



AGENDA

ISLAND CITY DEVELOPMENT

Regular Meeting

Monday, June 13, 2016, 11:30 a.m.

703 Atlantic Avenue, Alameda, CA

(Ruth Rambeau Memorial Community Room at Independence Plaza)

1. CALL TO ORDER & ROLL CALL
 2. CONSENT CALENDAR (**Action**)
 - a. Approval of Minutes – March 17, 2016 Special Meeting
 - b. Accept Island City Development Audit Report for Year Ending December 31, 2015
 - c. Accept Amended Tax Return for Year ending December 31, 2014
 3. UNFINISHED BUSINESS
 4. NEW BUSINESS
 - a. Accept \$1.475 Million in Funds Allocated by the City of Alameda Recognized Obligation Payment Schedule (ROPS) for FY 16-17; and Delegate Authority to the Board President to Execute Grant and Loan Agreements and Related Documents for ROPS Funds (**Action**)
 - b. Del Monte Project Update; Authorize the Formation of a Limited Partnership and Approve Island City Development to Act as the General Partner; Authorize Staff to Open and Administer New Bank Accounts for the Partnership; Accept a \$3.6 Million Loan from the Housing Authority; Authorize the Board President or Designee to Negotiate and Execute All Documents Related to Selection of the Tax Credit Investor and Construction and Permanent Lender and Any Other Documents Required for Project Development; and Authorize the Board President or Designee to Negotiate and Execute a Contract Agreement for Project Construction with a Pre-qualified Contracting Firm (**Action**)
 5. PUBLIC COMMENT (non-agenda items)
 6. WRITTEN COMMUNICATIONS
 7. ORAL COMMUNICATIONS – BOARD MEMBERS AND STAFF
 8. ADJOURNMENT
-

NOTES:

Sign language interpreters will be available on request. Please contact Housing Authority

Executive Assistant at 747-4325 or 522-8467 (TDD number) at least 72 hours before the meeting to request an interpreter. Accessible seating for persons with disabilities (including those using wheelchairs) is available. Audio tapes of the meeting are available upon request. MINUTES OF THE MEETING ARE AVAILABLE IN ENLARGED PRINT. Please contact Housing Authority Executive Assistant at 747-4325 or 522-8467 (TDD number) at least 72 hours before the meeting to request agenda materials in an alternative format, or any other reasonable accommodations that may be necessary to participate in and enjoy the benefits of the meeting.

KNOW YOUR RIGHTS UNDER THE SUNSHINE ORDINANCE. Government's duty is to serve the public, reaching its decisions in full view of the public. Commissions, boards, councils and other agencies of the City of Alameda exist to conduct the citizen of Alameda's business. This ordinance assures that deliberations are conducted before the people and that City operations are open to the people's review.

FOR MORE INFORMATION ON YOUR RIGHTS UNDER THE SUNSHINE ORDINANCE OR TO REPORT A VIOLATION OF THE ORDINANCE, CONTACT THE OPEN GOVERNMENT COMMISSION: the address is 2263 Santa Clara Avenue, Room 380, Alameda, CA, 94501; phone number is 510-747-4800; fax number is 510-865-4048, e-mail address is lweisige@alamedaca.gov; and contact is Lara Weisiger, City Clerk.

In order to assist the Housing Authority's efforts to accommodate persons with severe allergies, environmental illnesses, multiple chemical sensitivity or related disabilities, attendees at public meetings are reminded that other attendees may be sensitive to various chemical based products. Please help the City accommodate these individuals.

IF YOU WISH TO ADDRESS THE BOARD:

- Anyone wishing to address the Board on agenda items or business introduced by Board members may speak for a maximum of three (3) minutes per agenda item when the subject is before the Board. Please file a speaker's slip with the Board President. Upon recognition by the President, approach the rostrum and state your name.
- Lengthy testimony should be submitted in writing and only a summary of pertinent points presented verbally.
- Applause and demonstrations are prohibited during Board meetings.

MINUTES
(Draft until approved)

ISLAND CITY DEVELOPMENT
Special Meeting
Thursday, March 17, 2016, 1:00 p.m.
701 Atlantic Avenue, Alameda, CA

1. CALL TO ORDER & ROLL CALL

President Cooper called the meeting to order at 1:02 p.m., with the following Board Members present: Vice President McCahan (participated by speakerphone) and Secretary/Treasurer Basta. Members absent: none. Staff in attendance: Victoria Johnson.

2. CONSENT CALENDAR (**Action**)

- a. Approval of Minutes – November 18, 2015 Special Meeting
- b. Accept the ICD 2014 Audit Report
- c. Approve Capitalization Policy

Motion and second (Basta/Cooper) and unanimous to approve the Consent Calendar as submitted.

3. UNFINISHED BUSINESS

At this time, Janet Basta was officially introduced as ICD's new Secretary/Treasurer.

4. NEW BUSINESS

- a. Rosefield Project Update; Approve Redevelopment Planning Tasks including Approval to Submit a Funding Application for Affordable Housing and Sustainable Communities (AHSC) Funds and for President to Execute Related Documents (**Action**)

Motion and second (Basta/Cooper) and unanimous to approve.

- b. Authorize the Board President to Negotiate Terms and Execute a Three-Year Contract Agreement for Certified Public Accounting Services in an Amount Not to Exceed \$100,000 (**Action**)

Motion and second (Basta/Cooper) and unanimous to approve.

5. PUBLIC COMMENT (non-agenda items)

6. WRITTEN COMMUNICATIONS (none)

7. ORAL COMMUNICATIONS – BOARD MEMBERS AND STAFF (none)

8. ADJOURNMENT

The meeting was unanimously adjourned at 1:12 p.m.

Respectfully submitted,

Draft until approved

Janet Basta
Secretary

**ISLAND CITY DEVELOPMENT
(A California Nonprofit Corporation)
ANNUAL FINANCIAL REPORT
DECEMBER 31, 2015**

(Including Auditors' Report Thereon)

**ISLAND CITY DEVELOPMENT
ANNUAL FINANCIAL REPORT
DECEMBER 31, 2015**

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors
Island City Development
Alameda, California

We have audited the accompanying financial statements of Island City Development (a California nonprofit organization), which comprise the statements of financial position as of December 31, 2015 and the related statements of activities and cash flows for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit includes evaluating the appropriateness of

accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Island City Development as of December 31, 2015 and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Walnut Creek, California
May 19, 2016

**ISLAND CITY DEVELOPMENT
STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2015**

ASSETS

Cash (Note 3)	\$ 1,331,704
Accounts receivable – related agency (Note 4)	1,127
Construction in progress	<u>253,510</u>
Total assets	<u>\$ 1,586,341</u>

LIABILITIES

Accounts payable – vendors	\$ 20,051
Note payable – related agency (Note 4)	<u>1,700,000</u>
Total liabilities	<u>1,720,051</u>

NET ASSETS (DEFICIT)

Unrestricted (Unrestricted)	(133,710)
Temporary restricted (Note 2.B.)	-
Permanently restricted	<u>-</u>
Total net assets (deficit)	<u>(133,710)</u>
Total liabilities and net assets (deficit)	<u>\$ 1,586,341</u>

See Notes to Financial Statements.

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**ISLAND CITY DEVELOPMENT
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2015**

Revenues, Gains, and Other Support:

Interest income	\$ <u>336</u>
Total unrestricted revenues, gains, and other support	<u>336</u>

Expenses:

Administrative expenses	106,551
Pre-development expenses	<u>17,415</u>
Total expenses	<u>123,966</u>
Change in unrestricted net assets	(123,630)
Net assets (deficit), beginning of year	<u>(10,080)</u>
Net assets (deficit), end of year	<u>\$ (133,710)</u>

See Notes to Financial Statements.

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**ISLAND CITY DEVELOPMENT
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2015**

<u>Cash flows from operating activities</u>	
Change in unrestricted net assets	\$ (123,630)
(Increase) decrease in operating assets:	
Accounts receivable – related agency	(1,127)
Increase (decrease) in operating liabilities:	
Accounts payable - vendors	<u>9,971</u>
Net cash provided (used) in operating activities	<u>(114,786)</u>
<u>Cash Flows from Financing Activities</u>	
Purchase of capital assets	(253,510)
Additions to long-term debt	<u>1,700,000</u>
Net cash provided (used) in financing activities	<u>1,446,490</u>
Net increase (decrease) in cash	1,331,704
Cash beginning of year	<u>-</u>
Cash end of year	<u>\$ 1,331,704</u>

See Notes to Financial Statements.

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**ISLAND CITY DEVELOPMENT
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2015**

Note 1 - DESCRIPTION OF ORGANIZATION

Island City Development is a Non-Profit organization (the Corporation) exempt from income tax under Section 501(c)(3) of the U.S. Internal Revenue Code. The Corporation is not a private foundation as defined by the IRS code. The Corporation was formed in 2014 primarily to engage in acquiring, developing, rehabilitating, owning, and managing affordable housing for low and moderate income individuals and families in the City of Alameda, California.

Island City Development is a discrete component unit of the City of Alameda Housing Authority. The Island City Development's Board of Directors is made up of three directors. The Executive Director of the Housing Authority of the City of Alameda appoints the members of the Board.

Note 2 - SIGNIFICANT ACCOUNTING POLICIES

A. Basis of Presentation

The Corporation presents its financial statements in accordance with generally accepted accounting principles promulgated in the United States of America for nonprofit organizations. Under this guidance, the Corporation is required to report information regarding its financial position and activities according to three classes of net assets; unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets.

Under these provisions, net assets, revenues, expenses, gains, and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets of the Corporation and changes therein are classified and reported as follows:

Unrestricted net assets – Unrestricted net assets are resources over which the board of Directors has discretionary control and are available for the various programs and administration of the Corporation. These are also resources that are not subject to donor-imposed stipulations.

Temporarily restricted net assets – Temporarily restricted net assets are net assets subject to donor-imposed stipulations which will be satisfied by actions of the Corporation or the passage of time. Donor restricted contributions for which restrictions are met in the same reporting period are reported as unrestricted support.

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**ISLAND CITY DEVELOPMENT
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2015
(Continued)**

Note 2 (continued)

Permanently restricted net assets – Permanently restricted net assets are net assets subject to donor-imposed restrictions that neither expire by the passage of time nor can be fulfilled or otherwise removed by actions of the Corporation. There were no permanently restricted net assets for the Corporation as of December 31, 2015.

B. Fund Accounting

The Corporation maintains its accounts in accordance with the principles of fund accounting. Accordingly, all assets, liabilities and activities are stated on the accrual basis and are accounted for in unrestricted, temporarily restricted, and permanently restricted net assets. The Board of Directors has discretionary control over all net assets of the Corporation.

C. Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

D. Income Taxes

The Corporation is a not-for-profit organization that is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code and classified by the Internal Revenue Service.

E. Cash and Cash Equivalents

For purposes of the statements of cash flows, the Corporation considers all highly liquid investments available for the current use with an initial maturity of three months or less to be cash equivalents. Included in the cash balance for the Statement of Cash Flows are the combined operating cash amounts and the replacement reserve account cash balances.

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ISLAND CITY DEVELOPMENT NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2015 (Continued)

Note 2 (continued)

F. Affiliated Agencies

The Corporation's administrative and accounting functions are performed by the staff of the Housing Authority of the City of Alameda (the Authority). The amounts reflected as payables to governmental agencies on the Statement of Financial Position are payable to the Authority.

Note 3 - CASH AND INVESTMENTS

Cash totaling \$1,331,704 at December 31, 2015 consists of \$381,378 held in a bank checking account and \$950,326 held in a bank money market account earning interest at .30%.

Note 4 – RECEIVABLE AND PAYABLES - AFFILIATED AGENCIES

As was previously indicated the accounting and administrative functions required to administer the Corporation are performed by management and staff of the Housing Authority of the City of Alameda, CA (the Authority). As of December 31, 2015 the Corporation was owed \$1,127 in accounts receivable from the Authority.

In addition to the accounts receivable amount on August 10, 2015 the Corporation borrowed and entered into two separate unsecured, recourse promissory note agreements with the Authority. One note was for \$700,000 and the second was for \$1,000,000. Each of the loans bear simple interest at the rate of 3% per annum, beginning on January 1, 2018. Both loans, including principal and interest, are payable on December 31, 2047.

The proceeds of the \$700,000 loan are to be used for predevelopment, development and related costs in connection with the acquisition, development and construction of property located in Alameda, CA referred to as the Del Monte Project.

The proceeds of the \$1,000,000 loan are to be used for predevelopment, development and related costs in connection with the acquisition, development and construction of property located in Alameda, CA referred to as the 2437 Eagle Avenue Family Project.

Note 4 – SUBSEQUENT EVENTS

Management evaluated all activity of the Corporation through May 19, 2016 and concluded that no subsequent events have occurred that would require recognition in the financial statements of disclosure in the notes to the financial statements.

Form **990-EZ**

**Short Form
Return of Organization Exempt From Income Tax**

OMB No. 1545-1150

2014

Open to Public Inspection

Under section 501(c), 527, or 4947(a)(1) of the Internal Revenue Code (except private foundations)

▶ Do not enter social security numbers on this form as it may be made public.

▶ Information about Form 990-EZ and its instructions is at www.irs.gov/form990.

Department of the Treasury
Internal Revenue Service

A For the 2014 calendar year, or tax year beginning **August 29**, 2014, and ending **December 31**, 20 **14**

B Check if applicable:

- Address change
- Name change
- Initial return
- Final return/terminated
- Amended return
- Application pending

C Name of organization

Island City Development

Number and street (or P.O. box, if mail is not delivered to street address)

Room/suite

701 Atlantic Avenue

City or town, state or province, country, and ZIP or foreign postal code

Alameda, CA 94501

D Employer identification number

47-2164827

E Telephone number

510-747-4320

F Group Exemption Number ▶

G Accounting Method: Cash Accrual Other (specify) ▶

H Check if the organization is not required to attach Schedule B (Form 990, 990-EZ, or 990-PF).

I Website: ▶

J Tax-exempt status (check only one) – 501(c)(3) 501(c) () ◀ (insert no.) 4947(a)(1) or 527

K Form of organization: Corporation Trust Association Other

L Add lines 5b, 6c, and 7b to line 9 to determine gross receipts. If gross receipts are \$200,000 or more, or if total assets

(Part II, column (B) below) are \$500,000 or more, file Form 990 instead of Form 990-EZ ▶ \$

Part I Revenue, Expenses, and Changes in Net Assets or Fund Balances (see the instructions for Part I)

Check if the organization used Schedule O to respond to any question in this Part I

		1	2	3	4	5a	5b	5c	6a	6b	6c	6d	7a	7b	7c	8	9	10	11	12	13	14	15	16	17	18	19	20	21			
Revenue	1 Contributions, gifts, grants, and similar amounts received																														0	
	2 Program service revenue including government fees and contracts																													0		
	3 Membership dues and assessments																													0		
	4 Investment income																													0		
	5a Gross amount from sale of assets other than inventory						0																								0	
	b Less: cost or other basis and sales expenses						0																								0	
	c Gain or (loss) from sale of assets other than inventory (Subtract line 5b from line 5a)								0																						0	
	6 Gaming and fundraising events																															
	a Gross income from gaming (attach Schedule G if greater than \$15,000)									0																						0
	b Gross income from fundraising events (not including \$ of contributions from fundraising events reported on line 1) (attach Schedule G if the sum of such gross income and contributions exceeds \$15,000)																															0
c Less: direct expenses from gaming and fundraising events											0																				0	
d Net income or (loss) from gaming and fundraising events (add lines 6a and 6b and subtract line 6c)																														0		
7a Gross sales of inventory, less returns and allowances																														0		
b Less: cost of goods sold																														0		
c Gross profit or (loss) from sales of inventory (Subtract line 7b from line 7a)																														0		
8 Other revenue (describe in Schedule O)																														0		
9 Total revenue. Add lines 1, 2, 3, 4, 5c, 6d, 7c, and 8																														0		
Expenses	10 Grants and similar amounts paid (list in Schedule O)																													0		
	11 Benefits paid to or for members																													0		
	12 Salaries, other compensation, and employee benefits																													0		
	13 Professional fees and other payments to independent contractors																													10080		
	14 Occupancy, rent, utilities, and maintenance																													0		
	15 Printing, publications, postage, and shipping																													0		
	16 Other expenses (describe in Schedule O)																													0		
17 Total expenses. Add lines 10 through 16																													10080			
Net Assets	18 Excess or (deficit) for the year (Subtract line 17 from line 9)																													-10080		
	19 Net assets or fund balances at beginning of year (from line 27, column (A)) (must agree with end-of-year figure reported on prior year's return)																													0		
	20 Other changes in net assets or fund balances (explain in Schedule O)																													0		
	21 Net assets or fund balances at end of year. Combine lines 18 through 20																													-10080		

For Paperwork Reduction Act Notice, see the separate instructions.

Cat. No. 106421

Form **990-EZ** (2014)

Part V Other Information (Note the Schedule A and personal benefit contract statement requirements in the instructions for Part V) Check if the organization used Schedule O to respond to any question in this Part V

Table with columns for question number, question text, and Yes/No checkboxes. Includes questions 33 through 45b regarding organizational activities, financials, and compliance.

46 Did the organization engage, directly or indirectly, in political campaign activities on behalf of or in opposition to candidates for public office? If "Yes," complete Schedule C, Part I	Yes	No
46		✓

Part VI Section 501(c)(3) organizations only

All section 501(c)(3) organizations must answer questions 47-49b and 52, and complete the tables for lines 50 and 51.

Check if the organization used Schedule O to respond to any question in this Part VI

47 Did the organization engage in lobbying activities or have a section 501(h) election in effect during the tax year? If "Yes," complete Schedule C, Part II	Yes	No
47		✓
48 Is the organization a school as described in section 170(b)(1)(A)(ii)? If "Yes," complete Schedule E	48	✓
49a Did the organization make any transfers to an exempt non-charitable related organization?	49a	✓
b If "Yes," was the related organization a section 527 organization?	49b	

50 Complete this table for the organization's five highest compensated employees (other than officers, directors, trustees and key employees) who each received more than \$100,000 of compensation from the organization. If there is none, enter "None."

(a) Name and title of each employee	(b) Average hours per week devoted to position	(c) Reportable compensation (Forms W-2/1099-MISC)	(d) Health benefits, contributions to employee benefit plans, and deferred compensation	(e) Estimated amount of other compensation

f Total number of other employees paid over \$100,000 None

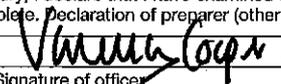
51 Complete this table for the organization's five highest compensated independent contractors who each received more than \$100,000 of compensation from the organization. If there is none, enter "None."

(a) Name and business address of each independent contractor	(b) Type of service	(c) Compensation

d Total number of other independent contractors each receiving over \$100,000 None

52 Did the organization complete Schedule A? **Note.** All section 501(c)(3) organizations must attach a completed Schedule A Yes No

Under penalties of perjury, I declare that I have examined this return, including accompanying schedules and statements, and to the best of my knowledge and belief, it is true, correct, and complete. Declaration of preparer (other than officer) is based on all information of which preparer has any knowledge.

Sign Here	 Signature of officer	Date
	Vanessa Cooper, President Type or print name and title	3/1/2016

Paid Preparer Use Only	Print/Type preparer's name	Preparer's signature	Date	Check <input type="checkbox"/> if self-employed	PTIN
	Firm's name ▶	Firm's EIN ▶		Phone no.	
	Firm's address ▶				

May the IRS discuss this return with the preparer shown above? See instructions Yes No

SCHEDULE A
(Form 990 or 990-EZ)

Public Charity Status and Public Support

OMB No. 1545-0047

2014

Complete if the organization is a section 501(c)(3) organization or a section 4947(a)(1) nonexempt charitable trust.

▶ Attach to Form 990 or Form 990-EZ.

Open to Public Inspection

Department of the Treasury
Internal Revenue Service

▶ Information about Schedule A (Form 990 or 990-EZ) and its instructions is at www.irs.gov/form990.

Name of the organization

Employer identification number

Island City Development

47-2164827

Part I Reason for Public Charity Status (All organizations must complete this part.) See instructions.

The organization is not a private foundation because it is: (For lines 1 through 11, check only one box.)

- 1 A church, convention of churches, or association of churches described in **section 170(b)(1)(A)(i)**.
- 2 A school described in **section 170(b)(1)(A)(ii)**. (Attach Schedule E.)
- 3 A hospital or a cooperative hospital service organization described in **section 170(b)(1)(A)(iii)**.
- 4 A medical research organization operated in conjunction with a hospital described in **section 170(b)(1)(A)(iii)**. Enter the hospital's name, city, and state:
- 5 An organization operated for the benefit of a college or university owned or operated by a governmental unit described in **section 170(b)(1)(A)(iv)**. (Complete Part II.)
- 6 A federal, state, or local government or governmental unit described in **section 170(b)(1)(A)(v)**.
- 7 An organization that normally receives a substantial part of its support from a governmental unit or from the general public described in **section 170(b)(1)(A)(vi)**. (Complete Part II.)
- 8 A community trust described in **section 170(b)(1)(A)(vi)**. (Complete Part II.)
- 9 An organization that normally receives: (1) more than 33 1/3% of its support from contributions, membership fees, and gross receipts from activities related to its exempt functions—subject to certain exceptions, and (2) no more than 33 1/3% of its support from gross investment income and unrelated business taxable income (less section 511 tax) from businesses acquired by the organization after June 30, 1975. See **section 509(a)(2)**. (Complete Part III.)
- 10 An organization organized and operated exclusively to test for public safety. See **section 509(a)(4)**.
- 11 An organization organized and operated exclusively for the benefit of, to perform the functions of, or to carry out the purposes of one or more publicly supported organizations described in **section 509(a)(1)** or **section 509(a)(2)**. See **section 509(a)(3)**. Check the box in lines 11a through 11d that describes the type of supporting organization and complete lines 11e, 11f, and 11g.
 - a **Type I.** A supporting organization operated, supervised, or controlled by its supported organization(s), typically by giving the supported organization(s) the power to regularly appoint or elect a majority of the directors or trustees of the supporting organization. **You must complete Part IV, Sections A and B.**
 - b **Type II.** A supporting organization supervised or controlled in connection with its supported organization(s), by having control or management of the supporting organization vested in the same persons that control or manage the supported organization(s). **You must complete Part IV, Sections A and C.**
 - c **Type III functionally integrated.** A supporting organization operated in connection with, and functionally integrated with, its supported organization(s) (see instructions). **You must complete Part IV, Sections A, D, and E.**
 - d **Type III non-functionally integrated.** A supporting organization operated in connection with its supported organization(s) that is not functionally integrated. The organization generally must satisfy a distribution requirement and an attentiveness requirement (see instructions). **You must complete Part IV, Sections A and D, and Part V.**
 - e Check this box if the organization received a written determination from the IRS that it is a Type I, Type II, Type III functionally integrated, or Type III non-functionally integrated supporting organization.
 - f Enter the number of supported organizations 1
 - g Provide the following information about the supported organization(s).

(i) Name of supported organization	(ii) EIN	(iii) Type of organization (described on lines 1-9 above or IRC section (see instructions))	(iv) Is the organization listed in your governing document?		(v) Amount of monetary support (see instructions)	(vi) Amount of other support (see instructions)
			Yes	No		
(A) Housing Authority of the City of Alameda, CA	94-6003048	6	✓		0	0
(B)						
(C)						
(D)						
(E)						
Total					0	0

Part II Support Schedule for Organizations Described in Sections 170(b)(1)(A)(iv) and 170(b)(1)(A)(vi)

(Complete only if you checked the box on line 5, 7, or 8 of Part I or if the organization failed to qualify under Part III. If the organization fails to qualify under the tests listed below, please complete Part III.)

Section A. Public Support

Calendar year (or fiscal year beginning in) ▶	(a) 2010	(b) 2011	(c) 2012	(d) 2013	(e) 2014	(f) Total
1 Gifts, grants, contributions, and membership fees received. (Do not include any "unusual grants.")					0	0
2 Tax revenues levied for the organization's benefit and either paid to or expended on its behalf					0	0
3 The value of services or facilities furnished by a governmental unit to the organization without charge					0	0
4 Total. Add lines 1 through 3					0	0
5 The portion of total contributions by each person (other than a governmental unit or publicly supported organization) included on line 1 that exceeds 2% of the amount shown on line 11, column (f)						
6 Public support. Subtract line 5 from line 4.						0

Section B. Total Support

Calendar year (or fiscal year beginning in) ▶	(a) 2010	(b) 2011	(c) 2012	(d) 2013	(e) 2014	(f) Total
7 Amounts from line 4					0	0
8 Gross income from interest, dividends, payments received on securities loans, rents, royalties and income from similar sources					0	0
9 Net income from unrelated business activities, whether or not the business is regularly carried on					0	0
10 Other income. Do not include gain or loss from the sale of capital assets (Explain in Part VI.)					0	0
11 Total support. Add lines 7 through 10						0
12 Gross receipts from related activities, etc. (see instructions)					12	0
13 First five years. If the Form 990 is for the organization's first, second, third, fourth, or fifth tax year as a section 501(c)(3) organization, check this box and stop here ▶ <input checked="" type="checkbox"/>						

Section C. Computation of Public Support Percentage

14 Public support percentage for 2014 (line 6, column (f) divided by line 11, column (f))	14	%
15 Public support percentage from 2013 Schedule A, Part II, line 14	15	%
16a 33 1/3% support test—2014. If the organization did not check the box on line 13, and line 14 is 33 1/3% or more, check this box and stop here. The organization qualifies as a publicly supported organization ▶ <input type="checkbox"/>		
b 33 1/3% support test—2013. If the organization did not check a box on line 13 or 16a, and line 15 is 33 1/3% or more, check this box and stop here. The organization qualifies as a publicly supported organization ▶ <input type="checkbox"/>		
17a 10%-facts-and-circumstances test—2014. If the organization did not check a box on line 13, 16a, or 16b, and line 14 is 10% or more, and if the organization meets the "facts-and-circumstances" test, check this box and stop here. Explain in Part VI how the organization meets the "facts-and-circumstances" test. The organization qualifies as a publicly supported organization ▶ <input type="checkbox"/>		
b 10%-facts-and-circumstances test—2013. If the organization did not check a box on line 13, 16a, 16b, or 17a, and line 15 is 10% or more, and if the organization meets the "facts-and-circumstances" test, check this box and stop here. Explain in Part VI how the organization meets the "facts-and-circumstances" test. The organization qualifies as a publicly supported organization ▶ <input type="checkbox"/>		
18 Private foundation. If the organization did not check a box on line 13, 16a, 16b, 17a, or 17b, check this box and see instructions ▶ <input type="checkbox"/>		

Part III Support Schedule for Organizations Described in Section 509(a)(2)

(Complete only if you checked the box on line 9 of Part I or if the organization failed to qualify under Part II. If the organization fails to qualify under the tests listed below, please complete Part II.)

Section A. Public Support

Calendar year (or fiscal year beginning in) ►	(a) 2010	(b) 2011	(c) 2012	(d) 2013	(e) 2014	(f) Total
1 Gifts, grants, contributions, and membership fees received. (Do not include any "unusual grants.")						
2 Gross receipts from admissions, merchandise sold or services performed, or facilities furnished in any activity that is related to the organization's tax-exempt purpose						
3 Gross receipts from activities that are not an unrelated trade or business under section 513						
4 Tax revenues levied for the organization's benefit and either paid to or expended on its behalf						
5 The value of services or facilities furnished by a governmental unit to the organization without charge						
6 Total. Add lines 1 through 5						
7a Amounts included on lines 1, 2, and 3 received from disqualified persons						
b Amounts included on lines 2 and 3 received from other than disqualified persons that exceed the greater of \$5,000 or 1% of the amount on line 13 for the year						
c Add lines 7a and 7b						
8 Public support (Subtract line 7c from line 6.)						

Section B. Total Support

Calendar year (or fiscal year beginning in) ►	(a) 2010	(b) 2011	(c) 2012	(d) 2013	(e) 2014	(f) Total
9 Amounts from line 6						
10a Gross income from interest, dividends, payments received on securities loans, rents, royalties and income from similar sources						
b Unrelated business taxable income (less section 511 taxes) from businesses acquired after June 30, 1975						
c Add lines 10a and 10b						
11 Net income from unrelated business activities not included in line 10b, whether or not the business is regularly carried on						
12 Other income. Do not include gain or loss from the sale of capital assets (Explain in Part VI.)						
13 Total support. (Add lines 9, 10c, 11, and 12.)						
14 First five years. If the Form 990 is for the organization's first, second, third, fourth, or fifth tax year as a section 501(c)(3) organization, check this box and stop here						<input type="checkbox"/>

Section C. Computation of Public Support Percentage

15 Public support percentage for 2014 (line 8, column (f) divided by line 13, column (f))	15	%
16 Public support percentage from 2013 Schedule A, Part III, line 15	16	%

Section D. Computation of Investment Income Percentage

17 Investment income percentage for 2014 (line 10c, column (f) divided by line 13, column (f))	17	%
18 Investment income percentage from 2013 Schedule A, Part III, line 17	18	%
19a 33 1/3% support tests—2014. If the organization did not check the box on line 14, and line 15 is more than 33 1/3%, and line 17 is not more than 33 1/3%, check this box and stop here . The organization qualifies as a publicly supported organization	<input type="checkbox"/>	
b 33 1/3% support tests—2013. If the organization did not check a box on line 14 or line 19a, and line 16 is more than 33 1/3%, and line 18 is not more than 33 1/3%, check this box and stop here . The organization qualifies as a publicly supported organization	<input type="checkbox"/>	
20 Private foundation. If the organization did not check a box on line 14, 19a, or 19b, check this box and see instructions	<input type="checkbox"/>	

Part IV Supporting Organizations

(Complete only if you checked a box on line 11 of Part I. If you checked 11a of Part I, complete Sections A and B. If you checked 11b of Part I, complete Sections A and C. If you checked 11c of Part I, complete Sections A, D, and E. If you checked 11d of Part I, complete Sections A and D, and complete Part V.)

Section A. All Supporting Organizations

	Yes	No
1 Are all of the organization's supported organizations listed by name in the organization's governing documents? <i>If "No," describe in Part VI how the supported organizations are designated. If designated by class or purpose, describe the designation. If historic and continuing relationship, explain.</i>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
2 Did the organization have any supported organization that does not have an IRS determination of status under section 509(a)(1) or (2)? <i>If "Yes," explain in Part VI how the organization determined that the supported organization was described in section 509(a)(1) or (2).</i>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
3a Did the organization have a supported organization described in section 501(c)(4), (5), or (6)? <i>If "Yes," answer (b) and (c) below.</i>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
b Did the organization confirm that each supported organization qualified under section 501(c)(4), (5), or (6) and satisfied the public support tests under section 509(a)(2)? <i>If "Yes," describe in Part VI when and how the organization made the determination.</i>	<input type="checkbox"/>	<input type="checkbox"/>
c Did the organization ensure that all support to such organizations was used exclusively for section 170(c)(2)(B) purposes? <i>If "Yes," explain in Part VI what controls the organization put in place to ensure such use.</i>	<input type="checkbox"/>	<input type="checkbox"/>
4a Was any supported organization not organized in the United States ("foreign supported organization")? <i>If "Yes" and if you checked 11a or 11b in Part I, answer (b) and (c) below.</i>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
b Did the organization have ultimate control and discretion in deciding whether to make grants to the foreign supported organization? <i>If "Yes," describe in Part VI how the organization had such control and discretion despite being controlled or supervised by or in connection with its supported organizations.</i>	<input type="checkbox"/>	<input type="checkbox"/>
c Did the organization support any foreign supported organization that does not have an IRS determination under sections 501(c)(3) and 509(a)(1) or (2)? <i>If "Yes," explain in Part VI what controls the organization used to ensure that all support to the foreign supported organization was used exclusively for section 170(c)(2)(B) purposes.</i>	<input type="checkbox"/>	<input type="checkbox"/>
5a Did the organization add, substitute, or remove any supported organizations during the tax year? <i>If "Yes," answer (b) and (c) below (if applicable). Also, provide detail in Part VI, including (i) the names and EIN numbers of the supported organizations added, substituted, or removed, (ii) the reasons for each such action, (iii) the authority under the organization's organizing document authorizing such action, and (iv) how the action was accomplished (such as by amendment to the organizing document).</i>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
b Type I or Type II only. Was any added or substituted supported organization part of a class already designated in the organization's organizing document?	<input type="checkbox"/>	<input type="checkbox"/>
c Substitutions only. Was the substitution the result of an event beyond the organization's control?	<input type="checkbox"/>	<input type="checkbox"/>
6 Did the organization provide support (whether in the form of grants or the provision of services or facilities) to anyone other than (a) its supported organizations; (b) individuals that are part of the charitable class benefited by one or more of its supported organizations; or (c) other supporting organizations that also support or benefit one or more of the filing organization's supported organizations? <i>If "Yes," provide detail in Part VI.</i>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
7 Did the organization provide a grant, loan, compensation, or other similar payment to a substantial contributor (defined in IRC 4958(c)(3)(C)), a family member of a substantial contributor, or a 35-percent controlled entity with regard to a substantial contributor? <i>If "Yes," complete Part I of Schedule L (Form 990).</i>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
8 Did the organization make a loan to a disqualified person (as defined in section 4958) not described in line 7? <i>If "Yes," complete Part I of Schedule L (Form 990).</i>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
9a Was the organization controlled directly or indirectly at any time during the tax year by one or more disqualified persons as defined in section 4946 (other than foundation managers and organizations described in section 509(a)(1) or (2))? <i>If "Yes," provide detail in Part VI.</i>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
b Did one or more disqualified persons (as defined in line 9(a)) hold a controlling interest in any entity in which the supporting organization had an interest? <i>If "Yes," provide detail in Part VI.</i>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
c Did a disqualified person (as defined in line 9(a)) have an ownership interest in, or derive any personal benefit from, assets in which the supporting organization also had an interest? <i>If "Yes," provide detail in Part VI.</i>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
10a Was the organization subject to the excess business holdings rules of IRC 4943 because of IRC 4943(f) (regarding certain Type II supporting organizations, and all Type III non-functionally integrated supporting organizations)? <i>If "Yes," answer (b) below.</i>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
b Did the organization have any excess business holdings in the tax year? <i>(Use Schedule C, Form 4720, to determine whether the organization had excess business holdings.)</i>	<input type="checkbox"/>	<input checked="" type="checkbox"/>

Part IV Supporting Organizations (continued)

	Yes	No
11 Has the organization accepted a gift or contribution from any of the following persons?		
a A person who directly or indirectly controls, either alone or together with persons described in (b) and (c) below, the governing body of a supported organization?		✓
b A family member of a person described in (a) above?		✓
c A 35% controlled entity of a person described in (a) or (b) above? <i>If "Yes" to a, b, or c, provide detail in Part VI.</i>		✓

Section B. Type I Supporting Organizations

	Yes	No
1 Did the directors, trustees, or membership of one or more supported organizations have the power to regularly appoint or elect at least a majority of the organization's directors or trustees at all times during the tax year? <i>If "No," describe in Part VI how the supported organization(s) effectively operated, supervised, or controlled the organization's activities. If the organization had more than one supported organization, describe how the powers to appoint and/or remove directors or trustees were allocated among the supported organizations and what conditions or restrictions, if any, applied to such powers during the tax year.</i>		
1	✓	
2 Did the organization operate for the benefit of any supported organization other than the supported organization(s) that operated, supervised, or controlled the supporting organization? <i>If "Yes," explain in Part VI how providing such benefit carried out the purposes of the supported organization(s) that operated, supervised, or controlled the supporting organization.</i>		
2		✓

Section C. Type II Supporting Organizations

	Yes	No
1 Were a majority of the organization's directors or trustees during the tax year also a majority of the directors or trustees of each of the organization's supported organization(s)? <i>If "No," describe in Part VI how control or management of the supporting organization was vested in the same persons that controlled or managed the supported organization(s).</i>		
1		

Section D. All Type III Supporting Organizations

	Yes	No
1 Did the organization provide to each of its supported organizations, by the last day of the fifth month of the organization's tax year, (1) a written notice describing the type and amount of support provided during the prior tax year, (2) a copy of the Form 990 that was most recently filed as of the date of notification, and (3) copies of the organization's governing documents in effect on the date of notification, to the extent not previously provided?		
1		
2 Were any of the organization's officers, directors, or trustees either (i) appointed or elected by the supported organization(s) or (ii) serving on the governing body of a supported organization? <i>If "No," explain in Part VI how the organization maintained a close and continuous working relationship with the supported organization(s).</i>		
2		
3 By reason of the relationship described in (2), did the organization's supported organizations have a significant voice in the organization's investment policies and in directing the use of the organization's income or assets at all times during the tax year? <i>If "Yes," describe in Part VI the role the organization's supported organizations played in this regard.</i>		
3		

Section E. Type III Functionally-Integrated Supporting Organizations

1 Check the box next to the method that the organization used to satisfy the Integral Part Test during the year (see instructions):		
a <input type="checkbox"/> The organization satisfied the Activities Test. Complete line 2 below.		
b <input type="checkbox"/> The organization is the parent of each of its supported organizations. Complete line 3 below.		
c <input type="checkbox"/> The organization supported a governmental entity. Describe in Part VI how you supported a government entity (see instructions).		
2 Activities Test. Answer (a) and (b) below.		
a Did substantially all of the organization's activities during the tax year directly further the exempt purposes of the supported organization(s) to which the organization was responsive? <i>If "Yes," then in Part VI identify those supported organizations and explain how these activities directly furthered their exempt purposes, how the organization was responsive to those supported organizations, and how the organization determined that these activities constituted substantially all of its activities.</i>		
2a		
b Did the activities described in (a) constitute activities that, but for the organization's involvement, one or more of the organization's supported organization(s) would have been engaged in? <i>If "Yes," explain in Part VI the reasons for the organization's position that its supported organization(s) would have engaged in these activities but for the organization's involvement.</i>		
2b		
3 Parent of Supported Organizations. Answer (a) and (b) below.		
a Did the organization have the power to regularly appoint or elect a majority of the officers, directors, or trustees of each of the supported organizations? <i>Provide details in Part VI.</i>		
3a		
b Did the organization exercise a substantial degree of direction over the policies, programs, and activities of each of its supported organizations? <i>If "Yes," describe in Part VI the role played by the organization in this regard.</i>		
3b		

Part V Type III Non-Functionally Integrated 509(a)(3) Supporting Organizations

1 Check here if the organization satisfied the Integral Part Test as a qualifying trust on Nov. 20, 1970. See instructions. All other Type III non-functionally integrated supporting organizations must complete Sections A through E.

Section A - Adjusted Net Income		(A) Prior Year	(B) Current Year (optional)
1 Net short-term capital gain	1		
2 Recoveries of prior-year distributions	2		
3 Other gross income (see instructions)	3		
4 Add lines 1 through 3	4		
5 Depreciation and depletion	5		
6 Portion of operating expenses paid or incurred for production or collection of gross income or for management, conservation, or maintenance of property held for production of income (see instructions)	6		
7 Other expenses (see instructions)	7		
8 Adjusted Net Income (subtract lines 5, 6 and 7 from line 4)	8		
Section B - Minimum Asset Amount		(A) Prior Year	(B) Current Year (optional)
1 Aggregate fair market value of all non-exempt-use assets (see instructions for short tax year or assets held for part of year):			
a Average monthly value of securities	1a		
b Average monthly cash balances	1b		
c Fair market value of other non-exempt-use assets	1c		
d Total (add lines 1a, 1b, and 1c)	1d		
e Discount claimed for blockage or other factors (explain in detail in Part VI):			
2 Acquisition indebtedness applicable to non-exempt-use assets	2		
3 Subtract line 2 from line 1d	3		
4 Cash deemed held for exempt use. Enter 1-1/2% of line 3 (for greater amount, see instructions).	4		
5 Net value of non-exempt-use assets (subtract line 4 from line 3)	5		
6 Multiply line 5 by .035	6		
7 Recoveries of prior-year distributions	7		
8 Minimum Asset Amount (add line 7 to line 6)	8		
Section C - Distributable Amount			Current Year
1 Adjusted net income for prior year (from Section A, line 8, Column A)	1		
2 Enter 85% of line 1	2		
3 Minimum asset amount for prior year (from Section B, line 8, Column A)	3		
4 Enter greater of line 2 or line 3	4		
5 Income tax imposed in prior year	5		
6 Distributable Amount. Subtract line 5 from line 4, unless subject to emergency temporary reduction (see instructions)	6		
7 <input type="checkbox"/> Check here if the current year is the organization's first as a non-functionally-integrated Type III supporting organization (see instructions).			

Part V Type III Non-Functionally Integrated 509(a)(3) Supporting Organizations (continued)

Section D - Distributions	Current Year
1 Amounts paid to supported organizations to accomplish exempt purposes	
2 Amounts paid to perform activity that directly furthers exempt purposes of supported organizations, in excess of income from activity	
3 Administrative expenses paid to accomplish exempt purposes of supported organizations	
4 Amounts paid to acquire exempt-use assets	
5 Qualified set-aside amounts (prior IRS approval required)	
6 Other distributions (describe in Part VI). See instructions.	
7 Total annual distributions. Add lines 1 through 6.	
8 Distributions to attentive supported organizations to which the organization is responsive (provide details in Part VI). See instructions.	
9 Distributable amount for 2014 from Section C, line 6	
10 Line 8 amount divided by Line 9 amount	

Section E - Distribution Allocations (see instructions)	(i) Excess Distributions	(ii) Underdistributions Pre-2014	(iii) Distributable Amount for 2014
1 Distributable amount for 2014 from Section C, line 6			
2 Underdistributions, if any, for years prior to 2014 (reasonable cause required-see instructions)			
3 Excess distributions carryover, if any, to 2014:			
a			
b			
c			
d			
e From 2013			
f Total of lines 3a through e			
g Applied to underdistributions of prior years			
h Applied to 2014 distributable amount			
i Carryover from 2009 not applied (see instructions)			
j Remainder. Subtract lines 3g, 3h, and 3i from 3f.			
4 Distributions for 2014 from Section D, line 7: \$			
a Applied to underdistributions of prior years			
b Applied to 2014 distributable amount			
c Remainder. Subtract lines 4a and 4b from 4.			
5 Remaining underdistributions for years prior to 2014, if any. Subtract lines 3g and 4a from line 2 (if amount greater than zero, see instructions).			
6 Remaining underdistributions for 2014. Subtract lines 3h and 4b from line 1 (if amount greater than zero, see instructions).			
7 Excess distributions carryover to 2015. Add lines 3j and 4c.			
8 Breakdown of line 7:			
a			
b			
c			
d Excess from 2013			
e Excess from 2014			

SCHEDULE O
(Form 990 or 990-EZ)

Supplemental Information to Form 990 or 990-EZ

OMB No. 1545-0047

Complete to provide information for responses to specific questions on Form 990 or 990-EZ or to provide any additional information.

2014

Department of the Treasury
Internal Revenue Service

▶ Attach to Form 990 or 990-EZ.

▶ Information about Schedule O (Form 990 or 990-EZ) and its instructions is at www.irs.gov/form990.

Open to Public Inspection

Name of the organization

Island City Development

Employer identification number

47-2164827

Amended Return :

1. Form 990-EZ, Part I, Line 13 has been amended. Professional fees and other payments to independent contractors has been changed from 0 to \$10,080 to record the legal fees incurred.

2. Form 990-EZ, H. Checked the Box, since the organization is not required to attach Schedule B.

3. Form 990-EZ, Part V, Line 45a, Checked "No", as the organization did not have a controlled entity within the meaning of Section 512(b)(13).

4. Form 990-EZ, Schedule A, Part I, Line 11, g, iv. -- Checked "Yes", as the organization listed in its governing documents.

Form 990-EZ, Part II, Line 26 Total Liabilities: Current Liabilities: Accounts Payable: \$10,080.

To: Board of Directors
Island City Development

From: Victoria Johnson
Director of Housing and Community Development

Date: June 13, 2016

Re: Accept \$1.475 Million in Funds Allocated by the City of Alameda
Recognized Obligation Payment Schedule (ROPS) for FY 16-17; Delegate
Authority to the Board President to Execute Grant and Loan Agreements
and Related Documents for ROPS Funds

BACKGROUND

In 2011, the State passed dissolution legislation that ended the local Redevelopment Agencies and provided specific guidance regarding the 'wind-down' of financial matters and development projects that had already been approved as of the date of dissolution. Localities were required to submit schedules of committed funds and approved projects to the State Department of Finance (DoF) for review. In Alameda, the schedule of approved projects included several bonds that had been issued by the Redevelopment Agency (known in Alameda as the Community Improvement Commission or CIC) as well as several real estate projects that had prior approval. The pre-approved projects included, for example, development funds at Jack Capon Villa and the operating subsidy to Independence Plaza. When DoF approved the schedules, they were formalized as Recognized Obligation Payment Schedules or "ROPS."

Another item that appears on the Alameda ROPS is the Guyton Settlement Agreement. The Guyton Settlement Agreement is a 1990 court order for the City of Alameda to provide a certain number of affordable housing units. The ROPS line item shows that approximately \$37 million is needed to develop 300 units in order to comply with the court order.

Each year, the City's Successor Agency submits a request to access former redevelopment funds in order to meet specific obligations. The request is reviewed by the State and if approved, the funds are transferred from Alameda County in its role as real estate taxing authority.

DISCUSSION

Earlier this year, staff worked with the City to submit a request for \$1.475 million to assist with the development of units that are in the pipeline for the coming year. This includes projects that are in the 'pre-development' stage. Exhibit A lists each of the

projects and the dollar amounts that were submitted. After extensive review and dialogue, and much hard work by the City's Community Development Director (Debbie Potter) and the Public Interest Law Project, the request was approved.

It is unknown whether subsequent year's requests will be successful, but there is a fair chance that a similar amount will be available annually until the 300-unit deficit is satisfied.

In meetings with DoF staff, it was explained that the Housing Authority (as the City's Housing Successor) now manages development projects through its affiliated non-profit, ICD. For this reason, ICD will serve as the recipient and pass-through entity for all of the approved ROPS payments.

FINANCIAL IMPACT

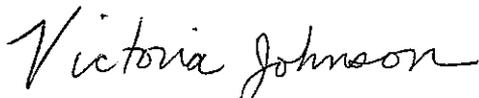
The ROPS funds will be transferred from the County to the City and to ICD. In turn, the funds will be granted or loaned to the eligible development projects. Any legal costs associated with the transfers can be paid from proceeds. Some staff time costs will be incurred by ICD.

Staff is currently working with the City Finance Department to establish a procedure for the transfer and tracking of the funds.

RECOMMENDATION

Accept \$1.475 million in funds allocated by the City of Alameda Recognized Obligation Payment Schedule (ROPS) for FY 16-17; and delegate authority to the Board President to execute grant and loan agreements and related documents for ROPS funds.

Respectfully submitted,



Victoria Johnson
Director of Housing and Community Development

Exhibit A: ROPS Attachment 4 – Supporting Detail for Guyton Judgment and Settlement Agreement

Housing Projects to be Funded July 1, 2016 - December 31, 2016

1) Rosefield Village - 4 new units (Tax Exempt Bond Financing - Gap Funds)

Entitlements	\$	35,000
Legal and Title	\$	75,000
Design, Civil, Survey	\$	80,000
Environmental	\$	30,000
Application/Bond fees	\$	60,000
Site Work	\$	<u>95,000</u>
	\$	375,000

2) North Housing - 90 units (Pre-Development)

Entitlements	\$	25,000
Legal and Title	\$	75,000
Design, Civil, Survey	\$	60,000
Environmental	\$	<u>40,000</u>
	\$	200,000

3) Alameda Point Collaborative - 200 units (Pre-Development)

Entitlements	\$	25,000
Legal and title	\$	25,000
Design, Civil, Survey	\$	60,000
Environmental	\$	<u>40,000</u>
	\$	150,000

TOTAL ROPS 16-17A FUNDING: \$ 725,000

Housing Projects to be Funded January 1, 2017 - June 30, 2017

1) Eagle Avenue - 20 new units (Tax Credit Gap Funds)

Entitlements	\$	35,000
Legal and Title	\$	75,000
Design, Civil, Survey	\$	280,000
Environmental	\$	30,000
Application Fees/Deposits	\$	10,000
Site Work	\$	<u>320,000</u>
	\$	750,000
TOTAL ROPS 16-17B FUNDING:	\$	750,000
TOTAL ROPS FUNDING	\$	1,475,000

To: Board of Directors
Island City Development

From: Tobias Liebermann
Housing and Community Development, Senior Project Manager

Date: June 13, 2016

Re: Del Monte Project Update; Authorize the Formation of a Limited Partnership and Approve Island City Development to Act as the General Partner; Authorize Staff to Open and Administer New Bank Accounts for the Partnership; Accept a \$3.6 Million Loan from the Housing Authority; Authorize the Board President or Designee to Negotiate and Execute All Documents Related to Selection of the Tax Credit Investor and Construction and Permanent Lender and Any Other Documents Required for Project Development; Authorize the Board President or Designee to Negotiate and Execute a Contract Agreement for Project Construction with a Pre-qualified Contracting Firm; and Authorize Staff to apply for HOME funds from the Housing Authority.

BACKGROUND

In recent months, staff continues to make progress on the development of the Del Monte Senior project. Notably, TCAC has made a preliminary recommendation regarding the first round of 9% tax credit applications. TCAC staff has recommended Del Monte Senior Housing for a LIHTC award. Staff is now working to proceed with a solicitation for a tax credit investor with the assistance of Community Economics.

The Architect has completed Design Development Drawings in May and has started with production of construction documents for bidding and for submittal to the City for plan check in July.

DISCUSSION

Staff will continue to work on tasks related to project financing, construction documents, and the goal of starting construction. One of the next steps regarding the tax credit financing for the development will be to solicit for and select a tax credit equity investor and potential construction and permanent lender. A prerequisite of the tax credit financing is to form a limited partnership. If authorized, staff will work with outside counsel to form the limited partnership for the Del Monte development and ICD will serve as the general partner. The initial limited partner will be the Housing Authority, which will be replaced by the tax credit investor at closing.

With construction slated to begin before the end of the year, staff would like to begin the process of selecting a prequalified general contractor through an RFP process. The Housing Authority issued an RFQ in April for various major projects with the intent of having a pool of prequalified contractors from which to request proposals for specific projects. We received four responses, which are being reviewed by staff. Once the qualified firms are identified, we will issue an RFP for a general contractor for Del Monte and will recommend the most qualified firm to the Board President.

Financial Structure (Permanent):

Tim Lewis Communities has agreed to contribute \$3.6 million to the Housing Authority as a part of the overall development agreement. The Housing Authority will lend the funds to the project for 55 years as a residual receipts loan. Staff seeks approval to accept the loan on behalf of the limited partnership to be formed.

In order to provide an adequate construction contingency, staff would like to apply for HOME funds through the City HOME program up to an amount of \$300,000. We expect to apply in July 2016.

The table below shows the proposed total development budget including construction costs, soft costs (includes pre-development expenses and interest costs) and developer fees. It assumes successful awards of 9% tax credits, Alameda Housing Authority loan funds (paid by Tim Lewis) and the award of 25 project-based vouchers.

SOURCES (rounded)		USES	
Tax Credit Equity	\$9,120,000	Acquisition (Ground Lease)	\$0
Permanent Loan	2,108,000	Construction (hard) Costs	11,550,000
Housing Authority Loan	3,680,000	Permits and Fees	435,000
City of Alameda HOME Funds	256,000	Soft Costs	2,424,000
Deferred Developer Fee	45,000	Developer Fee	800,000
TOTAL	\$15,209,000		\$15,209,000

FINANCIAL IMPACT

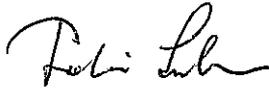
The \$3.6 million dollar Housing Authority loan to the Project will be for a 55-year term made at the applicable federal rate and will be repaid from available residual cash flow. It is estimated that there may be \$250,000 or more available in HOME funds for the

project. The HOME Loan will be 3% simple interest, 55-year term soft loan, also repaid from residual cash flow.

RECOMMENDATION

Authorize the formation of a limited partnership and approve Island City Development to act as the general partner; authorize staff to open and administer new bank accounts for the partnership; accept a \$3.6 million loan from the Housing Authority; authorize the Board President or designee to negotiate and execute all documents related to selection of the tax credit investor and construction and permanent lender and any other documents required for project development; authorize the Board President or designee to negotiate and execute a contract agreement for project construction with a pre-qualified contracting firm; and authorize staff to apply for HOME funds from the Housing Authority not to exceed \$300,000.

Respectfully submitted,



Tobias Liebermann

Housing and Community Development, Senior Project Manager