

Regular Meeting Minutes Monday, May 4, 2020

The California State University Channel Islands (CSUCI) Site Authority (SA) met on Monday, May 4, 2020, at 11:30 a.m. virtually via Zoom teleconference.

Site Authority Board Chairperson R.J. Considine called the meeting to order at 11:30 a.m. The secretary called roll and a quorum of members was present.

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

Alternates present: Vice President Ysabel Trinidad; Mayor Pro Tem Carmen Ramirez

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

OPENING STATEMENTS

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

Public Comment Period

Mr. Tom Bokhart, University Glen Resident, a member of the Homeowner Advisory Committee (HAC), said he purchased his townhome from the Site Authority a few years ago. On two previous occasions, he provided requests for information at the Site Authority Board meetings. The topic of his request related to the 88 townhomes sold to the private sector, and he mentioned that his home was one of the 88 townhomes. He is asking the Board if the matter is closed or still pending. If not discussed, he is considering the matter closed.

Board Chairperson R.J. Considine asked for clarification of the matter. Tom Bokhart explained that he believes that the 88 townhomes sold by the Site Authority were not given proper disclosures during the sales process regarding the deficiency in the recently released townhome reserve study. One of the components is the percent funding level of the townhome reserve that a buyer would assume. Board Chairperson R.J. Considine mentioned that the matter is pending and a proposal will be presented in the next board meeting.

Darcy Lober submitted a written statement via email on May 4, 2020, at 10:51 a.m., which was read by the Site Authority Secretary, Rosa Bravo. Ms. Darcy Lober is a townhome resident. She wrote that she attended the most recent HAC meeting, familiarized herself with the proposed budget, and strongly disagrees with the increase proposed. She objects to the increase of the CAM fee that will be proposed in the 2020-2021 budget.

Board Chairperson R.J. Considine closed the public comment period.

Board Member Comment Period (Considine)

Board Chairperson R.J. Considine called for Board Member comments.

Supervisor Kelly Long wanted to thank everyone for working through the pandemic and assisting the county through these times.

CONSENT AGENDA

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

- ACTION: Approval of Minutes of February 24, 2020 Meeting
- INFORMATION: Update on 32 Acre Development Project
- INFORMATION: Site Authority Operations Report
- INFORMATION: Financial Report

Supervisor Parks had a question regarding the third item on the consent agenda dealing with the 32-acre Development Project. Supervisor Parks wanted to confirm the components listed include affordable homes. Ms. Trinidad confirmed that it included age-restricted, affordable homes.

Mayor Pro Tem Ramirez mentioned that she is present as an alternative and available if her vote is needed. Board Chairperson R.J. Considine stated that she is allowed to vote.

Motion to approve the consent agenda was made and seconded, and approved unanimously by roll call vote.

INFORMATION AND ACTION ITEMS

Action: CI Power/CAISO Update and Authorization to Execute Agreement by Thomas Hunt

Mr. Hunt highlighted the brief provided to the Site Authority Board. He mentioned that CI Power had continued to pursue a resource adequacy contract with Southern California Edison (SCE). It looked like it was going to be accepted. However, SCE later pulled acceptance of a resource adequacy contract with CI Power. CI Power subsequently notified the California Independent System Operator (CAISO) that they would have to shutter the plant and no longer operate. CAISO proposed a regulatory must-run agreement directly with CI Power. During the last couple of months, CI Power has been scrambling to make that happen. CI Power filed an application for approval of the contract, effective May 1, with the Federal Energy Regulatory Commission (FERC). A couple of highlights from the contract include that cash security is not required as it is with SCE and the contract runs on a yearly basis and is subject to renewals at the end of the calendar year.

Trustee Abrego asked if the new contract's revenues would cover the expenses of operating the plant. Mr. Hunt confirmed that it would. Mr. Hunt noted that the rate of return included in the brief of 10.3% was determined to be too aggressive and was changed to a rate of 7.68% for the net return after all expenses. Chairperson R.J. Considine and Ms. Trinidad confirmed that the net gain is more than the SCE contract.

Mayor Pro Tem Carmen Ramirez asked how much energy the plant is producing in terms of megawatts. Mr. Hunt confirmed that the plant capacity is 27.5 megawatts. Currently, the plant contract is for resource adequacy, and the plant produces electricity if needed. Mayor Pro Tem Ramirez further asked if the plant is functioning for the campus. Mr. Hunt stated that it is not operating for the University; it is primarily running as a must-run if needed for CAISO.

Supervisor Parks requested a quick brief of the meeting between the Clean Power Alliance and the Site Authority. Supervisor Parks mentioned that Carmen Ramirez also serves on the Clean Power Alliance executive board. Mr. Hunt responded that CI Power had a follow-up meeting that involved the Chancellor's Office. The meeting was not focused on what the CI Power plant can do because it had already entered a contract with CAISO. Mr. Hunt mentioned that the meeting focused more on the system-wide initiative with all the California State Universities and Clean Power Alliance. A follow-up meeting was proposed to touch basis in a few months. Supervisor Parks added that it was good to know that CI Power has a yearly agreement and has a foundation to cover expenses.

Assistant Vice-Chancellor Robert Eaton asked what was driving the Fiscal Year 2020-2021's budgeted revenue of approximately \$4 million compared to the Fiscal Year 2019-2020 actual of \$2.8 million. Mr. Hunt answered that the financials are capturing revenue and expenses in a different way, and the way it looks in the books is different. The accounting was changed to comply with FERC rules.

Trustee Abrego asked for clarification if the SCE agreement did not move forward because the Site Authority entered the agreement with CAISO. Mr. Hunt informed the Board that the reason they did not enter the agreement with SCE was not related to CAISO. He clarified SCE had a number of things they were coming back and wanting for Site Authority to comply with. One of SCE's requirements was installing a remote terminal unit that was going to be very costly, and another requirement was the security they wanted the Site Authority to post. While the Site

Authority staff were requesting further justification from SCE, SCE came back and stated that the deadline had passed, and they pulled the deal.

The approval to execute the agreement with CAISO was motioned by Supervisor Long and seconded by City Councilman Ken Simons, and approved unanimous by roll call vote.

Action: Approval of 2020-2021 Operating, Capital and Reserve Budget by Stephanie Bracamontes

Ms. Bracamontes presented the Operating Budget to the Site Authority Board. The total revenues budgeted for approval are \$13.7 million and expenditures at \$13 million, with a projected net operating income of \$756,000. Ms. Bracamontes covered the more extensive category-budget materials, including the \$2.6 million for the operation of property tax to service the debt of \$2.6 million in \$6,000 net revenue. The second-largest activity is the Kennedy Wilson Phase 1 Apartment and Town Center that's specific to the faculty, and staff subsidy program with projected revenue of \$765,000 with expenditures of \$347,000 with a net projected income of \$418,000. Then, there is the CI Power, estimating \$4 million in revenue with \$3.5 million in expenses with a net income of \$533,000.

City Councilman Ken Simons asked for further information about the administrative cost of \$6 million. Ms. Bracamontes answered that it is related to common area maintenance (CAM) expense, operating expense under the CAM, and CI Power combined in the administrative cost.

Trustee Silas Abrego requested information regarding losses as a result of the pandemic. Ms. Trinidad and Ms. Nichols confirmed they are receiving monthly tracking reports, and there are no substantial losses in the rental lease for the subsidy program with Kennedy Wilson. Supervisor Parks asked if any of the commercial spaces and the restaurants for the students are experiencing any difficulties. Ms. Trinidad confirmed that the retail spaces are leased by University Auxiliary Services and have been suffering some losses. The Town Center Market has been an ongoing concern, and the auxiliary is looking at unique ways to bridge that with Kennedy Wilson. In the next meeting, Ms. Trinidad suggests a scenario would be provided to mitigate the losses and work through possible impacts with Mr. Robe's advisory group.

Trustee Silas Abrego asked how large the reserves are. Ms. Trinidad responded that all in reserves are \$20 million, including reserve sub-buckets for economic uncertainty, CI Power, and common area.

City Councilman Simons asked if the budget is modeling all the potential losses. Ms. Trinidad confirmed that the model does not include possible losses because the foreseen loss is with University Auxiliary Services and does not affect the Site Authority's financials.

Ms. Bracamontes continued and presented the Capital and Reserves Budget. The first section represents the complete projects that were moved forward by the proposed expenditure of \$738,000. The categories are broken down on a high-level summary by infrastructure, common area maintenance, townhomes, and single-family. Ms. Bracamontes disclosed that the common area, townhomes, and single-family undertake a budget process through the Budget Advisory Group that is presented and vetted through the Community Advisory Group, chaired by Bill Robe. It is vetted through these groups, and these projects have been communicated to the community through these groups.

City Councilman Simons asked for clarification of the reserves transferred in that show the net ending balances for infrastructure are going down, the common area is going down, and the townhome is going up. Ms. Bracamontes mentioned that there is a principal portion serviced the debt with the reserves. He requested a summary of the presentation, and if there should be any concerns regarding the reserve balances five years from now. Ms. Trinidad mentioned that the Site Authority is working on the infrastructure. When the 32-acre project comes online, that contract will offset the principal payment of the debt that we see on the infrastructure reserve. The signing of the agreement will generate revenue from the ground sublease for the 32-acre project. City Councilman Simons asked what the projected time is for the contract to be executed. Ms. Trinidad mentioned that approximately one year or two. The first project agreement is with the age-restricted contract, the plans for which have been approved by the State Fire Marshal. The issue of prevailing wage law as it applies to the project is now pending review by the Department of Industrial Relations (DIR).

City Councilman Simons asked when the debt service expired. Ms. Trinidad responded that the debt service is a 30-year bond and expires in 2040.

Supervisor Parks had a question regarding the townhomes and the high increase in their maintenance. She wanted to confirm that it was a one-time increase. Ms. Nichols addressed the concern, explaining the increase was driven by the earthquake insurance that was added to the townhome CAM fee. The additional component was the contribution increase to the reserve balance. Ms. Bracamontes added that some modeling is being considered for the reserve balance for the townhomes. For the immediate term, there is a request to increase the common area payments, anticipating expenditures of \$2 million for the common area operating budget. The prorated share includes unit contributions, including 658 dwelling units and 14 retail units contributing to the CAM budget. Ms. Bracamontes noted that the increase requested for the apartments is 8%, town center 8%, retail 8%, single-family 9%, and townhomes 25%. Supervisor Parks asked if there is a different strategy of slowly increasing the CAM instead of the big jump. It is a concern specifically during these difficult times. Board Chairperson Considine informed the Board that the community has a deferral program available for residents experiencing hardship. The townhome CAM fee increased primarily due to the earthquake insurance in place per the homeowners' request. Secondly, the reserve payment amounts have been small and have contributed to the reserve deficit of the townhomes. Board Chairperson Considine mentioned that a proposal will be presented at the next Site Authority Board meeting and the proposal will give further details of how to assist with the reserve deficit.

Board Chairperson Considine asked Bill Robe to provide any insight regarding the request of the earthquake insurance from the community to be added to the budget. Mr. Robe responded that the discussion began within the Budget Advisory Group (BAG) that includes members of the Homeowner's Advisory Committee and Site Authority staff, including Laurie Nichols, Rosa Bravo, and Stephanie Bracamontes. The earthquake insurance was requested through the BAG. Ms. Bravo added that it was determined within the BAG group's review of the ground sublease that earthquake insurance was a requirement for the townhome owners to procure through the maintenance rent. Also, she noted that earthquake insurance is an operational line item of \$78,000. The increase is \$30 per homeowner, and the overall increase is 12%.

City Councilman Simons asked if it was fairest to charge everyone for the \$14.27 for the Common Area Maintenance (CAM). Mr. Robe mentioned that the CAM includes the maintenance of the recreational parks, pools, and shared amenities. The townhomes have a separate CAM that contains windows, garage doors, and furnaces.

The operating budget, capital, and reserve budget was motioned for approval by Assistant Vice-Chancellor Robert Eaton, seconded by City Councilman Ken Simons and approved unanimously by roll call vote.

Information Item: Campus Update by President Erika Beck

President Erika Beck mentioned that she is very proud of the academic program. Besides having an extraordinary challenge, they have been innovative and creative. The academic community, including students, faculty, and staff, has come to facilitate the broader community during these unprecedented times. A couple of examples are 3D printing face shields that provide additional equipment to emergency first responders and medical health providers throughout the community. The CSU Channel Island nursing students work directly with County Public Health and staffing with their call centers. Students are answering phone calls that are ringing non-stop. The students are proud to be part of the response and to be able to help facilitate the County's response to COVID-19.

As the University navigates through uncharted territories, the two guiding stars are first the health and safety of the academic community. The second is remaining grounded in the educational mission. The first component of the educational mission is ensuring that we double-down in our commitment to making sure the students progress in their degrees. The President remarked that CSU Channel Islands was one of the 9 universities in the country to receive the Seal of Excelencia for success in promoting the success of the Latinx students.

President Beck mentioned that the University is pivoting to some unique virtual spaces. The dance faculty have shifted their work into a virtual space, and are hosting webinars for dance videos across the country. CSU Channel Island has invested heavily to provide technology to staff, faculty and especially students with hotspots and hundreds of laptops. The Student Affairs team has created a website called "the Island," as a place for students to stay connected and engaged with the campus community in a virtual environment. President Beck noted she has been looking at data for course drops and semester course withdrawals, and it is very low.

CSU Channel Island is looking at summer sessions in a broader way, knowing that some virtual components are going to be important as the University continues to navigate with the County's partnership. The University is looking at ways to provide summer sessions for students struggling with an individual course.

The school is providing significant scholarships for students in the summer and offering to keep students engaged with internships. The critical message to the students is that you belong, you can make it, and stick with us. Also, the University is investing in faculty development in the summer. The second component of the education mission is making sure every student who seeks an education at CSUCI and is a new student has an opportunity to enroll. The enrollment team offers virtual orientation, virtual campus tours, virtual financial aid sessions, virtual registration sessions, and virtual dolphin day sessions. They are offering the opportunity for students coming in the fall to be welcomed to our campus.

CSU Channel Islands will be holding a virtual commencement on May 23 at 11 a.m. and will have lots of surprises for the students.

Mayor Pro Tem Ramirez thanked President Beck and said that what the University is doing is very inspiring. She would like it to be publicized a lot more and inspire the young people, specifically the neighboring communities like the Oxnard community. She mentioned that she cannot imagine what it is to be a student today but is inspired to hear how the University supports the students achieving their degrees.

Supervisor Parks wanted to thank CSUCI for providing the County with masks and assisting the County's call center during this pandemic. She acknowledged the difficulty of the job market for graduates, and she wondered if it is pushing students to get their graduate degrees.

President Beck mentioned that it is too early to tell. However, the University is also doubling down on career services and building additional partnerships, including with Trade Desk. The University is very concerned about what students are walking into through these challenges and looking to support them. She mentioned that she would follow up with additional information on the next board meeting.

Item: University Glen Advisory Group Update (Robe)

Bill Robe reported to the Board that Common Area Manager Jake Friesen has been good at communicating with residents regarding COVID-19 restrictions in the community. The other item discussed is the landscaping and how to accomplish the refurbishment within the \$500,000 budget. The homeowners continue to review the proposals presented by Brightview.

Mr. Robe mentioned that seventy-five percent of the issues we're dealing with are townhome reserves, the shortfall, and the reserve studies. The goal was to get the reserve up to a 70% funding level. There are several ideas on how to meet that shortfall. Some of the ideas were amending the ground sublease, one-time payment, and an increase of the common area reserve contribution.

Mr. Bill Robe advised the Board that the Community Advisory Group (CAG) charter has expired. According to Mr. Robe, the set up was a good idea, and it is working well. Within Site Authority operations, Laurie Nichols and Rosa Bravo are talking about how to organize the group and how it is most effective. The Homeowners Advisory Committee (HAC) meets with the community and with Site Authority staff, and assists with addressing any problems. Mr. Robe noted he uses the Site Authority Board meeting to bring forward any issues and how they were addressed. He confirmed the CAG will continue to meet and report to the Site Authority Board.

CONSENT AGENDA

ADJOURN: There being no further business, the regular meeting of the Site Authority Board was adjourned at 12:16 p.m.

APPROVED:
California State University Channel Islands Site Authority Board

Respectfully Submitted:



Secretary to the Site Authority

Dated: 08-06-2020