



ISLAND CITY DEVELOPMENT AGENDA

AGENDA

DATE & TIME

REGULAR MEETING OF ISLAND CITY DEVELOPMENT

Wednesday, March 20, 2024 - 6:32 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

Passcode: 067149

One tap mobile

+16694449171,,88946959564#,,,,*067149# US

+12532158782,,88946959564#,,,,*067149# US (Tacoma)

Dial by your location

• +1 669 444 9171 US

Meeting ID: 889 4695 9564

Passcode: 067149

Find your local number: <https://us06web.zoom.us/j/88946959564?pwd=OVJpYUcya05ROEFTZEI2aENNa24vUT09>

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 the Minutes of the ICD Special Meeting held on February 21, 2024.
 - B. Accept the Monthly Construction Report for The Estuary I.
 - C. Accept the Monthly Construction Report for Linnet Corner.
 - D. Accept an Option Agreement to Ground Lease from the Housing Authority of the City of Alameda and Authorize the President or Designee to Execute the Option Agreement for the Property at 2615 Eagle Avenue (The Poplar).
5. NEW BUSINESS
 - A. Adopt a Resolution to Amend the Articles of Incorporation to Add Language to Confirm ICD's Eligibility for Tax Exemption Pursuant to AB1582
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, February 21, 2024

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 8:31 PM. The following Board members were present: Director Vanessa Cooper and Director Carly Grob. Director Greg Kats was absent; quorum established. Staff in attendance: Louie So, Sean Prevette, Sarah Raskin, Paris Howze, Jenny Wong, Stephen Zhou, Tony Weng, Nancy Gerardin, and Jasmine Polar

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

3. 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.

4. CONSENT CALENDAR (Action)

- A. Approve Minutes of the Special ICD Meeting held on January 17, 2024.
- B. Accept the Monthly Update on Construction in Progress (CIP).
- C. Accept the Monthly Development Report for The Estuary I.
- D. Accept the Quarterly Overview Report for the Housing Development Department.
- E. Accept the Quarterly Development Report for The Estuary II.
- F. Adopt Revisions to the ICD Procurement Policy



- G. Authorize the Executive Director to approve a contract between the Housing Authority of the City of Alameda and affiliates, Alameda Affordable Housing Corporation and Island City Development, and Transystems Corporation for Relocation Services for a not to exceed amount of Five Hundred Thousand dollars and Zero cents (\$500,000.00) until February 28, 2027.
- H. Authorize the President to Negotiate and Execute a Contract between Concore Development Group, Inc. Not To Exceed \$300,000 for Construction Management Services for North Housing Block A Projects.

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

5. NEW BUSINESS

- A. Accept the Quarterly Development Report; Accept a \$2,100,000 Predevelopment Loan and 20 year Option to Ground Lease from the Housing Authority of the City of Alameda; Authorize the President or Designee to Negotiate and Execute the Predevelopment Loan and Option Agreement for The Poplar (2615 Eagle Avenue).

Staff J. Wong presented the item with a modification to remove the request for the 20 year Option to Ground Lease, as AHA's BOC postponed consideration and asked to discuss it further next month. J. Wong requested the use of \$2.1 million as a predevelopment loan for upfront costs for the project, such as design, demolition, and environmental testing.

Director Cooper asked when demolition will begin, and Staff J. Wong answered that there is no confirmed date, as the NEPA review must occur first. Director Grob moved to accept the motion, and Director Cooper seconded. The motion passed.

- B. Accept the Monthly Development Report for Linnet Corner and Adopt the Authorizing Resolution No. 2024-03 for the Ground Lease and Cash Loans and Approve the Financing and Ownership Structure for Linnet Corner

Staff P. Howze presented the item and described the modifications to the previously passed resolution. The first of the modifications is replacing Bank of America with CCRC for the permanent lender. Secondly, the resolution now includes the taxable tail within the language of the resolution. Lastly, the resolution clarifies authority for changes to development budget.

Director Cooper asked if this was the third version of this resolution, and Staff P. Howze answered that it was the fourth version. Director Grob moved to accept the resolution, as amended, and Director



Cooper requested a roll call for all in favor. The motion passed.

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

Director Cooper adjourned the meeting at 8:37 PM.



**ISLAND CITY DEVELOPMENT**

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

To: Board of Directors
Island City Development

From: Jenny Wong, Senior Project Manager

Date: March 20, 2024

Re: Accept the Monthly Construction Report for The Estuary I.

BACKGROUND

The Housing Development Department provides monthly reports on projects under construction where either the Housing Authority of the City of Alameda (AHA) or Island City Development (ICD) is acting as developer and provides performance guarantees.

The Estuary I project is located at 500 Mosley Avenue. ICD is the developer. The project scope includes 45 new construction permanent supportive housing units for homeless or formerly homeless individuals and/or households, including one manager's unit. Amenities include property management offices, social service coordination offices, a community room, mail room, central laundry, central courtyard, and secure bike parking. J.H. Fitzmaurice, Inc. initiated construction on January 30, 2024 and is scheduled to achieve completion on or before August 1, 2025. Please see previous monthly Board Reports for project details prior to this month's update.

DISCUSSION**Construction**

The overall project completion and billing percentage, through February 29, 2024, is approximately 2.79%. The earthwork is completed and the building pad is certified. Excavation and waterproofing for the elevator pit has started. Under slab plumbing and electrical are in progress. Currently, the project is on-track to complete on time. This month's construction activities include completion of elevator pits, completion of under slab utilities, starting backfill of under slab utilities, and starting the layout and digging footings for the mat slab.

There are no change orders this month. To date, the project has utilized approximately 0.00% of its hard cost contingency, in line with its completion percentage. Owner contingency funds are held separately from the contract and when change orders are approved, the original construction contract value is increased.

Operation and Lease Up Activities

Staff and property management will begin meeting monthly to prepare a pre-lease up plan by August 2024.



FISCAL IMPACT

AHA and ICD have completion and lease up guarantees on this development. The construction is on time and on budget. Operations and lease up planning activities are meeting project milestones. See attachment for the monthly budget update.

CEQA

Not Applicable.

RECOMMENDATION

Accept the Monthly Construction Report for The Estuary I.

ATTACHMENTS

1. Att1_The Estuary I Budget Tracking Through Feb 2024

Respectfully submitted,

A handwritten signature in blue ink, appearing to read 'Jenny'.

Jenny Wong, Senior Project Manager

The Estuary I
Monthly Update - as of February 29, 2024

Total Development Costs to Date				
	\$ Budget	\$ Disbursed	% Disbursed	\$ Balance
Land & Holding Costs	\$2,461,115	\$2,461,115	100%	\$0
Hard Costs	\$27,175,843	\$674,813	2%	\$26,501,030
Soft Costs	\$13,286,926	\$2,265,856	17%	\$11,021,071
Total	\$42,923,884	\$5,401,784	13%	\$37,522,100

General Contract Status	
Total Contract Value	\$24,898,007
Change Orders	\$0
Revised Contract Value	\$24,898,007
Value of Work Completed to Date	\$693,699
Retention Withheld	\$18,886
Amount Paid to Date	\$674,813
Balance to Finish	\$24,223,194
% Construction Complete	2.79%

Contingency Utilization		
	Hard Cost	Soft Costs
Total Contingency Approved	\$1,394,525	\$250,000
Approved Change Orders to Date	\$0	\$0
Remaining Balance of Contingency	\$1,394,525	\$250,000
% of Contingency Used	0%	0%

**ISLAND CITY DEVELOPMENT**

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

To: Board of Directors
Island City Development

From: Paris Howze, Project Manager

Date: March 20, 2024

Re: Accept the Monthly Construction Report for Linnet Corner.

BACKGROUND

The Housing and Community Development Department provides monthly reports on projects under construction where either The Housing Authority of the City of Alameda (AHA) or Island City Development (ICD) is acting as developer and provides performance guarantees.

Linnet Corner, also referred to as North Housing Senior, is located at 2000 Lakehurst Circle, Alameda, CA 94501. The project is the new construction of a single, four (4) story residential building, with 64 units. The 64 units will include 40 studio units and 23 one-bedroom units targeting seniors aged 62 and over. There will also be one two-bedroom dedicated as a manager's unit. Affordability levels will range between 30% and 40% of the Area Median Income (AMI). The project will also have 25% or 16 units serving formerly homeless/homeless senior veterans. Amenities will include a community room, dedicated property management and service provider offices, shared parking, a laundry room, a resident garden, and roof terrace.

Staff delivered a notice to proceed on March 6, 2024 and J.H. Fitzmaurice (J.H.F), Inc. is anticipated to initiate construction activities by or before March 20, 2024. The project is expected to achieve completion on or before October 30, 2025. Please see previous monthly Board reports for project details prior to this report.

DISCUSSION**Construction Finance Closing**

In February 2023, the Board Approved Authorizing Resolution No.1068 and the financing structure for the Linnet Corner project. The transaction closed on March 6, 2024 with the same general terms as proposed. Project financing includes investor equity through the sale of 4% Low Income Housing Tax Credits, subordinate soft financing from the Department of Housing and Community Development (HCD) in Multifamily Housing Program (MHP) Funds, Veterans and Homelessness Prevention Program (VHHP) Funds, and Infill Infrastructure Grant (IIG) Funds to be loaned from ICD as well as an Affordable Housing Program (AHP) loan from AHA as the sponsor through the Federal Home Loan Bank of San Francisco (FHLB) and an Alameda Affordable Housing Fund (AAHTF) loan from Alameda Affordable Housing Corporation (AAHC); General Partner (GP) equity; and tax-exempt and conventional



financing that will be supported by tenant rents and project-based vouchers.

ICD as sponsor/guarantor was required to limit its asset management fee while the investor is in place. However, upon the investor's exit in year 15, staff will seek to restore it to the HCD-allowed levels. Additionally, the current residual receipt distribution excludes Alameda Affordable Housing Corporation (AAHC) from the public lender share as HCD reviewing whether that AAHC can be considered a public entity. Staff will continue to negotiate with HCD to obtain a greater share of residual receipts for its AAHTF loan. In accordance with investor requirements, payment of any accrued rent or current rent under the ground lease will be prioritized last in the overall use of net cash flow.

Construction

At the time of this report, there is no project completion or billing percentage to report (0%). There are no change orders this month. To date, the project has utilized approximately 0% of its hard cost contingency, in line with its completion percentage. Owner contingency funds are held separately from the contract and when change orders are approved, the original construction contract value is increased.

Operation and Lease-Up Activities

Project staff will work with the Portfolio Management, Housing Programs Departments, FPI Management, and LifeSTEPS to prepare the project for leasing in 2025.

FISCAL IMPACT

The Board authorized a pre-development 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 housing and senior housing, including Linnet Corner. Funds are disbursed to ICD on an as-needed basis.

The portions allocated to the Linnet Corner project were converted into permanent phasing at the loan closing. Staff will be preparing a loan draw to document the recast of all expenses paid through the predevelopment loan to the AAHTF funds. All prior and future costs incurred by the project through conversion will be paid by financing committed to the Partnership through a monthly draw request to the construction and soft lenders.

The current total predevelopment loan on the Linnet Corner project to be recast is \$1,954,192.87 net of anticipated soil stabilization costs.

AHA and ICD have completion and lease up guarantees on this development. The construction lender and investor are requiring a \$1.8 million maximum rental subsidy loss guarantee. To date, the construction is on time and on budget.

CEQA

Not applicable.

RECOMMENDATION

Accept the Monthly Construction Report for Linnet Corner.



ATTACHMENTS

1. Linnet Corner - Monthly Budget Tracking (February 2024)

Respectfully submitted,



Paris Howze, Project Manager

Linnet Corner
Monthly Update - as of February 29, 2024

Contingency Utilization		
	Hard Cost	Soft Costs
Total Contingency Approved	\$1,738,717	\$450,000
Approved Change Orders to Date	\$0	\$0
Remaining Balance of Contingency	\$1,738,717	\$450,000
% of Contingency Used	0%	0%

General Contract Status	
Total Contract Value	\$29,561,506.75
Value of Work Completed to Date	\$0
Retention Withheld	\$0
Amount Paid to Date	\$0
Balance to Finish	\$0
% Construction Complete	0%

Total Development Costs to Date				
	\$ Budget	\$ Disbursed	% Disbursed	\$ Balance
Land & Holding Costs	\$640,864	\$0	0%	\$640,864
Hard Costs	\$36,513,061	\$0	0%	\$36,513,061
Soft Costs	\$16,118,331	\$0	0%	\$16,118,331
Total	\$53,272,256	\$0	0%	\$53,272,256

**ISLAND CITY DEVELOPMENT**

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

To: Board of Directors
Island City Development

From: Jenny Wong, Senior Project Manager

Date: March 20, 2024

Re: Accept an Option Agreement to Ground Lease from the Housing Authority of the City of Alameda and Authorize the President or Designee to Execute the Option Agreement for the Property at 2615 Eagle Avenue (The Poplar).

BACKGROUND

The Housing Authority of the City of Alameda (AHA) purchased the property at 2615 Eagle Avenue for \$2,500,000 in March 2022 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 have a preference for Alameda Unified School District (AUSD) staff, as well as a live/work preference for Alamedans.

In May 2022, the Board accepted an option to ground lease which expired in December 2023

DISCUSSION

A new Option Agreement is proposed. The ground lease terms are typical for AHA transactions, except for the option to exercise. In the past, a 2-3 year option to exercise would have been offered. However, for rental assistance voucher purposes, there has been a request for longer site control periods that will coincide with the length of a 20-year Housing Assistance Payment contract. Thus, a 20-year option to exercise is preferred.

Summary of Terms:

Option value: \$1

Term: 20 years to exercise option

Ground lease terms: 99 years; base rent equal to appraised land FMV

Seller to offer takeback financing for 100% base rent at AFR for 55 years; residual receipts

Equivalent to a \$2,500,000 soft loan

In response to AHA concerns regarding the length of the option period, the option will be transferable only to an ICD-controlled entity. The agreement requires the submittal of a predevelopment timeline and biannual predevelopment progress updates. Insufficient progress could be a reason to end the option.

A redlined Option Agreement with these proposed measures is attached.



FISCAL IMPACT

This option serves as the initial step of funding for this project in ICD's pipeline.

CEQA

Not applicable.

RECOMMENDATION

Accept an Option Agreement to Ground Lease from the Housing Authority of the City of Alameda and Authorize the President or Designee to Execute the Option Agreement for the Property at 2615 Eagle Avenue (The Poplar).

ATTACHMENTS

1. Att1_The Poplar_Ground Lease Option Agreement_Updated Revised
2. The Poplar_Mar 2024_ICD

Respectfully submitted,

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

Jenny Wong, Senior Project Manager

OPTION AGREEMENT

THIS OPTION AGREEMENT (this “**Agreement**”) is effective as of ~~May~~ March 2018, 2024~~2~~, by and between Housing Authority of the City of Alameda (“**Seller**”) and Island City Development, a California nonprofit public benefit corporation, or its assigns (“**Purchaser**” or “**ICD**”).

RECITALS

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

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

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

AGREEMENT

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

2. Exercise of Option. Purchaser may exercise its Option at any time during the period commencing on the date hereof and expiring on December 31, 2044~~23~~ (the “**Option Term**”), by giving written notice thereof to Seller. In the event the Purchaser does not exercise its Option during the Option Term, this Agreement shall become null and void and neither party hereto shall have any other liability, obligation or duty hereunder.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

4. General Provisions.

(a) Predevelopment Progress. The Purchaser shall provide a proposed development schedule to the Seller within one month of the effective date of this agreement. Furthermore, the Purchaser shall provide an update and progress report **biannually** and shall show sufficient progress on the entitlement, design, and financing applications for the development. If the Seller does not believe sufficient progress is being made, the option will be reviewed by the Board of Commissioners and may be rescinded. However, if sufficient progress is made and the bylaws of the Purchaser have not changed, the Seller will agree to annual extensions, such that the option can show site control for 20 years on an ongoing basis.

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

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

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

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

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

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

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

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

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

[SIGNATURES ON FOLLOWING PAGE]

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

SELLER:

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

By: _____
Vanessa Cooper
Executive Director

Address:

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

PURCHASER:

Island City Development,
a California nonprofit public benefit corporation

By: _____
Vanessa Cooper
President

Address:

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

EXHIBIT A

Legal Description

THE LAND REFERRED TO HEREIN BELOW IS SITUATED IN THE CITY OF ALAMEDA, IN THE COUNTY OF ALAMEDA, STATE OF CALIFORNIA, AND IS DESCRIBED AS FOLLOWS:

PARCEL 1:

Commencing at a point on the Northeasterly line of Eagle Avenue, distant thereon Southeasterly 140 feet, 3 inches from the point of intersection thereof with the Southeasterly line of Broadway, said point being the intersection of said line of Eagle Avenue, with the Northwesterly line of land conveyed by Charles D. Bates to Mary Tregloan, wife of John Tregloan, by Deed Dated August 2nd, 1880, and Recorded August 10th, 1880 in Liber 206 of Deeds, at Page 65, Alameda County Records, running thence Southeasterly along said line of Eagle Avenue, 126.57 feet; more or less, to the Northwesterly line of land conveyed by Julia Frothingham to Elisa Kelly, by Deed dated December 28th, 1906, and recorded July 27th, 1908, in Liber 1476 of Deeds, at Page 411, Alameda County Records; thence Northeasterly along said last named line 294, feet more or less, to the Southerly line of land conveyed by John R. Tregloan to Southern Pacific Company, a corporation, by Deed dated October 1st, 1909 and Recorded October 2nd 1909, in Liber 1616 of Deeds, at Page 459, Alameda County Records, thence Westerly along said last named line, 164 feet, 2 in more or less, to a point on the Northwesterly line of land conveyed by Charles D. Bates to Mary Tregloan as aforesaid, distant 192.35 feet Northeasterly measured at right angle from the Northeasterly line of Eagle Avenue, through the point of beginning. Thence Southwesterly along said Northwesterly line of land conveyed to Mary Tregloan, 192.35 feet, to the point of commencement,

PARCEL 2:

Commencing at the intersection of the Northeasterly line of Eagle Avenue with the Southeasterly line of the Pancoast Tract as said line and avenue are shown on "Plat of the Pancoast Tract, Alameda", Recorded May 13, 1876 at Page 2, in Map Book 4 of Official Records of Alameda County, said intersection being also the most Southerly corner of the parcel of land described in Deed from Lovinah B. Jones and George C. Jones, her husband, to the Southern Pacific Company, Recorded February 23, 1907 at Page 17, in Book 1340 of Deeds, Alameda County Records;

Thence along the Southeasterly of last said parcel of land North 34° 23' 02" East 192.50 feet to a point on the South line of Tilden Way, 70 feet in width, as said way is shown on Drawing 3939, Case 51, Sheet 4, Alameda City Engineer's Files, said point having coordinates of y-466,107.33 feet and x-1,499,005.93 feet based on the California Coordinate System, Zone III, as are all bearings, distances and coordinates in this description, said point being the True Point of Beginning;

Thence along said South line of Tilden Way North 76 ° 29' 26" East 144.57 feet to the direct extension Northwesterly of the Southwesterly line of the parcel of land described in deed from the Southern Pacific Company to Sidney Traver, recorded August 27, 1941 at Page 150, in Book 4115, of Official Records of Alameda County;

Thence along said direct extension and said Southwesterly line South 55° 38' 17" East 29.63 feet;

Thence South 34° 23' 02" West 6.02 feet to the Southeasterly corner of the parcel of land described in deed from John Tregloan to the Southern Pacific Company, recorded October , 1909, at Page 459 in book 1616 of Deeds, Alameda County Records;

Thence along the Southerly line of last said parcel of land South 85° 41' 08" West 162.17 feet to said Southeasterly line of the parcel of land described in deed from Lovinah B. Jones, et vir, to the Southern Pacific Company;

Thence along last said Southeasterly line North 34° 23' 02" East 0.15 feet to the true point of beginning.

Excepting therefrom all oil, gas, minerals and other hydrocarbon substances as reserved in the Deed from Central Pacific Railway Company, et al, Recorded July 11, 1957, in Book 8412, Page 501, of Official Records.

PARCEL 3:

Beginning at a point on the exterior line of the parcel of land described as Parcel 5 in the deed from Central Pacific Railway Company, et al., to City of Alameda, dated January 3, 1957, recorded July 11, 1957 in Book 8412 of Official Records of Alameda County, Page 501, (AM-68327), said point being the most Eastern corner of the parcel of land described in the deed from Southern Pacific Company to Daniel G. Becknell et ux., dated October 3, 1940, recorded October 30, 1940 in Book 3965, of Official Records of Alameda County, Page 378 (MM-59014); running thence along the exterior boundary line of the parcel of land described as Parcel 5 in said first mentioned deed the two following courses and distances; North 55° 38' 17" West 115.27 feet and North 76° 29' 26" East 171.92 feet to a line drawn North 34° 23' 02" East from the point of beginning; and thence along said line so drawn South 34° 23' 02" West 127.50 feet to the point of beginning.

Excepting therefrom all oil, gas, minerals and other hydrocarbon substances as reserved in the Deed from Central Pacific Railway Company et al, Recorded July 11, 1957, in Book 8412, Page 501, of Official Records,

APN: 070-0161-055-02

The Poplar Option Agreement



March 2024

Ground Lease

- Option value: \$1
- Term: 20 years to exercise option
- Ground lease terms: 99 years
base rent equal to appraised land FMV
- Seller to offer Takeback financing for 100% base rent at AFR for 55 years;
residual receipts (AHA typical terms)
- Equivalent to a \$2,500,000 soft loan
- Conditions: Require biannual progress reviews;
Limits transfers to ICD-controlled entities

Recommendation

Accept an Option Agreement to Ground Lease from the Housing Authority of the City of Alameda and Authorize the President or Designee to Execute the Option Agreement for the Property at 2615 Eagle Avenue (The Poplar).

Questions or Comments?

**ISLAND CITY DEVELOPMENT**

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

To: Board of Directors
Island City Development

From: Vanessa Cooper, Executive Director

Date: March 20, 2024

Re: Adopt a Resolution to Amend the Articles of Incorporation to Add
Language to Confirm ICD's Eligibility for Tax Exemption Pursuant to
AB1582

BACKGROUND

A new law AB1528 was passed in 2023 which provides for property owned by affiliates of the Housing Authority of the City of Alameda (AHA) to be exempt from property taxes, in the same manner that property owned by AHA is exempt.

DISCUSSION

In order to approve the exemption, the Assessor's office has asked for an amendment to the Articles of Incorporation to state more clearly the alignment of Island City Development's (ICD) mission with the new law. A redlined version is attached for review. Staff and General Counsel will execute the changes once approved, which also needs approval of the IRS. General Counsel and Assessor's office has approved the language change.

FISCAL IMPACT

This law and change is expected to bring a clear financial benefit to the properties, including a refund of property taxes paid for up to the last 4 years. Some legal fees and staff time will be needed to complete the one-time exemption.

CEQA

N/A

RECOMMENDATION

Adopt a Resolution to Amend the Articles of Incorporation to Add Language to Confirm ICD's Eligibility for Tax Exemption Pursuant to AB1582

ATTACHMENTS

1. Resolution Approving and Adopting Amended and Restated Articles of Incorporation (1)
2. COMPARISON_#1539117v2 Articles of Inc. - Island City Development Nonprofit Corporation - #3708855v2_2024 03 04- Amended and Restated Articles of ICD

Respectfully submitted,



Vanessa Cooper

Vanessa Cooper, Executive Director

ISLAND CITY DEVELOPMENT

Resolution No. _____

A RESOLUTION AMENDING AND RESTATING THE ARTICLES OF INCORPORATION OF ISLAND CITY DEVELOPMENT

At a duly constituted meeting of the Board of Directors (the “Board”) of Island City Development, a California nonprofit public benefit corporation (the “Corporation”), held on March ___, 2024, the following resolutions were adopted:

WHEREAS, Island City Development (“ICD”) is a nonprofit public benefit corporation organized under the California Nonprofit Public Benefit Corporation Law for charitable and public purpose;

WHEREAS, ICD adopted the Articles of Incorporation of Island City Development on August 28, 2014 which were filed with the Secretary of State of the State of California on August 29, 2014, as amended on October 17, 2016 which Certificate of Amendment of Articles of Incorporation was filed with the Secretary of State of the State of California on October 17, 2016 ("Articles");

WHEREAS, ICD’s Board of Directors must vote to approve any proposed amendments to the Articles ;

WHEREAS, the Board of Directors desire to amend and restate the Articles as set forth in the Certificate of Amended & Restated Articles of Incorporation of Island City Development, attached hereto as Exhibit A and incorporated herein by this reference; and

WHEREAS, the Board of Directors deem it to be in the best interest of ICD to amend and restate the Articles as set forth in the Certificate of Amended & Restated Articles of Incorporation of Island City Development, attached hereto as Exhibit A.

NOW, THEREFORE, BE IT RESOLVED BY THE BOARD OF DIRECTORS OF ISLAND CITY DEVELOPMENT, in a regular meeting assembled on March ___, 2024 as follows:

1. The above recitals are true and correct, and together with the staff report, form the basis for the Board of Director’ actions as set forth in this Resolution.

2. The Amended & Restated Articles of Incorporation of Island City Development set forth in the Certificate of Amended & Restated Articles of Incorporation of Island City Development, attached hereto as Exhibit A and incorporated into this Resolution, are hereby approved and adopted.

3. The Chief Executive Officer and/or the Secretary of ICD, acting alone, or together to the extent required, on behalf of ICD, will be authorized and directed to execute any and all necessary documents, including, but not limited to, a Certificate of Amended & Restated Articles of Incorporation of Island City Development, any forms, certificates or documents required by the California Secretary of States' Office and/or the Internal Revenue Service, and any and all other types of agreements or documents necessary to amend and restate the Articles of Incorporation of Island City Development as contemplated in this Resolution.

4. This Resolution shall take effect immediately.

CERTIFICATE OF SECRETARY

I, Gregory Kats, hereby certify that I am the duly elected, qualified Ssecretary of Island City Development, a California nonprofit public benefit corporation, organized and existing under the laws of the State of California, and the foregoing Resolution was adopted at a duly constituted meeting of the Corporation held on this March ____, 2024.

Dated: _____

Gregory Kats, Secretary

EXHIBIT A

CERTIFICATE OF AMENDED & RESTATED ARTICLES OF INCORPORATION
OF ISLAND CITY DEVELOPMENT
(behind this page)

CERTIFICATE OF AMENDED & RESTATED
ARTICLES OF INCORPORATION
OF
ISLAND CITY DEVELOPMENT

3. ~~A California Nonprofit Public Benefit Corporation~~

4. _____

The undersigned certify that:

1. They are the Chief Executive Officer and Secretary, respectively, of Island City Development, a California nonprofit public benefit corporation (the "Corporation") with California Entity Number 3707008.

2. The Articles of Incorporation are amended and restated to read as follows:

I. NAME

The name of the ~~corporation is ISLAND CITY DEVELOPMENT~~ Corporation is Island City Development (the "Corporation").

II. ~~H.~~ PURPOSE

(a)~~(a)~~ This Corporation is a nonprofit public benefit corporation and is not organized for the private gain of any person. It is organized under the California Nonprofit Public Benefit Corporation Law for charitable and public purposes. The general purpose of this Corporation is to have and exercise all rights and powers conferred on nonprofit corporations under the laws of California, provided that this Corporation shall not, except to an insubstantial degree, engage in any activities or exercise any powers that are not in furtherance of the primary purposes of this Corporation.

(b)~~(b)~~ The specific charitable and public purposes for which the Corporation is organized are to benefit and support the City of Alameda, California (the "City") and the Housing Authority of the City of Alameda, a public body corporate and politic ("~~HACA~~AHA") and its purposes in accordance with Section 509(a)(3)(A) of the Internal Revenue Code by (1) acquiring, providing, developing, leasing financing, rehabilitating, owning and operating decent, safe and sanitary housing affordable to persons and households of low income where no adequate housing exists for such groups, including, but not limited to, such persons and households as may be served by AHA in accordance with California Housing Authorities Law (Health and Safety Code Section 34200 et seq.); (2) lessening the burdens of government by

assisting ~~HACA~~ AHA and the City and its agencies, authorities, boards or commissions in the development of housing targeted to low income households; (3) combating blight and deterioration within the City; (4) working to eliminate discrimination and prejudice; (5) assisting in the lessening of neighborhood tensions; (6) promoting social welfare through community-based housing development activities for low-income persons and households, including, but not limited to, such persons and households as may be served by AHA; (7) carrying out such other activities as the board of directors of this Corporation determines will benefit and support ~~HACA~~ AHA and the City; and (8) serving as the general partner, special limited partner or limited partner (either directly or ~~through a wholly-owned as the sole member of a~~ limited liability company, ~~as a general partner~~) in limited partnerships and serving as the sole or managing member in limited liability companies which will own and operate housing for ~~the benefit of~~ low income persons and households who are in need of affordable, as described in (1) above decent, safe and sanitary housing related services, where no adequate housing exists for such groups, including, but not limited to, such persons and households as may be served by AHA.

III. ~~III.~~ MEMBERS

The Corporation shall have no members.

IV. ~~IV.~~ AGENT OF SERVICE

The name and address in California of the Corporation's ~~initial~~ agent for service of process is Vanessa Cooper, located at 701 Atlantic Avenue, Alameda, CA 94501.

V. ~~V.~~ OFFICE

The principal office for the transaction of affairs and activities of the Corporation is located at 701 Atlantic Avenue, Alameda, CA 94501. The Board of Directors of the Corporation may change the principal office from one location to another. Any change shall be noted in the Bylaws.

VI. ~~VI.~~ DEDICATION AND DISPOSITION

(a) ~~(a)~~ The property of ~~the~~ this Corporation is irrevocably dedicated to charitable purposes, and no part of the net income or assets of the Corporation shall ever inure to the benefit of any director, officer, or member of the Corporation or to the benefit of any private individual, ~~except that the Corporation is authorized and empowered to pay reasonable compensation to private persons, other than directors, for services rendered and to make payments and distributions in furtherance of its exempt purposes.~~

(b) ~~(b)~~ Upon the winding up and dissolution of the Corporation, and after paying or adequately providing for the debts and obligations of the Corporation, the remaining assets shall ~~be distributed to HACA for charitable purposes within the meaning of Section 501(c)(3) of the Internal Revenue Code.~~ inure to the benefit of Housing Authority of the City of Alameda, which is a governmental entity.

VII. ~~VII.~~ LIMITATION ON CORPORATE ACTIVITIES

(a) The Corporation is organized and operated exclusively for charitable purposes within the meaning of Section 501(c)(3) of the Internal Revenue Code. Notwithstanding any other provision of these Articles, the Corporation shall not carry on any activities not permitted to be carried on by: (i) a corporation exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code or the corresponding provision of any future United States Internal Revenue Law; or (ii) by a corporation, contributions to which are deductible under Section 170 of the Internal Revenue Code or the corresponding provisions of any other United States Internal Revenue Law.

(b) No substantial part of the activities of the Corporation shall consist of lobbying or propaganda, or otherwise attempting to influence legislation, except as provided in Section 501(h) of the Internal Revenue Code, and the Corporation shall not participate in or interfere in (including publishing or distributing statements) any political campaign on behalf of any candidate for public office.

VIII. ~~VIII.~~ DIRECTORS

The number of directors and the manner in which directors shall be chosen and removed from of office, their qualifications, powers, duties, term of office, the manner of filling vacancies on the board of directors and the manner of calling and holding meetings of directors ~~shall~~ will be as stated in the bylaws.

5. ~~Adopted this~~ _____ day of August, 2014.

6. _____

7. _____

8. _____ Jennifer K. Bell, Incorporator

9. ~~DECLARATION~~

10. _____

11. ~~I declare that I am the person who executed the~~ The foregoing amendment and restatement of Articles of Incorporation ~~which execution is my act and my deed~~ has been duly approved by the Board of Directors of the Corporation.

12. The foregoing amendment and restatement of Articles of Incorporation has been duly approved by the required vote of the members.

13. ~~Date: August ____, 2014~~

14. _____ ~~Jennifer K. Bell~~

We further declare under penalty of perjury under the laws of the State of California that the matters set forth in this certificate are true and correct of our own knowledge and that this declaration was executed on _____, 2024, at Alameda, California.

Vanessa Cooper, Chief Executive Officer

Greg Kats, Secretary