

San Mateo County Community Colleges Educational Housing Corporation
Board of Directors | Regular Meeting
October 16, 2018 | 3:00 p.m.
College Vista Clubhouse | 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. Action Items**
 - a. Approve Minutes from July 19, 2018 Meeting (*Attachment #01*)
 - b. Renewal of Kenny Realty Property Management Agreement (*Attachment #02*)
- IV. Informational Reports**
 - a. Update on Cañada Vista Repairs (*Verbal Update at Meeting*)
 - b. Update on Skyline College Housing Development Update (*Verbal Update at Meeting*)
 - c. Year-End Financials for College Vista and Cañada Vista (*Attachments #03A and #03B*)
- V. Board Members' Comments and/or Requests for Future Agenda Items**
- VI. Adjourn**



**Minutes of the Educational Housing Corporation Board Meeting
July 19, 2018
District Office Board Room
3401 CSM Drive, San Mateo, CA**

Attendees:	Other Attendees:
Dennis McBride, President	Mitchell Bailey
Kathy Blackwood	Bernata Slater
Maurice Goodman	Caryn Kenny
Michael Pierce	Mike Kenny
Karen Schwarz	Nelly Gonzalez
Peggy Berlese	Beth Dominik
Absent:	
Ron Granville	
Kate Williams Browne	

CLOSED SESSION AGENDA

I. Call to Order

The meeting was called to order at 3:05 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

There were no comments from the public.

IV. Recess to Closed Session

The Board recessed to closed session at 3:05 p.m.

V. Reconvene to Public Session

The Board reconvened to open session at 3:45 p.m. Mr. McBride announced that in closed session the Board voted unanimously to approve a \$150 per month per unit rental concession during the period of construction at Cañada Vista.

PUBLIC SESSION AGENDA

I. Call to Order and Roll Call

The public session of the meeting was called to order at 3:45 p.m. Those members in attendance are listed above.

II. Public Comments on Non-Agenda Items

There were no comments from the public.

III. Approval of Minutes from the May 2, 2018 Meeting

It was moved by Mr. Pierce and seconded by Ms. Berlese to approve the minutes. The motion carried, all members voting Aye.

IV. Election of Officers

It was moved by Mr. Pierce and seconded by Ms. Schwarz to elect Mr. McBride to serve as President, Mr. Goodman as Vice President and Ms. Berlese as Treasurer. The motion carried unanimously.

V. Action/Discussion Items

a. Kenny Realty Property Management Agreement Renewal

Mr. Kenny, Ms. Kenny and Ms. Gonzalez excused themselves from the Board Room during the discussion.

Mr. Bailey recommended that the Housing Corporation make an adjustment to the Kenny Realty service agreement relating to compensation. He said Kenny Realty does a good job for the District and the Housing Corporation and does so at a significantly reduced rate. Mr. Bailey's recommendation was to add \$10 per unit per month to the current fee per unit per month. He also recommended striking language from the agreement, which Kenny Realty has never exercised, regarding the one-time leasing fee of \$25 per unit for the initial lease preparation, screening, and signings for the first set of tenants of each unit. Mr. Bailey further recommend moving the agreement to a calendar year with the new agreement starting December 1, 2018 and ending December 31, 2019 with an option to renew for the 2020 calendar year.

Mr. Pierce had two comments. He likes and appreciates Kenny Realty but suggested that, at some point in future, it would be prudent to take the property management contract out to bid. The other issue is that the wording should be clarified in Section 7.01. It currently states "occupied unit per month". Mr. Bailey and Board members agreed the wording needs to be reviewed and updated.

The Board agreed that they would like to further review the agreement. Mr. Bailey asked members to take time to review and consider the agreement and send him any suggested edits.

Mr. Kenny, Ms. Kenny and Ms. Gonzalez returned to the Board Room. Mr. Goodman excused himself from the meeting.

b. Review Financial Statements - Budget vs. Projected Actual for FY 2017-18 and Adopted Budget 2018-19 – College Vista and Cañada Vista

Mr. Bailey noted a few adjustments to the budget. Included is a number for rental concessions at the \$150 rate. Also included is a potential rate increase in Kenny Realty's fees pending Board approval.

College Vista

Ms. Slater said that staff's presentation related to the Adopted Budget today and year-end financials would be brought to the Board after the District's financial close at the end of July. She noted that included are the projected totals and that there would be very few transactions that will occur at the end of the month so they will have minimal impact on the financial statements when presented at the next meeting.

In terms of the Adopted Budget there are very few changes. The numbers for Flooring Replacement and Flooring Repair were flipped and corrected.

Ms. Slater also reminded the Board that the transfer to Capital Reserves of \$78,313 is based on the new Trower study for College Vista. Also there is a slight increase in water projections due to additional water use during the summer.

Mr. Pierce suggested the possibility of raising rents for College Vista. He feels it would be wise to adopt a policy of a fixed percentage below market for routine rental increases. Ms. Kenny said the residents that need to move out after seven years are often amazed at the discrepancy between what they have been paying at the Vistas and what they will pay once they move out to market rate units and that many have not been saving as they should. Ms. Schwarz said she was concerned that residents might not be saving as intended. Mr. Bailey said the District is being proactive on educating employees about first-time homebuyer and housing assistance programs that are available.

Mr. Bailey said a rent increase is an important and that he would bring back a proposal at a future Board meeting.

Mr. Pierce asked if there could be a rental discount incentive program available to residents tied to a savings account. Ms. Blackwood said she thinks this is something the District could do in partnership with a credit union and a payroll deduction and the District could possibly be co-signers on the account to ensure the savings are not withdrawn without agreement. Mr. McBride suggested creating a sub-committee to work with Mr. Bailey to explore this idea and craft a proposal for Board consideration.

It was moved by Ms. Berlese and seconded by Mr. Pierce to approve the budget for College Vista, all members voting Aye.

Cañada Vista

Ms. Slater said there were a few minor adjustments between the projected numbers and Adopted Budget for Flooring Repair and Flooring Replacement. There was no transfer to the Capital Reserve as the Capital Reserves were overfunded in anticipation of the lawsuit. There will be no transfer in the fiscal year 2018-19 and there may be a transfer in 2019-20. Other than the increase for Kenny Realty's fee pending decision by the Board, there are only minor changes to the Tentative and Adopted Budgets.

Mr. Pierce asked if the District will be in compliance with the deadline for statewide water conservation which will be January 31, 2019. Mr. Kenny stated he would have to check.

It was moved by Mr. Pierce and seconded by Ms. Schwarz to approve the budget for Cañada Vista, all members voting Aye.

VI. Informational Report

a. Skyline College Housing Development Update

Mr. Bailey stated that staff will be recommending to the District Board on July 25, 2018 the name "College Ridge" for the new housing development.

Mr. Bailey stated that they are finishing up the entitlement process with the City and finishing up all the agreements with them as well. The City Council will act on the final map at the end of August.

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

No comments were offered.

VIII. Adjournment

The meeting was adjourned at 4:58 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: October 16, 2018

REPORT SUBJECT: Renewal of Kenny Realty Property Management Agreement

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 presented the Board with an edited version of the agreement at its meeting on July 19, 2018. At that meeting, Board members offered comments and were asked to provide any additional feedback prior to the October meeting.

Staff has received suggested edits from Board members and has incorporated feedback into the enclosed revised drafts. The drafts – which are identical in actual content – are (1) a redlined copy outlining all edits, and (2) a clean copy for ease reading.

RECOMMENDATION

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

Red-lined Copy

**MANAGEMENT AGREEMENT BETWEEN GORDON KENNY REALTY
AND SAN MATEO COUNTY COLLEGES EDUCATIONAL HOUSING CORPORATION**

ARTICLE 1 - PARTIES

The San Mateo County Colleges Educational Housing Corporation, an affiliated auxiliary entity of the San Mateo County Community College District, hereinafter referred to as "Corporation", and Gordon Kenny Realty, a California Corporation, hereinafter referred to as "Manager", in consideration of the mutual promises herein contained, agree as follows:

ARTICLE 2 - PROFESSIONAL MANAGEMENT STANDARDS

Section 2.01 Job Description

Manager shall act as Corporation's agent to manage, operate, maintain, lease, and rent the property described as: a 44 unit apartment complex (including a clubhouse), located at 3403 and 3405 CSM Drive, San Mateo, CA 94402 and a 60 unit apartment project complex (including a clubhouse), located at 1 and 2 Olive Court, Redwood City, CA 94061, hereinafter referred to as the "Properties".

Section 2.02 Professional Management Standards

Manager shall exert its best efforts to furnish the services of its organization, and shall exercise the highest degree of professional competence in managing the property properties, consistent with the standards of the so as to provide Corporation ~~with the maximum economic return consistent with proper management.~~

Section 2.03 Standards

Manager shall, notwithstanding the authority granted herein, confer fully and freely with Corporation in the performance of its duties, and shall remain informed regarding the Property. To this end, the Manager shall report at each Corporation meeting on the significant activities since the previous meeting.

ARTICLE 3 - LEASING OF PROPERTY

Section 3.01 Obligation to Lease

Manager agrees to work with Corporation and its agents or designees to ~~screen and~~ process tenants referred from the Corporation ~~'s waiting list.~~

~~Should there be no one on the waiting list, Manager agrees to use its best efforts, utilizing the full range of services and facilities of its organization, to obtain tenants in accordance with occupancy eligibility guidelines for presently vacant space within the Property, or space which may become vacant during the term of this Agreement.~~

Section 3.02 Leasing Standards

Manager shall lease all units in accordance with occupancy eligibility guidelines established by the Corporation. ~~Manager shall not negotiate any lease without specifically conditioning the right of the lessee to sublease or assign only upon the written consent of Corporation.~~ Manager shall negotiate all leases on forms approved by Corporation. Without Corporation's written consent, Manager shall not negotiate a lease at a rate and under terms and conditions varying from the schedule approved by Corporation. Manager and its agents shall not decline to rent any property covered by this Agreement to a prospective tenant because of his or her race, color, religion, sex, sexual orientation, marital status, national origin, ancestry, familial status or disability. ~~Manager shall lease in accordance with occupancy eligibility guidelines.~~

Manager shall, prior to the execution of any lease, ~~conduct such investigations of the financial responsibility, and general reputation of prospective tenants as is necessary and reasonable to protect Corporation against financial loss and for the protection of the physical property and reputation of property.~~ Manager may obtain credit reports as to prospective tenants, and the cost thereof will be borne by the prospective tenant. ~~No property shall be rented for other than residential use by the lessee or the lessee's immediate family.~~

Section 3.03 Action Authorized with Respect to Leases

Corporation authorizes Manager to negotiate or execute all leases, rental agreements, renewals, and cancellations on the terms herein stated. Manager may also serve notice, with the approval of the Corporation and consistent with law, on any tenant to quit a property when the Manager deems such notice necessary and is authorized to institute such actions or other proceedings as may be deemed advisable in Manager's or Corporation's name in order to oust tenants, recover rent, charges or other sums payable to Corporation. Manager shall discontinue any such action or proceeding upon advice of counsel or Corporation.

Section 3.04 Tenant's Programs

Manager shall maintain businesslike relations with tenants who place service requests. After thorough investigation, Manager shall report problems of a serious nature to the Corporation with appropriate recommendations, ~~with three or more bids or proposals.~~ The Corporation may, at its discretion, require multiple bids proposals prior to the commencement of any work

ARTICLE 4 - OPERATION AND MAINTENANCE

Section 4.01 Insurance Coverage

The San Mateo County Community College District ("District") shall cause to be placed and kept in force all forms of insurance needed to adequately protect Corporation and District and as required by law, including, where appropriate, but not limited to, workers' compensation insurance, public liability insurance, boiler insurance, fire and extended coverage insurance, and burglary and theft insurance. All of the various types of insurance coverages required for the benefit of Corporation and District shall be placed with the company or companies whose quotes have been accepted by District, in such amounts, and with such beneficial interests appearing therein as will be acceptable to District; provided however, that Manager shall be named as additional insured in all policies related to public liability insurance. The Manager shall have and maintain general liability insurance in such amounts that may be required by the District and the Corporation.

Manager will promptly investigate and make a full written report as to all accidents or claims for damage relating to the ownership, operation, and maintenance of the property including any damage or destruction to the property and ~~the~~ estimated cost of repair, and shall cooperate and make any and all reports required by any insurance company in connection therein.

Section 4.02 Legal Services

Manager shall refer all matters requiring legal services to ~~qualified professionals approved by Corporation.~~ Fees for such services are to be considered as an operating expense of the property the Corporation.

Section 4.03 Employees

Manager shall hire, discharge and supervise, on behalf of Corporation, all labor and employees necessary to properly maintain and operate the ~~Property~~properties in accordance with the standards of the Corporation. All employees of the Manager and labor hired by Manager shall be supervised by Manager. Compensation of Manager's employees will be paid by Manager; compensation of labor hired by manager shall be billed to the Property as an expense of the Property.~~.-~~

Section 4.04 Maintenance and Repairs

a) Manager shall cause the Property, and its appurtenances and grounds, to be maintained according to standards acceptable to Corporation, including, but not limited to, interior and exterior cleaning, painting, decorating, plumbing, heating and ventilating systems, carpentry, and such other normal maintenance and repair work as may be necessary.

b) In fulfillment of its duties under (a) of this section, Manager shall purchase such supplies, equipment and services as are necessary for the operation and maintenance of the Property; provided, however, that no disbursement for this purpose shall be made in excess of \$1,500 unless specifically authorized by the ~~Executive Vice Chancellor of the~~Chief Financial Officer of the District or the Corporation Board or its

designee(s) except that emergency repairs, involving manifest danger to life or property, or immediately necessary for the preservation and safety of the Property, or for the safety of its tenants, or required to avoid the suspension of any necessary service to the Property, may be made by the Manager irrespective of the cost limitation imposed by this section. Notwithstanding this authority as to emergency repairs, it is understood and agreed that Manager will, if at all possible, confer with Corporation officers or representatives regarding every such expenditure before proceeding.

Section 4.05 Services and Utilities

Manager shall contract on favorable terms, quality and service considered, in its name or in the name of Corporation for all services and utilities necessary for the efficient operation and maintenance of the Property, including but not limited to, water, electricity, gas, fuel, telephone, vermin extermination, rubbish hauling, and other services necessary for the maintenance of the Property; provided, however, that Manager shall not enter into any contract not terminable on thirty (30) days notice on behalf of Corporation without prior written approval of Corporation.

Section 4.06 Compliance with Governmental Regulations

Manager shall take such action as may be necessary to comply promptly with any and all orders or requirements affecting the Property placed thereon by federal, state, county, municipal or District authority having jurisdiction there over, subject to the same limitation contained in Section 4.04(b) regarding maximum amounts which may be disbursed without Corporation's written consent. Manager shall promptly, and in no event later than seventy-two (72) hours from the time of their receipt, notify Corporation in writing of all such orders and notices of requirements. Manager, however, shall not take any action under this section so long as Corporation is contesting, or has, after prompt notification of the facts by Manager, affirmed its intention to contest any such order or requirements. ~~Manager shall promptly, and in no event later than seventy-two (72) hours from the time of their receipt, notify Corporation in writing of all such orders and notices of requirements.~~

ARTICLE 5 - COLLECTION AND DISBURSEMENT OF REVENUES

Section 5.01 Collection of Rent

Rents shall be collected by payroll deduction for the San Mateo County Community College District. Manager shall be responsible for collection of rents only for ~~non-District employees;~~ employees on leave or employees on a ten month pay schedule. Such funds shall be deposited into accounts as established by the District.

Section 5.02 Operating Funds

~~Corporation shall establish and maintain, in a bank whose deposits are insured by the Federal Deposit Insurance Corporation, a trust account for the benefit of the Corporation for the deposit of the monies collected from the Property. This account shall be known as the San Mateo Colleges Educational Housing Corporation, Inc.—Trust Account.~~

District shall disburse to Manager monthly an amount sufficient to pay for any liabilities or obligations incurred pursuant to this Agreement and for the payment of Manager's fee, all of which payments shall be subject to the limitations of this Agreement. In the event that the balance of the operating funds is at any time insufficient to pay disbursements due and payable under this agreement, upon notice, District shall remit to Manager sufficient funds to cover the deficiency. In no event shall Manager be required to advance any monies to District or Corporation to cover expenses of the Property.-

Section 5.03 Security Deposits

Manager shall maintain and account for tenant security deposits in accordance with applicable state and local laws.

Section 5.04 Authorized Expenditures

From the funds collected and deposited with ~~Gordon Kenny Realty, Inc~~ Manager for operating funds, Manager shall cause to be disbursed regularly and punctually all expenses authorized in other sections of this

Agreement. In addition, Manager shall cause to be disbursed punctually landscaping fees, water and sewer charges, and all other expenses, charges, licenses, taxes or assessments of every nature with respect to the Property.

Section 5.05 Controls on Disbursements

Manager shall organize and maintain a system of controls designed to insure the authenticity of bills paid and the fairness of the price charged. In furtherance of this goal, Manager shall authorize all purchasing and hiring of services only by supervisory personnel at Manager's office. Corporation or District may choose to submit to Manager a list of suppliers and servicemen from whom Manager must order goods and services for the property.

ARTICLE 6 - FINANCIAL RECORDS AND REPORTS

Section 6.01 Records

Manager shall keep accurate, complete and separate records (~~from those of other properties managed by the Manager~~) in accordance with general accepted accounting principles and any requirements established by District, showing income and expenditures in connection with the operation of the Property, to the end that any accounts payable, other obligations, cash, accounts receivable and other assets pertaining thereto can be identified and the amount determined at all times. Corporation shall have the right at any reasonable time, through ~~his-its~~ representatives or in person, to inspect any record of Manager which in ~~his-its~~ opinion may verify the financial or monthly reports, including, but not limited to all checks, bills, vouchers, statements, cash receipts, correspondence and all other records in connection with the management of the Property. Corporation shall further have the right to cause an audit, at Corporation's expense, to be made of all account books and records connected with the management of the Property.

Section 6.02 Monthly and Annual Statements

Manager shall prepare a monthly statement showing in detail all receipts and disbursements for the previous month, itemizing all delinquent accounts and vacant space, and an annual statement summarizing receipts and disbursements of the preceding calendar year or portion thereof.

Section 6.03 Reports

Manager agrees to prepare on behalf of Corporation:

- a) All payroll forms and reports concerning Property employees;
- b) Business and tax forms;
- c) All other forms required for the daily operation of the Property.

Any individual income tax forms are the responsibility of Corporation, except that the records and reports furnished Corporation by Manager shall be sufficient for these purposes.

ARTICLE 7 - COMPENSATION

Section 7.01 Fees

For services rendered pursuant to this Agreement, Corporation shall pay Manager a fee of ~~\$47~~^{\$62} per ~~occupied~~ unit per month. These fees may be adjusted by mutual consent of the Parties.

~~Manager may also charge a one time leasing fee of \$25 per unit for the initial lease preparation, screening, and signings for the first set of tenants of each unit. After the initial tenants move in, Manager shall not be entitled to any further leasing fees.~~

Section 7.02 Limitations on Compensation

a) Manager's Office Overhead. The disbursements authorized by this Agreement as expenses of the Property and of Corporation shall not include any payments in the reimbursement of Manager's office overhead.

b) Rebates, Discounts and Commissions. Except as otherwise herein expressly provided, Manager shall not collect or charge any undisclosed fee, rebate, discount or commission relating to the

operation of and purchasing of supplies and services for the Property without crediting same to the account of the Corporation.

ARTICLE 8 - TERMINATION

Section 8.01 Basic Period

This Agreement shall become effective as of ~~September 22, 2016~~December 1, 2018, and shall continue until ~~November 30, 2017~~December 31, 2019.

Section 8.02 Renewals

Unless written notice from either party is received thirty (30) days before the expiration of the Agreement, this Agreement shall be renewed for another one year period, and the same notice and renewal terms shall apply to each renewed period; provided, however, that no such renewal may cause the term of this agreement to extend beyond ~~November 30, 2018~~December 31, 2020.

Section 8.03 Early Termination

Either party to this Agreement may give ~~thirty-sixty (60)~~30 days written notice of decision to so terminate this Agreement for convenience.

Section 8.04 Bankruptcy

In the event a petition in bankruptcy proceeding is filed by either Corporation or Manager, or against either Corporation or Manager and not settled within ninety (90) days, or in the event that either shall make an assignment for the benefit of creditors or take advantage of any insolvency act, either party hereto may terminate this Agreement, effective as of the date of notice.

Section 8.05 Consequences of Termination

Upon termination of this Agreement, it is agreed:

- a) That all of the records in the possession of Manager pertaining to the operation of the Property, together with any other property of Corporation in Manager's possession, shall be immediately delivered to Corporation.
- b) That Manager's right to compensation shall immediately cease, except for any amount payable hereunder before the date of termination.
- c) That the agency created hereby shall immediately cease, and Manager shall have no further right to act for Corporation.

Section 8.06 Notice

All notices required under this or any article of this Agreement shall be in writing and delivered either 1) by first class mail, postage prepaid; (2) by personal delivery; ~~or~~ (3) via facsimile (fax) transmission; and/or via electronic mail. Notice shall be deemed communicated as of deposit in the United States Mail, or upon personal delivery, or upon fax transmission respectively. The place to which notices shall be addressed to each party appears after the signatures below; provided, however, that each party may change his-its address by notice in accordance with this section.

ARTICLE 9 - INDEMNIFICATION

Section 9.01 Indemnification of Manager

Corporation agrees to indemnify and defend Manager against and hold Manager harmless from any claims for bodily injury or property damage occurring in or about the Property, except for claims arising from acts or omissions of Manager or its employees which are outside the scope of Manager's authority under this Agreement, or which are due to Manager's breach of this Agreement, or which involve the gross negligence or willful misconduct of manager or its employees or agents. Corporation agrees to carry at Corporation's

expense adequate public liability insurance. Corporation's obligation to so indemnify, defend and hold Manager harmless is on the condition that, as to any particular event:

- a) Manager shall notify Corporation in writing as soon as practicable after notice of a claim is received; and
- b) Manager shall take no steps (such as admission of liability) that will prejudice the defense or otherwise prevent Corporation from protecting itself.

Section 9.02 Indemnification of Corporation

Manager hereby agrees to indemnify and defend Corporation and District against and hold Corporation and District harmless from any and all claims, demands, causes of action, damages, loss cost or expense arising from or in any way connected with the acts or omissions of Manager or its employees or agents which arise from matters outside the scope of Manager's authority under this Agreement, which are due to Manager's breach of this Agreement, or which involve negligence or willful misconduct of Manager or its employees or agents.

ARTICLE 10 - GENERAL PROVISIONS

Section 10.01 Attorney Fees

If any legal action, arbitration or other proceeding is commenced to enforce or interpret any provision of this Agreement, the prevailing party shall be entitled to an award of its actual expenses including, without limitation, expert witness fees and attorneys' fees and disbursements. The phrase "prevailing party" shall mean the party who obtains substantially the relief desired, whether by dismissal, default, summary judgment, settlement or otherwise.

Section 10.02 Mediation

If a dispute arises out of or relates to this agreement, or the alleged breach of this agreement, and if the dispute is not settled through negotiation, the parties agree first to try in good faith to settle the dispute by mediation.

Section 10.0203 Captions

Paragraphs, titles or captions in no way define, limit, extend or describe the scope of this Agreement nor the intent of any of its provisions.

Section 10.0304 Choice of Law and Choice of Venue

This Agreement shall be interpreted in accordance with California law. The venue shall be San Mateo County.

Section 10.0405 Interpretation

As used herein, the masculine includes the feminine and neuter, and the singular includes the plural.

Section 10.05-06 Successors

This Agreement shall bind and inure to the benefit of the transferees, assignees, executors, devisees, guardians and other successors in interest of the parties, subject to the provisions of paragraph 10.06 below.

Section 10.06-07 Assignment

Neither party may assign its rights or delegate its obligations hereunder without the prior written consent of the other party, which may be withheld at the party's absolute discretion, and any such assignment or delegation without the other party's prior consent shall be void and of no effect.

ARTICLE 11 - EXECUTION

Executed on the _____ day of _____, _____, in the City of South San Francisco, State of California.

Manager

Gordon Kenny Realty, Inc.
100 Arroyo Drive
South San Francisco, CA 94080

By: _____
Michael Kenny, President

Executed on the _____ day of _____, _____, in the City of San Mateo, State of California

Corporation

San Mateo County Colleges Educational Housing Corporation
3401 CSM Drive
San Mateo, CA 94402

By: _____
Kathy Blackwood
Executive Vice Chancellor
San Mateo County Community College District
Director ~~and Treasurer~~, Educational Housing Corporation Board

**MANAGEMENT AGREEMENT BETWEEN GORDON KENNY REALTY
AND SAN MATEO COUNTY COLLEGES EDUCATIONAL HOUSING CORPORATION**

ARTICLE 1 - PARTIES

The San Mateo County Colleges Educational Housing Corporation, an affiliated auxiliary entity of the San Mateo County Community College District, hereinafter referred to as "Corporation", and Gordon Kenny Realty, a California Corporation, hereinafter referred to as "Manager", in consideration of the mutual promises herein contained, agree as follows:

ARTICLE 2 - PROFESSIONAL MANAGEMENT STANDARDS

Section 2.01 Job Description

Manager shall act as Corporation's agent to manage, operate, maintain, lease, and rent the property described as: a 44 unit apartment complex (including a clubhouse), located at 3403 and 3405 CSM Drive, San Mateo, CA 94402 and a 60 unit apartment complex (including a clubhouse), located at 1 and 2 Olive Court, Redwood City, CA 94061, hereinafter referred to as the "Properties".

Section 2.02 Professional Management Standards

Manager shall exert its best efforts to furnish the services of its organization, and shall exercise the highest degree of professional competence in managing the properties, consistent with the standards of the Corporation.

Section 2.03 Standards

Manager shall, notwithstanding the authority granted herein, confer fully and freely with Corporation in the performance of its duties, and shall remain informed regarding the Property. To this end, the Manager shall report at each Corporation meeting on the significant activities since the previous meeting.

ARTICLE 3 - LEASING OF PROPERTY

Section 3.01 Obligation to Lease

Manager agrees to work with Corporation and its agents or designees to process tenants referred from the Corporation.

Section 3.02 Leasing Standards

Manager shall lease all units in accordance with occupancy eligibility guidelines established by the Corporation. Manager shall negotiate all leases on forms approved by Corporation. Without Corporation's written consent, Manager shall not negotiate a lease at a rate and under terms and conditions varying from the schedule approved by Corporation. Manager and its agents shall not decline to rent any property covered by this Agreement to a prospective tenant because of his or her race, color, religion, sex, sexual orientation, marital status, national origin, ancestry, familial status or disability.

Manager shall, prior to the execution of any lease, may obtain credit reports as to prospective tenants, and the cost thereof will be borne by the prospective tenant.

Section 3.03 Action Authorized with Respect to Leases

Corporation authorizes Manager to negotiate or execute all leases, rental agreements, renewals, and cancellations on the terms herein stated. Manager may also serve notice, with the approval of the Corporation and consistent with law, on any tenant to quit a property when the Manager deems such notice necessary and is authorized to institute such actions or other proceedings as may be deemed advisable in Manager's or Corporation's name in order to oust tenants, recover rent, charges or other sums payable to Corporation. Manager shall discontinue any such action or proceeding upon advice of counsel or Corporation.

Section 3.04 Tenant's Programs

Manager shall maintain businesslike relations with tenants who place service requests. After thorough investigation, Manager shall report problems of a serious nature to the Corporation with appropriate recommendations. The Corporation may, at its discretion, require multiple bids proposals prior to the commencement of any work

ARTICLE 4 - OPERATION AND MAINTENANCE

Section 4.01 Insurance Coverage

The San Mateo County Community College District ("District") shall cause to be placed and kept in force all forms of insurance needed to adequately protect Corporation and District and as required by law, including, where appropriate, but not limited to, workers' compensation insurance, public liability insurance, boiler insurance, fire and extended coverage insurance, and burglary and theft insurance. All of the various types of insurance coverages required for the benefit of Corporation and District shall be placed with the company or companies whose quotes have been accepted by District, in such amounts, and with such beneficial interests appearing therein as will be acceptable to District; provided however, that Manager shall be named as additional insured in all policies related to public liability insurance. The Manager shall have and maintain general liability insurance in such amounts that may be required by the District and the Corporation.

Manager will promptly investigate and make a full written report as to all accidents or claims for damage relating to the ownership, operation, and maintenance of the property including any damage or destruction to the property and the estimated cost of repair, and shall cooperate and make any and all reports required by any insurance company in connection therein.

Section 4.02 Legal Services

Manager shall refer all matters requiring legal services to the Corporation.

Section 4.03 Employees

Manager shall hire, discharge and supervise, on behalf of Corporation, all labor and employees necessary to properly maintain and operate the properties in accordance with the standards of the Corporation. All employees of the Manager and labor hired by Manager shall be supervised by Manager. Compensation of Manager's employees will be paid by Manager; compensation of labor hired by manager shall be billed to the Property as an expense of the Property.

Section 4.04 Maintenance and Repairs

- a) Manager shall cause the Property, and its appurtenances and grounds, to be maintained according to standards acceptable to Corporation, including, but not limited to, interior and exterior cleaning, painting, decorating, plumbing, heating and ventilating systems, carpentry, and such other normal maintenance and repair work as may be necessary.
- b) In fulfillment of its duties under (a) of this section, Manager shall purchase such supplies, equipment and services as are necessary for the operation and maintenance of the Property; provided, however, that no disbursement for this purpose shall be made in excess of \$1,500 unless specifically authorized by the Chief Financial Officer of the District or the Corporation Board or its designee(s) except that emergency repairs, involving manifest danger to life or property, or immediately necessary for the preservation and safety of the Property, or for the safety of its tenants, or required to avoid the suspension of any necessary service to the Property, may be made by the Manager irrespective of the cost limitation imposed by this section. Notwithstanding this authority as to emergency repairs, it is understood and agreed that Manager will, if at all possible, confer with Corporation officers or representatives regarding every such expenditure before proceeding.

Section 4.05 Services and Utilities

Manager shall contract on favorable terms, quality and service considered, in its name or in the name of Corporation for all services and utilities necessary for the efficient operation and maintenance of the Property,

including but not limited to, water, electricity, gas, fuel, telephone, vermin extermination, rubbish hauling, and other services necessary for the maintenance of the Property; provided, however, that Manager shall not enter into any contract not terminable on thirty (30) days notice on behalf of Corporation without prior written approval of Corporation.

Section 4.06 Compliance with Governmental Regulations

Manager shall take such action as may be necessary to comply promptly with any and all orders or requirements affecting the Property placed thereon by federal, state, county, municipal or District authority having jurisdiction there over, subject to the same limitation contained in Section 4.04(b) regarding maximum amounts which may be disbursed without Corporation's written consent. . Manager shall promptly, and in no event later than seventy-two (72) hours from the time of their receipt, notify Corporation in writing of all such orders and notices of requirements. Manager, however, shall not take any action under this section so long as Corporation is contesting, or has, after prompt notification of the facts by Manager, affirmed its intention to contest any such order or requirements

ARTICLE 5 - COLLECTION AND DISBURSEMENT OF REVENUES

Section 5.01 Collection of Rent

Rents shall be collected by payroll deduction for the San Mateo County Community College District. Manager shall be responsible for collection of rents only for employees on leave or employees on a ten month pay schedule. Such funds shall be deposited into accounts as established by the District.

Section 5.02 Operating Funds

District shall disburse to Manager monthly an amount sufficient to pay for any liabilities or obligations incurred pursuant to this Agreement and for the payment of Manager's fee, all of which payments shall be subject to the limitations of this Agreement. In the event that the balance of the operating funds is at any time insufficient to pay disbursements due and payable under this agreement, upon notice, District shall remit to Manager sufficient funds to cover the deficiency. In no event shall Manager be required to advance any monies to District or Corporation to cover expenses of the Property.

Section 5.03 Security Deposits

Manager shall maintain and account for tenant security deposits in accordance with applicable state and local laws.

Section 5.04 Authorized Expenditures

From the funds collected and deposited with Manager for operating funds, Manager shall cause to be disbursed regularly and punctually all expenses authorized in other sections of this Agreement. In addition, Manager shall cause to be disbursed punctually landscaping fees, water and sewer charges, and all other expenses, charges, licenses, taxes or assessments of every nature with respect to the Property.

Section 5.05 Controls on Disbursements

Manager shall organize and maintain a system of controls designed to insure the authenticity of bills paid and the fairness of the price charged. In furtherance of this goal, Manager shall authorize all purchasing and hiring of services only by supervisory personnel at Manager's office. Corporation or District may choose to submit to Manager a list of suppliers and servicemen from whom Manager must order goods and services for the property.

ARTICLE 6 - FINANCIAL RECORDS AND REPORTS

Section 6.01 Records

Manager shall keep accurate, complete and separate records (from those of other properties managed by the Manager) in accordance with general accepted accounting principles and any requirements established by District, showing income and expenditures in connection with the operation of the Property, to the end that any accounts payable, other obligations, cash, accounts receivable and other assets pertaining thereto can be identified and the amount determined at all times. Corporation shall have the right at any reasonable time, through its representatives or in person, to inspect any record of Manager which in its opinion may verify the

financial or monthly reports, including, but not limited to all checks, bills, vouchers, statements, cash receipts, correspondence and all other records in connection with the management of the Property. Corporation shall further have the right to cause an audit, at Corporation's expense, to be made of all account books and records connected with the management of the Property.

Section 6.02 Monthly and Annual Statements

Manager shall prepare a monthly statement showing in detail all receipts and disbursements for the previous month, itemizing all delinquent accounts and vacant space, and an annual statement summarizing receipts and disbursements of the preceding calendar year or portion thereof.

Section 6.03 Reports

Manager agrees to prepare on behalf of Corporation:

- a) All payroll forms and reports concerning Property employees;
- b) Business and tax forms;
- c) All other forms required for the daily operation of the Property.

Any individual income tax forms are the responsibility of Corporation, except that the records and reports furnished Corporation by Manager shall be sufficient for these purposes.

ARTICLE 7 - COMPENSATION

Section 7.01 Fees

For services rendered pursuant to this Agreement, Corporation shall pay Manager a fee of \$62 per unit per month. These fees may be adjusted by mutual consent of the Parties.

Section 7.02 Limitations on Compensation

- a) Manager's Office Overhead. The disbursements authorized by this Agreement as expenses of the Property and of Corporation shall not include any payments in the reimbursement of Manager's office overhead.

- b) Rebates, Discounts and Commissions. Except as otherwise herein expressly provided, Manager shall not collect or charge any undisclosed fee, rebate, discount or commission relating to the operation of and purchasing of supplies and services for the Property without crediting same to the account of the Corporation.

ARTICLE 8 - TERMINATION

Section 8.01 Basic Period

This Agreement shall become effective as of December 1, 2018, and shall continue until December 31, 2019.

Section 8.02 Renewals

Unless written notice from either party is received thirty (30) days before the expiration of the Agreement, this Agreement shall be renewed for another one year period, and the same notice and renewal terms shall apply to each renewed period; provided, however, that no such renewal may cause the term of this agreement to extend beyond December 31, 2020.

Section 8.03 Early Termination

Either party to this Agreement may give sixty (60) days written notice of decision to so terminate this Agreement for convenience.

Section 8.04 Bankruptcy

In the event a petition in bankruptcy proceeding is filed by either Corporation or Manager, or against either Corporation or Manager and not settled within ninety (90) days, or in the event that either shall make an assignment for the benefit of creditors or take advantage of any insolvency act, either party hereto may terminate this Agreement, effective as of the date of notice.

Section 8.05 Consequences of Termination

Upon termination of this Agreement, it is agreed:

- a) That all of the records in the possession of Manager pertaining to the operation of the Property, together with any other property of Corporation in Manager's possession, shall be immediately delivered to Corporation.
- b) That Manager's right to compensation shall immediately cease, except for any amount payable hereunder before the date of termination.
- c) That the agency created hereby shall immediately cease, and Manager shall have no further right to act for Corporation.

Section 8.06 Notice

All notices required under this or any article of this Agreement shall be in writing and delivered either 1) by first class mail, postage prepaid; (2) by personal delivery; (3) via facsimile (fax) transmission; and/or via electronic mail. Notice shall be deemed communicated as of deposit in the United States Mail, or upon personal delivery, or upon fax transmission respectively. The place to which notices shall be addressed to each party appears after the signatures below; provided, however, that each party may change its address by notice in accordance with this section.

ARTICLE 9 - INDEMNIFICATION

Section 9.01 Indemnification of Manager

Corporation agrees to indemnify and defend Manager against and hold Manager harmless from any claims for bodily injury or property damage occurring in or about the Property, except for claims arising from acts or omissions of Manager or its employees which are outside the scope of Manager's authority under this Agreement, or which are due to Manager's breach of this Agreement, or which involve the gross negligence or willful misconduct of manager or its employees or agents. Corporation agrees to carry at Corporation's expense adequate public liability insurance. Corporation's obligation to so indemnify, defend and hold Manager harmless is on the condition that, as to any particular event:

- a) Manager shall notify Corporation in writing as soon as practicable after notice of a claim is received; and
- b) Manager shall take no steps (such as admission of liability) that will prejudice the defense or otherwise prevent Corporation from protecting itself.

Section 9.02 Indemnification of Corporation

Manager hereby agrees to indemnify and defend Corporation and District against and hold Corporation and District harmless from any and all claims, demands, causes of action, damages, loss cost or expense arising from or in any way connected with the acts or omissions of Manager or its employees or agents which arise from matters outside the scope of Manager's authority under this Agreement, which are due to Manager's breach of this Agreement, or which involve negligence or willful misconduct of Manager or its employees or agents.

ARTICLE 10 - GENERAL PROVISIONS

Section 10.01 Attorney Fees

If any legal action, arbitration or other proceeding is commenced to enforce or interpret any provision of this Agreement, the prevailing party shall be entitled to an award of its actual expenses including, without limitation, expert witness fees and attorneys' fees and disbursements. The phrase "prevailing party" shall mean the party who obtains substantially the relief desired, whether by dismissal, default, summary judgment, settlement or otherwise.

Section 10.02 Mediation

If a dispute arises out of or relates to this agreement, or the alleged breach of this agreement, and if the dispute is not settled through negotiation, the parties agree first to try in good faith to settle the dispute by mediation.

Section 10.03 Captions

Paragraphs, titles or captions in no way define, limit, extend or describe the scope of this Agreement nor the intent of any of its provisions.

Section 10.04 Choice of Law and Choice of Venue

This Agreement shall be interpreted in accordance with California law. The venue shall be San Mateo County.

Section 10.05 Interpretation

As used herein, the masculine includes the feminine and neuter, and the singular includes the plural.

Section 10.06 Successors

This Agreement shall bind and inure to the benefit of the transferees, assignees, executors, devisees, guardians and other successors in interest of the parties, subject to the provisions of paragraph 10.06 below.

Section 10.07 Assignment

Neither party may assign its rights or delegate its obligations hereunder without the prior written consent of the other party, which may be withheld at the party's absolute discretion, and any such assignment or delegation without the other party's prior consent shall be void and of no effect.

ARTICLE 11 - EXECUTION

Executed on the _____ day of _____, _____, in the City of South San Francisco, State of California.

Manager

Gordon Kenny Realty, Inc.
100 Arroyo Drive
South San Francisco, CA 94080

By: _____
Michael Kenny, President

Executed on the _____ day of _____, _____, in the City of San Mateo, State of California

Corporation

San Mateo County Colleges Educational Housing Corporation
3401 CSM Drive
San Mateo, CA 94402

By: _____
Kathy Blackwood
Executive Vice Chancellor
San Mateo County Community College District
Director, Educational Housing Corporation Board

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: October 16, 2018

REPORT SUBJECT: Year-End Financial Statements

In July 2018, staff presented the Board adopted budgets for College Vista and Cañada Vista for FY 2018-19. At that time, the year-end financials had not yet been finalized.

Staff is providing in the attached reports the year-end financials for College Vista (Attachment #03A) and Cañada Vista (Attachment #03B) for the Board's information.

SMCC Educational Housing Corporation
College Vista
Budget vs Actual for 2017-18 and Adopted Budget 2018-19

	Revised Budget	Actual		Variance from	Adopted
	7/1/2017 to 6/30/2018			Revised Budget	Budget
	2017-18	2017-18	% to date	2017-18	2018-19
Operation Revenues					
Rent	650,000	609,580	94%	40,420	620,000
Club House Rental	1,500	1,100	73%	400	1,500
Total Operation Revenues	651,500	610,680	94%	40,820	621,500
Operation Expenses					
Property Administration					
Property Management	27,450	27,456	100%	(6)	30,096
Resident Management Fee	7,200	7,200	100%	-	7,200
Supplies (club house)	1,000	197	20%	803	750
Insurance	9,500	9,065	95%	435	9,176
Audit & Accounting	2,000	2,825	141%	(825)	2,125
Amin Misc	1,500	186	12%	1,314	1,280
Total Property Administration	48,650	46,929	96%	1,721	50,627
Service Maintenance					
Appliance Repair	2,000	3,861	193%	(1,861)	3,500
Appliance Replacement	3,000	2,636	88%	364	4,000
Cleaning	1,500	565	38%	935	1,500
Dryer Vent cleaning (annual)	3,000	2,750	92%	250	2,750
Electrical Repair and Supplies	10,000	8,261	83%	1,739	4,000
Fire Alarm Repairs/Inspections	8,500	16,252	191%	(7,752)	16,000
Flooring Repair	500	-	0%	500	1,000
Flooring Replacement	12,500	14,794	118%	(2,294)	18,000
Garage Door Repair	2,000	1,480	74%	520	2,000
Gutters (cleaning and repair)	1,700	1,330	78%	370	1,000
Heating Repair	4,000	511	13%	3,489	1,000
Maintenance General	10,000	8,710	87%	1,290	10,000
Painting & Decorating	10,000	8,750	88%	1,250	15,000
Plumbing Repair	10,000	9,679	97%	321	10,000
Sprinkler inspections/repairs	3,500	-	0%	3,500	-
Window Washing (annual)	3,000	1,350	45%	1,650	1,500
Total Service Maintenance	85,200	80,929	95%	4,271	91,250
Monthly Services					
Fire Alarm System/Monitoring	5,000	2,574	51%	2,426	1,500
Garbage	11,000	10,347	94%	653	11,000
Internet/Cable	750	477	64%	273	480
Landscape/Gardening	11,000	10,430	95%	570	11,000
Pest Control	1,500	1,530	102%	(30)	1,530
PG & E	16,500	16,986	103%	(486)	17,500
Water Grounds & Tenants	17,500	24,808	142%	(7,308)	22,000
Total Monthly Services	63,250	67,152	106%	(3,902)	65,010
Total Operation Expenses	197,100	195,010	99%	2,090	206,887
Net Operation Profit/(Loss)	454,400	415,670	91%	38,730	414,613
Other Financial Uses					
Transfer to District	358,400	318,000	89%	40,400	335,100
Transfer to Capital Reserve	95,000	95,000	100%	-	78,313
Total Other Financial Sources/Uses	453,400	413,000	91%	40,400	413,413
Excess of Revenues Over Expenditures and Other Sources	1,000	2,670	267%	(1,670)	1,200
Vacancy Factor (reflected in rents)	(5,355)				(5,200)

SMCC Educational Housing Corporation
Cañada Vista
Budget vs Actual for 2017-18 and Adopted Budget 2018-19

	Revised Budget	Actual		Variance from Revised Budget	Adopted Budget
	6/30/2018				
	2017-18	2017-18	% to date	2017-18	2018-19
Operation Revenues					
Rent	871,831	826,661	95%	45,170	850,000
Club House Rental	9,000	7,638	85%	1,362	2,500
Club House Liab. Insurance	2,000	4,163	208%	(2,163)	1,000
Rent Concessions	-	-	0%	-	(125,000)
Total Operation Revenues	882,831	838,462	95%	44,369	728,500
Operation Expenses					
Property Administration					
Property Management	37,500	37,440	100%	60	41,040
Resident Management Fee	8,500	8,508	100%	(8)	8,500
Supplies (club house)	1,000	583	58%	417	1,000
Insurance	12,000	9,812	82%	2,188	9,921
Insurance /Clubhouse	2,000	4,163	208%	(2,163)	1,000
Audit & Accounting	2,000	2,825	141%	(825)	2,125
Admin Expenses-Misc.	1,500	161	11%	1,339	1,500
Total Property Administration	64,500	63,492	98%	1,008	65,086
Service Maintenance					
Appliance Repair	3,000	4,311	144%	(1,311)	3,000
Appliance Replacement	5,000	4,781	96%	219	5,000
Cleaning	3,000	1,860	62%	1,140	3,000
Dryer Vent Cleaning (annual)	4,019	4,019	100%	-	4,500
Electrical Repair and Supplies	6,000	6,951	116%	(951)	5,000
Fire Alarm Inspections/Repairs	6,500	12,096	186%	(5,596)	16,000
Flooring Replacement	15,000	15,864	106%	(864)	10,000
Flooring Repair	5,000	1,305	26%	3,695	2,500
Garage Door Repair	1,000	895	90%	105	1,000
Gutters Cleaning	-	-	0%	-	-
Heating/AC/Water Heater Repairs	1,200	4,706	392%	(3,506)	7,500
Maintenance - General	10,000	12,921	129%	(2,921)	15,000
Painting	17,000	15,500	91%	1,500	17,000
Plumbing Repair	8,000	9,535	119%	(1,535)	10,000
Sprinkler Insp/Repairs	1,884	-	0%	1,884	-
Window Washing (annual)	3,969	-	0%	3,969	-
Total Service Maintenance	90,572	94,744	105%	(4,172)	99,500
Monthly Services					
Garbage	22,300	19,610	88%	2,690	25,000
Internet/Cable	600	635	106%	(35)	750
Landscape/Gardening	13,000	12,930	99%	70	13,000
Pest Control	2,343	2,739	117%	(396)	2,800
PG & E	17,000	18,526	109%	(1,526)	20,000
Fire Alarm System/Monitoring	5,400	2,793	52%	2,607	1,500
Water	2,799	1,933	69%	866	3,000
Total Monthly Services	63,442	59,166	93%	4,276	66,050
Total Operation Expenses	218,514	217,402	99%	1,112	230,636
Net Operation Profit/(Loss)	664,317	621,060	93%	43,257	497,864
Other Financial Uses					
Transfer to District	663,000	619,000	93%	44,000	496,564
Transfer to LT Capital Reserve	-	-	0%	-	-
Total Other Financial Sources/Uses	663,000	619,000	93%	44,000	496,564
Excess of Revenues Over Expenditures and Other Sources	1,317	2,060	156%	(743)	1,300
Vacancy Factor (reflected in rents)	(12,495)	(12,495)			(13,000)