

BOARD OF DIRECTORS MEETING
CP 250 CONFERENCE ROOM
MARCH 5, 2008
3:30 – 5:00 P.M.

Present: Jim Alexander, Bill Barrett, Jay Bond, Ted Bremner, Bill Dickerson, Paul Rumberger, Mark Stohs.

Staff/Guests: Ann Ehl, Bill Herbert, Frank Mumford, Todd Olson (Olson Companies), John Reekstin (Olson Companies).

Excused: John Lawrence.

I. CALL TO ORDER

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

II. PRESENTATION: MOSAIC WALK

Bill Dickerson introduced Todd Olson and John Reekstin of the Olson Companies. Mr. Olson presented Mosaic Walk the proposed project on Commonwealth Avenue at Basque Street. Mosaic Walk will consist of 68 homes with a community pool, façade restorations and overflow parking. The historic wall/façade will be maintained per City requirements. Architects for the project are Larry Pew and Jim Scarpa of Santa Monica who are known for historical facades for both affordable and high-end housing. Mosaic Walk measures slightly over four miles from CSUF.

The Olson Companies is overseen by a 17-person board of directors whose collective professional experience includes consumer products, marketers and builders. In the fourth quarter of 2007, 19 homes within a one mile radius were sold averaging 7000 sf lots, 3 bedrooms/2 baths, were built in 1953 and sold for an average \$477k. Within a five-mile radius, the same period saw home sales average \$468k. The intersection of all homes produced an average sale prices of \$430k. Olson's other nearby project, Founders Walk, in Buena Park is doing well, selling 12-16 homes since the first of January.

With income restricted housing for moderate-priced homes, \$345k is the maximum allowable purchase price at 110% of median household income (\$92,510). Supportable mortgage at 6% interest would be \$327,600.

In 1998, the median of home price was \$176k for a 3 bedroom/2 bath on a 7000 sf lot. Today's price point of \$380k would have been \$575k in 2005.

Building out the community today would cost \$24.5M (including land); with estimated marketing costs of \$1.5M, the total would be \$26M. With average Mosaic Walk home prices of \$382k for faculty, and local current median-priced homes selling for \$477k,

these homes would be priced about 20% below market or \$366k-\$390k. Estimated cash flow is \$200k if renting were necessary, assuming vacancy rate of 5% with a 6% cap rate—with interest at 5.25%, operating expenses of 5% and annual rent of \$1.7M, HOA estimates at \$250.

Mosaic Walk's current status is in plan check now; construction can begin in the summer, but will most likely begin in the fall, with consideration given to mothballing the project for a couple years. Lumber and roofing prices have come down, while concrete costs are stable. Depending on the product, not all prices have come down.

The Olson Companies thanked the Housing Authority for their time and attention and departed.

The Housing Authority board contemplated Olson's motivation to partner with CSUFHA, and considered that Olson might be trying to avert loss. Bill Dickerson commented that he was surprised that Creekside did not sell out instantly; he also distributed Olson's corrected income multiple approach slide and his prospects update.

Mark Stohs asked for a decision on Mosaic Walk, and that if we decided to proceed with College Park then Mosaic Walk would be unnecessary. **The Board decided not to proceed with Mosaic Walk.**

III. REPORTS

A. TREASURER

Jim Alexander reported that the February 2008 report was not yet ready.

B. EXECUTIVE DIRECTOR

Bill Dickerson reported that in reviewing his summary, that there are some changes and that the items listed are not necessarily active. Regarding South Brea Lofts, 47 units were completed last summer with 11 sold. There are 26 units still available. On #6, Bill Dickerson was invited to meet the developer of Bradford Court, which is less than one mile from campus (due east). Models are completed and the units are currently listed.

At University Heights, the model homes are not quite ready. There is activity, but no contracts have opened. Prof Stohs added that the campus expects 40-50 new faculty next year, with retirements at the same rate. Of those new faculty, many have spouses, some with one child. Bill added that a high percentage of new hires rent; others speculated that many wait to be tenured to purchase. With over 200 on the waitlist for UG, many agreed that a UG home is the price point at which faculty will buy, and that College Park, unlike UG, would require land cost built in to the homes.

A UG resident was recently hired at Syracuse, falling into the average UG turnover of five units/year. By June 2008, the Housing Authority will be required to sell 50% of Creekside (10 units) to meet loan requirements. If 50% are not sold, then the Housing Authority will be required to set aside monies into escrow. At University Heights, four of the 16 sold homes went to non-CSUF employees.

Bill Dickerson added that at the May meeting of the CSUFHA, we will decide whether to expand sales of the remaining Creekside homes to neighboring educational institutions and employees of the Fullerton Workforce Housing Consortium.

Jim Alexander added that the Elks Lodge is expected to be completed by next week (03/14/08).

C. SENIOR HOUSING

Bill Dickerson mentioned that an outside group was interested in pursuing a feasibility study for Senior Housing on the campus of CSUF.

IV. ANNOUNCEMENTS

Next Meeting: Wed 04/09/08 @ 3:30 p.m.

V. ADJOURNMENT

Chair Mark Stohs adjourned the meeting at 5:35 p.m.

Approved by the Board of Directors, April 9, 2008.

Jay W. Bond, Secretary