

IRVINE CAMPUS HOUSING AUTHORITY

Board of Directors' Meeting

May 11, 2023

BOARD MEMBERS PRESENT: Jennifer Aaron, Nancy Da Silva, Samara Larson, Tyrus Miller, Heike Rau, Suzanne Sandmeyer and Christy Teague.

OTHERS PRESENT: Jennifer Barb, Mike Cannan, Barbara Correa, Karlie George, Andrew Herndon, Susan Pearlman, Ron Reid, Sheila Ruiz, Hobart Taylor, Victor Van Zandt, Elaine Vatakis and Kelvin Watson.

CALL TO ORDER: Jennifer Aaron called the meeting to order.

APPROVAL OF MINUTES: The Board approved the minutes of March 9, 2023.

REPORT ON OPERATIONS

- CEO/President Van Zandt provided an administration update on ground rent billing. Staff worked with Yardi and Wells Fargo to set up the separate billing process. Vice President Barb, her team and Director Correa have almost resolved the process. It has taken hours to complete, and priority is given to resolving the concern since it effects most customers.
- Manager Reid updated the Board that asphalt repair will commence and take four to six weeks to complete the street repairs. Following this work, half of the community will have slurry work done. Repairing potholes in the community will be included in this activity and reserve funds will be used to finance the work.
- Director Correa reported on the communication efforts for the key issue of ground rent billing. The billing change was first announced to residents in the ICHA quarterly newsletter and then follow-up e-mails were sent to all homeowners explaining the process and the status of the billing change. Additional communication will be sent as needed.
- Vice President Herndon reported on the Earth Day Celebration at the Community Center, which included document shredding, the salvation army, electronic recycling and free mulch. The HRB participated and coordinated the repair café. Jack's Bees, who assists staff in removing bee colonies within University Hills, also attended the

event and brought a live bee colony for educational purposes and sold honey. Earth Day was a heavily attended event by University Hills residents.

- Vice President Barb updated the Board on the status of the June 30, 2022 audit. The addition of new accounting guidance on leasing has provided a challenging process given the size of the leasing portfolio. The auditors are scheduled and will push to wrap up by the end of June. In addition, the 990 form for tax filing will be completed shortly thereafter. The overall outcome has very little impact on net financials.
- Vice President Vatakis reported that Monarch Plan Advisors provided a company-wide education session on Plans 403B and 457. It was the third training on Plan 403B and the first one on Plan 457 and how the plan works. The financial advisor provided information on the similarities and differences amongst the two plans and the advantages and disadvantages of both. Since ICHA is not part of the University, employees are not provided with UC retirement benefits. ICHA offers retirement plans and holds the information sessions to inform employees of their benefits.
- Director Cannan updated the Board that the Regents will be meeting on May 18 at UCLA. The Area 12 redesign is on the Finance and Capital Strategies Committee agenda and up for a vote. Previously it was slated as a consent item, but a Regent requested that the item be pulled for discussion. ICHA believes the merits of the redesign warrant approval. Additionally, Director Cannon reported on the delay of the demolition of existing apartments on the Area 12 site. UC Irvine's design and construction services department is managing the demolition and the delay is due to a second bird, a white tail kite, nesting on the west side of the site and within the property boundaries.
- Vice President George reported that an increased trend of resales is because of several deaths of homeowners over the past year. During this fiscal year there have been five sales from homeowners passing away. The department works closely with the estate, escrow and title to help facilitate a seamless sale. There are additional considerations for these sales, including if the home has been placed in trust, if there is an executor assigned who is authorized to sign sale documents, the coordination of estate sales or removing property from the home prior to closing.
- Vice President Vatakis updated the Board that the annual rental inspections completed by the lender were successful. The lender toured three occupied apartments. The inspections were held off for a few years due to COVID and renters being uneasy about third parties entering their unit.

- HRB Co-Chair Taylor reported that members of the HRB got together with Community Management to speak about a needs assessment. The HRB met with resident Cindy Haq, Clinical Professor and Chair of Family Medicine in the School of Medicine, to think of ways to assist with Aging in Place in University Hills. It was determined that to start a needs assessment of residents would be prudent. UC Irvine's Gerontology department is working on a tool to determine needs assessment. This is in the beginning stages of conversation, but the HRB plans to roll it out in the Fall.

OLD BUSINESS

No old business

NEW BUSINESS

Preparation for Budget Review

Vice President Barb provided an overview of the budget process, including the logic and key operations to complete the budget in a short amount of time. Each manager is provided with a budget worksheet, which includes the prior year. In addition, CEO/President Van Zandt met with the Board's compensation and benefits committee for compensation changes. The budget will include additional Board involvement in the upcoming weeks and the final budget will be presented to the Board for approval at the June meeting.

Rental Rates Recommendation for FY 2024

Vice President Vatakis presented the rental rate structure review for the four ICHA owned rental communities. When determining rental rates, the department reviews the permanent loans on the assets, the operation expenses, the University and market rates, affordability and the IRS Safe Harbor relationship to rental rates. Vice President Vatakis updated the Board that expenses next year are projected to increase by 6% and it's anticipated that contract and turnover costs will increase across the board. Manager Watson provided an overview of each property, including the market conditions, expenses, vacancy rates, and rental rates.

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

Resolution No. 2023-05-11-02

RESOLVED: The monthly rental rates will increase 3.8-7%, as presented to the board on May 11, 023, and as shown on the attached matrix for the four ICHA owned rental properties, including the Gabrielino Apartments, Santiago Apartments, Alturas Rental Townhomes and Miramonte Rental Townhomes. All other amenity and pet rent will remain the same as the prior year.

| Gabrielino 1997 | 22-23 Rates | Per Sq. Ft. | 23-24 Rates | Per Sq. Ft. | Sq. Ft. | Increase % | Increase \$ |
|----------------------------|--------------------|--------------------|--------------------|--------------------|----------------|-------------------|--------------------|
| Junior Sage | \$1,450 | \$2.59 | \$1,540 | \$2.75 | 560 | 6.2% | \$90 |
| 1x1 Willow | \$1,675 | \$2.23 | \$1,770 | \$2.36 | 750 | 5.7% | \$95 |
| Junior Furnished Sage | \$2,130 | \$3.80 | \$2,280 | \$4.07 | 560 | 7.0% | \$150 |
| 1x1 Furnished Willow | \$2,400 | \$3.20 | \$2,550 | \$3.40 | 750 | 6.3% | \$150 |
| Santiago 2007 | 22-23 Rates | Per Sq. Ft. | 23-24 Rates | Per Sq. Ft. | Sq. Ft. | Increase | Increase |
| 1x1 Avalon | \$1,695 | \$2.68 | \$1,785 | \$2.82 | 632 | 5.3% | \$90 |
| 2x2 Balboa | \$2,010 | \$2.30 | \$2,095 | \$2.40 | 874 | 4.2% | \$85 |
| 2x2 Capistrano | \$2,015 | \$2.19 | \$2,120 | \$2.31 | 918 | 5.2% | \$105 |
| 3x2 Dana (den) | \$2,490 | \$1.99 | \$2,585 | \$2.06 | 1,254 | 3.8% | \$95 |
| 3x2 El Camino | \$2,490 | \$2.03 | \$2,585 | \$2.11 | 1,225 | 3.8% | \$95 |
| 1x1 Avalon Furnished | \$2,500 | \$3.96 | \$2,650 | \$4.19 | 632 | 6.0% | \$150 |
| 2x2 Capistrano Furnished | \$2,950 | \$3.21 | \$3,125 | \$3.40 | 918 | 5.9% | \$175 |
| Alturas 2016 | 22-23 Rates | Per Sq. Ft. | 23-24 Rates | Per Sq. Ft. | Sq. Ft. | Increase | Increase |
| 2x2 Plan 1 | \$2,045 | \$2.16 | \$2,140 | \$2.26 | 945 | 4.6% | \$95 |
| 2x2 Plan 2 | \$2,140 | \$2.03 | \$2,260 | \$2.15 | 1,053 | 5.6% | \$120 |
| 2x2 (loft) Plan 3 | \$2,450 | \$2.05 | \$2,565 | \$2.14 | 1,198 | 4.7% | \$115 |
| 3x2 Plan 4 | \$2,535 | \$2.08 | \$2,655 | \$2.18 | 1,220 | 4.7% | \$120 |
| Miramonte 2020 | 22-23 Rates | Per Sq. Ft. | 23-24 Rates | Per Sq. Ft. | Sq. Ft. | Increase | Increase |
| 2x2 Plan 1 | \$2,455 | \$2.09 | \$2,550 | \$2.17 | 1,174 | 3.9% | \$95 |
| 2x2 Plan 2 | \$2,370 | \$2.11 | \$2,460 | \$2.19 | 1,125 | 3.8% | \$90 |
| 2x2 Plan 3 (Loft) | \$2,500 | \$2.09 | \$2,600 | \$2.17 | 1,199 | 4.0% | \$100 |
| 3x2 Plan 4 | \$2,560 | \$2.12 | \$2,665 | \$2.20 | 1,209 | 4.1% | \$105 |

Reserve Funding Recommendation for FY 2024

Manager Reid presented University Hills reserve funding, which are funds designated for future expenses within the community. A reserve study was completed which provides a current estimate for repairing and replacing major components within the community. It's a road map for future expenses. The study is used when determining the budget by determining the level of future reserve funding and when it will be used. The strategy is to maintain a healthy reserve balance and reach 100% funded in 30 years. Most Homeowners Association use the same methodology for planned communities. By allocating \$719,625 in reserve funding this year, it will place the community at 65% funded. Based on the study, there is \$1.5 million worth of work planned for FY 2024, however its possible that only one-third will be spent based on need and the delayed redevelopment of Los Trancos pool area because of the Area 12 construction timeline.

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

Resolution No. 2023-05-11-01

RESOLVED: to approve the recommended reserve funding for University Hills for fiscal year 2023-2024: \$719,625.

Manager Ruiz presented the rental reserves. The annual contribution was reduced from the prior year. Projects were on hold during COVID, however there is funding to move forward with these projects. Amongst the four rental communities the reserve funding ranges between 52% and 108% funded. The older properties are higher funded which is needed because there are projects that are due. The Gabrielino Apartments have large scale improvements planned, which include decks, termite work, unit refurbishment and painting. The Santiago Apartments have improvements such as street work, utility doors, plumbing and balcony work planned. Since Alturas and Miramonte are newer apartments, the reserve funding is ramping up and there are less projects planned.

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

Resolution No. 2023-05-11-03

RESOLVED: That the recommended reserve funding for the ICHA rental communities, including Gabrielino Apartments, Santiago Apartments, Alturas Rental Townhomes, and Miramonte Rental Townhomes for fiscal year 2023-2024 for \$934,905.00 is hereby approved.

ADJOURNMENT

The meeting adjourned at 3:00 pm.