

IRVINE CAMPUS HOUSING AUTHORITY
Board of Directors' Meeting
May 10, 2017

BOARD MEMBERS PRESENT: Jennifer Aaron, Alan Barbour, Yong Chen, Diane O'Dowd, Sandra Irani, Greg Jue.

OTHERS PRESENT: Jennifer Barb, Barbara Correa, Lara Grady, Nahid Greger, Richard Haier, Andrew Herndon, Jane Laning, Hobart Taylor, Victor Van Zandt, Elaine Vatakis

CALL TO ORDER: Greg Jue called the meeting to order.

APPROVAL OF MINUTES: The Board approved the minutes of April 12, 2017.

REPORT ON OPERATIONS

Chairman Jue and President Laning highlighted several items for the Board:

- Heike Rau, Assistant Dean, Donald Bren School of Information and Computer Sciences, has accepted membership to the Board. She will come to the June Board Meeting as a guest and assume the Board membership position in July.
- Thank you to ICHA Board members, HRB members, ICHA staff and residents for attending the University Hills Community Meeting on May 3. The presentation slides have been posted on the ICHA website.

President Laning updated the Board on the following items:

- Delivery of Area 11 homes is scheduled to begin in November 2017, representing a delay of several weeks due to complications related to a Gas Company easement.
- Applications for the 2017 New Home Drawing have been sent to approximately 120 new senate recruits. The sales office has received 59 completed applications. The deadline for the drawing is May 19th at noon and the drawing will be held on May 24 at noon. The Board and HRB are invited to attend the May 24th drawing.
- A group of University Hills residents organized under the HRB Sustainability Committee, working with the Community Environmental Council (CEC), has negotiated discounts on solar panel installation for University Hills residents. After completing an evaluation of solar providers, they selected Urban Energy Solar to provide solar photovoltaic systems to University Hills residents who sign up for the program before July 19, 2017.

- Vice President Andrew Herndon has made a significant transition to the use of organic product, in lieu of pesticides and herbicides, in controlling pest and weeds at the parks, the Community Center, and the condo communities in University Hills. This information has been shared with UCI Integrated Pest Management Taskforce and Non-Toxic Irvine, demonstrating ICHA's commitment to reduced pesticide and herbicide use.
- The Earth Day recycling event held on April 29 was exceptionally well attended with thousands of pounds of Salvation Army donations, electronic waste recycling, and document shredding throughout the day. 100 cubic yards of mulch, in part created from U Hills green waste and tree trimming materials, was donated by Leonard Chaidez Tree Service. Over 200 pounds of prescription drugs were collected by UCI PD and US DEA service personnel.
- Both Condo Associations have approved their annual budgets without increasing resident dues. Elections for both associations will be held in May.

NEW BUSINESS

Draft Budget, Reserve Expenditures and Reserve Funding for Fiscal Year 2017/18

Vice President of Finance Lara Grady gave a PowerPoint presentation on ICHA's draft budget for fiscal year 2017/2018 and distributed the consolidated budget and the budget by cost center. She discussed major variances from the current budget; highlighted the increase in revenue anticipated with the sale of 56 new homes; and emphasized the need to accumulate sufficient equity necessary to finance new Area 11 apartment construction.

The draft budget shows a positive change in Net Assets. Budget assumptions for revenues included 56 new-home sales; 2.4 - 3% rent increases as approved by the Board; a \$3 increase in the homeowner monthly Maintenance Assessment (Supplemental Ground Rent) from \$80 to \$83; and a 3% increase in Ground Rent revenues from periodic land revaluations as well as additional homes. Total expenses are substantially higher than in the current year's budget owing primarily to the construction of new homes in Area 11. Vice President Grady explained ICHA's proposed capital expenditures.

Vice President Grady reviewed the various reserve accounts for each of the University Hills components, including their respective current fund levels, budgeted expenditures and proposed contributions to these accounts for the upcoming fiscal year. She noted that Annual Reserve Studies prepared by outside consultants are an important budgeting and scheduling tool for ICHA and the basis for budgeted reserve expenditures and contributions, and that ICHA's reserves funding levels for University Hills common areas and townhomes comfortably exceed the minimum 70% benchmark threshold qualifying as healthy. ICHA is aiming to achieve 70% funding of the rental reserves in the next year or two.

In accordance with Reserve Study recommendations along with internal assessment and discussion, management proposes total contributions to reserves of \$1,213,600 for fiscal year 2017-2018, an increase over the previous fiscal year and a recognition that the University Hills facilities are both growing in size and aging. Transfer of contributions from ICHA's operating account to the specified reserve accounts will occur following Board approval. Vice President Grady recommended that the transfer of reserves be completed after Area 11 homes are sold.

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.

EXECUTIVE SESSION

The Board went into Executive Session.

ADJOURNMENT

The meeting adjourned at 4:40 p.m.