

**San Mateo County Community Colleges Educational Housing Corporation
Board of Directors | Regular Meeting**

March 18, 2019 | 3:00 p.m.

San Mateo County Community College District Office | 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.

AGENDA

I. Call To Order and Roll Call

II. Public Comments on Non-Agenda Items

III. Action Items

- a. Approve Minutes from October 16, 2018 Meeting (*Attachment #01*)
- b. Authorizing Renewal of Kenny Realty Property Management Agreement (*Attachment #02*)

IV. Informational Reports

- a. Discussion of Possible Rental Increase for 2019-2020 (*Attachment #03*)
- b. Update on Cañada Vista Repairs (*Verbal Update at Meeting*)
- c. Update on Skyline College Housing Development Update (*Verbal Update at Meeting*)
- d. Review of Follow-up Items from Prior Meetings (*Attachment #04*)

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

VI. Adjourn



**Minutes of the Educational Housing Corporation Board Meeting
October 16, 2018
College Vista Clubhouse
3401 CSM Drive, San Mateo CA**

Directors Present:	Other Attendees Present:
Dennis McBride, President	Mitchell Bailey
Maurice Goodman, Vice President	Michelle Marquez
Peggy Berlese, Treasurer	Caryn Kenny
Kate Williams Browne	Nelly Gonzalez
Ron Granville	Beth Dominik
Michael Pierce	
Karen Schwarz	
Jonathan Wax	
Directors Absent:	
Kathy Blackwood	

CLOSED SESSION AGENDA

Call to Order

The meeting was called to order at 3:04 p.m.

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 existing litigation as listed on the printed agenda.

Public Comments on Closed Session Items Only

There were no comments from the public.

Recess to Closed Session

The Board recessed to closed session at 3:04 p.m.

Reconvene to Public Session

The Board reconvened to open session at 3:23 p.m. Mr. McBride announced that no action was taken during the closed session.

PUBLIC SESSION AGENDA

Call to Order and Roll Call

The public session of the meeting was called to order at 3:23 p.m. Those members in attendance are listed above.

Public Comments on Non-Agenda Items

There were no comments from the public.

Approval of Minutes from the July 19, 2018 Meeting

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

Action/Discussion Items

1. Kenny Realty Property Management Agreement Renewal

Ms. Kenny and Ms. Gonzalez excused themselves from the meeting during the discussion.

Mr. Pierce asked about the distinction between “Corporation” and “District” in the contract. Mr. Bailey clarified that the Housing Corporation is an affiliated entity within the District. Mr. Granville questioned the standing of the Housing Corporation in the contract. Mr. Bailey stated that the District delegated to the Housing Corporation certain responsibilities which qualifies its role. Ms. Berlese stated that the definition of “Corporation” and “District” should be under “Article 1 – Parties”. Mr. Bailey noted that he would move the definition to Article 1.

Mr. Pierce questioned in Section 3.02 if wording in the second paragraph should be “Manager *may* obtain or *shall* obtain credit reports...” Mr. Bailey clarified that it should be “shall”.

In Section 3.04, Mr. McBride recommended a threshold amount on service requests. It was noted that under Section 4.04b, this was addressed and may be duplicative. It was recommended that just the red line item on Section 3.04 should be deleted.

Mr. Goodman asked about the red line items on Section 3.01 regarding the management of the waiting list. Mr. Bailey stated that the District would like to continue to process the waiting list internally.

Mr. Pierce noted that in Section 4.01 there was no cap on the amount of insurance coverage required. Ms. Marquez stated that the District is firm on the amounts of its liability limits which are \$2 million per occurrence and \$4 million aggregate. She said she would check with Sue Harrison on the amounts of insurance required by the District.

Mr. Pierce commented on Section 4.03 about the status of the resident managers employed by Kenny Realty and how they receive compensation. Mr. Bailey clarified that these resident managers are paid by Kenny Realty and these payments are billed to the District as an expense to the Property. Ms. Berlese noted there is no limit on the amount of compensation of labor hired by the Manager and billed to the Property. Mr. Bailey noted that he would revise the paragraph.

Mr. Pierce noted on Section 5.02 that under California real estate law, the managing agent of the Property must have a separate trust account and funds must be deposited to that account which cannot be controlled by the owner of the Property. It was decided that the red line item Section 5.02 Operating Funds should be reinstated.

Mr. Granville stated that in Section 5.01, the red line sentence should be deleted and the Manager should open a trust account for the Property.

Ms. Berlese noted in Section 5.04 that there are no limits or authorization on any expenses. Mr. Granville suggested the wording on the limit be tied to the budget.

Ms. Berlese noted in Section 6.01 that the Corporation should not have to pay for an audit if the

audit finds mismanagement by the Manager. Ms. Marquez said that if the Corporation is audited under the District then the District is required to pay for it.

Mr. McBride commented in Section 8.02 Renewals that 30 days was not very much time to find a management company replacement and the time period for written notice should be changed to 90 days before the expiration of the Agreement. Ms. Marquez noted that for Renewals, the standard amount of time given is 30 days.

Mr. Granville commented on Section 8.06 that notice provisions should not be delivered exclusively via electronic mail. Ms. Marquez noted that standard practice would be 1) by first class mail; postage prepaid; or (2) by personal delivery and electronic mail. Delivery via facsimile (fax) machine should be deleted.

Ms. Berlese asked if in Section 9.01 the Corporation is the entity carrying the liability insurance. Mr. Bailey stated that the entity is the District.

Ms. Marquez noted that one person signs the contract as representative for both the Corporation and the District. Ms. Berlese stated that the authorized signee should sign the contract in two places as a representative of both the Corporation and the District. Ms. Browne asked if the Housing Corporation President should sign the contract as the representative for the Corporation. Mr. Bailey said he would check on that.

Mr. Bailey stated that he appreciated the feedback from the Board members regarding refinement of the contract and would recommend that they extend Kenny Realty's current contract until March 30, 2019. This would allow time for revisions and for Kenny Realty to review the agreement before final approval from the Board. Mr. Granville asked if Kenny Realty would keep the current fee arrangement during the extension period. Mr. Bailey recommended they amend the current agreement to 1) change the fees to \$62 per unit per month and 2) extend the term of the current agreement to March 30, 2019.

It was moved by Mr. Pierce and seconded by Mr. Goodman to approve this recommendation, all members voting Aye.

Informational Reports

1. Update on Cañada Vista Repairs

Mr. Bailey announced that the District awarded the Cañada Vista repairs bid to contractor W.E. Lyons. They are currently on-site and have begun staging and scaffolding on the project. A schematic of the phasing of the repairs was provided to the Board. Mr. Bailey stated that on October 17, 2018, the contractors are expected to receive the permit from the City of Redwood City and the demolition phase of the project will begin. The exterior of the buildings will be removed, including plaster, decks, and railings. All of the windows and patio doors will be removed, reflashed and reinstalled. The contractors will be working through issues dealing with the water heater closets and air conditioning units. Mr. Bailey noted that he would have more information on how this will work in a few days after testing on a few available units is done. For safety and weather protection, netting will also be installed to parts of the buildings that are under repair at any given time.

Mr. Bailey said that each of the four phases of the project will last 3-4 months. All of the residents have been notified that they will receive a \$150 monthly rental concession during construction.

Ms. Browne stated that there has been good communication with the residents regarding the construction and that reception to the monthly rental concessions has been positive. Ms. Browne noted some concerns about the netting installed which may block out natural light to the residences.

Ms. Marquez asked if parking has come up as an issue. Mr. Bailey answered that it has not yet but it will arise in the future and they will need to utilize overflow space in the parking lot across the street. The parking issue will have to be addressed as construction progresses and handled accordingly at that time. Mr. Bailey noted that there may be limited access to resident garages during construction due to safety issues.

Mr. Granville asked if there were quality control inspectors on-site at the residences, apart from the contractor. Mr. Bailey noted that there were 2 groups: 1) a Project Manager and 2 Project Coordinators (one who is on-site the entire time) from the District Facilities department and 2) a District consultant.

2. Update on Skyline College Housing Development

Mr. Bailey announced that the College Ridge project plans received final approval from the San Bruno City Council. Also on October 18, 2018, the property will close escrow and Summerhill Homes would like a notice to proceed that same day. SummerHill will be doing all of the horizontal site work for the District and then the District will go out to bid for the vertical construction of the site sometime early next year.

An on-site meeting will be held with the neighborhood residents on Thursday, October 18, 2018 to notify them of updates and address any questions or concerns. Two community meetings have already been held and two on-site meetings have been offered as well as attendance at City Council meetings.

Ms. Berlese raised a question regarding construction costs. Mr. Bailey stated that the funds received from the sale of the land will likely cover the costs for the project.

Mr. Bailey summarized that 30 rental units will be built at College Ridge with no club house, but with a nice outdoor communal space with plans for access to hiking trails in the area. Mr. Pierce asked if there were any plans for electric vehicle charging. Mr. Bailey said yes there were.

3. Year-End Financials for College Vista and Canada Vista

Mr. Bailey noted that at the last meeting the Budget proposal for the new fiscal year was adopted and year-end actuals on the budget proposal were not yet available. Mr. Bailey stated that Enclosures #03A and #03B showed year-end actuals for the College Vista and Cañada Vista budgets. Additionally, Mr. Bailey announced that the year-end financials and audit have been completed with no findings.

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

Mr. Bailey added that there were a number of follow-up items from the last meeting which will be addressed at a future meeting.

Adjournment

The meeting was adjourned at 4:31 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: March 18, 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 presented the Board with an edited version of the agreement at its meetings on July 19, 2018 and October 16, 2018. At that meetings, Board members offered comments which were incorporated into a new draft agreement.

Attached for the Board's review are two versions of the final draft – which are identical in actual content – (1) a clean copy for ease of reading, and (2) a redlined copy outlining all edits.

RECOMMENDATION

Authorize staff to negotiate a new management agreement with Kenny Realty, based on the prior agreement and incorporating the recommendations outlined in the attached draft.

**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 (hereinafter "Corporation"), an affiliated auxiliary entity of the San Mateo County Community College District (hereinafter "District"), 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, 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 them 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, 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 prior written approval of the Corporation and consistent with law, on any tenant to quit a property when 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 Corporation with appropriate recommendations.

ARTICLE 4 - OPERATION AND MAINTENANCE

Section 4.01 Insurance Coverage

The 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 an additional insured in all policies related to public liability insurance. Manager shall have and maintain insurance in such amounts that may be required by District and Corporation as set forth in Exhibit A.

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 Properties including any damage or destruction to the Properties 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 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 Corporation. All employees of 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 applicable Property as an expense of that Property. Any labor expense exceeding \$2,500 must receive prior approval from Corporation's designee(s), unless an emergency precludes such approval.

Section 4.04 Maintenance and Repairs

- a) Manager shall cause the Properties, and their 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 Properties; 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 or its designee(s) except that emergency repairs, involving manifest danger to life or property, or immediately necessary for the preservation and safety of one or both of the Properties, or for the safety of tenants, or required to avoid the suspension of any necessary service to the Properties, 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

Properties, including but not limited to, water, electricity, gas, fuel, telephone, vermin extermination, rubbish hauling, and other services necessary for the maintenance of the Properties; 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 Properties placed thereon by federal, state, county, municipal or District authority having jurisdiction thereover, 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 or 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, and such rents shall be held in a trust account for the Properties.

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 Properties. 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 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 Properties. Any single disbursement exceeding \$2,500 must be pre-approved by the Corporation's designee(s) and all expenses must be in accordance with the Corporation's annually approved budget.

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 prices 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 Properties.

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 each of the Properties, 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 Properties. 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 Properties.

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 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 employees of the Properties;
- b) Business and tax forms;
- c) All other forms required for the daily operation of the Properties.

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 Properties 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 Properties without crediting same to the account of the Corporation.

ARTICLE 8 - TERMINATION

Section 8.01 Basic Period

This Agreement shall become effective as of April 1, 2019, 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 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 party 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 Properties, 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 section of this Agreement shall be in writing and delivered either 1) by first class mail, postage prepaid; or (2) by personal delivery; or (3) via electronic mail if the recipient has consented in writing to that method of delivery. Notice shall be deemed communicated as of deposit in the United States Mail, or upon personal delivery. 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 and District 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 conditions 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 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 and not by arbitration or legal action.

Section 10.02 Arbitration, Attorney Fees

If mediation is not successful and a 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 10.03 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 10.07 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: _____
Dennis McBride
President
Educational Housing Corporation Board of Directors

District

San Mateo County College District
3401 CSM Drive
San Mateo, CA 94402

By: _____
Bernata Slater
Chief Financial Officer

EXHIBIT A

- 1. LIABILITY AND INSURANCE.** Manager shall be responsible for all damages to persons or properties that occur as a result of Manager's or Manager's employees fault or negligence in connection with the performance of this Agreement.

Manager shall take out and maintain during the life of this Agreement such liability insurance as shall protect it while performing work covered by this Agreement from any and all claims for damages and all operations under this Agreement, whether such operations be by itself or by any subcontractor or by anyone directly or indirectly employed by either of them.

1.1 Required Coverage. Manager shall procure and maintain liability coverage which shall not be less than the following amounts (unless agreed in writing by the District's Chief Financial Officer or Designee):

- Commercial General Liability and Property Damage insurance including:
Bodily Injury Liability insurance which provides for injuries including accidental death, per any one occurrence in an amount not less than \$1,000,000 per occurrence and \$2,000,000 annual aggregate; and Property Damage insurance in an amount not less than \$1,000,000 per occurrence.
- Business Automobile Liability insurance in an amount not less than \$1,000,000 including coverage for owned, non-owned and hired vehicles; and
- Umbrella liability in an amount not less than \$2,000,000 per occurrence and annual aggregate; and
- Professional Liability (Errors and Omissions) Insurance appropriate to Manager's profession, with limit no less than \$2,000,000 per occurrence or claim, \$2,000,000 aggregate.

If Manager maintains higher limits than the minimums shown above, District requires and shall be entitled to coverage for the higher limits maintained. Any available insurance proceeds in excess of the specified minimum limits of insurance and coverage shall be available to District.

1.2 Required Rating. Insurance carriers must have a Best rating of A(-)X or better.

1.3 Endorsements and Certificates of Insurance. District, its Officers, Agents and Employees must be named by endorsement on Manager's Commercial General Liability and Property Damage Policies as co-insured or additional insured.

Certificates of Insurance and endorsements for coverages required herein shall be filed with District's Chief Financial Officer or Designee *prior to the commencement of work*. The certificates shall provide that if the policy or policies are canceled by the insurance company or Manager during the term of this Agreement, thirty (30) days written notice prior to the effective date of such cancellation will be given to District's Chief Financial Officer or Designee. The certificates shall also show the information that District is named on Manager's Commercial General Liability and Property Damage policies as co-insured or additional insured. Certificates shall clearly state that "The San Mateo County Community College District, its Officers, Agents and Employees are named as additional insured per attached endorsement" and that such insurance policy shall be primary to any insurance or self-insurance maintained by District.

- 2. WORKERS' COMPENSATION INSURANCE.** Manager shall have in effect, during the life of this Agreement that Manager has employees, Workers' Compensation and Employer Liability Insurance providing full statutory coverage. In signing this Agreement, Manager certifies awareness of the provisions of Section 3700 of the California Labor Code which requires every employer to be insured against liability for Worker's Compensation or to undertake self-insurance in accordance with the provisions of the Code, and certifies compliance with such provisions before commencing the performance of this work of the Agreement as set forth in California Labor Code section 1861.

Initial this box if you have employees

I am aware of the provisions of Section 3700 of the California Labor Code, which require every employer to be insured against liability for Workers' Compensation or to undertake self-insurance in accordance with the provisions of the Code, and I will comply with such provisions before commencing the performance of any work required under this Agreement with employees.

Initial this box only if you have no employees and will not submit a Certificate of Workers' Compensation

I have no employees and, therefore, will not submit a Certificate of Workers' Compensation.

**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 (hereinafter "Corporation"), an affiliated auxiliary entity of the San Mateo County Community College District (hereinafter "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 them 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 prior written 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.~~

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 an additional insured in all policies related to public liability insurance. Manager shall have and maintain insurance in such amounts that may be required by District and Corporation as set forth in Exhibit A.

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 ~~Properties~~property including any damage or destruction to the ~~property~~Properties 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. 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 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~~Manager shall be billed to the applicable Property as an expense of ~~that~~the Property. Any labor expense exceeding \$2,500 must receive prior approval from Corporation's designee(s), unless an emergency precludes such approval.

Section 4.04 Maintenance and Repairs

a) Manager shall cause the ~~Property~~Properties, and ~~its~~their 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~~Properties; 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 one or both of the Property Properties, or for the safety of ~~its~~ tenants, or required to avoid the suspension of any necessary service to the Property Properties, 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 Properties, including but not limited to, water, electricity, gas, fuel, telephone, vermin extermination, rubbish hauling, and other services necessary for the maintenance of the Property Properties; 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 Properties 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 or 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 ~~non-District employees~~; employees on leave or employees on a ten month pay schedule, and such rents shall be held in a trust account for the Properties.

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 Properties. 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 ~~a~~ 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

PropertiesProperty. Any single disbursement exceeding \$2,500 must be pre-approved by the Corporation's designee(s) and all expenses must be in accordance with the Corporation's annually approved budget.

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 prices 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 Propertiesproperty.

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 each of the PropertiesProperty, 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 PropertiesProperty. 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 PropertiesProperty.

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 of the Properties;
- b) Business and tax forms;
- c) All other forms required for the daily operation of the PropertiesProperty.

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 PropertiesProperty 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 ~~Properties~~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~~April 1, 2019, 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 ~~a~~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 ~~party~~ 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 ~~Properties~~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-section~~ of this Agreement shall be in writing and delivered either 1) by first class mail, postage prepaid; ~~or (2) by personal delivery; or (3) via facsimile (fax) transmission or (3) via electronic mail if the recipient has consented in writing to that method of delivery.~~ 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 ~~and District~~ 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 conditions 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 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 and not by arbitration or legal action.

Section 10.024 Arbitration, Attorney Fees

If mediation is not successful and 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 10.0203 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 10.067 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: _____
Dennis McBride
President
Educational Housing Corporation Board of Directors

District

San Mateo County College District
3401 CSM Drive
San Mateo, CA 94402

By: _____
Bernata Slater
Chief Financial Officer

EXHIBIT A

1. LIABILITY AND INSURANCE. Manager shall be responsible for all damages to persons or properties that occur as a result of Manager's or Manager's employees fault or negligence in connection with the performance of this Agreement.

Manager shall take out and maintain during the life of this Agreement such liability insurance as shall protect it while performing work covered by this Agreement from any and all claims for damages and all operations under this Agreement, whether such operations be by itself or by any subcontractor or by anyone directly or indirectly employed by either of them.

1.1 Required Coverage. Manager shall procure and maintain liability coverage which shall not be less than the following amounts (unless agreed in writing by the District's Chief Financial Officer or Designee):

- a. Commercial General Liability and Property Damage insurance including: Bodily Injury Liability insurance which provides for injuries including accidental death, per any one occurrence in an amount not less than \$1,000,000 per occurrence and \$2,000,000 annual aggregate; and Property Damage insurance in an amount not less than \$1,000,000 per occurrence.
- b. Business Automobile Liability insurance in an amount not less than \$1,000,000 including coverage for owned, non-owned and hired vehicles; and
- c. Umbrella liability in an amount not less than \$2,000,000 per occurrence and annual aggregate; and
- d. Professional Liability (Errors and Omissions) Insurance appropriate to Manager's profession, with limit no less than \$2,000,000 per occurrence or claim, \$2,000,000 aggregate.

If Manager maintains higher limits than the minimums shown above, District requires and shall be entitled to coverage for the higher limits maintained. Any available insurance proceeds in excess of the specified minimum limits of insurance and coverage shall be available to District.

1.2 Required Rating. Insurance carriers must have a Best rating of A(-)X or better.

1.3 Endorsements and Certificates of Insurance. District, its Officers, Agents and Employees must be named by endorsement on Manager's Commercial General Liability and Property Damage Policies as co-insured or additional insured.

Certificates of Insurance and endorsements for coverages required herein shall be filed with District's Chief Financial Officer or Designee *prior to the commencement of work*. The certificates shall provide that if the policy or policies are canceled by the insurance company or Manager during the term of this Agreement, thirty (30) days written notice prior to the effective date of such cancellation will be given to District's Chief Financial Officer or Designee. The certificates shall also show the information that District is named on Manager's Commercial General Liability and Property Damage policies as co-insured or additional insured. Certificates shall clearly state that "The San Mateo County Community College District, its Officers, Agents and Employees are named as additional insured per attached endorsement" and that such insurance policy shall be primary to any insurance or self-insurance maintained by District.

2. WORKERS' COMPENSATION INSURANCE. Manager shall have in effect, during the life of this Agreement that Manager has employees, Workers' Compensation and Employer Liability Insurance providing full statutory coverage. In signing this Agreement, Manager certifies awareness of the provisions of Section 3700 of the California Labor Code which requires every employer to be insured against liability for Worker's Compensation or to undertake self-insurance in accordance with the provisions of the Code, and certifies compliance with such provisions before commencing the performance of this work of the Agreement as set forth in California Labor Code section 1861.

Initial this box if you have employees

I am aware of the provisions of Section 3700 of the California Labor Code, which require every employer to be insured against liability for Workers' Compensation or to undertake self-insurance in accordance with the provisions of the Code, and I will comply with such provisions before commencing the performance of any work required under this Agreement with employees.

Initial this box only if you have no employees and will not submit a Certificate of Workers' Compensation

I have no employees and, therefore, will not submit a Certificate of Workers' Compensation.

HOUSING BOARD REPORT

PREPARED FOR: Educational Housing Corporation Board of Directors

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

MEETING DATE: March 18, 2019

REPORT SUBJECT: Discussion of Possible Rental Increase for 2019-2020

The Housing Board has reviewed the issue of rental rate increases in the past and has taken a position that a modest annual increase is prudent as the costs of operations of the Vistas increases yearly. Vista units currently rent for significantly lower than market rate.

Table 1. Current Vista Rents Compared to Market Rates

Unit Type	Current Base Rent	Current Market Rate (San Mateo County)	Current Percentage Below Market Rate
1 Bedroom/1 Bathroom	\$918	\$1,850	50%
1 Bedroom/1 Bathroom with Den	\$1,122		
2 Bedroom/1 Bathroom	\$1,173	\$3,647	68%
2 Bedroom/2 Bathroom	\$1,224		
2 Bedroom/2 Bathroom with Den	\$1,428		
3 Bedroom/2 Bathroom	\$1,632	\$4,500	64%

The Board approved a two (2) percent rental rate increase for all residents in fall 2016 that went into effect January 1, 2017. This increase was the first implemented in several years.

At its September 20, 2017 meeting, the Board expressed an interest in further discussing variable rent rates, including differing rates between the Vistas. The age and amenities of the two locations are different, yet residents pay the same base rents. College Vista is six years older than Cañada Vista, has no air conditioning, has a smaller clubhouse, etc. When College Ridge at Skyline opens in late 2020, that complex will have new furnishings, while the units at the other complexes will be 15 and nine years old respectively. A differential rental rate would take into account these differences.

In September 2017, the Board also accepted staff's recommendation to make any future rental rate increases effective on September 1 of a given year to better coincide with District cycles relating to compensation and new academic years.

In June 2019, staff will bring a formal rental increase recommendation to the Board. However, prior to that recommendation, staff offers the following information for the Board to consider in formulating the appropriate rental increase rate.

Table 2. Value of Percentage Increases

Unit Type	Current Base Rent	Value of Increase			
		2%	3%	4%	5%
1 Bedroom/1 Bathroom	\$918	\$18	\$28	\$37	\$46
1 Bedroom/1 Bathroom with Den	\$1,122	\$22	\$34	\$45	\$56
2 Bedroom/1 Bathroom	\$1,173	\$23	\$35	\$47	\$59
2 Bedroom/2 Bathroom	\$1,224	\$24	\$37	\$49	\$61
2 Bedroom/2 Bathroom with Den	\$1,428	\$29	\$43	\$57	\$71
3 Bedroom/2 Bathroom	\$1,632	\$33	\$49	\$65	\$82

Additionally, residents also pay a monthly fee for the following amenities which could also be eligible for increase:

Table 3. Amenities and Fees

Amenity	Current Monthly Fee
Unit with a "View"	\$50
Top Floor Unit	\$50
Garage	\$50
End, Corner or Townhouse Unit	\$50

HOUSING BOARD REPORT

PREPARED FOR: Educational Housing Corporation Board of Directors

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

MEETING DATE: March 18, 2019

REPORT SUBJECT: Follow-up on Items from Prior Meetings

Below outstanding items were captured from prior meetings that require staff follow-up. Included are brief updates for each item.

- 1. Revisit discussion of equity threshold be lowered from \$75,000 to \$25,000 for potential residents who are previous homeowners.**

Follow-up: Staff will be reviewing this item in the fall and will provide the Housing Board with an update/recommendation at that time.

- 2. Agendize, with report, a discussion on whether rents should be: (1) a flat percentage below market rate, or (2) below market rate but not across the board rates that vary depending on date of rental (i.e. newer rentals are at a higher rate than older rentals to reflect market fluctuation), or (3) have a modest across the board rate increase from time to time.**

Follow-up: This item is agendized for discussion for the March 2018 meeting.

- 3. Revisit policy discussions relating to: (1) part-time employee eligibility, (2) short-term occupancy for out-of-area employees and new hires, and (3) eligibility of administrators.**

Follow-up: These policy discussions will be agendized for the Board's June 2018 meeting.

- 4. Revisit discussion of creating resident savings incentive plan.**

Follow-up: A sub-committee will be formed to review this item and bring a proposal to the Board at its September 2019 meeting.

- 5. Agendize a discussion of the role the Housing Corporation could play in addressing other District housing issues.**

Follow-up: A discussion can be agendized at any future meeting.