

**San Mateo County Colleges
Educational Housing Corporation
Minutes of the Regular Meeting
June 6, 2011 3:00PM
College of San Mateo
Building 5 Room 339**

Members in Attendance: Helen Hausman, Jim Keller, Art Michael, Michael Pierce, Karen Schwarz, Huy Tran, Tom Vocker

Members Absent: Miguel Marquez, Annette Perot

Others in Attendance: Raymond Chow, Barbara Christensen, Sue Harrison, Caryn Kenny, Mike Kenny,

1. Call to order

President Schwarz called the meeting to order at 3:10 p.m.

2. Approval of minutes from March 21, 2011 Board meeting

It was moved by Michael Pierce and seconded by Helen Hausman to approve the minutes of the meeting of March 21, 2011. The motion carried, all members voting "Aye."

3. Review of 2010/11 Budget March 31 Actuals: College Vista and Cañada Vista

At the last meeting, there was some confusion with the reporting because an extra month of rental income was included in the "rental income" line. Barbara asked Raymond Chow, Controller for the District, to explain the issue. Raymond said that the way the income had been reported was related to the use of Accrual vs. Cash accounting methods and that the extra month's rent represented rents that were collected via payroll deductions for the upcoming month. He has corrected the report to include the rents in the appropriate month and will report them that way from now on.

College Vista. Michael Pierce asked about the "rental adjustment" line item. Raymond explained that at one time the line item had been used to account for rental vacancies and appears on the budget reporting only. Rental vacancies are now reported in a line item called "rental vacancies". The vacancies are reported as a negative amount and are added to "Collectible Rent" to arrive at "Total Collected Rents". At the beginning of the new fiscal year, the "rental adjustment" line item will be removed from the budget report.

Raymond noted that, in general, the College Vista financial reports are very healthy.

Cañada Vista. Raymond noted that with only seven months data to report, the Cañada Vista financials are also very favorable. He directed the group's attention to the "Other Financial Sources/Uses" section of the report and pointed out that he had transferred more to both the District and Capital Reserve than had been budgeted.

Tom Vocker asked about the repairs and painting expenses shown for Cañada Vista and wondered why the items were categorized as repairs since the project is so new. Barbara noted that there was some repainting done in the clubhouse and that the repairs expenses included installing locks on cabinets in the clubhouse, meter installation and relocation of some air conditioning units. Tom Vocker suggested that these expenses should re-classified as capital expenditures so that they would appear on the balance sheet as opposed to appearing as expenses. Barbara and Caryn Kenny will investigate this. Ray said that that he will add a sub-total under “service/maintenance” to provide clarity to the total expenditures in that category.

Barbara also noted that there is a slight discrepancy in the “Landscape” and “Pest Control” line items on both College Vista and Cañada Vista reporting. In some instances the “Landscape” item is labeled “Landscape and Pest”. The Landscape line item should be titled simply “Landscape”. “Pest Control” is a separate line item and appears under the Service Maintenance category. She will change the labels on the affected reports.

4. Adoption of 2011-12 Budget: College Vista and Cañada Vista

It was moved by Tom Vocker and seconded by Helen Hausman to adopt the College Vista and Cañada Vista budgets’ for 2011-12. The motion carried, all members voting “Aye.”

5. Review of payoff schedule for College Vista and Cañada Vista

Jim Keller explained that the District is both the “owner” and the “mortgage holder” of the College and Cañada Vista properties. Since we are paying ourselves back with housing revenues--which would be offset by any interest charged, rent increases or interest earned--the interest rate we “charge” does not really matter financially except to demonstrate that the operation of the property is self-supporting including the construction cost of the project. He said that the payoff schedules were created to demonstrate that we are paying ourselves off in a reasonable manner and to show this in a format that people would understand. He noted that operating revenues are kept at the County in a co-mingled fund and that they are earning interest. One goal was to create a schedule in which we pay ourselves a bit more interest than is being earned at the county. Additionally, the schedules call for periodic interest rate adjustments. The interest rates (2.00%, 2.50%, and 3.00%) resemble what is projected to be the movement of short term interest rates over time. Based on these schedules, College Vista will be paid off in 22 years, in total, with 16 years of payments remaining. Cañada Vista will be paid off in 28 years.

Michael Pierce noted that while the payoff schedule for College Vista indicates a scheduled payment of roughly \$262,000, the amount budgeted for transfers to the district is over \$400,000. Jim and Barbara told Michael that this is because the payoff is made in two separate payments per year.

6. Approval of Bylaws Amendment: Delegation of Authority to Act in an Emergency

It was moved by Art Michaels and seconded by Michael Pierce to approve the Bylaws Amendment: Delegation of Authority to Act in an Emergency. The motion carried, all members voting “Aye.”

7. Approval of Amendment of Master Agreement between the College District and Housing Corporation

Barbara noted that she has updated the Master Agreement to include Cañada Vista. She also changed the threshold amount for contracts for which full board approval is needed. The amount had been \$10,000 and it has been changed \$25,000. The Master Agreement will be taken to the SMCCCD Board of Trustees for Approval.

Art Michael asked for clarification as to the amount of director's insurance liability coverage mentioned in the section titled "Insurance and Other Services". Barbara said she would check with staff and email an answer.

Michael Pierce noted that item 1 on page 2 still had a reference to College Vista that should be changed to read "the property".

It was moved by Michael Pierce and seconded by Art Michael to approve the Amendment of Master Agreement between the College District and Housing Corporation. The motion carried, all members voting "Aye."

8. Discussion and action on extension of occupancy limits

Barbara reminded the group that over time the waitlist for units has become shorter due to changes in people's circumstances; e.g. they bought houses, left the district, or entered into leases elsewhere. Since the waitlist was smaller, the occupancy limit was initially extended to 6 years. Then, Barbara reminded the group, at the March meeting, the occupancy limit was extended for one additional year for those tenants who were due to leave this year.

Barbara directed the group's attention to a list of occupancy limits for the current residents. Given the uncertainties around the District's ability to hire/re-hire faculty and staff, she is not sure that we will be able to fill these vacancies but she does not think it is wise to grant blanket extensions for everyone. She discussed this with Executive Vice Chancellor Keller and Chancellor Galatolo and the consensus was that some flexibility in the process of granting extended occupancy limits is advisable. For example, there are instances in which there have been behavioral issues or other issues that are clear violations of the lease when an extension wouldn't be advisable. She requested that the board give her and the board president, along with Kenny Realty, the flexibility to make decisions about extensions on a case by case basis and report back to the group on those decisions. Michael Pierce expressed his concerns about having a clearly articulated policy about how these decisions are made in order to make sure there is protection from an unfair housing lawsuit. One way to do this would be to qualify the language in the lease to indicate that tenure is based on the tenants being in "good standing". Helen agreed that there should be clear policy in this matter. Huy Tran also agreed that expectations about behavioral issues should be spelled out and that the rules be made clear.

Barbara noted that many issues about conduct, homeownership and the like are already articulated in the tenant agreement. She will work with Kenny realty to come up with other behavioral issues to add to the agreement to make the policy more specific. Michael Pierce reiterated that whatever language is added in this context needs to also be related to the language regarding occupancy extensions. Jim Keller noted that we need to specify the activities that would jeopardize a tenant's "good standing" status. Caryn reiterated that the lease is month to

month and that hopefully if there are behavioral issues they can be dealt with prior to the decision to extend or not extend an occupancy limit.

9. Other matters of interest

Tom Vocker asked that future reporting include a balance sheet.

Mike Kenny reported on an email that was received by a tenant who was ready to move in and complained that the unit wasn't properly prepared. The tenant subsequently forwarded the complaint to a wide distribution, including the San Mateo CCCD Board of Trustees. Mike explained that Kenny Realty uses a painter who determines whether the unit needs touchup or repainting. In this instance the painter determined that touchup was in order whereas the unit needed to be repainted. Within 10 minutes of receiving the tenant's email, Mike contacted the painter and the unit was repainted the next day. The tenant's move in date was not affected.

10. Next meeting

The next meeting of the Housing Corporation will be announced at a later date and will occur at the end of this year, followed by another in June of 2012.

The meeting was adjourned at 4:15PM