



AGENDA

ISLAND CITY DEVELOPMENT
Bi-Annual Meeting
December 17th, 2020 at 4:00 PM
Via Conference Call

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Pursuant to the Island City Development Bylaws Section 5.13, any Board meeting may be held by telephone conference. Additionally, Executive Order Numbers N-29-20 and N-35-20 signed by Governor Gavin Newsom and guidance provided by legal counsel, a local legislative body, such as the Board of Commissioners, or state body is authorized to hold public meetings via teleconferencing and to make public meetings accessible telephonically or otherwise electronically to all members of the public seeking to observe and to address the local legislative body. All requirements in both the Bagley-Keene Act and the Brown Act expressly or impliedly requiring the physical presence of members, the clerk or other personnel of the body, or the public as a condition of participation in or a quorum for a public meeting have been waived.

Public access to this meeting is available as follows:

Join Zoom Meeting

<https://zoom.us/j/96367468942?pwd=NIRXWStIcldyc2x4MCMtrLytMY2ZYZz09>

Meeting ID: 963 6746 8942

Passcode: 645870

One tap mobile

+16699009128,,96367468942#,,,,,0#,,645870# US (San Jose)

+12532158782,,96367468942#,,,,,0#,,645870# US (Tacoma)

Dial by your location

+1 669 900 9128 US (San Jose)

+1 253 215 8782 US (Tacoma)

+1 346 248 7799 US (Houston)

+1 646 558 8656 US (New York)

+1 301 715 8592 US (Washington D.C)

+1 312 626 6799 US (Chicago)

Meeting ID: 963 6746 8942

Passcode: 645870

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

Persons wishing to address the Board of Directors are asked to submit comments for the public speaking portion of the agenda as follows:

Send an email with your comment(s) to jlayte@alamedahsg.org and vcooper@alamedahsg.org prior to or during the Board of Directors meeting.



-
1. CALL TO ORDER & ROLL CALL
 2. PUBLIC COMMENT (Non-Agenda)
 3. CONSENT CALENDAR **(Action)**
 - a. Approve Minutes of the Regular Meeting of the Board of Directors held June 29, 2020, **Page 1**
 - b. Approve Minutes of the Regular Meeting of the Board of Directors held November 10, 2020, **Page 3**
 - c. Accept the Rosefield Project Update Report and Ratify the Executed Construction Contract for Rosefield Village **Page 5**
 - d. Accept Auditor Communication **Page 10**
 - e. Approve the Fourth Amendment to the Consultant Services Agreement dated April 15 2015 with the Housing Authority of the City of Alameda **Page 39**
 - f. Accept the 2019 Annual Financial Overview Report for Asset Management **Page 45**
 4. NEW BUSINESS
 - a. Approve a Contract Amendment with the Dahlin Group, Inc. for Additional Architectural Services at Rosefield Village **Page 55 (Action)**
 - b. Accept the 2021 Annual Budgets for Constitution and Eagle, L.P , Everett and Eagle, L.P and Sherman and Buena Vista, L.P.. **Page 58 (Action)**
 - c. Approve and Adopt the 2021 ICD Annual Budget **Page 64 (Action)**
 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@alamedahsq.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.





**Housing
Authority of the City of Alameda**

PHONE (510) 747-4300
FAX (510) 522-7848
TTY/TRS 711

701 Atlantic Avenue • Alameda, California 94501-2161

MINUTES

ISLAND CITY DEVELOPMENT

Annual Meeting

June 29, 2020 at 1:30 PM

Alameda Housing Authority Office, 701 Atlantic Avenue,
Alameda

1. CALL TO ORDER & ROLL CALL

President Cooper called the meeting to order at 1:30 p.m. The following Board Members were present on the conference call: Director Vanessa Cooper, Director Brad Weinberg, and Director Janet Basta. Staff in Attendance: Louie So, Kathleen Mertz, Tony Weng, Candace Latigue, and Stacey Wilson.

2. PUBLIC COMMENT (Non-Agenda) (none)

3. CONSENT CALENDAR (Action)

- a. Approve Minutes of the Special Meeting of the Board of Directors held April 16, 2020, Page 1

Director Weinberg moved to approve the minutes of the Special Meeting of the Board of Directors held April 16, 2020. Director Basta seconded. Roll call was held. Weinberg: Yes; Basta: Yes, and Cooper: Yes. The motion carried unanimously.

4. NEW BUSINESS

- a. Authorize the President, or Designee, to Execute A Consultant Services Agreement Amendment with Holthouse, Carlin and Van Trigt LLP Not To Exceed \$290,000, **Page 2 (Action)**

Director Cooper clarified that this was Amendment #2 to the Consultant Services Agreement for an additional \$30,000 compensation, making the total compensation \$290,000. Director Weinberg moved to approve Amendment #2 to the Consultant Services Agreement with Holthouse, Carlin and Van Trigt LLP not to exceed \$290,000. Director Basta seconded. Roll call was held. Weinberg: Yes; Basta: Yes, and Cooper: Yes. The motion carried unanimously.

- b. Adopt the Authoring Resolution for the Ground Lease, Loans, and Financing and Ownership Structure for Rosefield Village, Authorize Payment of the Permanent Lender Forward Commitment Deposit of Up to \$300,000, Authorize New Project Bank Accounts With Bank of America, and Authorize a Predevelopment Loan Increase to \$3,100,000 from the Housing Authority,
Page 5 (Action)

Director Basta moved to adopt the Authoring Resolution for the ground lease, loans, and financing and ownership structure for Rosefield Village, authorize payment of the permanent lender Forward Commitment Deposit of up to \$300,000, authorize new project bank accounts with Bank of America, and authorize a predevelopment loan increase to \$3,100,000 from the Housing Authority, Director Weinberg seconded. . Roll call was held. Weinberg: Yes; Basta: Yes, and Cooper: Yes. The motion carried unanimously.

5. NON-AGENDA (Public Comment) *(none)*
6. WRITTEN COMMUNICATIONS *(none)*
7. ORAL COMMUNICATIONS – BOARD MEMBERS AND STAFF *(none)*
8. ADJOURNMENT

The meeting was adjourned at 1:44 p.m.

Respectfully submitted,

DocuSigned by:

72DC869D12E247A...
Janet Basta
Secretary

MINUTES

ISLAND CITY DEVELOPMENT
Special Meeting
November 10, 2020 at 12:30 PM
By Conference Call

1. CALL TO ORDER & ROLL CALL

President Cooper called the meeting to order at 12:32 p.m. The following Board Members were present on the conference call: Director Vanessa Cooper and Director Janet Basta. President Cooper called a quorum. Staff in attendance: Louie So, Sylvia Martinez, Stacy Wilson, and Jocelyn Layte.

2. PUBLIC COMMENT (Non-Agenda) (*none*)

3. CONSENT CALENDAR (**Action**)

- a. Approve the Island City Development tax returns for 2019.

Director Basta moved to approve the Island City Development tax returns for 2019. Director Cooper seconded. Roll call was held. Cooper: Yes; Basta: Yes. The motion carried unanimously

4. NEW BUSINESS

- a. Accept a \$2,408,000 Loan Amendment from AHA; and Authorize the President or designee to Negotiate and Execute the Loan Documents and sign the Carmel Partners abatement change order in an amount not to exceed \$924,000.

Director Cooper clarified that this Amendment was pending action by the Alameda Housing Authority Board of Commissioners to approve this predevelopment loan. Director Basta moved to accept a \$2,408,000 Loan Amendment from AHA; and Authorize the President or designee to Negotiate and Execute the Loan Documents and sign the Carmel Partners abatement change order in an amount not to exceed \$924,000 Director Cooper seconded. Roll call was held. Basta: Yes; Cooper: Yes. The motion carried unanimously.

5. NON-AGENDA (Public Comment) (*none*)

6. WRITTEN COMMUNICATIONS (*none*)

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

8. ADJOURNMENT



Agenda
Island City Development

November 10, 2020
Page 2 of 2

The meeting was adjourned at 12:37 p.m.

Respectfully submitted,

DocuSigned by:

72DC869D12E247A...

Janet Basta
Secretary



ISLAND CITY DEVELOPMENT**ITEM 3C**

To: Board of Directors
Island City Development

From: Tony Weng
Senior Project Manager

Date: December 17, 2020

Re: Accept the Rosefield Project Update Report and Ratify the Executed
Construction Contract for Rosefield Village

BACKGROUND

The Rosefield Village project includes new construction of 78 units and renovation of 14 units, totaling 92 units located on the 700 block of Buena Vista Ave. ICD is the developer. The overall project scope includes both, rehabilitation of existing structures and construction of a new building in the middle of the site. In addition to the 78 units, the new central building includes onsite laundry, property management offices, social service coordination offices, a community room, and central courtyard with play structures. Twelve existing units, in five buildings, on the east and west sides of the new building will be renovated, and one house will be converted into a duplex.

Please see previous monthly Housing Authority Board of Commissioners reports for project details.

DISCUSSION

The overall project completion and billing percentage through October 31, 2020 is approximately 2.75%.

Current construction activities include demolition and asbestos abatement for the buildings to be demolished. Two of the nine buildings slated for demolition have been demolished.

Change Order #02, approximately \$100,000, was approved for site security, sewer lateral investigation, and elevator backup battery with lowering device. Security during construction in the amount of \$80,000 was included as soft costs in the overall development budget and will be reclassified as hard costs. Therefore, the net Change Order #02 is approximately \$20,000. The GC has requested 20 working days in time extension to the overall project schedule related to Change Order #01 for additional asbestos abatement and removal of 2nd layer of contaminated drywall. Staff is negotiating with the GC related to the time extension request.

Owner contingency funds are held separately from the contract and as change orders are approved, the original construction contract value will increase accordingly as shown in



the table below.

Contingency Utilization				
	Original Budget	Previous Revisions	Current Revisions	Revised Budget
Construction Contract	\$38,218,849	\$80,000	\$99,711.08	\$38,398,560
Hard Costs Contingency	\$4,586,262	-\$80,000	-\$19,711.08	\$4,486,551
Soft Cost Contingency	\$300,000	-\$134,680	\$0	\$165,320

General Construction Contract Utilization				
Contract Total	Value of Work Completed to Date	Retention Withheld	Amounts Paid to Date	Balance to Finish
\$38,398,560	\$1,056,243	\$59,262	\$996,981	\$37,342,317

On October 31, 2020, one of the five households remaining moved-out. Staff continues to work with AHA Property Management Department and the John Stewart Company on temporary relocation needs for the remaining households for when their units are scheduled for renovation. An update on the relocation status through October 31, 2020, is below:

Total Units	Vacant Units	Moves Completed	Currently Occupied	Remaining Units to Permanently Relocate	Remaining Units to Temporarily Relocate
53	49	30	4	0	2 (2 units at 738 Eagle will remain in place and no work is being done to that bldg.)

In moving forward with the construction closing for the project, on August 6, 2020, Constitution and Eagle LP, and J.H. Fitzmaurice, Inc. entered into a construction contract in the amount of Thirty-Eight Million Two Hundred Eighteen Thousand Eight Hundred Forty-Nine Dollars and Thirty-Three Cents (\$38,218,849.33) as a part of the "Transaction Documents" as defined in the previously approved ICD Resolution No. 2020-03

FINANCIAL IMPACT

The total construction contract amount mentioned above is included in the overall approved development budget.



The Board has previously authorized a \$3.1 Million loan to Island City Development for pre-development expenses. Overall, ICD accrued a total of \$2,764,714 in pre-development expenses for the project, and ICD has been reimbursed through the closing draw and has received the refundable bond performance deposit. ICD will repay the total pre-development loan in full upon final reconciliation by Finance Department.

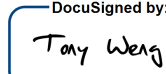
The current construction draw schedule is shown below. The \$ Disbursed includes the current draw amount.

	\$ Budget	\$ Disbursed	% Disbursed	\$ Balance
Land & Buildings	\$17,210,000	\$17,210,000	100%	\$0
Hard Costs	\$43,365,111	\$1,200,260	3%	\$42,164,851
Soft Costs	\$15,977,067	\$5,050,377	32%	\$10,926,690
Total	\$76,552,178	\$23,460,637	31%	\$53,091,541

RECOMMENDATION

Accept the Rosefield Project Update Report and Ratify the Executed Construction Contract for Rosefield Village

Respectfully submitted,

DocuSigned by:

 AE7A4FFC8B2642A...

Tony Weng
 Senior Project Manager



**FOURTH AMENDMENT TO THE
CONSULTANT SERVICES AGREEMENT
BETWEEN ISLAND CITY DEVELOPMENT AND
THE HOUSING AUTHORITY OF THE CITY OF ALAMEDA**

THIS FOURTH AMENDMENT to the Consultant Services Agreement (the "Agreement"), entered into this 16th day of December 2020, by and between ISLAND CITY DEVELOPMENT, a California nonprofit public benefit corporation ("ICD) and the HOUSING AUTHORITY OF THE CITY OF ALAMEDA a public body corporation ("AHA"), is made with reference to the following:

- A. On April 15, 2015, the Agreement was entered into by and between ICD and AHA for delivery of real estate development services; and
- B. On December 5, 2017, the Agreement was amended to extend the completion date to December 31, 2018
- C. On December 20, 2018, the Agreement was amended to extend the completion date to December 31, 2019.
- D. On November 8, 2019, the Agreement was amended to extend the completion date to December 31, 2020.
- E. ICD and AHA desire to extend the term of the contract for one year with the same annual contract amount of \$100,000 and a completion date of December 31, 2021.
- F. Consultant compensation shall be increased, pursuant to the Agreement, in the amount of \$100,000 annually for year 2021, for a total contract amount not to exceed \$600,000.

NOW, THEREFORE, in consideration of the foregoing, it is mutually agreed by and between and undersigned parties that paragraphs 1. TERM and 3. COMPENSATION TO CONSULTANT, shall be replaced in whole with the following paragraphs:

- 1. **TERM:** The time for Completion set forth in the contract is five years, ending December 31, 2021, unless terminated earlier as set forth herein.
- 3. **COMPENSATION TO CONSULTANT:** Consultant shall be compensated for services performed pursuant to this Agreement in the amount of \$100,000 annually, for a contract total not to exceed \$600,000. Payment will be made based upon Consultant's submitted and approved invoice.

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

ISLAND CITY DEVELOPMENT

HOUSING AUTHORITY OF THE CITY OF
ALAMEDA

Vanessa Cooper
President

Vanessa Cooper
Executive Director

ISLAND CITY DEVELOPMENT

ITEM 3D

To: Board of Directors
Island City Development

From: Louie So, CPA
Director of Finance

Date: December 17, 2020

Re: Accept Auditor Communication

BACKGROUND

Per Section 7.7 of the Island City Development Bylaws, the President shall furnish a written annual report to the Directors.

DISCUSSION

The attached audited Financial Statements reflect the consolidated financial status of the corporation and subsidiaries as of 12/31/2019. During calendar year 2019, there were no transactions, indemnifications or advances to any officer or director of the corporation.

RECOMMENDATION

Accept the Annual Report and Audited Financial Statements for Calendar Year Ending 12/31/2019.

Respectfully submitted,

DocuSigned by:
Louie So
CC6EAB3A8A824DA...
Louie So, CPA
Director of Finance

Attachments:

1. HCVT Audit Letter for ICD (AU 260 Letter)
2. HCVT Annual Report and Financial Statement for FYE 12/31/2019 for ICD





Camarillo, CA
Encino, CA
Long Beach, CA
Los Angeles, CA
Orange County, CA
Pasadena, CA
Walnut Creek, CA
West Los Angeles, CA
Westlake Village, CA
Fort Worth, TX
Park City, UT

PERSONAL & CONFIDENTIAL

October 23, 2020

Mr. Louie So
Director of Finance
Housing Authority of the City of Alameda
701 Atlantic Avenue
Alameda, CA 94501

Re: Island City Development

We have audited the consolidated financial statements of Island City Development (the Company) for the year ended December 31, 2019, and have issued our report thereon dated October 23, 2020. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards, as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our engagement letter dated July 24, 2020. Professional standards also require that we communicate to you the following information related to our audit.

Significant Audit Findings

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. In accordance with the terms of our engagement letter, we will advise management about the appropriateness of accounting policies and their application. The significant accounting policies used by the Company are described in Note 1 to the financial statements. No new accounting policies were adopted, other than those disclosed in Note 1 to the financial statements, and the application of existing policies was not changed during 2019. We noted no transactions entered into by the Company during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Accounting estimates are an integral part of the financial statements prepared by management, and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. There were no sensitive estimates during 2019.

The financial statement disclosures are neutral, consistent, and clear.

Difficulties Encountered in Performing the Audit

We encountered no significant difficulties in dealing with management in performing and completing our audit.

Mr. Louie So
October 23, 2020
Page 2

Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are trivial, and communicate them to the appropriate level of management. Misstatements were identified by HCVT during the audit (see the attached copy of adjustments). Management represented that they recorded all of the adjustments to correct the identified misstatements.

Disagreements with Management

For purposes of this letter, a disagreement with management is a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. No such disagreements arose during the course of our audit.

Management Representations

We have requested and received certain representations from management that are included in the management representation letter dated October 23, 2020.

Management Consultations with Other Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the Company's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

Other Audit Findings or Issues

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the Company's auditor. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

While auditing the Company's receivables, we noted that the Company could not generate a year-end balance detail of outstanding accounts receivable. We recommend that the Company works on reconciling these balances and continue to evaluate the collectability of those balances.

While auditing the Company's predevelopment costs, we noted that the development efforts of the Alameda Housing Authority (AHA) are not being reflected as development costs for those projects in which the Company will be the developer. This results in the developer fee revenue earned by the Company, prior to elimination, not reflecting the economics of a project's development. We recommend management implement a system to more accurately account for AHA's "development costs" and allocate such cost (may include recording in-kind contributions) to be consistent with the associated developer fee revenue recognized per the agreements.

Other Matters

With respect to the supplementary information accompanying the financial statements, we made certain inquiries of management and evaluated the form, content, and methods of preparing the information to determine that the information complies with U.S. generally accepted accounting principles, the method of preparing it has not changed from the prior period, and the information is appropriate and complete in relation to our audit of the financial statements. We compared and reconciled the supplementary information to the underlying accounting records used to prepare the financial statements or to the financial statements themselves.

Mr. Louie So
October 23, 2020
Page 3

This information is intended solely for your use and management of the Company, and is not intended to be and should not be used by anyone other than these specified parties.

Very truly yours,

A handwritten signature in blue ink that reads "Holthouse Carlin & Van Trigt LLP". The signature is written in a cursive, flowing style.

HOLTHOUSE CARLIN & VAN TRIGT LLP

Client: 0900022.0 - Island City Development, Inc.
 Engagement: 2019 AUD - Island City Development
 Period Ending: 12/31/2019
 Trial Balance: A.40.1 - ICD TB
 Workpaper: A.30.01 - ICD - AJE Report

Account	Description	W/P Ref	Debit	Credit
Adjusting Journal Entries JE # 101				
To correct Equity		202.3.1		
9500200	Other Expense		1,028.00	
5090000	Unrestricted			1,028.00
Total			1,028.00	1,028.00
Adjusting Journal Entries JE # 102				
client proposed adjustment to record investment in SBV for granted funds		C.1.2		
1320010	Investments - Other		250,000.00	
7110090	Other Miscellaneous Revenue			250,000.00
Total			250,000.00	250,000.00
Adjusting Journal Entries JE # 103				
to record client proposed adjustment to reflect A/R from Everett Eagle for loan extension fees paid for and reimbursed in 2020.		I.1.2		
1900315	CIP - Construction Loan - Fees		12,324.00	
9160060	Bank Charges and Check Supplies			12,324.00
Total			12,324.00	12,324.00

**ISLAND CITY DEVELOPMENT
AND SUBSIDIARIES**
(A CALIFORNIA NONPROFIT PUBLIC BENEFIT CORPORATION)
CONSOLIDATED FINANCIAL STATEMENTS,
SUPPLEMENTARY INFORMATION,
AND
INDEPENDENT AUDITOR'S REPORT
DECEMBER 31, 2019 AND 2018



ISLAND CITY DEVELOPMENT AND SUBSIDIARIES
(A CALIFORNIA NONPROFIT PUBLIC BENEFIT CORPORATION)
DECEMBER 31, 2019 AND 2018
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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of
Island City Development:

Report on the Consolidated Financial Statements

We have audited the accompanying consolidated financial statements of Island City Development (a California nonprofit public benefit corporation) and its Subsidiaries, which comprise the consolidated statements of financial position as of December 31, 2019 and 2018, and the related consolidated statements of activities, functional expenses, changes in net assets, and cash flows, for the years then ended, and the related notes to the consolidated financial statements.

Management's Responsibility for the Consolidated Financial Statements

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

Auditor's Responsibility

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

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

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

Opinion on Consolidated Financial Statements

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Island City Development and its Subsidiaries as of December 31, 2019 and 2018, and the results of their operations and their cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Report on Supplementary Information

Our audits were conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The information in Schedules I and II is presented for purposes of additional analysis of the consolidated financial statements rather than to present the financial position, results of operations, and cash flows of the individual entities, and is not a required part of the consolidated 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 consolidated financial statements. The information has been subjected to the auditing procedures applied in the audits of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the consolidated financial statements as a whole.

A handwritten signature in blue ink that reads "Holt House Carlin + Van Tinsl LLP". The signature is written in a cursive, flowing style.

Westlake Village, California
October 23, 2020

ISLAND CITY DEVELOPMENT AND SUBSIDIARIES
(A CALIFORNIA NONPROFIT PUBLIC BENEFIT CORPORATION)
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

DECEMBER 31,	2019	2018
ASSETS		
Property, at cost		
Land improvements	\$ 2,170,596	\$ 2,170,596
Buildings and improvements	26,161,709	26,136,686
Furniture and equipment	512,067	512,067
Total property	28,844,372	28,819,349
Less: accumulated depreciation	(1,020,974)	(183,946)
Net property	27,823,398	28,635,403
Cash and cash equivalents	1,571,493	725,048
Other receivables	99,819	255,081
Due from affiliates	-	29,437
Restricted funds:		
Reserves	326,006	-
Tenant security deposits	41,500	22,924
Prepaid ground lease	3,316,468	3,351,012
Preacquisition costs	2,178,339	627,621
Other prepaids	28,472	18,495
Deposits	221,184	64,487
Deferred costs - TCAC fees	83,157	89,717
Total assets	\$ 35,689,836	\$ 33,819,225
LIABILITIES AND NET ASSETS (DEFICIT)		
Notes payable, net	\$ 20,675,495	\$ 30,537,441
Accounts payable and accrued expenses	57,917	21,499
Accrued construction and development costs	-	2,157,399
Accrued interest payable	858,796	610,469
Developer fee payable	167,500	167,500
Accrued Asset Management Fee payable	7,233	2,083
Prepaid rents	11,499	997
Tenant security deposits	41,500	22,924
Total liabilities	21,819,940	33,520,312
Commitments and contingencies		
Net assets (deficit)		
Without donor restrictions		
Controlling interests	(190,767)	(370,473)
Noncontrolling interests	14,060,663	669,386
Total net assets (deficit)	13,869,896	298,913
Total liabilities and net assets (deficit)	\$ 35,689,836	\$ 33,819,225

See notes to consolidated financial statements.

ISLAND CITY DEVELOPMENT AND SUBSIDIARIES
(A CALIFORNIA NONPROFIT PUBLIC BENEFIT CORPORATION)
CONSOLIDATED STATEMENTS OF ACTIVITIES

FOR THE YEARS ENDED DECEMBER 31,	2019	2018
Revenue:		
Residential rent	\$ 224,748	\$ 47,546
Tenant subsidies	810,664	156,185
Development fee	-	82,900
Grant and other revenue	271,553	41
Total revenue	1,306,965	286,672
Expenses:		
Program services-housing	2,148,073	621,858
Supporting services	225,806	169,700
Total expenses	2,373,879	791,558
Changes in net assets	\$ (1,066,914)	\$ (504,886)

See notes to consolidated financial statements.

ISLAND CITY DEVELOPMENT AND SUBSIDIARIES
(A CALIFORNIA NONPROFIT PUBLIC BENEFIT CORPORATION)
CONSOLIDATED STATEMENTS OF FUNCTIONAL EXPENSES

	FOR THE YEAR ENDED DECEMBER 31, 2019			
	Program Services		Supporting Services	
	Island City Development	Housing (a)	Island City Development	Housing (a)
Administrative				
Manager's salaries	\$ -	\$ 53,012	\$ -	\$ -
Office expense	-	78,796	11,105	-
Professional fees - accounting	-	-	41,759	58,547
Professional fees - legal	-	8,051	800	-
Property management fees	-	33,660	-	-
Total administrative expenses	-	173,519	53,664	58,547
Utilities				
Electricity	-	16,159	-	-
Water and sewer	-	15,196	-	-
Gas	-	102	-	-
Total utilities	-	31,457	-	-
Operating and maintenance				
Maintenance salaries	-	42,830	-	-
Repairs and maintenance	-	35,064	-	-
Trash removal	-	15,183	-	-
Total operating and maintenance	-	93,077	-	-
Taxes and insurance				
Payroll taxes	-	8,368	-	-
Property and liability insurance	-	28,467	-	-
Employee benefits	-	21,495	-	-
Property taxes	-	359	-	-
State taxes	-	3,200	148	-
Total taxes and insurance	-	61,889	148	-
Other expenses				
Depreciation	-	837,028	-	-
Amortization	-	6,500	-	-
Advertising and lease-up	-	33,169	-	-
Interest expense	-	822,918	2,730	-
Asset Management Fee	-	-	-	10,717
Development consulting	-	-	100,000	-
Ground lease	-	34,604	-	-
Miscellaneous financial expenses	-	44,606	-	-
Organization costs	-	9,306	-	-
Total other expenses	-	1,788,131	102,730	10,717
Total functional expenses	\$ -	\$ 2,148,073	\$ 156,542	\$ 69,264

(a) Sherman and Buena Vista LP and Everett and Eagle L.P.

See notes to financial statements.

ISLAND CITY DEVELOPMENT AND SUBSIDIARIES
(A CALIFORNIA NONPROFIT PUBLIC BENEFIT CORPORATION)
CONSOLIDATED STATEMENTS OF FUNCTIONAL EXPENSES

	FOR THE YEAR ENDED DECEMBER 31, 2018					
	Program Services		Supporting Services			
	Island City Development	Housing (a)	Total	Island City Development	Housing (a)	Total
Administrative						
Manager's salaries	\$ -	\$ 9,983	\$ 9,983	\$ 8	\$ -	\$ 9,991
Office expense	-	7,156	7,156	8,386	-	15,542
Professional fees - accounting	-	-	-	23,336	34,541	57,877
Professional fees - legal	-	160	160	-	-	160
Property management fees	-	7,998	7,998	-	-	7,998
Total administrative expenses	-	25,297	25,297	31,730	34,541	91,568
Utilities						
Electricity	-	2,305	2,305	-	-	2,305
Water and sewer	-	2,648	2,648	2,635	-	5,283
Gas	-	122	122	-	-	122
Total utilities	-	5,075	5,075	2,635	-	7,710
Operating and maintenance						
Maintenance salaries	-	9,564	9,564	-	-	9,564
Repairs and maintenance	-	3,346	3,346	-	-	3,346
Trash removal	-	3,659	3,659	-	-	3,659
Total operating and maintenance	-	16,569	16,569	-	-	16,569
Taxes and insurance						
Payroll taxes	-	1,773	1,773	-	-	1,773
Property and liability insurance	-	3,016	3,016	-	-	3,016
Employee benefits	-	2,504	2,504	-	-	2,504
State taxes	-	2,437	2,437	75	-	2,512
Total taxes and insurance	-	9,730	9,730	75	-	9,805
Other expenses						
Depreciation	-	183,946	183,946	-	-	183,946
Amortization	-	1,179	1,179	-	-	1,179
Advertising and lease-up	-	149,739	149,739	-	-	149,739
Interest expense	-	189,969	189,969	15,625	-	205,594
Asset Management Fee	-	-	-	-	2,083	2,083
Development fee - AHA	-	-	-	82,900	-	82,900
Development consulting	26,105	-	26,105	-	-	26,105
Ground lease	-	14,249	14,249	-	-	14,249
Organization costs	-	-	-	-	111	111
Total other expenses	26,105	539,082	565,187	98,525	2,194	665,906
Total functional expenses	\$ 26,105	\$ 595,753	\$ 621,858	\$ 132,965	\$ 36,735	\$ 791,558

(a) Sherman and Buena Vista LP and Everett and Eagle L.P.

See notes to financial statements.

ISLAND CITY DEVELOPMENT AND SUBSIDIARIES
(A CALIFORNIA NONPROFIT PUBLIC BENEFIT CORPORATION)
CONSOLIDATED STATEMENTS OF CHANGES IN NET ASSETS (DEFICIT)

		Controlling Interests	Noncontrolling Interests	Total
Balance, December 31, 2017	\$	(302,641)	\$ 1,113,664	\$ 811,023
Syndication costs		-	(7,224)	(7,224)
Net loss		(67,832)	(437,054)	(504,886)
Balance, December 31, 2018		(370,473)	669,386	298,913
Contributions		-	14,637,897	14,637,897
Net income (loss)		179,706	(1,246,620)	(1,066,914)
Balance, December 31, 2019	\$	(190,767)	\$ 14,060,663	\$ 13,869,896

See notes to consolidated financial statements.

ISLAND CITY DEVELOPMENT AND SUBSIDIARIES
(A CALIFORNIA NONPROFIT PUBLIC BENEFIT CORPORATION)
CONSOLIDATED STATEMENTS OF CASH FLOWS

FOR THE YEARS ENDED DECMEBER 31,	2019	2018
Cash flow from operating activities:		
Change in net assets from operations	\$ (1,066,914)	\$ (504,886)
Adjustments to reconcile change in net assets from operations to net cash provided by (used in) operating activities:		
Depreciation	837,028	183,946
Amortization of deferred costs	6,500	1,179
Amortization of debt issuance costs	62,392	32,698
Ground lease expense	34,604	14,249
Changes in operating assets and liabilities:		
Deposits	(56,697)	-
Other prepaids	(9,977)	-
Accounts payable and accrued expenses	36,418	-
Accrued interest payable	265,827	96,667
Accrued Asset Management Fee payable	5,150	2,083
Prepaid rents	10,502	(4,936)
Tenant security deposits - liability	18,576	22,924
Net cash provided by (used in) operating activities	143,409	(156,076)
Cash flows from investing activities:		
Expenditures for property	(2,152,985)	(14,131,985)
Expenditures for preacquisition costs, net	(1,412,956)	(374,653)
Net cash used in investing activities	(3,565,941)	(14,506,638)
Cash flows from financing activities:		
Proceeds from notes payable	6,996,073	12,365,647
Repayments on notes payable	(16,865,224)	-
Expenditures for debt issuance costs	(55,187)	(38,457)
Expenditures for deferred costs - TCAC fees	-	(20,090)
Lender deposit	(100,000)	-
Capital contributions	14,637,897	-
Expenditures for syndication costs	-	(7,224)
Net cash provided by financing activities	4,613,559	12,299,876
Net change in cash, cash equivalents, and restricted cash	1,191,027	(2,362,838)
Cash, cash equivalents, and restricted cash at beginning of year	747,972	3,110,810
Cash, cash equivalents, and restricted cash at end of year	\$ 1,938,999	\$ 747,972
Supplemental disclosure of cash activities:		
Cash paid for interest, net of capitalized interest	\$ 484,929	\$ 37,345
Supplemental disclosure of non-cash activities:		
Accrued property costs	\$ -	\$ 2,157,399
Unpaid capitalized interest	\$ -	\$ 560,995

See notes to consolidated financial statements.

ISLAND CITY DEVELOPMENT AND SUBSIDIARIES

(A CALIFORNIA NONPROFIT PUBLIC BENEFIT CORPORATION)

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2019 AND 2018

1. ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization Island City Development is a California nonprofit public benefit corporation (the Company or ICD) exempt from income tax under Section 501(c)(3) of the U.S. Internal Revenue Code. The Company was formed in 2014 primarily to engage in acquiring, developing, rehabilitating, owning, and managing affordable housing (the Project(s)) for low and moderate-income individuals and families in the City of Alameda, California. In connection with the development of the Projects, the Company, or its affiliates, intend to enter into regulatory agreements with the California Tax Credit Allocation Committee (TCAC), which govern the ownership, occupancy, management, maintenance and operations of the Project.

The Company is a discrete component unit of the City of Alameda Housing Authority (AHA) and its Board of Directors is made up of three directors appointed by the AHA Executive Director. In addition, the Company is dependent on AHA's financial and personnel assistance.

As of December 31, 2019 and 2018, the Company's consolidated financial statements include California limited partnerships and single member California limited liability companies (LLC), (the Partnership(s) or the Subsidiary(ies)) organized primarily to acquire, develop/rehabilitate, and manage multi-family affordable housing projects. As of December 31, 2019 and 2018, the Company, through its Subsidiaries, owns the following Projects:

Partnership Name	Project Name	City, State	Units
Sherman and Buena Vista LP	Littlejohn Commons	Alameda, California	31
Everett and Eagle L.P.	Everett Commons	Alameda, California	20

Allocation of profit and losses of the Partnerships that owns the above projects are allocated as follows:

Company	0.01%
Limited Partner (non-controlling)	99.99%

In addition, the Company has established the following wholly owned Subsidiaries:

Del Monte Senior LLC
 2437 Eagle Avenue LLC
 Rosefield LLC
 Constitution and Eagle LP

Principles of Consolidation and Accounting for Investments in a Limited Partnership

Accounting standards generally accepted in the United States of America establishes the presumption that the general partner(s) in a limited partnership controls that limited partnership (or similar entity) regardless of ownership percentage. The presumption of control by the general partner is overcome when the limited partners have either: (a) the substantive ability to dissolve, or liquidate the limited partnership, or otherwise remove the general partner without cause, or (b) substantive participating rights. If the presumption of control cannot be overcome, then the general partner is required to consolidate the limited partnership. As of and for the years ended December 31, 2019 and 2018, ICD or its wholly owned Subsidiaries, as a controlling general partner, conformed their accounting to this presumption and determined the presumption of control for the limited partnerships had not been overcome.

ISLAND CITY DEVELOPMENT AND SUBSIDIARIES

(A CALIFORNIA NONPROFIT PUBLIC BENEFIT CORPORATION)

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2019 AND 2018

Due to shared control with other entities, ICD records its investments in limited partnerships for which ICD serves as limited partner under the equity method of accounting. Under the equity method of accounting, ICD records its acquisition of the initial investment at cost and thereafter, records its portion of the entities income or loss on an annual basis. In the event its investment goes negative, based on management's assessments, the recording of further loss may be suspended until profitability returns.

ICD serves as a limited partner in the following limited partnership and records its investment under the equity method of accounting:

Project Name	City, State	Acquisition Date	Units
Stargell Commons	Alameda, California	2015	32*

*The project was placed in service in June 2017 and ICD's investment is \$0.

Basis of Accounting The consolidated financial statements have been prepared on the accrual basis of accounting, in conformity with accounting principles generally accepted in the United States of America (U.S. GAAP) and include the accounts of ICD and all of its wholly owned and controlled affiliates. These entities are included in the consolidation in accordance with U.S. GAAP, which require that the partnership or company accounts be consolidated for all entities controlled by ICD. All significant intercompany balances and transactions have been eliminated in consolidation.

Revenues, expenses, gains, losses and net assets are classified in the consolidated financial statements based on the existence or absence of donor-imposed restrictions. As of December 31, 2019 and 2018, there were no donor-imposed restrictions on net assets. Accordingly, the net assets of the Company and changes therein are classified and reported as follows:

Controlling interest is the net assets not restricted by donor-imposed stipulations. The only limits on net assets are broad limits resulting from the nature of the Company and the purposes specified in its articles of incorporation or bylaws and, perhaps, limits resulting from contractual agreements. Net assets without donor restriction - controlling interest, consist of undesignated and board designated net assets.

Non-controlling interest is the net assets that represent the limited partners' equity interest in the Projects, generally up to 99.99%, that are included in the consolidated financial statements.

Revenues Revenues include tenant rents from operating leases (generally one year), recognized as revenue, including tenant subsidies, when they become due. Revenues also include income from grants, developer fees, to the extent it is a reimbursement of development costs, and miscellaneous income.

Functional Allocation of Expenses The costs of providing ICD's programs and other activities have been summarized on a functional basis in the consolidated statements of functional expenses. The functional classifications are defined as follows:

Program services are expenses that consist of costs incurred in connection with providing housing services.

Supporting services are expenses that consist of costs incurred in connection with the overall activities of ICD, which are not allocable to another functional expense category.

ISLAND CITY DEVELOPMENT AND SUBSIDIARIES

(A CALIFORNIA NONPROFIT PUBLIC BENEFIT CORPORATION)

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2019 AND 2018

Income Taxes The Company has received a determination letter from the Internal Revenue Service stating that it qualifies as a tax-exempt organization under Section 501(c)(3) of the Internal Revenue Code and, accordingly, no provision for federal income taxes is recorded in the accompanying consolidated financial statements. In addition, the Company does not have any income, which it believes would subject it to unrelated business income taxes. Accordingly, there is no provision for income taxes in the accompanying consolidated financial statements.

Income taxes on limited partnership and LLC income are included in the tax returns of the partners or members. The federal tax status as a pass-through entity is based on the entity's legal status as a partnership or LLC and is required to file tax returns with the IRS and other taxing authorities.

Accordingly, these consolidated financial statements do not reflect a provision for income taxes. However, the limited partnerships and the LLCs are required to pay an \$800 fee to the California Franchise Tax Board. The Company determined there are no tax positions, which must be considered for disclosure. There are no current tax examinations pending.

Estimates The preparation of consolidated financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect reported amounts of assets and liabilities, disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenues and expenses during the financial reporting period. Management believes actual results will not differ significantly from those estimates.

Cash, Cash Equivalents, and Restricted Cash For purposes of the consolidated 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. The following table provides a reconciliation of cash, cash equivalents, and restricted cash reported in the accompanying consolidated balance sheets, to the cash, cash equivalents, and restricted cash reported in the accompanying consolidated statements of cash flows:

As of December 31,	2019	2018
Cash and cash equivalents	\$ 1,571,493	\$ 725,048
Reserves (Note 3)	326,006	-
Tenant security deposits	41,500	22,924
Cash, cash equivalents, and restricted cash	\$ 1,938,999	\$ 747,972

Property Property is stated at cost. Upon completion, depreciation expense will be provided primarily using the straight-line method over the following estimated useful lives:

Description	Life
Buildings and improvements	40 years
Land improvements	20 years
Furniture and equipment	5 - 7 years

ICD capitalizes development costs, including interest and insurance until the project is placed in service. Thereafter, ICD capitalizes expenditures or betterments that materially increase asset lives, charging to depreciation expense the estimated net book value of the improvement cost being replaced, and charges ordinary repairs and maintenance to operations as incurred. When assets are sold or otherwise disposed of, the costs and related reserves are removed from the accounts, and any resulting gain or loss is included in operations.

ISLAND CITY DEVELOPMENT AND SUBSIDIARIES
(A CALIFORNIA NONPROFIT PUBLIC BENEFIT CORPORATION)
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2019 AND 2018

The Company 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 Company 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 during the year ended December 31, 2019 and 2018.

Other Receivables Other receivables primarily consists of property tax receivables from the Alameda County Tax Collector. The Company evaluates collectability on a case-by-case basis and provides a reserve when collection is doubtful.

Concentration of Credit and Business Risk The Company's cash and cash equivalents are maintained in various banks. The Company has exposure to credit risk to the extent that its cash and cash equivalents exceed amounts covered by federal deposit insurance. The Company believes that its credit risk is not significant.

ICD, either as a direct owner, advisor or general partner, has an economic interest in the Projects that are subject to business risks associated with the economy and level of unemployment in California, which affects occupancy as well as the tenants' ability to make rental payments. In addition, these Projects operate in a heavily regulated environment and the operations of these Projects will be subject to the administrative directives, rules and regulations of federal, state and local regulatory agencies, including, but not limited to, the U.S. Department of Housing and Urban Development (HUD). Such administrative directives, rules and regulations are subject to change by an act of Congress or an administrative change mandated by HUD and may occur with little notice or inadequate funding to pay for the related cost, including the additional administrative burden, to comply with a change.

Change in Accounting Principle Effective January 1, 2018, the Company adopted the provisions of Accounting Standards Update (ASU) 2016-14, *Not-for-Profit Entities* (Topic 958) – *Presentation of Financial Statements of Not-for-Profit Entities* (ASU 2016-14). The ASU amends the current reporting model for nonprofit organizations and enhances their required disclosures. The major changes include: (a) requiring the presentation of only two classes of net assets now entitled “net assets without donor restrictions” and “net assets with donor restrictions”, (b) requiring that all nonprofits present an analysis of expenses by function and nature in either the statement of activities, a separate statement, or in the notes, and disclose a summary of the methods used to allocate costs, (c) requiring the disclosure of quantitative and qualitative information regarding liquidity and availability of resources, (d) presenting investment return net of external and direct expenses, and (e) modifying other financial statement reporting requirements and disclosures intended to increase the usefulness of nonprofit financial statements.

Effective January 1, 2019, the Company adopted the provisions of ASU 2016-18, *Statement of Cash Flows – Restricted Cash* (ASU 2016-18). Under ASU 2016-18, restricted cash and restricted cash equivalents is now included with cash and cash equivalents when reconciling the total beginning and ending amounts for the periods shown on the statements of cash flows. Prior period amounts have been reclassified to conform to the current year presentation, resulting in a decrease in cash used in operating activities of \$22,924.

ISLAND CITY DEVELOPMENT AND SUBSIDIARIES

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2019 AND 2018

Effective January 1, 2019, the Company adopted the provisions of ASU 2018-08, *Clarifying the Scope and Accounting Guidance for Contributions Received and Contributions Made*, which amends the accounting guidance related to (1) evaluating whether transactions should be accounted for as contributions or exchange transactions, and (2) determining whether a contribution is conditional. For resource providers, the ASU is effective for annual periods beginning after December 15, 2019, with early adoption permissible.

New Accounting Pronouncement In May 2014, the Financial Accounting Standards Board issued ASU 2014-09, *Revenue from Contracts with Customers (ASU 2014-09)*. Under this guidance, revenue is recognized when promised goods or services are transferred to customers in an amount that reflects the consideration expected to be received for those goods or services. The updated standard will replace most existing revenue recognition guidance under U.S. GAAP when it becomes effective for annual reporting periods beginning after December 15, 2018, and permits the use of either the retrospective or cumulative effect transition method. Subsequent to December 31, 2019, implementation of ASU 2014-09 has been deferred for one year.

Reclassifications Certain amounts in the prior year financial statements have been reclassified to conform to the current year financial statement presentation.

2. PREPAID GROUND LEASE

Littlejohn Commons entered into a ground lease agreement with AHA commencing December 2016 for a period of 99 years. In accordance with the ground lease agreement, \$3,410,000 was recorded as a prepaid ground lease with a corresponding ground lease payable, see Note 7. During the term of the lease, the Subsidiary will annually amortize prepaid ground lease of \$34,444. In addition, Everett Commons entered into a ground lease agreement with AHA commencing June 2017 for a period of 99 years. In accordance with the ground lease agreement, \$9,900 was recorded as a prepaid ground lease. As of December 31, 2019 and 2018, prepaid ground lease balances were \$3,316,468 and \$3,351,012, respectively.

3. RESERVES

Restricted cash accounts (Reserves) are restricted for use by various agreements including partnership, loan, and regulatory agreements. The Reserves as of December 31 2019 and 2018 are as follows:

	2019	2018
Reserves	\$ 326,006	\$ -

4. PREACQUISITION COSTS

ICD capitalizes preacquisition costs until management determines the proposed development is not feasible. ICD's preacquisition costs do not include AHA's incremental indirect project costs clearly associated with the acquisition, development and construction of the proposed Project. As of December 31, 2019 and 2018, ICD's preacquisition costs for two future Projects of \$2,178,339 and \$627,621, respectively, has been incurred and recorded in the accompanying consolidated statements of financial position.

ISLAND CITY DEVELOPMENT AND SUBSIDIARIES

(A CALIFORNIA NONPROFIT PUBLIC BENEFIT CORPORATION)

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2019 AND 2018

5. DEFERRED COSTS – TCAC FEES AND DEBT ISSUANCE COSTS

Deferred TCAC Costs Deferred TCAC costs consist of fees paid to TCAC that will be amortized over a 15-year period, beginning in the year the applicable Project is placed in service. As of December 31, 2019 and 2018, unamortized TCAC costs were \$83,217 and \$89,717, respectively.

Debt Issuance Costs Debt issuance costs of \$253,088 and \$260,293 net of accumulated amortization as of December 31, 2019 and 2018, respectively are reported as a direct reduction of the obligation to which such costs relate. While the projects are under development, the amortization of debt issuance costs are capitalized. Thereafter, the amortization is reported as a component of interest expense using a method that approximates the effective interest method.

6. DEPOSITS

Deposits consist of funds that ICD sent to various regulatory agencies on behalf of real estate projects under development. These funds are anticipated to be refunded as the projects under development achieve certain milestones. As of December 31, 2019 and 2018, deposits were \$221,184 and \$64,487, respectively.

7. NOTES PAYABLE

	2019	2018
A summary of ICD's financing arrangements as of December 31, 2019 and 2018 is as follows:		
AHA preacquisition loan Unsecured promissory note payable to AHA for the purpose of funding preacquisition efforts of \$250,000, with interest accruing at a rate of 3.00% commencing January 1 2017. All unpaid principal and interest was due June 30, 2022. During 2019, the AHA preacquisition loan was repaid.	\$ -	\$ 250,000
AHA Rosefield loan Unsecured promissory note payable to AHA for the purpose of funding preacquisition efforts of a project known as Rosefield Village in the original loan amount of \$1,000,000, with interest accruing at a rate of 3.00% commencing January 1, 2018. During 2019, the loan agreement was amended, increasing the maximum loan to \$2,000,000 with interest accruing at 3.00%, retroactively commencing January 1, 2021. All unpaid principal and interest are due December 31, 2026.	2,000,000	1,000,000
AHA North Housing loan Unsecured promissory note payable to AHA for the purpose of funding preacquisition efforts of a project known as North Housing in the original loan amount of \$300,000, with interest accruing at a rate of 3.00% commencing January 1, 2024. During 2018, the loan agreement was amended to a maximum amount of \$3,700,000. All unpaid principal and interest is due December 31, 2074.	700,000	300,000
Total ICD notes payable	2,700,000	1,550,000

ISLAND CITY DEVELOPMENT AND SUBSIDIARIES
 (A CALIFORNIA NONPROFIT PUBLIC BENEFIT CORPORATION)
 NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
 DECEMBER 31, 2019 AND 2018

	2019	2018
A summary of the Littlejohn Commons financing arrangements as of December 31, 2019 and 2018 is as follows:		
Note payable to Compass Bank, an Alabama banking corporation, provides construction financing in the maximum amount of \$10,322,328. The note is secured by a construction and permanent leasehold deed of trust with absolute assignment of leases and rents, security agreement and fixture filing. The note provides for interest only payments based on one-month LIBOR plus 1.80% per annum through the conversion date. The interest rate was 4.15% at December 31, 2018. In February 2019, the construction loan was partially paid off with the Limited Partner's capital contributions, with the remaining balance converted into a permanent loan of \$2,429,400 with California Community Reinvestment Corporation (CCRC). The Partnership entered into a promissory note agreement with CCRC for the permanent loan, with an interest rate of 5.39%, which requires monthly payments of principal and interest, and matures on March 1, 2034.	2,348,793	10,311,685
Note payable to the City of Alameda, 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 AHA, 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; as defined, unpaid principal and interest is due December 31, 2073.	3,600,000	3,600,000
Note payable to AHA, 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
Total Littlejohn Commons notes payable	9,554,533	17,516,425

ISLAND CITY DEVELOPMENT AND SUBSIDIARIES

(A CALIFORNIA NONPROFIT PUBLIC BENEFIT CORPORATION)

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2019 AND 2018

	2019	2018
A summary of the Everett Commons financing arrangements as of December 31, 2019 and 2018 is as follows:		
Note payable to JPMorgan Chase Bank, N.A., a national banking association, provides construction financing in the maximum amount of \$9,859,528. The note is secured by a construction and deed of trust, assignment of rents, security agreement and fixture filing. The note provides for interest only payments based on adjusted one-month LIBOR plus 1.85% per annum through the conversion date (4.35% as if December 31, 2018). In July 2019, the construction loan was partially repaid and concurrently converted to a \$3,330,168 permanent loan that bears interest at 5.55% that requires monthly payments of principal and interest of \$17,993. The note matures on September 21, 2039.	3,320,768	7,328,027
Note payable to the City of Alameda, secured by a subordinated leasehold deed of trust, assignment of rents, security agreement and fixture filing, borrowings up to \$153,282, simple interest at 3.00%, payable from residual receipts; unpaid principal and interest are due on December 31, 2074.	153,282	152,282
Note payable to AHA, 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 are 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, 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.	950,000	-
Total Everett Commons notes payable	8,674,050	11,730,309
Total notes payable	20,928,583	30,797,734
Less: unamortized debt issuance costs	(253,088)	(260,293)
Total notes payable, net	\$ 20,675,495	\$ 30,537,441

ISLAND CITY DEVELOPMENT AND SUBSIDIARIES
 (A CALIFORNIA NONPROFIT PUBLIC BENEFIT CORPORATION)
 NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
 DECEMBER 31, 2019 AND 2018

Principal payments on notes payable are required as follows:

Year Ending December 31,	Amount
2020	\$ 141,947
2021	150,396
2022	158,784
2023	167,640
2024	176,478
Thereafter	20,133,338
	<u>\$ 20,928,583</u>

8. RELATED PARTY TRANSACTIONS

Consulting Services ICD entered into an agreement with AHA, commencing on April 15, 2015, in which AHA shall provide professional project management services for a term of three years. For these services, ICD will annually compensate AHA \$100,000, not to exceed \$300,000 in total. The total fees of \$300,000 had been charged by AHA as of December 31, 2017, and no fees were charged for the year ended December 31, 2018. In December 2018, the agreement was amended to extend through December 31, 2019, and during 2019, ICD was charged \$100,000 for consulting services.

Developer Fee Payable The Subsidiaries have entered into joint developer fee agreements with ICD and AHA (together referred to as the Developers in the amounts of 90.00% and 10.00%, respectively, or such amount agreed to by the Developers). As of December 31, 2019 and 2018, the Developers have entered into developer fee agreements in the amounts of \$1,675,000 and \$1,675,000, respectively. ICD's portion (90.00%) has been eliminated from presentation due to consolidation, net of costs incurred to provide development services, (\$0 and \$82,900 in 2019 and 2018, respectively). As of December 31, 2019 and 2018, developer fees owed to AHA of \$167,500 and \$167,500, respectively, remain unpaid.

Due from Affiliates Due from Affiliates are net amounts advanced by ICD to AHA. These advances are unsecured, due on demand and do not accrue interest. As of December 31, 2019 and 2018, \$0 and \$29,437, respectively, is due from AHA.

Limited Partner Fees In connection with the limited partnerships, the limited partners (non-controlling entities) charge an Asset Management Fee for miscellaneous services rendered to the Partnerships.

9. GRANT REVENUE

In accordance with a May 23, 2018 memorandum of understanding (the MOU) between AHA and the Alameda Unified School District (AUSD), AHA is to receive funds from AUSD to support four affordable housing projects, from time to time. In connection with this MOU, during 2019, \$250,000 was granted by AHA to ICD. As a result, ICD, made a \$250,000 capital contribution to Sherman Buena Vista LP, aka Littlejohn Commons. The AHA grant was included in other revenue in the accompanying Consolidated Statements of Activities and Change in Net Assets.

ISLAND CITY DEVELOPMENT AND SUBSIDIARIES

(A CALIFORNIA NONPROFIT PUBLIC BENEFIT CORPORATION)

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2019 AND 2018

10. COMMITMENTS

In connection with the development and operations of the Subsidiaries, AHA and the Company, together as Guarantor, made certain guaranties regarding the duties and performance obligations of the Subsidiaries' general partners. These duties include, but are not limited to, ensuring complete development of the Subsidiaries, ensuring tax credit delivery, maintaining the Subsidiaries' compliance with various regulatory agencies, and providing operating deficit guarantees of \$314,000 to Everett Commons and \$245,668 to Little John Commons.

11. LIQUIDITY AND AVAILABILITY

The Company's financial assets available to meet cash needs for general expenditures within one year of the date of the statement of financial position include:

As of December 31,	2019	2018
Cash and cash equivalents	\$ 1,571,493	\$ 725,048
Other receivables	99,819	255,081
Restricted funds	367,506	22,924
Less: Subsidiaries operating cash due to partnership and lender restrictions	(1,118,681)	(308,518)
Estimated financial assets available to meet general expenditures within one year	\$ 920,137	\$ 694,535

In addition to the financial assets available in the above table, for the year ended December 31, 2019 and 2018, AHA has committed an additional \$3,000,000 and \$3,400,000 respectively, of development proceeds to ICD (Note 7).

Regarding the Subsidiaries' liquidity needs, each subsidiary has been established to develop and operate affordable housing. As a result, the Subsidiaries have been structured in such a way to be self-sufficient regarding their liquidity needs. In the event, the subsidiaries have unplanned liquidity needs over and above that which is provided by its operations, they have access to cash reserves, reported as restricted funds, subject to lender and limited partner withdrawal approval, upon conversion to permanent financing. In addition, in the normal course of business, the Subsidiaries under development rely on receiving funds from, non-recourse permanent loan commitments and limited partner capital contributions. In the event, the Subsidiaries are unable to meet their liquidity needs, AHA and the Company as together as Guarantor have provided limited guarantees to fund operating deficits. As of December 31, 2019, ICD's management believes they have sufficient liquidity availability to meets it obligations for the coming year.

12. SUBSEQUENT EVENTS

Management evaluated all activity of the Company through the independent auditor's report date, which is the date that the consolidated financial statements were available to be issued, and concluded that no subsequent events have occurred that would require recognition in the consolidated financial statements or disclosure in the notes to the consolidated financial statements, except as disclosed below.

ISLAND CITY DEVELOPMENT AND SUBSIDIARIES

(A CALIFORNIA NONPROFIT PUBLIC BENEFIT CORPORATION)

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2019 AND 2018

Effects of the Coronavirus Outbreak As a result of the COVID-19 outbreak in early 2020, the economic environment in which the Company operates may be disrupted. The Company's management continues to gather information and respond to these events. As of the independent auditor's report date, the ultimate impact of COVID-19 is unknown.

Acquisitions During 2020, a Company's subsidiary, Constitution and Eagle, LP, acquired from AHA an apartment complex known as Rosefield Village, for \$17,210,000.

ISLAND CITY DEVELOPMENT AND SUBSIDIARIES
(A CALIFORNIA NONPROFIT PUBLIC BENEFIT CORPORATION)
CONSOLIDATING STATEMENT OF FINANCIAL POSITION

SCHEDULE I

AS OF DECEMBER 31, 2019

ASSETS

	Island City Development	Housing (a)	Pre- Consolidation	Eliminating Entries	Consolidated
Property, at cost:					
Land improvements	\$ -	2,170,596	\$ 2,170,596	\$ -	2,170,596
Buildings and improvements	-	27,589,209	27,589,209	(1,427,500)	26,161,709
Furniture and equipment	-	512,067	512,067	-	512,067
Total property	-	30,271,872	30,271,872	(1,427,500)	28,844,372
Accumulated depreciation	-	(1,058,662)	(1,058,662)	37,688	(1,020,974)
Net property	-	29,213,210	29,213,210	(1,389,812)	27,823,398
Cash and cash equivalents	820,318	751,175	1,571,493	-	1,571,493
Other receivables	89,328	10,491	99,819	-	99,819
Due from affiliates	154,361	-	154,361	(154,361)	-
Restricted funds:					
Reserves	-	326,006	326,006	-	326,006
Tenant security deposits	-	41,500	41,500	-	41,500
Developer fee receivable	382,677	-	382,677	(382,677)	-
Prepaid ground lease	-	3,316,468	3,316,468	-	3,316,468
Investment in affiliates	288,933	-	288,933	(288,933)	-
Preacquisition costs	2,190,665	-	2,190,665	(12,326)	2,178,339
Other prepaids	-	28,472	28,472	-	28,472
Deposits	156,697	64,487	221,184	-	221,184
Deferred costs - TCAC fees, net amortization	-	83,157	83,157	-	83,157
Total assets	\$ 4,082,979	\$ 33,834,966	\$ 37,917,945	\$ (2,228,109)	\$ 35,689,836

(a) Sherman and Buena Vista LP and Everett and Eagle L.P.

See independent auditor's report.

ISLAND CITY DEVELOPMENT AND SUBSIDIARIES
(A CALIFORNIA NONPROFIT PUBLIC BENEFIT CORPORATION)
CONSOLIDATING STATEMENT OF FINANCIAL POSITION

SCHEDULE I

AS OF DECEMBER 31, 2019

LIABILITIES AND NET ASSETS (DEFICIT)

	Island City Development	Housing (a)	Pre- Consolidation	Eliminating Entries	Consolidated
Notes payable, net	\$ 2,700,000	\$ 17,975,495	\$ 20,675,495	\$ -	\$ 20,675,495
Accounts payable and accrued expenses	6,636	51,281	57,917	-	57,917
Due to affiliates	-	170,833	170,833	(170,833)	-
Accrued Partnership Management Fee payable	-	38,933	38,933	(38,933)	-
Accrued Asset Management Fee payable	-	7,233	7,233	-	7,233
Accrued interest payable	13,980	844,816	858,796	-	858,796
Developer fee payable	167,500	382,677	550,177	(382,677)	167,500
Prepaid rents	-	11,499	11,499	-	11,499
Tenant security deposits	-	41,500	41,500	-	41,500
Total liabilities	2,888,116	19,524,267	22,412,383	(592,443)	21,819,940
Net assets (deficit)					
Net assets without donor restrictions					
Controlling interests	1,194,863	250,036	1,444,899	(1,635,666)	(190,767)
Noncontrolling interests	-	14,060,663	14,060,663	-	14,060,663
Total net assets (deficit)	1,194,863	14,310,699	15,505,562	(1,635,666)	13,869,896
Total liabilities and net assets (deficit)	\$ 4,082,979	\$ 33,834,966	\$ 37,917,945	\$ (2,228,109)	\$ 35,689,836

(a) Sherman and Buena Vista LP and Everett and Eagle L.P.

See independent auditor's report.

ISLAND CITY DEVELOPMENT AND SUBSIDIARIES

(A CALIFORNIA NONPROFIT PUBLIC BENEFIT CORPORATION)

CONSOLIDATING STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS (DEFICITS)

SCHEDULE II**FOR THE YEAR ENDED DECEMBER 31, 2019**

	Island City Development	Housing (a)	Pre- Consolidation	Eliminating Entries	Consolidated
Revenue:					
Residential rent	\$ -	\$ 224,748	\$ 224,748	\$ -	\$ 224,748
Tenant subsidies	-	810,664	810,664	-	810,664
Total rental revenue	-	1,035,412	1,035,412	-	1,035,412
Grant and other revenue	294,539	7,614	302,153	(30,600)	271,553
Total other revenue	294,539	7,614	302,153	(30,600)	271,553
Total revenue	294,539	1,043,026	1,337,565	(30,600)	1,306,965
Expenses:					
Program services	-	2,189,907	2,189,907	(41,834)	2,148,073
Supporting services	156,542	99,864	256,406	(30,600)	225,806
Total operating expenses	156,542	2,289,771	2,446,313	(72,434)	2,373,879
Changes in net assets	137,997	(1,246,745)	(1,108,748)	41,834	(1,066,914)
Contributions - controlling interests	-	250,000	250,000	(250,000)	-
Contributions - noncontrolling interests	-	14,637,897	14,637,897	-	14,637,897
Total changes in net assets	137,997	13,641,152	13,779,149	(208,166)	13,570,983
Net assets (deficits), beginning of the year	1,056,866	669,547	1,726,413	(1,427,500)	298,913
Net assets (deficits), end of the year	\$ 1,194,863	\$ 14,310,699	\$ 15,505,562	\$ (1,635,666)	\$ 13,869,896

(a) Sherman and Buena Vista LP and Everett and Eagle L.P.

See independent auditor's report.

ISLAND CITY DEVELOPMENT**ITEM 3E**

To: Board of Directors
Island City Development

From: Sylvia Martinez, Director of Housing Development

Date: December 17, 2020

RE: Approve the Fourth Amendment to the Consultant Services Agreement dated 4/15/15 with the Housing Authority of the City of Alameda

BACKGROUND

In 2015, a three-year Consultant Services Agreement was signed by and between ICD and AHA for the delivery of real estate development services. The scope and deliverables include the strategy, financing, and implementation of affordable housing development activities such as rehabilitation and new construction. In addition, ICD is asked to provide technical assistance on affordable housing opportunities in the City of Alameda. This contract has been renewed three times, extending the time period and additional fee by one year each time. The Third Amendment expires 12/31/2020.

DISCUSSION

ICD continues to be the development arm of the Housing Authority of the City of Alameda and has taken on the financing and development of Littlejohn Commons, Everett Commons, and Rosefield projects in the period of 2015 to the present. The Rosefield project will be in construction until mid-2022. In addition, ICD has implemented entitlement and predevelopment activities on the North Housing site and plans to continue development this site in phases. To support these efforts, staff proposes an extension of the services agreement until 12/21/2021

FINANCIAL IMPACT

A one-year extension of the contract includes an additional year's fee of \$100,000. Funds to support this fee are obtained through the Services Agreement by and between the City of Alameda and the Housing Authority of the City of Alameda for FY2020-21, which was updated effective August 1, 2020. Thus, there is no net impact on the budget of the Housing Authority. The 2021 Annual ICD Budget is presented in another report in this meeting and includes the proposed additional \$100,000 fee.



ICD Board of Directors

December 17, 2020
Page 2 of 2

RECOMMENDATION

Approve the Fourth Amendment to the Consultant Services Agreement dated 4/15/15 with the Housing Authority of the City of Alameda.

Respectfully submitted,

DocuSigned by:
Sylvia Martinez
88FEDACB7D8D461...

Sylvia Martinez

Director of Housing Development

Attachment(s):

1. Draft Fourth Amendment to the Consultant Services Agreement dated 4/15/15 with Island City Development



**FOURTH AMENDMENT TO THE
CONSULTANT SERVICES AGREEMENT
BETWEEN ISLAND CITY DEVELOPMENT AND
THE HOUSING AUTHORITY OF THE CITY OF ALAMEDA**

THIS FOURTH AMENDMENT to the Consultant Services Agreement (the "Agreement"), entered into this 16th day of December 2020, by and between ISLAND CITY DEVELOPMENT, a California nonprofit public benefit corporation ("ICD) and the HOUSING AUTHORITY OF THE CITY OF ALAMEDA a public body corporation ("AHA"), is made with reference to the following:

- A. On April 15, 2015, the Agreement was entered into by and between ICD and AHA for delivery of real estate development services; and
- B. On December 5, 2017, the Agreement was amended to extend the completion date to December 31, 2018
- C. On December 20, 2018, the Agreement was amended to extend the completion date to December 31, 2019.
- D. On November 8, 2019, the Agreement was amended to extend the completion date to December 31, 2020.
- E. ICD and AHA desire to extend the term of the contract for one year with the same annual contract amount of \$100,000 and a completion date of December 31, 2021.
- F. Consultant compensation shall be increased, pursuant to the Agreement, in the amount of \$100,000 annually for year 2021, for a total contract amount not to exceed \$600,000.

NOW, THEREFORE, in consideration of the foregoing, it is mutually agreed by and between and undersigned parties that paragraphs 1. TERM and 3. COMPENSATION TO CONSULTANT, shall be replaced in whole with the following paragraphs:

- 1. TERM: The time for Completion set forth in the contract is five years, ending December 31, 2021, unless terminated earlier as set forth herein.
- 3. COMPENSATION TO CONSULTANT: Consultant shall be compensated for services performed pursuant to this Agreement in the amount of \$100,000 annually, for a contract total not to exceed \$600,000. Payment will be made based upon Consultant's submitted and approved invoice.

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

ISLAND CITY DEVELOPMENT

HOUSING AUTHORITY OF THE CITY OF
ALAMEDA

Vanessa Cooper
President

Vanessa Cooper
Executive Director

ISLAND CITY DEVELOPMENT**ITEM 3F**

To: Board of Directors
Island City Development

From: Candace Latigue, Asset Manager

Date: December 17, 2020

Re: Accept the 2019 Annual Financial Overview Report for Asset Management

BACKGROUND

This memo provides an overview of the Annual Financials for the Low Income Housing Tax Credit (LIHTC) Partnership Properties from January 1, 2019 through December 31, 2019 prepared by Asset Management.

The financial report includes seven Low Income Housing Tax Credit (LIHTC) Partnership properties:

Everett Commons, Littlejohn Commons, Stargell Commons, Shinsei Gardens, Jack Capon Villa, Park Alameda, and Breakers at Bayport.

The Housing Authority of the City of Alameda (AHA) owns all land; thus all partnerships include a land lease, and AHA's role varies from Co-General Partner, General Partner and Special Limited Partner. Island City Development (ICD) is the developer for Littlejohn Commons and Everett Commons and co-developer for Stargell Commons. The John Stewart Company (JSCO), a third-party manager, manages these properties including the income and occupancy. The exception is Jack Capon Villa, which is managed by the Housing Consortium of the East Bay (HCED). In 2020, for the first time, JSCO worked directly with Asset Management on LIHTC operating budgets (Everett Commons and Littlejohn Commons). Staff is taking care to provide the correct allocations and assumptions so that our budgets more clearly represent the expected operations of the properties. Despite the ongoing complications of COVID, we expect that all properties will continue to perform well.

The LIHTC portfolio contains 255 apartments built between 2006 and 2018. The housing types are 80% family, 12% senior, and 8% special needs. In all, 50% of the apartments are supported by project-based Section 8 vouchers.

DISCUSSION**Revenue**

Annual revenues for the properties were all higher than the budgeted amounts by 1%-6%. Increase in annual revenue was due to less turnover and good lease-up; further, the voucher rents that are not provided are for many properties significantly since construction which provides for good cash flow. Revenue is made up of subsidies and tenant payments. The amounts vary -- some properties have a higher subsidy income than tenant revenue and others rely more on tenant revenue. Occupancy is

stable with the lowest being at 97%. Vacancy losses were budgeted at 2%; while newly built properties Littlejohn and Everett Commons are budgeted vacancy at 5%. In all properties, actuals did not exceed the budget figures.

Everett Commons

Everett Commons is a 20-unit multifamily affordable LITHC property. The project was placed in service December 17, 2018 and is approaching the two-year anniversary of operations. Area Median Income (AMI) Restrictions for the project range from 30% to 60%. Income limits are the benchmarks established by the U.S. Department of Housing and Urban Development (HUD) that set the income thresholds households must not exceed to stay in compliance with regulators. Many programs in other Federal and local departments use the same income limits. These income limits are usually broken down at the county level and by metropolitan area.

The rental income at Everett Commons ranges from \$1,308/month (1 bedroom @ 60% AMI); \$1,723/month (1 bedroom @ 30% and 40% AMI); \$2,173 (2 bedroom @ 30% to 60% AMI); \$3,017 (3 bedroom @ 30% to 50% AMI).

The 2019 budget estimated rental income of \$449,870, anticipating 5% vacancy which translates to \$23,614 expected rental income loss. The revenue actual was \$479,084 included laundry income of \$2,591 versus the budget total revenue of \$449,870. Fortunately, the project did not experience any vacancies and no vacancy loss. Overall, Everett Commons exceeded the budget revenue by 6%, approximately \$29,214.

Littlejohn Commons

Littlejohn Commons is a 31-unit senior affordable LITHC property. The project was placed in service July 31, 2018. AMI Restrictions for the project range from 30% to 50%; 9 units at 30%, 9 units at 45% and 7 units at 20%. The rental income at Littlejohn Commons initially was set according to the 2018 PBV contract of \$1,584 per unit. In 2019, the rents ranged from \$1,149 to \$1,236 for one-bedroom unsubsidized units and \$1,584 to \$1,727 for subsidized one bedrooms.

The 2019 budget estimated rental income of \$581,820 anticipated a 5% vacancy rate, \$29,091 expected rental income loss. The 2019 actual revenue was \$562,465 including other income of \$3,546 versus the budget total revenue of \$554,729 or 1% above budget. The project had two vacancies in September 2019. Both vacancies were filled by November 2019.

Stargell Commons

Stargell Commons is a 32-unit multi-family affordable LITHC property. The project was built in May 2017 and houses families earning between 30% and 60% of the Area Median Income (AMI) to qualify for a unit. Seven units receive project-based subsidies limiting rent to 50% of AMI. The project-based rents for one to three bedrooms range from \$1,437 to \$2,930.

The 2019 rental revenue was budgeted at \$507,472 with 2% vacancy rate, estimated revenue loss of \$10,000. There were no vacancies at the property for the year. The actual revenue was \$534,819 versus the total revenue budget of \$509,621. Overall, the actual revenue exceeded the budget revenue by 4.7%, approximately \$25,198.

Shinsei Gardens

Shinsei Gardens is a 39-unit multifamily affordable LITHC property. The project was placed in service September 3, 2009 and houses households with incomes between 20% and 60% of the AMI including 12 units for persons with disabilities.

The 2019 rental revenue was budgeted at \$809,196 with 2% vacancy, with an expected rental income loss of \$16,184. There were three vacancies for the year. The actual total revenue for 2019 was \$822,139 and actual vacancy loss was \$21,252; over \$5,000 more than the budgeted income loss. However, the property performed well and exceeded the budget revenue by 1.5%, roughly \$12,179.

Jack Capon Villa

Jack Capon Villa Apartments is Alameda's first multi-family affordable housing project for adults with developmental disabilities. The property provides 18 permanent affordable one- and two-bedroom apartments for households in which at least one member has a disability, and the total household income is at or below 50 % of the Area Median Income (AMI). The project- based Section 8 vouchers allow residents to pay 30% of their adjusted monthly income.

The 2019 budget estimated rental income of \$373,992, anticipating 2% vacancy which translates to \$7,480 expected rental income loss. The property's actual vacancy loss in 2019 was \$4,145. The total revenue actuals were \$389,064, exceeding the budgeted amount of \$367,962 by \$21,102 or 5%.

Park Alameda

Park Alameda Apartments built in 2013 offers 62 affordable studio apartments accommodating households with incomes between 50% of the AMI (53 units), 80% of the AMI (6 units) and 120% of the

AMI (2 units).

The 2019 budgeted amount for rental revenue was \$730,452 with vacancy loss of \$15,709. The audit reflects actual rental revenue of \$735,600 with a vacancy loss of \$8,445, 46% less than budgeted. Overall, the total revenue actuals for 2019 reflects \$736,767 versus the budgeted revenue of \$727,046 or 1%.

Breakers at Bayport

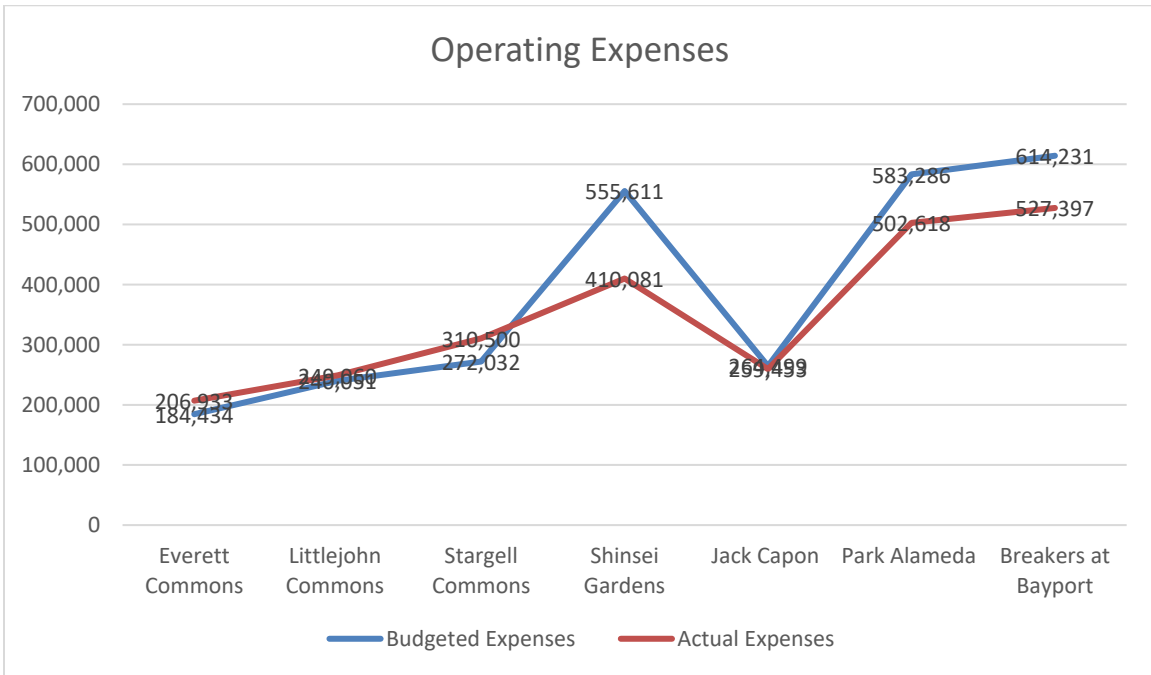
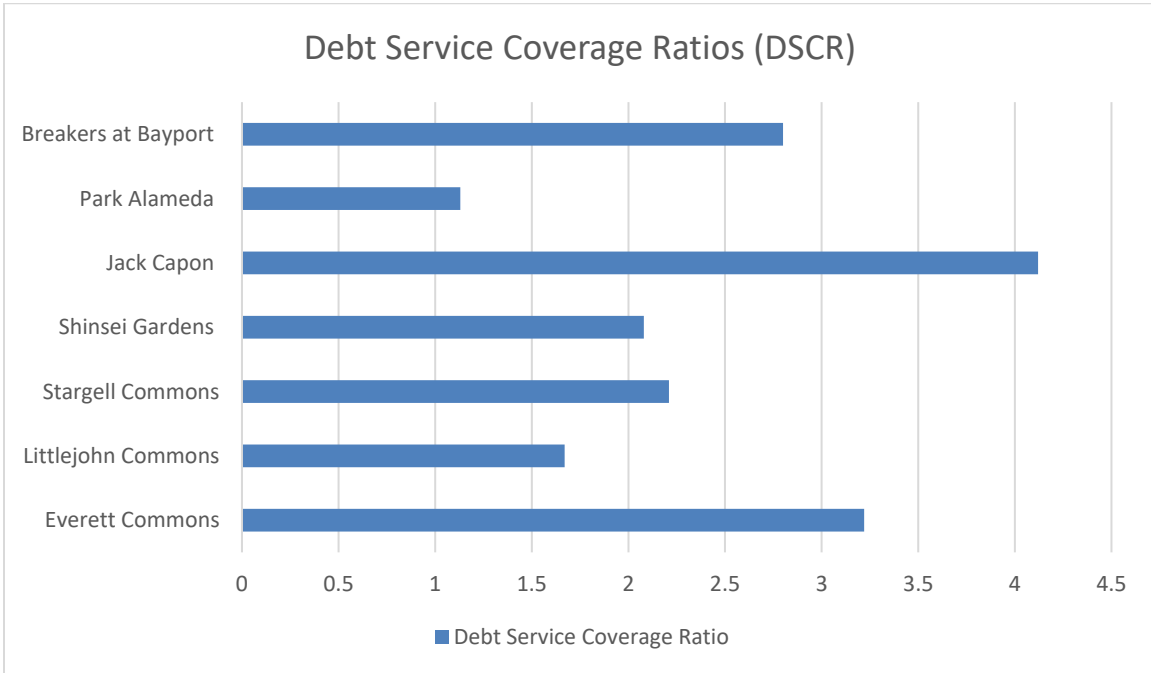
Breakers at Bayport is a multi-family 52-unit LIHTC rental complex of two and three bedrooms, placed in service on March 29, 2006.

The 2019 rental revenue was budgeted at \$986,629 with 2% vacancy, with an expected vacancy loss of \$19,733. Per the final audit, the rental revenue exceeded the budget with actuals of \$990,836 and \$22,462 in vacancy loss. Although the vacancy actuals topped the budget by \$2,729; the rental revenue made up for the additional vacancy loss. Actual revenue \$977,446 met the budget expected income goal of \$977,030 of less than 1%.

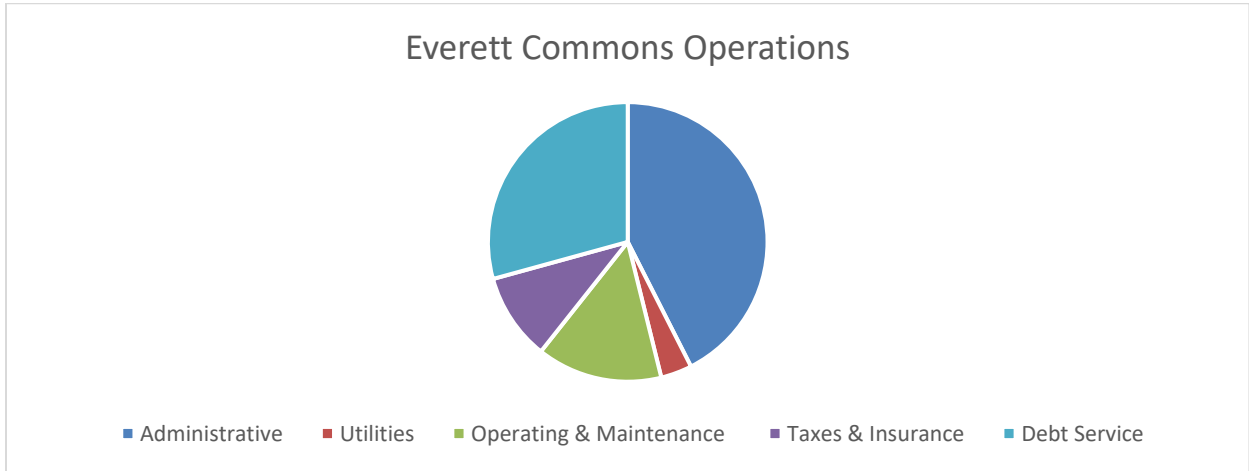
Operating Expenses

Cash flow from operating activities via direct method tracks all transactions in a period on a cash basis versus the indirect method where accrual accounting works backwards to achieve a cash basis figure for the period. The Expenses are categorized into the following areas: Administrative, Utilities, Operating and Maintenance, Social Services, Taxes and Insurance. Property income and operating costs determine how much net operating income (NOI) is available to pay the property's mortgage debt, including replacement reserves thus the maximum size of the mortgage debt. Mortgage debt plus a mix of other financing sources fund the end uses of creating the property.

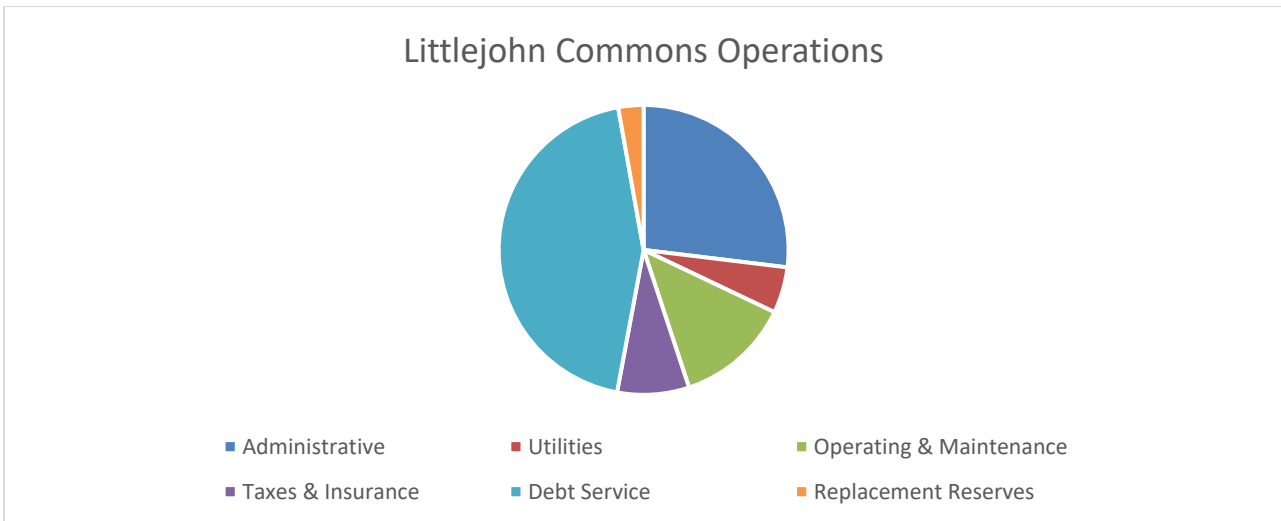
The property's NOI is a key factor in determining a project's sustainable debt. The NOI is based on the income the property receives from rents paid by tenants less operating expenses and vacancy loss. Dividing a property's NOI by the debt service to give the debt service coverage ratio (DSCR) generates the amount of mortgage debt the property can support. The industry standard for DSCR, among multifamily lending programs, is between 1.0 - 1.3. A low ratio of 1.0 means a project will have just enough cash flow to pay its debt with little, if any, cash flow available for unexpected events. A higher ratio of 1.3 (or higher) means a project will have significant cash flow left over after paying its debt service. Affordable developer lenders usually will require a lower DSCR versus market-rate developments.



Littlejohn and Everett were both over the budgeted in operating expenses. Littlejohn Commons is 19% over-budget on operating expenses. Everett Commons is over-budget on operating expenses by 11%. Everett Commons and Littlejohn Commons both had contracts with the Marketing Company hired during Development Lease-Up that was still in effect in 2019. In the case with Everett Commons, this accounted for over 200% variance from what was budgeted.

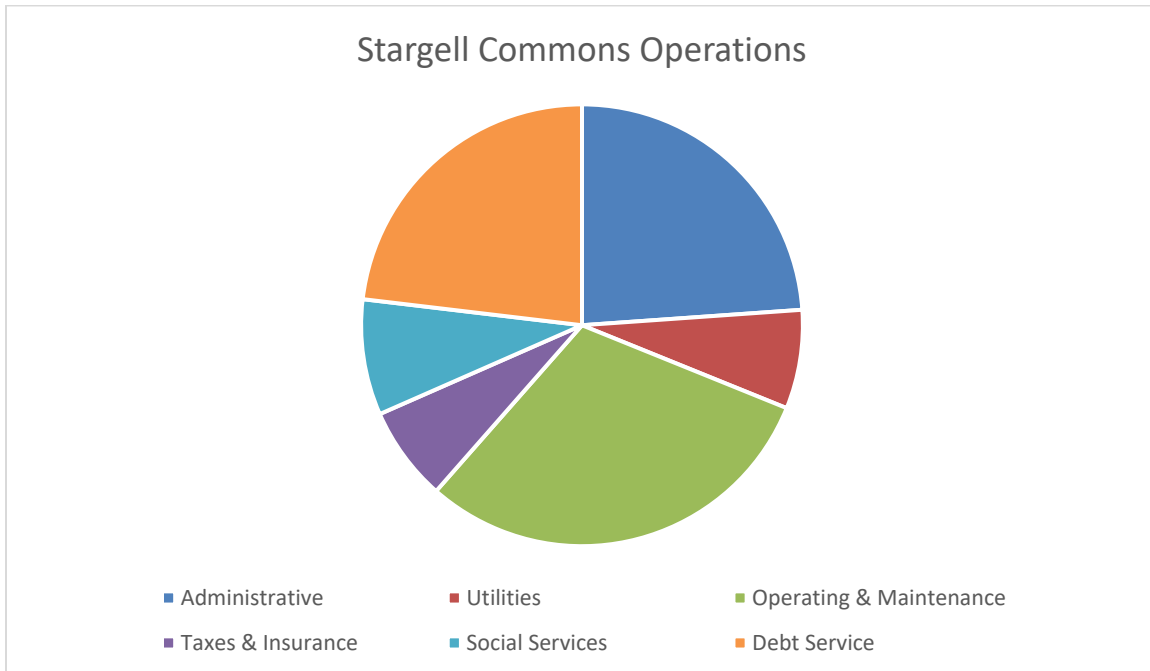


The Payroll Manager expenses for Littlejohn and Everett Commons were overall close to 10% higher than budgeted. Littlejohn Commons reflected expenses, such as the Administrator’s unit, which were not included in the budget. At Everett and Littlejohn Commons, there was a higher than expected expense for the telephone and answering services (approximately \$2,000 over budget). Payroll costs including Health and Employee benefits both were under budgeted by over 100%. Staff has corrected and streamlined costs this year to address these issues. In particular, the payroll cost is now split between more properties managed by JSCO, following the transfer of other non LIHTC properties to JSCO and staff expect to start seeing a lower charge allocation for the 2020 actuals.



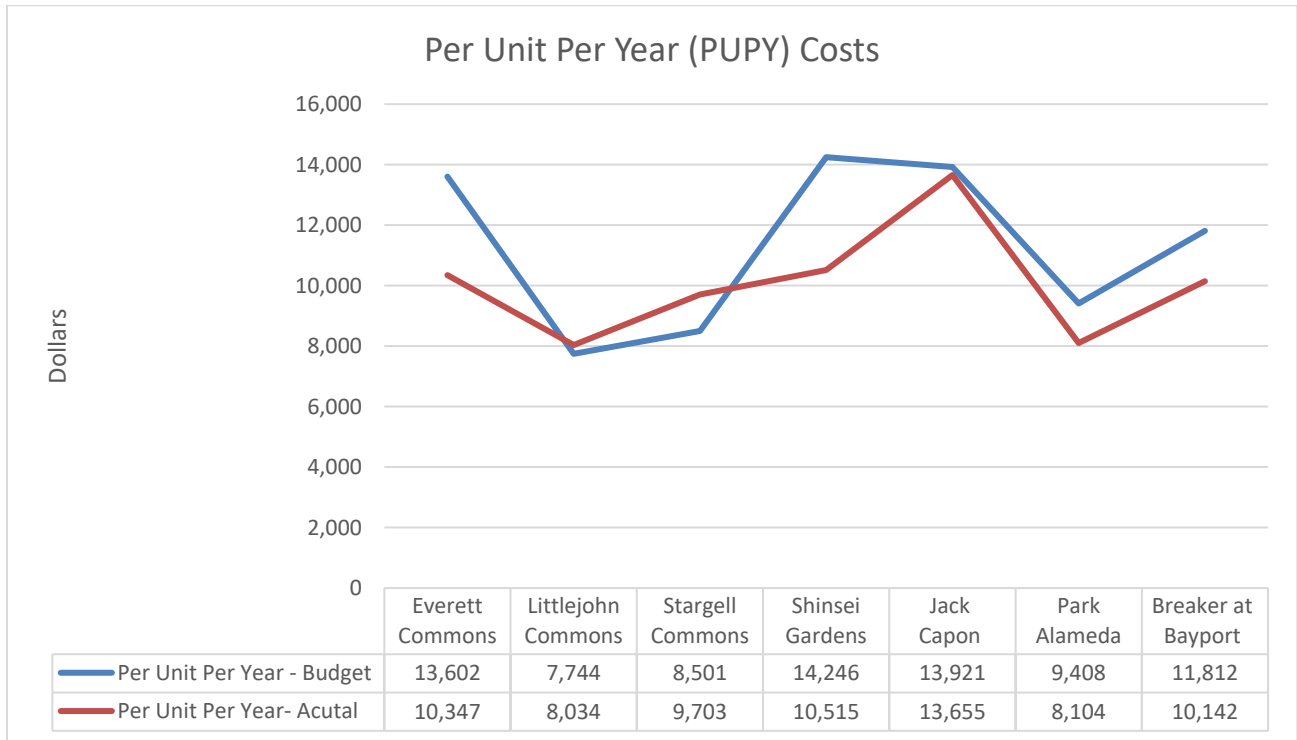
Stargell Commons was also over budget in operating expenses by 14%. The highest variance being in operating and maintenance expenses with a huge difference for repair and maintenance contracts, for repairs that could not be fixed in house. There were higher than expected expenses related to Fire

Protection, Security Supplies and HVAC Maintenance. There was an out of the ordinary expense for a unit grease fire which resulted in damages of \$29,903. No insurance claim was filed, for the property had enough income to cover the expenses. The remaining properties all came in under budget for operating expenses.



Recent studies from UC Berkeley's Turner Center for Housing Innovation show that affordable housing includes additional costs that market rate developments do not. For example, the increasing complexity in financing affordable projects that need to manage multiple funding sources with additional requirements (compliance, audits, wait list management, reasonable accommodation requests) are factored into the per unit per year (PUPY) or per unit per month (PUMP) costs, which are typically not seen in market rate development projects.

Affordable Housing development benefit from economies of scale with larger projects costing less per unit than smaller projects cost per unit. The smaller the project, the higher the costs are per unit to build and also to operate after the project is placed in service. Both Everett and Littlejohn Commons are small for LIHTC projects (which usually average 50-60 units). Salary, maintenance & repairs, and utilities hold most of the weight of gross expenses and are set by external factors. The majority of the PUPY costs are driven by these main categories, thus it is important to monitor these expenses closely for newer developments can tend to have higher costs in these areas.



Comparison to Standard Asset Management metrics:

Standard asset management metrics include:

- occupancy rate at 97% or above;
- debt service coverage of 1.10 or higher;
- minimum reserves of \$1,000/unit.
- expenses within or under budget

The AHA LIHTC portfolio meets or exceeds all of these metrics except for the expense line item, which staff has taken steps to monitor and address.

YTD thru 12/31/19	Everett Commons	Littlejohn Commons*	Stargell Commons	Shinsei Gardens	Jack Capon	Park Alameda	Breakers at Bayport
Number of units	20	31	32	39	19	62	52

ICD Board of Directors

December 17, 2020

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Housing Type	Family	Senior	Family	Family	Develop- mental Disabilities	Family	Family
GPR (Resident)	\$100,766	\$126,845	\$332,240	\$351,456	\$99,005	\$735,000	\$536,147
Rent Subsidy	\$375,727	\$434,937	\$196,213	\$481,932	\$290,321	\$0	\$454,589
Vacancy Loss	\$0	\$2,863	\$0	\$21,252	\$4,145	\$8,445	\$22,462
Operating Costs (Actual)	\$206,933	\$249,060	\$310,500	\$410,081	\$259,453	\$502,618	\$527,397
Operating Costs (Budget)	\$184,434	\$240,051	\$272,032	\$555,611	\$264,499	\$583,286	\$614,231
Net Operating Income	\$275,151	\$313,405	\$224,319	\$412,058	\$129,434	\$234,149	\$456,950
Hard Debt	\$84,294	\$180,289	\$92,215	\$187,266	\$28,637	\$525	\$152,147
Reserve Deposits	\$4,000	\$11,625	\$20,811	\$23,400	\$11,400	\$31,930	\$31,200
Debt Service Coverage Ratio	3.22	1.67	2.21	2.08	4.12	385	2.80
Occupancy Rate	100%	99%	100%	97%	99%	99%	98%
PUPY Operating costs per budget	\$13,602	\$7,744	\$8,501	\$14,246	\$13,921	\$9,408	\$11,812
PUPY Operating Costs actual	\$10,347	\$8,034	\$9,703	\$10,515	\$13,655	\$8,107	\$10,142
Reserve Balances	\$68,713	\$279,793	\$447,441	\$955,163	\$233,786	\$737,013	\$572,494

ICD Board of Directors

December 17, 2020
Page 10 of 10

RECOMMENDATION

Accept the 2019 Annual Financial Overview Report for Asset Management.

Respectfully submitted,

DocuSigned by:
Candace Latigue
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Candace Latigue

Asset Manager

ISLAND CITY DEVELOPMENT

ITEM 4A

To: Board of Directors
Island City Development

From: Tony Weng
Senior Project Manager

Date: December 17, 2020

Re: Approve a Contract Amendment with the Dahlin Group, Inc. for Additional Architectural Services at Rosefield Village

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 a contract amendment for work not to exceed \$1,872,445 based on the updated additional scope of work and fee schedule.

DISCUSSION

The proposed amendment increases the not to exceed contract amount from \$1,872,445 to \$1,932,995. The total contract is increased by \$60,550 for four (4) additional months in construction administration work based on the twenty-two (22) months construction schedule.

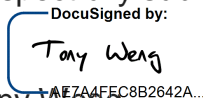
FISCAL IMPACT

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

RECOMMENDATION

Approve a Contract Amendment with the Dahlin Group, Inc. for Additional Architectural Services at Rosefield Village.

Respectfully submitted,

DocuSigned by:


Tony Weng
Senior Project Manager

Attachment:

1. Dahlin Group – Amendment No. 5 to the Consultant Services Agreement



Amendment No. 5
Dahlin Group – Rosefield Redevelopment

AMENDMENT NO. 5 TO CONSULTANT AGREEMENT

This Amendment of a Consultant Agreement by and between Island City Development 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 ICD 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. The effective date of this Amendment No. 5 shall be December X, 2020.

Amendment No. 5
Dahlin Group – Rosefield Redevelopment

I. 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:

The not to exceed amount for the entire Agreement shall be amended to One Million Nine Hundred Thirty-Two Thousand Nine Hundred and Ninety-Five Dollars and zero cents (\$1,932,995.00), based on the updated additional scope of work and fee schedule document in the Request for Additional Services #03 dated September 8, 2020.

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.

By: Dahlin Group, Inc.

By: _____
Lauri Moffet-Fehlberg, Senior Principal

By: Island City Development

By: _____
Vanessa Cooper, President

ISLAND CITY DEVELOPMENT**ITEM 4B**

To: Board of Directors
Island City Development

From: Candace Latigue, Asset Manager

Date: December 17, 2020

Re: Accept the 2021 Budget for Constitution and Eagle, L.P.

BACKGROUND

Island City Development is the general partner and responsible for the general management of the affairs of Constitution and Eagle, L.P., a Low Income Housing Tax Credit (LIHTC) project known as Rosefield Village. Rosefield Village closed on construction financing in August 2020 and also began construction in August 2020. Bank of America is the construction lender and Enterprise is the limited partner investor. Annually, the ICD Board of Directors will be asked to approve and accept the project's annual operating budget.

DISCUSSION

The operating budget includes a projection of the upcoming fiscal/calendar year's operating revenue and expenses including staff salaries, utilities, maintenance, debt service payments and reserves. Asset Management's oversight is to ensure compliance with applicable regulatory agreements and financial performance. Asset Management has worked with the John Stewart Company (JSCO), the 3rd Party Property Management Company. Asset Management finds this budget acceptable. However, Bank of America and Enterprise still have to review and approve the budget before it is finalized. Staff will bring any investor requested revisions over 10% back to the Board of Directors.

FISCAL IMPACT

A summary of key facts for the 2021 Budget are as follows:

Rosefield Village: under Construction of 91 units, Adult/Family Community

- Financing- County A1 Bond, CDBG, City HOME, AHA, Enterprise, Bank of America
- Total Revenue: \$103,825
- Total Operating Expenses/ PUPY: \$ 81,635/\$20,409
- Proposed Rent Schedule
 - AHA HCV/PBV Payment Standards effective date 12/2/2020
 - 1 bedroom- \$2,045
 - 2 bedroom- \$2,521
 - Utility Allowance \$81 per/1 bedroom; \$99 per/ 2 bedroom
- Account Balances as of October 31, 2020
 - Operating Account \$ 76,590
 - Security Deposits Account \$5,214

ICD Board of Directors

December 17, 2020

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- The budget assumes a vacancy rate of 2% of the Gross Potential Revenue.

RECOMMENDATION

Accept the 2021 Budget for Constitution and Eagle, L.P.

Respectfully submitted,

DocuSigned by:
Candace Latigue
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Candace Latigue
Asset Manager

Attachment: Rosefield Village 2021 Operating Budget

Constitution and Eagle - Rosefield
Annual Operating Budget for the Year Ending
December 31, 2021

Acct#	Account Name	2020 Budget Annual	2021 Budget Annual	2021 Budget Monthly	PUPY	PUPM
PROJECT REVENUE						
Gross Income Potential						
5120-000	Rental Income - Tenant	154,698.00	31,783.00	2,648.58	7,945.75	662.15
5122-000	Housing Authority Income	274,176.00	74,161.00	6,180.08	18,540.25	1,545.02
5143-000	Rent-Employee Unit	14,340.00	0.00	0.00	0.00	0.00
5191-000	Excess Rent	0.00	0.00	0.00	0.00	0.00
					0.00	0.00
Total Gross Income Potential		443,214.00	105,944.00	8,828.67	26,486.00	2,207.17
Vacancies and Concessions						
5220-000	Vacancy-Residential	191,226.00	2,118.88	176.57	529.72	44.14
Total Vacancies and Concessions		191,226.00	2,118.88	176.57	529.72	44.14
Financial Revenue						
5490-000	Interest Income-Investmnt	492.00	0.00	0.00	0.00	0.00
Total Financial Revenue		492.00	0.00	0.00	0.00	0.00
Other Income						
5910-000	Laundry Income	774.00	0.00	0.00	0.00	0.00
Total Other Income		774.00	0.00	0.00	0.00	0.00
TOTAL REVENUE		253,254.00	103,825.12	8,652.09	25,956.28	2,163.02
PROJECT EXPENSES						
Marketing Expenses					0.00	0.00
					0.00	0.00
Total Marketing Expenses		0.00	0.00	0.00	0.00	0.00
Administrative Expenses						
6311-000	Office Expenses	819.00	1,057.20	88.10	264.30	22.03
6311-010	Office Equipment Expense	150.00	0.00	0.00	0.00	0.00
6313-000	Postage & Copies	150.00	18.54	1.55	4.64	0.39
6314-000	Copier Lease	1,800.00	293.08	24.42	73.27	6.11
6319-000	Payroll Processing Fee	851.00	222.00	18.50	55.50	4.63
6320-000	Management Fees	21,126.00	3,708.04	309.00	927.01	77.25
6330-000	Payroll - Manager	23,013.00	5,763.29	480.27	1,440.82	120.07

6331-000	Administrator's Unit	14,340.00	0.00	0.00	0.00	0.00
6340-000	Legal/Mediation Expenses	3,748.00	2,500.00	208.33	625.00	52.08
6350-000	CPA/Audit Services	1,098.00	15,800.00	1,316.67	3,950.00	329.17
6351-000	Bookkeeping Services	6,048.00	504.00	42.00	126.00	10.50
6360-000	Tel. & Answering Service	3,300.00	150.35	12.53	37.59	3.13
6370-000	Collection Loss	1,134.00	0.00	0.00	0.00	0.00
6385-000	Mileage/Travel	246.00	120.00	10.00	30.00	2.50
6390-000	Misc. Admin. Expenses	498.00	0.00	0.00	0.00	0.00
6390-010	Bank Charges	72.00	0.00	0.00	0.00	0.00
6392-000	Seminars / Training	1,216.00	216.00	18.00	54.00	4.50
6396-000	Computer Charges	1,212.00	200.00	16.67	50.00	4.17
					0.00	0.00
Total Administrative Expenses		80,821.00	30,552.50	2,546.04	7,638.12	636.51

Utilities

6450-000	Electricity	4,956.00	4,536.48	378.04	1,134.12	94.51
6451-000	Water	12,936.00	7,717.84	643.15	1,929.46	160.79
6452-000	Gas	11,583.00	12,356.00	1,029.67	3,089.00	257.42
6453-000	Sewer	4,512.00	4,064.32	338.69	1,016.08	84.67
					0.00	0.00
Total Utilities		33,987.00	28,674.64	2,389.55	7,168.66	597.39

Operating and Maintenance Expenses

6510-000	Payroll - Maintenance	19,148.00	4,906.66	408.89	1,226.67	102.22
6517-000	Janitorial Contract	102.00	0.00	0.00	0.00	0.00
6519-000	Pest -Supp & Contracts	2,886.00	59.74	4.98	14.94	1.24
6525-000	Garbage Removal	26,346.00	14,400.00	1,200.00	3,600.00	300.00
6529-030	Fire Alarm Monitoring	0.00	0.00	0.00	0.00	0.00
6530-000	Security PR / Contract	6,792.00	0.00	0.00	0.00	0.00
6533-000	Fire Protection Expenses	110.00	125.00	10.42	31.25	2.60
6537-000	Landscape Contracts	8,826.00	5,460.00	455.00	1,365.00	113.75
6541-000	Repairs Materials/Supp	3,828.00	581.95	48.50	145.49	12.12
6542-000	Repairs Contract	12,162.00	3,601.22	300.10	900.31	75.03
6543-010	Plumbing Contract	234.00	0.00	0.00	0.00	0.00
6544-000	Electrical Maintenance	330.00	0.00	0.00	0.00	0.00
6546-000	Heating/Cooling Repairs	936.00	0.00	0.00	0.00	0.00
6560-000	Deco/Painting Contract	246.00	0.00	0.00	0.00	0.00
6564-000	Gutter Maintenance	2,274.00	0.00	0.00	0.00	0.00
6598-000	Unit Turnover Preparation	0.00	0.00	0.00	0.00	0.00
					0.00	0.00
Total Operating and Maintenance Expenses		84,220.00	29,134.57	2,427.88	7,283.64	606.97

Taxes and Insurance

6711-000	Payroll Taxes	4,672.00	1,669.00	139.08	417.25	34.77
6720-000	Property Insurance	5,011.00	10,400.00	866.67	2,600.00	216.67
6720-010	Liability Insurance	1,200.00	0.00	0.00	0.00	0.00
6721-000	Fidelity Bond	0.00	138.02	11.50	34.51	2.88
6722-000	Workers Comp.	2,136.00	568.00	47.33	142.00	11.83

6723-000	Health Ins. / EE Benefits	4,728.00	1,677.66	139.81	419.42	34.95
6723-010	401K Matching/EE Benefits	534.00	209.90	17.49	52.47	4.37
6790-000	Misc.Licenses/Permits	0.00	800.00	66.67	200.00	16.67
					0.00	0.00
Total Taxes and Insurance		18,281.00	15,462.58	1,288.55	3,865.65	322.14

Non Deferred Financial Expense

Total Non Deferred Financial Expense	0.00	0.00	0.00	0.00	0.00	0.00
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Service Expense

6980-010	Resident Services Supply	96.00	0.00	0.00	0.00	0.00
6981-000	Social Services	20,166.00	0.00	0.00	0.00	0.00
					0.00	0.00
Total Service Expense		20,262.00	0.00	0.00	0.00	0.00

Corporate Expenses

Total Corporate Expenses	0.00	0.00	0.00	0.00	0.00	0.00
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Reserve Expenditures

Total Reserve Expenditures	0.00	0.00	0.00	0.00	0.00	0.00
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TOTAL OPERATING EXPENSES	237,571.00	103,824.29	8,652.02	25,956.07	2,163.01
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OPERATING INCOME (LOSS)	15,683.00	0.83	0.07	0.21	0.02
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OTHER CASH REQUIREMENTS

Reserve Funding	0.00	0.00	0.00	0.00	0.00
Mortgage Principal	0.00	0.00	0.00	0.00	0.00
Fixed Asset Purchases	0.00	0.00	0.00	0.00	0.00
Add back for Reserve Eligible Pt	0.00	0.00	0.00	0.00	0.00
<i>Other Cash Requirements:</i>				0.00	0.00
Entry 1		0.00	0.00	0.00	0.00
Entry 2		0.00	0.00	0.00	0.00
Entry 3		0.00	0.00	0.00	0.00
Total Other Cash (Available) Requirements	0.00	0.00	0.00	0.00	0.00

TOTAL CASH FLOW	15,683.00	0.83	0.07	0.21	0.02
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Before allowance for Depreciation, amortization and Deferred Financial Expenses				0.00	0.00
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Debt Service Coverage Ratio

Principal and Interest	0.00	0.00	0.00	0.00	0.00
Reserves	0.00	0.00	0.00	0.00	0.00
NOI (Add int+reserve + Corp Expenses)	15,683.00	0.83	0.07	0.21	0.02
Debt Service Coverage	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!
DCR Inc Reserves	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!
DCR Inc. Reserves, P&l and Corp Exp	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!

Vacancy Percentage	43.15%	2.00%	2.00%	0.01	0.01
(Vacancy / Scheduled Gross)				0.00	0.00
				0.00	0.00
				0.00	0.00
				0.00	0.00

TOTAL DEFERRED FINANCIAL EXPENSES	0.00	0.00	0.00	0.00	0.00
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Amortization and Depreciation

6620-000	Depreciation Expense	11,934.00	0.00	0.00	0.00	0.00
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Total Amortization and Depreciation		11,934.00	0.00	0.00	0.00	0.00
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NET CASH SURPLUS (DEFICIT)		3,749.00	0.83	0.07	0.21	0.02
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after allowance for deferred financial expenses, depreciation and amortization

ISLAND CITY DEVELOPMENT**ITEM 4B**

To: Board of Directors
Island City Development

From: Candace Latigue, Asset Manager

Date: December 17, 2020

Re: Accept the 2021 Budget for Everett and Eagle LP

BACKGROUND

Island City Development is the general partner and responsible for the general management of the affairs of Everett and Eagle LP, a Low Income Housing Tax Credit (LIHTC) project known as Everett Commons. Everett Commons was Placed in Service in December 2018 and converted to permanent financing in July 2019. JP Morgan Chase is the senior lender and Enterprise is the limited partner. Annually, the ICD Board of Directors will be asked to approve and accept the project's annual operating budget.

DISCUSSION

The operating budget includes a projection of the upcoming fiscal/calendar year's operating revenue and expenses including staff salaries, utilities, maintenance, debt service payments and reserves. Asset Management's oversight is to ensure compliance with applicable regulatory agreements and financial performance. Asset Management has worked with the John Stewart Company (JSCO), the 3rd Party Property Management Company. Asset Management finds this budget acceptable. However, Chase and Enterprise still have to review and approve the budget before it is finalized. Staff will bring any investor requested revisions over 10% back to the Board of Directors.

FISCAL IMPACT

A summary of key facts for the 2021 Budget are as follows:

Everett Commons: 20 units, Adult/Family Community

- Financing- City HOME, AHA, Enterprise, Chase, PBV, County A1 Bond
- Total Revenue: \$545,039
- Total Operating Expenses/ PUPY: \$422,836/\$21,142
- Proposed Rent Schedule
 - AHA HCV/PBV Payment Standards effective date 12/2/2020
 - 1 bedroom- \$1,970
 - 2 bedroom- \$2,431
 - TCAC Rent Levels/Non-Assisted Units
 - 60% income level for 1 bedroom \$1,241
 - 60% income level for 2 bedroom \$1,481
 - Utility Allowance \$156-\$225 for 1-3bedroom units
- Account Balances as of October 31, 2020
 - Operating Account \$207,338

ICD Board of Directors

December 17, 2020

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- Money Market Account \$150,510
 - Security Deposits Account \$19,000
 - Operating Reserves \$50,064
 - Replacement Reserves \$ 14,000
- The budget assumes a vacancy rate of 2%.
 - The debt service coverage ratio (DSCR) is 1.31.

RECOMMENDATION

Accept the 2021 Budget for Everett and Eagle LP.

Respectfully submitted,

DocuSigned by:

Candace Latigue

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Candace Latigue
Asset Manager

Attachment: Everett Commons 2021 Operating Budget

Everett Commons
Annual Operating Budget for the Year Ending
December 31, 2021

Acct#	Account Name	2020 Budget Annual	2021 Budget Annual	2021 Budget Monthly	PUPY	PUPY
PROJECT REVENUE						
Gross Income Potential						
5120-000	Rental Income - Tenant	121,992.00	194,078.00	16,173.17	9,703.90	808.66
5122-000	Housing Authority Income	403,524.00	350,961.00	29,246.75	17,548.05	1,462.34
Total Gross Income Potential		525,516.00	545,039.00	45,419.92	27,251.95	2,271.00
Vacancies and Concessions						
5220-000	Vacancy-Residential	5,255.00	10,900.78	908.40	545.04	45.42
Total Vacancies and Concessions		5,255.00	10,900.78	908.40	545.04	45.42
Financial Revenue						
5410-000	Interest Inc - Operating	0.00	423.00	35.25	21.15	1.76
5440-000	Interest Inc - Reserves	0.00	39.00	3.25	1.95	0.16
Total Financial Revenue		0.00	462.00	38.50	23.10	1.93
Other Income						
5910-000	Laundry Income	1,714.00	3,808.00	317.33	190.40	15.87
Total Other Income		1,714.00	3,808.00	317.33	190.40	15.87
TOTAL REVENUE		521,975.00	538,408.22	44,867.35	26,920.41	2,243.37
PROJECT EXPENSES						
Marketing Expenses						
6210-000	Advertising	0.00	0.00	0.00	0.00	0.00
6250-000	Marketing-Credit Reports	552.00	414.00	34.50	20.70	1.73
6280-000	Rent Up Expenses	573.00	0.00	0.00	0.00	0.00
Total Marketing Expenses		1,125.00	414.00	34.50	20.70	1.73
Administrative Expenses						
6311-000	Office Expenses	768.00	444.00	37.00	22.20	1.85
6313-000	Postage & Copies	0.00	45.32	3.78	2.27	0.19
6314-000	Copier Lease	0.00	957.31	79.78	47.87	3.99
6319-000	Payroll Processing Fee	836.00	796.00	66.33	39.80	3.32
6320-000	Management Fees	13,200.00	23,436.68	1,953.06	1,171.83	97.65
6330-000	Payroll - Manager	22,965.00	21,356.25	1,779.69	1,067.81	88.98
6331-000	Administrator's Unit	17,880.00	20,088.00	1,674.00	1,004.40	83.70
6335-000	Compliance Monitoring	800.00	800.00	66.67	40.00	3.33
6340-000	Legal/Mediation Expenses	560.00	500.58	41.72	25.03	2.09
6350-000	CPA/Audit Services	13,000.00	15,920.71	1,326.73	796.04	66.34
6351-000	Bookkeeping Services	2,280.00	2,520.00	210.00	126.00	10.50
6360-000	Tel. & Answering Service	3,844.00	3,141.50	261.79	157.08	13.09

6385-000	Mileage/Travel	120.00	120.00	10.00	6.00	0.50
6392-000	Seminars / Training	952.00	888.00	74.00	44.40	3.70
6396-000	Computer Charges	84.00	485.13	40.43	24.26	2.02
Total Administrative Expenses		77,289.00	91,499.48	7,624.96	4,574.97	381.25

Utilities						
6450-000	Electricity	2,310.00	2,835.04	236.25	141.75	11.81
6451-000	Water	2,133.00	5,497.44	458.12	274.87	22.91
6453-000	Sewer	3,248.00	927.68	77.31	46.38	3.87
6453-020	Storm Drain	565.00	565.33	47.11	28.27	2.36
Total Utilities		8,256.00	9,825.49	818.79	491.27	40.94

Operating and Maintenance Expenses						
6510-000	Payroll - Maintenance	18,416.00	16,923.95	1,410.33	846.20	70.52
6515-000	Janitorial Supplies	600.00	600.00	50.00	30.00	2.50
6519-000	Pest -Supp & Contracts	1,620.00	1,620.00	135.00	81.00	6.75
6525-000	Garbage Removal	10,960.00	8,806.72	733.89	440.34	36.69
6533-000	Fire Protection Expenses	960.00	2,960.00	246.67	148.00	12.33
6537-000	Landscape Contracts	4,800.00	4,944.00	412.00	247.20	20.60
6541-000	Repairs Materials/Supp	4,800.00	2,622.38	218.53	131.12	10.93
6542-000	Repairs Contract	3,000.00	5,297.29	441.44	264.86	22.07
6561-000	Deco/Painting Supplies	129.00	20.60	1.72	1.03	0.09
6569-000	COVID-19 Pandemic	0.00	0.00	0.00	0.00	0.00
6573-000	Uniforms/Laundry	200.00	148.00	12.33	7.40	0.62
6590-000	Miscellaneous Maintenance	200.00	1,000.00	83.33	50.00	4.17
Total Operating and Maintenance Expenses		45,685.00	44,942.94	3,745.24	2,247.15	187.26

Taxes and Insurance						
6710-000	Real Estate Taxes	0.00	178.35	14.86	8.92	0.74
6711-000	Payroll Taxes	4,286.00	4,049.00	337.42	202.45	16.87
6720-000	Property Insurance	15,500.00	16,571.50	1,380.96	828.58	69.05
6721-000	Fidelity Bond	57.00	73.13	6.09	3.66	0.30
6722-000	Workers Comp.	2,083.00	3,105.00	258.75	155.25	12.94
6723-000	Health Ins. / EE Benefits	7,153.00	6,923.61	576.97	346.18	28.85
6723-010	401K Matching/EE Benefits	814.00	753.05	62.75	37.65	3.14
6724-000	Local Taxes	0.00	2,998.80	249.90	149.94	12.50
6790-000	Misc.Licenses/Permits	0.00	800.00	66.67	40.00	3.33
Total Taxes and Insurance		29,893.00	35,452.45	2,954.37	1,772.62	147.72

Non Deferred Financial Expense						
6820-000	Interest on Mortgage	186,628.00	182,583.16	15,215.26	9,129.16	760.76
6851-010	Bond Expenses	2,400.00	2,400.00	200.00	120.00	10.00
Total Non Deferred Financial Expense		189,028.00	184,983.16	15,415.26	9,249.16	770.76

Service Expense						
6980-014	RS/Travel	2,470.00	422.30	35.19	21.12	1.76
6981-000	Social Services	44,254.00	45,546.00	3,795.50	2,277.30	189.78
Total Service Expense		46,724.00	45,968.30	3,830.69	2,298.42	191.53

Corporate Expenses						
7131-000	State Income Tax	800.00	0.00	0.00	0.00	0.00
Total Corporate Expenses		800.00	0.00	0.00	0.00	0.00
Reserve Expenditures						
Total Reserve Expenditures		0.00	0.00	0.00	0.00	0.00
TOTAL OPERATING EXPENSES		398,800.00	413,085.82	34,423.82	20,654.29	1,721.19
OPERATING INCOME (LOSS)		123,175.00	125,322.40	10,443.53	6,266.12	522.18
OTHER CASH REQUIREMENTS						
	Reserve Funding	28,026.12	28,026.12	2,335.51	1,401.31	116.78
	Mortgage Principal	29,286.09	33,330.24	2,777.52	1,666.51	138.88
	Fixed Asset Purchases	0.00	0.00	0.00	0.00	0.00
	Add back for Reserve Eligible Purchases	0.00	0.00	0.00	0.00	0.00
	<i>Other Cash Requirements:</i>				0.00	0.00
	Entry 1		0.00	0.00	0.00	0.00
	Entry 2		0.00	0.00	0.00	0.00
	Entry 3		0.00	0.00	0.00	0.00
Total Other Cash (Available) Requirements		57,312.21	61,356.36	5,113.03	3,067.82	255.65
TOTAL CASH FLOW		65,862.79	63,966.04	5,330.50	3,198.30	266.53
Before allowance for Depreciation, amortization and Deferred Financial Expenses					0.00	0.00
Debt Service Coverage Ratio						
	Principal and Interest	218,314.09	218,313.40	18,192.78	10,915.67	909.64
	Reserves	28,026.12	28,026.12	2,335.51	1,401.31	116.78
	NOI (Add int+reserve + Corp Expenses)	313,003.00	310,305.56	25,858.80	15,515.28	1,292.94
	Debt Service Coverage	1.43	1.42	1.42	0.07	0.07
	DCR Inc Reserves	1.27	1.26	1.26	0.06	0.06
	DCR Inc. Reserves, P&I and Corp Exp	1.27	1.26	1.26	0.06	0.06
					0.00	0.00
	Vacancy Percentage	1.00%	2.00%	2.00%	0.00	0.00
	(Vacancy / Scheduled Gross)				0.00	0.00
					0.00	0.00
					0.00	0.00
					0.00	0.00
TOTAL DEFERRED FINANCIAL EXPENSES		0.00	0.00	0.00	0.00	0.00
Amortization and Depreciation						
Total Amortization and Depreciation		0.00	0.00	0.00	0.00	0.00
NET CASH SURPLUS (DEFICIT)		65,862.79	63,966.04	5,330.50	3,198.30	266.53
after allowance for deferred financial expenses, depreciation and amortization						

ISLAND CITY DEVELOPMENT**ITEM 4B**

To: Board of Directors
Island City Development

From: Candace Latigue, Asset Manager

Date: December 17, 2020

Re: Accept the 2021 Budget for Sherman and Buena Vista LP

BACKGROUND

Island City Development is the general partner and responsible for the general management of the affairs of Sherman and Buena Vista LP, a Low Income Housing Tax Credit (LIHTC) project known as Littlejohn Commons. Littlejohn Commons was placed in Service in September 2018 and converted to permanent financing in February 2019. California Community Reinvestment Corporation (CCRC) is the senior lender and National Equity Fund (NEF) is the limited partner. Annually, the ICD Board of Directors will be asked to approve and accept the project's annual operating budget.

DISCUSSION

The operating budget includes a projection of the upcoming fiscal/calendar year's operating revenue and expenses including staff salaries, utilities, maintenance, debt service payments and reserves. Asset Management's oversight is to ensure compliance with applicable regulatory agreements and financial performance. Asset Management has worked with the John Stewart Company (JSCO), the 3rd Party Property Management Company. Asset Management finds this budget acceptable. However, NEF and CCRC still have to review and approve the budget before it is finalized. Staff will bring any investor requested revisions over 10% back to the Board of Directors.

FISCAL IMPACT

A summary of key facts for the 2021 Budget are as follows:

Littlejohn Commons: 31 units, Senior Community

- Financing- City HOME, AHA, CCRC, NEF, PBV
- Total Revenue \$678,676
- Total Operating Expenses/ PUPY: \$ 364,009/\$11,742.23
- Proposed Rent Schedule
 - AHA HCV/PBV Payment Standards effective date 12/2/2020
 - 1 bedroom \$1,970
 - TCAC Rent Levels/ Non- Assisted Units
 - 60% income level for 1 bedroom \$1,246
 - Utility Allowance \$156/1 bedroom unit
- Account Balances as of December 1, 2020
 - Operating Account \$247,504

ICD Board of Directors

December 17, 2010

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- FDIC Account \$200,900
 - Security Deposits Account \$21,750
 - Operating Reserves \$245,668
 - Replacement Reserves \$27,125
- The budget assumes a vacancy rate of 2%.
 - The Debt Service Coverage Ratio (DSCR) is 1.75.

RECOMMENDATION

Accept the 2021 Budget for Sherman and Buena Vista LP.

Respectfully submitted,

DocuSigned by:
Candace Latigue
14802DA1D767AA13B
Candace Latigue
Asset Manager

Attachment: Littlejohn Commons 2021 Operating Budget

Littlejohn Commons

Annual Operating Budget for the Year Ending
December 31, 2021

Acct#	Account Name	2020 Budget Annual	2021 Budget Annual	2021 Budget Monthly		
PROJECT REVENUE						
Gross Income Potential						
5120-000	Rental Income - Tenant	147,108.00	254,158.00	21,179.83	8,198.65	683.22
5122-000	Housing Authority Income	454,236.00	435,932.00	36,327.67	14,062.32	1,171.86
					0.00	0.00
Total Gross Income Potential		601,344.00	690,090.00	57,507.50	22,260.97	1,855.08
Vacancies and Concessions						
5220-000	Vacancy-Residential	5,011.00	13,801.80	1,150.15	445.22	37.10
Total Vacancies and Concessions		5,011.00	13,801.80	1,150.15	445.22	37.10
Financial Revenue						
5410-000	Interest Inc - Operating	0.00	615.00	51.25	19.84	1.65
					0.00	0.00
Total Financial Revenue		0.00	615.00	51.25	19.84	1.65
Other Income						
5910-000	Laundry Income	468.00	842.00	70.17	27.16	2.26
					0.00	0.00
Total Other Income		468.00	842.00	70.17	27.16	2.26
TOTAL REVENUE		596,801.00	677,745.20	56,478.77	21,862.75	1,821.90
PROJECT EXPENSES						
Marketing Expenses						
					0.00	0.00
6250-000	Marketing-Credit Reports	552.00	414.00	34.50	13.35	1.11
6280-000	Rent Up Expenses	645.00	0.00	0.00	0.00	0.00
					0.00	0.00
Total Marketing Expenses		1,197.00	414.00	34.50	13.35	1.11
Administrative Expenses						
6310-000	On-Site Administrative PR	0.00	7,200.75	600.06	232.28	19.36
6311-000	Office Expenses	1,080.00	217.04	18.09	7.00	0.58
6313-000	Postage & Copies	120.00	91.67	7.64	2.96	0.25
6314-000	Copier Lease	2,400.00	835.20	69.60	26.94	2.25
6319-000	Payroll Processing Fee	1,225.00	1,184.00	98.67	38.19	3.18
6320-000	Management Fees	20,460.00	27,603.60	2,300.30	890.44	74.20
6330-000	Payroll - Manager	33,233.00	21,951.07	1,829.26	708.10	59.01
6331-000	Administrator's Unit	20,088.00	20,088.00	1,674.00	648.00	54.00
6335-000	Compliance Monitoring	800.00	800.00	66.67	25.81	2.15
6340-000	Legal/Mediation Expenses	340.00	1,417.28	118.11	45.72	3.81
6350-000	CPA/Audit Services	15,000.00	15,000.00	1,250.00	483.87	40.32

6351-000	Bookkeeping Services	3,535.00	3,906.00	325.50	126.00	10.50
6360-000	Tel. & Answering Service	4,862.00	1,817.40	151.45	58.63	4.89
6385-000	Mileage/Travel	170.00	152.87	12.74	4.93	0.41
6390-000	Misc. Admin. Expenses	200.00	1,000.00	83.33	32.26	2.69
6392-000	Seminars / Training	1,428.00	1,492.92	124.41	48.16	4.01
6396-000	Computer Charges	1,800.00	1,800.00	150.00	58.06	4.84
					0.00	0.00

Total Administrative Expenses		106,741.00	106,557.80	8,879.82	3,437.35	286.45
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Utilities

6450-000	Electricity	9,051.00	9,706.32	808.86	313.11	26.09
6451-000	Water	5,363.00	6,176.56	514.71	199.24	16.60
6452-000	Gas	860.00	553.28	46.11	17.85	1.49
6453-000	Sewer	11,703.00	11,794.24	982.85	380.46	31.70
6453-020	Storm Drain	572.00	572.00	47.67	18.45	1.54
					0.00	0.00

Total Utilities		27,549.00	28,802.40	2,400.20	929.11	77.43
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Operating and Maintenance Expenses

6510-000	Payroll - Maintenance	27,624.00	16,675.74	1,389.65	537.93	44.83
6512-000	Payroll - Janitor	0.00	12,885.67	1,073.81	415.67	34.64
6515-000	Janitorial Supplies	1,320.00	1,347.24	112.27	43.46	3.62
6519-000	Pest -Supp & Contracts	1,740.00	1,740.00	145.00	56.13	4.68
6525-000	Garbage Removal	9,554.00	10,684.96	890.41	344.68	28.72
6533-000	Fire Protection Expenses	3,650.00	3,650.00	304.17	117.74	9.81
6537-000	Landscape Contracts	6,237.00	4,944.00	412.00	159.48	13.29
6541-000	Repairs Materials/Supp	3,583.00	578.86	48.24	18.67	1.56
6542-000	Repairs Contract	3,000.00	3,405.18	283.77	109.84	9.15
6545-000	Elevator Maintenance	3,300.00	3,300.00	275.00	106.45	8.87
6560-000	Deco/Painting Contract	427.00	72.10	6.01	2.33	0.19
6561-000	Deco/Painting Supplies	103.00	16.48	1.37	0.53	0.04
6573-000	Uniforms/Laundry	0.00	153.47	12.79	4.95	0.41
					0.00	0.00

Total Operating and Maintenance Expenses		60,538.00	59,453.71	4,954.48	1,917.86	159.82
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Taxes and Insurance

6710-000	Real Estate Taxes	0.00	167.75	13.98	5.41	0.45
6711-000	Payroll Taxes	5,775.00	6,732.00	561.00	217.16	18.10
6720-000	Property Insurance	12,126.00	13,893.00	1,157.75	448.16	37.35
6721-000	Fidelity Bond	110.00	93.73	7.81	3.02	0.25
6722-000	Workers Comp.	3,084.00	2,573.00	214.42	83.00	6.92
6723-000	Health Ins. / EE Benefits	10,726.00	9,746.84	812.24	314.41	26.20
6723-010	401K Matching/EE Benefits	1,197.00	1,155.01	96.25	37.26	3.10
6724-000	Local Taxes	0.00	9,296.28	774.69	299.88	24.99
6790-000	Misc.Licenses/Permits	800.00	800.00	66.67	25.81	2.15
					0.00	0.00

Total Taxes and Insurance		33,818.00	44,457.62	3,704.80	1,434.12	119.51
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Non Deferred Financial Expense

6820-000	Interest on Mortgage	0.00	107,373.38	8,947.78	3,463.66	288.64
					0.00	0.00

Total Non Deferred Financial Expense		0.00	107,373.38	8,947.78	3,463.66	288.64
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Service Expense						
6980-010	Resident Services Supply	500.00	84.46	7.04	2.72	0.23
6981-000	Social Services	18,540.00	19,096.00	1,591.33	616.00	51.33
					0.00	0.00
Total Service Expense		19,040.00	19,180.46	1,598.37	618.72	51.56
					0.00	0.00
Corporate Expenses						
7131-000	State Income Tax	0.00	824.00	68.67	26.58	2.22
7137-000	Asset Management Fee	0.00	7,434.54	619.55	239.82	19.99
Total Corporate Expenses		0.00	8,258.54	688.21	266.40	22.20
Reserve Expenditures						
Total Reserve Expenditures		0.00	0.00	0.00	0.00	0.00
TOTAL OPERATING EXPENSES		248,883.00	374,497.90	31,208.16	12,080.58	1,006.71
OPERATING INCOME (LOSS)		347,918.00	303,247.30	25,270.61	9,782.17	815.18
					0.00	0.00
OTHER CASH REQUIREMENTS					0.00	0.00
	Reserve Funding	0.00	15,500.04	1,291.67	500.00	41.67
	Mortgage Principal	252,004.44	236,504.40	19,708.70	7,629.17	635.76
	Fixed Asset Purchases	0.00	0.00	0.00	0.00	0.00
	Add back for Reserve Eligible Purchases	0.00	0.00	0.00	0.00	0.00
	<i>Other Cash Requirements:</i>				0.00	0.00
	Entry 1		0.00	0.00	0.00	0.00
	Entry 2		0.00	0.00	0.00	0.00
	Entry 3		0.00	0.00	0.00	0.00
Total Other Cash (Available) Requirements		252,004.44	252,004.44	21,000.37	8,129.18	677.43
TOTAL CASH FLOW		95,913.56	51,242.86	4,270.24	1,653.00	137.75
	Before allowance for Depreciation, amortization and Deferred Financial Expenses				0.00	0.00
					0.00	0.00
Debt Service Coverage Ratio						
	Principal and Interest	252,004.44	343,877.78	28,656.48	11,092.83	924.40
	Reserves	0.00	15,500.04	1,291.67	500.00	41.67
	NOI (Add int+reserve + Corp Expenses)	347,918.00	418,879.22	34,906.60	13,512.23	1,126.02
	Debt Service Coverage	1.38	1.22	1.22	0.04	0.04
	DCR Inc Reserves	1.38	1.17	1.17	0.04	0.04
	DCR Inc. Reserves, P&I and Corp Exp	1.38	1.14	1.14	0.04	0.04
					0.00	0.00
	Vacancy Percentage	0.83%	2.00%	2.00%	0.00	0.00
	(Vacancy / Scheduled Gross)				0.00	0.00
					0.00	0.00
					0.00	0.00
					0.00	0.00
TOTAL DEFERRED FINANCIAL EXPENSES		0.00	0.00	0.00	0.00	0.00
Amortization and Depreciation						
Total Amortization and Depreciation		0.00	0.00	0.00	0.00	0.00

NET CASH SURPLUS (DEFICIT)	95,913.56	51,242.86	4,270.24	1,653.00	137.75
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after allowance for deferred financial expenses, depreciation and amortization

ISLAND CITY DEVELOPMENT**ITEM 4C**

To: Board of Directors
Island City Development

From: Sylvia Martinez
Director of Housing Development

Date: December 17, 2020

Re: Approve and Adopt the 2021 ICD Annual Budget

BACKGROUND

The ICD fiscal year ends December 31. When ICD participates in real estate development projects, predevelopment costs are managed from a predevelopment loan. This loan eventually rolls up into a project budget that is controlled by the project owner (e.g. a limited partnership if using Low-Income Housing Tax Credits) when the project financing is secured and closed. Outside of the specific real estate project costs, also referred to as capital costs, ICD has an operating budget for the nonprofit corporation.

The proposed budget for 2021 includes ICD capital costs related to the proposed 2-3 separate North Housing projects during the predevelopment phase as well the administrative operating expenses of the non-profit corporation.

DISCUSSION

ICD has borrowed predevelopment funds from the Housing Authority to develop the Rosefield Village and North Housing projects, \$2.7 MM and \$4.35 MM respectively. The Rosefield loan will be repaid fully by the end of 2020 by construction loan closing proceeds. Approximately \$1,123,150 of the North Housing loan has been used to date.

Proposed Activity - 2021

The Rosefield Village project has moved into the construction phase and is not reflected in the 2021 ICD capital budget. North Housing is the only currently approved capital project included in the 2021 budget and will increasingly be developed with both site-wide activities (demolition and infrastructure) and individual affordable developments. Carrying activities related to lawn care and security are not included in the ICD budget but rather are paid by the Housing Authority as land owner.

In addition to the capital budget, the operating budget for ICD includes the annual consultant services fee to the Housing Authority, audit and tax return fees, insurance, and professional services related to feasibility studies.

The attached 2021 budget for ICD follows the format of the past few years. The cash



developer fee split is 90% ICD and 10% AHA per the most recent negotiated deals (this percentage may change in future developments).

FINANCIAL IMPACT

In 2021, the ICD administrative expenses will include \$100,000 payable to the Housing Authority for staffing services, per the Consulting Services Agreement. Additionally, it includes estimated audit, tax return, insurance and professional services expenses of approximately \$75,100. The professional services expenses assume estimated costs for 3 to 5 feasibility studies for new projects.

In 2020, the ICD revenue included 90% of the developer fee from the final payments at Littlejohn Commons and Everett Commons, to be released when we receive the IRS Form 8609. We have received the 8609 for Littlejohn and expect the 8609 developer fee to be paid by the end of the year. However, we have not received the Everett Commons 8609 form, so that income has been pushed to the 2021 budget. There is no expected developer fee revenue from any other sources in 2021.

RECOMMENDATION

Staff recommends that the Board approves and adopts the 2021 ICD Annual Budget.

Respectfully submitted,

DocuSigned by:

Sylvia Martinez

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Sylvia Martinez

Director of Housing Development

Attachment:

1. Proposed 2021 Budget



Island City Development			FY 2021
Budget			
		OPERATING	CAPITAL
INCOME			
	Developer Fee*	\$ 45,900	
	Loan Balance		
	Predev Loan - North Housing		\$ 6,238,000
	Working Capital Loan		
	Other	\$ 100,000	
	Net Income - 2020	\$ 495,400	
	Total Income	\$ 641,300	\$ 6,238,000
EXPENSE			
	Administrative	\$ 100,000	
	Arch/Engineering		\$ 1,830,080
	Audit	\$ 23,500	
	Insurance	\$ 1,500	
	Lender/Investor Fees		
	Permits and Fees	\$ 100	\$ 40,000
	Professional Services	\$ 50,000	\$ 266,500
	Other		\$ 152,400
	Other - Demolition		\$ 3,949,020
	Predev Loan Interest		
	Predev Loan Repayment		
	Total Expense	\$ 175,100	\$ 6,238,000
	Net Income	\$ 466,200	\$ -
Data: Dev fee - 8609 payment from Everett Commons (90%). Capital Expenses - BOC 8-R North Housing Predev Loan Approval, Nov 18, 2020.			