



ISLAND CITY DEVELOPMENT AGENDA

AGENDA **REGULAR ANNUAL MEETING OF ISLAND CITY DEVELOPMENT**
DATE & TIME **Wednesday, November 15, 2023 - 6:02 PM**
LOCATION

Independence Plaza, 703 Atlantic Avenue, Alameda, Ca 94501

PUBLIC PARTICIPATION

Public access to this meeting is available through the Zoom link below:

Join Zoom Meeting

<https://us06web.zoom.us/j/88946959564?pwd=OVJpYUcya05ROEFTZEI2aENNa24vUT09>

Meeting ID: 889 4695 9564

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1. CALL TO ORDER & ROLL CALL
2. AB2449 COMPLIANCE - The Chair will confirm that there are 2 members in the same, properly noticed meeting room within the jurisdiction of the City of Alameda. Each board member who is accessing the meeting remotely must disclose verbally whether they are able to be remote under AB2449: (1) just cause (max. 2 per year), or (2) emergency circumstances." For Emergency Circumstances, the request must be approved by a majority vote of the Board of Directors for the emergency circumstances to be used as a justification to participate remotely. Remote Directors must provide a general description of the circumstances relating to need to appear remotely at the given meeting. Directors must also publicly disclose at the meeting, prior to any action, whether any other individuals 18 years or older are present in the room with the member at the remote location, and the general nature of the member's relationship with such individuals. Note: A Director cannot participate in meetings of the Board of



Directors solely by teleconference from a remote location for a period of more than 3 consecutive months or 20% of the regular meetings for ICD within a calendar year, or more than 2 meetings if the Board of Directors regularly meets fewer than 10 times per calendar year.

3. PUBLIC COMMENT (Non-Agenda)
4. CONSENT CALENDAR (Action)
 - A. Approve Minutes of the Special Board of Directors Meeting held on October 25, 2023.
 - B. Accept the Update on the 2022 Audited Financial Statements and the Tax Returns for Island City Development
 - C. Accept the Quarterly Overview Report for Housing Development.
 - D. Accept the Quarterly Development Report for The Estuary II (North Housing PSH II).
 - E. Accept the Quarterly Development Report for The Poplar (2615 Eagle Avenue).
 - F. Accept the Quarterly Development Report for Linnet Corner.
 - G. Accept Quarterly Development Report on Poppy Place (Webster Street Hotel).
 - H. Accept the Quarterly Development Report for The Estuary I.
 - I. Authorize the President to Negotiate and Execute the Commercial Rental Lease for Imerge Wireless at 1628 Webster Street, Alameda
5. NEW BUSINESS
6. NON-AGENDA (Public Comment)
7. WRITTEN COMMUNICATIONS
8. ORAL COMMUNICATIONS – BOARD MEMBERS AND STAFF
9. ADJOURNMENT

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NOTES:

- If you need special assistance to participate in the meetings of the Island City Development Board of Directors, please contact Sarah Raskin at (510) 747-4360 (TTY/TRS: 711) or sraskin@alamedahsg.org. Notification 48 hours prior to the meeting will enable the Island City Development Board of Directors to make reasonable arrangements to ensure accessibility or language assistance.
- 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.





Minutes – Draft until Approved

Island City Development

Special Meeting, October 25, 2023

In person at Independence Plaza Community Room,
703 Atlantic Avenue, Alameda Ca 94501, and
Teleconference via Zoom

1. CALL TO ORDER & ROLL CALL

Director Cooper called the meeting to order at 6:17 PM. The following Board members were present: Director Vanessa Cooper, Director Carly Grob, and Director Greg Kats; quorum established. Staff in attendance: Sylvia Martinez, Joseph Nagel, Sarah Raskin, Paris Howze, Stephen Zhou, Richard Yoshida, Filipo De Luca and Jasmine Polar.

2. AB2449 COMPLIANCE - The Chair will confirm that there are 2 members in the same, properly noticed meeting room within the jurisdiction of the City of Alameda. Each board member who is accessing the meeting remotely must disclose verbally whether they are able to be remote under AB2449: (1) just cause (max. 2 per year), or (2) emergency circumstances." For Emergency Circumstances, the request must be approved by a majority vote of the Board of Directors for the emergency circumstances to be used as a justification to participate remotely. Remote Directors must provide a general description of the circumstances relating to need to appear remotely at the given meeting. Directors must also publicly disclose at the meeting, prior to any action, whether any other individuals 18 years or older are present in the room with the member at the remote location, and the general nature of the member's relationship with such individuals. Note: A Director cannot participate in meetings of the Board of Directors solely by teleconference from a remote location for a period of more than 3 consecutive months or 20% of the regular meetings for ICD within a calendar year, or more than 2 meetings if the Board of Directors regularly meets fewer than 10 times per calendar year.

Director Cooper, Chair of the meeting confirmed that directors were present at the physical location of the meeting, therefore AB 2449 compliance was established.

3. PUBLIC COMMENT (Non-Agenda) **NONE**

4. CONSENT CALENDAR (Action)

- A. Approve the minutes of the ICD Special Meeting on September 20, 2023
- B. Approve the Disposition Plan for Furnishings at Hawthorn Suites Alameda/Poppy Place.
- C. Accept the Monthly Development Report for The Poplar (2615 Eagle Avenue).
- D. Accept the Monthly Development Report for The Estuary I.



E. Accept the Monthly Development Report for Linnet Corner.

No Comments. Director Grob motioned to accept consent calendar items 4A – 4E, Director Kats seconded. A call for all in favor, the motion passed unanimously.

5. NEW BUSINESS

- A. Adopt the Authorizing Resolution for the Acquisition, Ground Lease, Ground Lease Loan, Cash Loan, \$12, 255,000 loan Housing Trust Silicon Valley Loan, and \$13,410,705 loan State of California Loan, and Ownership Structure for Poppy Place.

Staff S. Martinez gave an abbreviated presentation on the proposed loan agreements between ICD and the construction lender, HTSV and ICD and the permanent lender, the State of California. Additionally, S. Martinez briefed the directors on the status of Poppy Place's lease-up and addressed the timeline of the project. Director Kats gave kudos to AHA staff for their work on Poppy Place, and Directors Grob and Cooper seconded. Director Cooper asked whether ICD's resolution was contingent on the AHA BOC's decision to ratify their resolution, and S. Martinez informed the Board that it could be contingent on the AHA also participating. Director Grob moved to accept the motion, with the condition that the resolution be contingent on the AHA BOC's acceptance of the corresponding resolution; Director Cooper seconded. A roll call for all in favor, the motion passed unanimously.

6. NON-AGENDA (Public Comment) **NONE**

7. WRITTEN COMMUNICATIONS **NONE**

8. ORAL COMMUNICATIONS – BOARD MEMBERS AND STAFF **NONE**

9. ADJOURNMENT

Director Grob Adjourned the meeting at 6:24 PM.



**ISLAND CITY DEVELOPMENT**

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

To: Board of Directors
Island City Development

From: Louie So, Director of Finance

Date: November 15, 2023

Re: Accept the Update on the 2022 Audited Financial Statements and the
Tax Returns for Island City Development

BACKGROUND

The public accounting firm Holthouse Carlin and Van Tright has been engaged to complete the 2022 Audited Financial Statements and Tax Returns for Island City Development. The audited financial statement reports includes consolidated information of the low-income housing tax credit partnerships.

DISCUSSION

The draft audited financial statements reports have been made available to staff but is subject to change. The draft financial statements showcases an unqualified audit opinion which means that the audited financial statements are free of material misstatements. A copy of the draft audited financial statements is included in this memorandum. Furthermore, the tax returns for Island City Development must be filed by the extended deadline of November 15, 2023 to the Internal Revenue Service and Franchise Tax Board. The finalized audited financial statements and tax returns will be presented to the Board of Directors in a later meeting and posted on the www.islandcitydevelopment.org website. If the final audited financial statements materially changes from the draft provided in this memorandum, we will inform the Board of Directors.

FISCAL IMPACT

For reporting purposes only.

CEQA

N/A

RECOMMENDATION

Accept the Update on the 2022 Audited Financial Statements and the Tax Returns for Island City Development.

ATTACHMENTS

1. Island City Development and Subsidiaries-2022 FS (DRAFT)



Island City Development
November 15, 2023
Respectfully submitted,
Louie So
Louie So, Director of Finance

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**ISLAND CITY DEVELOPMENT
AND SUBSIDIARIES**
(A CALIFORNIA NONPROFIT PUBLIC BENEFIT CORPORATION)
CONSOLIDATED FINANCIAL STATEMENTS,
SUPPLEMENTARY INFORMATION,
AND
INDEPENDENT AUDITOR'S REPORT
DECEMBER 31, 2022 AND 2021

DRAFT

ISLAND CITY DEVELOPMENT AND SUBSIDIARIES
(A CALIFORNIA NONPROFIT PUBLIC BENEFIT CORPORATION)
DECEMBER 31, 2022 AND 2021
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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of
Island City Development:

Report on the Consolidated Financial Statements

Opinion

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, 2022 and 2021, and the related consolidated statements of activities, functional expenses, change in net assets (deficit), and cash flows, for the years then ended, and the related notes to the consolidated financial statements.

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of Island City Development as of December 31, 2022 and 2021, and the changes in their net assets and their cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

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

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

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

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Island City Development's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the consolidated financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Island City Development's ability to continue as a going concern for a reasonable period of time.

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

Report on Supplementary Information

Our audits were conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The supplementary 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 audit 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.

Westlake Village, California
DATE, 2023

ISLAND CITY DEVELOPMENT AND SUBSIDIARIES

(A CALIFORNIA NONPROFIT PUBLIC BENEFIT CORPORATION)

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

DECEMBER 31,	2022	2021
ASSETS		
Property, at cost		
Land improvements	\$ 5,370,720	\$ 1,617,339
Buildings and improvements	67,947,759	27,123,676
Furniture and equipment	2,632,875	512,067
Construction-in-progress	5,741,001	38,628,975
Total property	81,692,355	67,882,057
Less: accumulated depreciation	(4,692,548)	(2,916,631)
Net property	76,999,807	64,965,426
Cash and cash equivalents	4,057,436	4,814,976
Investments	14	14
Tenant accounts receivable, net	63,807	20,322
Other receivables	9,296	9,661
Right-of-use assets	15,845,181	-
Restricted funds:		
Reserves	629,509	400,040
Tenant security deposits	128,679	46,274
Prepaid ground leases	-	16,111,114
Other prepaids	1,892	16,832
Deposits	370,244	370,244
Deferred costs - TCAC fees	123,706	96,070
Total assets	\$ 98,229,571	\$ 86,850,973
LIABILITIES AND NET ASSETS (DEFICIT)		
Notes payable, net	\$ 87,837,236	\$ 69,108,105
Accounts payable and accrued expenses	214,351	220,564
Accrued construction and development costs	45,786	4,373,485
Due to affiliate	-	197,000
Accrued interest payable	2,331,950	1,996,938
Developer fees payable	337,500	480,577
Accrued Asset Management Fee payable	4,375	-
Prepaid rents	18,536	20,804
Tenant security deposits	128,104	45,234
Total liabilities	90,917,838	76,442,707
Commitments and contingencies		
Net assets (deficit)		
Without donor restrictions		
Controlling interests	(4,326,075)	(4,247,112)
Noncontrolling interests	11,637,808	14,655,378
Total net assets (deficit)	7,311,733	10,408,266
Total liabilities and net assets (deficit)	\$ 98,229,571	\$ 86,850,973

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,	2022	2021
Revenue:		
Residential rent	\$ 768,298	\$ 287,930
Tenant subsidies	1,215,633	1,014,865
Grant and other revenue	14,962	13,456
Total revenue	1,998,893	1,316,251
Expenses:		
Program services-housing	5,067,264	2,175,273
Supporting services	233,242	203,395
Total expenses	5,300,506	2,378,668
Change in net assets	\$ (3,301,613)	\$ (1,062,417)

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,

2022

	Program Services	Supporting Services	
	Permanent	Management	
	Housing	and	
	Operations	General	Total
Administrative			
Manager's salaries	\$ 85,783	\$ -	\$ 85,783
Manager's unit	52,938	-	52,938
Office expense	188,543	-	188,543
Tenant services	65,359	-	65,359
Professional fees - accounting	31,071	27,018	58,089
Professional fees - legal	1,582	916	2,498
Property management fees	69,975	-	69,975
Bad debt expense	27,420	-	27,420
Total administrative expenses	522,671	27,934	550,605
Utilities			
Electricity	35,443	-	35,443
Water and sewer	85,172	-	85,172
Gas	6,492	-	6,492
Total utilities	127,107	-	127,107
Operating and maintenance			
Maintenance salaries	97,423	-	97,423
Repairs and maintenance	141,746	-	141,746
Trash removal	78,672	-	78,672
Total operating and maintenance	317,841	-	317,841
Taxes and insurance			
Payroll taxes	12,811	-	12,811
Property and liability insurance	87,328	-	87,328
Employee benefits	32,318	-	32,318
State taxes	17,980	226	18,206
Total taxes and insurance	150,437	226	150,663
Other expenses			
Depreciation	1,775,917	-	1,775,917
Amortization	8,854	-	8,854
Advertising and lease-up	146,571	-	146,571
Interest expense	1,863,590	5,060	1,868,650
Asset Management Fees	15,630	-	15,630
AHA consulting services	-	200,022	200,022
Ground lease	136,007	-	136,007
Miscellaneous financial expenses	2,639	-	2,639
Total other expenses	3,949,208	205,082	4,154,290
Total functional expenses	\$ 5,067,264	\$ 233,242	\$ 5,300,506

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,****2021**

	Program Services		Supporting Services	
	Permanent		Management	
	Housing		and	
	Operations		General	Total
Administrative				
Manager's salaries	\$ 48,693	\$ -	\$ -	48,693
Manager's unit	40,176	-	-	40,176
Office expense	105,543	58,051	-	163,594
Professional fees - accounting	33,436	32,878	-	66,314
Professional fees - legal	8,228	145	-	8,373
Property management fees	50,718	-	-	50,718
Bad debt expense	3,636	-	-	3,636
Total administrative expenses	290,430	91,074		381,504
Utilities				
Electricity	15,197	-	-	15,197
Water and sewer	22,720	-	-	22,720
Gas	500	-	-	500
Total utilities	38,417	-		38,417
Operating and maintenance				
Maintenance salaries	39,855	-	-	39,855
Repairs and maintenance	117,676	3,248	-	120,924
Trash removal	34,776	-	-	34,776
Total operating and maintenance	192,307	3,248		195,555
Taxes and insurance				
Payroll taxes	7,401	-	-	7,401
Property and liability insurance	43,165	-	-	43,165
Employee benefits	17,039	-	-	17,039
Property taxes	79	-	-	79
State taxes	7,122	359	-	7,481
Total taxes and insurance	74,806	359		75,165
Other expenses				
Depreciation	872,189	-	-	872,189
Amortization	5,462	-	-	5,462
Interest expense	653,524	8,714	-	662,238
Asset Management Fees	10,927	-	-	10,927
AHA consulting services	-	100,000	-	100,000
Ground lease	34,604	-	-	34,604
Miscellaneous financial expenses	2,607	-	-	2,607
Total other expenses	1,579,313	108,714		1,688,027
Total functional expenses	\$ 2,175,273	\$ 203,395	\$ -	\$ 2,378,668

See notes to consolidated financial statements.

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

		Controlling Interests	Noncontrolling Interests	Total
Balance, December 31, 2020	\$	(4,127,246)	\$ 15,029,972	\$ 10,902,726
Contributions		-	565,251	565,251
Refund of syndication costs		-	2,706	2,706
Change in net assets		(119,866)	(942,551)	(1,062,417)
Balance, December 31, 2021		(4,247,112)	14,655,378	10,408,266
Contributions		-	205,080	205,080
Change in net assets		(78,963)	(3,222,650)	(3,301,613)
Balance, December 31, 2022	\$	(4,326,075)	\$ 11,637,808	\$ 7,311,733

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,****2022****2021****Cash flow from operating activities:**

Change in net assets \$ (3,301,613) \$ (1,062,417)

Adjustments to reconcile change in net assets

to net cash provided by (used in) operating activities:

Depreciation 1,775,917 872,189

Amortization of deferred costs 8,854 5,462

Amortization of debt issuance costs 27,804 12,802

Amortization of right-of-use assets 265,933 34,545

Allowance for doubtful accounts 27,164 -

Changes in operating assets and liabilities:

Tenant accounts receivable (70,649) (9,661)

Other prepaids 14,880 15,330

Accounts payable and accrued expenses (6,213) 20,733

Accrued interest payable 142,684 338,700

Accrued Asset Management Fee payable 4,375 -

Prepaid rents (2,268) 5,177

Tenant security deposits - liability 82,870 500

Net cash provided by (used in) operating activities (1,030,262) 233,360**Cash flows from investing activities:**

Expenditures for property (18,064,026) (26,129,357)

Redemptions of investment in CAMP Pool - 1,141,130

Net cash used in investing activities (18,064,026) (24,988,227)**Cash flows from financing activities:**

Proceeds from notes payable 20,315,795 27,060,425

Repayments on notes payable (1,264,268) (150,395)

Expenditures for debt issuance costs (374,555) (30,068)

Expenditures for deferred costs - TCAC fees (36,430) (24,356)

Advance from (repayment to) affiliate (197,000) 197,000

TCAC performance deposit refund - 157,570

Contributions 205,080 565,251

Refund for syndication costs - 2,706

Net cash provided by financing activities 18,648,622 27,778,133**Net change in cash, cash equivalents, and restricted cash (445,666) 3,023,266****Cash, cash equivalents, and restricted cash, at beginning of year 5,261,290 2,238,024****Cash, cash equivalents, and restricted cash, at end of year \$ 4,815,624 \$ 5,261,290***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, **2022** **2021**

Supplemental disclosure of cash activities:

Cash paid for interest, net of capitalized interest	\$	1,698,162	\$	302,022
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Cash, cash equivalents, and restricted cash is as follows:

Cash and cash equivalents	\$	4,057,436	\$	4,814,976
Reserves		629,509		400,040
Tenant security deposits		128,679		46,274
	\$	4,815,624	\$	5,261,290

See notes to consolidated financial statements.

ISLAND CITY DEVELOPMENT AND SUBSIDIARIES

(A CALIFORNIA NONPROFIT PUBLIC BENEFIT CORPORATION)

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2022 AND 2021

1. ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization Island City Development is a California nonprofit public benefit corporation (the Company or ICD) and is exempt from income taxes 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, 2022 and 2021, 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, 2022, 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
Constitution and Eagle, L.P.	Rosefield Village	Alameda, California	92

Allocation of profit and losses of the Partnerships that own 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

Principles of Consolidation and Accounting for Investments in a Limited Partnership

Accounting principles generally accepted in the United States of America (U.S. GAAP) establishes the presumption that the general partner 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 participation rights. If the presumption of control cannot be overcome, then the general partner is required to consolidate the limited partnership. For the years ended December 31, 2022 and 2021, ICD or its wholly owned Subsidiaries, as the controlling general partner, conformed their accounting to this presumption and determined the presumption of control for the limited partnerships had not been overcome.

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

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accounting, ICD records its acquisition of the initial investment at cost and thereafter, records its portion of the entity's 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 as of December 31, 2022 and 2021.

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 U.S. GAAP and include the accounts of ICD and all of its wholly owned and controlled affiliates. 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, 2022 and 2021, there were no donor-imposed restrictions on net assets. Accordingly, the net assets of the Company without donor restrictions and changes therein are classified and reported as follows:

Controlling interests 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.

Non-controlling interests 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 developer fees to the extent it is a reimbursement of development costs, laundry, interest, and miscellaneous income. These revenues are recognized as earned and as costs are incurred.

Functional Allocation of Expenses The costs of providing ICD's programs and other activities have been summarized on a functional basis in the accompanying 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. ICD's major program service is operation of permanent affordable housing.

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.

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

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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. 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.

New Accounting Standards In February 2016, the FASB issued ASU 2016-02, *Leases* (Topic 842), which supersedes existing guidance for accounting for leases under Topic 840, *Leases*. The most significant change in the new leasing guidance is the requirement for lessees to recognize the right-to-use (ROU) assets and lease liabilities for operating leases on the balance sheet. The lessor accounting is not fundamentally changed.

The Company adopted Topic 842, using the modified retrospective approach, with January 1, 2022 as the date of initial adoption. The Company also adopted the package of practical expedients and transition provisions available for expired or existing contracts. The impact of adopting ASC 842 on the accompanying consolidated statements of financial position as of January 1, 2022, was the recognition of ROU assets of \$15,879,785 and the derecognition of remaining prepaid rent of approximately \$16,111,114 at the date of adoption. There was no impact on the opening consolidated net assets.

Effective January 1, 2022, the Company adopted ASU 2021-10, *Disclosures by Business Entities about Government Assistance* (ASU 2021-10) that requires the Company to disclose the nature of the transactions with a government entity (as defined in ASU 2021-10) and the resultant accounting policies, as well as significant terms and conditions. Also, ASU 2021-10 requires the disclosure identify the line items and amounts in the consolidated financial statements affected by the transactions. The adoption of ASU 2021-10 did not have a material impact on the consolidated financial statements.

Effective January 1, 2022, the Company adopted ASU 2020-07, *Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets* (Topic 958), which requires the Organization to present contributed nonfinancial assets as a separate line item in the statement of activities, along with expanded disclosure requirements. The adoption of ASU 2020-07 did not have a material impact on the consolidated financial statements.

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. Restricted cash consists of tenant security deposits, replacement and operating reserves held at the project level.

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Investment Pool The Company maintains a portion of its cash in the California Asset Management Program (the CAMP Pool) as part of the common investment pool (\$14 and \$14 as of December 31, 2022 and 2021, respectively). The CAMP Pool invests in asset-backed commercial paper, certificates of deposits, commercial paper, corporate notes, government agency and instrumentality obligations and repurchase agreements. The fair value of CAMP Pool is reported in the accompanying consolidated financial statements at amounts based upon the Company's pro-rata share of the fair value provided by the CAMP Pool (in relation to the amortized cost of that portfolio). The balance available for withdrawal is based on the accounting records maintained by the CAMP Pool, which are recorded on an amortized cost basis. Cash may be added or withdrawn from the investment pool without limitation.

Fair Value Measurements and Disclosures The CAMP Pool reports certain assets and liabilities at fair value in the consolidated financial statements. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction in the principal, or most advantageous, market at the measurement date under current market conditions regardless of whether that price is directly observable or estimated using another valuation technique. Inputs used to determine fair value refer broadly to the assumptions that market participants would use in pricing the asset or liability, including assumptions about risk. Inputs may be observable or unobservable. Observable inputs are inputs that reflect the assumptions market participants would use in pricing the asset or liability based on market data obtained from sources independent of the reporting entity. Unobservable inputs are inputs that reflect the reporting entity's own assumptions about the assumptions market participants would use in pricing the asset or liability based on the best information available. A three-tier hierarchy categorizes the inputs as follows:

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities that we can access at the measurement date.

Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly, and fair value is determined using models or other valuation methodologies including:

- Quoted prices for similar assets or liabilities in active markets;
- Quoted prices for identical or similar assets or liabilities in markets that are not active;
- Inputs other than quoted prices that are observable for the asset or liability;
- Inputs that are derived principally from or corroborated by observable market data by correlation or other means.

Level 3: Unobservable inputs for the asset or liability. In these situations, the Company develops inputs using the best information available in the circumstances.

In some cases, the inputs used to measure the fair value of an asset, or a liability might be categorized within different levels of the fair value hierarchy. In those cases, the fair value measurement is categorized in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the measurement. Assessing the significance of a particular input to entire measurement requires judgment, considering factors specific to the asset or liability. The categorization of an asset within the hierarchy is based upon the pricing transparency of the asset and does not necessarily correspond to the Company's assessment of the quality, risk, or liquidity profile of the asset or liability.

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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	Shorter of estimated useful life or life of lease
Furniture and equipment	5 - 7 years

ICD capitalizes development costs, including interest (\$499,242 and \$540,309 during 2022 and 2021, respectively) 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.

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 years ended December 31, 2022 and 2021.

Tenant Accounts Receivable The Company reviews tenant accounts receivable for collectability, and if it is determined that collection is not probable, an allowance for doubtful accounts is provided. As of December 31, 2022 and 2021, the Projects' allowance for doubtful accounts was \$31,056 and \$3,636, respectively.

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.

Debt Issuance Costs Debt issuance costs of \$1,276,037 and \$953,641, net of accumulated amortization as of December 31, 2022 and 2021, 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.

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2. RIGHT-OF-USE ASSETS

Littlejohn Commons entered into a ground lease agreement with AHA commencing December 2016 for a period of 99 years ending December 31, 2115. In accordance with the ground lease agreement, \$3,410,000 was originally recorded as a prepaid ground lease which is evidenced by a note secured by a leasehold deed of trust, see Note 7. The prepaid ground lease is reflected as an ROU asset and will be amortized over the remaining lease term of the agreement. During the term of the ground lease, the Subsidiary will annually amortize prepaid ground lease of \$34,444. As of December 31, 2022, the unamortized ROU asset was \$3,203,335.

Everett Commons entered into a ground lease agreement with AHA commencing June 2017 for a period of 99 years ending June 1, 2116. The prepaid ground lease is reflected as an ROU asset and will be amortized over the remaining lease term of the agreement. Beginning January 1, 2022, in accordance with ASC 842 (Note 1), the prepaid ground lease and related deferred costs – ground lease are reflected as a ROU asset in the accompanying consolidated statements of financial position and will be amortized over the remaining lease term of the Agreement. Everett Commons incurred ground lease expense of \$160 for the year ended December 31, 2022. As of December 31, 2022, the unamortized ROU asset was \$15,193.

Rosefield Village entered into a ground lease agreement with AHA commencing August 2020 for a period of 75 years ending December 31, 2095. In accordance with the ground lease agreement, \$13,110,000 was recorded as a prepaid ground lease financed by a seller takeback loan, see Note 7. The prepaid ground lease is reflected as an ROU asset and will be amortized over the remaining lease term of the agreement. During the term of the lease, the Rosefield Village will annually amortize the ROU asset by \$173,834. As of December 31, 2022, the unamortized ROU asset was \$12,626,653.

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, 2022 and 2021 are as follows:

	2022	2021
Reserves	\$ 629,509	\$ 400,040

4. PREACQUISITION COSTS

ICD capitalizes preacquisition costs until management determines the proposed development is not feasible, which is included in construction-in-progress in the accompanying consolidated financial statements. 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. In general, once a project is approved, the preacquisition costs are reclassified to construction-in-progress to be reimbursed by a newly formed consolidated entity using third party loans and capital contributions.

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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, 2022 and 2021, unamortized TCAC costs were \$123,706 and \$96,070, respectively.

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, 2022 and 2021, deposits were \$370,244 and \$370,244, respectively.

7. NOTES PAYABLE

	2022	2021
A summary of ICD's financing arrangements as of December 31, 2022 and 2021 is as follows:		
AHA North Housing loan Various unsecured promissory notes payable to AHA for the purpose of funding development efforts of a project known as North Housing with maximum borrowings in the amount of \$6,108,000, with simple interest accruing at a rate of 3.00% commencing January 1, 2024. All unpaid principal and interest are due December 31, 2074. During 2022, the note was voided, and the unpaid balance was transferred to the \$7,500,000 AHA North Housing loan.	\$ -	\$ 6,108,000
AHA North Housing – additional loan Note payable to AHA in the amount of \$130,000. Note shall bear simple interest at the rate of 3.00% annually. Interest payments will begin on January 1, 2024. All unpaid principal and interest are due on December 31, 2074. During 2022, the note was voided, and the unpaid balance was transferred to the \$7,500,000 AHA North Housing loan.	-	130,000
AHA North Housing loan Note payable to AHA for the purpose of funding development efforts of a project known as North Housing with maximum borrowings in the amount of \$7,500,000, with simple interest accruing at a rate of 3.00% commencing January 1, 2025. All unpaid principal and interest are due January 1, 2080.	7,500,000	-
AHA Rosefield loan Unsecured promissory note payable to AHA for the purpose of funding development efforts of Rosefield Village in the amount of \$1,026,000. The loan accrues interest at the rate of 2.00% and all unpaid principal and interest are due July 29, 2051. The loan was repaid during 2022.	-	1,026,000
Total ICD notes payable	7,500,000	7,264,000

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	2022	2021
A summary of the Littlejohn Commons financing arrangements as of December 31, 2022 and 2021 is as follows:		
Note payable to California Community Reinvestment Corporation (CCRC) secured by a leasehold deed of trust with absolute assignment of leases and rents, security agreement and fixture filing. The CCRC note accrues and interest rate of 5.39% and requires monthly payments of principal and interest of \$19,709. All unpaid principal and interest are due March 1, 2034.	1,991,793	2,117,247
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 and all unpaid principal and interest are due December 31, 2073.	3,520,516	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; and all unpaid principal and interest are due December 31, 2073.	3,410,000	3,410,000
Total Littlejohn Commons notes payable	9,118,049	9,322,987

A summary of the Rosefield Village financing arrangements as of December 31, 2022 and 2021 is as follows:

Note payable in the amount of \$16,576,088 dated August 1, 2020, and payable to (the Seller Loan, aka AHA Takeback Loan), and secured by a deed of trust. The loan bears interest at a rate of 1.12% compounded annually. Principal and interest payments are made on May 1 from Residual Receipts, all unpaid principal and interest are due December 31, 2077.	16,576,088	16,576,088
Note payable in the amount of \$515,683 dated March 24, 2021, and payable to the City of Alameda (HOME Fund) and secured by a subordinate deed of trust. The loan bears simple interest at a rate of 3.00% per annum. Principal and interest payments are made on May 1 from Residual Receipts and all unpaid principal and interest are due August 5, 2075.	515,683	515,683

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	2022	2021
Note payable to California Municipal Finance Authority in the maximum amount up to \$40,322,758, (the Construction Loan), secured by a leasehold construction deed of trust and guarantees from ICD and AHA, with interest accruing at the LIBOR rate plus 2.20% with an interest rate floor of 3.20% (3.20% as of December 31, 2021 and 2020). The Construction Loan converted August 31, 2023 and all principal and interest are due September 1, 2040.	36,663,151	17,609,356
Note payable in the amount of \$8,093,414 dated August 1, 2020, and payable to the County of Alameda (County A1 Loan) and secured by a deed of trust. The County A1 Loan accrues simple interest at 3.00%. Principal and interest payments are made on May 1 from Residual Receipts and all unpaid principal and interest are due on August 1, 2075.	7,993,414	7,993,414
Note payable in the amount of \$8,143,052 dated August 1, 2020, and payable to the County of Alameda (AHA Funds Loan) and secured by a deed of trust. The AHA Funds Loan does not bear interest, principal payments are made on May 1 from Residual Receipts and the principal is due December 31, 2077.	1,483,052	1,483,052
Note payable in the amount of \$633,912 dated August 1, 2020, and payable to the City of Alameda (City CDBG Loan) and secured by a subordinate deed of trust. The City CDBG Loan bears simple interest at a rate of 2.33%, principal and interest payments are made on May 1 from Residual Receipts and all unpaid principal and interest are due April 1, 2074	633,912	633,912
Total Rosefield Village notes payable	63,865,300	44,811,505

A summary of the Everett Commons financing arrangements as of December 31, 2022 and 2021 is as follows:

Note payable to JPMorgan Chase Bank, N.A. (the Chase Loan), in the maximum amount of \$3,330,168, secured by a deed of trust, assignment of rents, security agreement and fixture filing, accrues interest at 5.55% and monthly payments of principal and interest of \$17,993. All unpaid principal and interest are due September 21, 2039.	3,226,642	3,259,972
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, accrues simple interest at 3.00%, payable from residual receipts and all unpaid principal and interest are due on December 31, 2074.	153,282	153,282

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	2022	2021
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, accrues interest at 2.68%, principal and interest payable annually from residual receipts; and all unpaid principal and interest are due December 31, 2074.	4,250,000	4,250,000
Note payable to County of Alameda, 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.	1,000,000	1,000,000
Total Everett Commons notes payable	8,629,924	8,663,254
Total notes payable	89,113,273	70,061,746
Less: unamortized debt issuance costs	(1,276,037)	(953,641)
Total notes payable, net	\$ 87,837,236	\$ 69,108,105

Principal payments on notes payable are required as follows:

Year Ending December 31,	Amount
2023	\$ 23,370,936
2024	790,184
2025	820,910
2026	852,379
2027	885,129
Thereafter	62,393,735
	\$ 89,113,273

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. In May 2022, the agreement was amended to extend through December 31, 2024, and during 2022 and 2021, ICD was charged and paid \$200,000 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, 2022 and 2021, the Developers have entered into developer fee agreements in the amounts of \$7,290,000. ICD's portion (90.00%) has been eliminated during consolidation. As of December 31, 2022 and 2021, developer fees owed to AHA of \$337,500 and \$480,577, respectively, remain unpaid.

Due to Affiliate During 2021, AHA advanced \$197,000 to ICD. This advance is unsecured, does not bear interest, and is payable as cash flow permits. During 2022, the advance was repaid in full.

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

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9. COMMITMENTS

In connection with the development and operations of the Projects, 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 Projects, ensuring tax credit delivery, maintaining the Projects' compliance with various regulatory agencies, and providing operating deficit guarantees of \$314,000 to Everett Commons, \$245,668 to Little John Commons, and \$792,000 to Rosefield Village.

10. 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,	2022	2021
Cash and cash equivalents	\$ 4,057,436	\$ 4,814,976
Investments - CAMP Pool	14	14
Restricted funds	758,188	446,314
Less: Subsidiaries operating cash due to partnership and lender restrictions	(2,017,442)	(2,170,348)
Estimated financial assets available to meet general expenditures within one year	\$ 2,798,196	\$ 3,090,956

In addition to the financial assets available in the above table, for the year ended December 31, 2022 and 2021, AHA has committed an additional \$0 and \$2,408,000, 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, together as Guarantor, have provided limited guarantees to fund operating deficits (Note 9). As of December 31, 2022, ICD's management believes they have sufficient liquidity availability to meet its obligations for the coming year.

11. SUBSEQUENT EVENTS

The Company has evaluated subsequent events that have occurred through the independent auditor's report date, which is the date that the consolidated financial statements were available to be issued, and determined that there were no subsequent events or transactions that required recognition or disclosure in the consolidated financial statements, except as discussed in Note 7.

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CONSOLIDATING STATEMENT OF FINANCIAL POSITION

SCHEDULE I

AS OF DECEMBER 31,

2022

ASSETS

	Island City Development	Housing (a)	Pre- Consolidation	Eliminating Entries	Consolidated
Property, at cost:					
Land improvements	\$ -	\$ 5,370,720	\$ 5,370,720	\$ -	\$ 5,370,720
Buildings and improvements	-	74,117,889	74,117,889	(6,170,130)	67,947,759
Furniture and equipment	-	2,632,875	2,632,875	-	2,632,875
Construction-in-progress	5,741,001	-	5,741,001	-	5,741,001
Total property	5,741,001	82,121,484	87,862,485	(6,170,130)	81,692,355
Less accumulated depreciation	-	(4,912,571)	(4,912,571)	220,023	(4,692,548)
Net property	5,741,001	77,208,913	82,949,914	(5,950,107)	76,999,807
Cash and cash equivalents	2,798,182	1,259,254	4,057,436	-	4,057,436
Investments	14	-	14	-	14
Tenant accounts receivable	-	63,807	63,807	-	63,807
Other receivables	9,296	-	9,296	-	9,296
Right-of-use assets	-	15,845,181	15,845,181	-	15,845,181
Restricted funds:					
Reserves	-	629,509	629,509	-	629,509
Tenant security deposits	-	128,679	128,679	-	128,679
Developer fee receivable	3,448,563	-	3,448,563	(3,448,563)	-
Investment (deficit) in affiliates	(2,427,148)	-	(2,427,148)	2,427,148	-
Other prepaids	-	1,892	1,892	-	1,892
Deposits	-	370,244	370,244	-	370,244
Deferred costs, net	-	123,706	123,706	-	123,706
Total assets	\$ 9,569,908	\$ 95,631,185	\$ 105,201,093	\$ (6,971,522)	\$ 98,229,571

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

See independent auditor's report.

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CONSOLIDATING STATEMENT OF FINANCIAL POSITION

SCHEDULE I

AS OF DECEMBER 31,

2022

LIABILITIES AND NET ASSETS (DEFICIT)

	Island City Development	Housing (a)	Pre- Consolidation	Eliminating Entries	Consolidated
Notes payable, net	\$ 7,500,000	\$ 80,337,236	\$ 87,837,236	\$ -	\$ 87,837,236
Accounts payable and accrued expenses	99,460	119,952	219,412	(5,061)	214,351
Accrued construction and development costs	-	45,786	45,786	-	45,786
Accrued Partnership Management Fee payable	-	68,430	68,430	(68,430)	-
Accrued interest payable	13,980	2,317,970	2,331,950	-	2,331,950
Developer fee payable	337,500	3,448,564	3,786,064	(3,448,564)	337,500
Accrued Asset Management Fee payable	-	4,375	4,375	-	4,375
Prepaid rents	-	18,536	18,536	-	18,536
Tenant security deposits	-	128,104	128,104	-	128,104
Total liabilities	7,950,940	86,488,953	94,439,893	(3,522,055)	90,917,838
Net assets (deficit)					
Net assets without donor restrictions					
Controlling interests	1,618,968	(2,495,576)	(876,608)	(3,449,467)	(4,326,075)
Noncontrolling interests	-	11,637,808	11,637,808	-	11,637,808
Total net assets (deficit)	1,618,968	9,142,232	10,761,200	(3,449,467)	7,311,733
Total liabilities and net assets (deficit)	\$ 9,569,908	\$ 95,631,185	\$ 105,201,093	\$ (6,971,522)	\$ 98,229,571

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

See independent auditor's report.

ISLAND CITY DEVELOPMENT AND SUBSIDIARIES

SCHEDULE II

(A CALIFORNIA NONPROFIT PUBLIC BENEFIT CORPORATION)

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

FOR THE YEAR ENDED DECEMBER 31,

2022

	Island City Development	Housing (a)	Pre- Consolidation	Eliminating Entries	Consolidated
Revenue:					
Residential rent	\$ -	\$ 768,298	\$ 768,298	\$ -	\$ 768,298
Tenant subsidies	-	1,215,633	1,215,633	-	1,215,633
Total rental revenue	-	1,983,931	1,983,931	-	1,983,931
Equity in earnings (loss) of investments	(323)	-	(323)	323	-
Development fee revenue	1,932,307	-	1,932,307	(1,932,307)	-
Other revenue	42,581	9,902	52,483	(37,521)	14,962
Total other revenue	1,974,565	9,902	1,984,467	(1,969,505)	14,962
Total revenue	1,974,565	1,993,833	3,968,398	(1,969,505)	1,998,893
Expenses:					
Program services	-	5,179,285	5,179,285	(112,021)	5,067,264
Supporting services	233,242	37,521	270,763	(37,521)	233,242
Total operating expenses	233,242	5,216,806	5,450,048	(149,542)	5,300,506
Change in net assets	1,741,323	(3,222,973)	(1,481,650)	(1,819,963)	(3,301,613)
Contributions - noncontrolling interests	-	205,080	205,080	-	205,080
Total changes in net assets	1,741,323	(3,017,893)	(1,276,570)	(1,819,963)	(3,096,533)
Net assets (deficits), beginning of the year	(122,355)	12,160,125	12,037,770	(1,629,504)	10,408,266
Net assets (deficits), end of the year	\$ 1,618,968	\$ 9,142,232	\$ 10,761,200	\$ (3,449,467)	\$ 7,311,733

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

See independent auditor's report.

**ISLAND CITY DEVELOPMENT**

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

To: Board of Directors
Island City Development

From: Sylvia Martinez, Director of Housing Development

Date: November 15, 2023

Re: Accept the Quarterly Overview Report for Housing Development.

BACKGROUND

This memo provides an overview of the Housing Development departmental activities for the prior quarter.

DISCUSSION**Island City Development**

The Housing Authority of the City of Alameda (AHA) has one outstanding predevelopment loan to Island City Development (ICD) on behalf of North Housing. In July 2021, the Alameda Affordable Housing Trust Fund awarded \$7,500,000 and a Letter of Intent for \$2,500,000 (contingent on an award from the Local Housing Trust Fund program of the State of California). The total of \$10,000,000 are committed to Estuary I and Estuary II. In May 2023, the Alameda Affordable Housing Trust Fund awarded \$2,438,000 and a Letter of Intent for an additional \$1,000,000 (contingent on an award from the Local Housing Trust Fund). The total of \$3,438,000 will be committed to Linnet Corner. AHA has also provided options to ground lease for the five ICD pipeline projects (Estuary I and II, Linnet Corner, Poppy Place and The Poplar). The loan balance and project details are discussed in the subsequent project specific Board reports.

In September 2023, ICD signed two Agreements of Housing Assistance Payment Contract (AHAP) with the AHA for eighty vouchers at Estuary I and Linnet Corner. These agreements are the summation of tremendous efforts from the Housing Programs and Housing Development departments, in support of new units that will serve vulnerable seniors and individuals coming from homelessness.

Affordable Housing Project Pipeline

Staff has now implemented a periodic pipeline newsletter system to communicate with interested parties. The most recent newsletter was released in September 2023.

- **Rosefield Village** – Rosefield converted to permanent financing in August 2023. It has submitted its Placed in Service package to the California Tax Credit Allocation Committee and is waiting for its final tax forms (IRS 8609) to be able to deliver tax credits to its investor. This should occur by the end of first quarter 2024.



- ***Estuary I, Estuary II, Linnet Corner*** – An update report on these projects is presented as a separate Board item.
- ***North Master Plan*** - The Board approved the contract for site stabilization work at North Housing Block A in July 2023, and work has begun. There is an update on this work in the CIP Report.
- ***The Poplar (2615 Eagle)*** - An update report on the project is presented as a separate Board item.
- ***Poppy Place*** - An update report on the project is presented as a separate Board item.
- ***Feasibility Studies*** – Utilizing data from recent PNAs, appraisals, and accessibility studies, staff is conducting financial feasibility analyses on three portfolio projects (Independence Plaza, China Clipper, and Esperanza) regarding needs and opportunities for renovation. Staff continues to explore avenues to utilize the AHA's Faircloth voucher allocation.

Acquisitions

Staff continues to evaluate potential real estate development and acquisition opportunities throughout Alameda as they become available.

New Funding Opportunities

Staff is working on its 10th major funding application of the year. From earlier applications, ICD projects are still waiting for results from the State of California SuperNOFA for Estuary II. Staff is pleased that its second application to the State Local Housing Trust Fund was successful in September 2023, bringing the total of new funding to \$3,500,000 to City of Alameda developments.

Buildings UP Challenge/Decarbonization and EV Charging collaboration with the City of Alameda

In collaboration with the City of Alameda, Alameda Municipal Power, and a bevy of local partners, AHA submitted an application to the Department of Energy Buildings Upgrade Prize Challenge. Although the application was not successful, staff continues to collaborate with the City on electrification, decarbonization, and EV charging opportunities.

Construction in Progress

A separate report to the Board tracks the many different activities that are underway to improve the portfolio and prepare sites for development.

Staffing

The Housing Development Department is fully staffed.

FISCAL IMPACT

N/A

CEQA

N/A

RECOMMENDATION

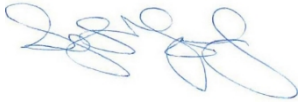
Accept the Monthly Overview Report for Housing Development.



ATTACHMENTS

1. AHA Housing Development Newsletter September 2023

Respectfully submitted,

A handwritten signature in blue ink, appearing to read 'Sylvia Martinez', with a stylized, cursive script.

Sylvia Martinez, Director of Housing Development

Housing Development



Development Pipeline Quarterly Update

Big News! Three of our developments, Linnet Corner, Estuary I and Poppy Place, have received awards from the State of California's Housing Community Development (HCD) Super NOFA, CA Debt Limit Allocation Committee (CDLAC), and CA Tax Credit Allocation Committee (TCAC) respectively. Linnet Corner received \$20.6 million, while Poppy Place received \$13.4 million from the HCD Super NOFA. Estuary I received a combined \$50.7 million federal and state tax credit proceed from TCAC, while Linnet Corner received a \$25.1 million Bond allocation from CDLAC and \$22.8 million in tax credits from TCAC. These funds are crucial to the financial layering of each project and will move the developments forward into construction estimated to begin in early 2024!

New Names for Pipeline Projects: This past April, the Housing Authority of the City of Alameda (AHA) Board of Commissioners approved new names for our new developments. Staff sought inspiration for names from historical site context, local flora and fauna, and feedback from AHA partners and staff. The names followed the established naming policy approved by the AHA Board of Commissioners.

North Housing PSH I & II – The Estuary

Significance of name: Estuary was the name of the segregated housing development at the former NAS Alameda base, and it was part of the workforce housing for the war effort. Although demolished, the story of the families who lived in this housing, and were displaced, will be echoed through its name.

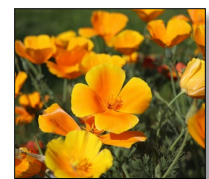


North Housing Senior Apartments – Linnet Corner

Significance of name: A Linnet, commonly known as a house finch, is indigenous to California and often seen throughout Alameda. The Linnet, once a popular caged bird, is now free to roam and celebrates the stability and freedoms we aim to provide for future residents of Linnet Corner.

Webster Street Hotel Conversion – Poppy Place

Just as the name states, Poppy Place was chosen to celebrate the Poppy – California's State Flower. Every year, this bloom greets us throughout the City of Alameda announcing that spring has come and the promise of new beginnings.





Tilden Commons/AUSD Site – The Poplar

Poplar trees are commonly found in the landscape and recognized for their beauty year-round and color changes during the fall. Historically valued for its strength and beauty, the poplar is now valued for its fast-growing nature and its use in construction.

Acquisitions: AHA is happy to announce it has completed the purchase of all eighteen homes from Pulte. These brand-new apartments and condos will serve low-income families at the (50 to 80 % AMI) for years to come.

In March of 2023, Lincoln Avenue Capital (LAC) and AHA held a small signing ceremony celebrating an agreement to preserve affordability of 132 homes at Rica Vista Apartments. The agreement established affordable housing apartments serving moderate income households (80% of Area Median Income) for a 55-year term.



Construction In Progress: Independence Plaza (IP) balcony repairs have been completed! AHA now pivots to the assessment and repair of balconies at our Anne B. Diamant senior apartment homes. AHA's Housing Development Department has published multiple Request for Proposals (RFP) that are open for bidding and can be located on our website's procurement vendor page. These RFP's are addressing our existing portfolio and cover a range of professional services.

Housing Development: AHA is proceeding with North Housing Block A, the first phase of the 12-acre North Housing (NH) Development. Recently, the City of Alameda approved permits for all three projects, totalling 155 apartment homes. AHA Board and staff are especially pleased to have apartments at Linnet Corner dedicated for veterans given the site's ties to military service. Estuary 1 accepted its federal and state tax credit award from the TCAC in July of 2023. Island City Development (ICD) anticipates closing on construction financing and beginning construction on Linnet Corner and Estuary 1 in early 2024.



Poppy Place's funding creates momentum for the site. In particular, the funding gives AHA capital to adapt the existing hotel into the 50 Studio Apartments. ICD currently has multiple RFP's out

for work to be done on Poppy Place. Renovation and leasing are expected to start early 2024.

Island City Development continues to work on The Poplar with new smoke detectors installed at the current buildings on site. Early design and community outreach will begin on this development in 2024.

Sign up for our e-newsletter to receive project updates and news from the comfort of home or on the go! (<https://www.ahagroup.click>)

Contact Us: 510-747-4321, Joshua Altieri, Community Relations Manager & Press/Media Contact
jaltieri@alamedahsg.org

**ISLAND CITY DEVELOPMENT**

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

To: Board of Directors
Island City Development

From: Sylvia Martinez, Director of Housing Development

Date: November 15, 2023

Re: Accept the Quarterly Development Report for The Estuary II (North Housing PSH II).

BACKGROUND

The Estuary II, formerly known as North Housing PSH II, is one of the first three projects within North Housing Block A and Block A is the first phase of the larger 12-acre North Housing parcel redevelopment at the former Alameda Naval Air Station (NAS) at the site known as Coast Guard Housing. The Estuary II is expected to have 46 units of permanent supportive housing for formerly homeless individuals and/or households.

The Housing Authority of the City of Alameda (AHA) is leading the development under a homeless accommodation conveyance, alongside partners Alameda Point Collaborative (APC) and Building Futures. Island City Development (ICD) is the developer. On February 21, 2016, the Board authorized acceptance of the Quit Claim deed for conveyance of the property to AHA. On June 5, 2018, City Council approved the resolution to transfer the North Housing site to AHA. The North Housing parcel was successfully transferred to AHA ownership on May 30, 2019. The Board approved the Agency's Vision for the North Housing site at its August 2019 meeting. On August 17, 2020, the Planning Board approved the Development Plan, and on September 15, 2020, the City Council approved the Tentative Map.

Please see previous Board reports for project details before this month's update. Documentation of the master planning process may be found at www.northhousing.org.

DISCUSSION**Funding**

AHA has made a funding commitment through its Reserve Policy in the amount of \$3,750,000 which is flowing through the Alameda Affordable Housing Trust Fund (AAHTF) administered by the Alameda Affordable Housing Corporation (AAHC). The AAHTF commitment has been awarded matching funds from the State Local Housing Trust Fund (LHTF) Program with \$1,250,000 of the matching funds committed to the Estuary II project. Together, the AAHTF commitment is \$5,000,000. AHA has also approved an option to ground lease the property, at a subsidized rate in 2021.

On June 23, 2023, the Federal Home Loan Bank of San Francisco awarded \$690,000 in AHP



On May 18, 2023, the State of California Department of Housing and Community Development (HCD) published the Super Notice of Funding Availability (Super NOFA) which includes multiple HCD funding programs. On July 12, 2023, staff submitted a Super NOFA Funding Application to the State HCD requesting funds from the Multifamily Housing Program (MHP). Awards for the Super NOFA are expected in February 2024. In November, it was determined that the project was not competitive for a 9 percent tax credit funding application. If the development receives a Super NOFA award in February 2024, it will apply for 4 percent tax credits and tax exempt bonds in February 2024.

On December 13, 2021, AHA conditionally awarded forty (40) Section 8 Project-Based Vouchers (PBV) for this project. The initial Housing Assistance Payment (HAP) Contract for a total of forty (40) PBVs over twenty (20) years is expected to be approximately \$10 million. On April 19, 2023, AHA approved an extension for the project to enter into an Agreement To Enter Into A Housing Assistance Payment Contract (AHAP) from December 13, 2022, to December 13, 2023. On July 15, 2023, staff submitted the most recent quarterly report to AHA.

Permit

The building permits for this site have been fully reviewed, and may be pulled subject to payment of fees. Also, the Public Works Department completed its review of the first phase Final Map and the associated backbone improvements plan. On May 16, 2023, City Council approved the first phase Final Map, which was recorded in October 2023. A condo map parcel is needed to build this site and can now be requested from the City.

Procurement

Staff is working on two active procurements: an Owner's Representative/Construction Management Consultant, and a special materials consultant.

Timing

This development will not start construction until toward the end of 2024 at the earliest, as it is still waiting for its final financing commitments.

FISCAL IMPACT

The Board previously authorized a predevelopment loan of \$10,000,000 for costs associated with master planning, carrying costs, demolition, and redevelopment work for the first phase of the North Housing project, which includes 155 units, including Estuary II. Funds are disbursed to ICD on an as-needed basis. Please refer to the attached chart summarizing expenses through October 31, 2023 (Attachment 1).

CEQA

Not applicable.

RECOMMENDATION

Accept the Quarterly Development Report for The Estuary II (North Housing PSH II).

ATTACHMENTS



November 15, 2023

1. _North Housing Expenses Chart Through October 31, 2023

Respectfully submitted,



Sylvia Martinez, Director of Housing Development

North Housing Block A Predevelopment Expenses Chart Through October 31, 2023.

North Housing Block A	Total
The Estuary I – 45 units (includes predevelopment, pro rata shares of master plan, demolition, and land carrying costs)	\$1,071,876
The Estuary II – 46 units (includes predevelopment, pro rata shares of master plan, demolition, and land carrying costs)	\$1,076,480
Linnet Corner – 64 units (includes predevelopment, pro rata shares of master plan, demolition, and land carrying costs)	\$1,223,487
Grand Total	\$3,371,843
Anticipated Soil Stabilization Costs for Block A	\$4,803,993
Remaining Predevelopment Loan Available for Block A	\$1,824,164

North Housing	Total
Remaining Nine (9) Acre Land Carrying Costs and Site Pre-Development (includes master planning and demolition) *Shown for informational purposes only	\$4,000,000

**ISLAND CITY DEVELOPMENT**

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

To: Board of Directors
Island City Development

From: Jenny Wong, Senior Project Manager

Date: November 15, 2023

Re: Accept the Quarterly Development Report for The Poplar (2615 Eagle Avenue).

BACKGROUND

The Housing Authority of the City of Alameda (AHA) purchased the property at 2615 Eagle Avenue in April 2022 in order to develop the site as affordable housing. AHA anticipates that the site will serve 40-50 families, with up to 25% supportive housing units if required by funding sources. The development will be required to have a preference for Alameda Unified School District (AUSD) staff due to the City redevelopment funding awarded to the project.

DISCUSSION**Funding**

On April 20, 2022, AHA approved the purchase of the property for \$2.5 million, and an option to ground lease to Island City Development (ICD). The current Reserve Policy commitment is zero.

In June 2023, the Board directed staff to pursue a predevelopment loan from Capital Impact Partners, a Community Development Financial Institution, for this development at highly favorable rates. Capital Impact is committing up to \$3,337,000 in acquisition and predevelopment funding to the project. The term sheet has been fully executed. The project has credit approval from Capital Impact and is undergoing due diligence for the loan. It is anticipated that the funds could be available by the end of the year, which is important as the liquidity helps AHA meet its other funding obligations.

Design and Permit

As part of the application process, staff received confirmation that the development will not require CEQA review and is entitled to the planned use. The site will have to submit drawings for a ministerial design review process on objective design standards, and for offsite public works approvals.

Procurement

Staff has begun procurement for the architect and design team and will finish selection in early 2024.



Community Outreach

A press release was issued after escrow closed, and the AHA website now references a quarterly newsletter regarding all pipeline developments. Staff anticipates holding community outreach meetings in 2024.

Environmental Mitigation

The property was formerly used as a maintenance and storage yard by AUSD to facilitate their daily operations. Additional testing will be required to assess the full extent of the residual impacts in order to determine the appropriate plan for mitigation and/or remediation.

In October, staff submitted a grant application for Equitable Community Revitalization Grant (ECRG) funds from the Department of Toxic Substances Control Office of Brownfields. The ECRG grant funds would serve as a potential funding source to offset site investigation and clean-up costs; award announcement is anticipated in February 2024.

FISCAL IMPACT

The Capital Impact loan will provide predevelopment funding for all costs associated with this project, with any fees and carrying costs anticipated to be recovered by the future development.

CEQA

Not applicable.

RECOMMENDATION

Accept the Monthly Development Report for The Poplar (2615 Eagle Avenue).

ATTACHMENTS

None

Respectfully submitted,



Jenny Wong, Senior Project Manager

**ISLAND CITY DEVELOPMENT**

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

To: Board of Directors
Island City Development

From: Paris Howze, Project Manager

Date: November 15, 2023

Re: Accept the Quarterly Development Report for Linnet Corner.

BACKGROUND

Linnet Corner, formerly known as North Housing Senior Apartments, is one of three projects within North Housing Block A and Block A is the first phase of the larger 12- acre North Housing parcel redevelopment at the former Alameda Naval Air Station (NAS) at the site known as Coast Guard Housing. Linnet Corner is expected to have sixty- four (64) affordable units for seniors aged 62 and over. Twenty-five percent (25%) of the units or sixteen (16) units are expected to serve senior homeless veterans.

The Housing Authority of the City of Alameda (AHA) is leading the development under a homeless accommodation conveyance. Island City Development (ICD) is the developer. On February 21, 2016, the Board authorized acceptance of the Quit Claim deed for conveyance of the property to AHA. On June 5, 2018, City Council approved the resolution to transfer the North Housing site to AHA. The North Housing parcel was successfully transferred to AHA ownership on May 30, 2019. The Board approved the Agency's Vision for the North Housing site at its August 2019 meeting. On August 17, 2020, the Planning Board approved the Development Plan, and on September 15, 2020, the City Council approved the Tentative Map. On May 16, 2023, City Council approved the first phase Final Map and on September 19, 2023, the remnant Right of Way (ROW) parcels along Mosley Avenue transferred from the City to AHA as contemplated in the approved Development Plan.

Please see previous Board reports for project details before this month's update.

DISCUSSION**Funding**

On August 23, 2023, the California Tax Credit Committee (CTCAC) and the California Debt Allocation Committee (CDLAC) awarded Linnet Corner an allocation of 4 percent Low-Income Housing Tax Credits (LIHTC) and Tax-Exempt Bonds, respectively. The CTCAC and CDLAC awards will enable the project to break ground in the next six months.

The Federal Home Loan Bank of San Francisco awarded \$945,000 in Affordable Housing Program (AHP) funds to the project.



AHA had previously awarded \$2,438,000 to this development. On March 9, 2023, the California Housing and Community Development Department (HCD) released the 2023 Local Housing Trust Fund (LHTF) Program Notice of Funding Availability (NOFA) with funding applications due through May 17, 2023. Staff submitted an LHTF application for additional state-matching funds for this project. On October 2, 2023 staff was notified that the project received a \$1,000,000 LHTF award. The initial AHA award will be transferred to the Alameda Affordable Housing Corporation (AAHC) on behalf of its Alameda Affordable Housing Trust Fund (AAHTF) by November 15, 2023. Staff is working with HCD to finalize the standard agreement.

In February 2023, staff received a Multifamily Super NOFA Conditional Award Commitment in the amount of \$20,635,312 from the California Department of Housing and Community Development (HCD) for this project. On October 12, 2023, HCD finalized the project report and is now working to draft and finalize the standard agreement. HCD requested changes and staff made minor updates to the resolutions for the MHP, VHHP and IIG funds listed below:

LP Resolutions (Mabuhay and Lakehurst LP) – became grant only and loan only resolutions (ICD Resolution 2023-11 and 2023-11a)

- The referenced award date changed to “May 2, 2023”, as this is the date of the most recent award letter.
- Each of the tables on each resolution should only reference the Loan/Grant accordingly and the amounts.
- On the IIG grant resolution, the table reads “Infill Incentive Grant Program of 2007” instead of IIG 2019
- In the 5th paragraph, each resolution references the total dollar amount for the loan and grant respectively. Loan resolution reference MHP & VHHP programs and amount and grant resolution references IIG grant program and amount.

Housing Authority of the City of Alameda Resolution (Resolution 1049)

- The referenced award date needs to be changed to “May 2, 2023”, as this is the date of the most recent award letter.
- The table reads “Infill Incentive Grant Program of 2007” instead of IIG 2019

LLC Resolution (ICD Resolution 2023-12)

- The referenced award date needs to be changed to “May 2, 2023”, as this is the date of the most recent award letter.
- The table reads “Infill Incentive Grant Program of 2007” instead of IIG 2019

Island City Development Corporation Resolution (ICD Resolution 2023-10)

- The referenced award date needs to be changed to “May 2, 2023”, as this is the date of the most recent award letter.
- The table reads “Infill Incentive Grant Program of 2007” instead of IIG 2019



In June 2022, AHA conditionally awarded forty (40) Section 8 PBVs for this project. The initial Housing Assistance Payment (HAP) Contract for a total of forty (40) PBVs over twenty (20) years is expected to be worth approximately \$10 million. On October 4, 2023, the project signed an Agreement to Enter Into A Housing Assistance Payment Contract (AHAP) with AHA. Staff submits quarterly reports as required by the PBV award.

Permits

The building permit is ready to be issued upon payment of building permit fees for the Linnet Corner project. Also, the Public Works Department completed its review of the first phase Final Map and the associated backbone improvements plan. On May 16, 2023, City Council approved the first phase Final Map. On September 19, 2023, the remnant Right of Way (ROW) parcels along Mosley Avenue were transferred from the City to AHA as contemplated in the approved Development Plan. The Final Map has been recorded.

Procurement

Staff released the RFP for a construction manager on August 31, 2023 and is reviewing proposals received from multiple parties.

Staff is working with the equity investor (Enterprise) and lenders (Bank of America, State of California) on due diligence towards an early 2024 loan closing and construction start. The final financing package will come back to the Board for approval once due diligence is complete.

FISCAL IMPACT

The Board previously authorized a predevelopment loan to ICD of \$10,000,000 for costs associated with master planning, carrying costs, demolition, and redevelopment work for Block A of the North Housing project, which includes 155 units of permanent supportive and senior housing, including the Linnet Corner project. Funds are disbursed to ICD on an as-needed basis. This predevelopment loan will be separated into four parts, for the three projects at Block A, and the remainder of North Housing. For the Block A projects, the predevelopment loan will convert into the expected permanent financing that have been approved by the Board.

The current total available predevelopment loan balance is \$1,824,164 net of anticipated soil stabilization costs. Please refer to the attached chart summarizing expenses through October 31, 2023 (Attachment 1).

CEQA

Not applicable.

RECOMMENDATION

Accept the Monthly Development Report for Linnet Corner.

ATTACHMENTS

1. _North Housing Expenses Chart Through October 31, 2023

Respectfully submitted,





Paris Howze, Project Manager

North Housing Block A Predevelopment Expenses Chart Through October 31, 2023.

North Housing Block A	Total
The Estuary I – 45 units (includes predevelopment, pro rata shares of master plan, demolition, and land carrying costs)	\$1,071,876
The Estuary II – 46 units (includes predevelopment, pro rata shares of master plan, demolition, and land carrying costs)	\$1,076,480
Linnet Corner – 64 units (includes predevelopment, pro rata shares of master plan, demolition, and land carrying costs)	\$1,223,487
Grand Total	\$3,371,843
Anticipated Soil Stabilization Costs for Block A	\$4,803,993
Remaining Predevelopment Loan Available for Block A	\$1,824,164

North Housing	Total
Remaining Nine (9) Acre Land Carrying Costs and Site Pre-Development (includes master planning and demolition) *Shown for informational purposes only	\$4,000,000

**ISLAND CITY DEVELOPMENT**

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

To: Board of Directors
Island City Development

From: Sylvia Martinez, Director of Housing Development

Date: November 15, 2023

Re: Accept Quarterly Development Report on Poppy Place (Webster Street Hotel).

BACKGROUND

In fall 2020, the Housing Authority of the City of Alameda (AHA) was approached by the owner of the Hawthorn Suites on Webster Street, with an opportunity to convert the hotel to residential use. The Board authorized the Executive Director to sign a purchase and sale agreement in June 2022 and provided an \$8 million conditional long term commitment of funding to the project from the agency reserve policy. Staff applied to the State of California Housing and Community Development Department in July 2022 for funding and received an award in February 2023. Staff has accepted due diligence and negotiated an extension to close in mid-November 2023.

DISCUSSION

Staff has continued working on all aspects of design, construction and financing to bring this project to fruition. The construction lender, the Housing Trust of Silicon Valley, is finalizing its due diligence. The remaining items to be finalized include the Standard Agreement from the State of California Housing and Community Development loan and remediation at the site in collaboration with the Alameda County Department of Environmental Health.

AHA's Community Relations and front desk staff collaborated to perform outreach, marketing and portal setup for Poppy Place. Pre-leasing for the development has closed, and over 6,000 submittals were received and randomized into a lottery. Staff is working to verify the live/work preference status of the highest lottery numbers and then will begin interviews and documentation. After purchase, staff will also work with referrals from the County of Alameda for thirteen supportive housing candidates. AHA staff have also been leading the discussions with the County of Alameda, which will refer formerly homeless tenants from the Coordinated Entry System, provide funding for services, and host the pre-application process on the Alameda County Housing Portal.

AHA updated its tenant selection criteria and operating and management plans to meet the needs of supportive housing tenants. It is also deepening relationships with the County, service providers, and referral agencies. These documents and relationships will support future supportive housing developments at North Housing as well.



The current timeline for residents to begin to move into the development is January 2024.

FISCAL IMPACT

The Board approved the overall transaction, terms, and \$9,100,000 in funding for this project at the October 25, 2023 meeting.

CEQA

Not applicable

RECOMMENDATION

Accept Monthly Development Report on Poppy Place (Webster Street Hotel).

ATTACHMENTS

None

Respectfully submitted,



Sylvia Martinez, Director of Housing Development

**ISLAND CITY DEVELOPMENT**

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

To: Board of Directors
Island City Development

From: Jenny Wong, Senior Project Manager

Date: November 15, 2023

Re: Accept the Quarterly Development Report for The Estuary I.

BACKGROUND

The Estuary I, formerly known as North Housing PSH I, is one of the first three projects within North Housing Block A and Block A is the first phase of the larger 12-acre North Housing parcel redevelopment at the former Alameda Naval Air Station (NAS) at the site known as Coast Guard Housing. The Estuary I project is expected to have 45 units of permanent supportive housing for formerly homeless individuals and households.

The Housing Authority of the City of Alameda (AHA) is leading the development under a homeless accommodation conveyance, alongside partners Alameda Point Collaborative (APC) and Building Futures. Island City Development (ICD) is the developer. On February 21, 2016, the Board authorized acceptance of the Quit Claim deed for conveyance of the property to AHA. On June 5, 2018, City Council approved the resolution to transfer the North Housing site to AHA. The North Housing parcel was successfully transferred to AHA ownership on May 30, 2019. The Board approved the Agency's Vision for the North Housing site at its August 2019 meeting. On August 17, 2020, the Planning Board approved the Development Plan, and on September 15, 2020, the City Council approved the Tentative Map. On May 16, 2023, City Council approved the first phase Final Map. On September 19, 2023, the remnant Right of Way (ROW) parcels along Mosley Avenue transferred from the City to AHA as contemplated in the approved Development Plan.

Please see previous Board reports for project details before this month's update.

DISCUSSION**Funding**

AHA has made two funding commitments through its Reserve Policy, one for \$3,750,000 which is flowing through the Alameda Affordable Housing Trust Fund (AAHTF), and one for \$3,000,000 in a direct AHA loan. The AAHTF commitment has been awarded matching funds of \$1,250,000 from the State Local Housing Trust Fund program. Together, the AAHTF commitment is \$5,000,000 and all funds have been transferred from AHA to the Alameda Affordable Housing Corporation (AAHC), which owns the AAHTF. AHA approved an option to ground lease the property, at a subsidized rate, in 2021.



The project has received combined City of Alameda funding commitments of approximately \$1,858,000 from various federal and local sources.

The Federal Home Loan Bank of San Francisco awarded \$660,000 in Affordable Housing Program (AHP) funds to the project.

The Estuary I project has a total of forty (40) Section 8 Project-Based Vouchers (PBVs) awards from AHA. The initial Housing Assistance Payment (HAP) Contract, for a total of forty (40) PBVs over twenty (20) years, is expected to be worth approximately \$10 million. On October 4, 2023, the project signed an Agreement To Enter Into A Housing Assistance Payment Contract (AHAP) with AHA.

On July 26, 2023, the California Tax Credit Allocation Committee (CTCAC) approved a 9 percent Low-Income Housing Tax Credit (LIHTC) allocation recommendation for the project. The Estuary I is required to close on construction financing and begin construction no later than January 22, 2024. Staff is working with the financing team on due diligence towards an early 2024 loan closing and construction start. The final financing package will come back to the Board for approval once due diligence is complete.

Permit

The building permit is ready to be issued upon payment of building permit fees for the Estuary I project. On October 25, 2023, the first phase Final Map was memorialized with the Alameda County Recorder to divide the area within North Housing Block A.

Procurement

Staff released the RFP for a construction manager in August 2023 and is reviewing proposals from multiple parties.

FISCAL IMPACT

The Board authorized a predevelopment loan to ICD totaling \$10,000,000 for costs associated with master planning, carrying costs, demolition, and redevelopment work for Block A of the North Housing project, which includes 155 units of permanent supportive and senior housing, including Estuary I. Funds are disbursed to ICD on an as-needed basis. This predevelopment loan will be split into four parts, for the three Block A projects and the remainder of North Housing. The Block A project portions will be converted into the permanent phasing for those projects, as approved by the Board.

The current total available predevelopment loan balance is \$1,824,164 net of anticipated soil stabilization costs. Please refer to the attached chart summarizing expenses through October 31, 2023 (Attachment 1).

CEQA

Not Applicable.

RECOMMENDATION

Accept the Monthly Development Report for The Estuary I.

ATTACHMENTS



1. North Housing Expenses Chart Through October 31, 2023

Respectfully submitted,

A handwritten signature in blue ink, appearing to read "Jenny", is positioned above the printed name.

Jenny Wong, Senior Project Manager

North Housing Block A Predevelopment Expenses Chart Through October 31, 2023.

North Housing Block A	Total
The Estuary I – 45 units (includes predevelopment, pro rata shares of master plan, demolition, and land carrying costs)	\$1,071,876
The Estuary II – 46 units (includes predevelopment, pro rata shares of master plan, demolition, and land carrying costs)	\$1,076,480
Linnet Corner – 64 units (includes predevelopment, pro rata shares of master plan, demolition, and land carrying costs)	\$1,223,487
Grand Total	\$3,371,843
Anticipated Soil Stabilization Costs for Block A	\$4,803,993
Remaining Predevelopment Loan Available for Block A	\$1,824,164

North Housing	Total
Remaining Nine (9) Acre Land Carrying Costs and Site Pre-Development (includes master planning and demolition) *Shown for informational purposes only	\$4,000,000



ISLAND CITY DEVELOPMENT

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

ITEM 4.I

To: Board of Directors
Island City Development

From: Sylvia Martinez, Director of Housing Development

Date: November 15, 2023

Re: Authorize the President to Negotiate and Execute the Commercial Rental Lease for Imerge Wireless at 1628 Webster Street, Alameda

BACKGROUND

Poppy Place, which is the adaptive reuse of a hotel at 1628 Webster Street in Alameda, CA, will include the purchase of commercial street front rentals at 1620 and 1622 Webster Street. There is one tenant currently at the site who will need to sign a new lease with ICD Webster LLC, the new owner.

The commercial lease proposed follows the standard conditions of all Housing Authority commercial leases, including the requirement to insure all AHA entities, as appropriate for liability. The commercial lease is proposed for three years, at market rate, with increases of 3% per year. A draft contract is attached. The construction lender is still reviewing and minor changes may still be necessary.

DISCUSSION

The commercial lease proposed follows the standard conditions of all Housing Authority commercial leases, including the requirement to insure all AHA entities, as appropriate for liability. The commercial lease is proposed for three years, at market rate, with increases of 3% per year. A draft contract is attached. The construction lender is still reviewing and minor changes may still be necessary.

FISCAL IMPACT

The lease payments need to be incorporated in the financials of ICD Webster LLC, per the State of California Housing and Community Development loan, which is paying for a substantial amount of the purchase and renovations at the property.

CEQA

Not applicable

RECOMMENDATION

Authorize the President to Negotiate and Execute the Commercial Rental Lease for Imerge



ATTACHMENTS

1. Att 1 1620 Webster_Draft lease_Imerge Wireless, LLC

Respectfully submitted,

A handwritten signature in blue ink, appearing to read 'Sylvia Martinez', with a stylized, cursive script.

Sylvia Martinez, Director of Housing Development

Commercial Lease

This Commercial Lease is made on December 1, 2023 (the “**Lease**”), between ICD WEBSTER LLC, a California limited liability company, as landlord (“**Landlord**”), and IMERGE WIRELESS LLC, a California limited liability company, as tenant (“**Tenant**”).

1. This Lease replaces and supersedes the commercial lease signed between the prior landlord, Alameda Hospitality, LLC, a California limited liability company, and the Tenant, dated October 1, 2020.
2. The Landlord agrees to rent to the Tenant and the Tenant agrees to rent from the Landlord the following property: 360 square feet of retail space located at 1620 Webster Street, Alameda, California 94501 (the “**Leased Premises**”).
3. The rental payments will be \$1,133.00 (One thousand one hundred thirty-three dollars) per month for the first 12 months, \$1,167.00 (One thousand one hundred sixty-seven dollars) per month from the 13th month to the 24th month, and \$1,202.00 (One thousand two hundred two dollars) per month from the 25th month to the 36th month. Rent will be payable by the Tenant to the Landlord on the first day of each month, beginning on December 1, 2023. If any rental payment is not paid within five (5) days of its due date, the Tenant agrees to pay an additional late charge of 5% (five percent) of the rental payment due.
4. The term of this Lease will be from December 1, 2023, until November 30, 2026. Tenant shall have two (2) options to extend the Lease for an additional twelve (12) months by submitting a written notice to the Landlord at least sixty (60) days prior to the then current expiration date of the Lease. In the event Tenant exercises its first option to extend the Lease, the Lease will be extended to November 30, 2027, and rental payments will be increased to \$1,238 (One thousand two hundred thirty-eight dollars). In the event Tenant exercises its second option to extend the Lease, the Lease will be extended to November 30, 2028, and rental payments will be increased to \$1,275 (One thousand two hundred seventy-five dollars). Notwithstanding the Tenant’s options to extend the Lease, if the Tenant remains as a tenant in the Leased Premises after the expiration of the Lease, with the consent of the Landlord but without signing a new renewal lease, a month-to-month tenancy will be created with the same terms and conditions as this Lease, except that such new tenancy may be terminated by sixty (60) days written notice from either the Tenant or the Landlord, and that the rent shall be an amount equal to \$1,300 (One thousand three hundred dollars) per month for the first six (6) months, and then an amount to be determined by the Landlord in its sole discretion.
5. The Tenant and the Landlord agree that the Tenant has previously paid the Landlord (or its predecessor) a security deposit of \$895.00 (Eight hundred ninety-five dollars). This security deposit will be held by the Landlord as security for the repair of any damages to the property by the Tenant. This deposit will be

returned to the Tenant within ten (10) days after the termination of this Lease, minus any amounts needed to repair the property, but without interest. This security deposit will be applied to any unpaid rent that the Tenant owes the Landlord at any time during the term of this Lease or when the Lease terminates.

6. The Tenant and the Landlord agree that the Tenant has previously paid the Landlord (or its predecessor) an additional amount of rent in the amount of \$895.00 (Eight hundred ninety-five dollars). This rent deposit will be held as security for the payment of rent by the Tenant. This rent payment deposit will be returned to the Tenant within ten (10) days of the termination of this Lease, minus any rent still due upon such termination, but without interest.
7. The Tenant agrees to use the property only for the purpose of carrying on the following lawful business: A retail business to sell and service cellular phones and accessories from Metro PCS between the hours of 9am and 7pm on every day of the week.
8. The Landlord agrees that the Tenant may install the following equipment and fixtures for the purpose of operating the Tenant's business and that such equipment and fixtures shall remain the property of the Tenant: Phone racks and counters.
9. The Tenant has inspected the property and has found it satisfactory for its intended purposes. The Landlord shall be responsible for the repair and upkeep of the exterior of the property, including the roof, exterior walls, parking areas, landscaping, and building foundation. The Tenant shall be responsible for the repair and upkeep of the interior of the property, including all electrical, mechanical, plumbing, heating, cooling, or any other system or equipment on the property. Tenant agrees to maintain the interior of the property and the surrounding outside area in a clean, safe, and sanitary manner and not to make any alterations to the property without the Landlord's written consent. At the termination of this Lease, the Tenant agrees to leave the property in the same condition as when it was received, except for normal wear and tear. Tenant also agrees to comply with all rules, laws, regulations, and ordinances affecting the property or the business activities of the Tenant.
10. The Tenant agrees to obtain and pay for electricity and garbage removal for the property.
11. The Tenant agrees not to sub-let the property or assign this Lease without the Landlord's written consent. Tenant agrees to allow the Landlord reasonable access to the property for inspection and repair. Landlord agrees to enter the property only after notifying the Tenant in advance, except in an emergency.
12. If the Tenant fails to pay the rent on time or violates any other terms of this Lease, the Landlord will provide written notice of the violation or default, allowing ten (10) days to correct the violation or default. If the violation or default is not completely corrected within the time prescribed, the Landlord will

have the right to terminate this Lease with sixty (60) days' notice and in accordance with state law. Upon termination of this Lease, the Tenant agrees to surrender possession of the Leased Premises. The Landlord will also have the right to re-enter the Leased Premises and take possession of same, remove Tenant and any equipment or possessions of Tenant, and to take advantage of any other legal remedies available.

13. The Landlord agrees to carry fire and casualty insurance on the Leased Premises, but shall have no liability for the operation of the Tenant's business. The Tenant agrees not to do anything that will increase the Landlord's insurance premiums and, further agrees to indemnify and hold the Landlord harmless from any liability or damage, whether caused by Tenant's operations or otherwise. The Tenant agrees to carry and pay all premiums for casualty insurance on any equipment or fixtures that Tenant installs at the Leased Premises. In addition, the Tenant agrees to carry commercial general liability insurance coverage in the following minimum limits: (A) bodily injury for \$500,000 each occurrence and \$1,000,000 aggregate, and (B) property damage for \$100,000 each occurrence and \$250,000 aggregate. A combined single limit insurance policy with an aggregate limit of \$1,000,000 will be considered equivalent to the required minimum limits shown above. The Landlord, its Board of Commissioners, Housing Commission, officials, and employees named as an additional insured under all Tenant insurance coverages, except worker's compensation insurance. Any additional insured named on any Tenant insurance policy shall not be held liable for any premium, deductible portion of any loss, or expense of any nature on such policy or any extension thereof. Any other insurance held by an additional insured shall not be required to contribute anything toward any loss or expense covered by the insurance provided by any Tenant insurance policy. Tenant agrees to furnish Landlord copies of the insurance policies and to not cancel the policies without notifying the Landlord in advance. Tenant agrees to provide Landlord with a Certificate of Insurance which indicates that Landlord is a co-insured party and that Landlord shall be provided with a minimum of ten (10) days written notice prior to cancellation or change of coverage.
14. This Lease is subject to any mortgage or deed of trust currently on the property or which may be made in the future against the property at any time in the future. The Tenant agrees to sign any documents necessary to subordinate this Lease to a mortgage or deed of trust for the Landlord. This Lease in its entirety, with all terms and conditions binding on the existing Tenant, may be transferred to a different landlord if the current owner of the property on which the Leased Premises is located wishes to execute a sale or lease of the property to a different owner or lessee during the term of this lease.
15. Tenant agrees that if any legal action is necessary to recover the property, collect any amounts due under this Lease, or correct a violation of any term of this Lease, Tenant shall be responsible for all costs incurred by Landlord in connection with such action, including any reasonable attorney's fees.

16. As required by law, the Landlord makes the following statement: “Radon gas is a naturally-occurring radioactive gas that, when accumulated in sufficient quantities in a building, may present health risks to persons exposed to it. Levels of radon gas that exceed federal and state guidelines have been found in buildings in this state. Additional information regarding radon gas and radon gas testing may be obtained from your county health department.”

17. The following are additional terms of this Lease:

- a. All notices, demands, requests, or approvals to be given under this Lease shall be given in writing and conclusively shall be deemed served when delivered personally or on the second business day after the deposit thereof in the United States mail, postage prepaid, registered or certified, addressed as hereinafter provided.

All notices, demands, requests, or approvals from Tenant to Landlord shall be addressed to Landlord as follows:

ICD Webster LLC
c/o Housing Authority of the City of Alameda
701 Atlantic Avenue
Alameda, CA 94501
Attention: Asset Manager

All notices, demands, requests, or approvals from Landlord to Tenant shall be addressed to Tenant as follows:

Imerge Wireless, LLC
1620 Webster Street
Alameda, CA 94501
Attention: Krishna Kadel

- b. Landlord has received from Tenant (or from predecessor landlord), an amount equal to \$1,790.00 (One thousand seven hundred ninety dollars), comprised of a security deposit (\$895.00) and a rental deposit (\$895.00), as referenced in Section 5 above.
- c. Tenant and Tenant’s customers are allowed to use the parking located on the premises between the hours of 9am and 7pm, daily to park passenger cars, excluding any commercial or oversized vehicles and trailers. No overnight parking by Tenant or Tenant’s customers is allowed.
- d. Tenant agrees to use the premises for conducting a retail business as mentioned in Section 7 above and to keep the business open to customers on a daily basis and that no other business activity shall be conducted in the said property without the written consent of the Landlord.

- e. Tenant represents that it has obtained and maintains a current business license for operation of a retail business from the City of Alameda, and that Tenant will comply with all applicable Federal, State, City and local laws, regulations and ordinances for starting and conducting such business activity.
 - f. Tenant represents that it has or will obtain a sign permit from City of Alameda for any signage currently installed or any new signage Tenant wishes to install, and Tenant agrees to comply with all signage ordinance requirements.
 - g. Tenant agrees to take possession of the property in “as-is” condition and agrees to pay for all permits and changes required by local regulations.
18. The parties agree that this Lease is the entire agreement between them and that no terms of this Lease may be changed except by written agreement of both parties. This Lease is intended to comply with any and all applicable laws relating to landlord and tenant relationships in this state. This Lease binds and benefits both the Landlord and Tenant and any heirs, successors, representatives, or assigns. This Lease is governed by the laws of the State of California.

Signature of Landlord	Date	Signature of Tenant	Date
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