



## AGENDA

ISLAND CITY DEVELOPMENT  
Special Meeting  
October 17, 2016, 11:00 AM  
Housing Authority of the City of Alameda  
701 Atlantic Avenue, Downstairs Conference Room

1. CALL TO ORDER & ROLL CALL
  2. CONSENT CALENDAR **(Action)**
    - a. Approval of Minutes – June 13, 2016 Regular Meeting
  3. UNFINISHED BUSINESS
  4. NEW BUSINESS
    - a. Adopt Resolution Authorizing Savings Accounts at the Local Agency Investment Fund (LAIF) **(Action)**
    - b. Adopt Resolution Amending the ICD Articles of Incorporation to Include a Dissolution Clause required by the State Board of Equalization **(Action)**
    - c. 2437 Eagle Avenue Project Update; Authorize the Formation of a Limited Partnership and Approve Island City Development to form a new LLC to Act as the General Partner; Authorize Staff to Open and Administer New Bank Accounts for the Partnership; 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)**
    - d. Del Monte Project Update; Accept an additional \$300,000 Pre-Development Loan from the Housing Authority **(Action)**
  5. PUBLIC COMMENT (non-agenda items)
  6. WRITTEN COMMUNICATIONS
  7. ORAL COMMUNICATIONS – BOARD MEMBERS AND STAFF
  8. ADJOURNMENT
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**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)*

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

*President Cooper called the meeting to order at 11:30 a.m., with the following Board Members present: Vice President McCahan and Secretary/Treasurer Basta. Members absent: none. Staff in attendance: Victoria Johnson*

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

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

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**)

*Motion and second (McMahon/Basta) and unanimous to approve.*

- 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; AND Authorize Staff to Apply for HOME Funds from the Housing Authority (**Action**)

*Motion and second (McMahon/Basta) and unanimous to approve.*

5. PUBLIC COMMENT (non-agenda items) (none)

6. WRITTEN COMMUNICATIONS (none)

7. ORAL COMMUNICATIONS – BOARD MEMBERS AND STAFF

*There was a brief discussion regarding Form 990 to be filed for FY 2015.*

8. ADJOURNMENT

*The meeting was unanimously adjourned at 11:50 a.m.*

Respectfully submitted,

*Draft until approved*

Janet Basta  
Secretary

To: Board of Directors  
Island City Development

From: Victoria Johnson  
Director of Housing and Community Development

Date: October 17, 2016

Re: Adopt Resolution Authorizing Savings Accounts at the Local Agency  
Investment Fund (LAIF) (**Action**)

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### BACKGROUND

ICD holds funds from the Housing Authority of the City of Alameda (AHA) that were loaned by AHA for pre-development activities. Development activities may span from several months to years. Most of the unused funds are held in a money market fund earning approximately 0.1-0.2% and are insured up to \$250,000 per account.

### DISCUSSION

ICD, through a services agreement with AHA, manages pre-development activities for several projects. Funds are available as loans from AHA to ICD to support these activities. The total approved loan funds are currently \$3,000,000 and approximately \$1,505,000 has been spent leaving a projected balance of \$1,495,000.

Projected Balances (in thousands):

Property	Authorized Loan	Invoices Paid	Balance
Del Monte	\$1,000	\$726	\$274
Everett and Eagle	\$1,000	\$616	\$384
Rosefield	\$1,000	\$163	\$837
<b>TOTALS:</b>	\$3,000	\$1,505	\$1,495

The LAIF savings account is a pooled investment account managed by the State Treasurer. Its goals are to invest safely, minimize service costs, and maximize investment yields. It is also afforded certain statutory protections.

Current yields on LAIF accounts are 0.4-0.6% with the full deposited amount insured.

It is more beneficial and safer to hold these balances in a LAIF savings account rather

than the ICD checking accounts. The LAIF savings account is still considered liquid and funds can be transferred in one business day as needed.

FINANCIAL IMPACT

Fund balances can earn a higher yield while being offered full protection.

RECOMMENDATION

Adopt Resolution authorizing the investment of monies in the Local Agency Investment Fund.

Respectfully submitted,



Victoria Johnson  
Director of Housing and Community Development

**ISLAND CITY DEVELOPMENT**

*Resolution No.* \_\_\_\_\_

**AUTHORIZING INVESTMENT OF MONIES  
IN THE LOCAL AGENCY INVESTMENT**

At a duly constituted meeting of the Board of Directors of Island City Development, a California nonprofit public benefit corporation ("**ICD**") held on October 17, 2016, the following resolutions were adopted:

**WHEREAS**, The Local Agency Investment Fund is established in the State Treasury under Government Code section 16429.1 et. seq. for the deposit of money of a local agency for purposes of investment by the State Treasurer; and

**WHEREAS**, the ICD Board of Directors hereby finds that the deposit and withdrawal of money in the Local Agency Investment Fund in accordance with Government Code section 16429.1 et. seq. for the purpose of investment as provided therein are in the best interests of the Corporation;

**NOW THEREFORE, BE IT RESOLVED**, that the ICD Board of Directors hereby authorizes the deposit and withdrawal of ICD monies in the Local Agency Investment Fund in the State Treasury in accordance with Government Code section 16429.1 et. seq. for the purpose of investment as provided therein.

**BE IT FURTHER RESOLVED**, that the ICD Board of Directors hereby authorizes each of (1) Vanessa Cooper, President of ICD; (2) John McCahan, Vice President of ICD; and (3) Janet Basta, Secretary of ICD (each, an "**Officer**"), or their successors in office, are each hereby authorized to order the deposit or withdrawal of monies in the Local Agency Investment Fund and may execute and deliver any and all documents necessary or advisable in order to effectuate the purposes of this resolution and the transactions contemplated hereby.

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ATTEST:

\_\_\_\_\_  
Vanessa M. Cooper  
President

\_\_\_\_\_  
Janet Basta  
Secretary

Adopted:

\_\_\_\_\_  
Date

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To: Board of Directors  
Island City Development

From: Victoria Johnson  
Director of Housing and Community Development

Date: October 17, 2016

Re: Adopt Resolution Authorizing an Amendment to the ICD Articles of Incorporation to Include a Dissolution Clause as required by the State Board of Equalization (**Action**)

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### BACKGROUND

The ICD Articles of Incorporation were filed with the State of California on August 29, 2014. The Board of Equalization has reviewed the Articles and notified ICD that a dissolution clause was missing.

### DISCUSSION

The State Board of Equalization has reviewed the ICD Articles of Incorporation and notified ICD that there is an error of omission regarding a dissolution clause. A correction must be made in order to proceed to file for an Organizational Clearance Certificate.

### FINANCIAL IMPACT

There is no financial impact.

### RECOMMENDATION

Adopt Resolution authorizing the Amendment to the ICD Articles of Incorporation to include a dissolution clause as required by the State Board of Equalization.

Respectfully submitted,



Victoria Johnson  
Director of Housing and Community Development

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**ISLAND CITY DEVELOPMENT**

*Resolution No.* \_\_\_\_\_

**AUTHORIZING AN AMENDMENT TO THE  
ARTICLES OF INCORPORATION**

At a duly constituted meeting of the Board of Directors of Island City Development, a California nonprofit public benefit corporation ("**ICD**") held on October 17, 2016, the following resolutions were adopted:

**WHEREAS**, the Board of Directors has determined that the Articles of Incorporation filed for ICD on August 29, 2014, shall be amended as set forth in the Certificate of Amendment of Articles of Incorporation attached hereto as Exhibit A (the "Amendment").

**NOW THEREFORE, BE IT RESOLVED**, that the Amendment is hereby authorized, ratified and confirmed.

**BE IT FURTHER RESOLVED**, that the ICD Board of Directors hereby authorizes each of (1) Vanessa Cooper, President of ICD; (2) John McCahan, Vice President of ICD; and (3) Janet Basta, Secretary of ICD (each, an "**Officer**"), acting alone to execute, deliver and file the Amendment subject to any minor conforming, technical or clarifying changes approved by an Officer and ICD counsel. Each Officer is hereby further authorized and directed to take such further actions and execute and record such documents as are necessary to execute, deliver and file the Amendment.

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ATTEST:

\_\_\_\_\_  
Vanessa M. Cooper  
President

\_\_\_\_\_  
Janet Basta  
Secretary

Adopted:

\_\_\_\_\_  
Date

**Exhibit A**

**CERTIFICATE OF AMENDMENT  
OF ARTICLES OF INCORPORATION**

The undersigned certify that:

1. They are the president and the secretary, respectively, of ISLAND CITY DEVELOPMENT, a California nonprofit public benefit corporation.
2. Article VI(b) of the Articles of Incorporation of this corporation is amended to read as follows:
  - (b) Upon the winding up and dissolution of the Corporation, and after paying or adequately providing for the debts and obligations of the Corporation, the remaining assets shall inure to the benefit of Housing Authority Of The City Of Alameda, which is a governmental entity.
3. The foregoing amendment of Articles of Incorporation has been duly approved by the Board of Directors
4. The corporation has no members.

We further declare under penalty of perjury of the laws of the State of California that the matters set forth in this certificate are true and correct of our own knowledge.

Date: October 17, 2016

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Vanessa M. Cooper  
President

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Janet Basta  
Secretary

To: Board of Directors  
Island City Development

From: Victoria Johnson  
Director of Housing and Community Development

Date: October 17, 2016

Re: 2437 Eagle Avenue Project Update; Authorize the Formation of a Limited Partnership and Approve Island City Development to form a new LLC to Act as the General Partner; Authorize Staff to Open and Administer New Bank Accounts for the Partnership; Authorize the Board President or Designee to Negotiate and Execute All Documents Related to Selection of the Tax Credit Investor and Construction and Permanent Lenders 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)**

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### BACKGROUND

The State Tax Credit Allocation Committee (TCAC) staff has recommended 2437 Eagle Avenue Housing for a LIHTC award. Although the competitive score for the project was not the highest in the region, the small size and relatively small credit request made it possible for the project to win an allocation. The project architect (Anne Phillips) has completed 85% construction drawings and the plans will be submitted to the City for plan check in the coming days. Staff will also issue the construction documents for bidding to pre-qualified general contractors in October. Staff has also issued a solicitation for a tax credit investor with the assistance of Community Economics.

The project has previously been identified as 2437 Eagle Avenue, but will now be known as Everett and Eagle, as the property will have separate addresses on both Everett St. and Eagle Ave.

### DISCUSSION

With Board approval to proceed, staff will work with outside counsel to form the limited partnership for the 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. Staff has issued a solicitation for lender and investor and responses are due in November.

Staff has issued the 85% plans and specifications to three prequalified contractors. Bids are due in late November.

Financial Structure (Permanent):

The Housing Authority will lend funds to the project for 55 years as a residual receipts loan. Staff seeks approval to accept the loan from the Housing Authority on behalf of the limited partnership to be formed.

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, Successor Agency Funds and the award of 12 project-based vouchers.

<b>SOURCES (rounded)</b>		<b>USES</b>	
Tax Credit Equity	\$8,702,000	Acquisition (Ground Lease)	\$0
Permanent Loan	2,046,000	Construction (hard) Costs	10,455,000
Housing Authority Loan	2,300,000	Permits and Fees	405,000
City of Alameda Successor Agency Funds	750,000	Soft Costs	2,064,000
General Partner	1,000	Developer Fee	875,000
<b>TOTAL</b>	<b>\$13,799,000</b>		<b>\$13,799,000</b>

FINANCIAL IMPACT

The \$2.3 million Housing Authority loan to the Project will be for a 55-year term made at the applicable federal rate (or 3%) and will be repaid from available residual cash flow. The Successor Agency Loan will be 3% simple interest, 55-year term soft loan, also repaid from residual cash flow. A portion of the developer fee is typically paid at closing, a percentage is paid at completion and a final payment is made once the project converts from construction to permanent financing. This fee is retained as unrestricted revenue and is available to be used for future development projects.

RECOMMENDATION

Authorize the formation of a limited partnership and approve Island City Development to form a new LLC to 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.

Respectfully submitted,



Victoria Johnson  
Director of Housing and Community Development

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To: Board of Directors  
Island City Development

From: Victoria Johnson  
Director of Housing and Community Development

Date: October 17, 2016

Re: Del Monte Project Update; Approve an Increase of Pre-development Loan from \$700,000 to \$1,000,000 to Island City Development and Authorize the Board President or Designee to Execute Related Documents **(Action)**

### BACKGROUND

The Del Monte Senior project was recommended for a 9% Tax Credit allocation in May. Since then, Del Monte Senior, LLC has been formed to serve as the general partner of the tax credit partnership. Sherman and Buena Vista LP has also been formed. This LP will serve as the owner of the improvements for the duration of the 15 year tax-credit period.

Drawings have been prepared by SGPA Architects and the plans were submitted for plan check on August 2, 2016. Staff has submitted utility applications and solicited proposals for additional consultants related to construction. Staff selected Brown Construction as the general contractor in September after a two-step RFQ and RFP process.

National Equity Fund (NEF) has been selected as the tax credit investor and BBVA was selected as the construction lender and CCRC as the permanent lender. The proposed construction loan closing date is December 5, 2016. Once the site has been prepared and turned over by Tim Lewis Communities, work is scheduled to commence by mid-December. Construction of the affordable project will take approximately 14 months.

### DISCUSSION

The total development cost of the Del Monte project, exclusive of the ground lease, is approximately \$14.85 million.

SOURCES		USES	
Tax Credit Equity	\$9,000,000	Hard Costs	\$10,547,000
Developer in-lieu	\$3,600,000	Soft Costs	\$2,017,000
HOME loan	\$250,000	Contingencies	\$1,277,000
Permanent debt tenant	\$0	Reserves	\$209,000
Permanent debt Section 8	\$2,000,000	Developer Fees	\$800,000
<b>TOTAL</b>	<b>\$14,850,000</b>	<b>TOTAL</b>	<b>\$14,850,000</b>

The previously approved \$700,000 pre-development loan was advanced to Island City development in late 2015. This loan has been secured with a promissory note. If the loan is increased, the promissory note will be amended. The table below summarizes actual costs and the projected costs through closing. Costs that exceeded the original estimate include building permits, impact fees, and some consultant expenses. Services that will be paid through the design fee line item include the architect, civil, structural and MEP engineers, green building consultants, solar system design, landscaping design, peer review of plans and specifications and professional cost estimating.

PREDEVELOPMENT EXPENSE	Initial Estimate of Cost	Revised Total Cost
Architectural and Engineering Design Fees	\$500,000	\$700,000
Application and Entitlement Fees	\$50,000	\$100,000
Financial and Legal Consulting Services (includes TCAC fees)	\$50,000	\$100,000
Environmental and Geotechnical Reports	\$25,000	\$25,000
Survey and Appraisal Reports	\$25,000	\$25,000
Property Maintenance, Misc. and Contingency	\$50,000	\$50,000
<b>TOTAL</b>	<b>\$700,000</b>	<b>\$1,000,000</b>

The proposed source of additional pre-development loan funds is the Successor Housing Agency asset fund account. Nearly all of pre-development funds utilized prior to closing will be reimbursed through the construction loan.

FINANCIAL IMPACT

All pre-development costs associated with the project are closely tracked and are eligible development costs within the construction budget. When the construction loan closes (the loan is originated), eligible costs will be charged to the project and reimbursed through project financing.

Housing Asset funds that are used for development and subsequently reimbursed by project cash flow, must be re-deposited into the Housing Successor Agency Asset Fund. These funds may then be reused for future development activity.

RECOMMENDATION

Staff requests Board approval to accept an increase from \$700,000 to \$1,000,000 in the pre-development loan amount from the Housing Authority Housing Successor Agency Asset Fund to Island City Development for the Del Monte senior project and to authorize the Executive Director to execute any related documents.

Respectfully submitted,



Victoria Johnson  
Director of Housing and Community Development