

IRVINE CAMPUS HOUSING AUTHORITY
Board of Directors' Meeting
May 9, 2018

BOARD MEMBERS PRESENT: Jennifer Aaron, Alan Barbour, Yong Chen, Ken Janda, Greg Jue, Sandra Irani, Diane O'Dowd, Heike Rau, Barbara Sarnecka, Christy Teague.

OTHERS PRESENT: Jennifer Barb, Bryce Bunker, Brad Conley, Barbara Correa, Karlie George, Andrew Herndon, Ron Reid, Robyn Stelk, Hobart Taylor, Elaine Vatakis.

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

APPROVAL OF MINUTES: The Board approved the minutes of April 11, 2018.

REPORT ON OPERATIONS

The Chair opened the Operations Report for questions and comments. Vice President Vatakis asked all managers to present reports for their respective departments:

- Manager Reid discussed the hiring of Jose Perez to provide maintenance services for common areas and assets that ICHA manages.
- Director Correa reported that ICHA is developing a video project commemorating the 35th anniversary of ICHA this October, set to debut at the annual Fall Fiesta event. There will also be an audio booth at the event to allow residents to share recollections of life in University Hills as a living history.
- Vice President Herndon reported that the Vista Bonita reclaimed water conversion project is in progress and is expected to be completed by fiscal year end. This is the final conversion area in University Hills and completes a multi-year project to convert all common area irrigation to reclaimed water. He also announced a plan to review the landscaping at the Community Center and added that the project to create an area for small dogs at the Gabrielino dog park will begin soon, with completion expected by the end of summer.
- Manager Bunker reported that curb and gutter repair in Area-11 is underway and that additional dirt removal will continue for about 10 days. Additionally, the Las Lomas Roof Replacement Project is progressing well and will total 16 buildings when completed.
- Vice President Vatakis announced that ICHA hosted Timothy Trevan, UCI's recently-named Executive Director of Student Housing, on a tour of University Hills.

- Director George thanked board members who responded to an invitation to attend the New Home Drawing on May 30. She also reported that the document for incoming recruits requested by the board has been distributed to hiring deans and department chairs. Finally, she explained that she will give a presentation at the June board meeting about primary residency rules and the tools ICHA uses to ensure University Hills homeowners are using their home as their primary residence.

NUTS AND BOLTS

Asset Manager Ron Reid gave a presentation explaining ICHA Reserve Funds. ICHA accumulates reserve funds for the repair and replacement of long-term assets within the community. The reserve fund levels are based on recommendations from a third-party reserve study. Currently, the reserve funds are held in the Regents' Short Term Investment pool (STIP)

There are four categories of reserve funds: University Hills Common Area (funded by ICHA), Townhomes (funded by monthly assessments from townhome residents), Rentals (funded by rental operations), Long-Term Infrastructure (water, sewer, storm drains historically funded by new construction project cost savings).

Assets are evaluated and assigned a maintenance and replacement value based on their usable life, taking into account future maintenance and replacement costs. Reserves are set aside at an annual rate to accumulate necessary cash levels for repairs and eventual replacement. Reserve assets are subject to annual onsite and offsite reviews by management and the consultant. The goal of the reserves is to establish a self-sustaining plan of saving and spending to maintain and replace ICHA's assets.

OLD BUSINESS

- **Area 11 Rental Update**

Vice President Vatakis reminded the Board that the ICHA Articles of Incorporation require ICHA to consult with UCOP and gain approval of the Regents or their designee for financing for capital improvements. It appears that UCOP will support a permanent loan of up to \$20M for the Area 11 Rental Project using a delegated authority to the President of the UC system. Thus, it will not be necessary for ICHA to request approval from the Regents. Management had initially projected a \$24M permanent loan for the Area 11 Rental Project, so additional equity will need to be identified. ICHA CEO and President Victor Van Zandt is confident that the corporation will easily be able to identify these sources and will provide additional information and options at a future meeting.

NEW BUSINESS

- **Gabrielino, Santiago, Alturas 2018/2019 Rental Rates**

Vice President Vatakis gave a digital presentation on proposed rental rate increases for Gabrielino Apartments, Santiago Apartments, and Alturas Rental Townhomes for the next fiscal year. She discussed the factors that determine rate increases, including Las Lomas rates set by UC Irvine, market trends and conditions, operational expenses, and reserve funding. She also discussed the current Irvine rental market and presented an area map of comparative properties.

She announced that, based on these factors, ICHA is proposing a 2.8% to 3.2% increase in rental rates for Gabrielino, Santiago and Alturas properties for 2018/19. That range is in line with average ICHA rental rate increases of 3% for the past several years.

Vice President Vatakis distributed a handout detailing proposed rental increases for each property and plan. She also presented a histogram showing the proposed rental rates compared to UC Irvine graduate housing and similar market-rate properties in Irvine.

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 2.8-3.2%, effective July 1, 2018.

FURTHER RESOLVED: that rental rates for the Santiago Apartments will increase by 2.9-3.1%, effective July 1, 2018.

FURTHER RESOLVED: that rental rates for Alturas Rental Townhomes will increase by 2.9-3.1%, effective July 1, 2018.

- **Reserve Expenditures and Reserve Funding for Fiscal Year 2018/19**

Director of Finance Jennifer Barb gave a PowerPoint presentation on reserve funding and expenditures. She reviewed the various reserve accounts for each of the University Hills components, including their respective current fund levels, budgeted expenditures and 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. She further noted that the reserves funding levels for University Hills common areas and Townhomes and rentals comfortably exceed 70%, which is generally recognized as a

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healthy funding level.

In accordance with Reserve Study recommendations along with internal assessment and discussion, management proposes total contributions to reserves of \$1,396,400 for fiscal year 2018-2019, an increase over the previous fiscal year due to the addition of the Community Center facility 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.

She said that a draft budget will be sent to Board members by May 24 and that the fiscal year 2018-2019 budget will be presented to the Board, along with assessment increases and reserve funding recommendations, at the June 13 Board meeting. She invited Board members to contact her with questions.

EXECUTIVE SESSION

The Board went into Executive Session.

ADJOURNMENT

The meeting adjourned at 5:15 p.m.