



AGENDA

ISLAND CITY DEVELOPMENT

Regular Meeting

November 28, 2016, 1:00 PM

Independence Plaza, 703 Atlantic Avenue, Alameda
Ruth Rambeau Memorial Community Room

1. CALL TO ORDER & ROLL CALL
 2. CONSENT CALENDAR **(Action)**
 - a. Approval of Minutes – October 17, 2016 Special Meeting
 3. UNFINISHED BUSINESS
 4. NEW BUSINESS
 - a. Approve Resolution Authorizing the Board President or Designee to Enter into the Ground Lease and the Limited Partnership Agreement, and to Execute the Loan Documents and Project Agreements, Guaranties, Security Assignments, Deeds of Trust, and Ancillary Documents Required for the Development of Del Monte Apartments on Behalf of the Limited Partnership **(Action)**
 - b. Rosefield Project Update: Authorize the Board President to Negotiate Terms and Execute a Final Contract Agreement for Architectural and Engineering Design Services for the Rosefield Project in an Amount Not to Exceed \$1,200,000 **(Action)**
 - c. Approve and Adopt Budget for Fiscal Year 2017 **(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

Please contact the 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

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

President Cooper called the meeting to order at 11:02 a.m., with the following Board Members present: Vice President McCahan and Secretary/Treasurer Basta. Members absent: none. Staff in Attendance: Victoria Johnson and Rosemary Valeska.

2. CONSENT CALENDAR (**Action**)

- a. Approval of Minutes – June 13, 2016 Regular Meeting

The minutes were approved by unanimous consent (with typo corrections as noted).

3. UNFINISHED BUSINESS

4. NEW BUSINESS

- a. Adopt Resolution Authorizing Savings Accounts at the Local Agency Investment Fund (LAIF) (
- Action**
-)

Motion and second (McCahan and Basta) to adopt resolution. Motion passed by unanimous roll call vote.

- b. Adopt Resolution Amending the ICD Articles of Incorporation to Include a Dissolution Clause required by the State Board of Equalization (
- Action**
-)

Motion and second (McCahan and Basta) to adopt resolution. Motion passed by unanimous roll call vote.

- 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**
-)

Motion and second (Basta and McCahan) to approve. Motion passed by unanimous voice vote.

- d. Del Monte Project Update; Accept an additional \$300,000 Pre-Development Loan from the Housing Authority (**Action**)

Motion and second (McCahan and Basta) to approve. Motion passed by unanimous voice vote.

5. PUBLIC COMMENT (non-agenda items) - *None*

6. WRITTEN COMMUNICATIONS - *None*

7. ORAL COMMUNICATIONS – BOARD MEMBERS AND STAFF

- a. *Ms. Johnson announced that President Cooper had issued an official letter to Vice President McCahan and Secretary Basta extending their terms for an additional two years.*

- b. *Ms. Johnson announced that the next meeting would be scheduled on either November 28 or 29.*

8. ADJOURNMENT

The meeting was unanimously adjourned at 11:15 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: November 28, 2016

Re: Approve Resolution Authorizing the Executive Director or Designee to Enter into the Ground Lease and the Limited Partnership Agreement, and to Execute the Loan Documents and Project Agreements, Guaranties, Security Assignments, Deeds of Trust and Ancillary Documents Required for the Development of Del Monte Apartments on Behalf of the Limited Partnership

BACKGROUND

Del Monte Apartments (Project) is a 31-unit senior rental project located at 1301 Buena Vista Avenue and adjacent to the Del Monte warehouse redevelopment project. There are 30 one-bedroom units and one two-bedroom manager's unit. The Project will be developed by the Housing Authority and its non-profit affiliate, Island City Development. The funding sources for the Project include low-income housing tax credit equity, a permanent mortgage loan, City HOME funds, gap funding from Tim Lewis Communities, and 25 project-based Section 8 vouchers. The gap funding from Tim Lewis Communities will be contributed in the form of a loan from the Housing Authority.

The tax credit investor and limited partner will be the National Equity Fund; the construction lender will be BBVA and CCRC will be the permanent lender for the 15 year mortgage term. Del Monte Senior LLC has been formed to serve as the general partner of the tax credit partnership, Sherman and Buena Vista, LP. This LP will serve as the owner of the improvements for the duration of the 15-year tax credit period.

Staff is actively working with outside counsel to finalize all closing documents and the construction loan closing date is scheduled for the week of December 5, 2016. Construction of the affordable project will take approximately 14 months.

DISCUSSION

Ownership Structure: At the time of the construction loan closing, Sherman and Buena Vista L.P. will enter into a 99-year ground lease with the Housing Authority. This limited partnership will be the ownership entity of the Project (improvements) and Del Monte Senior LLC will be the general partner of the partnership. NEF Assignment Corporation

will be the limited partner (investor). NEF is a short term partner and will be replaced by an upper tier investor after closing.

The Housing Authority will acquire the land at closing and will continue to own the land. Beginning in the 13th year after the project is completed and occupied, the Housing Authority (or Island City Development) will have a right of first refusal and an option to purchase the LP interest; the acquisition price will be the greater of the appraised value or the outstanding debt and taxes (if any).

The Housing Authority has received approval from HUD to award 25 project-based vouchers to the Project and to enter into a 15-year Agreement for Housing Assistance Payments (AHAP) with the Partnership. The voucher units will serve households at 30%, 45%, and 50% of area median income. Tenants for these units will be referred from a waiting list maintained by the Housing Authority. Five units will be available to eligible seniors that have applied to a site-specific wait list and one unit is reserved for a property manager.

Financial Structure (Permanent):

The detailed development budget that has been approved by the lenders, investor, and the City is included as Exhibit A. The Housing Authority loan will be secured by a lien on the property, and is in second place after the private CCRC loan. The City HOME loan will be in third position. The Housing Authority and City loans are repayable from net cash flow (residual receipts) as calculated by the financial audit. There will be three separate affordability restrictions placed on the property (City, Housing Authority, and State) ensuring long term affordability for no less than 59 years.

Closing Documents

The closing Resolution (Exhibit B) and all legal documents associated with the transaction have been prepared by outside counsel. The Housing Authority is represented by Carle, Mackie Powers & Ross for the transaction.

The key closing documents that must be executed by the Housing Authority are listed below and draft copies of the documents are provided in a binder available for Board and public review.

1. Ground Lease
2. Amended and Restated Partnership Agreement
3. Right of First Refusal and Purchase Option Agreement
4. Loan Agreement and Promissory Note
5. Development Fee Agreement
6. Subordination Agreements (subordination to senior lender)
7. Construction Deed of Trust
8. Completion and Payment Guaranties

9. Assignment of Accounts and Contracts
10. Affordable Housing Agreement
11. Consent to Assignment of AHAP Contract as Security for Financing
12. Contract For The Use of HOME Funds, Promissory Note

FINANCIAL IMPACT

Legal and other eligible costs incurred during the pre-development period will be reimbursed when the construction loan closes. To date, pre-development expenses total to approximately \$900,000. These funds will be redeposited into the Island City Development account.

As project developer and in exchange for the services provided, Island City Development will earn a development fee in the amount of \$800,000.

Tim Lewis Communities will contribute gap financing in the amount of \$3.6 million prior to close. The Housing Authority will loan these funds to the Project at a 3%-4% rate of interest (to be negotiated) and will be repaid from available cash flow in proportion to the other soft loan (the HOME loan) made to the Project. The loan is due in full in 57 years.

Both the Housing Authority and Island City Development will be required to provide financial and performance guarantees. The financial guarantees will be reflected in the Housing Authority's financial statements as "contingent liabilities." The construction guarantee will be released at construction completion and conversion to permanent financing. The permanent loan is a 15-year non-recourse loan secured by a first mortgage on the property. The tax credit guarantees will extend for the duration of the 15-year tax credit period.

RECOMMENDATION

Approve Resolution authorizing the Board President or designee to enter into the Ground Lease, the Limited Partnership Agreement, and to execute the loan documents and project agreements, guaranties, security assignments, deeds of trust and ancillary documents required for the development of Del Monte Apartments on behalf of the limited partnership.

Respectfully submitted,



Victoria Johnson
Director of Housing and Community Development

Exhibit A – Financial Projections
Exhibit B – Closing Resolution

	CL	CM	CN	CP	CQ	CR	CS
16	DISBURSEMENTS OF LIMITED PARTNER CAPITAL CONTRIBUTIONS						
17			Closing 12/1/2016	completion / draft cost cert 7/1/2018	Conversion 11/1/2018	8609 / lax return 3/1/2019	
18			653,827	2,682,964	5,890,293	40,000	
19		Totals					
20							
21	Land acquisition - lease from Alameda Housing Authority - value \$3,410,000	0	0				
22	Legal and closing costs	0	0				
23	Office or site work not in basis	0	0				
24	Site improvements in basis	0	0				
25	New Construction	318,827	318,827				
26	Contractor general requirements/ overhead/profit	0	0				
27	Contractor bond and insurance	0	0				
28	PV system	0	0				
29	Personal Property in Construction Contract	0	0				
30	Furniture Purchased by Owner	0	0				
31	Construction contingency - adjust here	0	0		0		
32	Impact Fees (net of waived fees)	0	0				
33	Permits and utility hookups	0	0				
34	Structure	0	0				
35	Survey, engineering, testing	0	0				
36	Construction management	0	0				
37	Engineering	0	0				
38	Soft cost contingency	0	0				
39	Construction Loan Fees @ 7.5%	0	0				
40	Perm loan fee CCRC 1%	0	0				
41	Interest on soft loans during construction	0	0				
42	Taxes during construction	0	0				
43	Construction Loan interest during construction - 16 months	0	0		0		
44	Construction loan interest post construction - 7 months	0	0		0		
45	Construction lender legal and costs	0	0		0		
46	Course of Construction Insurance	0	0		0		
47	Title - Construction Loan Closing	20,000	20,000				
48	Appraisal	0	0				
49	Tax Credit Allocation Committee Fees	0	0				
50	Legal Fees - Organization	5,000	5,000				
51	Legal Fees - Construction Loan Closing	30,000	30,000				
52	Legal - Syndication	40,000	40,000				
53	Legal - Permanent loan closing	10,000	10,000		10,000		
54	Title - Permanent loan closing	10,000	10,000		10,000		
55	Market Study	15,000	15,000				
56	Consultant - Syndication	0	0				
57	Marketing	0	0				
58	Project Audit	20,000	20,000		20,000		
59	Operating Reserves - 6 mo operations	244,897	244,897		244,897		
60	Development fee applied to TCAC app	800,000	800,000		800,000		
61	Reserve for Construction Loan	7,753,360	2,482,964	2,482,964	5,270,396	40,000	
62	TOTAL PROJECT COSTS	9,267,084	653,827	2,682,964	5,890,293	40,000	

1/19/2016 3:19 PM

Alameda Housing Authority - Del Monte Senior with NEF and BBVA Compass

HT	HW	HU	HV	HX
INTERNAL RATE OF RETURN (CALCULATED QUARTERLY)	BENEFIT	INVESTMENT	NET	IRR
44				
45				
46				
47				
48	Mar-16			0
49	Jun-16			0
50	Sep-16			0
51	Dec-16		653,827	0
52	Mar-17			0
53	Jun-17			0
54	Sep-17			0
55	Dec-17			0
56	Mar-18			0
57	Jun-18	262,292		262,292
58	Sep-18	262,292	2,682,964	-2,420,672
59	Dec-18	262,292	5,890,293	-5,628,001
60	Mar-19	254,763	40,000	214,763
61	Jun-19	254,763		254,763
62	Sep-19	254,763		254,763
63	Dec-19	254,763		254,763
64	Mar-20	250,714		250,714
65	Jun-20	250,714		250,714
66	Sep-20	250,714		250,714
67	Dec-20	250,714		250,714
68	Mar-21	247,928		247,928
69	Jun-21	247,928		247,928
70	Sep-21	247,928		247,928
71	Dec-21	247,928		247,928
72	Mar-22	247,005		247,005
73	Jun-22	247,005		247,005
74	Sep-22	247,005		247,005
75	Dec-22	247,005		247,005
76	Mar-23	244,903		244,903
77	Jun-23	244,903		244,903
78	Sep-23	244,903		244,903
79	Dec-23	244,903		244,903
80	Mar-24	242,889		242,889
81	Jun-24	242,889		242,889
82	Sep-24	242,889		242,889
83	Dec-24	242,889		242,889
84	Mar-25	242,192		242,192
85	Jun-25	242,192		242,192
86	Sep-25	242,192		242,192
87	Dec-25	242,192		242,192
88	Mar-26	241,530		241,530
89	Jun-26	241,530		241,530
90	Sep-26	241,530		241,530
91	Dec-26	241,530		241,530
92	Mar-27	240,912		240,912
93	Jun-27	240,912		240,912
94	Sep-27	240,912		240,912
95	Dec-27	240,912		240,912
96	Mar-28	112,336		112,336
97	Jun-28	112,336		112,336
98	Sep-28	112,336		112,336
99	Dec-28	112,336		112,336
100	Mar-29	34,466		34,466
101	Jun-29	34,466		34,466
102	Sep-29	34,466		34,466
103	Dec-29	34,466		34,466
104	Mar-30	33,561		33,561
105	Jun-30	33,561		33,561
106	Sep-30	33,561		33,561
107	Dec-30	33,561		33,561
108	Mar-31	32,715		32,715
109	Jun-31	32,715		32,715
110	Sep-31	32,715		32,715
111	Dec-31	32,715		32,715
112	Mar-32	31,996		31,996
113	Jun-32	31,996		31,996
114	Sep-32	31,996		31,996
115	Dec-32	31,996		31,996
116	Mar-33	899,143		899,143
117	Jun-33			0

THIS PAGE IS INTENTIONALLY LEFT BLANK

ISLAND CITY DEVELOPMENT

Resolution No. _____

DEL MONTE SENIOR HOUSING

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

WHEREAS, the Housing Authority of the City of Alameda (the "**Housing Authority**") and TL PARTNERS I, L.P., a California limited partnership ("**TLP**") are parties to that certain Agreement for Development of Affordable Housing (Del Monte) made as of November 3, 2015 (the "**Agreement for Development of Affordable Housing**"); and

WHEREAS, pursuant to the Agreement for Development of Affordable Housing, the Housing Authority entered into the following "**Option Agreements**": (1) the Real Property Purchase Option Agreement entered into as of October 1, 2015 with the City of Alameda (the "**City**"), with respect to certain land located in the City of Alameda (the "**City Land**"); and (2) the Real Property Purchase Option Agreement entered into as of February 9, 2016 with TLP and Encinal Del Monte Plant 48 Reuse, LLC, with respect to certain land located in the City of Alameda (the "**TLP Land**"; together with the City Land, the "**Land**"); and

WHEREAS, the Land is commonly referred to as 1301 Buena Vista Avenue, Alameda, California; and

WHEREAS, the Land will be transferred to the Housing Authority pursuant to the applicable deeds attached to the Option Agreements; and

WHEREAS, the City requires that the Housing Authority enter into and record against the Land an "**Affordable Housing Agreement**"; and

WHEREAS, ICD has formed and is the sole member and manager of Del Monte Senior LLC, a California limited liability company (the "**LLC**"), and the LLC has formed and is the sole general partner of Sherman and Buena Vista LP, a California limited partnership (the "**Partnership**"), with the Housing Authority as the sole limited partner (the "**Limited Partner**") of the Partnership; and

WHEREAS, the Board deems it to be in the best interests of itself, the LLC, and the Partnership for the Partnership, as lessee, to enter into a ground lease with the Housing Authority, as lessor, with respect to the Land for a term of 99 years and upon

such terms and conditions as deemed necessary or appropriate by an Officer (as defined below) (the "**Ground Lease**"); and

WHEREAS, the Board deems it to be in the best interests of itself, the LLC, and the Partnership for the Partnership to construct, own and operate 31 units of affordable housing (including 1 manager's unit) on the Land (the Partnership's leasehold interest in the Land and fee interest in the improvements, including the affordable housing, now or hereafter located thereon is collectively referred to herein as the "**Project**"); and

WHEREAS, the Board deems it to be in the best interests of itself, the LLC, and the Partnership, for the Partnership to enter into a development agreement with the Housing Authority, as developer of the Project (the "**Development Agreement**"); and

WHEREAS, the Board deems it to be in the best interests of itself, the LLC, and the Partnership, for ICD, the LLC and the Partnership to assist in the acquisition, construction and development of the Project by: (i) consenting to the withdrawal of the Housing Authority as limited partner from the Partnership and facilitating the admission of an affiliate of NEF Assignment Corporation, or a substitute investor ("**Investor**") as a 99.99% limited partner in the Partnership in exchange for capital contributions of approximately \$9,267,804, and (ii) amending and restating the agreement of limited partnership of the Partnership (as amended, the "**Amended Partnership Agreement**") to provide for such other matters as may be required by the Investor and entering into the Guaranty Agreement (the "**Guaranty Agreement**") for the benefit of the Partnership and the Investor (collectively, the "**Syndication**"); and

WHEREAS, the Board deems it to be in the best interests of itself, the LLC, and the Partnership for the Partnership to obtain the following financings for the Project, which will be secured by liens on the Project ("**Secured Financings**"):

(a) A recourse, construction loan from Compass Bank ("**Compass**") in the approximate amount of \$10,279,862, which is expected to convert to a nonrecourse permanent loan in the approximate amount of \$2,499,800 (the "**Permanent Loan**"), which Permanent Loan will be acquired by California Community Reinvestment Corporation at conversion;

(b) A nonrecourse construction/permanent loan from the Housing Authority in the amount of \$3,600,000, which will be repaid with the Project's residual receipts (the "**Housing Authority Loan**");

(c) A nonrecourse construction/permanent loan of HOME funds from the City in the approximate amount of \$195,740, which will be repaid with the Project's residual receipts (the "**HOME Loan**"); and

(d) A nonrecourse permanent loan from the Housing Authority in the amount of \$3,410,000, which will be repaid with the Project's residual receipts (the "**Ground Rent Loan**"); and

WHEREAS, as a condition of the Secured Financings and the Syndication, the lenders and the Investor may require that ICD and/or the LLC (a) guaranty the payment and performance by the Partnership and/or the LLC of their obligations under the documents evidencing and securing the Secured Financings and the Syndication, and guaranty timely lien-free completion of the Project and make certain indemnities (the "**Guaranties**"), and/or (b) assign any fees from the Partnership as security for the Secured Financings and the Syndication (the "**Security Assignments**"), and ICD deems it to be in the best interests for itself, the LLC and the Partnership, to make and enter into the Guaranties and Security Assignments; and

WHEREAS, the Board deems it to be in the best interests of itself, the LLC, and the Partnership for ICD, the LLC and the Partnership to execute and deliver any and all documents or agreements necessary or advisable for the acquisition, development, financing, construction, rehabilitation, management, operation and maintenance of the Project, including, but not limited to, all grant deeds, deeds of trust, UCC financing statements, regulatory agreements, assignments of rents, leases, income and profits, general assignments, construction contracts, architect agreements, grant agreements, development agreements, sub-development agreements, management agreements, service contracts, housing assistance payments contracts and similar or related agreements for housing subsidies, and any other types of agreements (collectively, the "**Project Documents**"); and

WHEREAS, the Board deems it to be in the best interests of itself, the LLC, and the Partnership for ICD, the LLC and the Partnership, as applicable, to grant, any easement and/or a dedication of a portion of the Project, as may be necessary, to the City of Alameda and/or the County of Alameda, or other public body, and to execute such documents and to perform such actions as may be required in order to obtain all necessary and appropriate entitlements, permits and any other authorization for the acquisition, development, management or operation of the Project and for any waiver of entitlement or similar fees (collectively, the "**Entitlement Documents**"); and

WHEREAS, the Board deems it to be in the best interests of itself, the LLC, and the Partnership for ICD, the LLC and the Partnership to execute such documents (including, without limitation, any indemnities and guaranties) and to perform such actions as may be required in order to obtain all necessary and appropriate title insurance (owner and lender policies) for the Project (collectively, the "**Title Documents**"); and

WHEREAS, the Board deems it to be in the best interests of itself, the LLC, and the Partnership for the Partnership to enter into a housing assistance payments contract,

an agreement to enter into a housing assistance payments contract, or such other agreement or document in connection with a project-based voucher assistance with the Housing Authority or such other appropriate party (collectively, the “**HAP Documents**”).

NOW, THEREFORE, BE IT RESOLVED, that ICD for itself, the LLC and the Partnership, does hereby approve and is authorized to enter into the following transactions and documents, as applicable:

1. Ground Lease;
2. Development Agreement;
3. Amended Partnership Agreement, the Guaranty Agreement and the Syndication;
4. Secured Financings;
5. Guaranties and Security Assignments;
6. Project Documents;
7. Entitlement Documents;
8. Title Documents;
9. HAP Documents; and
10. Such other documents, agreements and contracts deemed necessary or advisable by an Officer in furtherance of these resolutions and/or to assist in the development of the Project (collectively, the “**Transaction Documents**”), using his or her own independent judgment.

BE IT FURTHER RESOLVED, that Board hereby authorizes each of (a) Vanessa Cooper, President of ICD; (b) John McCahan, Vice President of ICD; or (c) Janet Basta, Secretary of ICD (each, an “**Officer**”), acting alone to accept the Transaction Documents 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 accept the Transaction Documents, for itself, the LLC and the Partnership.

BE IT FURTHER RESOLVED, that all actions previously taken by ICD, the LLC and the Partnership, and any of their employees, officers and agents, in connection with the Project or the transactions described herein are hereby ratified and approved.

- The Bylaws of ICD, as adopted on October 27, 2014, set the number of directors to be three (3).

- As of the date of the Meeting, ICD has/had three (3) directors.

- ____ directors attended the Meeting.

- The Board approved these resolutions at the Meeting as follows:

Aye: ____

Nay: ____

Abstain: ____

- A copy of said resolution(s) has been sent to any Board member not in attendance at the Meeting.

ATTEST:

Vanessa M. Cooper
President

Janet Basta
Secretary

Adopted:

Date

To: Board of Directors
Island City Development

From: Victoria Johnson
Director of Housing and Community Development

Date: November 28, 2016

Re: Authorize the Board President to Negotiate Terms and Execute a Final Contract Agreement for Architectural and Engineering Design Services for the Rosefield Project in an Amount Not to Exceed \$1,200,000

BACKGROUND

In recent months, staff continues to work on the redevelopment of the Rosefield project. In July 2016, the project received a preliminary approval for tax-exempt bond allocation for the construction of 60 new units. The Board also approved a \$1m loan from the Housing Authority to pay for pre-development activities. The next steps are to select an architectural firm to proceed with design development and construction drawings and to engage an environmental consultant to complete the Phase I CEQA and NEPA studies. Staff has also engaged Landis Development, LLC, to serve as a third party real estate development consultant to assist with the project management tasks.

DISCUSSION

The Housing Authority maintains a list of pre-qualified architectural and engineering firms. Staff issued a Request for Proposals to the pre-qualified firms as follows: Anne Phillips Architecture, BAR Architects, Dahlin Group, MWA Architects, SGPA Architecture, and YHLA Architects. Responses were received from five firms (all but BAR). The three top ranked firms were Dahlin Group, SGPA Architecture, and MWA Architecture. Staff conducted interviews with the firms and recommends Dahlin Group as the first choice and SGPA as the second choice. Both of these firm's proposed fees fall under the budgeted amount. The SGPA fee proposal is above the budgeted amount.

FINANCIAL IMPACT

The architectural contract cost is budgeted at 5.5% of the estimated construction contract amount of \$22 million, plus 5% contingency for a total amount of \$1,270,000. Some portion of this amount will be paid during the construction phase and paid directly from lender or investor proceeds.

Funds for pre-development expenses will be available through the loan made by the \$1m loan previously made by the Housing Authority to ICD. Pre-development expenses are reimbursed by the construction loan proceeds at the start of construction.

RECOMMENDATION

Authorize the Executive Director to negotiate terms and to execute a final contract agreement for architectural and engineering design services for the Rosefield project. The exact amount of the contract will be negotiated depending on the menu of services but the total amount will not exceed \$1,200,000. The A & E services agreement will be phased to allow for changes to the scope or duration of the project.

Respectfully submitted,



Victoria Johnson
Director of Housing and Community Development

To: Board of Directors
Island City Development

From: Victoria Johnson
Director of Housing and Community Development

Date: November 28, 2016

Re: Approve and Adopt Budget for Fiscal Year 2017

BACKGROUND

The ICD fiscal year ends December 31. When ICD participates in development projects, project funds are held in separate bank accounts that are controlled by the limited partnership and the project budgets are reviewed and approved by the project lender and investor as well as by the ICD Board.

The proposed budget for 2017 includes ICD activity related to the development projects during the pre-development phase only as well the administrative expensed of the non-profit.

DISCUSSION

To date, ICD has taken three loans from the Housing Authority for the purposes of the development of the Everett and Eagle, Del Monte and Rosefield projects (\$1mm per project).

Overview of Activity - 2016

As of January 1, 2016, approximately \$705,000 was available for pre-development expenses of the Everett and Eagle project. As of October 31, 2016, approximately \$550,000 has been expended in 2016. The end-of-year balance will be carried forward to 2017.

As of January 1, 2016, approximately \$940,000 was available for pre-development expenses of the Del Monte senior project. As of October 31, 2016, approximately \$850,000 has been expended in 2016. Most of the pre-development expenses will be reimbursed through the closing draw in mid-December 2016. These funds will be redeposited into the ICD account and the end-of-year balance will be carried forward to 2017.

During 2016, \$1,000,000 was available for pre-development expenses of the Rosefield redevelopment project. As of October 31, 2016, approximately \$165,000 has been

expended. The end-of-year balance will be carried forward to 2017.

In 2015, ICD paid an administrative staffing services fee to AHA for \$100,000. During 2016, ICD administrative expenses included \$100,000 payable to the Housing Authority for staffing services, and audit and insurance expenses of approximately \$10,000.

Revenues: As of the closing for the Del Monte project, ICD will earn an installment of development fee in the amount of \$240,000. This revenue will cover the 2015 and 2016 staffing services fees, as well as other administrative and end-of-year expenses.

In 2017, ICD expects to earn an installment of development fee for the Everett and Eagle project in the amount of \$240,000. ICD also expects to earn \$100,000 in development from the Stargell Commons project.

Proposed Activity - 2017

The attached budget projections do not reflect construction activity, as construction funds are held and managed by the limited partnerships. (A new partnership is formed for each tax credit project.)

FINANCIAL ANALYSIS

In 2017, the ICD administrative expenses will include \$100,000 payable to the Housing Authority for staffing services, and estimated audit and insurance expenses of approximately \$60,000.

RECOMMENDATION

Staff recommends Board approval and adoption the proposed 2017 budget.

Respectfully submitted,



Victoria Johnson
Director of Housing and Community Development

Exhibit A: Approved 2016 Budget

Exhibit B: Proposed 2017 Budget

ICD Item 4-C Exhibit A

ISLAND CITY DEVELOPMENT

FISCAL YEAR 2016 BUDGET

	Eagle Ave.	Del Monte	Rosefield	Administrative
Revenue or Expense				
Projected Starting Balance	\$650,000	\$600,000	\$650,000	(115,000)
Developer fee	100,000	100,000		
2016 administrative costs				125,000
A & E services	125,000	250,000	250,000	
Professional Services	175,000	115,000	125,000	
Application Fees and deposits	150,000	100,000	150,000	
Misc. permit and other fees	80,000	50,000		
Ending Balance (cash balance)	\$220,000	\$185,000	\$125,000	(240,000)

THIS PAGE IS INTENTIONALLY LEFT BLANK

ICD ITEM 4-C Exhibit B

ISLAND CITY DEVELOPMENT

FISCAL YEAR 2017 BUDGET

	Eagle Ave.	Del Monte	Rosefield	Administrative
Revenue or Expense				
Projected Starting Balance	\$140,000	\$800,000	\$810,000	\$ 20,000
Revenue				340,000
2017 administrative costs				160,000
A & E services	50,000		450,000	
Professional Services	25,000		125,000	
Application Fees and deposits	10,000		25,000	
Misc. permit and other fees	50,000		100,000	
Reimbursement due	\$935,000	\$125,000		
Ending Balance (cash balance)	\$940,000	\$925,000	\$110,000	\$200,000