

IRVINE CAMPUS HOUSING AUTHORITY
Board of Directors' Meeting
April 14, 2015

BOARD MEMBERS PRESENT: Ken Chew, Bill Hansen, Greg Jue, Ken Janda, Herb Killackey, Bert Semler, Deb Sunday, and Mark Warner

OTHERS PRESENT: Courtney Caldwell, Stephen Cauffman, Lara Grady, Andrew Herndon, Jane Laning, Victor Van Zandt, Elaine Vatakis, Kathy Windsor

CALL TO ORDER: Ken Chew called the meeting to order.

APPROVAL OF MINUTES: The Board approved the minutes of March 10, 2015.

REPORT ON OPERATIONS

President Jane Laning updated the Board on the following matters:

- Regarding the two upcoming July vacancies on ICHA's Board, President Laning reported that nominee Alan Barbour has agreed to serve in the campus-affiliated position. Further, she and ICHA's Chair met with off-campus candidate Christy Teague, who is interested in serving but has just retired from her position as the City of Dana Point's Economic Development Director. The Board remained supportive of her nomination and asked President Laning to finalize the appointment.
- The campus is analyzing four potential options for additional faculty and staff housing. Management will meet with Chancellor Gillman and other campus administrators next week to finalize the selection.
- The proposed UCI Observatory project adjacent to the Area 10 Park & Pool is formally and permanently cancelled. After months of design, analysis, meetings and discussions, the parties could not find a way to build the project without blending in University funds, which would trigger prevailing wage issues.
- The Area 10-2 New Home Drawing will take place on May 5th at noon. Management invited all Board members to participate.
- Trees on campus are suffering a significant infestation of Shot Bore Beetles, which transmit a fatal fungus with no known cure that could affect hundreds of University Hills trees. Management is working closely with UC experts, county agencies and the campus and will report back to the Board as warranted.

- Management and ICHA counsel met with the OC Assessor's office on several occasions regarding property tax issues:
 - Each January, ICHA will provide the land values used to calculate homeowner ground rent to the Assessor's office, who will use this data in their calculation of the taxable possessory interest value included on annual property tax bills.
 - The State Board of Equalization asked the OC Assessor's office to provide additional information and the rationale used to determine University Hills land values. Management will continue to monitor this potentially troublesome situation.
 - In the course of an internal review, the Assessor's office found and corrected mistakenly high assessed values of over 300 University Hills homes. All affected homeowners received a lower valuation and explanatory letter with phone number for any additional information, and some will receive a small tax refund.

OLD BUSINESS

- **Area 10 - 1 Acre Park Budget Update and Pool Discussion**

Director of Planning and Construction Victor Van Zandt informed the Board that design development plans for the Area 10 Park & Pool project were complete and presented the resulting updated budget and timeline. The \$2.7M project will need an additional \$0.6M of funds from ICHA beyond the \$2.3M collected, or to be collected, in Area 10 future-phase contributions. Board authorization at today's meeting would likely enable the project to be operational in summer 2016.

Due to the recently announced California drought and the water reduction mandates, management recommended delaying a decision to proceed with the project for one month to collect data and further analyze the impacts, if any, of proceeding. The Board had a robust conversation about the various facets of the drought and agreed with management's suggestion to wait one month.

NEW BUSINESS

- **Cash Flow**

Vice President of Finance Lara Grady presented a cashflow model from FY 2014/15 through FY 2027/28. The assumptions included equity in Alturas; funding and maintenance of the Area 10

Park & Pool; and factors for increases to rents, shared appreciation, maintenance assessments, inflation, and reserve contributions and expenses.

Operating cash will peak upon the sale of Area 10-2 homes and drop with the completion of Alturas and the Area 10 Park & Pool. Long-term operating cash growth demonstrates that cash flow is positive with these assumptions.

Vice President Grady concluded that the model shows cash will increase over time, as will reserves; and that rental projects are beneficial to the corporation's fiscal health.

The Board discussed the potential of bringing more than 25% equity to the Alturas project at its takeout financing as a way to maximize returns to the corporation, given the differential between the interest rate ICHA earns on its cash versus the substantially higher rate ICHA would pay on borrowed funds.

EXECUTIVE SESSION

The Board dismissed management and visitors to enter into Executive Session on human resource matters.

ADJOURNMENT

The meeting adjourned at 4:45 PM.