specifically to the University Glen community activities. He would like to request a consideration of breaking down the cash and the reserves to provide further analysis.

Chairperson Considine said the request is a great suggestion. Ms. Stephanie Bracamontes confirmed that it could be done. Chairperson Considine confirmed the request is approved.

Chairperson Considine closed the public comment period.

Board Member Comment Period (Considine)

Chairperson Considine called for Board Member comments. No Board Member comments made.

CONSENT AGENDA

Chairperson Considine called for a motion to approve the consent agenda.

- ACTION: Approval of Minutes of August 12, 2019 Meeting
- ACTION: Approval of 2020 Meeting Calendar
- INFORMATION: Update on 32 Acre Development Project
- INFORMATION: Site Authority Operations Report
- INFORMATION: Financial Report

Motion to approve the consent agenda was made and seconded, and approved unanimously.

INFORMATION AND ACTION ITEMS

Audited Fiscal Year 2018-2019 Financial Statements for Site Authority and Financing Authority (Roland Vasin):

Mr. Rolland Vasin, an engagement partner of the auditor, reported the approval of the audited financial statements for the Site Authority and the Financing Authority for the year ending June 30, 2019. First, he wanted to thank the fiscal staff for the provided assistance during the audit. He presented a brief report of the financial statements. He mentioned on pages 1 and 2 of the financial report is the independent auditor's report, and the meaning of that report's conclusion is that the auditor uses generally accepted auditing standards to test the books, records, financial statements for conformity with generally accepted accounting principles. Based on their testing, they believe that the financial statements are stated fairly according to the General Accepted accounting principles. He references the unmodified accounting opinion, which is a good opinion in the language of the auditors.

Several pages are management and analysis, which are a requirement of generally accepted auditing standards for governmental organizations such as this and describe the fluctuations between the years. Based on their audit, there are no such anomalies.

Mr. Vasin next moved on to page 7 of the report, noting the total assets near the middle of the page are \$63 million for the year ending June 30, 2019. Mr. Vasin compared this to June 30, 2018, at which time total assets were \$70 million, and explained the decrease was primarily due to the revenue from the energy sales placed on stand-by mode and also lower home sales.

Mr. Vasin noted the current liabilities decreasing in relation to the debt obligation, capital lease obligation, and related party payables. Mr. Vasin further explained that the related-party payable is a payable to other CI campus auxiliaries and CI Campus. Moving over to page 8 of the report, Statement of Revenues, Expenses, and Changes in Position on the top quarter of revenues decreased due to revenues from the energy sales and home sales. As noted, they were changes that arose from the decisions of the organization. The non-operating revenue decrease is reflected in the interest on the debts of the organization. Mr. Vasin pointed out that there is no comparable type of norm to compare these changes.

Mr. Vasin stated he had no other comments about the Financial Statements and all the disclosures that are required have been included. The Chancellors Office dictates the more extensive schedules that follow at the end of the reports. The report is an additional task to assist with the uniformity for the Chancellor's Office to report around 90 auxiliary financial statements from all the 23 CSU campuses.

Supervisor Linda Parks asked Mr. Vasin, based on the annual audited financial statements, does he observe a pattern of what the overall revenue and expenditures would be for the Channel Island Power Plant at its current standby mode. Mr. Vasin responded that it is challenging to provide normative information because this is not a normative organization. The estimates are consistent with the decision made by the board of directors; however, in order to address Supervisor Parks' question, he would have to turn it over to management to provide future budgeted information based on the decisions that were made. Supervisor Linda Parks clarified that she is looking to validate the budgeted information and can discuss later in the meeting. Ms. Ysabel Trinidad commented that an updated quarterly budget can be provided of where they are relative budget to actuals, including the operations of CI Power.

Supervisor Linda Parks posed a follow-up question not specific to audit. She asked Ms. Trinidad whether, due to recent power outages, the University immune to power outages due to having CI Power. Ms. Trinidad stated that the University did not experience any outages, and mentioned that CI is one of the few campuses that has additional redundancy. Currently, CI has three levels of redundancy. Supervisor Linda Parks indicated that this is a factor that was not contemplated at the time when deciding to keep the CI Power plant, that now with prominent threats of power shutdowns, CI Power may assist with providing

that backup. Ms. Trinidad confirmed that the University receives different feeds coming in from different locations that feed power to the University.

Supervisor Linda Parks further asks if it is an accurate statement that the University has the use of the backup of the CI power plant if needed during power shutoffs. Mr. Tom Hunt, CSUCI facilities manager, clarified that it is not an accurate statement. He clarified that two different lines are available to the University from Edison directly and not the plant. The primary one is located where the power plant is. If for any reason that one should not be available to the University, there is a different backup line. Mr. Hunt further noted the University also has generators to support the power to the University. This is the redundancy Ms. Trinidad spoke about providing the University has triple redundancy.

Linda Parks asked for further clarification if the CI Power does not provide any power to the University from the power plant. Mr. Tom Hunt confirmed that under its current agreement, the CI Power Plant does not give power to the University. Supervisor Linda Parks asked if the University should want to, could they? Mr. Tom Hunt said that he is not sure if it could, explaining that the University loads with 2 megawatts and the plant is currently a 28-megawatt plant. The plant cannot run at 2 megawatts to only supply the University.

Supervisor Kelly Long asked if they can further discuss the Channel Island Power Plant on Item 12, she would like to address further questions but did not want to interrupt the financial audit review and approval.

Lastly, Mr. Vasin reported the approval of the audited financial statements for the Financing Authority. The financial reports were audited, though they are mostly vestigial. The organization has assets of \$16,000 and no significant transactions during the year.

Supervisor Linda Parks requested information regarding the Common Area Maintenance (CAM) reserves. Mr. Vasin, the auditor, informed Supervisor Parks that the audit is aimed towards the focus of the more significant numbers that yield higher revenue generators such as the CI Power Plant and the home sales. The CAM in the past has been audited; however, some changes were made two to three years ago. The CAM does not have its separate financial report; however, it is subject to internal audit controls. He mentioned that it is easy to request a separate report for the CAM as it can be easily added. It would be a report specific for the CAM and the operations of University Glen. The board made the request, and Mr. Vasin confirmed that they could do that for future audited financial reports.

Chairperson Considine wanted to emphasize one item from the Consent Agenda. The consent agenda is approving the Site Authority 2020 Calendar that references the February meeting changed to the 24th from the suggested meeting of the 17th. The consent agenda was approved unanimously.

The audit was approved and motioned by Supervisor Kelly Long and seconded by Assistant Vice-Chancellor, Robert Eaton, and the Site Authority and Financing Authority Audits were approved unanimously.

Open Bank Accounts for the Reserves (Stephanie Bracamontes):

Stephanie Bracamontes informed the Site Authority Board there has been a request from the Budget Advisory Group of University Glen to open a separate bank account for the CAM reserves. Ms. Bracamontes is happy to report that she is moving forward to the opening of the bank accounts for the CAM reserves with the approval from the board of directors.

The approval to open the bank account for the CAM reserves was motioned by Kelly Long, seconded by President Beck and approved unanimously.

ACTION ITEM 12: CI Power

Supervisor Kelly Long had a question concerning an article she had read indicating that the power plant at Ormand Beach could continue operation past 2020. She wanted to mention the article to the group because she is not sure if it affects the CI Power negotiations and its current budget. Ms. Ysabel Trinidad responded that the negotiations that have been occurring with Southern California Edison take into account the demand they have for resource adequacy. Ms. Trinidad mentioned that to her knowledge, there had been no discussion about that plan coming online or the extension of the date. It was news to facilities, and they are currently attempting to nail down the existing agreement under these terms.

Based on the current power shutdowns, Supervisor Kelly Long asked if there was any way to utilize the power that the CI Power plant has for battery storage. She mentioned that they already know that there are specific circuits based on the winds that cause the shutoffs.

Ysabel Trinidad mentioned that it was a great observation, and thought it was one the organization would like to explore in the next five-year capital plan for the University. She mentioned the campus does have a battery storage project online and thinks the offloading to this battery storage would be one way to help with these cut-offs that will be reoccurring in the foreseeable future. She spoke about exploring the option of taking any excess power of the plant and storing the excess into the battery storage that is not consumed by the campus. Supervisor Linda Parks asked if the battery storage is connected with the solar project. Tom Hunt informed her that it is a separate project.

Supervisor Linda Parks asked if the Site Authority has direct access with SCE, and does not procure electricity through the Clean Power Alliance. Ms. Trinidad confirmed that is correct. Supervisor Parks mentioned that there are funds out there to do these projects through the Clean Power Alliance. An update regarding the CCA's will be provided in the next calendar year with where the CSU is on it.

Supervisor Linda Parks suggested CI Power join the Clean Power Alliance. She is representing the county and sits on the executive board and mentioned that it is nice to see large organizations join in and receive benefits out of it too. Ms. Trinidad said this item would be brought back in the next board meeting.

Chairperson R.J. Considine clarified that CI Power was an action item and asked Ms. Trinidad to clarify the request. Ms. Trinidad asked Tom Hunt to go over the summary items.

Mr. Hunt spoke about the current agreement with Southern California Edison (SCE) and the expiration of the contract at the end of March 2020. With that in mind, since May, he has been actively engaging with SCE to extend that current agreement. Edison declined the extension and said the CI Power had to be part of their bidding offers. They would put out a request for offers (RFO), and CI Power would need to submit their proposal. A proposal was provided in August and was not accepted. Again in September, a revised offer was submitted, with decreased prices, and that offer was accepted. Under that accepted offer, it is anticipated to generate \$400-\$500 thousand in annual revenue for a 21-month term, and will make between \$700-750 thousand of income total. The agreement will run from April 2020 through the end of the 2021 calendar year.

Supervisor Linda parks requested if a breakdown of units of kilowatts can be provided to review what is actually provided. Mr. Hunt mentioned that the contract is similar to the current one under which the CI Power plant is called on as needed. SCE is paying the CI Power plant to be available, providing insurance in the event they need energy. Mr. Hunt mentioned the revenue is a predictable monthly amount. In the event the plant gets called to generate power, it is an extra source of income, but it is not very significant. The plant is not selling energy like the previous contract.

Assistant Vice Chancellor Robert Eaton asked if the extra resource generated covers the marginal cost. Mr. Hunt confirms that it does cover marginal costs.

Supervisor Kelly Long expressed concerns regarding the revenue from the power plant decreasing nearly 65 percent. In reviewing the notes from the financial audit, it mentioned that the CI Power revenue was \$9.2 million in 2018 and \$3.2 million in 2019. Supervisor Long noted that she thinks the CI Power contract is overall a good contract but noticed a significant step down with this year's numbers to the next year's

projected numbers of \$2 million. She made a recommendation to monitor the cost associated with the CI Plant closely.

Ms. Trinidad stated that the driving piece in the declining revenue is that CI Power is an older plant and is not competitive with other plants that are producing clean energy and at higher capacity. She mentioned that the overhead is significantly high. However, when the strategy had been discussed, it was agreed to keep the CI Power plant mostly to get as much value from the existing turbine (that has roughly 20,000 hours available).

Supervisor Linda Parks mentioned that in the past, a consultant was brought in, and he informed the group that the plant could be changed over from natural gas to clean power. She stated that she understands this is the bigger picture, but would like to continue to seek avenues to look at generating cleaner energy as it is one of the higher revenue sources.

Chairperson R.J. Considine asked for clarification of the agenda item as it is an action item. Ms. Trinidad clarified that the request is being made to the Site Authority Board for the approval to authorize the Chairperson to execute the contract with Southern California Edison.

Motion to approve of the Chairperson's authority to execute the contract with SCE was made and seconded, and approved unanimously.

ACTION: Appointment of the secretary Rosa Bravo

Motion was made, seconded and approved unanimously.

Information Item: Campus Update by President Erika Beck

President Erika Beck spoke about reaching the end of the semester. She mentioned the campus has a lot of things going on but thought she would start by providing an update from a news release related to emergency preparedness. CSU Channel Islands has been recognized and has earned the "StormReady" designation from the National Weather Service (NWS). It is a competitive application that you have to go through. CSUCI is one of just three campuses in the CSU system to receive the designation. President Beck noted the designation was the result of Ysabel's team, in particular, Maggie Tougas, for having the plans and communications in place to assist in our response with weather events.

President Beck provided capital improvement updates as well. Manzanita Hall is being remodeled. It will become the new home for the School of Business. President Beck mentioned the Grand Salon had an inaugural event, "Channel your Network," and thanked both Supervisors for attending the event at the newly remodeled Grand Salon.

She also mentioned the central mall will be undergoing construction with pavers just in time for the next commencement. The central mall is an iconic location that is used for the graduation ceremony, and the beautiful space will graduate more and more students. Also, she shared that an outdoor sculpture garden will be constructed in the central mall and is fully funded by the CI Foundation.

On the academic side, President Beck remarked that the University has received approval to offer the first Master of Science in Nursing (MSN), which will launch next fall. The University will also offer a Master of Science in Nursing for nurse educators specifically to help grow nursing faculty to assist other community colleges and universities in the region.

Supervisor Kelly Long wanted to recognize the University for being "StormReady." She acknowledged that it has been one year since the Woolsey Fire and wanted to make sure the University is keeping an eye on our students.

President Beck agreed and informed the Board that the University provides group therapy and regularly checks with the students affected.

Trustee Silas Abrego reported that there is a search for a new chancellor. Trustee Abrego noted that it would be hard to replace Tim White, but expects by the end of March meeting there will be the announcement of a new chancellor.

Information Item: University Glen Advisory Group Update (Robe)

Bill Robe reported that Laurie Nichols has successfully presented her escalation ladder to the Community Advisory Group (CAG). It is a system of how to deal with issues brought forward by the community, first vetting the problems through the Homeowner Advisory Committee (HAC), and making sure it is something community-supported rather than just an individual issue. The question would then be brought to the CAG, which would attempt to resolve the issue before bringing the issues directly to the Site Authority Board. There have been three issues that have been presented at the CAG and have been resolved within the group.

One of the issues that was presented to the Council Advisory Group included the change of LED lighting by Kennedy Wilson. The concern was that the lights were too bright, and Kennedy Wilson came back, agreed to change the color, and provided a color selection at the HAC meeting. Mr. Robe mentioned that this was a perfect example of an issue that was quickly addressed at the CAG level. The other item that was brought to the CAG was the request for an individual bank account for the reserves. The budget group provided input that they wanted to have the funds separated to receive investment earnings from the reserve balances. The last item the group worked on was the Dog Park Rules. The group discussed the rules, and Kennedy Wilson provided valuable input from their perspective. The group reviewed, edited, and the community now has new dog park rules.

Further, the HAC has developed committees of their own: a landscape committee, a finance committee that interfaces with the budget advisory group, and a rules and regulations committee. The residents will be allowed to see more transparency and be engaged with the decisions for the community. The Landscaping committee has been reviewing proposals with Brightview landscaping and other landscaping companies to look at creative ways to redo the landscaping of the community with the \$500,000 landscape budget. The Finance committee is reviewing the reserve balances. The items called out on the ground sublease specific to the garage doors, windows, and furnaces are being reviewed.

Due to recent power outages, there has been a renewed interest of solar panels on Townhomes. In the past, the request was not approved, as it was problematic because it is a shared roof. However, in review of the Solar Act passed by legislative, it mentions that HOA's cannot prohibit the homeowners from installing a solar panel. Mr. Robe indicated that the community is not an HOA, but as a state organization, he would not suggest avoiding all that. He mentioned that there are proposed restrictions that can be done to protect the common area.

Mr. Robe mentioned that UC Irvine is ahead and has implemented a Solar Program and has talked to Rosa Bravo. The CAG has received information from them and will be working towards proposing a similar program for the next board meeting. Further, Mr. Robe recommended that the Site Authority follow the same rules and guidelines that UC Irvine modified into their ground sublease. A document would need to be written, signed by the homeowner, and recorded that addresses the unique limitations the community has regarding the resale of the units. The Site Authority must evaluate the lease or buying of the Solar Panels. Mr. Robe mentioned that we will need to move forward with a plan and guidelines very soon.

Supervisor Kelly Long stated that she and Ken Simons had received a tour of the University Glen with the new landscapers and wanted to make sure Brightview is staying more consistent. She asked if the community has more or fewer complaints. Mr. Bill Robe mentioned that he anticipates fewer claims once the landscapers understand the needs of the community better. He confirmed with Jake Friesen, University Glen's Community manager, that they are meeting weekly with Brightview.

CONSENT AGENDA

ADJOURN: There being no further business, the regular meeting of the Site Authority Board was adjourned at 12:19 p.m.

APPROVED:
California State University Channel Islands Site Authority Board

Respectfully Submitted:



Secretary to the Site Authority

Dated: 2/26/2020