

IRVINE CAMPUS HOUSING AUTHORITY
Board of Directors' Meeting
November 10, 2015

BOARD MEMBERS PRESENT: Alan Barbour, Ken Chew, Greg Jue, Herb Killackey, Diane O'Dowd, Deb Sunday, Mark Warner

OTHERS PRESENT: Courtney Caldwell, Stephen Cauffman, Lara Grady, Nahid Greger, Andrew Herndon, Jane Laning, Robyn Stelk, Victor Van Zandt

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

APPROVAL OF MINUTES: The Board approved the minutes of October 13, 2015.

REPORT ON OPERATIONS

The Chair opened the Operations Report for questions and comments. President Jane Laning updated the Board on several matters:

- ICHA Management recently met with Provost/EVC Lavernia to discuss the Area 11 land plan and the timeline for the next phase of housing. As there will be no new homes until 2017, ICHA will rely on both resales and rentals to help with the demand in the interim. Management also updated him about ICHA, its mission, its accomplishments, and University Hills in general. Provost/EVC Lavernia complimented ICHA and its mission as an important advantage to UC Irvine in faculty recruitment.
- The sales department has closed 57 escrows since July: all 42 Area 10-2 homes offered and 15 resales.
- The rental department has begun the lease-up of Alturas, with approximately half faculty recruits and half new academic staff recruits. There is already a substantial waitlist for Alturas units.
- Starting in December, the ICHA Board will hold its meetings on the second Wednesday of each month at 3:30 p.m.

Chair Ken Chew suggested for future discussion the possibility of posting the ICHA Board minutes on the ICHA website, based on a resident's request. The Board responded favorably to the idea and will make the final determination at the December meeting.

NEW BUSINESS

- **Alturas Rental Townhomes Permanent Financing**
 - **Process Overview and Timeline**

President Laning utilized a PowerPoint presentation to provide an overview of the timeline to obtain permanent financing for Alturas. She discussed the following points:

- ICHA will borrow no more than \$18 million.
- As this external financing authorization request does not exceed \$20 million, it can be a "Concurrent Item" approved solely by UC's President with the concurrence of the Chair of The Regents and the Chair of its Committee on Finance.
- Management will deliver the draft Concurrent Item to the UC Office of the President in December 2015.
- UCOP hopes to deliver the final Concurrent Item to the Chairs of The Regents and the Committee on Finance in early January 2016.
- The Concurrent Item should receive approval by mid to late January.
- Management anticipates that loan negotiations will begin in late January to early February.
- Management will either close the permanent loan or arrange extension of the construction loan before the contractual deadline of June 18, 2016.

President Laning then addressed Board questions regarding her presentation.

- **Cash Flow**

Vice President of Finance Lara Grady continued with a discussion on ICHA's cash flow. Her April presentation of the prior model raised the possibility of investing more equity than required into Alturas to reduce the loan amount and thus interest costs. Subsequently, ICHA received confirmation of Area 11 development through 2020.

Today's presentation addressed an updated model projecting ICHA's annual cash balance through June 2032. She distributed a summary of the major assumptions and discussed the process used to determine the appropriate range to borrow on Alturas. She noted that each \$1 million reduction of the loan from \$18 million results in a relatively immaterial annual savings, and as ICHA will be entering a 5-year period of intensive development with many unknowns it may be prudent to maximize liquidity at this point; later ICHA will have the opportunity to use available cash to reduce permanent financing for the completed Area 11 apartments, and these additional units will provide beneficial income as well as help to address the large pent-up and anticipated new demand for rentals. Management will make recommendations to the Board on

the final Alturas loan amount early next year. Vice President Grady responded to questions regarding cash flow.

- **Loan Analysis**

Vice President of Planning & Construction Victor Van Zandt gave a PowerPoint presentation and distributed a handout with detailed information on the various loan options for permanent financing of Alturas. He noted that Management has been working with NorthMarq, a loan broker that UCOP recommended, and NorthMarq obtained loan proposals from 5 life companies. He explained the terminology and loan choices on the handout. He noted that Management will be recommending a shortlist of 3 companies to UCOP in the Concurrent Item and will report to the Board at its December meeting on finalists selected. He then responded to Board questions regarding the loan options and lenders.

EXECUTIVE SESSION

The Board went into Executive Session.

ADJOURNMENT

The meeting adjourned at 4:47 p.m.