

San Mateo County Community Colleges Educational Housing Corporation
Board of Directors | Regular Meeting
July 19, 2018 | 3:00 p.m.
SMCCCD District Office | Board Room | 3401 CSM Drive, San Mateo, CA 94402

Notice about Public Participation at Board Meetings: The Housing Corporation Board welcomes public discussion. The public's comments on agenda items will be taken at the time the item is discussed by the Board. To comment on items not on the agenda, members of the public can speak under the agenda item titled "Public Comment." Normally, no more than 20 minutes will be allocated for this section of the agenda. No response on behalf of the Board will be given at this time and Board action is not permitted on items presented under this agenda item.

CLOSED SESSION AGENDA

- I. Call to Order**
- II. Announcement of Closed Session Items for Discussion:**
 - a. Discussion of Existing Litigation: San Mateo Community College District vs. Segue Construction Co., Case # CIV534343
- III. Public Comments on Closed Session Items Only**
- IV. Recess to Closed Session**
- V. Reconvene to Public Session**

PUBLIC SESSION AGENDA

- I. Call To Order and Roll Call**
- II. Public Comments on Non-Agenda Items**
- III. Approve Minutes from May 2, 2018 Meeting (*Enclosure #01*)**
- IV. Election of Officers (*Enclosure #02*)**
- V. Action Items**
 - a. Kenny Realty Property Management Agreement Renewal (*Enclosure #03*)
 - b. Approval of FY 2019 Budgets
 - College Vista (*Enclosure #04A*)
 - Cañada Vista (*Enclosure #04B*)
- VI. Informational Reports**
 - a. Skyline College Housing Development Update (*verbal*)
- VII. Board Members' Comments and/or Requests for Future Agenda Items**
- VIII. Adjourn**



**Minutes of the Educational Housing Corporation Board Meeting
May 2, 2018
District Office Board Room
3401 CSM Drive, San Mateo, CA**

Attendees:	Other Attendees:
Dennis McBride, President	Mitchell Bailey
Kathy Blackwood	Caryn Kenny
Kate Browne	Mike Kenny
Ron Granville	Bernata Slater
Michael Pierce	Ginny Brooks
	Beth Dominik
Absent:	
Maurice Goodman, Vice President	
Karen Schwarz	

CLOSED SESSION AGENDA

- I. Call to Order**
The meeting was called to order at 3:10 p.m.
- II. Announcement of Closed Session Items for Discussion**
Mr. McBride announced that during closed session, the Board will hold a conference with legal counsel regarding one case of pending litigation as listed on the printed agenda.
- III. Public Comments on Closed Session Items Only**
None
- IV. Recess to Closed Session**
The Board recessed to closed session at 3:12 p.m.
- V. Reconvene to Public Session**
The Board reconvened to open session at 4:05 pm. Mr. McBride announced that no action was taken during closed session.

PUBLIC SESSION AGENDA

- I. Call to Order and Roll Call**
- II. Public Comments on Non-Agenda Items**
None
- III. Approve Minutes from the September 20, 2017 Meeting**
It was moved by Mr. Pierce and seconded by Ms. Berlese to approve the minutes. The motion carried, all members voting Aye.

IV. Action/Discussion Items

a. Trower Reserve Study – College Vista

It was moved by Mr. Granville and seconded by Mr. Pierce to approve the Trower Reserve Study.

Mr. Bailey said two questions were raised at the last meeting, which he presented to Trower:

- i. Why does the study not show a position of ever being fully funded?
Trower's answer: The study shows only a five-year timeframe. The reserve will be fully funded in 2044.
- ii. How is it determined which components are fully funded versus underfunded?
Trower's answer: This is based on the life of particular items. The components with the least remaining life get funded in full first and others get funded within their remaining lives.

Mr. Granville said that because of their concern that the reserve never reaches 100 percent, the Board challenged the consultant about whether the funding is adequate to cover all of the replacements. The consultant's response was that in his professional opinion, the study is proper and there will be full funding as replacements are needed.

Ms. Berlese said she believes the property is being maintained well and everything looks good, including the gutters and downspouts. Mr. Granville said the study indicates that the gutters and downspouts have a remaining life of 20 years; he said they were very high quality when they were installed. Mr. Bailey said that if there are changes to the life expectancy of any items, they will be reflected in the next study.

Mr. Bailey said that if the Board is ever uncomfortable with the amount being allocated to the reserve fund, there is flexibility to adjust the amount. Ms. Blackwood said the funds are in a designated account in the District's Capital Outlay fund; therefore, funding is the general obligation of the District. Ms. Blackwood noted that the study uses an interest rate of .15 percent but the District is doing better than that with the money invested with the County Pool. In response to a question from Mr. Granville, Ms. Blackwood said the District has a AAA rating.

After this discussion, the motion to approve the study carried, all members present voting Aye.

b. Review Financial Statements/Information Ending March 31, 2018 – College Vista and Cañada Vista

Ms. Slater said the reports include columns showing Revised Budget, Actuals through March 31, Variance, and Tentative Budget. She noted that in the Actuals column, numbers are not shown in some instances. She said this is due to timing issues, e.g. transfer of expenses from the District, one-time expenses or annual expenses. She said the numbers will be shown when the budget is presented for adoption at the July meeting.

Mr. Pierce said he examined the numbers by looking at things as a percentage of operating income, as is done on the for-profit side. He said College Vista and Cañada Vista track close to a sample set of some of the buildings in his business and he believes they are within reason.

c. Review of Draft FY 2019 Budgets – College Vista and Cañada Vista

Ms. Slater said that in the College Vista Tentative Budget, the Transfer to Capital Reserve includes the Trower study, having assumed that it would be approved. For Cañada Vista, there is no Transfer to Capital Reserve because it was overfunded last year and will be fully funded for the next fiscal year. Ms. Slater said

the credit of \$125,000 in Cañada Vista’s operating revenue covers the reduction in rent to residents for the inconvenience experienced during construction.

Mr. Bailey said Kenny Realty has kept their fees at a low rate for a long time. He said the management fees will change in the final budget to better reflect their work. Mr. Granville asked if this is a fixed fee; Mr. Bailey said it is. Mr. Granville asked if the District is comfortable with the compensation arrangement for the resident managers. Ms. Blackwood said legal counsel has reviewed the arrangement and the District is comfortable with it.

V. Informational Reports

a. Skyline College Housing Development Update

Mr. Bailey said the San Bruno City Council has given final approval to move forward with the project. He said the District is selling part of the land to SummerHill Homes which will build a housing development on their portion. Work is being done to finalize the sale.

Mr. Bailey said the plans for the District’s faculty/staff housing development are ready and have been reviewed by the City of San Bruno. Permits will be issued and staff anticipates that site work will commence on the land in late summer or early fall. The District is currently working with the architect to get detailed renderings. Mr. Bailey said the project is a bit behind schedule because of delays with City of San Bruno processes and there might be further delays due to market conditions. He said he will keep the Board informed. He said the District is hoping to open the project for residency in mid-2020.

Ms. Berlese asked if SummerHill Homes will be building the District’s faculty/staff housing project. Mr. Bailey said SummerHill Homes agreed to bid on the project but is not guaranteed to get the contract. He said it would be difficult to have two developers on the two different parcels of land, but the District could get through the difficulty if a significant amount of money were to be saved by selecting a developer other than SummerHill Homes.

Mr. Granville asked if the cost for a supervising architect to monitor the quality of the construction was built into the cost structure for the project. Mr. Bailey said the District plans to utilize District Facilities staff on the project management piece. However, he said Mr. Granville raised a good point and he will follow up on this idea.

Regarding final approval by the San Bruno City Council, Ms. Browne asked how the concerns about the projects (the District housing and SummerHill Homes’ development as joint applicants) being located in residential areas were addressed. Mr. Bailey first thanked Ms. Browne for her testimony before the Planning Commission. He said the District worked hard to address the concerns of nearby residents. In addition to a mitigation plan, there were multiple communications, community meetings and the offer for one-on-one meetings. “Good neighbor” activities, such as moving dirt into yards and relocating fences, were conducted. SummerHill Homes also agreed to lower roof lines on the homes that they will build. Mr. Bailey said the testimony before the City Council of Dave McLain, Communications Manager at College of San Mateo, was powerful. Mr. McLain explained how living in College Vista provided him the opportunity to finish his education, get married and have children.

b. Update on Housing and Financial Education Resources for Residents

Mr. Bailey said the Board has discussed the importance of informing residents whose terms are expiring about other housing opportunities. He said the following steps have been taken:

- The Faculty/Staff Housing section on the District’s website, managed by Beth Dominik, has been updated to provide resources throughout the County.

- The San Mateo Credit Union will provide financial counseling sessions for first-time home buyers; the service will later be expanded to all employees, but will begin with residents of College Vista and Cañada Vista. Ms. Browne suggested that these meetings could be held in the clubhouses.
- Mr. Bailey is working to develop relationships with HIP Housing and HEART to make sure employees are made aware of all opportunities.

VI. Board Members' Comments and/or Requests for Future Agenda Items

Mr. McBride said he reviewed minutes from past meetings and identified items that require follow-up. He said he discussed this with Mr. Bailey, who set a schedule for discussion of each of the items at future meetings. Mr. McBride said he will send a list of these items to all Board members.

VII. Adjourn

The meeting was adjourned at 4:40 p.m.

HOUSING BOARD REPORT

PREPARED FOR: Educational Housing Corporation Board of Directors

PREPARED BY: Mitchell Bailey, Chief of Staff – (650) 574-6510

MEETING DATE: July 19, 2019

REPORT SUBJECT: Annual Election of Officers

Per the Bylaws of the Educational Housing Corporation (Article VIII, Sections 1 and 2), the Board of Directors will annually elect officers. Officers to be elected include:

- President
- Vice President/Secretary
- Treasurer

Following are descriptions of the duties of the respective offices as prescribed in the Bylaws.

- **President**

The President shall preside at meetings of the Board, shall be the Chief Executive Officer of the Corporation, and shall supervise, direct, and control the Corporation's activities, affairs, and Officers. The President shall have such other powers and duties as the Board or the Bylaws may prescribe.

- **Vice President/Secretary**

If the President is absent or disabled, the Vice President/Secretary shall perform all duties of the President. When so acting, the Vice President/Secretary shall have all powers of and be subject to all restrictions on the President. The Vice President/Secretary shall have such other powers and perform such other duties as the Board or the Bylaws may prescribe.

The Vice President/Secretary shall keep or cause to be kept, at the Corporation's Principal Office or such other place as the Board may direct, a book of minutes of all meetings, proceedings, and actions of the Board and committees of the Board. The minutes of meetings shall include the time and place that the meeting was held, whether the meeting was annual, regular, or special, and, if special, how authorized, the notice given, and the names of those present at Board and committee meetings. The Vice President/Secretary shall keep or cause to be kept, at the Principal Office in California, a copy of the Articles of Incorporation and Bylaws, as amended to date.

The Vice President/Secretary shall give, or cause to be given, notice of all meetings of the Board and of committees of the Board required by these Bylaws to be given. The Vice President/Secretary shall keep the corporate seal in safe custody and shall have such other powers and perform such other duties as the Board or the Bylaws may prescribe.

- **Treasurer**

The Treasurer shall serve as the Chief Financial Officer of the Corporation and shall keep and maintain, or cause to be kept and maintained, adequate and correct books and accounts of the Corporation's properties and transactions. The Treasurer shall send or cause to be given to the Directors such financial statements and reports as are required to be given by law, by these Bylaws, or by the Board. The books of account shall be open to inspection by any Director at all reasonable times.

The Treasurer shall deposit, or cause to be deposited, all money and other valuables in the name and to the credit of the Corporation with such depositories as the Board may designate, shall disburse the Corporation's funds as the Board may order, shall render to the President and the Board, when requested, an account of all transactions as Treasurer and of the financial condition of the Corporation, and shall have such other powers and perform such other duties as the Board or the Bylaws may prescribe.

If required by the Board, the Treasurer shall give the Corporation a bond in the amount and with the surety or sureties specified by the Board for faithful performance of the duties of the office and for restoration to the Corporation of all of its books, papers, vouchers, money, and other property of every kind in the possession or under the control of the Treasurer on his or her death, resignation, retirement, or removal from office.

HOUSING BOARD REPORT

PREPARED FOR: Educational Housing Corporation Board of Directors

PREPARED BY: Mitchell Bailey, Chief of Staff – (650) 574-6510

MEETING DATE: July 19, 2019

REPORT SUBJECT: Contract with Kenny Realty

In September 2016, the Housing Board approved a new, one-year contract for Kenny Realty that became effective that same month with an option for a one-year renewal and an maximum contract period to extend no longer than November 30, 2018.

Staff recommends a new contract with Kenny Realty, based on the prior agreement, with two substantial edits:

1. Compensation/Fees (Article 7, Section 7.01) – increase fees by \$10 per unit per month. This increase would result in an additional expense of \$12,480 per year. Even with the increased rate, the fee is significantly discounted.
2. Termination/Basic Period/Renewals (Article 8, Sections 8.01 and 8.02) – new agreement period for one year commencing upon the expiration of the current contract and option to renew for second year but to extend no later than December 31, 2020.

RECOMMENDATION

Staff recommends approval of a new management agreement with Kenny Realty, based on the prior agreement and incorporating the recommendations outlined above.

HOUSING BOARD REPORT

PREPARED FOR: Educational Housing Corporation Board of Directors

PREPARED BY: Bernata Slater, Chief Financial Officer – (650) 358-6795
Caryn Kenny, Kenny Realty

MEETING DATE: July 19, 2018

REPORT SUBJECT: Financial Statements and Draft Budgets for FY2019

In May 2018, staff presented the Board with a draft budget for FY2018-2019. Enclosures #4A and 4B incorporate those items discussed at the meeting.

RECOMMENDATION

Staff recommends approval of the FY2018-2019 budges for College and Cañada Vistas.

Budget vs Projected Actual for 2017-18 and Adopted Budget 2018-19

	Revised Budget	Projected Actual	Variance from Revised Budget	Adopted Budget	Notes:
	7/1/2017 to 6/30/2018				
	2017-18	2017-18	2017-18	2018-19	
Operation Revenues					
Rent	650,000	602,681	47,319	620,000	District waivers/vacancies/turnover
Club House Rental	1,500	1,100	400	1,500	
Total Operation Revenues	651,500	603,781	47,719	621,500	
Operation Expenses					
Property Administration					
Property Management	27,450	27,456	(6)	32,730	Property management fee increase \$10 per unit per month
Resident Management Fee	7,200	7,200	-	7,200	
Supplies (club house)	1,000	197	803	750	
Insurance	9,500	9,065	435	9,176	
Audit & Accounting	2,000	2,825	(825)	2,125	
Amin Misc	1,500	186	1,314	1,280	Legal/Office Supplies/Tax and License
Total Property Administration	48,650	46,929	1,721	53,261	
Service Maintenance					
Appliance Repair	2,000	3,861	(1,861)	3,500	increased number of repairs
Appliance Replacement	3,000	2,636	364	4,000	approx. 6 appl
Cleaning	1,500	565	935	1,500	
Dryer Vent cleaning (annual)	3,000	2,750	250	2,750	Annual, new vendor
Electrical Repair and Supplies	10,000	8,261	1,739	4,000	Lower projections due to extensive electrical repairs in 17/18
Fire Alarm Repairs/Inspections	8,500	16,252	(7,752)	16,000	Siemens annual contract + repairs
Flooring Repair	500	-	500	1,000	Due to upcoming vacancies/turnover
Flooring Replacement	12,500	14,794	(2,294)	18,000	4 units due to upcoming vacancies/turnover / budgeted for 6
Garage Door Repair	2,000	1,480	520	2,000	
Gutters (cleaning and repair)	1,700	1,330	370	1,000	Annual, new vendor
Heating Repair	4,000	511	3,489	1,000	Minimal repairs - elect heaters
Maintenance General	10,000	8,710	1,290	10,000	Increase due to vacancies and age of the bldg.
Painting & Decorating	10,000	8,750	1,250	15,000	4 units due to upcoming vacancies/turnover / budgeted for 6
Plumbing Repair	10,000	9,678	322	10,000	Replacement of fixtures due to age of bldg.
Sprinkler inspections/repairs	3,500	3,880	(380)	-	Budgeted with Fire Alarm
Window Washing (annual)	3,000	1,350	1,650	1,500	
Total Service Maintenance	85,200	84,808	392	91,250	
Monthly Services					
Fire Alarm System/Monitoring	5,000	2,574	2,426	1,500	
Garbage	11,000	10,347	653	11,000	
Internet/Cable	750	477	273	480	
Landscape/Gardening	11,000	10,430	570	11,000	
Pest Control	1,500	1,530	(30)	1,530	
PG & E	16,500	15,887	613	17,500	Includes vacancies
Water Grounds & Tenants	17,500	22,273	(4,773)	22,000	Increased usage due to summer watering
Total Monthly Services	63,250	63,518	(268)	65,010	
Total Operation Expenses	197,100	195,255	1,845	209,521	
Net Operation Profit/(Loss)	454,400	408,526	45,874	411,979	
Other Financial Uses					
Transfer to District	358,400	312,500	45,900	332,466	
Transfer to Capital Reserve	95,000	95,000	-	78,313	Based on new Trower study
Total Other Financial Sources/Uses	453,400	407,500	45,900	410,779	
Excess of Revenues Over Expenditures and Other Sources	1,000	1,026	(26)	1,200	
Vacancy Factor (reflected in rents)	(5,355)			(5,200)	

Budget Vs Projected Actual for 2017-18 and Adopted Budget 2018-19

	Revised Budget	Projected Actual	Variance from	Adopted	
	7/1/2017 to 6/30/2018		Revised Budget	Budget	
	2017-18	2017-18	2017-18	2018-19	Notes:
Operation Revenues					
Rent	871,831	827,740	44,091	850,000	Vacancies due to constructions/repairs under the lawsuit
Club House Rental	9,000	8,156	844	2,500	Club House will be used minimally during construction phase
Club House Liab. Insurance	2,000	3,720	(1,720)	1,000	
Rent Concessions	-	-	-	(125,000)	Reduction in rent due to construction (\$125 to \$150 per unit per month)
Total Operation Revenues	882,831	839,616	43,215	728,500	
Operation Expenses					
Property Administration					
Property Management	37,500	37,440	60	44,700	Property management fee increase \$10 per unit per month
Resident Management Fee	8,500	8,508	(8)	8,500	
Supplies (club house)	1,000	583	417	1,000	
Insurance	12,000	9,812	2,188	9,921	
Insurance /Clubhouse	2,000	3,720	(1,720)	1,000	
Audit & Accounting	2,000	2,825	(825)	2,125	
Admin Expenses-Misc.	1,500	161	1,339	1,500	Legal/Office Supplies/Tax and License
Total Property Administration	64,500	63,049	1,451	68,746	
Service Maintenance					
Appliance Repair	3,000	3,582	(582)	3,000	
Appliance Replacement	5,000	4,781	219	5,000	
Cleaning	3,000	1,860	1,140	3,000	
Dryer Vent cleaning (annual)	4,019	4,019	-	4,500	
Electrical Repair and Supplies	6,000	6,951	(951)	5,000	Internal lighting, carbon monoxide detectors, exterior lights
Fire Alarm Inspections/Repairs	6,500	12,096	(5,596)	16,000	Annual \$8600 + additional sprinklers repairs
Flooring Replacement	15,000	15,864	(864)	10,000	1 vacancy/turnover + 3 repairs/ replacement
Flooring Repair	5,000	1,305	3,695	2,500	Minimal repairs
Garage Door Repair	1,000	895	105	1,000	
Gutters Cleaning	-	-	-	-	No cleaning during construction
Heating Repair/AC Repairs/Water heat	1,200	4,706	(3,506)	7,500	Anticipated increase in replacement of water heaters (currently under review by consultants)
Maintenance General	10,000	12,921	(2,921)	15,000	
Painting & Decorating	17,000	15,500	1,500	17,000	1 vacancy/turnover + 3 repairs/ replacement
Plumbing Repair	8,000	9,535	(1,535)	10,000	
Sprinkler Insp/Repairs	1,884	-	1,884	-	
Window Washing (annual)	3,969	-	3,969	-	No contract due to upcoming construction
Total Service Maintenance	90,572	94,015	(3,443)	99,500	
Monthly Services					
Garbage	22,300	19,610	2,690	25,000	
Internet/Cable	600	635	(35)	750	
Landscape/Gardening	13,000	12,930	70	13,000	
Pest Control	2,343	2,739	(396)	2,800	Annual contract, estim increase
PG & E	17,000	17,090	(90)	20,000	Estimated increase due to construction
Fire Alarm System/Monitoring	5,400	2,793	2,607	1,500	
Water	2,799	1,522	1,277	3,000	
Total Monthly Services	63,442	57,319	6,123	66,050	
Total Operation Expenses	218,514	214,383	4,131	234,296	
Net Operation Profit/(Loss)	664,317	625,233	39,084	494,204	
Other Financial Uses					
Transfer to District	663,000	623,750	39,250	492,904	
Transfer to LT Capital Reserve	-	-	-	-	No transfer to Capital Reserve in 17/18 and 18/19 as it was overfunded in 16/17
Total Other Financial Sources/Uses	663,000	623,750	39,250	492,904	Transfer will be adjusted per new Trower Study when available
Excess of Revenues Over Expenditures and Other Sources	1,317	1,483	(166)	1,300	
Vacancy Factor (reflected in rents)	(12,495)			(13,000)	