



## ISLAND CITY DEVELOPMENT AGENDA

**AGENDA**                    **SPECIAL MEETING OF ISLAND CITY DEVELOPMENT**  
**DATE & TIME**            **Wednesday, April 20, 2022 - 7:02 PM**

### **LOCATION**

Pursuant to Assembly Bill No.361 (Chapter 165, Statutes of 2021) approved by the Governor on September 16, 2021) codified at Government Code Section 54953 a local legislative body is authorized to hold public meetings remotely via teleconferencing without complying with the teleconferencing requirements imposed by the Ralph M. Brown Act when, among other requirements, a legislative body of a local agency holds a meeting during a proclaimed state of emergency, and makes a public meeting accessible “via a call-in option or an internet-based service option” to all members of the public seeking to access and attend the meeting, offer public comment, and address the legislative body.

### **PUBLIC PARTICIPATION**

#### **Join Zoom Meeting:**

<https://us06web.zoom.us/j/89822835206?pwd=K1d1Qng1TIBsY01uWIRHaEx2U3JSdz09>

Meeting ID: 898 2283 5206

Passcode: 023235

One tap mobile:

1-346-248-7799, 89822835206#, \*023235# US (Houston)

1-720-707-2699, 89822835206#, \*023235# US (Denver)

Find your local number: <https://us06web.zoom.us/u/kfzgEbVyV>

1. CALL TO ORDER & ROLL CALL
2. PUBLIC COMMENT (Non-Agenda)
3. CONSENT CALENDAR (Action)
  - A. Approve the ICD Meeting Minutes for March 16 th and 30th of 2022
  - B. Approve the Sixth Amendment to the Dahlin Group Contract Services Agreement.
  - C. Accept the 2021 Audited Financial Statement of Low-Income Housing Tax Credit Partnerships
  - D. Ratify and Adopt the Amended and Restated Bylaws



4. NEW BUSINESS

- A. Discussion and Possible Adoption of Resolution of the Board of Directors of Island City Development Ratifying the Proclamation of a State of Emergency by the Governor of the State of California on March 4, 2021, and Making Findings Authorizing Continued Remote Teleconference Meetings of the Board of Directors Pursuant to Brown Act Provisions, as amended by Assembly Bill No. 361.
- B. Approve Resolution 2022-07 Accepting a Loan in the Amount of up to \$3,000,000 from AHA to ICD for 2615 Eagle Avenue; Approve an Option to Ground Lease, and Authorize the President or Designee to Negotiate and Execute the Loan and Option Agreement
- C. Approve Resolution 2022-08 Accepting a Loan in the Amount of up to \$3,500,000 from AHA to ICD for North Housing Senior, and Authorize the President or Designee to Negotiate and Execute the Loan Documents
- D. Approve Resolution 2022-09 Accepting a Loan in the Amount of up to \$2,500,000 from AHA to ICD for North Housing PSH I, and Authorize the President or Designee to Negotiate and Execute the Loan Documents
- E. Accept the North Housing Project Update Report, Authorize the President, or designee to negotiate and sign the Legal Service Contracts with CMPR, Approve and Ratify the Executed CMPR Contract for Legal Services

5. NON-AGENDA (Public Comment)

6. WRITTEN COMMUNICATIONS

7. ORAL COMMUNICATIONS – BOARD MEMBERS AND STAFF

8. ADJOURNMENT

NOTES:

- If you need special assistance to participate in the meetings of the Island City Development Board of Directors, please contact Jocelyn Layte at (510) 747-4349 (TTY/TRS: 711) or [jlayte@alamedahsg.org](mailto:jlayte@alamedahsg.org). Notification 48 hours prior to the meeting will enable the Island City Development Board of Directors to make reasonable arrangements to ensure accessibility.
- Documents related to this agenda are available for public inspection and copying at the Office of the Housing Authority, 701 Atlantic Avenue, during normal business hours.
- Know Your RIGHTS Under The Ralph M. Brown Act: Government's duty is to serve the public, reaching its decisions in full view of the public. The Board of Directors exists to conduct the business of its constituents. Deliberations are conducted before the people and are open for the people's review. In order to assist Island City Development'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 Island City Development 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.





**MIUNTES – DRAFT UNTIL APPROVED**  
ISLAND CITY DEVELOPMENT  
SPECIAL MEETING, MARCH 16, 2022  
VIA RING CENTRAL

1. CALL TO ORDER & ROLL CALL

*President Cooper called the meeting to order at 8:35 PM. The following Board members were present: Director Vanessa Cooper, Director Carly Grob, Director Janet Basta; quorum established. Staff in attendance: Sylvia Martinez and Stephanie Shipe*

2. PUBLIC COMMENT (Non-Agenda)

3. CONSENT CALENDAR (Action)

- A. Accept Minutes from the ICD Special Meeting February 16 2022
- B. Accept the LIHTC Portfolio Asset Management Fiscal Year to Date Financial Report through the Month of December 2021.

*No questions or discussion. Director Grob motioned, Director Basta seconded, and a roll call vote was held. Director Basta: Yes, Director Grob: Yes, Director Cooper: Yes, motion passed unanimously.*

4. NEW BUSINESS

- A. Discussion and Possible Adoption of Resolution of the Board of Directors of Island City Development Ratifying the Proclamation of a State of Emergency by the Governor of the State of California on March 4, 2021, and Making Findings Authorizing Continued Remote Teleconference

*No questions or discussion. Director Basta motioned, Director Grob seconded, and a roll call vote was held. Director Basta: Yes, Director Grob: Yes. Director Cooper: Yes. Motion passed unanimously.*

1. NON-AGENDA (Public Comment) (none)

2. WRITTEN COMMUNICATIONS (none)

3. ORAL COMMUNICATIONS – BOARD MEMBERS AND STAFF

4. ADJOURNMENT

*Director Cooper adjourned the meeting at 8:40 PM.*





**MIUNTES – DRAFT UNTIL APPROVED**  
ISLAND CITY DEVELOPMENT  
SPECIAL MEETING, MARCH 30, 2022  
VIA RING CENTRAL

1. CALL TO ORDER & ROLL CALL

*President Cooper called the meeting to order at 6:09 PM. The following Board members were present: Director Vanessa Cooper, Director Carly Grob, Director Janet Basta; quorum established. Staff in attendance: Sylvia Martinez*

2. PUBLIC COMMENT (Non-Agenda)

3. CONSENT CALENDAR (Action)

4. NEW BUSINESS

- A. Discussion and Possible Adoption of Resolution of the Board of Directors of Island City Development Ratifying the Proclamation of a State of Emergency by the Governor of the State of California on March 4, 2021, and Making Findings Authorizing Continued Remote Teleconference

*No questions or discussion. Director Grob motioned, Director Basta seconded, and a roll call vote was held. Director Basta: Yes, Director Grob: Yes. Director Cooper: Yes. Motion passed unanimously.*

1. NON-AGENDA (Public Comment) (none)

2. WRITTEN COMMUNICATIONS (none)

3. ORAL COMMUNICATIONS – BOARD MEMBERS AND STAFF

4. ADJOURNMENT

*Director Cooper adjourned the meeting at 6:10 PM.*





**ISLAND CITY DEVELOPMENT**

Fax (510) 522-7848 | TTY/TRS 711

To: Board of Directors  
Island City Development

From: Allyson Ujimori, Senior Project Manager

Date: April 20, 2022

Re: Approve the Sixth Amendment to the Dahlin Group Contract Services Agreement.

**BACKGROUND**

ICD performs real estate development services for Rosefield Village. On January 11, 2017, a Consultant Agreement was entered into by and between ICD and Dahlin Group Inc., for architectural services not to exceed \$250,000 for preliminary designs and entitlement review. On June 25, 2018, the contract expiration date was extended to December 31, 2018, in order to provide time to negotiate and finalize a full design and services agreement for the proposed project. On November 6, 2018, the Board approved a contract extension to December 31, 2021 for work not to exceed \$1,819,895 based on the full design and construction administration scope of work. On April 30, 2019, the Board approved a contract amendment for work not to exceed \$1,862,445, based on the corrected fee schedule. On March 18, 2020, the Board approved the contract amendment for work not to exceed \$1,872,045, based on the revised fee schedule. On April 27, 2021, the Board approved the contract amendment for work not to exceed \$1,935,995 for additional construction administration services for the project's longer construction period.

**DISCUSSION**

The proposed amendment increases the not to exceed contract amount from \$1,935,995 to \$1,995,145. The total contract is increased by \$59,150 for additional design services. Additional scope includes: the coordination of trades for the added solar PV system, extensive design coordination at the rehab units, redesigned courtyard at rehab units, design of the project's monument sign, additional waterproofing consulting, and additional changes.

**FISCAL IMPACT**

The contract amount increases are covered within the budget for the proposed project.

**CEQA**

CEQA does not apply to this item.

**RECOMMENDATION**

Approve the Sixth Amendment to the Dahlin Group Contract Services Agreement.



**ATTACHMENTS**

1. 3.A. - Attach 1 - RV\_Dahlin 6th Contract Amend

Respectfully submitted,



Allyson Ujimori, Senior Project Manager

## AMENDMENT NO. 6 TO CONSULTANT AGREEMENT

This Amendment of a Consultant Agreement by and between Constitution and Eagle LP (Owner) and Dahlin Group, Inc., a California corporation, whose address is 5865 Owens Drive, Pleasanton, CA 94588 (hereinafter “Consultant”), made with reference to the following:

### RECITALS

A. On January 11, 2017, a Consultant Agreement was entered into by and between Owner and Consultant.

B. The Original Consultant Agreement limited the Compensation to Consultant to a not exceed amount of Two Hundred and Fifty Thousand dollars and zero cents (\$250,000.00) for the term of the contract.

C. The original expiration date of the contract is June 30, 2017.

D. On June 25, 2018, the parties executed Amendment No. 1 to this Consultant Agreement. Amendment No. 1 to the Consultant Agreement extended the expiration date to December 31, 2018.

E. On November 6, 2018, the parties executed Amendment No. 2 to this Consultant Agreement. Amendment No. 2 to the Consultant Agreement extended the expiration date to December 31, 2021, and amended the contract fee to One Million Eight Hundred Nineteen Thousand Eight Hundred Ninety-Five Dollars and zero cents (\$1,819,895.00) based on the updated scope of work documented in Exhibit A and the updated fee schedule documented in Exhibit B.

F. On April 1, 2019, the parties executed Amendment No. 3 to this Consultant Agreement. Amendment No. 3 to the Consultant Agreement limited the Compensation to Consultant to a not to exceed amount of One Million Eight Hundred Sixty-Two Thousand Four Hundred Forty-Five Dollars and zero cents (\$1,862,445.00) based on the updated scope of work documented in Exhibit A and the updated fee schedule documented in Exhibit B.

G. On March 18, 2020, the parties executed Amendment No. 4 to this Consultant Agreement. Amendment No. 4 to the Consultant Agreement limited the Compensation to Consultant to a not to exceed amount of One Million Eight Hundred Seventy-Two Thousand Four Hundred and Forty-Five Dollars and zero cents (\$1,872,445.00), based on the updated additional scope of work and fee schedule document in the Request for Additional Services #01 dated January 27, 2020. An additional Six Thousand Four Hundred Dollars (\$6,400.00) is included as a contingency.



H. On April 12, 2021, the parties executed Amendment No. 5 to this Consultant Agreement. Amendment No. 5 to the Consultant Agreement limited the Compensation to Consultant to a not to exceed amount of One Million Nine Hundred Thirty-Five Thousand Nine Hundred and Ninety-Five Dollars and zero cents (\$1,935,995.00), based on the updated additional scope of work and fee schedule document in the Request for Additional Services #03 and #04 dated September 8, 2020, and February 22, 2021 respectively. The contract expiration date was also extended to December 31, 2022.

I. The effective date of this Amendment No. 6 shall be April 20, 2022.

J. All conditions of the Consultant Agreement will remain the same except as amended below.

NOW, THEREFORE, it is mutually agreed by and between the undersigned parties as follows:

1. The not to exceed amount for the entire Agreement shall be amended to One Million Nine Hundred Ninety-Five Thousand One Hundred Forty-Five Dollars and zero cents (\$1,995,145.00), based on the updated additional scope of work and fee schedule document in the Request for Additional Services #05 dated March 22, 2022.

IN WITNESS WHEREOF, the parties hereto have caused this modification of the Consultant Agreement to be executed on the day and year first above written.

Consultant:  
Dahlin Group, Inc.

By: \_\_\_\_\_  
Lauri Moffet-Fehlberg, Senior Principal

Owner:  
Constitution and Eagle LP,  
a California limited partnership

By: Rosefield LLC,  
a California limited liability company,  
its managing general partner

Island City Development Board of Directors  
Attachment 1 – DRAFT Amendment No. 6  
Dahlin Group – Rosefield Redevelopment

By: Island City Development,  
a California nonprofit public benefit corporation,  
its sole manager

By: \_\_\_\_\_  
Vanessa Cooper  
President



**ISLAND CITY DEVELOPMENT**

Fax (510) 522-7848 | TTY/TRS 711

To: Board of Directors  
Island City Development

From: Louie So, Director of Finance

Date: April 20, 2022

Re: Accept the 2021 Audited Financial Statement of Low-Income Housing  
Tax Credit Partnerships

**BACKGROUND**

Island City Development or its affiliates are the general partner of four separate limited partnerships. Each limited partnership is required to prepare an audited financial statement each fiscal year. This statement is then used to prepare the annual tax returns. Both the audited financial statements and tax returns are reviewed by the Director of Finance and approved by the limited partners for each limited partnership. These audited financial statements will be consolidated into the Island City Development 2021 audited financial statements, which come to the Board of Directors for review and approval with the non-profit corporation tax return Form 990 and its California equivalent. The fourth limited partnership is Constitution & Eagle, L.P., which is in construction and does not complete a 2021 audited financial statements with approval of the limited partner. It is expected that a 2022 audited financial statement will be required as Constitution & Eagle, L.P. will be placed in service by the Summer of 2022.

**DISCUSSION**

Accept the December 31, 2021 audited financial statements for the Limited Partnerships listed below. An unqualified audit opinion is the auditor's independent judgment that the financial statements are fairly and appropriately presented, in all material respects, in compliance with generally accepted accounting principles.

Sherman & Buena Vista, L.P.; unqualified audit opinion  
Everett & Eagle, L.P.; unqualified audit opinion  
Constitution & Eagle, L.P.; no audited financial statements for year end 12/31/2021

**FISCAL IMPACT**

Not applicable.

**CEQA**

N/A

**RECOMMENDATION**



Accept the 2021 Audited Financial Statement of Low-Income Housing Tax Credit Partnerships

**ATTACHMENTS**

1. E&E fs 2021 - FINAL
2. SB&V fs 2021 - FINAL

Respectfully submitted,  
Louie So  
Louie So, Director of Finance



**EVERETT AND EAGLE L.P.**  
(A CALIFORNIA LIMITED PARTNERSHIP)  
FINANCIAL STATEMENTS,  
SUPPLEMENTARY INFORMATION  
AND  
INDEPENDENT AUDITOR'S REPORT  
DECEMBER 31, 2021 AND 2020



**EVERETT AND EAGLE L.P.**  
(A CALIFORNIA LIMITED PARTNERSHIP)  
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DECEMBER 31, 2021 AND 2020

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## **INDEPENDENT AUDITOR'S REPORT**

To the Partners of  
Everett and Eagle L.P.:

### **Opinion**

We have audited the accompanying financial statements of Everett and Eagle L.P., a California limited partnership (the Partnership), which comprise the balance sheets as of December 31, 2021 and 2020, and the related statements of operations, changes in partners' capital (deficit), and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Partnership as of December 31, 2021 and 2020, and the results of its operations and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

### **Basis for Opinion**

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Partnership and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### **Responsibilities of Management for the Financial Statements**

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Partnership's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

### **Auditor's Responsibilities for the Audit of the Financial Statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the



aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Partnership's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Partnership's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

### **Report on the Supplementary Information**

Our audits were conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying supplementary information in Schedules I and II is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary information is fairly stated in all material respects in relation to the financial statements as a whole

Los Angeles, California  
March 1, 2022



**EVERETT AND EAGLE L.P.**  
(A CALIFORNIA LIMITED PARTNERSHIP)  
BALANCE SHEETS

<b>AS OF DECEMBER 31,</b>	<b>2021</b>	<b>2020</b>
<b>Assets</b>		
<b>Property, at cost</b>		
Leasehold land improvements	\$ 653,457	\$ 653,457
Offsite improvements	58,032	58,032
Buildings and improvements	13,419,660	13,419,660
Site work	737,313	737,313
Personal property	223,867	223,867
<b>Total property</b>	<b>15,092,329</b>	<b>15,092,329</b>
Less: accumulated depreciation	(1,279,898)	(853,265)
<b>Property, net</b>	<b>13,812,431</b>	<b>14,239,064</b>
Cash and cash equivalents	128,611	331,714
Tenant and subsidy accounts receivable	6,598	6,226
Prepaid expenses and other assets	5,081	8,343
Due from affiliate	23,842	-
TCAC refundable deposit	-	31,632
Prepaid ground lease	9,600	9,700
Restricted cash:		
Operating reserve	50,093	50,068
Replacement reserve	28,000	16,000
Impounds - taxes and insurance	33,654	13,869
Tenant security deposits	20,500	19,000
Deferred costs, net	40,746	43,203
<b>Total assets</b>	<b>\$ 14,159,156</b>	<b>\$ 14,768,819</b>
<b>Liabilities and Partners' Capital (Deficit)</b>		
Notes payable, net of debt issuance costs	\$ 8,545,624	\$ 8,572,548
Accounts payable and accrued expenses	17,301	6,379
Accrued interest	642,763	483,248
Accrued partnership administration fees	30,909	20,300
Developer fee payable	37,969	342,677
Prepaid rents	9,104	7,082
Tenant security deposits liability	20,500	19,000
<b>Total liabilities</b>	<b>9,304,170</b>	<b>9,451,234</b>
Commitments and contingencies (See Notes)		
<b>Partners' capital (deficit)</b>	<b>4,854,986</b>	<b>5,317,585</b>
<b>Total liabilities and partners' capital (deficit)</b>	<b>\$ 14,159,156</b>	<b>\$ 14,768,819</b>

See accompanying notes to financial statements.

**EVERETT AND EAGLE L.P.**  
(A CALIFORNIA LIMITED PARTNERSHIP)  
STATEMENTS OF OPERATIONS

<b>FOR THE YEARS ENDED DECEMBER 31,</b>	<b>2021</b>	<b>2020</b>
<b>Revenues</b>		
Tenant rents	\$ 130,026	\$ 139,945
Rental subsidies	423,884	376,242
<b>Total rental revenues</b>	<b>553,910</b>	<b>516,187</b>
Other revenue	3,104	7,575
<b>Total revenues</b>	<b>557,014</b>	<b>523,762</b>
<b>Operating expenses (Schedule I)</b>		
Administrative	148,676	136,483
Utilities	12,050	10,899
Operating and maintenance	91,912	44,000
Ground lease expense	100	100
Taxes and insurance	28,597	30,229
<b>Total operating expenses</b>	<b>281,335</b>	<b>221,711</b>
<b>Operating income before partnership and financial (income) expenses</b>	<b>275,679</b>	<b>302,051</b>
<b>Partnership and financial (income) expenses</b>		
Interest expense	348,504	347,093
Interest income	(138)	(721)
Investor services fee	5,464	5,305
Partnership administration fee	10,609	10,300
<b>Total partnership and financial (income) expenses</b>	<b>364,439</b>	<b>361,977</b>
<b>Loss before depreciation and amortization</b>	<b>(88,760)</b>	<b>(59,926)</b>
Depreciation	426,633	426,633
Amortization of TCAC fees and ground lease	2,457	2,976
<b>Net loss</b>	<b>\$ (517,850)</b>	<b>\$ (489,535)</b>

*See accompanying notes to financial statements.*

**EVERETT AND EAGLE L.P.**

(A CALIFORNIA LIMITED PARTNERSHIP)

## STATEMENTS OF CHANGES IN PARTNERS' CAPITAL (DEFICIT)

		<b>General Partner</b>	<b>Limited Partner</b>	<b>Total</b>
<b>Balance, December 31, 2019</b>	\$	24	\$ 5,807,096	\$ 5,807,120
Net loss		(49)	(489,486)	(489,535)
<b>Balance, December 31, 2020</b>		(25)	5,317,610	5,317,585
Contributions		-	55,251	55,251
Net loss		(52)	(517,798)	(517,850)
<b>Balance, December 31, 2021</b>	\$	(77)	\$ 4,855,063	\$ 4,854,986

See accompanying notes to financial statements.

**EVERETT AND EAGLE L.P.**  
(A CALIFORNIA LIMITED PARTNERSHIP)  
STATEMENTS OF CASH FLOWS

<b>FOR THE YEARS ENDED DECEMBER 31,</b>	<b>2021</b>	<b>2020</b>
<b>Operating activities</b>		
Net loss	\$ (517,850)	\$ (489,535)
Adjustments to reconcile net loss to net cash provided by operating activities:		
Depreciation	426,633	426,633
Amortization of deferred costs	2,457	2,976
Amortization of ground lease	100	100
Amortization of debt issuance costs	4,586	4,586
Adjustment to TCAC refundable deposit	7,790	-
Changes in operating assets and liabilities:		
Tenant and subsidy accounts receivable	(372)	(5,472)
Prepaid expenses and other assets	3,262	(2,066)
Accounts payable and accrued expenses	10,922	(7,813)
Accrued interest	159,515	155,880
Accrued partnership administration fees	10,609	10,300
Due to affiliate	-	(12,326)
Prepaid rents	2,022	3,215
Tenant security deposits liability	1,500	-
<b>Net cash provided by operating activities</b>	<b>111,174</b>	<b>86,478</b>
<b>Investing activities</b>		
Expenditures for development and construction costs	-	(41,464)
Payments of developer fee payable	(304,708)	-
<b>Net cash used in investing activities</b>	<b>(304,708)</b>	<b>(41,464)</b>
<b>Financing activities</b>		
Proceeds from notes payable	-	50,000
Payments on notes payable	(31,510)	(29,286)
Contributions from Limited Partner	55,251	-
<b>Net cash provided by financing activities</b>	<b>23,741</b>	<b>20,714</b>
<b>Net change in cash, cash equivalents, and restricted cash</b>	<b>(169,793)</b>	<b>65,728</b>
Cash, cash equivalents, and restricted cash at beginning of year	430,651	364,923
<b>Cash, cash equivalents, and restricted cash at end of year</b>	<b>\$ 260,858</b>	<b>\$ 430,651</b>

*See accompanying notes to financial statements.*

**EVERETT AND EAGLE L.P.**  
(A CALIFORNIA LIMITED PARTNERSHIP)  
STATEMENTS OF CASH FLOWS

<b>FOR THE YEARS ENDED DECEMBER 31,</b>	<b>2021</b>	<b>2020</b>
<b>Supplemental disclosure of non-cash transactions:</b>		
Reimbursement of TCAC refundable deposit received by General Partner	\$ 23,842	\$ -
<b>Supplemental disclosure of cash flow information:</b>		
Cash paid during the year for interest	\$ 184,403	\$ 186,627
<b>Supplemental disclosure of cash, cash equivalents, and restricted cash:</b>		
Cash and cash equivalents	\$ 128,611	\$ 331,714
Restricted cash:		
Operating reserve	50,093	50,068
Replacement reserve	28,000	16,000
Impounds - taxes and insurance	33,654	13,869
Tenant security deposits	20,500	19,000
<b>Cash, cash equivalents, and restricted cash</b>	<b>\$ 260,858</b>	<b>\$ 430,651</b>

*See accompanying notes to financial statements.*

**1. ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Organization** Everett and Eagle L.P. is a California limited partnership (the Partnership), which was formed on November 22, 2016 and subsequently amended and restated on June 27, 2017. The original partners were as follows: 2437 Eagle Avenue, LLC, a California limited liability company (the General Partner) and the Housing Authority of the City of Alameda, a public body corporate and politic (the Initial Limited Partner). Effective June 27, 2017, the Initial Limited Partner withdrew from the Partnership and Wincopin Circle LLLP, a Maryland limited liability limited partnership, was admitted as the Limited Partner. Effective July 14, 2017, Wincopin Circle LLLP assigned its Limited Partner Interest to Enterprise Neighborhood Impact Fund II, LLC, a Delaware limited liability company (the Limited Partner).

The Partnership is involved in the acquisition, construction, financing, leasing, and operation of a 20-unit multifamily affordable rental housing project located in Alameda, California (the Project), that was placed-in-service on December 17, 2018.

The Partnership has entered into regulatory agreements with the California Tax Credit Allocation Committee (TCAC), The Housing Authority of the City of Alameda (HACA), the County of Alameda and the City of Alameda, which will govern the ownership, occupancy, tenant income and rents, and management of the Project.

The First Amended and Restated Agreement of Limited Partnership (Partnership Agreement) has various provisions which determine, among other things, allocations of profits, losses and distributions to partners, the ability to sell or refinance the Project, loans and guarantees, the rights and duties of the General Partner, and other Partnership matters.

The General Partner and Limited Partner's percentage of interest in profits and losses is generally .01% and 99.99%, respectively.

**Basis of Accounting** The Partnership's financial statements are presented in conformity with accounting principles generally accepted in the United States of America (U.S. GAAP). The accrual method of accounting is used which reflects revenues when earned and expenses as incurred.

**Revenue Recognition** Rental revenues are recognized as rents become due. Rental payments received in advance are deferred until earned. All leases between the Partnership and its tenants are operating leases. Rental revenues reflect the gross potential rent that may be earned. Vacancies are shown separately as a reduction in rental revenue. Other revenue consists of other income from laundry vending, and miscellaneous charges to tenants. Such other revenue is recognized when earned.

**Tenant Accounts Receivable** Tenant accounts receivable are charged to bad debt expense when they are determined to be uncollectible based upon a periodic review of the accounts by management. U.S. GAAP requires that the allowance method be used to recognize bad debts; however, the effect of using the direct write-off method is not materially different from the results that would have been obtained under the allowance method.

**Property Management Fee** The Partnership entered into a property management agreement with an unrelated entity. Through June 30, 2020, the property management agreement provides for a monthly fee equal to \$55 per unit. Effective July 1, 2020, the property management agreement provides for a monthly fee equal to 4% of gross rent collections, as defined. Property management fees were \$15,758 and \$14,003 for the years ended December 31, 2021 and 2020, respectively.

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**Cash, Cash Equivalents, and Restricted Cash** For purposes of the balance sheets and statements of cash flows, cash and cash equivalents consist of cash and highly liquid unrestricted investments with an original maturity of three months or less when purchased.

**Property** Property is stated at cost. Depreciation will be provided using the straight-line method over the following estimated useful lives:

<b>Description</b>	<b>Life</b>
Leasehold land improvements	99 years
Offsite improvements	20 years
Buildings and improvements	40 years
Site work	20 years
Personal property	5 years

The Partnership capitalizes expenditures or betterments that materially increase asset lives and charges ordinary repairs and maintenance to operations as incurred. When assets are sold or otherwise disposed of, the costs and related accumulated depreciation are removed from the accounts, and any resulting gain or loss is included in operations.

The Partnership reviews its property for impairment whenever events or changes in circumstances indicate that the carrying value of such property may not be recoverable. When evaluating recoverability, management considers future undiscounted cash flows estimated to be generated by the property, including the low-income housing tax credits and any estimated proceeds from the eventual disposition. In the event these accumulated cash flows are less than the carrying amount of the property, the Partnership recognizes an impairment loss equal to the excess of the carrying amount over the estimated fair value of the property. No impairment losses were recognized in 2021 and 2020.

**Debt Issuance Costs** Debt issuance costs are reported as a direct reduction of the obligation to which such costs relate. Amortization of debt issuance costs is reported as a component of interest expense and is calculated using a method that approximates the effective interest method.

**Tenant Services Agreement** The Partnership entered into an agreement with an unrelated entity to provide tenant services monthly. Tenant services fees of \$49,352 and \$45,470 were incurred in 2021 and 2020, respectively.

**Concentrations of Business and Credit Risk** The Partnership may have exposure to credit risk to the extent that its cash and cash equivalents exceed amounts covered by federal deposit insurance. The Partnership believes that its credit risk is not significant.

The Partnership was granted an exemption from real property taxes with the Alameda County Assessor, which must be renewed annually. In the event the County Assessor does not grant the exemption, the Partnership's cash flow would be adversely impacted.

The Partnership rents to people with qualifying levels of income who work primarily in Alameda, California. The Partnership is subject to business risks associated with the future funding of governmental public assistance, which affects occupancy as well as tenant's ability to make rental payments.

**Estimates** The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities,

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revenues and expenses, and the disclosure of contingent assets and liabilities at the date of the financial statements. Actual results may differ from those estimates.

**COVID-19 Pandemic** The outbreak of COVID-19 in early 2020 is ongoing and resulted in mandates from federal, state and/or local authorities. However, the pandemic to date has not had a significant impact on the operations of the Project. The Project is unable to predict the impact the COVID-19 pandemic will have on its future performance. Its duration, severity and the potential impact on the general population, the Project tenants, the onsite personnel, and the potential changes in tenant preferences for living arrangements, are among the many unknowns and could materially impact the future results of operations, financial condition, liquidity, and overall performance of the Project.

**2. RESERVES**

**Operating Reserve** The Partnership Agreement and loan agreements require an initial funding of an operating reserve of \$105,080 to be funded upon payment of the Third and Fifth Installments of the Limited Partner's Capital Contribution of \$50,000 and \$55,080, respectively. During 2019, \$50,000 of the operating reserve was funded from the Third Installment of the Limited Partner's capital contribution. Thereafter, deposits to the operating reserve will be made from Cash Flow in order to maintain a balance of \$105,800.

**Transition Reserve** The Partnership Agreement and loan agreements require an initial funding of a transition reserve of \$675,000 from the Limited Partner capital contributions to be funded upon payment of the Fifth, Sixth, and Seventh Installments of the Limited Partner's Capital Contribution of \$150,000, \$216,000, and \$309,000, respectively, none of which has occurred as of December 31, 2021.

**Replacement Reserve** The Partnership Agreement and loan agreements require an annual replacement reserve of \$600 per unit (\$12,000 annually), with funding commencing in August 2019.

**Impounds – Taxes and Insurance** The Partnership is required to make monthly impound deposits to cover insurance premiums and property taxes.

The following describes the activity in the reserve accounts during 2021 and 2020:

	Balance 1/1/21	Deposits	Withdrawals/ Fees	Interest Earned	Balance 12/31/21
Operating reserve	\$ 50,068	\$ -	\$ -	\$ 25	\$ 50,093
Replacement reserve	16,000	12,000	-	-	28,000
Impounds – taxes and insurance	13,869	19,785	-	-	33,654
<b>Total</b>	<b>\$ 79,937</b>	<b>\$ 31,785</b>	<b>\$ -</b>	<b>\$ 25</b>	<b>\$ 111,747</b>

	Balance 1/1/20	Deposits	Withdrawals/ Fees	Interest Earned	Balance 12/31/20
Operating reserve	\$ 50,023	\$ -	\$ -	\$ 45	\$ 50,068
Replacement reserve	4,000	12,000	-	-	16,000
Impounds – taxes and insurance	14,690	15,504	(16,325)	-	13,869
<b>Total</b>	<b>\$ 68,713</b>	<b>\$ 27,504</b>	<b>\$ (16,325)</b>	<b>\$ 45</b>	<b>\$ 79,937</b>



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**3. GROUND LEASE AGREEMENT – HACA**

On June 1, 2017, the Partnership entered into a Ground Lease Agreement (the Agreement) to lease land owned by HACA. The Agreement, which expires June 1, 2116, provides for a prepaid ground lease payment of \$9,900. The prepaid ground lease payment is reflected as prepaid ground lease in the accompanying balance sheets and is amortized over the life of the Agreement commencing in January 2019. The Partnership incurred ground lease expense of \$100 for the years ended December 31, 2021 and 2020.

**4. DEFERRED COSTS**

Deferred costs consist of deferred ground lease costs and TCAC fees. Deferred ground lease costs are amortized over the life of the ground lease (99 years), commencing in January 2019. TCAC fees are amortized over 15 years, commencing in January 2019. Deferred costs are as follows:

<b>As of December 31,</b>	<b>2021</b>		<b>2020</b>	
TCAC fees	\$	43,741	\$	43,741
Deferred ground lease costs		5,933		5,933
Less: accumulated amortization		(8,928)		(6,471)
<b>Total deferred costs, net</b>	<b>\$</b>	<b>40,746</b>	<b>\$</b>	<b>43,203</b>

**5. NOTES PAYABLE**

<b>As of December 31,</b>	<b>2021</b>		<b>2020</b>	
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Note payable to JPMorgan Chase Bank, N.A. (Chase Loan), a national banking association, in the maximum amount of \$3,330,168. The note is secured by a Permanent Leasehold Deed of Trust, Assignment of Rents, Security Agreement and Fixture Filing, bears simple interest at 5.55% and requires monthly payments of principal and interest of \$17,993. The note will mature on September 21, 2039.

\$	3,259,972	\$	3,291,482
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Note payable to the City of Alameda (HOME Loan), secured by a subordinated Leasehold Deed of Trust, Assignment of Rents, and Security Agreement and Fixture Filing, borrowings up to \$153,282, simple interest at 3.00% per annum, payable from Residual Receipts; unpaid principal and interest are due on December 31, 2074.

153,282	153,282
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<b>As of December 31,</b>	<b>2021</b>	<b>2020</b>
Note payable to HACA (HACA Loan), in the original amount of \$4,250,000, secured by a Leasehold Deed of Trust, Assignment of Rents, and Security Agreement and Fixture Filing, interest at 2.68%, compounded annually; principal and interest payable annually from Residual Receipts; unpaid principal and interest is due December 31, 2074.	4,250,000	4,250,000
Note payable to County of Alameda (County Loan), in the maximum amount of \$1,000,000, secured by a subordinated Leasehold Deed of Trust, Assignment of Rents, and Security Agreement and Fixture Filing, simple interest at 3.00%, payable from Residual Receipts and unpaid principal and interest are due on December 31, 2074.	1,000,000	1,000,000
<b>Total notes payable</b>	8,663,254	8,694,764
Less: unamortized debt issuance costs	(117,630)	(122,216)
<b>Total notes payable, net</b>	<b>\$ 8,545,624</b>	<b>\$ 8,572,548</b>

At December 31, 2021, anticipated principal repayments of notes payable are as follows:

<b>For the Year Ending December 31,</b>	<b>Amount</b>
2022	\$ 33,330
2023	35,255
2024	36,778
2025	39,414
2026	41,690
Thereafter	8,476,787
<b>Total</b>	<b>\$ 8,663,254</b>

The HOME Loan, HACA Loan, and County Loan are payable based on available Residual Receipts, as defined in the respective loan agreements. The percentage of Residual Receipts shall be paid as follows: 2.84% to the HOME Loan, 78.65% to the HACA Loan, and 18.51% to the County Loan.

An analysis of accrued interest for 2021 and 2020 is as follows:

	<b>Accrued Interest 1/1/21</b>	<b>Interest Expense</b>	<b>Interest Paid</b>	<b>Accrued Interest 12/31/21</b>
Chase Loan	\$ 15,870	\$ 184,403	\$ (184,403)	\$ 15,870
HOME Loan	9,335	4,598	-	13,933
HACA Loan	411,080	124,917	-	535,997
County Loan	46,963	30,000	-	76,963
	<b>\$ 483,248</b>	<b>343,918</b>	<b>\$ (184,403)</b>	<b>\$ 642,763</b>
Amortization of debt issuance costs		4,586		
<b>Total interest expense</b>		<b>\$ 348,504</b>		

**EVERETT AND EAGLE L.P.**  
(A CALIFORNIA LIMITED PARTNERSHIP)  
NOTES TO FINANCIAL STATEMENTS  
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	Accrued Interest 1/1/20	Interest Expense	Interest Paid	Accrued Interest 12/31/20
Chase Loan	\$ 15,870	\$ 186,627	\$ (186,627)	\$ 15,870
HOME Loan	4,737	4,598	-	9,335
HACA Loan	289,423	121,657	-	411,080
County Loan	17,338	29,625	-	46,963
	<u>\$ 327,368</u>	<u>342,507</u>	<u>\$ (186,627)</u>	<u>\$ 483,248</u>
Amortization of debt issuance costs		4,586		
<b>Total interest expense</b>		<u>\$ 347,093</u>		

**6. RELATED PARTY TRANSACTIONS**

**Developer Fee** The Partnership has entered into a joint developer fee agreement with HACA and an affiliate of the General Partner (collectively, the Developer) to receive a fee of \$875,000 for its development services. The unpaid developer fee is expected to be paid from future Limited Partner capital contributions and Cash Flow. The developer fee shall be paid in full on or before December 31, 2032. As of December 31, 2021 and 2020, \$37,969 and \$342,677 remains unpaid, respectively.

**Investor Services Fee** In accordance with Partnership Agreement, the Limited Partner, is to receive an annual investor services fee of \$5,000 for the promotion of efficient communications and favorable relationships between the Partnership and Limited Partner, commencing the later of 2018 or the first calendar year the Partnership receives rental income. The fee shall increase by 3% per year and will be payable from Cash Flow. Investor services fees of \$5,464 and \$5,305 were incurred and paid in 2021 and 2020, respectively.

**Partnership Administration Fee** In accordance with the Partnership Agreement, the General Partner is to receive an annual partnership administration fee of \$10,000 for supervisory services to cause the Project to operate efficiently, among other things, commencing the later of 2018 or the first calendar year the Partnership receives rental income. The fee shall increase by 3% per year and will be payable from Cash Flow. Partnership administration fees of \$10,609 and \$10,300 were incurred in 2021 and 2020, respectively; of which \$30,909 and \$20,300 was unpaid as of December 31, 2021 and 2020, respectively.

**Rental Subsidies** The Project has entered into a Housing Assistance Payment (HAP) contract with HACA, which includes 12 units designated for supportive housing subsidy and 5 units for supportive housing under VASH. The current term of the HAP contract is for the period commencing December 2018 and shall run for a period of twenty years. The contract is subject to renewal as it expires. In accordance with the HAP contract, the amount of each tenant's subsidy varies depending on the income of each tenant. The aggregate amount earned under the HAP contract was \$423,884 and \$376,242 for the years ended December 31, 2021 and 2020, respectively.

**7. CAPITAL CONTRIBUTIONS**

Pursuant to the Partnership Agreement, the General Partner will make capital contributions of \$100. Subject to certain adjustments as defined in the Partnership Agreement, the Limited Partner anticipates making capital contributions of \$7,496,000. Through December 31, 2021, the Partnership

has received \$6,770,171 in Limited Partner capital contributions and anticipates receiving the balance through 2031 as follows:

- Fifth Installment – anticipated in 2022;
- Sixth Installment – anticipated in 2028; and
- Seventh Installment – anticipated in 2031.

## **8. INCOME TAXES AND LOW-INCOME HOUSING TAX CREDITS**

The Partnership is a pass-through entity for income tax purposes and all items of income and losses of the Partnership are reported by the partners on their respective income tax returns. The Partnership's federal tax status as a pass-through entity is based on its legal status as a partnership. The Partnership is required to file tax returns with the Internal Revenue Service and other taxing authorities. Accordingly, these financial statements do not reflect a provision for income taxes and the Partnership has no other tax positions which must be considered for disclosure. The Partnership is subject to income tax examinations by tax authorities prior to 2017. There are no tax examinations currently pending.

The Partnership has received an allocation of federal low-income housing tax credits from TCAC, which are available only to the extent the Partnership complies with the Internal Revenue Service's tax credit regulations. The General Partner is responsible to ensure that the Partnership satisfies such requirements and has made certain guarantees to the Limited Partner, which are defined in the Partnership Agreement.

## **9. PURCHASE OPTION AND RIGHT OF FIRST REFUSAL**

The Partnership has granted its General Partner a buyout option and right of first refusal to purchase the Project or the Limited Partner's interest. The buyout option shall become available following the end of the Compliance Period and only if the General Partner has satisfied all obligations under the Partnership Agreement. The purchase price under this option is the greater of the fair market value of the Limited Partner's interest or the Project as of the date of the Buyout Notice or \$1 plus all federal, state, and local taxes attributable to such sale, plus all unpaid amounts due to the Limited Partner pursuant to the terms of the Partnership Agreement. The right of first refusal shall be granted to the General Partner for a period of 90 days before the Partnership can transfer, sell, alienate, assign, give, bequeath, or otherwise dispose of the Project. The purchase price under the right of first refusal is equal to the sum of the principal amount of all outstanding indebtedness secured by the Project, all other loans from the General Partner or its Affiliates, and any accrued interest on any of such debt; all federal, state, and local taxes attributable to such sale; and all unpaid amounts to the Limited Partner pursuant to the terms of the Partnership Agreement.

## **10. GENERAL PARTNER GUARANTEES**

In connection with the development and operations of the Project, the General Partner and an affiliate have made certain guarantees, including an obligation to perform the General Partner's Partnership management duties, complete development of the Project, and provide Operating Deficit Loans, as defined in the Partnership Agreement.

**11. CASH FLOW PAYMENT PRIORITIES**

Payment of fees and other expenses contingent on Cash Flow, as defined by the Partnership Agreement, and distributions to partners from Cash Flow shall be disbursed as follows:

- First, to the Limited Partner, an amount equal to the Credit Deficiency;
- Second, to the Limited Partner, an amount sufficient to pay federal income taxes on taxable income allocated to the Limited Partner for such Fiscal Year by the Partnership, assuming the Limited Partner is subject to the maximum corporate federal income tax rate then in effect;
- Third, to pay the investor services fee;
- Fourth, from and after the Fifth Installment of the Limited Partner's capital contribution, to fund the operating reserve up to the operating reserve amount;
- Fifth, to the Developer to pay any unpaid balance on the deferred developer fee;
- Sixth, to the General Partner to repay any Operating Deficit Loan;
- Seventh, to pay the partnership administration fee;
- Eighth, to make payments on the HOME Loan, HACA Loan, and County Loan to the extent then due thereon; and
- Then, to the Partners in accordance with their Percentage Interests.

**12. SUBSEQUENT EVENTS**

The Partnership has evaluated subsequent events that have occurred through the date of the independent auditor's report, which is the date that the financial statements were available to be issued, and determined that there were no subsequent events or transactions that required recognition or disclosure in the financial statements.

**EVERETT AND EAGLE L.P.**  
(A CALIFORNIA LIMITED PARTNERSHIP)  
SCHEDULES OF OPERATING EXPENSES

<b>FOR THE YEARS ENDED DECEMBER 31,</b>	<b>2021</b>	<b>2020</b>
Administrative expenses		
Advertising	\$ 166	\$ -
Bad debts	3,636	-
Manager's salaries	22,126	21,809
Manager's unit	20,088	20,612
Office supplies	3,817	1,171
Professional fees - accounting	17,195	23,675
Professional fees - legal	5,135	1,123
Property management fees	15,758	14,003
Telephone expense	2,130	2,431
Tenant services	49,352	45,470
Loan monitoring fee	7,200	4,827
Miscellaneous administrative	2,073	1,362
<b>Total administrative expenses</b>	<b>\$ 148,676</b>	<b>\$ 136,483</b>
Utilities expenses		
Electricity	\$ 3,519	\$ 3,071
Water and sewer	8,531	7,828
<b>Total utilities expenses</b>	<b>\$ 12,050</b>	<b>\$ 10,899</b>
Operating and maintenance expenses		
Janitorial supplies	\$ 747	\$ 476
Maintenance salaries	19,355	15,922
Repairs and maintenance contracts	49,630	18,863
Trash removal	14,188	8,582
Miscellaneous operating and maintenance expenses	7,992	157
<b>Total operating and maintenance expenses</b>	<b>\$ 91,912</b>	<b>\$ 44,000</b>
Ground lease expense		
Ground lease expense	\$ 100	\$ 100
<b>Total ground lease expense</b>	<b>\$ 100</b>	<b>\$ 100</b>
Taxes and insurance expenses		
Employee benefits	\$ 2,839	\$ 7,957
Payroll taxes	2,776	3,288
Property and liability insurance	16,386	15,227
Real estate taxes	-	250
Worker's compensation	1,646	2,506
Miscellaneous taxes	4,950	1,001
<b>Total taxes and insurance expenses</b>	<b>\$ 28,597</b>	<b>\$ 30,229</b>

See independent auditor's report.

**EVERETT AND EAGLE L.P.**  
 (A CALIFORNIA LIMITED PARTNERSHIP)  
 SCHEDULE OF CASH FLOW

**FOR THE YEAR ENDED DECEMBER 31,**

**2021**

**Operating revenue**

Total revenues, including interest	\$ 557,152
Change in tenant accounts receivable	(372)
Change in prepaid rents	2,022

**Total operating revenue** 558,802

**Other adjustments:**

Less:

Operating expenses	(281,335)
Debt service	(215,913)
Change in restricted funds	(31,785)

Add back:

Ground lease expense	100
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**Total project expenses** (528,933)

**Distributable Cash Flow** \$ 29,869

**Distribution of Cash Flow**

Investor services fee (paid)	\$ (5,464)
Developer fee payable	(24,405)

**Total distribution of Cash Flow** \$ (29,869)

*See independent auditor's report.*

**SHERMAN AND BUENA VISTA LP**  
(A CALIFORNIA LIMITED PARTNERSHIP)  
FINANCIAL STATEMENTS,  
SUPPLEMENTARY INFORMATION  
AND  
INDEPENDENT AUDITOR'S REPORT  
DECEMBER 31, 2021 AND 2020





**SHERMAN AND BUENA VISTA LP**  
(A CALIFORNIA LIMITED PARTNERSHIP)  
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## **INDEPENDENT AUDITOR'S REPORT**

To the Partners of  
Sherman and Buena Vista LP:

### **Opinion**

We have audited the accompanying financial statements of Sherman and Buena Vista LP, a California limited partnership (the Partnership), which comprise the balance sheets as of December 31, 2021 and 2020, and the related statements of operations, changes in partners' capital, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Partnership as of December 31, 2021 and 2020, and the results of its operations and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

### **Basis for Opinion**

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Partnership and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### **Responsibilities of Management for the Financial Statements**

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Partnership's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

### **Auditor's Responsibilities for the Audit of the Financial Statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the



aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Partnership's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Partnership's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

### **Report on the Supplementary Information**

Our audits were conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying supplementary information in Schedules I and II is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary information is fairly stated in all material respects in relation to the financial statements as a whole.

Los Angeles, California  
March 1, 2022

**SHERMAN AND BUENA VISTA LP**  
(A CALIFORNIA LIMITED PARTNERSHIP)  
BALANCE SHEETS

<b>AS OF DECEMBER 31,</b>	<b>2021</b>	<b>2020</b>
<b>Assets</b>		
<b>Property, at cost</b>		
Leasehold land improvements	\$ 55,099	\$ 55,099
Buildings and improvements	14,111,517	14,111,517
Site work	724,727	724,727
Personal property	288,200	288,200
<b>Total property</b>	<b>15,179,543</b>	<b>15,179,543</b>
Less: accumulated depreciation	(1,524,983)	(1,077,762)
<b>Property, net</b>	<b>13,654,560</b>	<b>14,101,781</b>
Cash and cash equivalents	593,871	481,145
Tenant accounts receivable	13,205	3,285
Due from affiliate	32,855	200
Prepaid expenses and other assets	5,194	23,797
TCAC refundable deposit	-	32,855
Prepaid ground lease	3,237,779	3,272,224
Restricted cash		
Operating reserve	245,668	245,668
Replacement reserve	42,625	27,125
Tenant security deposits	21,750	21,750
TCAC fees, net	36,781	39,846
<b>Total assets</b>	<b>\$ 17,884,288</b>	<b>\$ 18,249,676</b>
<b>Liabilities and Partners' Capital</b>		
Notes payable, net of debt issuance costs	\$ 9,213,133	\$ 9,323,802
Accounts payable and accrued expenses	17,563	48,485
Accrued interest payable	871,992	692,807
Accrued partnership management fees	21,855	21,218
Prepaid rents	11,119	6,557
Tenant security deposits liability	21,750	21,750
<b>Total liabilities</b>	<b>10,157,412</b>	<b>10,114,619</b>
Commitments and contingencies (See Notes)		
<b>Partners' capital</b>	<b>7,726,876</b>	<b>8,135,057</b>
<b>Total liabilities and partners' capital</b>	<b>\$ 17,884,288</b>	<b>\$ 18,249,676</b>

See accompanying notes to financial statements.

**SHERMAN AND BUENA VISTA LP**  
(A CALIFORNIA LIMITED PARTNERSHIP)  
STATEMENTS OF OPERATIONS

<b>FOR THE YEARS ENDED DECEMBER 31,</b>	<b>2021</b>	<b>2020</b>
<b>Revenues</b>		
Tenant rents	\$ 153,769	\$ 162,807
Rental subsidies	513,907	466,742
Less: vacancies	(7,896)	(19,688)
<b>Net rental revenues</b>	<b>659,780</b>	<b>609,861</b>
Other revenue	915	2,552
<b>Total revenues</b>	<b>660,695</b>	<b>612,413</b>
<b>Operating expenses (Schedule I)</b>		
Administrative	119,190	153,086
Utilities	20,310	22,917
Operating and maintenance	84,219	55,374
Ground lease expense	34,444	34,444
Taxes and insurance	28,505	33,247
<b>Total operating expenses</b>	<b>286,668</b>	<b>299,068</b>
<b>Operating income before partnership and financial (income) expenses</b>	<b>374,027</b>	<b>313,345</b>
<b>Partnership and financial (income) expenses</b>		
Interest expense	305,020	307,414
Interest income	(416)	(684)
Asset management fee	5,463	5,305
Partnership management fee	21,855	21,218
<b>Total partnership and financial (income) expenses</b>	<b>331,922</b>	<b>333,253</b>
<b>Income (loss) before depreciation and amortization</b>	<b>42,105</b>	<b>(19,908)</b>
Depreciation	447,221	445,733
Amortization	3,065	3,065
<b>Net loss</b>	<b>\$ (408,181)</b>	<b>\$ (468,706)</b>

*See accompanying notes to financial statements.*

**SHERMAN AND BUENA VISTA LP**  
 (A CALIFORNIA LIMITED PARTNERSHIP)  
 STATEMENTS OF CHANGES IN PARTNERS' CAPITAL

		<b>General Partner</b>		<b>Limited Partner</b>		<b>Total</b>
<b>Balance, December 31, 2019</b>	\$	250,012	\$	8,253,563	\$	8,503,575
Contributions		-		100,188		100,188
Net loss		(47)		(468,659)		(468,706)
<b>Balance, December 31, 2020</b>		249,965		7,885,092		8,135,057
Net loss		(41)		(408,140)		(408,181)
<b>Balance, December 31, 2021</b>	\$	249,924	\$	7,476,952	\$	7,726,876

*See accompanying notes to financial statements.*

**SHERMAN AND BUENA VISTA LP**  
(A CALIFORNIA LIMITED PARTNERSHIP)  
STATEMENTS OF CASH FLOWS

<b>FOR THE YEARS ENDED DECEMBER 31,</b>	<b>2021</b>	<b>2020</b>
<b>Operating activities</b>		
Net loss	\$(408,181)	\$(468,706)
Adjustments to reconcile net loss to net cash provided by operating activities:		
Depreciation	447,221	445,733
Amortization of TCAC fees	3,065	3,065
Amortization of debt issuance costs	8,216	8,216
Ground lease expense	34,444	34,444
Changes in operating assets and liabilities:		
Tenant accounts receivable	(9,920)	(1,982)
Due from affiliate	200	7,636
Prepaid expenses and other assets	18,603	(4,527)
Accounts payable and accrued expenses	(30,921)	2,321
Accrued interest payable	179,185	175,359
Accrued asset management fees	-	(7,233)
Accrued partnership management fees	637	(7,715)
Prepaid rents	4,562	(1,075)
Tenant security deposits liability	-	(750)
<b>Net cash provided by operating activities</b>	<b>247,111</b>	<b>184,786</b>
<b>Investing activities</b>		
Expenditures for development and construction costs	-	(150,383)
<b>Net cash provided by (used in) investing activities</b>	<b>-</b>	<b>(150,383)</b>
<b>Financing activities</b>		
Payments on notes payable	(118,885)	(112,661)
Contributions	-	100,188
<b>Net cash used in financing activities</b>	<b>(118,885)</b>	<b>(12,473)</b>
<b>Net change in cash, cash equivalents, and restricted cash</b>	<b>128,226</b>	<b>21,930</b>
Cash, cash equivalents, and restricted cash at beginning of year	775,688	753,758
<b>Cash, cash equivalents, and restricted cash at end of year</b>	<b>\$ 903,914</b>	<b>\$ 775,688</b>

See accompanying notes to financial statements.

**SHERMAN AND BUENA VISTA LP**  
(A CALIFORNIA LIMITED PARTNERSHIP)  
STATEMENTS OF CASH FLOWS

<b>FOR THE YEARS ENDED DECEMBER 31,</b>	<b>2021</b>	<b>2020</b>
<b>Supplemental disclosure of non-cash transactions:</b>		
Reimbursement of TCAC refundable deposit by General Partner in 2022	\$ 32,855	\$ -
<b>Supplemental disclosure of cash flow information:</b>		
Cash paid during the year for interest	\$ 117,619	\$ 123,839
<b>Supplemental disclosure of cash, cash equivalents, and restricted cash:</b>		
Cash and cash equivalents	\$ 593,871	\$ 481,145
Restricted cash:		
Operating reserve	245,668	245,668
Replacement reserve	42,625	27,125
Tenant security deposits	21,750	21,750
<b>Cash, cash equivalents, and restricted cash</b>	<b>\$ 903,914</b>	<b>\$ 775,688</b>

*See accompanying notes to financial statements.*



**SHERMAN AND BUENA VISTA LP**  
(A CALIFORNIA LIMITED PARTNERSHIP)  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2021 AND 2020

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**1. ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Organization** Sherman and Buena Vista LP (the Partnership) is a California limited partnership, which was formed on June 23, 2016 and subsequently amended and restated on December 1, 2016. The original partners are as follows: Del Monte Senior LLC, a California limited liability company (the General Partner) and The Housing Authority of the City of Alameda, a public body corporate and politic (the Initial Limited Partner). Effective December 1, 2016, the Housing Authority of the City of Alameda withdrew from the Partnership and NEF Assignment Corporation, an Illinois not-for-profit corporation, was admitted as the Limited Partner.

The Partnership is involved in the acquisition, construction, financing, leasing, and operation of a 31-unit multifamily affordable rental housing project located in Alameda, California (the Project), that was placed-in-service on July 31, 2018.

The Partnership has entered into regulatory agreements with the California Tax Credit Allocation Committee (TCAC), The Housing Authority of the City of Alameda (HACA), and the City of Alameda, which will govern the ownership, occupancy, tenant income and rents, and management of the Project.

The Amended and Restated Limited Partnership Agreement (Partnership Agreement) has various provisions which determine, among other things, allocations of profits, losses and distributions to partners, the ability to sell or refinance the Project, loans and guarantees, the rights and duties of the General Partner, and other Partnership matters.

The General Partner and Limited Partner's percentage of interest in profits and losses is generally .01% and 99.99%, respectively.

**Basis of Accounting** The Partnership's financial statements are presented in conformity with accounting principles generally accepted in the United States of America (U.S. GAAP). The accrual method of accounting is used which reflects revenues when earned and expenses as incurred

**Revenue Recognition** Rental revenues are recognized as rents become due. Rental payments received in advance are deferred until earned. All leases between the Partnership and its tenants are operating leases. Rental revenues reflect the gross potential rent that may be earned. Vacancies are shown separately as a reduction in rental revenue. Other revenue consists of other income from laundry vending, and miscellaneous charges to tenants. Such other revenue is recognized when earned.

**Tenant Accounts Receivable** Tenant accounts receivable are charged to bad debt expense when they are determined to be uncollectible based upon a periodic review of the accounts by management. U.S. GAAP requires that the allowance method be used to recognize bad debts; however, the effect of using the direct write-off method is not materially different from the results that would have been obtained under the allowance method.

**Property Management Fee** The Partnership entered into a property management agreement with an unrelated entity. Through June 30, 2020, the property management agreement provides for a monthly fee equal to \$55 per unit. Effective July 1, 2020, the property management agreement provides for a monthly fee equal to 4% of gross rent collections, as defined. Property management fees of \$25,372 and \$22,128 were incurred for the years ended December 31, 2021 and 2020, respectively.

**SHERMAN AND BUENA VISTA LP**  
(A CALIFORNIA LIMITED PARTNERSHIP)  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2021 AND 2020

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**Cash, Cash Equivalents, and Restricted Cash** For purposes of the balance sheets and statements of cash flows, cash and cash equivalents consist of cash and highly liquid unrestricted investments with an original maturity of three months or less when purchased.

**Property** Property is stated at cost. Depreciation is provided using the straight-line method over the following estimated useful lives:

<b>Description</b>	<b>Life</b>
Leasehold land improvements	99 years
Buildings and improvements	40 years
Site work	20 years
Personal property	5 years

The Partnership capitalizes expenditures or betterments that materially increase asset lives and charges ordinary repairs and maintenance to operations as incurred. When assets are sold or otherwise disposed of, the costs and related accumulated depreciation are removed from the accounts, and any resulting gain or loss is included in operations.

The Partnership reviews its property for impairment whenever events or changes in circumstances indicate that the carrying value of such property may not be recoverable. When evaluating recoverability, management considers future undiscounted cash flows estimated to be generated by the property including the low-income housing tax credits and any estimated proceeds from the eventual disposition. In the event these accumulated cash flows are less than the carrying amount of the property, the Partnership recognizes an impairment loss equal to the excess of the carrying amount over the estimated fair value of the property. No impairment losses were recognized in 2021 and 2020.

**TCAC Fees** TCAC fees are amortized over 15 years, which commenced when the Project was placed-in-service.

**Debt Issuance Costs** Debt issuance costs are reported as a direct reduction of the obligation to which such costs relate. Amortization of debt issuance costs is reported as a component of interest expense following the placed-in-service date and is calculated using a method that approximates the effective interest method.

**Tenant Services Agreement** The Partnership entered into an agreement with an unrelated entity to provide tenant services monthly. Tenant services fees of \$19,096 and \$19,500 were incurred in 2021 and 2020, respectively.

**Concentrations of Business and Credit Risk** The Partnership may have exposure to credit risk to the extent that its cash and cash equivalents exceed amounts covered by federal deposit insurance. The Partnership believes that its credit risk is not significant.

The Partnership was granted an exemption from real property taxes with the Alameda County Assessor, which must be renewed annually. In the event the County Assessor does not grant the exemption, the Partnership's cash flow would be adversely impacted.

The Partnership rents to seniors who mostly depend on social security benefits for their income as well as rental assistance from governmental agencies. The Partnership is subject to business risks

**SHERMAN AND BUENA VISTA LP**  
(A CALIFORNIA LIMITED PARTNERSHIP)  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2021 AND 2020

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associated with the future funding of governmental public assistance, which affects occupancy as well as tenant' ability to make rental payments.

**Estimates** The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenues and expenses, and the disclosure of contingent assets and liabilities at the date of the financial statements. Actual results may differ from those estimates.

**COVID-19 Pandemic** The outbreak of COVID-19 in early 2020 is ongoing and resulted in mandates from federal, state and/or local authorities. However, the pandemic to date has not had a significant impact on the operations of the Project. The Project is unable to predict the impact the COVID-19 pandemic will have on its future performance. Its duration, severity and the potential impact on the general population, the Project tenants, the onsite personnel, and the potential changes in tenant preferences for living arrangements, are among the many unknowns and could materially impact the future results of operations, financial condition, liquidity, and overall performance of the Project.

## 2. RESERVES

**Operating Reserve** The Partnership Agreement and loan agreements required an initial funding of an operating reserve of \$245,668 from the Limited Partner capital contributions, which was funded during 2019.

**Replacement Reserve** The Partnership Agreement and loan agreements require an annual replacement reserve of \$500 per unit (\$15,500 annually), with funding commencing in April 2019.

The following describes the activity in the reserve accounts during 2021 and 2020:

	Balance 1/1/21	Deposits	Interest Earned	Withdrawals/ Fees	Balance 12/31/21
Operating reserve	\$ 245,668	\$ -	\$ -	\$ -	\$ 245,668
Replacement reserve	27,125	15,500	-	-	42,625
<b>Total</b>	<b>\$ 272,793</b>	<b>\$ 15,500</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 288,293</b>

	Balance 1/1/20	Deposits	Interest Earned	Withdrawals/ Fees	Balance 12/31/20
Operating reserve	\$ 245,668	\$ -	\$ -	\$ -	\$ 245,668
Replacement reserve	11,625	15,500	-	-	27,125
<b>Total</b>	<b>\$ 257,293</b>	<b>\$ 15,500</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 272,793</b>

## 3. GROUND LEASE AGREEMENT – HACA

On December 1, 2016, the Partnership entered into a Ground Lease Agreement (the Agreement) to lease land owned by HACA. The Agreement, which expires December 31, 2115, provided for a prepaid ground lease payment of \$3,410,000, which is evidenced by a note secured by a leasehold deed of trust (Note 4). The prepaid ground lease payment is reflected as prepaid ground lease in the accompanying balance sheets and is being amortized over the life of the Agreement, commencing upon the start of

**SHERMAN AND BUENA VISTA LP**  
(A CALIFORNIA LIMITED PARTNERSHIP)  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2021 AND 2020

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construction. During 2021 and 2020, the Partnership incurred annual amortization on the prepaid ground lease of \$34,444.

**4. NOTES PAYABLE**

<b>As of December 31,</b>	<b>2021</b>	<b>2020</b>
Note payable to California Community Reinvestment Corporation (CCRC Loan) in the amount of \$2,429,400. The note is secured by a Permanent Leasehold Deed of Trust with Absolute Assignment of Leases and Rents, Security Agreement and Fixture Filing, with an interest rate of 5.39%, requires monthly payments of principal and interest of \$19,709 and matures on March 1, 2034.	\$ 2,117,247	\$ 2,236,132
Note payable to the City of Alameda (HOME Loan), secured by a subordinate deed of trust, borrowings up to \$195,740, simple interest at 3.00% per annum, payable from Residual Receipts and unpaid principal and interest are due on April 1, 2073.	195,740	195,740
Note payable to HACA (HACA Loan), in the original amount of \$3,600,000, secured by a Leasehold Deed of Trust, Assignment of Rents, and Security Agreement, interest at 2.26%, compounded annually; principal and interest payable annually from Residual Receipts; unpaid principal and interest is due December 31, 2073.	3,600,000	3,600,000
Note payable to HACA (HACA Ground Lease Loan), in the original amount of \$3,410,000, secured by a Leasehold Deed of Trust, Assignment of Rents, and Security Agreement, interest at 2.26%, compounded annually; principal and interest payable annually from Residual Receipts; unpaid principal and interest is due December 31, 2073.	3,410,000	3,410,000
<b>Total notes payable</b>	<b>9,322,987</b>	<b>9,441,872</b>
Less: unamortized debt issuance costs	(109,854)	(118,070)
<b>Total notes payable, net</b>	<b>\$ 9,213,133</b>	<b>\$ 9,323,802</b>

At December 31, 2021, anticipated principal repayments of notes payable are as follows:

<b>For the Year Ending December 31,</b>	<b>Amount</b>
2022	\$ 125,454
2023	132,385
2024	139,700
2025	147,419
2026	155,564
Thereafter	8,622,465
<b>Total</b>	<b>\$ 9,322,987</b>

The HOME Loan, HACA Loan, and HACA Ground Lease Loan are payable based on available Residual Receipts, as defined in the respective loan agreements. The percentage of Residual Receipts shall be paid as follows: 5.16% to HOME Loan and 94.84% to HACA Loan. Following the

**SHERMAN AND BUENA VISTA LP**  
(A CALIFORNIA LIMITED PARTNERSHIP)  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2021 AND 2020

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repayment in full of the HOME Loan and HACA Loan, 100% of residual receipts is to be allocated to the HACA Ground Lease Loan.

An analysis of interest costs for 2021 and 2020 is as follows:

	Accrued Interest 1/1/21	Interest Expense	Interest Paid	Accrued Interest 12/31/21
CCRC Loan	\$ 10,555	\$ 117,619	\$ (117,619)	\$ 10,555
HOME Loan	23,559	5,873	-	29,432
HACA Loan	338,060	89,000	-	427,060
HACA Ground Lease Loan	320,633	84,312	-	404,945
	<u>\$ 692,807</u>	<u>296,804</u>	<u>\$ (117,619)</u>	<u>\$ 871,992</u>
Amortization of debt issuance costs		8,216		
<b>Total interest expense</b>		<u>\$ 305,020</u>		

	Accrued Interest 1/1/20	Interest Expense	Interest Paid	Accrued Interest 12/31/20
CCRC Loan	\$ 10,550	\$ 123,844	\$ (123,839)	\$ 10,555
HOME Loan	17,687	5,872	-	23,559
HACA Loan	251,027	87,033	-	338,060
HACA Ground Lease Loan	238,184	82,449	-	320,633
	<u>\$ 517,448</u>	<u>299,198</u>	<u>\$ (123,839)</u>	<u>\$ 692,807</u>
Amortization of debt issuance costs		8,216		
<b>Total interest expense</b>		<u>\$ 307,414</u>		

**5. RELATED PARTY TRANSACTIONS**

**Developer Fee** HACA (the Developer) entered into a Development Fee Agreement with the Partnership and is entitled to receive a developer fee of \$800,000 for its development services. During 2020, the developer fee was paid in full from the Limited Partner final capital contribution.

**Asset Management Fee** In accordance with the Partnership Agreement, the Asset Manager, an affiliate of the Limited Partner, is to receive an annual asset management fee of \$5,000 for property management oversight, tax credit monitoring, and related services. The fee shall increase by 3% per year and is payable from Cash Flow. Asset management fees of \$5,463 and \$5,305 were incurred and paid in 2021 and 2020, respectively.

**Partnership Management Fee** In accordance with the Partnership Agreement, the General Partner is to receive an annual partnership management fee of \$20,000 for property management oversight, tax credit compliance monitoring and related services. The fee shall increase by 3% per year and is payable from Cash Flow. Partnership management fees of \$21,855 and \$21,218 were incurred in 2021 and 2020, respectively. As of December 31, 2021 and 2020, accrued partnership management fees were \$21,855 and \$21,218, respectively.

**Rental Subsidies** The Project has entered into a Housing Assistance Payment (HAP) contract with HACA, which includes 25 units designated for the elderly. The contract is subject to renewal as it expires. The current term of the HAP contract is for the period commencing August 2018 and shall run for a period of fifteen years. In accordance with the HAP contract, the amount of each tenant's subsidy varies depending on the income of each tenant. The aggregate amount earned under the HAP contract was \$513,907 and \$466,742 for the years ended December 31, 2021 and 2020, respectively.

## **6. CAPITAL CONTRIBUTIONS**

Pursuant to the First Amendment to Amended and Restated Limited Partnership Agreement dated February 20, 2019, the General Partner will make capital contributions of \$250,100, as adjusted; all of which were received as of December 31, 2019. Pursuant to the Partnership Agreement, the Limited Partner anticipated making capital contributions of \$9,267,044, subject to certain adjustments as defined in the Partnership Agreement. During 2020, the Limited Partner's total capital contributions was adjusted to \$9,327,232, and the final contribution was received by the Partnership.

## **7. INCOME TAXES AND LOW-INCOME HOUSING TAX CREDITS**

The Partnership is a pass-through entity for income tax purposes and all items of income and losses of the Partnership are reported by the partners on their respective income tax returns. The Partnership's federal tax status as a pass-through entity is based on its legal status as a partnership. The Partnership is required to file tax returns with the Internal Revenue Service and other taxing authorities. Accordingly, these financial statements do not reflect a provision for income taxes and the Partnership has no other tax positions which must be considered for disclosure. The Partnership is subject to income tax examinations by tax authorities prior to 2017. There are no tax examinations currently pending.

The Partnership has received an allocation of federal low-income housing tax credits from TCAC, which are available only to the extent the Partnership complies with the Internal Revenue Service's tax credit regulations. The General Partner is responsible to ensure that the Partnership satisfies such requirements and has made certain guarantees to the Limited Partner, which are defined in the Partnership Agreement.

## **8. PURCHASE OPTION AND RIGHT OF FIRST REFUSAL**

The Partnership has granted its General Partner an option and right of first refusal to purchase the project or the Limited Partner's interest. The purchase option shall commence following the close of the 12<sup>th</sup> year of the low-income housing tax credit compliance period. The purchase price under this option is the greater of the fair market value or the assumption of debt plus all federal and state income taxes due by the limited partner as a result of such sale and any unpaid portion of any credit adjuster payments. The right of first refusal shall be granted following the close of the Compliance period. The purchase price under the right of first refusal is the assumption of debt plus all federal and state income taxes due by the Limited Partner as a result of such sale and any unpaid portion of any credit adjuster payments.

**9. GENERAL PARTNER GUARANTEES**

In connection with the development and operations of the Project, the General Partner has made certain guarantees, including an obligation to perform the General Partner's Partnership management duties, complete development of the Project, and provide Operating Deficit guaranties as defined in the Partnership Agreement.

**10. CASH FLOW PAYMENT PRIORITIES**

Payment of fees and other expenses contingent on Cash Flow, as defined by the Partnership Agreement, and distributions to partners from Cash Flow shall be disbursed as follows:

- First, to the Limited Partner to pay unpaid portion of any credit adjuster payments;
- Second, to the Asset Manager to pay any accrued and payable asset management fees;
- Third, to pay any accrued and unpaid principal and interest on loans made by the Limited Partner;
- Fourth, to replenish the operating reserve account up to the Operating Reserve Target Amount of \$245,668;
- Fifth, to the Developer to pay any unpaid balance on the deferred development fee;
- Sixth, to repay any accrued and unpaid principal and interest on loans made by the General Partner;
- Seventh, to the General Partner to repay any amounts treated as loans to the Partnership, without interest, by the General Partner for the Development Completion Guaranty or Operating Deficit Guaranty, as defined in the Partnership Agreement;
- Eighth, \$20,000 (increasing annually at 3%) to the General Partner to pay the partnership management fee, on a cumulative basis;
- Ninth, to the payment of any then payable Cash Flow Debt Service Payments; and
- Tenth, any remaining amounts distributed to the General Partner and the Limited Partner in accordance with their percentage interests.

**11. SUBSEQUENT EVENTS**

The Partnership has evaluated subsequent events that have occurred through the date of the independent auditor's report, which is the date that the financial statements were available to be issued, and determined that there were no subsequent events or transactions that required recognition or disclosure in the financial statements.

## SUPPLEMENTARY INFORMATION



**SHERMAN AND BUENA VISTA LP**  
(A CALIFORNIA LIMITED PARTNERSHIP)  
SCHEDULES OF OPERATING EXPENSES

<b>FOR THE YEARS ENDED DECEMBER 31,</b>	<b>2021</b>	<b>2020</b>
Administrative expenses		
Advertising	\$ 91	\$ 22,133
Manager's salaries	22,005	27,346
Manager's unit	20,088	20,900
Office expense	4,027	5,336
Professional fees - accounting	16,241	25,725
Professional fees - legal	-	1,320
Property management fees	25,372	22,128
Telephone expense	2,354	4,313
Administrative support	7,895	2,305
Tenant services	19,096	19,500
Miscellaneous administrative expenses	2,021	2,080
<b>Total administrative expenses</b>	<b>\$ 119,190</b>	<b>\$ 153,086</b>
Utilities expenses		
Electricity	\$ 10,817	\$ 10,543
Gas	500	429
Water and sewer	8,993	11,945
<b>Total utilities expenses</b>	<b>\$ 20,310</b>	<b>\$ 22,917</b>
Operating and maintenance expenses		
Exterminating	\$ 1,630	\$ 2,780
Elevator	12,302	3,354
Janitorial supplies	16,256	4,479
Landscaping	4,800	4,800
Maintenance salaries	17,964	20,850
Repairs and maintenance	2,788	169
Decorating and painting	88	381
Trash removal	10,120	10,303
Fire protection expenses	5,976	2,750
Maintenance contracts - services	6,798	3,823
Miscellaneous operating and maintenance expenses	5,497	1,685
<b>Total operating and maintenance expenses</b>	<b>\$ 84,219</b>	<b>\$ 55,374</b>
Ground lease expense		
Ground lease expense	\$ 34,444	\$ 34,444
<b>Total ground lease expense</b>	<b>\$ 34,444</b>	<b>\$ 34,444</b>

*See independent auditor's report.*

**SHERMAN AND BUENA VISTA LP**  
 (A CALIFORNIA LIMITED PARTNERSHIP)  
 SCHEDULES OF OPERATING EXPENSES

<b>FOR THE YEARS ENDED DECEMBER 31,</b>	<b>2021</b>	<b>2020</b>
Taxes and insurance expenses		
Employee benefits	\$ 7,232	\$ 11,121
Payroll taxes	3,742	4,635
Property and liability insurance	14,835	14,138
Real estate taxes	79	469
Workers' compensation	2,045	2,084
Miscellaneous taxes	572	800
<b>Total taxes and insurance expenses</b>	<b>\$ 28,505</b>	<b>\$ 33,247</b>

*See independent auditor's report.*

**SHERMAN AND BUENA VISTA LP**  
(A CALIFORNIA LIMITED PARTNERSHIP)  
SCHEDULE OF CASH FLOW

**FOR THE YEAR ENDED DECEMBER 31, 2021**

**Operating revenue**

Total revenues, including interest	\$ 661,111
Change in tenant receivables	(9,920)
Change in prepaid rents	4,562

**Total operating revenue** 655,753

**Other adjustments:**

Less:

Operating expenses	(286,668)
Mandatory debt service	(236,504)
Replacement reserve deposits	(15,500)

Add back:

Ground lease expense	34,444
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**Total project expenses** (504,228)

**Cash Flow** \$ 151,525

**Distribution of Cash Flow**

Asset management fees (paid)	\$ (5,463)
Partnership management fees	(21,855)
Cash flow debt service	
5.16% to the HOME Loan	(6,409)
94.84% to the HACA Loan	(117,798)

**Total distribution of Cash Flow** \$ (151,525)

**Additional Information - Summary of Construction Cash Flow Available to Distribute**

Cash and cash equivalents, December 31, 2021	\$ 593,871
Less: distribution of 2020 Cash Flow debt service remaining to be paid	(32,449)
Less: distribution of 2021 Cash Flow	(151,525)

**Construction cash flow available to distribute** \$ 409,897

**Distribution of Construction Cash Flow**

Cash flow debt service	
5.16% to the HOME Loan	\$ (21,151)
94.84% to the HACA Loan	(388,746)

**Total distribution of construction cash flow** \$ (409,897)

*See independent auditor's report.*



**ISLAND CITY DEVELOPMENT**

Fax (510) 522-7848 | TTY/TRS 711

To: Board of Directors  
Island City Development

From: Sylvia Martinez, Director of Housing Development

Date: April 20, 2022

Re: Ratify and Adopt the Amended and Restated Bylaws

**BACKGROUND**

Island City Development (ICD) is a non-profit public benefit corporation affiliated with the Housing Authority of the City of Alameda. The Corporation’s sole activity is to benefit and support the mission of the Housing Authority and the City of Alameda. ICD achieves its charitable purposes by developing housing for low-income households.

ICD was incorporated in 2014 to increase the role the Housing Authority plays in affordable housing development in the City of Alameda. The ICD Board of Directors are made up of the Housing Authority Executive Director, a current Housing Authority Commissioner, and a current or past employee of the Housing Authority.

**DISCUSSION**

As the development arm of the Housing Authority, Island City Development is frequently the applicant, or sponsor on applications for public and private sources of funds. In a recent application to the City of Alameda for HOME/CDBG funds, staff noted a requirement that the Board of Directors of the nonprofit sponsor meet at least quarterly. Currently, the ICD bylaws call for meetings at least twice a year (although in the past few years it has met significantly more often). To conform with the funding requirement, staff proposes that ICD amend and restate its bylaws to allow for a requirement to meet quarterly.

A related change is to update the timing of the Annual report. As currently written, it should be provided at the first regular meeting of the fiscal year. The move to quarterly meetings adds to the regular meeting schedule. The ICD audit is typically approved in November, so the annual report should be provided within 12 months of the fiscal year end. This change conforms to current practice.

A redlined version of the proposed amended bylaws is included for review. The ICD Board may ratify the proposed changes to the bylaws to be effective after receipt of written approval from the Housing Authority Board of Commissioners via approved minutes.

**FISCAL IMPACT**

None



**CEQA**

Not applicable

**RECOMMENDATION**

Ratify and Adopt the Amended and Restated Bylaws

**ATTACHMENTS**

1. Attach 1 Draft ICD Amended and Restated Bylaws

Respectfully submitted,

A handwritten signature in blue ink, appearing to read 'Sylvia Martinez', is written over a faint, illegible stamp or watermark.

Sylvia Martinez, Director of Housing Development

DRAFT

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AMENDED AND RESTATED  
BYLAWS OF  
ISLAND CITY DEVELOPMENT  
A California Nonprofit Public Benefit Corporation

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ARTICLE 1.  
NAME

Section 1.1 Name. The name of this Corporation is Island City Development (the "Corporation").

ARTICLE 2.  
OFFICE

Section 2.1 Principal Office. The principal office for the transaction of affairs and activities of the Corporation is located at 701 Atlantic Avenue, Alameda, CA 94501. The Board of Directors of the Corporation (the "Board") may change the principal office from one location to another. Any change shall be noted on these Bylaws, or this section may be amended to state the new location.

Section 2.2 Other Offices. The Board may at any time establish branch or subordinate offices at any place or places where the Corporation is qualified to conduct its activities

ARTICLE 3.

Section 3.1 Supporting Organization Under IRC §509(a)(3). This Corporation has been organized and shall operate exclusively to support the Housing Authority of the City of Alameda ("HACA" or "AHA") and shall be operated in connection with that organization as specified in Internal Revenue Code §509(a)(3). If AHA (1) shall cease to be an organization described in Internal Revenue Code §170(b)(1)(A)(iv), §501(c)(3) and §509(a)(1) or §509(a)(2), or (2) shall substantially abandon the charitable purposes that this Corporation is organized to support, the directors shall designate a publicly supported charitable organization as described in Internal Revenue Code §170(b)(1)(A)(iv), §501(c)(3) and §509(a)(1) or §509(a)(2), in substitution for AHA, for purposes of Article 2 of the Articles of Incorporation.

ARTICLE 4.  
MEMBERS

Section 4.1 Members. This Corporation shall have no members.

ARTICLE 5.  
DIRECTORS

Section 5.1 Powers. Subject to the provisions and limitations of the California Nonprofit Public Benefit Corporation Law and any other applicable laws, all powers and

activities of the Corporation shall be exercised directly by or under the ultimate direction of the Board.

Section 5.2 Borrowing: Funds. The Board shall have the power to borrow money and incur indebtedness on the Corporation's behalf and cause to be executed and delivered for the Corporation's purposes, in the corporate name, promissory notes, bonds, debentures, deeds of trust, mortgages, pledges, hypothecations, and other evidence of debt and securities.

Section 5.3 Number of Directors. The number of directors shall be three (3) unless a greater or lesser number is authorized by the Executive Director of AHA.

Section 5.4 Compensation and Reimbursement of Directors. The directors shall serve without compensation though they may be reimbursed for their expenditure of monies on behalf of the Corporation.

Section 5.5 Restriction on interested Persons as Directors. No more than forty-nine percent (49%) of the persons serving on the Board of Directors may be interested persons. An interested person is (a) any person compensated by the Corporation for services rendered to it within the previous twelve (12) months, whether as a full-time or part-time employee, independent contractor, or otherwise, and (b) father, mother, parent, son, daughter, child, brother, sister, sibling, uncle, aunt, first cousin, nephew, niece, husband, wife, registered domestic partner, spouse, father-in-law, mother-in-law, son-in-law, daughter-in-law, brother-in-law, sister-in-law, stepfather, stepmother, stepson, stepdaughter, stepbrother, stepsister, other relation by marriage, half-brother, half-sister, descendant or his/her partner of such person. However, any violation of the provisions of this paragraph shall not affect the validity or enforceability of any transaction entered into by the Corporation.

Section 5.6 Appointment and Qualification of Directors. Subject to Sections 5.9 and 5.10 below and as set forth below, the initial directors shall be appointed by the AHA's Board of Commissioners, and all subsequent directors shall be appointed by the Executive Director of AHA. The Executive Director of AHA shall appoint directors meeting the following criteria. (each a "Designated Director"):

- (a) A current Housing Authority of the City of Alameda Commissioner.
- (b) The Current Executive Director of the Housing Authority of the City of Alameda, and
- (c) A current or past employee of the Housing Authority of the City of Alameda

If a Designated Director (except a director described in (c) above) ceases to be an employee or Commissioner of AHA or, as applicable, a member of the executive cabinet of AHA such person shall automatically cease to be a director of the Corporation. If one or more Designated Director positions shall cease to exist (such as by reorganization of AHA or

otherwise), the Executive Director of AHA shall designate one or more new Designated Director positions, as needed, and shall appoint directors to those positions. If there shall cease to be either an acting or permanent Executive Director of AHA, the duties and powers of the Executive Director of AHA under these Bylaws shall be exercised by the Board of AHA.

Section 5.7 Term. The initial directors of the Corporation shall serve for a term beginning on the date on which the Articles of Incorporation of the Corporation are filed with the Secretary of State and ending two (2) years from the date of filing. At such time and thereafter, the Executive Director of AHA shall appoint successor directors to serve as directors of the Board for a term of two (2) years.

Section 5.8 Vacancies on the Board. A vacancy shall be deemed to exist in the event that the actual number of directors is less than the authorized number for any reason.

Section 5.9 Removal of Directors. The Executive Director of AHA may remove any director with or without cause.

Section 5.10 Resignations of Directors. Except as provided below, any director may resign by giving written notice to the president or secretary of the Board. The resignation shall be effective when the notice is given unless it specifies a later time for the resignation to become effective. Except on notice to the Attorney General of California, no director may resign if the Corporation would be left without a duly elected director or directors.

Section 5.11 Filling Vacancies. Vacancies shall be filled as provided for in Section 5.6.

Section 5.12 Meetings of the Directors. Regular meetings shall be held at least ~~quarterly~~ ~~twice a year~~ at such time and place as shall from time to time be fixed by the directors for the purpose of organization, election of officers and the transaction of other business.

Section 5.13 Meetings by Telecommunication. Any Board meeting may be held by conference telephone, video screen communication, or other communications equipment. Participation in a meeting under this Section shall constitute presence in person at the meeting if both the following apply:

- (1) Each member participating in the meeting can communicate concurrently with all other members.
- (2) All persons participating in the meeting can hear one another.
- (3) Each member is provided the means of participating in all matters



before the Board, including the capacity to propose, or to interpose an objection to, a specific action to be taken by the Corporation.

Section 5.14 Special Meetings. Special meetings of the Board for any purpose may be called at any time by the president or only two (2) directors.

Section 5.15 Director Voting. Each director shall have one vote on each matter presented to the Board of Directors for action. No director may vote by proxy.

Section 5.16 Notice. Subject to public law requirements, notice of regular and special meetings shall be given to each director not less than four (4) days prior to the meeting if delivered by first class mail or not less than seventy-two (72) hours prior to the meeting if the notice is delivered (1) personally, (2) by telephone, including a voice messaging system or other system or technology designed to record and communicate messages, or by electronic transmission, either directly to the director or to a person at the director's office who would reasonably be expected to communicate that notice promptly to the director; (3) by facsimile; (4) by electronic mail; or (5) by other electronic means. All such notices shall be given or sent to the director's address, telephone number, facsimile number or electronic mail address as shown on the Corporation's records. The notice must state the date and time of the meeting and the place of the meeting if it is other than the principal office of the Corporation. When required, public notice of a meeting shall be posted pursuant to Government Code Sections 54950-54963.

Section 5.17 Waiver of Notice. Notice of a meeting need not be given to any director who, either before or after the meeting, signs a waiver of notice, a written consent to the holding of the meeting, or an approval of the minutes of the meeting. The waiver of notice or consent need not specify the purpose of the meeting. All such waivers, consents, and approvals shall be filed with the corporate records or made a part of the minutes of the meetings. Notice of a meeting need not be given to any director who attends the meeting and does not protest, before or at the commencement of the meeting, the lack of notice to him or her.

Section 5.18 Quorum. A majority of the authorized number of directors shall constitute a quorum for the transaction of business, except to adjourn. Every action taken or decision made by a majority of the directors present at a duly held meeting of which a quorum is present shall be the act of the Board, subject to the more stringent provisions of the California Nonprofit Public Benefit Corporation Law, including, without limitation, those provisions relating to (1) approval of contracts or transactions in which a director has a direct or indirect

financial interest, (2) approval of certain transactions between corporations having common directorships, (3) creation of and appointments to committees of the Board, and (4) indemnification of directors. A meeting at which a quorum is initially present may continue to transact business, despite the withdrawal of some directors from that meeting, if any action

taken of decision made is approved by at least a majority of the required quorum for that meeting.

Section 5.19 Adjournment. A majority of the directors present, whether or not a quorum is present, may adjourn any meeting to another time and place. Notice of any adjournment to another time and place shall be given to the directors who were not present at the time of the adjournment.

Section 5.20 Action Without a Meeting. Any action that the Board is required or permitted to take may be taken without a meeting if all members of the Board consent in writing to the action. Such action by written consent shall have the same force and effect as any other validly approved action of the Board. All such consents shall be filed with the minutes of the proceedings of the Board.

Section 5.21 Committees of Directors. The Board may, by resolution adopted by a majority of the directors then in office, designate one (1) or more committees, each consisting of two (2) or more directors, to serve at the pleasure of the Board. Appointments to such committees shall be by majority vote of the directors then in office. Any committee, to the extent provided in the resolution, shall have all the authority of the Board, except that no committee, regardless of Board resolution, may:

- (a) Fill vacancies on the Board or on any committee;
- (b) Fix compensation of directors for serving on the Board or any committee;
- (c) Amend or repeal bylaws or adopt new bylaws;
- (d) Amend or repeal any resolution of the Board which by its express terms is not so amendable or repealable;
- (e) Appoint any other committees of the Board or the members of these committees; or
- (f) Approve any self-dealing transaction.

Section 5.22 Committee Meetings. Meetings and actions of committees shall be governed by and held and taken in accordance with the provisions of this Article IV concerning meetings of directors, with such changes in the context of these Bylaws as are necessary to substitute the committee and its members for the Board and its members. Minutes shall be kept of each meeting of any committee and shall be filed with the corporate records. The Board may adopt rules for the governance of any committee not inconsistent with the provisions of Bylaws concerning meetings of directors.

Section 5.23 Standard of Care- General. A director shall perform the duties of a director, including duties as a member of any committee of the Board on which the director may serve, in good faith, in a manner such director believes to be in the best interest of this Corporation and with such care, including reasonable inquiry, as an ordinarily prudent person in a like situation would use under similar circumstances.

In performing the duties of a director, a director shall be entitled to rely on information, opinions, reports or statements, including financial statements and other financial data, in each case prepared or presented by:

- (a) One (1) or more officers or employees of the Corporation whom the director believes to be reliable and competent in the matters presented;
- (b) Counsel, independent accountants, or other persons as to matters which the director believes to be within such person's professional or expert competence; or
- (c) A committee of the Board upon which the director does not serve, as to matters within its designated authority, which committee the director believes to merit confidence, so long as in any such case, the director acts in good faith, after reasonable inquiry when the need thereof is indicated by the circumstances and without knowledge that would cause such reliance to be unwarranted.

Except in the case of a self-dealing director, as described in Section 5.25 of these Bylaws, a person who performs the duties of a director in accordance with the above shall have no liability based upon any failure or alleged failure to discharge that person's obligations as a director, including, without limiting the generality of the foregoing, any actions or omissions which exceed or defeat a public or charitable purpose to which the Corporation, or assets held by it, are dedicated.

Section 5.24 Standard of Care-Investments. Except with respect to assets held for use or used directly in carrying out this Corporation's charitable activities, in investing, reinvesting, purchasing, acquiring, exchanging, selling and managing this Corporation's investments, the Board shall avoid speculation, looking instead to the permanent disposition of the funds, considering the probable income, as well as the probable safety of this Corporation's capital. The provisions of Section 5.23 of these Bylaws shall apply to this Section.

Section 5.25 Self-Dealing Transactions. Except as provided below, the Board shall not approve a self-dealing transaction. A self-dealing transaction is one in which the Corporation is a party and in which one (1) or more of the directors has a material financial interest as defined in the Corporation's Conflict of Interest policy or if no such policy exists then as it is generally defined, or a transaction between this Corporation and any entity in which one (1) or more of its directors has a material financial interest as defined in

the Corporation's Conflict of Interest policy or if no such policy exists then as it is generally defined. The Board may approve a self-dealing transaction if a majority of the Board, not including the self-interested director, determines that the transaction is fair and reasonable to this Corporation and, after reasonable investigation under the circumstances, determines that it could not have secured a more advantageous arrangement with reasonable effort under the circumstances.

Section 5.26 Inspection. Every director shall, at his or her own expense, have the absolute right at any reasonable time during the business hours of the Corporation to inspect and copy all books, records, and documents, and to inspect the physical properties of this Corporation.

## ARTICLE 6. OFFICERS

Section 6.1 Officers of the Corporation. The officers of the Corporation shall be a president, vice-president, and a secretary/treasurer. Each appointed officer shall have the title and authority, hold office for the period, and perform the duties specified in the Bylaws or established by the Board. The Corporation may also have at the Board's discretion, such other officers as may be appointed in accordance with Section 5.3 of these Bylaws. Any number of offices may be held by the same person, except that the secretary/treasurer may not serve concurrently as the president.

Section 6.2 Appointment of Officers. Except as otherwise provided herein, the Board shall designate all officers of the Corporation for terms of two (2) years or until their successors are designated and qualified. Officers of the Corporation shall be the Executive Director of AHA; a current Commissioner of AHA, and a current AHA employee. An officer's term shall be ended and his or her position deemed vacant upon the officer's ceasing to be an Executive Director or Commissioner of AHA.

Section 6.3 Other Officers. The Board may appoint or may authorize the president or other officer, to appoint any other officers that the Corporation may require. Each officer so appointed shall have the title, hold office for the period, have the authority, and perform the duties specified in the Bylaws or determined by the Board.

Section 6.4 Removal of Officers. Any officer may be removed with or without cause by the Board or the Executive Director of AHA at any time.

Section 6.5 Resignation of Officers. Any officer may resign at any time by giving written notice to the president or secretary of the Corporation. The resignation shall take effect as of the date the notice is received or at any later time specified in the notice and, unless otherwise specified in the notice, the resignation need not be accepted to be effective. Any resignation shall not affect the rights, if any, of the Corporation under any contract to which the officer is a party.

Section 6.6 Vacancies in Office. A vacancy in any office because of death, resignation, removal, disqualification, or any other cause shall be filled in the manner prescribed in these Bylaws for regular appointments to that office, provided, however, that vacancies may be filled as they occur.

Section 6.7 Reimbursement of Expenses. The Corporation shall provide reimbursement for monies expended on behalf of the Corporation by its officers.

Section 6.8 President. The president shall serve as the chief executive officer of the Corporation and shall be responsible for conducting the affairs of the Corporation in a manner consistent with the policies and directives of the Board. The president shall preside at meetings of the Board and shall exercise and perform such other powers and duties as may from time to time be assigned to the president by the Board. Subject to the control of the Board, the president shall be the general manager of the Corporation and shall supervise, direct, and control the Corporation's activities, affairs, and officers. The president shall have such other powers and duties as the Board of the Bylaws may require.

Section 6.9 Secretary. The secretary shall have the following duties:

(a) The secretary shall keep, or cause to be kept, at the Corporation's principal office or such other place as the Board may direct, a book of minutes of all meetings, proceedings, and actions of the Board and of committees of the Board. The minutes of the meetings shall include the time and place that meeting was held, whether the meeting was annual, regular, or special, and, if special, how authorized and the notice given.

(b) The secretary shall keep or cause to be kept at the Corporation's principal office, a copy of the Articles of Incorporation and Bylaws of the Corporation, as amended to date.

(c) The secretary shall give, or cause to be given, notice of all meetings of the Board and of committees of the Board required by these Bylaws to be given. The secretary shall keep the corporate seal in safe custody and shall have such other powers and perform such other duties as the Board or the Bylaws may prescribe.

Section 6.10 Treasurer. The treasurer shall have the following duties:

(a) The treasurer shall be the chief financial officer of the Corporation and shall keep and maintain, or cause to be kept and maintained, adequate and correct books and accounts of the Corporation's properties and transactions. The treasurer shall send or cause to be given to the directors such financial statements and reports as are required to be given by law, by these Bylaws, or by the Board. The books of account shall be open to inspection by any director at all reasonable times during the business hours of the Corporation.

(b) The treasurer shall deposit, or cause to be deposited, all money and other valuables in the name and to the credit of the Corporation with such depositories as the Board may designate, shall disburse the Corporation's funds as the Board may order, shall render to the president and the Board, when requested, an account of all transactions as treasurer and of the financial condition of the Corporation, and shall have other powers and perform such other duties as the Board or the Bylaws may prescribe.

## ARTICLE 7 MISCELLANEOUS

Section 7.1 Fiscal Year. The fiscal year of this Corporation shall be determined by resolution of the Board.

Section 7.2 Corporate Seal. This Corporation may have a seal which shall be specified by resolution of the Board. The seal may be affixed to any corporate instruments, as directed by the Board or any of its officers, but failure to affix it shall not affect the validity of the instrument.

Section 7.3 Contracts. All contracts entered into on behalf of this Corporation must be authorized by the Board, or, where the contract is for less than Two Hundred Fifty Thousand Dollars (\$250,000), by the president

Section 7.4 Execution of Checks. Except as otherwise provided by law, every check, draft, promissory note, money order, or other evidence of indebtedness of the Corporation shall be signed by such individuals as are authorized by the Board.

Section 7.5 Indemnification. This Corporation shall indemnify its directors, officers, employees, and agents, including persons formerly occupying any such position, to the fullest extent permitted by law, against all expenses, judgments, fines and other amounts actually and reasonably incurred by them in connection with any threatened, pending or completed action or proceeding, whether it is civil, criminal, administrative or investigative.

In all cases where indemnification is sought, the Corporation shall be subject to the following restrictions and requirements:

(a) Where the action or proceeding *is* brought on behalf of the Corporation or involves self-dealing transactions, as defined in Section 5.25 of these Bylaws, the Corporation shall not indemnify against amounts paid in settlement or judgment amounts, but shall, upon the express authorization of the Board, indemnify the director, officer, employee or agent against expenses incurred in defense of an action arising from his or her relation to the Corporation. To indemnify in such cases the Board must find the person met the

statutorily prescribed standard of care by acting (1) in good faith, (2) in the best interests of the Corporation, and (3) with the care of an ordinarily prudent person.

(b) Where the person seeking indemnification under this section has been held liable to the Corporation or has settled his or her liability to the Corporation, the Corporation shall not indemnify against expenses without the approval of the court or the Attorney General.

(c) The Board shall determine whether the person seeking indemnification has acted in accordance with the standard of care set forth in subsection (a) of this section by a majority vote of a quorum consisting of disinterested directors. The termination of any proceeding in a manner adverse to the defendant seeking indemnification shall not create a presumption that such person failed to meet the standard of care.

(d) Where the person seeking indemnification has been successful on the merits in defense of any action or proceeding brought on behalf of the Corporation or in defense of any claim or issue involved in such action or proceeding, the Corporation shall indemnify against all expenses actually or reasonably incurred.

(e) The Corporation shall not advance any money to the person seeking indemnification for the purpose of defending against any action or proceeding without the receipt of an undertaking by such person to repay all advances unless it is ultimately determined that he or she is entitled to indemnification.

Section 7.6 Insurance. The Board may adopt a resolution authorizing the purchase of insurance on behalf of any director, officer, employee or agent of this Corporation against any liability asserted against or incurred by the director, officer, employee or agent in such capacity or arising out of the director's, officer's, employee's or agent's status as such, whether or not this corporation would have the power to indemnify the director, officer, employee, or agent against that liability under law; except, the Corporation may not purchase insurance to protect self-dealing directors (as defined in Section 5.25 of these Bylaws) from liability.

Section 7.7 Annual Report to Directors. The president shall furnish a written report ~~at the first regular meeting of the~~ within twelve (12) months of the fiscal year end to all directors of this Corporation containing the following information:

(a) The assets and liabilities, including the trust funds, of this Corporation as of the end of the fiscal year;

(b) The principal changes in assets and liabilities, including trust funds, during the fiscal year;

(c) The revenue or receipts of this Corporation both unrestricted and restricted for particular purposes, for the fiscal year;

(g) The expenses or disbursements of this Corporation, for both general and restricted purposes during the fiscal year.

(e) An independent accountants' report or, if none, the certificate of an authorized officer of the corporation that such statements were prepared without audit from the corporation's books and records.

The president must furnish a written report to all directors that lists every transaction during the prior fiscal year involving Fifty Thousand Dollars (\$50,000) or more between this Corporation or a subsidiary and any director or officer of this Corporation or a subsidiary. The report must disclose the name of the director or officer and the person's relationship to the Corporation, the nature of such person's interest in the transaction and, where practicable, the amount of such interest. The president must also furnish an annual written report to all directors disclosing the amount and circumstances of any indemnifications or advances aggregating more than Ten Thousand Dollars (\$10,000) paid during the prior fiscal year to any officer or director of the Corporation.

This requirement of an annual report shall not apply if the corporation receives less than \$25,000 in gross receipts during the fiscal year, provided, however, that the information specified above for inclusion in an annual report must be furnished annually to all directors and to any member who requests it in writing. If the Board approves, the corporation may send the report and any accompanying material sent pursuant to this section by electronic transmission. If a report sent to the Attorney General in compliance with the requirements of Government Code Sections 12580-12599.7 includes the information required on the annual report, then the corporation may furnish a copy of its report to the Attorney General in lieu of the annual report whenever it is required to furnish an annual report.

Section 7.8 Amendment of Bylaws. The Bylaws may be amended or repealed and new Bylaws adopted by the vote of a majority of all the members of the Board, provided that any amendment to the Bylaws must receive the prior written approval of AHA's Board of Commissioners. Such amended or newly adopted Bylaws shall take effect immediately.

Section 7.9 Applicable Law. This Corporation shall be subject to any and all applicable state, federal and local laws, including, but not limited to, such laws as may be applicable as a result of the Corporation's affiliation with AHA.



CERTIFICATION OF SECRETARY

I, the undersigned, do hereby certify:

- (1) That I am the duly elected and acting Secretary of Island City Development, a California nonprofit public benefit Corporation; and
- (2) That the foregoing Bylaws, comprising eleven (11) pages, constitute the Bylaws of such Corporation as adopted by the Incorporator on ~~March 16, 2022~~ ~~October 27, 2014~~, and ratified by the directors of the Corporation at a duly constituted meeting held on ~~December 17, 2014~~ March 16, 2022.

IN WITNESS THEREOF, I have hereunto subscribed my name, this \_\_\_\_ day of \_\_\_\_\_, 2022.

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**Janet Basta, Secretary**



# ISLAND CITY DEVELOPMENT

Fax (510) 522-7848 | TTY/TRS 711

ITEM 4.A

To: Board of Directors  
Island City Development

From: Sylvia Martinez, Director of Housing Development

Date: April 20, 2022

Re: Discussion and Possible Adoption of Resolution of the Board of Directors of Island City Development Ratifying the Proclamation of a State of Emergency by the Governor of the State of California on March 4, 2021, and Making Findings Authorizing Continued Remote Teleconference Meetings of the Board of Directors Pursuant to Brown Act Provisions, as amended by Assembly Bill No. 361.

## **BACKGROUND**

On March 17, 2020, Governor Newsom issued Executive Order N-29-20 which allowed for relaxed provisions of the Ralph M. Brown Act (Brown Act) that allowed legislative bodies to conduct meetings through teleconferencing without having to meet the strict compliance of the Brown Act. All provisions of Executive Order N-29-20 concerning the conduct of public meetings via teleconferencing expired on September 30, 2021.

## **DISCUSSION**

Assembly Bill 361(Chapter 165,Statutes of 2021) (AB 361) was signed into law by the Governor on September 16, 2021, and went into effect immediately. It amends the Brown Act to allow local legislative bodies to continue using teleconferencing and virtual meeting technology after the September 30, 2021 expiration of the current Brown Act exemptions as long as there is a "proclaimed state of emergency" by the Governor. This allowance also depends on state or local officials imposing or recommending measures that promote social distancing or a legislative body finding that meeting in person would present an imminent safety risk to attendees. Though adopted in the context of the pandemic, AB 361 will allow for virtual meetings during other proclaimed emergencies, such as earthquakes or wildfires, where physical attendance may present a risk. AB 361 will sunset on January 1, 2024.

AB 361 requires the following to continue to conduct teleconferenced meetings:

1. Notice of the meeting must still be given in compliance with the Brown Act, and the notice must include the means by which the public may access the meeting and provide public comment remotely.
2. The public must be provided access to the meeting via a call-in option or internet-based service option and allowed to "address the legislative body directly." Island City Development does not have to provide an in-person option for the public to attend the meeting.



3. The meeting must be conducted “in a manner that protects the statutory and constitutional rights of the parties and the public appearing before the legislative body.”
4. If there is a disruption to the meeting broadcast or in the ability to take call-in or internet-based public comment, no further action can be taken on agenda items until the issue is resolved, even if this means stopping the meeting at that point and continuing all remaining items.
5. The Board of Directors cannot require comments to be submitted before the start of the meeting. The public must be allowed to make “real time” public comment.
6. Reasonable time for public comment must be provided. If the Board provides a timed public comment period, the public comment period must be left open until the time expires.
7. All votes must be taken by roll call.
8. The Board of Directors must approve a resolution making findings by majority vote within 30 days of the first teleconferenced meeting under AB 361 and every 30 days thereafter to continue to conduct teleconference meetings under AB 361. The body must find it has reconsidered the circumstances of the state of emergency and either 1) the emergency continues to impact the ability to meet safely in person, or 2) State or local officials continue to impose or recommend social distancing.

In light of AB 361, the continuing COVID-19 State of Emergency declared by the Governor, the continuing Local Emergency declared by the City of Alameda, the continuing recommendations by the County of Alameda Health Officer of social distancing as a mechanism for preventing the spread of COVID-19, and the continued threats to health and safety posed by indoor public meetings, staff recommends the Board of Directors adopt the proposed Resolution making the findings required to initially invoke AB 361.

The procedures currently set up for Board of Directors' meetings, which provide public attendance and comment through a call-in or internet-based service option, satisfy the requirements of AB 361. The Executive Director, or designee, will work with the Board to ensure that meeting procedures for all teleconferenced meetings comply with AB 361. Continued reliance will require the Board of Directors to adopt a new resolution making required findings every 30 days.

### **FISCAL IMPACT**

None.

### **CEQA**

N/A

### **RECOMMENDATION**

Adopt Resolution 2022-06 of the Board of Directors of the Island City Development Ratifying the Proclamation of a State of Emergency by the Governor of the State of California on March 4, 2021, and Making Findings Authorizing Continued Remote Teleconference Meetings of the Board of Directors Pursuant to Brown Act Provisions, as amended by Assembly Bill No. 361.

### **ATTACHMENTS**



Island City Development  
April 20, 2022

Page 3

1. AB 361.pdf 2021
2. Resolution No 2022-06 (AB361 April) - Final

Respectfully submitted,



Sylvia Martinez, Director of Housing Development



## Assembly Bill No. 361

### CHAPTER 165

An act to add and repeal Section 89305.6 of the Education Code, and to amend, repeal, and add Section 54953 of, and to add and repeal Section 11133 of, the Government Code, relating to open meetings, and declaring the urgency thereof, to take effect immediately.

[Approved by Governor September 16, 2021. Filed with  
Secretary of State September 16, 2021.]

#### LEGISLATIVE COUNSEL'S DIGEST

AB 361, Robert Rivas. Open meetings: state and local agencies: teleconferences.

(1) Existing law, the Ralph M. Brown Act requires, with specified exceptions, that all meetings of a legislative body of a local agency, as those terms are defined, be open and public and that all persons be permitted to attend and participate. The act contains specified provisions regarding the timelines for posting an agenda and providing for the ability of the public to directly address the legislative body on any item of interest to the public. The act generally requires all regular and special meetings of the legislative body be held within the boundaries of the territory over which the local agency exercises jurisdiction, subject to certain exceptions. The act allows for meetings to occur via teleconferencing subject to certain requirements, particularly that the legislative body notice each teleconference location of each member that will be participating in the public meeting, that each teleconference location be accessible to the public, that members of the public be allowed to address the legislative body at each teleconference location, that the legislative body post an agenda at each teleconference location, and that at least a quorum of the legislative body participate from locations within the boundaries of the local agency's jurisdiction. The act provides an exemption to the jurisdictional requirement for health authorities, as defined. The act authorizes the district attorney or any interested person, subject to certain provisions, to commence an action by mandamus or injunction for the purpose of obtaining a judicial determination that specified actions taken by a legislative body are null and void.

Existing law, the California Emergency Services Act, authorizes the Governor, or the Director of Emergency Services when the governor is inaccessible, to proclaim a state of emergency under specified circumstances.

Executive Order No. N-29-20 suspends the Ralph M. Brown Act's requirements for teleconferencing during the COVID-19 pandemic provided that notice and accessibility requirements are met, the public members are allowed to observe and address the legislative body at the meeting, and that a legislative body of a local agency has a procedure for receiving and swiftly

resolving requests for reasonable accommodation for individuals with disabilities, as specified.

This bill, until January 1, 2024, would authorize a local agency to use teleconferencing without complying with the teleconferencing requirements imposed by the Ralph M. Brown Act when a legislative body of a local agency holds a meeting during a declared state of emergency, as that term is defined, when state or local health officials have imposed or recommended measures to promote social distancing, during a proclaimed state of emergency held for the purpose of determining, by majority vote, whether meeting in person would present imminent risks to the health or safety of attendees, and during a proclaimed state of emergency when the legislative body has determined that meeting in person would present imminent risks to the health or safety of attendees, as provided.

This bill would require legislative bodies that hold teleconferenced meetings under these abbreviated teleconferencing procedures to give notice of the meeting and post agendas, as described, to allow members of the public to access the meeting and address the legislative body, to give notice of the means by which members of the public may access the meeting and offer public comment, including an opportunity for all persons to attend via a call-in option or an internet-based service option, and to conduct the meeting in a manner that protects the statutory and constitutional rights of the parties and the public appearing before the legislative body. The bill would require the legislative body to take no further action on agenda items when there is a disruption which prevents the public agency from broadcasting the meeting, or in the event of a disruption within the local agency's control which prevents members of the public from offering public comments, until public access is restored. The bill would specify that actions taken during the disruption are subject to challenge proceedings, as specified.

This bill would prohibit the legislative body from requiring public comments to be submitted in advance of the meeting and would specify that the legislative body must provide an opportunity for the public to address the legislative body and offer comment in real time. The bill would prohibit the legislative body from closing the public comment period and the opportunity to register to provide public comment, until the public comment period has elapsed or until a reasonable amount of time has elapsed, as specified. When there is a continuing state of emergency, or when state or local officials have imposed or recommended measures to promote social distancing, the bill would require a legislative body to make specified findings not later than 30 days after the first teleconferenced meeting pursuant to these provisions, and to make those findings every 30 days thereafter, in order to continue to meet under these abbreviated teleconferencing procedures.

Existing law prohibits a legislative body from requiring, as a condition to attend a meeting, a person to register the person's name, or to provide other information, or to fulfill any condition precedent to the person's attendance.

This bill would exclude from that prohibition, a registration requirement imposed by a third-party internet website or other online platform not under the control of the legislative body.

(2) Existing law, the Bagley-Keene Open Meeting Act, requires, with specified exceptions, that all meetings of a state body be open and public and all persons be permitted to attend any meeting of a state body. The act requires at least one member of the state body to be physically present at the location specified in the notice of the meeting.

The Governor's Executive Order No. N-29-20 suspends the requirements of the Bagley-Keene Open Meeting Act for teleconferencing during the COVID-19 pandemic, provided that notice and accessibility requirements are met, the public members are allowed to observe and address the state body at the meeting, and that a state body has a procedure for receiving and swiftly resolving requests for reasonable accommodation for individuals with disabilities, as specified.

This bill, until January 31, 2022, would authorize, subject to specified notice and accessibility requirements, a state body to hold public meetings through teleconferencing and to make public meetings accessible telephonically, or otherwise electronically, to all members of the public seeking to observe and to address the state body. With respect to a state body holding a public meeting pursuant to these provisions, the bill would suspend certain requirements of existing law, including the requirements that each teleconference location be accessible to the public and that members of the public be able to address the state body at each teleconference location. Under the bill, a state body that holds a meeting through teleconferencing and allows members of the public to observe and address the meeting telephonically or otherwise electronically would satisfy any requirement that the state body allow members of the public to attend the meeting and offer public comment. The bill would require that each state body that holds a meeting through teleconferencing provide notice of the meeting, and post the agenda, as provided. The bill would urge state bodies utilizing these teleconferencing procedures in the bill to use sound discretion and to make reasonable efforts to adhere as closely as reasonably possible to existing law, as provided.

(3) Existing law establishes the various campuses of the California State University under the administration of the Trustees of the California State University, and authorizes the establishment of student body organizations in connection with the operations of California State University campuses.

The Gloria Romero Open Meetings Act of 2000 generally requires a legislative body, as defined, of a student body organization to conduct its business in a meeting that is open and public. The act authorizes the legislative body to use teleconferencing, as defined, for the benefit of the public and the legislative body in connection with any meeting or proceeding authorized by law.

This bill, until January 31, 2022, would authorize, subject to specified notice and accessibility requirements, a legislative body, as defined for purposes of the act, to hold public meetings through teleconferencing and

to make public meetings accessible telephonically, or otherwise electronically, to all members of the public seeking to observe and to address the legislative body. With respect to a legislative body holding a public meeting pursuant to these provisions, the bill would suspend certain requirements of existing law, including the requirements that each teleconference location be accessible to the public and that members of the public be able to address the legislative body at each teleconference location. Under the bill, a legislative body that holds a meeting through teleconferencing and allows members of the public to observe and address the meeting telephonically or otherwise electronically would satisfy any requirement that the legislative body allow members of the public to attend the meeting and offer public comment. The bill would require that each legislative body that holds a meeting through teleconferencing provide notice of the meeting, and post the agenda, as provided. The bill would urge legislative bodies utilizing these teleconferencing procedures in the bill to use sound discretion and to make reasonable efforts to adhere as closely as reasonably possible to existing law, as provided.

(4) This bill would declare the Legislature's intent, consistent with the Governor's Executive Order No. N-29-20, to improve and enhance public access to state and local agency meetings during the COVID-19 pandemic and future emergencies by allowing broader access through teleconferencing options.

(5) This bill would incorporate additional changes to Section 54953 of the Government Code proposed by AB 339 to be operative only if this bill and AB 339 are enacted and this bill is enacted last.

(6) The California Constitution requires local agencies, for the purpose of ensuring public access to the meetings of public bodies and the writings of public officials and agencies, to comply with a statutory enactment that amends or enacts laws relating to public records or open meetings and contains findings demonstrating that the enactment furthers the constitutional requirements relating to this purpose.

This bill would make legislative findings to that effect.

(7) Existing constitutional provisions require that a statute that limits the right of access to the meetings of public bodies or the writings of public officials and agencies be adopted with findings demonstrating the interest protected by the limitation and the need for protecting that interest.

This bill would make legislative findings to that effect.

(8) This bill would declare that it is to take effect immediately as an urgency statute.

*The people of the State of California do enact as follows:*

SECTION 1. Section 89305.6 is added to the Education Code, to read:

89305.6. (a) Notwithstanding any other provision of this article, and subject to the notice and accessibility requirements in subdivisions (d) and (e), a legislative body may hold public meetings through teleconferencing



and make public meetings accessible telephonically, or otherwise electronically, to all members of the public seeking to observe and to address the legislative body.

(b) (1) For a legislative body holding a public meeting through teleconferencing pursuant to this section, all requirements in this article requiring the physical presence of members, the clerk or other personnel of the legislative body, or the public, as a condition of participation in or quorum for a public meeting, are hereby suspended.

(2) For a legislative body holding a public meeting through teleconferencing pursuant to this section, all of the following requirements in this article are suspended:

(A) Each teleconference location from which a member will be participating in a public meeting or proceeding be identified in the notice and agenda of the public meeting or proceeding.

(B) Each teleconference location be accessible to the public.

(C) Members of the public may address the legislative body at each teleconference conference location.

(D) Post agendas at all teleconference locations.

(E) At least one member of the legislative body be physically present at the location specified in the notice of the meeting.

(c) A legislative body that holds a meeting through teleconferencing and allows members of the public to observe and address the meeting telephonically or otherwise electronically, consistent with the notice and accessibility requirements in subdivisions (d) and (e), shall have satisfied any requirement that the legislative body allow members of the public to attend the meeting and offer public comment. A legislative body need not make available any physical location from which members of the public may observe the meeting and offer public comment.

(d) If a legislative body holds a meeting through teleconferencing pursuant to this section and allows members of the public to observe and address the meeting telephonically or otherwise electronically, the legislative body shall also do both of the following:

(1) Implement a procedure for receiving and swiftly resolving requests for reasonable modification or accommodation from individuals with disabilities, consistent with the federal Americans with Disabilities Act of 1990 (42 U.S.C. Sec. 12101 et seq.), and resolving any doubt whatsoever in favor of accessibility.

(2) Advertise that procedure each time notice is given of the means by which members of the public may observe the meeting and offer public comment, pursuant to paragraph (2) of subdivision (e).

(e) Except to the extent this section provides otherwise, each legislative body that holds a meeting through teleconferencing pursuant to this section shall do both of the following:

(1) Give advance notice of the time of, and post the agenda for, each public meeting according to the timeframes otherwise prescribed by this article, and using the means otherwise prescribed by this article, as applicable.

(2) In each instance in which notice of the time of the meeting is otherwise given or the agenda for the meeting is otherwise posted, also give notice of the means by which members of the public may observe the meeting and offer public comment. As to any instance in which there is a change in the means of public observation and comment, or any instance prior to the effective date of this section in which the time of the meeting has been noticed or the agenda for the meeting has been posted without also including notice of the means of public observation and comment, a legislative body may satisfy this requirement by advertising the means of public observation and comment using the most rapid means of communication available at the time. Advertising the means of public observation and comment using the most rapid means of communication available at the time shall include, but need not be limited to, posting such means on the legislative body's internet website.

(f) All legislative bodies utilizing the teleconferencing procedures in this section are urged to use sound discretion and to make reasonable efforts to adhere as closely as reasonably possible to the otherwise applicable provisions of this article, in order to maximize transparency and provide the public access to legislative body meetings.

(g) This section shall remain in effect only until January 31, 2022, and as of that date is repealed.

SEC. 2. Section 11133 is added to the Government Code, to read:

11133. (a) Notwithstanding any other provision of this article, and subject to the notice and accessibility requirements in subdivisions (d) and (e), a state body may hold public meetings through teleconferencing and make public meetings accessible telephonically, or otherwise electronically, to all members of the public seeking to observe and to address the state body.

(b) (1) For a state body holding a public meeting through teleconferencing pursuant to this section, all requirements in this article requiring the physical presence of members, the clerk or other personnel of the state body, or the public, as a condition of participation in or quorum for a public meeting, are hereby suspended.

(2) For a state body holding a public meeting through teleconferencing pursuant to this section, all of the following requirements in this article are suspended:

(A) Each teleconference location from which a member will be participating in a public meeting or proceeding be identified in the notice and agenda of the public meeting or proceeding.

(B) Each teleconference location be accessible to the public.

(C) Members of the public may address the state body at each teleconference conference location.

(D) Post agendas at all teleconference locations.

(E) At least one member of the state body be physically present at the location specified in the notice of the meeting.

(c) A state body that holds a meeting through teleconferencing and allows members of the public to observe and address the meeting telephonically

or otherwise electronically, consistent with the notice and accessibility requirements in subdivisions (d) and (e), shall have satisfied any requirement that the state body allow members of the public to attend the meeting and offer public comment. A state body need not make available any physical location from which members of the public may observe the meeting and offer public comment.

(d) If a state body holds a meeting through teleconferencing pursuant to this section and allows members of the public to observe and address the meeting telephonically or otherwise electronically, the state body shall also do both of the following:

(1) Implement a procedure for receiving and swiftly resolving requests for reasonable modification or accommodation from individuals with disabilities, consistent with the federal Americans with Disabilities Act of 1990 (42 U.S.C. Sec. 12101 et seq.), and resolving any doubt whatsoever in favor of accessibility.

(2) Advertise that procedure each time notice is given of the means by which members of the public may observe the meeting and offer public comment, pursuant to paragraph (2) of subdivision (e).

(e) Except to the extent this section provides otherwise, each state body that holds a meeting through teleconferencing pursuant to this section shall do both of the following:

(1) Give advance notice of the time of, and post the agenda for, each public meeting according to the timeframes otherwise prescribed by this article, and using the means otherwise prescribed by this article, as applicable.

(2) In each instance in which notice of the time of the meeting is otherwise given or the agenda for the meeting is otherwise posted, also give notice of the means by which members of the public may observe the meeting and offer public comment. As to any instance in which there is a change in the means of public observation and comment, or any instance prior to the effective date of this section in which the time of the meeting has been noticed or the agenda for the meeting has been posted without also including notice of the means of public observation and comment, a state body may satisfy this requirement by advertising the means of public observation and comment using the most rapid means of communication available at the time. Advertising the means of public observation and comment using the most rapid means of communication available at the time shall include, but need not be limited to, posting such means on the state body's internet website.

(f) All state bodies utilizing the teleconferencing procedures in this section are urged to use sound discretion and to make reasonable efforts to adhere as closely as reasonably possible to the otherwise applicable provisions of this article, in order to maximize transparency and provide the public access to state body meetings.

(g) This section shall remain in effect only until January 31, 2022, and as of that date is repealed.

SEC. 3. Section 54953 of the Government Code is amended to read:

54953. (a) All meetings of the legislative body of a local agency shall be open and public, and all persons shall be permitted to attend any meeting of the legislative body of a local agency, except as otherwise provided in this chapter.

(b) (1) Notwithstanding any other provision of law, the legislative body of a local agency may use teleconferencing for the benefit of the public and the legislative body of a local agency in connection with any meeting or proceeding authorized by law. The teleconferenced meeting or proceeding shall comply with all otherwise applicable requirements of this chapter and all otherwise applicable provisions of law relating to a specific type of meeting or proceeding.

(2) Teleconferencing, as authorized by this section, may be used for all purposes in connection with any meeting within the subject matter jurisdiction of the legislative body. All votes taken during a teleconferenced meeting shall be by rollcall.

(3) If the legislative body of a local agency elects to use teleconferencing, it shall post agendas at all teleconference locations and conduct teleconference meetings in a manner that protects the statutory and constitutional rights of the parties or the public appearing before the legislative body of a local agency. Each teleconference location shall be identified in the notice and agenda of the meeting or proceeding, and each teleconference location shall be accessible to the public. During the teleconference, at least a quorum of the members of the legislative body shall participate from locations within the boundaries of the territory over which the local agency exercises jurisdiction, except as provided in subdivisions (d) and (e). The agenda shall provide an opportunity for members of the public to address the legislative body directly pursuant to Section 54954.3 at each teleconference location.

(4) For the purposes of this section, “teleconference” means a meeting of a legislative body, the members of which are in different locations, connected by electronic means, through either audio or video, or both. Nothing in this section shall prohibit a local agency from providing the public with additional teleconference locations.

(c) (1) No legislative body shall take action by secret ballot, whether preliminary or final.

(2) The legislative body of a local agency shall publicly report any action taken and the vote or abstention on that action of each member present for the action.

(3) Prior to taking final action, the legislative body shall orally report a summary of a recommendation for a final action on the salaries, salary schedules, or compensation paid in the form of fringe benefits of a local agency executive, as defined in subdivision (d) of Section 3511.1, during the open meeting in which the final action is to be taken. This paragraph shall not affect the public’s right under the California Public Records Act (Chapter 3.5 (commencing with Section 6250) of Division 7 of Title 1) to inspect or copy records created or received in the process of developing the recommendation.

(d) (1) Notwithstanding the provisions relating to a quorum in paragraph (3) of subdivision (b), if a health authority conducts a teleconference meeting, members who are outside the jurisdiction of the authority may be counted toward the establishment of a quorum when participating in the teleconference if at least 50 percent of the number of members that would establish a quorum are present within the boundaries of the territory over which the authority exercises jurisdiction, and the health authority provides a teleconference number, and associated access codes, if any, that allows any person to call in to participate in the meeting and the number and access codes are identified in the notice and agenda of the meeting.

(2) Nothing in this subdivision shall be construed as discouraging health authority members from regularly meeting at a common physical site within the jurisdiction of the authority or from using teleconference locations within or near the jurisdiction of the authority. A teleconference meeting for which a quorum is established pursuant to this subdivision shall be subject to all other requirements of this section.

(3) For purposes of this subdivision, a health authority means any entity created pursuant to Sections 14018.7, 14087.31, 14087.35, 14087.36, 14087.38, and 14087.9605 of the Welfare and Institutions Code, any joint powers authority created pursuant to Article 1 (commencing with Section 6500) of Chapter 5 of Division 7 for the purpose of contracting pursuant to Section 14087.3 of the Welfare and Institutions Code, and any advisory committee to a county-sponsored health plan licensed pursuant to Chapter 2.2 (commencing with Section 1340) of Division 2 of the Health and Safety Code if the advisory committee has 12 or more members.

(e) (1) A local agency may use teleconferencing without complying with the requirements of paragraph (3) of subdivision (b) if the legislative body complies with the requirements of paragraph (2) of this subdivision in any of the following circumstances:

(A) The legislative body holds a meeting during a proclaimed state of emergency, and state or local officials have imposed or recommended measures to promote social distancing.

(B) The legislative body holds a meeting during a proclaimed state of emergency for the purpose of determining, by majority vote, whether as a result of the emergency, meeting in person would present imminent risks to the health or safety of attendees.

(C) The legislative body holds a meeting during a proclaimed state of emergency and has determined, by majority vote, pursuant to subparagraph (B), that, as a result of the emergency, meeting in person would present imminent risks to the health or safety of attendees.

(2) A legislative body that holds a meeting pursuant to this subdivision shall do all of the following:

(A) The legislative body shall give notice of the meeting and post agendas as otherwise required by this chapter.

(B) The legislative body shall allow members of the public to access the meeting and the agenda shall provide an opportunity for members of the public to address the legislative body directly pursuant to Section 54954.3.

In each instance in which notice of the time of the teleconferenced meeting is otherwise given or the agenda for the meeting is otherwise posted, the legislative body shall also give notice of the means by which members of the public may access the meeting and offer public comment. The agenda shall identify and include an opportunity for all persons to attend via a call-in option or an internet-based service option. This subparagraph shall not be construed to require the legislative body to provide a physical location from which the public may attend or comment.

(C) The legislative body shall conduct teleconference meetings in a manner that protects the statutory and constitutional rights of the parties and the public appearing before the legislative body of a local agency.

(D) In the event of a disruption which prevents the public agency from broadcasting the meeting to members of the public using the call-in option or internet-based service option, or in the event of a disruption within the local agency's control which prevents members of the public from offering public comments using the call-in option or internet-based service option, the body shall take no further action on items appearing on the meeting agenda until public access to the meeting via the call-in option or internet-based service option is restored. Actions taken on agenda items during a disruption which prevents the public agency from broadcasting the meeting may be challenged pursuant to Section 54960.1.

(E) The legislative body shall not require public comments to be submitted in advance of the meeting and must provide an opportunity for the public to address the legislative body and offer comment in real time. This subparagraph shall not be construed to require the legislative body to provide a physical location from which the public may attend or comment.

(F) Notwithstanding Section 54953.3, an individual desiring to provide public comment through the use of an internet website, or other online platform, not under the control of the local legislative body, that requires registration to log in to a teleconference may be required to register as required by the third-party internet website or online platform to participate.

(G) (i) A legislative body that provides a timed public comment period for each agenda item shall not close the public comment period for the agenda item, or the opportunity to register, pursuant to subparagraph (F), to provide public comment until that timed public comment period has elapsed.

(ii) A legislative body that does not provide a timed public comment period, but takes public comment separately on each agenda item, shall allow a reasonable amount of time per agenda item to allow public members the opportunity to provide public comment, including time for members of the public to register pursuant to subparagraph (F), or otherwise be recognized for the purpose of providing public comment.

(iii) A legislative body that provides a timed general public comment period that does not correspond to a specific agenda item shall not close the public comment period or the opportunity to register, pursuant to subparagraph (F), until the timed general public comment period has elapsed.

(3) If a state of emergency remains active, or state or local officials have imposed or recommended measures to promote social distancing, in order to continue to teleconference without compliance with paragraph (3) of subdivision (b), the legislative body shall, not later than 30 days after teleconferencing for the first time pursuant to subparagraph (A), (B), or (C) of paragraph (1), and every 30 days thereafter, make the following findings by majority vote:

(A) The legislative body has reconsidered the circumstances of the state of emergency.

(B) Any of the following circumstances exist:

(i) The state of emergency continues to directly impact the ability of the members to meet safely in person.

(ii) State or local officials continue to impose or recommend measures to promote social distancing.

(4) For the purposes of this subdivision, “state of emergency” means a state of emergency proclaimed pursuant to Section 8625 of the California Emergency Services Act (Article 1 (commencing with Section 8550) of Chapter 7 of Division 1 of Title 2).

(f) This section shall remain in effect only until January 1, 2024, and as of that date is repealed.

SEC. 3.1. Section 54953 of the Government Code is amended to read:

54953. (a) All meetings of the legislative body of a local agency shall be open and public, and all persons shall be permitted to attend any meeting of the legislative body of a local agency in person, except as otherwise provided in this chapter. Local agencies shall conduct meetings subject to this chapter consistent with applicable state and federal civil rights laws, including, but not limited to, any applicable language access and other nondiscrimination obligations.

(b) (1) Notwithstanding any other provision of law, the legislative body of a local agency may use teleconferencing for the benefit of the public and the legislative body of a local agency in connection with any meeting or proceeding authorized by law. The teleconferenced meeting or proceeding shall comply with all otherwise applicable requirements of this chapter and all otherwise applicable provisions of law relating to a specific type of meeting or proceeding.

(2) Teleconferencing, as authorized by this section, may be used for all purposes in connection with any meeting within the subject matter jurisdiction of the legislative body. All votes taken during a teleconferenced meeting shall be by rollcall.

(3) If the legislative body of a local agency elects to use teleconferencing, it shall post agendas at all teleconference locations and conduct teleconference meetings in a manner that protects the statutory and constitutional rights of the parties or the public appearing before the legislative body of a local agency. Each teleconference location shall be identified in the notice and agenda of the meeting or proceeding, and each teleconference location shall be accessible to the public. During the teleconference, at least a quorum of the members of the legislative body

shall participate from locations within the boundaries of the territory over which the local agency exercises jurisdiction, except as provided in subdivisions (d) and (e). The agenda shall provide an opportunity for members of the public to address the legislative body directly pursuant to Section 54954.3 at each teleconference location.

(4) For the purposes of this section, “teleconference” means a meeting of a legislative body, the members of which are in different locations, connected by electronic means, through either audio or video, or both. Nothing in this section shall prohibit a local agency from providing the public with additional teleconference locations.

(c) (1) No legislative body shall take action by secret ballot, whether preliminary or final.

(2) The legislative body of a local agency shall publicly report any action taken and the vote or abstention on that action of each member present for the action.

(3) Prior to taking final action, the legislative body shall orally report a summary of a recommendation for a final action on the salaries, salary schedules, or compensation paid in the form of fringe benefits of a local agency executive, as defined in subdivision (d) of Section 3511.1, during the open meeting in which the final action is to be taken. This paragraph shall not affect the public’s right under the California Public Records Act (Chapter 3.5 (commencing with Section 6250) of Division 7 of Title 1) to inspect or copy records created or received in the process of developing the recommendation.

(d) (1) Notwithstanding the provisions relating to a quorum in paragraph (3) of subdivision (b), if a health authority conducts a teleconference meeting, members who are outside the jurisdiction of the authority may be counted toward the establishment of a quorum when participating in the teleconference if at least 50 percent of the number of members that would establish a quorum are present within the boundaries of the territory over which the authority exercises jurisdiction, and the health authority provides a teleconference number, and associated access codes, if any, that allows any person to call in to participate in the meeting and the number and access codes are identified in the notice and agenda of the meeting.

(2) Nothing in this subdivision shall be construed as discouraging health authority members from regularly meeting at a common physical site within the jurisdiction of the authority or from using teleconference locations within or near the jurisdiction of the authority. A teleconference meeting for which a quorum is established pursuant to this subdivision shall be subject to all other requirements of this section.

(3) For purposes of this subdivision, a health authority means any entity created pursuant to Sections 14018.7, 14087.31, 14087.35, 14087.36, 14087.38, and 14087.9605 of the Welfare and Institutions Code, any joint powers authority created pursuant to Article 1 (commencing with Section 6500) of Chapter 5 of Division 7 for the purpose of contracting pursuant to Section 14087.3 of the Welfare and Institutions Code, and any advisory committee to a county-sponsored health plan licensed pursuant to Chapter



2.2 (commencing with Section 1340) of Division 2 of the Health and Safety Code if the advisory committee has 12 or more members.

(e) (1) A local agency may use teleconferencing without complying with the requirements of paragraph (3) of subdivision (b) if the legislative body complies with the requirements of paragraph (2) of this subdivision in any of the following circumstances:

(A) The legislative body holds a meeting during a proclaimed state of emergency, and state or local officials have imposed or recommended measures to promote social distancing.

(B) The legislative body holds a meeting during a proclaimed state of emergency for the purpose of determining, by majority vote, whether as a result of the emergency, meeting in person would present imminent risks to the health or safety of attendees.

(C) The legislative body holds a meeting during a proclaimed state of emergency and has determined, by majority vote, pursuant to subparagraph (B), that, as a result of the emergency, meeting in person would present imminent risks to the health or safety of attendees.

(2) A legislative body that holds a meeting pursuant to this subdivision shall do all of the following:

(A) The legislative body shall give notice of the meeting and post agendas as otherwise required by this chapter.

(B) The legislative body shall allow members of the public to access the meeting and the agenda shall provide an opportunity for members of the public to address the legislative body directly pursuant to Section 54954.3. In each instance in which notice of the time of the teleconferenced meeting is otherwise given or the agenda for the meeting is otherwise posted, the legislative body shall also give notice of the means by which members of the public may access the meeting and offer public comment. The agenda shall identify and include an opportunity for all persons to attend via a call-in option or an internet-based service option. This subparagraph shall not be construed to require the legislative body to provide a physical location from which the public may attend or comment.

(C) The legislative body shall conduct teleconference meetings in a manner that protects the statutory and constitutional rights of the parties and the public appearing before the legislative body of a local agency.

(D) In the event of a disruption which prevents the public agency from broadcasting the meeting to members of the public using the call-in option or internet-based service option, or in the event of a disruption within the local agency's control which prevents members of the public from offering public comments using the call-in option or internet-based service option, the body shall take no further action on items appearing on the meeting agenda until public access to the meeting via the call-in option or internet-based service option is restored. Actions taken on agenda items during a disruption which prevents the public agency from broadcasting the meeting may be challenged pursuant to Section 54960.1.

(E) The legislative body shall not require public comments to be submitted in advance of the meeting and must provide an opportunity for

the public to address the legislative body and offer comment in real time. This subparagraph shall not be construed to require the legislative body to provide a physical location from which the public may attend or comment.

(F) Notwithstanding Section 54953.3, an individual desiring to provide public comment through the use of an internet website, or other online platform, not under the control of the local legislative body, that requires registration to log in to a teleconference may be required to register as required by the third-party internet website or online platform to participate.

(G) (i) A legislative body that provides a timed public comment period for each agenda item shall not close the public comment period for the agenda item, or the opportunity to register, pursuant to subparagraph (F), to provide public comment until that timed public comment period has elapsed.

(ii) A legislative body that does not provide a timed public comment period, but takes public comment separately on each agenda item, shall allow a reasonable amount of time per agenda item to allow public members the opportunity to provide public comment, including time for members of the public to register pursuant to subparagraph (F), or otherwise be recognized for the purpose of providing public comment.

(iii) A legislative body that provides a timed general public comment period that does not correspond to a specific agenda item shall not close the public comment period or the opportunity to register, pursuant to subparagraph (F), until the timed general public comment period has elapsed.

(3) If a state of emergency remains active, or state or local officials have imposed or recommended measures to promote social distancing, in order to continue to teleconference without compliance with paragraph (3) of subdivision (b), the legislative body shall, not later than 30 days after teleconferencing for the first time pursuant to subparagraph (A), (B), or (C) of paragraph (1), and every 30 days thereafter, make the following findings by majority vote:

(A) The legislative body has reconsidered the circumstances of the state of emergency.

(B) Any of the following circumstances exist:

(i) The state of emergency continues to directly impact the ability of the members to meet safely in person.

(ii) State or local officials continue to impose or recommend measures to promote social distancing.

(4) For the purposes of this subdivision, “state of emergency” means a state of emergency proclaimed pursuant to Section 8625 of the California Emergency Services Act (Article 1 (commencing with Section 8550) of Chapter 7 of Division 1 of Title 2).

(f) This section shall remain in effect only until January 1, 2024, and as of that date is repealed.

SEC. 4. Section 54953 is added to the Government Code, to read:

54953. (a) All meetings of the legislative body of a local agency shall be open and public, and all persons shall be permitted to attend any meeting

of the legislative body of a local agency, except as otherwise provided in this chapter.

(b) (1) Notwithstanding any other provision of law, the legislative body of a local agency may use teleconferencing for the benefit of the public and the legislative body of a local agency in connection with any meeting or proceeding authorized by law. The teleconferenced meeting or proceeding shall comply with all requirements of this chapter and all otherwise applicable provisions of law relating to a specific type of meeting or proceeding.

(2) Teleconferencing, as authorized by this section, may be used for all purposes in connection with any meeting within the subject matter jurisdiction of the legislative body. All votes taken during a teleconferenced meeting shall be by rollcall.

(3) If the legislative body of a local agency elects to use teleconferencing, it shall post agendas at all teleconference locations and conduct teleconference meetings in a manner that protects the statutory and constitutional rights of the parties or the public appearing before the legislative body of a local agency. Each teleconference location shall be identified in the notice and agenda of the meeting or proceeding, and each teleconference location shall be accessible to the public. During the teleconference, at least a quorum of the members of the legislative body shall participate from locations within the boundaries of the territory over which the local agency exercises jurisdiction, except as provided in subdivision (d). The agenda shall provide an opportunity for members of the public to address the legislative body directly pursuant to Section 54954.3 at each teleconference location.

(4) For the purposes of this section, “teleconference” means a meeting of a legislative body, the members of which are in different locations, connected by electronic means, through either audio or video, or both. Nothing in this section shall prohibit a local agency from providing the public with additional teleconference locations

(c) (1) No legislative body shall take action by secret ballot, whether preliminary or final.

(2) The legislative body of a local agency shall publicly report any action taken and the vote or abstention on that action of each member present for the action.

(3) Prior to taking final action, the legislative body shall orally report a summary of a recommendation for a final action on the salaries, salary schedules, or compensation paid in the form of fringe benefits of a local agency executive, as defined in subdivision (d) of Section 3511.1, during the open meeting in which the final action is to be taken. This paragraph shall not affect the public’s right under the California Public Records Act (Chapter 3.5 (commencing with Section 6250) of Division 7 of Title 1) to inspect or copy records created or received in the process of developing the recommendation.

(d) (1) Notwithstanding the provisions relating to a quorum in paragraph (3) of subdivision (b), if a health authority conducts a teleconference meeting,

members who are outside the jurisdiction of the authority may be counted toward the establishment of a quorum when participating in the teleconference if at least 50 percent of the number of members that would establish a quorum are present within the boundaries of the territory over which the authority exercises jurisdiction, and the health authority provides a teleconference number, and associated access codes, if any, that allows any person to call in to participate in the meeting and the number and access codes are identified in the notice and agenda of the meeting.

(2) Nothing in this subdivision shall be construed as discouraging health authority members from regularly meeting at a common physical site within the jurisdiction of the authority or from using teleconference locations within or near the jurisdiction of the authority. A teleconference meeting for which a quorum is established pursuant to this subdivision shall be subject to all other requirements of this section.

(3) For purposes of this subdivision, a health authority means any entity created pursuant to Sections 14018.7, 14087.31, 14087.35, 14087.36, 14087.38, and 14087.9605 of the Welfare and Institutions Code, any joint powers authority created pursuant to Article 1 (commencing with Section 6500) of Chapter 5 of Division 7 for the purpose of contracting pursuant to Section 14087.3 of the Welfare and Institutions Code, and any advisory committee to a county-sponsored health plan licensed pursuant to Chapter 2.2 (commencing with Section 1340) of Division 2 of the Health and Safety Code if the advisory committee has 12 or more members.

(e) This section shall become operative January 1, 2024.

SEC. 4.1. Section 54953 is added to the Government Code, to read:

54953. (a) All meetings of the legislative body of a local agency shall be open and public, and all persons shall be permitted to attend any meeting of the legislative body of a local agency, in person except as otherwise provided in this chapter. Local agencies shall conduct meetings subject to this chapter consistent with applicable state and federal civil rights laws, including, but not limited to, any applicable language access and other nondiscrimination obligations.

(b) (1) Notwithstanding any other provision of law, the legislative body of a local agency may use teleconferencing for the benefit of the public and the legislative body of a local agency in connection with any meeting or proceeding authorized by law. The teleconferenced meeting or proceeding shall comply with all requirements of this chapter and all otherwise applicable provisions of law relating to a specific type of meeting or proceeding.

(2) Teleconferencing, as authorized by this section, may be used for all purposes in connection with any meeting within the subject matter jurisdiction of the legislative body. All votes taken during a teleconferenced meeting shall be by rollcall.

(3) If the legislative body of a local agency elects to use teleconferencing, it shall post agendas at all teleconference locations and conduct teleconference meetings in a manner that protects the statutory and constitutional rights of the parties or the public appearing before the

legislative body of a local agency. Each teleconference location shall be identified in the notice and agenda of the meeting or proceeding, and each teleconference location shall be accessible to the public. During the teleconference, at least a quorum of the members of the legislative body shall participate from locations within the boundaries of the territory over which the local agency exercises jurisdiction, except as provided in subdivision (d). The agenda shall provide an opportunity for members of the public to address the legislative body directly pursuant to Section 54954.3 at each teleconference location.

(4) For the purposes of this section, “teleconference” means a meeting of a legislative body, the members of which are in different locations, connected by electronic means, through either audio or video, or both. Nothing in this section shall prohibit a local agency from providing the public with additional teleconference locations.

(c) (1) No legislative body shall take action by secret ballot, whether preliminary or final.

(2) The legislative body of a local agency shall publicly report any action taken and the vote or abstention on that action of each member present for the action.

(3) Prior to taking final action, the legislative body shall orally report a summary of a recommendation for a final action on the salaries, salary schedules, or compensation paid in the form of fringe benefits of a local agency executive, as defined in subdivision (d) of Section 3511.1, during the open meeting in which the final action is to be taken. This paragraph shall not affect the public’s right under the California Public Records Act (Chapter 3.5 (commencing with Section 6250) of Division 7 of Title 1) to inspect or copy records created or received in the process of developing the recommendation.

(d) (1) Notwithstanding the provisions relating to a quorum in paragraph (3) of subdivision (b), if a health authority conducts a teleconference meeting, members who are outside the jurisdiction of the authority may be counted toward the establishment of a quorum when participating in the teleconference if at least 50 percent of the number of members that would establish a quorum are present within the boundaries of the territory over which the authority exercises jurisdiction, and the health authority provides a teleconference number, and associated access codes, if any, that allows any person to call in to participate in the meeting and the number and access codes are identified in the notice and agenda of the meeting.

(2) Nothing in this subdivision shall be construed as discouraging health authority members from regularly meeting at a common physical site within the jurisdiction of the authority or from using teleconference locations within or near the jurisdiction of the authority. A teleconference meeting for which a quorum is established pursuant to this subdivision shall be subject to all other requirements of this section.

(3) For purposes of this subdivision, a health authority means any entity created pursuant to Sections 14018.7, 14087.31, 14087.35, 14087.36, 14087.38, and 14087.9605 of the Welfare and Institutions Code, any joint

powers authority created pursuant to Article 1 (commencing with Section 6500) of Chapter 5 of Division 7 for the purpose of contracting pursuant to Section 14087.3 of the Welfare and Institutions Code, and any advisory committee to a county-sponsored health plan licensed pursuant to Chapter 2.2 (commencing with Section 1340) of Division 2 of the Health and Safety Code if the advisory committee has 12 or more members.

(e) This section shall become operative January 1, 2024.

SEC. 5. Sections 3.1 and 4.1 of this bill incorporate amendments to Section 54953 of the Government Code proposed by both this bill and Assembly Bill 339. Those sections of this bill shall only become operative if (1) both bills are enacted and become effective on or before January 1, 2022, but this bill becomes operative first, (2) each bill amends Section 54953 of the Government Code, and (3) this bill is enacted after Assembly Bill 339, in which case Section 54953 of the Government Code, as amended by Sections 3 and 4 of this bill, shall remain operative only until the operative date of Assembly Bill 339, at which time Sections 3.1 and 4.1 of this bill shall become operative.

SEC. 6. It is the intent of the Legislature in enacting this act to improve and enhance public access to state and local agency meetings during the COVID-19 pandemic and future applicable emergencies, by allowing broader access through teleconferencing options consistent with the Governor's Executive Order No. N-29-20 dated March 17, 2020, permitting expanded use of teleconferencing during the COVID-19 pandemic.

SEC. 7. The Legislature finds and declares that Sections 3 and 4 of this act, which amend, repeal, and add Section 54953 of the Government Code, further, within the meaning of paragraph (7) of subdivision (b) of Section 3 of Article I of the California Constitution, the purposes of that constitutional section as it relates to the right of public access to the meetings of local public bodies or the writings of local public officials and local agencies. Pursuant to paragraph (7) of subdivision (b) of Section 3 of Article I of the California Constitution, the Legislature makes the following findings:

This act is necessary to ensure minimum standards for public participation and notice requirements allowing for greater public participation in teleconference meetings during applicable emergencies.

SEC. 8. (a) The Legislature finds and declares that during the COVID-19 public health emergency, certain requirements of the Bagley-Keene Open Meeting Act (Article 9 (commencing with Section 11120) of Chapter 1 of Part 1 of Division 3 of Title 2 of the Government Code) were suspended by Executive Order N-29-20. Audio and video teleconference were widely used to conduct public meetings in lieu of physical location meetings, and public meetings conducted by teleconference during the COVID-19 public health emergency have been productive, have increased public participation by all members of the public regardless of their location in the state and ability to travel to physical meeting locations, have protected the health and safety of civil servants and the public, and have reduced travel costs incurred by members of state bodies and reduced work hours spent traveling to and from meetings.

(b) The Legislature finds and declares that Section 1 of this act, which adds and repeals Section 89305.6 of the Education Code, Section 2 of this act, which adds and repeals Section 11133 of the Government Code, and Sections 3 and 4 of this act, which amend, repeal, and add Section 54953 of the Government Code, all increase and potentially limit the public's right of access to the meetings of public bodies or the writings of public officials and agencies within the meaning of Section 3 of Article I of the California Constitution. Pursuant to that constitutional provision, the Legislature makes the following findings to demonstrate the interest protected by this limitation and the need for protecting that interest:

(1) By removing the requirement that public meetings be conducted at a primary physical location with a quorum of members present, this act protects the health and safety of civil servants and the public and does not preference the experience of members of the public who might be able to attend a meeting in a physical location over members of the public who cannot travel or attend that meeting in a physical location.

(2) By removing the requirement for agendas to be placed at the location of each public official participating in a public meeting remotely, including from the member's private home or hotel room, this act protects the personal, private information of public officials and their families while preserving the public's right to access information concerning the conduct of the people's business.

SEC. 9. This act is an urgency statute necessary for the immediate preservation of the public peace, health, or safety within the meaning of Article IV of the California Constitution and shall go into immediate effect. The facts constituting the necessity are:

In order to ensure that state and local agencies can continue holding public meetings while providing essential services like water, power, and fire protection to their constituents during public health, wildfire, or other states of emergencies, it is necessary that this act take effect immediately.

O

ISLAND CITY DEVELOPMENT

*Resolution No. 2022-06*

**A RESOLUTION OF THE BOARD OF DIRECTORS OF THE ISLAND CITY DEVELOPMENT RATIFYING THE PROCLAMATION OF A STATE OF EMERGENCY BY THE GOVERNOR OF THE STATE OF CALIFORNIA ON MARCH 4, 2021, AND MAKING FINDINGS AUTHORIZING CONTINUED REMOTE TELECONFERENCE MEETINGS OF THE BOARD OF DIRECTORS PURSUANT TO BROWN ACT PROVISIONS, AS AMENDED BY ASSEMBLY BILL NO. 361**

WHEREAS, the Island City Development ("ICD") is committed to preserving and nurturing public access and participation in meetings of the Board of Directors; and

WHEREAS, all meetings of the ICD's Board of Directors are open and public, as required by the Ralph M. Brown Act (Cal. Gov. Code 54950 – 54963), so that any member of the public may attend, participate, and watch the ICD's Board of Directors conduct their business; and

WHEREAS, the Brown Act, Government Code section 54953(e), makes provisions for remote teleconferencing participation in meetings by members of a legislative body, without compliance with the requirements of Government Code section 54953(b)(3), subject to the existence of certain conditions; and

WHEREAS, a required condition is that a state of emergency is declared by the Governor pursuant to Government Code section 8625, proclaiming the existence of conditions of disaster or of extreme peril to the safety of persons and property within the state caused by conditions as described in Government Code section 8558; and

WHEREAS, it is further required that state or local officials have imposed or recommended measures to promote social distancing, or, the legislative body meeting in person would present imminent risks to the health and safety of attendees; and

WHEREAS, such conditions now exist within the jurisdiction of the ICD which includes the City of Alameda, specifically, on March 17, 2020 the Governor of the State of California proclaimed a State of Emergency to exist in California as a result of the threat of COVID-19; and

WHEREAS, as a result of the COVID-19 pandemic the California Department of Health and the Health Officer of the County of Alameda continue to recommend measures to promote social distancing. Additionally, On March 17, 2020, in response to the COVID-19 pandemic, the City Council of the City of Alameda, declared a local emergency as set forth in Ordinance No. 3267; and



WHEREAS, the Board of Directors does hereby find that the COVID-19 pandemic has caused, and will continue to cause, imminent risk to the health and safety of attendees meeting in person for a Board of Directors' meeting, and the COVID-19 pandemic has caused conditions of peril to the safety of persons within the jurisdiction of the ICD that are likely to be beyond the control of services, personnel, equipment, and facilities of the ICD, and desires to ratify the proclamation of a local emergency by the City of Alameda, ratify the proclamation of a state of emergency by the Governor of the State of California and ratify the California Department of Health and the Health Officer of the County of Alameda's recommended measures to promote social distancing; and

WHEREAS, as a consequence of the local emergency and state of emergency the Board of Directors does hereby find that the Board of Directors of the ICD shall conduct their meetings without compliance with paragraph (3) of subdivision (b) of Government Code section 54953, as authorized by subdivision (e) of section 54953, and that the Board of Directors shall comply with the requirements to provide the public with access to the meetings as prescribed in paragraph (2) of subdivision (e) of Government Code section 54953; and

WHEREAS, when holding teleconferenced meetings under abbreviated teleconferencing procedures permitted under the Brown Act, the ICD will ensure access for the public by complying with all requirements set forth in Government Code section 54953(e), including, but not limited to, giving notice of the meeting and posting agendas, to allow members of the public to access the meeting and address the legislative body, to give notice of the means by which members of the public may access the meeting and offer public comment, including an opportunity for all persons to attend via a call-in option or an internet-based service option, and to conduct the meeting in a manner that protects the statutory and constitutional rights of the parties and the public appearing before the legislative body.

NOW, THEREFORE, THE BOARD OF DIRECTORS OF THE ISLAND CITY DEVELOPMENT DOES HEREBY RESOLVE AS FOLLOWS:

Section 1. Recitals. The Recitals set forth above are true and correct and are incorporated into this Resolution by this reference.

Section 2. Reconsideration. The Board hereby reconsiders the circumstances of the state of emergency.

Section 3. Ratification of the City of Alameda's Proclamation of a Local Emergency. The Board hereby ratifies the City of Alameda's proclamation of a Local Emergency as set forth in Ordinance No. 3267 adopted on March 17, 2020.

Section 4. Ratification of the California Department of Health and the Health Officer of the County of Alameda's recommended measures to promote social distancing. The Board hereby finds that state and local officials continue to recommend measures to

promote social distancing. The Board further hereby ratifies the California Department of Health and the Health Officer of the County of Alameda's recommended measures to promote social distancing and finds that, as a result of the state of emergency, meeting in person would present imminent risk to the health or safety of attendees.

Section 5. Ratification of Governor's Proclamation of a State of Emergency. The Board hereby ratifies the Governor of the State of California's Proclamation of State of Emergency, effective as of its issuance date of March 4, 2020, and hereby finds that the state of emergency continues to directly impact the ability of the Board of Directors and members of the public to meet safely in person.

Section 6. Remote Teleconference Meetings. The ICD's Executive Director, and designee, and the Board of Directors are hereby authorized and directed to take all actions necessary to carry out the intent and purpose of this Resolution including, continued teleconferencing and conducting open and public meetings in accordance with Government Code section 54953(e) and other applicable provisions of the Brown Act.

Section 7. Effective Date of Resolution. This Resolution shall take effect immediately upon its adoption and shall be effective until the earlier of (i) 30 days from the adoption of this Resolution, or, (ii) such time as the Board of Directors adopts a subsequent resolution in accordance with Government Code section 54953(e)(3) to extend the time during which the Board of Directors of the ICD may continue to teleconference without compliance with Government Code section 54953(b)(3).

PASSED AND ADOPTED by the Board of Directors of the Island City Development this \_\_\_\_\_ day of \_\_\_\_\_, 20\_\_\_\_, by the following vote:

AYES: \_\_\_\_\_ NOES: \_\_\_\_\_ ABSTENTIONS: \_\_\_\_\_ ABSENT: \_\_\_\_\_

ATTEST:

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

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

Adopted:

\_\_\_\_\_  
Date



# ISLAND CITY DEVELOPMENT

Fax (510) 522-7848 | TTY/TRS 711

ITEM 4.B

To: Board of Directors  
Island City Development

From: Tony Weng, Senior Project Manager

Date: April 20, 2022

Re: Approve Resolution 2022-07 Accepting a Loan in the Amount of up to \$3,000,000 from AHA to ICD for 2615 Eagle Avenue; Approve an Option to Ground Lease, and Authorize the President or Designee to Negotiate and Execute the Loan and Option Agreement

## **BACKGROUND**

Affordable housing is built upon layered financing, starting from local awards that leverage state and federal matching funds and other subsidies in order to obtain the significant amount of resources that are needed to start construction. The local funds are especially key in demonstrating local support and commitment to the project. The Housing Authority recently acquired the 2615 Eagle Avenue property to create an affordable development for families, with a preference for Alameda Unified School District staff. Island City Development will undertake the design and construction of this development.

## **DISCUSSION**

### Island City Development:

Staff plans to engage a development team to begin the formal design of this 40-50 rental apartment complex. As a family project, the site will house units of 2-3 bedroom sizes, as well as smaller units that can be used to create an intergenerational complex. It is anticipated that the design can allow the project to be ready to begin seeking matching funds in 2023, if the local commitments are in place. It should be noted that family projects do not always directly compete with either the permanent supportive housing or senior housing developments in ICD's current pipeline.

### Financing status:

As in most of the Housing Authority's recent developments, it is anticipated that the Housing Authority will retain ownership of the land and ground lease at a subsidized rate. In addition, other local funds will need to help support the construction of the site. Staff is recommending approval of the option to ground lease as well as both a predevelopment and permanent loan commitment, so that the project can move forward quickly to take advantage of this desirable East End site, help the City of Alameda meet its Regional Housing Need Assessment goals, and provide assistance during the current housing crisis.



Conditions to the Loan:

1. Permanent award is conditional on construction loan closing with all sources.
2. Requirement to leverage – ICD is required to find public and private sources to leverage this local commitment and should document that it has applied to all relevant and appropriate funding sources.
3. Term: 50% of funds will be available in a predevelopment loan for three years, with two one-year extensions. Funds for the permanent phase will repay the predevelopment loan and be available for at least 55 years.
4. Predevelopment funding loans will be at 0% interest. The permanent loan will be at no more than 3% simple interest starting at permanent conversion.
5. Permanent funding can be in place for construction as necessary.
6. Repayment is 75% of residual receipts, or as shared with other soft lenders at the Housing Authority's sole discretion. The residual receipts negotiation must be brought back to the Board for approval.
7. Loan Fee – A 5% loan fee is due at permanent loan conversion.
8. If the project has the opportunity to apply for State of CA LHTF match, this award may flow through AAHC and the AAHTF, but ICD and staff must return to the Board for approval of that transaction.
9. Progress reports on the development and its predevelopment funding will be in a monthly or quarterly board report.

As shown in the attached draft, the Option to Ground Lease terms are similar to those used in recent approvals.

**FISCAL IMPACT**

If the AHA Board approves the staff recommendations in the 2022 Update to the Reserve Policy and the ICD Board approves the staff recommendations in this memo, up to \$3,000,000.00 of available funds will be conditionally committed to the 2615 Eagle Avenue development.

**CEQA**

Not Applicable

**RECOMMENDATION**

Approve Resolution 2022-07 Accepting a Loan in the Amount of up to \$3,000,000 from AHA to ICD for 2615 Eagle Avenue; Approve an Option to Ground Lease, and Authorize the President or Designee to Negotiate and Execute the Loan and Option Agreement.

**ATTACHMENTS**

1. Att 2 Draft Form of 2615 Eagle Option Agreement
2. 4.B. - 2022-07 Att1 Draft Reso for 2615 Eagle

Respectfully submitted,





Tony Weng, Senior Project Manager

## Attach 2 Draft Form of 2615 Eagle Option Agreement

## OPTION AGREEMENT

THIS OPTION AGREEMENT (this “**Agreement**”) is effective as of [ ], 2022, by and between Housing Authority of the City of Alameda (“**Seller**”) and Island City Development, a California nonprofit public benefit corporation, or its assigns (“**Purchaser**”).

## RECITALS

A. Seller is the owner of the land located in the City of Alameda, CA 94501, and described as 2615 Eagle Avenue Phase 1 further described in Exhibit A attached hereto and incorporated herein by reference (the “**Land**”). The site currently includes maintenance and warehouse improvements (the “**Improvements**”) situated on the Land.

B. Purchaser desires to procure, and Seller desires to grant, an option to enter into a ground lease with respect to the Land upon the terms and provisions as hereinafter set forth. The leasehold interest in the Land and the fee interest in any Improvements to be developed on the Land are referred to collectively herein as the “**Property**”.

NOW, THEREFORE, in consideration of the mutual agreements contained herein, the parties hereto agree as follows:

## AGREEMENT

1. Grant of Option. For One Dollar (\$1.00) and other good and valuable consideration, receipt of which is hereby acknowledged, Seller does hereby grant to Purchaser the exclusive right and option to acquire the Property (the “**Option**”).

2. Exercise of Option. Purchaser may exercise its Option at any time during the period commencing on the date hereof and expiring on December 31, 2023 (the “**Option Term**”), by giving written notice thereof to Seller. In the event the Purchaser does not exercise its Option during the Option Term, this Agreement shall become null and void and neither party hereto shall have any other liability, obligation or duty hereunder.

3. Contract For Ground Lease. In the event that the Purchaser exercises the Option, unless otherwise mutually agreed, both parties agree to execute a contract in accordance with the following terms and conditions:

(a) Ground Lease. The ground lease for the Land shall have the following terms: (a) have a term of no less than 99 years; (b) have base rent equal to the appraised fair market value of the Land, and (c) such other terms and conditions agreed upon by Seller and Purchaser.

(b) Financing. Seller agrees to provide seller takeback financing for up to 100% of the ground lease base rent; bearing interest at the applicable federal rate; with a term of 55 years (or a lesser term if elected by Purchaser); secured by a mortgage against the Property; subordinate to a senior construction to permanent bank loan and any other loans from governmental agencies;

repaid from residual receipts (after payment of developer fee, general partner management fee of \$25,000 per year with an annual increase of 3%, and an investor asset management fee of \$5,000 per year with an annual increase of 3%); and subject to commercially reasonable terms, including those in favor of an investor, for low income housing tax credit projects.

(c) Closing Date. The closing date shall be on any date during the Option Term as may be selected by Purchaser, provided that Purchaser shall make good faith efforts to provide 30 days prior notice of the closing date.

(d) Closing Costs. The Purchaser and Seller shall each pay their respective costs of closing the purchase in accordance with custom in the city in which the Property is located.

(e) As Is. Except as specifically provided in writing by Seller, Purchaser shall acquire the Property in an “as-is” condition with an ALTA owner’s title policy with such endorsements as Purchaser shall reasonably require, subject only to those monetary encumbrances recorded against the Property as agreed to in writing by Purchaser.

(f) Subdivision. Seller and Purchaser shall cooperate in causing the Land to be a separate legal parcel under applicable law, which shall be a condition precedent to closing under this Agreement. At the election of Purchaser, Purchaser may cause the Land to be further subdivided into 2 separate legal parcels or converted to a condominium with 2 condo units, in which case (1) Seller shall reasonably cooperate with such subdivision or conversion efforts, and (2) this Agreement shall be replaced with 2 separate option agreements for the 2 parcels or units, each with the same terms and conditions as in this Agreement.

(g) Representations, Warranties and Covenants. Seller hereby represents, warrants and covenants as follows:

(i) Except as otherwise permitted by Purchaser in writing in its sole discretion, Seller shall (A) maintain and operate the Property in its current condition and operation; (B) not enter into any lease, agreement or contract or a modification thereof (including existing loans or liens on the Property) affecting the Property unless such lease, agreement or contract shall terminate upon transfer of the Property or is approved by Purchaser in its sole discretion; (C) comply with all material contracts, agreements and obligations with respect to the Property; (D) maintain current amounts of fire, extended coverage, hazard and other insurance for the Property; and (E) not sell, assign, dispose of or further encumber the Property.

(ii) Seller shall not commit or permit any act that would diminish or devalue the Property or Purchaser’s rights under this Agreement.

(iii) Seller shall within 20 days of the date hereof provide to Purchaser all documents, contracts, agreements and other information regarding the Property that is within the possession or control of Seller.

(iv) During the Option Term, Purchaser and its agents shall have the right, upon reasonable notice and during reasonable times and without unreasonably interfering with the normal operation of the Property, to enter upon the Property to conduct inspections and testing (including surveying and environmental assessments), and to inspect and copy Seller’s

books and records with respect to the Property. Seller shall reasonably cooperate with Purchaser in inspecting and evaluating the Property, applying for or obtaining financing for the Property and obtaining entitlements or permits with respect to the Property.

4. General Provisions.

(a) Entire Agreement. This Agreement contains the entire agreement between the parties, and supersedes all prior negotiations, drafts, and other understandings which the parties may have had concerning the subject matter hereof.

(b) Time. Time is of the essence of this Agreement.

(c) Successors. The provisions of this Agreement shall inure to the benefit of, and shall be binding upon, the heirs, successors, executors, administrators and assigns of the parties hereto. Seller agrees that Purchaser shall have the right to assign this Agreement or to nominate another person (including, without limitation, a limited partnership controlled by Purchaser) to take title to the Property without Seller's consent.

(d) Amendments. This Agreement may not be amended or modified except by written documents signed by all parties hereto.

(e) Severability. Whenever possible, each provision of this Agreement shall be interpreted so as to be effective and valid under applicable law. If any provision of this Agreement is held to be prohibited by, or invalid under, applicable law, the remainder of this Agreement and any other application of such provision shall not be affected thereby.

(f) Counterparts. This Agreement may be executed in any number of counterparts, and each such counterpart shall be deemed to be an original instrument. All such counterparts together shall constitute one and the same Agreement.

(g) Notice. Any notice, demand, request, consent or other communication which either party desires or is required to give to any other party shall be in writing and shall be deemed to have been given when either: (a) delivered in person or by facsimile transfer, or (b) sent by overnight courier or first-class registered or certified mail, postage pre-paid, return receipt requested, addressed to such party at the address set forth following each party's signature to this Agreement. Either party may designate another address for itself at any time upon written notice to the other party.

(h) Headings. The titles and headings of the various sections of this Agreement have been inserted only for convenience of reference. They are not part of this Agreement and may not be used to construe or interpret any of the terms hereof.

(i) Governing Law. This Agreement shall be governed by, and construed in accordance with, the law of the State of California.

[SIGNATURES ON FOLLOWING PAGE]



IN WITNESS WHEREOF, the parties have executed this Agreement as of the date set forth above.

**SELLER:**

Housing Authority of the City of Alameda,  
a public body corporate and politic

By: \_\_\_\_\_  
Vanessa Cooper  
Executive Director

Address:

Housing Authority of the City of Alameda  
701 Atlantic Avenue  
Alameda, CA 94501  
Attn: Executive Director

**PURCHASER:**

Island City Development,  
a California nonprofit public benefit corporation

By: \_\_\_\_\_  
Vanessa Cooper  
President

Address:

Island City Development  
c/o Housing Authority of the City of Alameda  
701 Atlantic Avenue  
Alameda, CA 94501  
Attn: Executive Director

EXHIBIT A  
Legal Description

ISLAND CITY DEVELOPMENT

Resolution No. 2022-07

ACCEPTING THE HOUSING AUTHORITY’S LOAN AND OPTION TO GROUND LEASE TO ISLAND CITY DEVELOPMENT FOR 2615 EAGLE

WHEREAS, the Island City Development (“ICD”) was formed as a public benefit corporation established to operate exclusively to support the Housing Authority of the City of Alameda (“AHA”);

WHEREAS, the Housing Authority owns real property at 2615 Eagle Avenue commonly known as Tilden Commons (the “Property”) for which the Corporation provides real estate development services to redevelop the Property; and

WHEREAS, ICD is authorized to do business in the State of California and is empowered to enter into an obligation to receive local, regional, state, and federal funds for the acquisition, construction, rehabilitation, or preservation of affordable multifamily rental housing, including but not limited to Low-Income Housing Tax Credits, Alameda County funds, HOME and CDBG funds, AUSD Pass Through Funds, No Place Like Home, State HCD Program funds, Tax-Exempt Bonds, and Federal Home Loan Bank Affordable Housing Program funds, (collectively the “Funding”).

NOW, THEREFORE, BE IT RESOLVED, that the Board authorizes the acceptance of loan funds in the amount of up to \$3,000,000 and an option to ground lease the Property.

BE IT FURTHER RESOLVED, the Board hereby authorizes Vanessa Cooper, President, or her written designee are each separate, individually, and independently hereby authorized to execute an Unsecured, Recourse Promissory Note dated xx/xx/xxx to cover the approved amount of up to \$3,000,000.

ATTEST:

Vanessa M. Cooper
President

Janet Basta
Secretary

Adopted:

Date





# ISLAND CITY DEVELOPMENT

Fax (510) 522-7848 | TTY/TRS 711

ITEM 4.C

To: Board of Directors  
Island City Development

From: Tony Weng, Senior Project Manager

Date: April 20, 2022

Re: Approve Resolution 2022-08 Accepting a Loan in the Amount of up to \$3,500,000 from AHA to ICD for North Housing Senior, and Authorize the President or Designee to Negotiate and Execute the Loan Documents

## **BACKGROUND**

Affordable housing is built upon layered financing, starting from local awards that leverage state and federal matching funds and other subsidies in order to obtain the significant amount of resources that are needed to start construction. The local funds are especially key in demonstrating local support and commitment to the project. Island City Development has been undertaking the build-out of the North Housing master plan. The North Housing master plan includes multiple phases (see attached maps). The Board of Commissioners has already allocated both an option to ground lease the land to the three Block A phases, as well as permanent loan commitments to the first two buildings. Since the first three phases have been streamlined into one design phase, along with all the adjacent perimeter infrastructure, staff recommends that this third award of permanent loan commitment be made to North Housing Senior in order to help the entire Block A development proceed with as much alignment as possible.

## **DISCUSSION**

### Island City Development:

As described in previous reports, the North Housing Senior phase is 65 senior units on Block A of the 12-acre North Housing site, immediately adjacent and sharing parking with 90 units of permanent supportive housing at North Housing PSH I and North Housing PSH II. The development is a mix of studios and one-bedroom units, along with a manager’s unit, management offices, community center and outdoor spaces. This property was always meant to neighbor and partner, but to operate separately from, the PSH I and PSH II phases. Nevertheless, design has been undertaken concurrently, to streamline the approvals, which include conditions for all perimeter infrastructure (streets, sidewalks, landscaping, stormwater conditions). Like the other phases of Block A, NH Seniors is at 50% construction drawings and near the critical definition of ‘shovel ready’ – defined as being able to obtain building permits in six months – as required by many state and federal funders.

### Financing status:



The Housing Authority provided ICD with an option to ground lease the location of North Housing Senior in July 2021 (along with the other areas of Block A). North Housing Seniors has not yet applied for other local funding, as the two permanent supportive housing phases have been the priority. However, as a senior project, it does not always directly compete with developments in the supportive housing category. Staff plans to publish a Request for Proposals for debt and equity on the entire Block A development in the spring of 2022, in order to assure that the development is in the pipelines of lenders and equity investors that will rapidly become fully committed for the next year. Because of the close proximity of the three buildings in Block A, it is anticipated that the same lender and investor team will be involved in all three phases (although staff will provide the option to hold out the senior development as a single phase for separate investment if desired).

Condition to the Loan:

1. Permanent award is conditional on a construction loan closing with all sources.
2. Requirement to leverage – ICD is required to find public and private sources to leverage this local commitment and should document that it has applied to all relevant and appropriate funding sources.
3. Term: 50% of funds will be available in a predevelopment loan for three years, with two one-year extensions. Funds for the permanent phase will repay the predevelopment loan and be available for at least 55 years.
4. Predevelopment funding loans will be at 0% interest. The permanent loan will be at no more than 3% simple interest starting at permanent conversion.
5. Permanent funding can be in place for construction as necessary.
6. Repayment is 75% of residual receipts, or as shared with other soft lenders at the Housing Authority's sole discretion. The residual receipts negotiation must be brought back to the Board for approval.
7. Loan Fee – A 5% loan fee is due at permanent loan conversion.
8. If the project has the opportunity to apply for State of Ca LHTF match, this award may flow through AAHC and the AAHTF, but ICD and staff must return to the Board for approval of that transaction.
9. Progress reports on the development and its predevelopment funding will be in a monthly or quarterly board report.

**FISCAL IMPACT**

If the AHA Board approves the staff recommendations in the 2022 Update to the Reserve Policy and the ICD Board approves the staff recommendations in this memo, up to \$3,500,000.00 of available funds will be conditionally committed to the North Housing Senior development.

**CEQA**

Not Applicable

**RECOMMENDATION**

Approve Resolution 2022-08 Accepting a Loan in the Amount of up to \$3,500,000 from AHA to ICD for North Housing Senior, and Authorize the President or Designee to Negotiate and



**ATTACHMENTS**

1. 4.C. 2022-08 Att 1 Reso for a Permanent Loan for North Housing Senior

Respectfully submitted,



Tony Weng, Senior Project Manager

**ISLAND CITY DEVELOPMENT**

*Resolution No. 2022-08*

**ACCEPTING THE HOUSING AUTHORITY’S LOAN TO ISLAND CITY DEVELOPMENT FOR NORTH HOUSING SENIOR**

**WHEREAS**, the Island City Development (“ICD”) was formed as a public benefit corporation established to operate exclusively to support the Housing Authority of the City of Alameda (“AHA”);

**WHEREAS**, the Housing Authority owns real property at the 501 Mosley Avenue commonly known as North Housing (the “Property”) for which the Corporation provides real estate development services to redevelop the Property; and

**WHEREAS**, ICD is authorized to do business in the State of California and is empowered to enter into an obligation to receive local, regional, state, and federal funds for the acquisition, construction, rehabilitation, or preservation of affordable multifamily rental housing, including but not limited to Low-Income Housing Tax Credits, Alameda County funds, HOME and CDBG funds, AUSD Pass Through Funds, No Place Like Home, State HCD Program funds, Tax-Exempt Bonds, and Federal Home Loan Bank Affordable Housing Program funds, (collectively the “Funding”).

**NOW, THEREFORE, BE IT RESOLVED**, that the Board authorizes the acceptance of loan funds in the amount of up to \$3,500,000.

**BE IT FURTHER RESOLVED**, the Board hereby authorizes Vanessa Cooper, President, or her written designee are each separate, individually, and independently hereby authorized to execute an Unsecured, Recourse Promissory Note dated xx/xx/xxx to cover the approved amount of up to \$3,500,000.

ATTEST:

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

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

Adopted:

\_\_\_\_\_  
Date



**ISLAND CITY DEVELOPMENT**

Fax (510) 522-7848 | TTY/TRS 711

To: Board of Directors  
Island City Development

From: Tony Weng, Senior Project Manager

Date: April 20, 2022

Re: Approve Resolution 2022-09 Accepting a Loan in the Amount of up to \$2,500,000 from AHA to ICD for North Housing PSH I, and Authorize the President or Designee to Negotiate and Execute the Loan Documents

**BACKGROUND**

Affordable housing is built upon layered financing, starting from local awards that leverage state and federal matching funds and other subsidies in order to obtain the significant amount of resources that are needed to start construction. The local funds are especially key in demonstrating local support and commitment to the project. Island City Development has been undertaking the build out of the North Housing master plan. The North Housing master plan includes multiple phases. The Housing Authority Board of Commissioners has already allocated both an option to ground lease the land to the three Block A phases, as well as permanent loan commitments to the first two buildings.

**DISCUSSION****Island City Development:**

Island City Development has shepherded the 155 units at Block A through entitlements and 50% construction drawings to near the critical definition of 'shovel ready' – defined as being able to obtain building permits in six months – as required by many state and federal funders. Block A will host the critical 90 units of supportive housing that are required by the disposition of the property to the Housing Authority of the City of Alameda.

**Financing status:**

The Housing Authority provided ICD with an option to ground lease the location of North Housing PSH I in July 2021, along with a financial commitment of \$5,000,000. Staff has successfully applied for project-based vouchers, as well as submitted applications for other subsidies totaling over \$6 million dollars in anticipation of the June 2022 SuperNOFA issued by the State of California. The development will also need to apply for bonds and tax credits. These processes have become increasingly competitive, and the number of potential application windows has been reduced to only once, or at most twice, a year. Thus, if a project is unsuccessful, frequently, it will have to wait an entire year to reapply. Staff is requesting additional funding so that at least the first phase of North Housing, with nearly half of the committed homeless housing units, can be competitive and allow ICD to quickly start





construction. For this reason, an additional \$2.5 million loan commitment has been requested at this time, and for this initial phase only. Staff hopes to be judicious and only use the amount of this loan that it deems truly necessary for competitiveness.

Staff plans to publish a Request for Proposals for debt and equity on the entire Block A development in the spring of 2022, in order to assure that the development is in the pipelines of lenders and equity investors that rapidly become fully committed for the next year.

Because of the close proximity of the three buildings in Block A, it is anticipated that the same lender and investor team will be involved in all three phases (although staff will provide the option to hold out the senior development as a single phase for separate investment if desired).

### Conditions to the Loan:

1. Permanent award is conditional on a construction loan closing with all sources.
2. Requirement to leverage – ICD is required to find public and private sources to leverage this local commitment and should document that it has applied to all relevant and appropriate funding sources.
3. Term: 50% of funds will be available in a predevelopment loan for three years, with two one-year extensions. Funds for the permanent phase will repay the predevelopment loan and be available for at least 55 years.
4. Predevelopment funding loans will be at 0% interest. The permanent loan will be at no more than 3% simple interest starting at permanent conversion.
5. Permanent funding can be in place for construction as necessary.
6. Repayment is 75% of residual receipts, or as shared with other soft lenders at the Housing Authority's sole discretion. The residual receipts negotiation must be brought back to the Board for approval.
7. Loan Fee – A 5% loan fee is due at permanent loan conversion.
8. If the project has the opportunity to apply for State of Ca LHTF match, this award may flow through AAHC and the AAHTF, but ICD and staff must return to the Board for approval of that transaction.
9. Progress reports on the development and its predevelopment funding will be in a monthly or quarterly board report.

### FISCAL IMPACT

If the AHA Board approves the staff recommendations in the 2022 Update to the Reserve Policy and the ICD Board approves the staff recommendations in this memo, up to \$2,500,000.00 of available funds will be conditionally committed to the North Housing PSH I development

### CEQA

Not applicable.

### RECOMMENDATION

Approve Resolution 2022-09 Accepting a Loan in the Amount of up to \$2,500,000 from AHA to ICD for North Housing PSH I, and Authorize the President or Designee to Negotiate and Execute the Loan



**ATTACHMENTS**

1. 2022-09 Att 1 Reso for a Permanent Loan for North Housing PSH I

Respectfully submitted,



Tony Weng, Senior Project Manager

**ISLAND CITY DEVELOPMENT**

*Resolution No. 2022-09*

**ACCEPTING THE HOUSING AUTHORITY'S LOAN TO ISLAND CITY  
DEVELOPMENT FOR NORTH HOUSING PSH I**

**WHEREAS**, the Island City Development ("ICD") was formed as a public benefit corporation established to operate exclusively to support the Housing Authority of the City of Alameda ("AHA");

**WHEREAS**, the Housing Authority owns real property at the 501 Mosley Avenue commonly known as North Housing (the "Property") for which the Corporation provides real estate development services to redevelop the Property; and

**WHEREAS**, ICD is authorized to do business in the State of California and is empowered to enter into an obligation to receive local, regional, state, and federal funds for the acquisition, construction, rehabilitation, or preservation of affordable multifamily rental housing, including but not limited to Low-Income Housing Tax Credits, Alameda County funds, HOME and CDBG funds, AUSD Pass Through Funds, No Place Like Home, State HCD Program funds, Tax-Exempt Bonds, and Federal Home Loan Bank Affordable Housing Program funds, (collectively the "Funding").

**NOW, THEREFORE, BE IT RESOLVED**, that the Board authorizes the acceptance of loan funds in the amount of up to \$2,500,000.

**BE IT FURTHER RESOLVED**, the Board hereby authorizes Vanessa Cooper, President, or her written designee are each separate, individually, and independently hereby authorized to execute an Unsecured, Recourse Promissory Note dated xx/xx/xxx to cover the approved amount of up to \$2,500,000.

ATTEST:

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

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

Adopted:

\_\_\_\_\_  
Date





**ISLAND CITY DEVELOPMENT**

Fax (510) 522-7848 | TTY/TRS 711

To: Board of Directors  
Island City Development

From: Tony Weng, Senior Project Manager

Date: April 20, 2022

Re: Accept the North Housing Project Update Report, Authorize the President, or designee to negotiate and sign the Legal Service Contracts with CMPR, Approve and Ratify the Executed CMPR Contract for Legal Services

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**BACKGROUND**

Island City Development (ICD) performs real estate development services for the North Housing project.

The North Housing Project is the redevelopment of approximately 12 acres of land at the former Alameda Naval Air Station (NAS) at the site known as Coast Guard Housing. The Housing Authority is leading the development under a homeless accommodation conveyance, alongside partners Alameda Point Collaborative (APC) and Building Futures. The North Housing parcel was successfully transferred to Housing Authority ownership on May 30, 2019. The Housing Authority Board of Commissions approved the Agency's Vision for the North Housing site at its August 2019 meeting. On August 17, 2020, the Planning Board approved the Development Plan, and on September 15, 2020, the City Council approved the Tentative Map.

Please see previous monthly Housing Authority Board of Commissioners reports for project details. Documentation of the master planning process may be found at [www.northhousing.org](http://www.northhousing.org).

**DISCUSSION**

Since mid-2021, staff has submitted multiple funding applications to various agencies, such as the Section 8 Project-Based Voucher Program (S8 PBV), Alameda Affordable Housing Trust Fund (AAHTF), No Place Like Home Program (NPLH), Affordable Housing Program (AHP), HOME Investment Partnership Program (HOME), and the Community Development Block Grant Program (CDBG). Funding awards for NPLH, AHP, HOME, and CDBG are expected to be announced in June 2022.

In the meantime, staff is working with the project team, including the general contractor, to prepare a cost estimate based on the 100% design development package.

Approve CMPR Contract for North Housing PSH II and North Housing Senior Apartments



Per ICD procurement policy, any contract greater than \$250,000 or any firm whose cumulative contracts are greater than \$250,000 must receive Board approval. In moving forward with the predevelopment work for all three projects at North Housing Block A, staff procured Carle, Mackie, Power & Ross LLP (CMPR) through a Request for Qualifications (RFQ) for Low-Income Housing Tax Credit (LIHTC) and Real Estate Transaction Legal Services. The not-to-exceed contract amount per project is \$115,000 with an annual three percent (3%) escalation. The cumulative total contract amount for the three projects at North Housing Block A would be \$345,000.00 with CMPR, which exceeds the procurement limit. Staff comes before the Board today to accept staff recommendation to contract legal services with CMPR for all three projects at North Housing Block A.

#### Ratify CMPR Contract for North Housing PSH I

In moving forward with the predevelopment work for North Housing PSH I, staff procured and contracted with CMPR for LIHTC and Real Estate Transaction Legal Services. The not-to-exceed contracted amount is \$115,000.00 with an annual three percent (3%) escalation, including all expenses.

#### **FISCAL IMPACT**

The North Housing project has a \$6,238,000 pre-development loan for costs associated with master planning, carrying costs, demolition, and pre-development work for the first 90 units of permanent supportive housing. Pre-development loan funds are disbursed from AHA to ICD on an as-needed basis. As of March 31, 2022, the available predevelopment loan balance is \$992,691. Staff anticipates providing an update on the North Housing predevelopment needs in May 2022.

As master developers, AHA and ICD can be expected to carry some of the architectural and engineering costs for 2-4 years depending on the development schedule. The contract amounts discussed previously are covered within the budget for the proposed projects at North Housing Block A.

#### **CEQA**

Not Applicable

#### **RECOMMENDATION**

Accept the North Housing Project Update Report, Authorize the President, or designee to negotiate and sign the Legal Service Contracts with CMPR, Approve and Ratify the Executed CMPR Contract for Legal Services.

#### **ATTACHMENTS**

None

Respectfully submitted,



Tony Weng, Senior Project Manager



