

## IRVINE CAMPUS HOUSING AUTHORITY

Board of Directors' Meeting

May 13, 2020 (*via video conference*)

**BOARD MEMBERS PRESENT:** Alan Barbour, Yong Chen, Sandra Irani, Greg Jue, Heike Rau, Barbara Sarnecka, Christy Teague, Greg Washington

**OTHERS PRESENT:** Jennifer Barb, Bryce Bunker, Barbara Correa, Karlie George, Andrew Herndon, Gerald Parham, Ron Reid, 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 8, 2020 with corrections (updated Board Members Present).

### **REPORT ON OPERATIONS: COVID-19 IMPACTS**

- Director Correa shared a plan to replace LogMeIn, the remote work software ICHA staff have been using to access ICHA servers since the office closed in mid-March. ICHA is researching cloud-based alternatives with Techedge, our IT vendor, and campus Office of IT, specifically, an Office 365 Sharepoint solution. She will report on progress at next month's meeting.
- Vice President Herndon reported that ICHA is in frequent communication with O'Connell Landscaping regarding the health of its 1,200 staff. To date, O'Connell has identified one case of COVID-19 and is performing regular testing and sanitation of equipment and promoting social distancing measures.
- Director Barb said the accounting department is working with our Yardi consultant, Noble Street Advisors, to implement e-signatures and no-touch check processing. She expects the process to be completed next month and it will continue to be used after the office reopens.
- Vice President Vatakis informed the Board that four apartment residents (three at Las Lomas) elected a rent deferment plan, reflecting the impact of layoffs among resident spouses. She clarified that the rent deferment program is not a waiver of rent but rather a delay in payment due date. She added that the current forecast for the outside market is for rising vacancies and a general softening of the market.
- Manager Bunker reported that the Area 12 Project & Los Trancos Pool & Park Concept Zoom webinar on April 27 was a success. He said ICHA has received 52 questions about the proposed projects to date and has addressed them and posted the Q&A on the icha website <https://icha.uci.edu/Area12>
- Director George said that home tours are continuing via virtual tour and Zoom call. The sales department is considering a potential return to live home tours. It has sent out 66 applications (accepted offers) to new recruits for the Area 11-4 drawing. Board member Irani asked about additional guidance for potential recruits doing walking tours on their own. Director George said she would provide a link to the community map <https://icha.uci.edu/the-community/> and floor plans <https://icha.uci.edu/sale-page/>.

**NEW BUSINESS:**

- **Area 11 Parks GMAX Contract Authorization**

Manager of Planning & Construction Bryce Bunker gave a digital presentation previously emailed to the Board. He reviewed the designs and budget estimates for the three Area 11 Parks: Gateway Park, Playground Park and Vista Park. The budget for all three parks is estimated at \$2.3 million, plus a 4.5% contingency buffer. He explained that by approving the resolution, the Board is authorizing ICHA to proceed with construction of all three parks.

**Resolution:** Area 11 Parks Addendum No. 7 to Area 11 Construction Contract and Area 11 Parks Work GMAX (Amendment No. 1). The first resolution gives authorization to execute the Area 11 Parks Contract Addendum No. 7 (adding the Area 11 Parks project to the Area 11 master contract) and Amendment No. 1 to that Addendum (authorizing the Area 11 Parks Work at a specified Guaranteed Maximum Price).

After discussion, and upon motion duly made and seconded, the Board unanimously adopted the above entitled resolution attached to these Board minutes.

- **Rental Rate Recommendations for FYE 2021**

Vice President Vatakis gave a digital presentation on holding rental rates the same for Gabrielino Apartments, Santiago Apartments, and Alturas Rental Townhomes for the next fiscal year. She discussed the factors that determine rate increases, including trends and conditions, operational expenses, and reserve funding. In consideration of the economic downturn resulting from the coronavirus pandemic, ICHA is proposing a 0% increase in rental rates for Gabrielino, Santiago and Alturas properties for 2020/21. 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 0%, effective July 1, 2020.

**FURTHER RESOLVED:** that rental rates for the Santiago Apartments will increase by 0%, effective July 1, 2020.

**FURTHER RESOLVED:** that rental rates for Alturas Rental Townhomes will increase by 0%, effective July 1, 2020.

**FURTHER RESOLVED:** that rental rates for Miramonte Rental Townhomes will increase by 0%, effective July 1, 2020.

- **Reserve Funding Review and Recommendation**

CEO and President Van Zandt gave a PowerPoint presentation produced by Facilities Manager Ron Reid on reserve funding and expenditures. CEO Van Zandt reviewed the annual reserve process and noted that the 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. He presented three options for funding the reserves for fiscal year 2020-2021. In accordance with Reserve Study recommendations, along with internal assessment and discussion, management proposes no reserve funding and no major expenditures for FYE 2021. While the recommendation represents a decline from the previous fiscal year, it still leaves reserve funding at 79%, well above the 70% threshold considered healthy among homeowners associations. The reserve funding approval resolution will be presented at June's Annual Board Meeting.

- **FYE 2019 Audit Presentation**

Chair Greg Jue presented the June 30, 2019 audit report on behalf of the Audit Committee, which also includes Board members Christy Teague and Yong Chen. The Committee, along with CEO & President Van Zandt and Director of Finance Jennifer Barb, met with auditors from Haskell & White on May 11. The Committee's chief considerations are whether the accounting figures and key assumptions are reasonable and free of material misstatement and whether internal control deficiencies exist. It was noted that the auditors had opined that ICHA's financial statements fairly represented the corporation's financial position in conformity with Generally Accepted Accounting Principles. Chair Jue noted several unexpected challenges impacting the annual audit process: 1) the implementation of Yardi software and 2) the coronavirus pandemic. Regarding the Yardi implementation, the auditors noted one item of concern that was due to errors made during implementation for which Yardi has assumed responsibility and worked with Management to rectify. Certain internal controls that existed in the legacy accounting system were not in place during the transition to Yardi increasing the potential risk of errors. Those issues have been corrected and there is no long-term concern on the part of the Committee. In addressing the impact of the coronavirus pandemic, the auditors added a standard Covid-19 statement about uncertainty to the annual report as a subsequent event. Following Chair Jue's summary, Director Barb reviewed the corporation's financial statements providing support for significant variances compared to the prior year audit report as well as key transactions that took place during the year including the sale of 42 homes in area 11-2. She also noted the auditor's recommendation to implement a whistleblower policy to be discussed at a future board meeting with the goal of implementation in fall of 2020. After discussion, and upon motion duly made and seconded, the Board unanimously adopted the following resolutions:

**RESOLVED:** That the Board receive the 2018-2019 Financial Statements and Independent Auditors' Report as presented, and that Management is authorized to forward the report to the Chancellor. **FURTHER RESOLVED:** The Board hereby directs Management to forward the Auditors' Report to the Chancellor.

**EXECUTIVE SESSION**

- IRS Form 990 Filing
- Board Member Replacement Update

**ADJOURNMENT**

The meeting adjourned at 5:15 pm.