

BOARD OF DIRECTORS  
REGULAR MEETING  
CP 250 CONFERENCE ROOM  
TUESDAY, FEBRUARY 10, 2009 :: 3:30 P.M.

**Present:** Jim Alexander, Bill Barrett, Jay Bond, Ted Bremner, Pat Carroll, Bill Dickerson, Michael LaCour-Little, Mark Stohs.

**Staff/Guests:** Bob Clark Jr, Ann Ehl, Bob Farrell, Bill Herbert, John Jay, Frank Mumford, Mike Wolder.

I. CALL TO ORDER

Chair Mark Stohs called the meeting to order at 3:40 p.m.

Bill Dickerson introduced to the Board new student member Jay Carvin, litigation attorney Mike Wolder and University Heights (UH) Property Manager Bob Farrell.

II. APPROVAL OF MINUTES

Ted Bremner moved, Jay Bond seconded and motion carried to approve the minutes of the 12/09/08 Board of Directors meeting.

III. RESOLUTIONS

A. APPROVAL TO LEASE UH HOMES TO PUBLIC

Bob Clark reported that 25 UH homes are now available for lease, with four leased thus far. He receives 10-15 inquiries/month and gives 5-8 showings/month. One UH homeowner has listed her home on the market. In Fullerton, there are 22 (non-Housing Authority) active lease listings at the moment; adding the UH homes doubles the market inventory. Responses to the homes have been positive; however, the largest constraint is the floorplan of Plan 2 homes. Plan 2 homes have the master suite on the third floor and two bedrooms on first floor; a problem for families with young children.

This resolution expands the leasing market to the public. The board briefly discussed whether the lease-purchase option should be made available to the public and decided to wait for a future meeting. Bill Dickerson explained that homes which are leased are not subject to the ground lease that all of the homeowner's who purchased homes were required to enter into, however faculty/staff who purchase a home by exercising a lease-purchase option will acquire their homes subject to the ground lease.

Ted Bremner moved, Jay Bond seconded and motion carried to adopt the following resolution. The approval was unanimous.

**Approval to Expand University Heights Lease Market**

WHEREAS, the CSU Fullerton Housing Authority has developed 42 paired homes at University Heights for purposes including fostering recruitment, retention, productivity and quality of life of employees of the California State University, Fullerton; and

WHEREAS, Housing Authority policies allow for employees of the CSU (other than CSUF), the City of Fullerton and other Fullerton Workforce Housing Consortium members to be targeted as a secondary market for the lease of homes at University Heights; and

WHEREAS, these efforts to expand the market have not generated a sufficient lease activity; and

WHEREAS, there are currently 22 unoccupied homes (16 are sold and 4 are leased) and increased occupancy of the available homes would greatly assist the Housing Authority in covering its financing costs for the University Heights project.

THEREFORE, BE IT RESOLVED that the Board of Directors hereby approves the expansion and immediate marketing efforts of the University Heights home lease market to the public; and

BE IT FURTHER RESOLVED that the Board of Directors authorizes the leasing agent/broker to execute lease contracts with the public; and

BE IT FURTHER RESOLVED that the Board of Directors authorizes and directs the Executive Director of the Corporation to take all further actions that are necessary or appropriate to implement the approved expansion.

B. APPROVAL TO REVISE UH PRICING

Bill Dickerson explained that Valeo, when pricing UH homes, placed premiums based on amenities and location. When Adam Brett tried to sell the UH homes in 2008, he believed that the premiums were unbalanced. Now, Bob Clark reports that in showing homes, he finds that some homes have upgrades (cabinets, counters, etc), views and other amenities and should be priced accordingly.

Bill Dickerson moved, Ted Bremner seconded and motion carried to adopt the following resolution. With no abstentions, the approval was unanimous.

**Approval of University Heights Revised Pricing**

WHEREAS, the CSU Fullerton Housing Authority (“Corporation”) desires to develop and maintain housing affordable to faculty and academic staff of California State University Fullerton; and

WHEREAS, the Corporation, in its response to the continuing decline in the housing market, decided on 06/17/08 to write down the prices of homes in University Heights by approximately 20%; and

WHEREAS, the previously-approved price reductions failed to produce even a single sale; and

WHEREAS, the Corporation has also recently decided to lease the homes for an undetermined period of time in order to provide a revenue stream to help offset University Heights project costs; and

WHEREAS, a component of this leasing program affords leasees the opportunity to enter into a lease-purchase agreement by obtaining an “option to purchase” the home at a predetermined price; and

WHEREAS, recent marketing efforts have provided important feedback as to the relative value of many of the homes as determined by both location premiums and preexisting options, and in accordance with the attached list.

THEREFORE, BE IT RESOLVED that the Board of Directors hereby approves the attached pricing schedule in substantially the form presented; and

BE IT FURTHER RESOLVED that the Executive Director of the Corporation, or his designee, is authorized to take all further actions that are necessary or appropriate to implement the pricing schedule, including, without limitation, contracting for the sale of the homes allocated in accordance therewith.

C. APPROVAL TO TEMPORARILY WAIVE UH RENTAL RESTRICTIONS

Bill Dickerson reported that the Dewjis who own a UH home, asked if the owner-occupied clause could be removed from their groundlease so they could lease their home. . The Dewjis, as discussed in a previous meeting, have given notice of pending relocation and if they sold the home, market conditions would result in a substantial financial loss. The removal of the clause would allow them to lease the home with Housing Authority’s permission.

In reviewing the resolution, Pat Carroll noted that Section 7.2.2 (i) should be included in the portion being waived.

Bill Dickerson moved to amend the resolution by including Section 7.2.2 (i) in the waiver; Michael LaCour-Little seconded and motion carried to adopt the following resolution.

**Authorization for Temporary Waiver of Rental Restrictions Imposed by the University Heights Ground Lease**

WHEREAS, Sabira and Aasim Dewji (“Dewjis”) purchased a University Heights home from the CSU Housing Authority (“Corporation”) located at 1410 Educators Way on October 30, 2007 for approximately \$486,000; and

WHEREAS, the Dewjis informed the Corporation on November 26, 2008 of their desire to sell their home to the Housing Authority as a result of their impending relocation to Toronto, Canada on or around the end of January 2009; and

WHEREAS, the Corporation’s inability to purchase the home, coupled with the likelihood of a substantial loss on the sale in the event that the Dewjis were forced to sell the home in the current housing market has prompted the Dewjis to request modifications

to their ground lease to permit them to rent the home until some future point when the sale of the home may be more attractive; and

WHEREAS, the Corporation has also recently decided to lease its unsold homes for an undetermined period of time in order to provide a revenue stream to help offset University Heights project costs.

THEREFORE, BE IT RESOLVED that the Board of Directors hereby authorizes the Executive Director of the Corporation to grant temporary waivers of Sections 7.2.2 (i), (iii) and (iv) of the University Heights Ground Lease to the Dewjis and other similarly situated homeowners. Any homeowner requesting such a waiver shall obtain the prior written approval of the Executive Director. Waivers of Sections 7.2.2 (i), (iii) and (iv) shall expire December 31, 2014, unless renewed by the Board of Directors prior to that date. Should a homeowner be interested in continuing to rent their home beyond December 31, 2014, a request for such shall be submitted to the Corporation no later than June 30, 2014 which shall be duly considered and acted upon by September 30, 2014; and

BE IT FURTHER RESOLVED that the Executive Director of the Corporation, or his designee, is authorized to take all further actions that are necessary or appropriate to facilitate this resolution.

The approval was unanimous.

IV. REPORTS

A. STUDENT APPOINTMENT

Bill Dickerson introduced new student Board member Jay Carvin, appointed by President Gordon. Carvin said that he is a marketing major who will graduate this May.

B. TREASURER

Jim Alexander gave a brief update on the 12/31/09 figures and said that the Housing Authority is still upside down, with each Creekside sale considered a loss. Accrued liabilities include write-downs on Creekside, UH and other expenses; these have not been adjusted and will be done in the next couple months. We have four remaining units to sell at Creekside.

C. EXECUTIVE DIRECTOR

Bill Dickerson introduced Bob Farrell. Farrell was hired to complete the punch list at both the Elks Lodge and University Heights; Farrell reported that the third punch list at Elks averaged 30 items. Carryover items include the kitchen, 33 roof leaks, among others. Thermal imaging cameras and moisture meters have been used to determine leak locations. As of yesterday, there was no visible rain coming into the building. There were some flashing issues. After reports of gas smells/leaks, all traps were examined and showed that the venting was clear. The cover was replaced, which reduced the gas smell and will resolve the problem. Air flow report from the engineer was received. There have been some stucco cracking, but is typical and expected. There have also been some concrete

movement and soils engineers have been contacted; this may be an issue with overwatering of the landscape (at 16 minute cycles).

Dickerson reported that the City of Buena Park is considering building a parking structure adjacent to UG. And prior to his vacation, he received a letter from SchoolsFirst and they plan to end the preferred loan program. Like many other financial institutions, SchoolsFirst was not immune to the housing market and needs to be conservative. After discussions, Schools First agreed to separate the UG and UH projects and will provide mortgages for UG only; they will consider providing mortgages at UH once Fannie Mae approval is obtained.

Bob Clark gave an update on University Gables (UG). Five homes were available when he first assumed duties as UG agent; now, three are in escrow with two of those expected to close this month. The last one is awaiting City of Buena Park approval. SchoolsFirst continues its 100% financing program at UG; the three currently in escrow are SchoolsFirst funded. As UG is not Fannie Mae approved, many banks refuse to provide lending.

V. DISCUSSION

A. ELKS DEMAND UPDATE

John Jay gave an update on the Housing Authority's response to the Elk's demand.

B. PENDING LITIGATION UPDATE

Michael Wolder gave a legal update on the Valeo litigation.

VI. ANNOUNCEMENTS

Next meeting: Tue 03/10/09 @ 3:30 p.m.

VII. ADJOURNMENT

Chair Mark Stohs adjourned the meeting at 5:25 p.m.

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*Approved by the Board of Directors, March 10, 2009.*

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Jay W. Bond, Secretary