

IRVINE CAMPUS HOUSING AUTHORITY
Board of Directors' Meeting
May 12, 2015

BOARD MEMBERS PRESENT: Ken Chew, Bill Hansen, Vicki Ruiz, Bert Semler, Deb Sunday, Mark Warner

OTHERS PRESENT: Courtney Caldwell, Stephen Cauffman, Lara Grady, Andrew Herndon, Jane Laning, Robyn Stelk, 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 April 14, 2015.

REPORTS ON OPERATIONS

Monthly Operations Report

The Chair opened the Operations Report for questions and comments.

President Jane Laning updated the Board as follows:

- UCI Administration has asked ICHA to land plan an additional 29 acres for future housing on parcels D, F, and G bordered by Area 10, California Avenue, Anteater Drive, and Bonita Canyon. At an average of 8.5 units per acre the land could accommodate approximately 180 homes and a rental project. The parcels will be developed from 2017 to 2022 in several phases.
- The New Home drawing held last week had 84 applicants from 2 recruit classes for 37 homes. As of May 12 the Sales Office had offered lots to the first 34, and only 5 declined; applicants who do not get a home will remain on the waitlist for a resale.
- ICHA hired Karlie George as Sales Coordinator to replace Nahid Greger, who will become Director of Sales and Marketing on July 1, 2015. She holds a degree in Journalism from CSUSJ and has experience with a marketplace homebuilder.
- Candidates Alan Barbour and Christy Teague agreed to serve as new ICHA Board members. Vicki Ruiz is unable to accept another two-year term, creating an opening for a homeowner Senate member, and Diane O'Dowd, Vice Provost for Academic Personnel, agreed to fill the vacancy.

The Chair noted that ICHA is hosting this year's Conference on Academic Workforce Housing on May 14-15. He encouraged Board members to attend. President Laning thanked Victor Van Zandt, Elaine Vatakis, and Robyn Stelk for organizing the conference.

OLD BUSINESS

Area 10 1-Acre Park Recommendation

Director of Planning and Construction Victor Van Zandt and Vice President of Community Development Andrew Herndon made a PowerPoint presentation on the Area 10 Park recommendation, following up on last month's deferral of a decision on the pool component to allow additional data-gathering in light of new drought restrictions.

Director Van Zandt explained that the State has imposed a 16% domestic water savings requirement (from 2013 levels) on the Irvine Ranch Water District. A preliminary analysis of University Hills water consumption indicates that domestic water usage for University Hills homes and common areas has dropped over 8% since 2013.

In addition, management is currently in the process of converting approximately 25 acres of common area irrigation from potable to reclaimed water. This conversion will reduce the total University Hills consumption well below the reduction mandated by the Governor even with the new pool.

Vice President Herndon added that management is working with the HRB to educate and assist residents with water conservation by including data on usage on monthly billing statements, notifying high water users, coordinating seminars with IRWD, and negotiating for discounted Smart Irrigation controller devices. Management thanked Steve Cauffman, Chair of the HRB, for his efforts.

After questions and discussion, the Board accepted management's recommendation to move forward with the Area 10 1-Acre Park construction documents to enable approval of the construction contract later this year.

NEW BUSINESS

Gabrielino and Santiago 2015/2016 Rental Rates

Director of Rental Housing Elaine Vatakis made a PowerPoint presentation supporting next year's proposed rental rates for the ICHA-owned Gabrielino and Santiago Apartments. Data

considered in determining the rate increases included Las Lomas and graduate housing rates, University conditions, market trends and expenses.

Director Vatakis compared rate increases in the Irvine market as well as ICHA increases in recent fiscal years; handed out a tabulation of proposed rate increases and resulting rents for all ICHA unit models, and presented a bar chart showing projected FY 2015/2016 average unit rents by number of bedrooms for ICHA complexes and comparables from the Irvine market and Campus.

After discussion, and upon motion duly made and seconded, the Board unanimously adopted the following resolutions:

RESOLVED: that the rental rates for the Gabrielino Apartments will increase by 3% for unfurnished units and 3.1–3.2% for furnished units, effective July 1, 2015.

FURTHER RESOLVED: that rental rates for the Santiago Apartments will increase by 3–3.1%, effective July 1, 2015.

Draft Budget, Reserve Expenditures and Funding for Fiscal Year 2015/2016

Vice President of Finance Lara Grady gave a PowerPoint presentation on the ICHA draft budget for fiscal year 2015/2016 and distributed the consolidated budget and budget by cost center. She highlighted major variances from the current budget; emphasized the need for ICHA to retain ground rent and shared appreciation to reinvest in the community; and noted how valuable the rental portfolio is to the program.

Budget assumptions for revenues included 45 new-home sales; rent increases as proposed, plus rental income from Alturas; a \$3 increase in the monthly maintenance assessment from \$74 to \$77; and a shared appreciation Income projection based on a 3-year historical average.

Vice President Grady reviewed the various reserve accounts for University Hills components, including their respective current fund levels and budgeted expenditures and proposed funding contributions for the upcoming fiscal year. Annual Reserve Studies prepared by outside consultants are an important budgeting and scheduling tool for ICHA and the basis for expenditures and contributions.

In accordance with Reserve Study recommendations along with internal assessment and discussion, management proposes total contributions to reserves of \$705,900 for fiscal year

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2015-2016, a slight increase over the previous fiscal year, as ICHA is a community that is both growing and aging. Transfer of contributions from ICHA's operating account to the specified reserve accounts will occur following Board approval.

Board members will have approximately 30 days to review the proposed budget and reserve funding before presentation for final approval at the June Board meeting. Vice President Grady encouraged Board members to contact her before then for any additional information and questions.

ADJOURNMENT

The meeting adjourned at 4:45 p.m.