BUTTE COUNTY AFFORDABLE HOUSING DEVELOPMENT CORPORATION

Board of Directors Meeting

2039 Forest Avenue
Chico, CA 95928

MEETING AGENDA

August 15, 2019
2:00 p.m.

The Board of Directors welcomes and encourages public participation in the Board meetings. Members of the public may be heard on any items on the Directors' agenda. A person addressing the Directors will be limited to 5 minutes unless the Chairperson grants a longer period of time. Comments by members of the public on any item on the agenda will only be allowed during consideration of the item by the Directors. Members of the public desiring to be heard on matters under jurisdiction of the Directors, but not on the agenda, may address the Directors during agenda item 6.

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If you are disabled and need special assistance to participate in this meeting, please contact the Housing Authority office at 895-4474. Notification at least 48 hours prior to the meeting will enable the Board of Directors to make reasonable arrangements.

NEXT RESOLUTION NO. 19-3C

ITEMS OF BUSINESS

1. ROLL CALL

2. AGENDA AMENDMENTS

3. CONSENT CALENDAR

   3.1 Minutes of Meeting on May 16, 2019
   Minutes of Special Meeting on June 20, 2019

   3.2 BCAHDC Financial Report

   3.3 Tax Credit Report & Cordillera Apartments Report

4. CORRESPONDENCE

5. REPORTS FROM PRESIDENT

   5.1 Butte County Affordable Housing Development Corporation (BCAHDC) Budget – Adoption of FY 2020 BCAHDC General Fund Proposed Operating Budget.

   Recommendation: Resolution No. 19-3C

   5.2 Cordillera Apartments Budget – Adoption of FY 2019 Cordillera Apartments Operating Budget.

   Recommendation: Resolution No. 19-4C

5.3 Walker Commons L.P. – Designation of Tax Matters Partnership Representative.

Recommendation: Resolution No. 19-5C

5.4 Property Insurance – Recommended Insurance Valuations.

Recommendation: Discussion/Motion

5.5 Strategic Asset Plan – Asset Repositioning Study.

Recommendation: Information/Discussion

6. MEETING OPEN FOR PUBLIC DISCUSSION

7. MATTERS CONTINUED FOR DISCUSSION

8. SPECIAL REPORTS

9. REPORTS FROM DIRECTORS

10. MATTERS INITIATED BY DIRECTORS

11. EXECUTIVE SESSION

12. DIRECTORS' CALENDAR

Next meeting – November 21, 2019

13. ADJOURNMENT

BUTTE COUNTY AFFORDABLE HOUSING
DEVELOPMENT CORPORATION
Board of Directors Meeting
2039 Forest Avenue
Chico, CA 95928

MEETING MINUTES

May 16, 2019

Director Moravec called the meeting of the Housing Authority of the County of Butte to order at 3:17 p.m.

1. ROLL CALL

Present for the Directors: Kate Anderson Patricia Besser, Larry Hamman, Anne Jones, Laura Moravec, David Pittman, and Heather Schlaff.

Others Present: Ed Mayer, Executive Director; Larry Guanzon, Deputy Executive Director; Finance Director, Sue Kemp; Administrative Operations Director, Tamra Young; Marysol Perez, Executive Assistant and Jerry Martin, Modernization Coordinator.

Public Present: Loren Freeman, Public Housing Resident, and Brad Long, Veterans Resource Development Corporation.

2. AGENDA AMENDMENTS

None.

3. CONSENT CALENDAR

Director Moravec moved that the Consent Calendar be accepted as presented. Director Jones seconded. The vote in favor was unanimous.

4. CORRESPONDENCE

None.

5. REPORTS FROM PRESIDENT

5.1 Gridley Springs I Audit Report – The Gridley Springs I Apartments audited financial statement, for the year ended December 31, 2018, was presented. The audit was prepared by Bowman & Associates, retained by the Partnership's Administrative General Partner, (Dawson Holdings and Danny Fred). Property revenues continues remain consistent. Despite the comprehensiveness of the data shared with the auditor, there were no questioned costs or findings.

MOTION
Director Moravec moved that the Gridley Springs I Apartments audit report be accepted as presented. Director Hamman seconded. The vote in favor was unanimous.

5.2 Harvest Park Apartments Audit Report – The Harvest Park Apartments audited financial statements, for the year ended December 31, 2018, were presented. The audit was prepared by CohnReznick, retained by the Partnership's Administrative General Partner (AHDC). Financials, operations and tenant files were reviewed and found to be in compliance. The property appears to be operating in a stable environment, vacancies are lower, no operational issues reported. Despite the comprehensiveness of the data shared with the auditor, there were no questioned costs or findings.

MOTION
Director Anderson moved that the Harvest Park Apartments audit be accepted as presented. Director Moravec seconded. The vote in favor was unanimous.

5.3 1200 Park Avenue Audit Report – The 1200 Park Avenue audited financial statements, for the year ended December 31, 2018, were presented. The audit was prepared by Bowman & Associates, were retained by Property Manager AWI, Inc., on behalf of BCAHDC, acting as Managing General Partner of the Partnership. The property is starting to make extra cash flow, accumulating larger reserves. Despite the comprehensiveness of the data shared with the auditor, there were no questioned costs or findings.

MOTION
Director Hamman moved that the 1200 Park Avenue Apartments audit be accepted as presented. Director Moravec seconded. The vote in favor was unanimous.

5.4 Walker Commons Audit Report – The Walker Commons audited financial statements, for year ended December 31, 2018, were presented. The audit was prepared by Bowman & Associates, were retained by Property Manager AWI, Inc., on behalf of BCAHDC, acting as Managing General Partner of the Partnership. Net income proved to be almost the same as the previous audited year. Walker Commons has excess cash flow of $130,000. AWI has stabilized the property and we are seeing positive outcomes to their work effort. There were no findings or concerns.

MOTION
Director Moravec moved that the Walker Commons audit be accepted as presented. Director Besser seconded. The vote in favor was unanimous.

5.5 Property Insurance Coverage Levels – Current labor markets are very challenged. Construction costs have appreciated significantly; some estimates see increases at 40% post Disaster. There is an associated and corresponding increase in insurable values relating to property replacement costs. The Memo provided in the Board packet analyses cost ranges for different property types, evidencing research completed to date on the subject. Recommendations will be brought forward for Board consideration this year, part of upcoming budget development and insurance renewal considerations. The insurance plans for the properties renew October 1st.

5.6 Chico Veterans Village – The Veterans Housing Development Corporation (VHDC) initiated the proposed 52-unit veterans project three years ago. The project would serve homeless veterans in the area, providing both affordable housing and supportive services at a site located across the street from the new VA medical clinic being built. The HACB has awarded allocations of both project-based Section 8 Vouchers, and HUD-VASH vouchers to the effort. Recently, BCAHDC received a request from VHDC asking for a $150,000 loan from the Butte County Affordable Housing Development Corporation, the loan to be used to extend the purchase agreement for the property for another year, as the purchase agreement is set to expire and the project is at risk for loss of site. Brad Long, Director of Veterans Resource Center was present to answer questions about the transaction and requested loan. He gave a brief background of the work of the Veterans Resource Center (VRC), a veterans service provider, and its associated development entity, VHDC. The operation owns and operates fourteen veterans housing properties in California, Arizona and Nevada. Brad has written eight (8) State of California Veterans Housing and Homeless Prevention program (VHHP) grants in support of their projects; the Chico project is the only one not approved to date. He explained that though the bulk of the pre-development for the Chico project was complete, last year's application for VHHP funds was not successful, due to the environmental review not being complete. VHDC is prepared to take another run at the VHHP program application, with following application for low-income housing tax credits, provided the land remains secured. President Mayer explained to the Board of Directors, that in exchange for the unsecured $150,000 loan, BCAHDC would seek a role as back-up Managing General Partner for the project and a back-up Option/Right of First Refusal at the year 15 buy out of the Limited Partner, back up positions designed to address any scenario where the VRC/VHDC was unable to continue their role in the project. Director Anderson asked about the actual size and purchase price of the land; Brad Long replied the site is a 1.8 acres in size, with a purchase price of $1.7 million. Director Moravec asked if other funding streams had been sought out, such as North Valley Community Foundation. Mr. Long responded "yes", but explained that each funding source comes with multiple conditions, conditions that must be integrated with the conditions of any other funding source. Director Moravec then asked for an estimated probability that the project would successfully move forward with an actual land closing within the next year. Mr. Long replied he was 92–96 percent certain the project would move forward if it had another year commitment for the land. Director Moravec also inquired about the number of homeless veterans the project would serve; Mr. Long's response was 52 veterans. Director Pittman asked if VRC had inquired with the City of Chico for available land, Mr. Long replied they had and City of Chico has no available land. Mr. Long expressed this last ditch effort to secure the land as a "Hail Mary" move, and understands the risk of the request, the VRC is trying to create housing opportunity for veterans, while alleviating the housing crisis in the area. If the site were "lost", the owner would likely re-list the property for an estimated $3 million. Alternate sites are extraordinarily limited and difficult to secure, in a Chico land market that is closely held.

MOTION

Director Moravec moved that BCAHDC provide an unsecured $150,000 loan to the Partnership developing the Chico Veterans Village housing project, for purposes of extending the Site's Buy/Sell Agreement for a year, such loan bearing a simple interest rate of 5%. BCAHDC would seek back-up positions for the MGP role in the partnership, a well as back-up Option-to-purchase/Right of First Refusal to acquire the Limited Partner interests at the back end of the 15-year tax-credit compliance period. Director Pittman seconded. The vote in favor was unanimous.

6. MEETING OPEN FOR PUBLIC DISCUSSION

None.

7. MATTERS CONTINUED FOR DISCUSSION

None.

8. SPECIAL REPORTS

None.

9. REPORTS FROM DIRECTORS

None.

10. MATTERS INITIATED BY DIRECTORS

None.

11. EXECUTIVE SESSION

None.

12. DIRECTOR'S CALENDAR

Next Meeting – August 15, 2019.

13. ADJOURNMENT

Director Anderson moved that the meeting be adjourned. Director Besser seconded. The meeting was adjourned at 4:17 p.m.

Dated: May 16, 2019.

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Edward S. Mayer, President

ATTEST:

____
Marysol Perez, Secretary

BUTTE COUNTY AFFORDABLE
HOUSING DEVELOPMENT CORPORATION
Board of Directors Meeting
2039 Forest Avenue
Chico, CA 95928

SPECIAL MEETING
MEETING MINUTES

June 20, 2019

President Mayer called the meeting of Butte County Affordable Housing Development Corporation (BCAHDC) to order at 2:02 p.m.

1. ROLL CALL

Present for the Directors: Kate Anderson, Patricia Besser, Larry Hamman, Anne Jones, Laura Moravec, amd David Pittman

Others Present: President Ed Mayer, Chief Financial Officer Sue Kemp, Secretary Marysol Perez, Larry Guanzon, and Jerry Martin.

Public Present: Loren Freeman, HACB Public Housing Resident.

2. AGENDA AMENDMENTS

None.

3. CONSENT CALENDAR

None.

4. CORRESPONDENCE

None.

5. REPORTS FROM PRESIDENT

5.1 Gridley Springs I – Due to new IRS rules, regarding IRS tax audits of partnerships, a designation of Partnership Representative is required for tax years starting January 1, 2018. The Limited Partnership Agreement has been amended to designate Timothy Fluestsch, Dawson Holding, Inc. as Partnership representative.

RESOLUTION NO. 19-2C
Director Moravec moved that Resolution No. 19-2C be adopted by reading of title only: "AUTHORIZATION TO ENTER INTO SECOND AMENDED AND RESTATED AGREEMENT

OF LIMITED PARTNERSHIP OF DHI-DFA GRIDLEY SPRINGS ASSOCIATES, LP". Director Anderson seconded. The vote in favor was unanimous.

6. MEETING OPEN FOR PUBLIC DISCUSSION

None.

7. MATTERS CONTINUED FOR DISCUSSION

None.

8. SPECIAL REPORTS

None.

9. REPORTS FROM DIRECTORS

None.

10. MATTERS INITIATED BY DIRECTORS

None.

11. EXECUTIVE SESSION

None.

12. DIRECTOR'S CALENDAR

Next Meeting – August 15, 2019.

13. ADJOURNMENT

Director Hamman moved that the meeting be adjourned. Director Besser seconded. The meeting was adjourned at 2:08 p.m.

Dated: June 20, 2019.

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Edward S. Mayer, President

ATTEST:

____
Marysol Perez, Secretary

8/8/2019 7:55:57 AM

Housing Authority of the County of Butte
BCAHDC GENERAL FUND BALANCE SHEET
June, 2019

	Cumulative	
ASSETS		
Current Assets		
Cash - Unrestricted	375,460.68	
Cash - Tenant Security Deposits	0.00	
Accounts Receivable	39,022.58	
Investments - Unrestricted	250,000.00	
Investments - Restricted	0.00	
Inventories	0.00	
Interprogram Due From Cordillera	673.72	
Total Current Assets	**665,156.98**	
Fixed Assets		
Fixed Assets & Accumulated Depreciation	0.00	
Total Fixed Assets	**0.00**	
Other Assets		
Other Assets & Prepaid Expenses	0.00	
Organizational Costs, Net of Amortizatio	0.00	
Note Receivable - Chico Valley View Part	0.00	
Investment in 1200 Park Avenue, L.P.	-523.31	$3 distribution to Gen Partner
Investment in Chico Harvest Park, L.P.	-202.00	
Investment in DHI-Gridley Springs, L.P.	-8.00	
Investment in Walker Commons, L.P.	66,960.77	$17,838 decrease-2018 XS Cash
Total Other Assets	**66,227.46**	
TOTAL ASSETS	**731,384.44**	
LIABILITIES		
Current Liabilities		
Accounts Payable	1,360.00	
Accrued Liabilities	0.00	
Interprogram Due To Cordillera	0.00	
Accrued Fees due to HACB	20,350.07	
Tenant Security Deposits	0.00	
CVVP Interest Reserves	0.00	
Total Current Liabilities	**21,710.07**	
Long-Term Liabilities		
Long-Term Debt Net of Current	0.00	
Total Long-Term Liabilities	**0.00**	
TOTAL LIABILITIES	**21,710.07**	
NET POSITION		
Beginning Net Position	668,545.95	
Retained Earnings	41,128.42	
TOTAL NET POSITION	**709,674.37**	
TOTAL LIABILITIES AND NET POSITION	**731,384.44**	

BCAHDC-GENERAL FUND INCOME STATEMENT
June 30, 2019

YTD %
75.00

	Month to Date			Year to Date			
	Actual	**Budget**	**Remaining**	**Actual**	**Budget**	**Remaining**	**% used**
REVENUES							
Investment Income	25	125	-100	328	1,500	-1,172	21.85
Misc. Income	0	8	-8	31	100	-69	31.41
Partnership Fees	56,640	3,184	53,456	82,704	38,210	44,494	216.44
TOTAL REVENUES	**56,665**	**3,318**	**53,347**	**83,063**	**39,810**	**43,253**	**208.65**
Audit and Accounting Fees	0	258	-258	0	3,100	-3,100	0.00
Corporate Services	1,360	1,542	-182	11,314	18,500	-7,186	61.16
Consulting Fees	0	417	-417	0	5,000	-5,000	0.00
Legal Expenses	0	250	-250	0	3,000	-3,000	0.00
Misc. Administrative Expenses	0	83	-83	0	1,000	-1,000	0.00
Outside Management Fees	3,392	3,392	0	30,525	40,700	-10,175	75.00
Partnership Losses	0	42	-42	75	500	-425	15.07
Taxes and Fees	0	7	-7	20	80	-60	25.00
TOTAL EXPENSES	**4,752**	**5,990**	**-1,238**	**41,934**	**71,880**	**-29,946**	**58.34**
RETAINED EARNINGS	**51,913**	**-2,673**	**54,586**	**41,128**	**-32,070**	**73,198**	**-128.25**

MEMO

Date: August 9, 2019

To: BCAHDC Board of Directors

From: Larry Guanzon, Deputy Executive Director

Subject: Status Report – LIHTC Properties & Cordillera Apartments

- Walker Commons Apartments, Chico (56 units, LIHTC, senior/disabled)
- 1200 Park Avenue Apartments, Chico (107 units, LIHTC, senior)
- Harvest Park Apartments, Chico (90 units, LIHTC, family)
- Gridley Springs I Apartments, Gridley (32 units, LIHTC, family)
- Cordillera Apartments, Chico (20 units, family)

For Walker Commons Apartments and 1200 Park Ave, please also see monthly reports provided by the property manager, AWI, following this memo. Property manager Winn Residential provides monthly reports for Harvest Park; Sackett Corporation for Gridley Springs I; and RSC Associates for Cordillera Apartments.

Walker Commons Apartments, Chico (56 units, LIHTC, Senior & Disabled, MGP: BCAHDC, PM: AWI) **–** The property had one (1) vacancy as of the first of the month. The second phase of roofing replacement is being completed; Steele's Roofing is performing the work. Exterior painting of wood building fronts are being painted over a period of time to preserve the siding. The community garden was a great success. Please find the AWI monthly owners report following, as well as a brief property narrative by the AWI regional property manager.

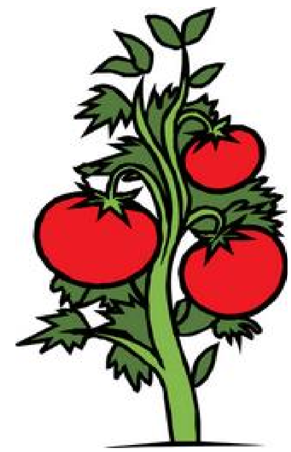
1200 Park Avenue Apartments, Chico (107 units, LIHTC, Senior, MGP: BCAHDC, PM: AWI) **–** This property currently has two (2) vacancies. Applications are in the process at this time to fill the vacancies. We have one unit under an unlawful detainer action due to continued nuisance. Roof repairs are scheduled this month to address select flat-roof areas, the replacements due to age and deterioration. The cost will be approximately $18,500.00, paid thru property reserves. A new maintenance person is scheduled to start also this month. Exterior window washing of all windows was completed earlier this month. The property has seen increased incidences of vandalism and unauthorized persons – issues being addressed by management. (One of the large concrete balls at the building entrance was rolled into Park Avenue!) Please find the AWI's monthly financials and property manager monthly narrative for your review.

Harvest Park Apartments, Chico (90 units, LIHTC, Family, MGP: BCAHDC, PM Winn Residential) – Harvest Park currently has one (1) vacancy. The property continues operations per budget. Please find WINN Residential Owner's Report following.

Gridley Springs I Apartments, Gridley (32 units, LIHTC, Family, MGP: BCAHDC, PM: Sackett Corporation) – There is one (1) vacancy reported by Sackett Corporation as of the beginning of the month. Please find Sackett Corporation's Owner's report, following. BCAHDC, acting as Managing General Partner, has signed off on the Amendment to the Limited Partnership Agreement (LPA), wherein a tax-matters partner has been designated in accordance with new IRS requirements (Tim Fluetch, Dawson Holdings – a member of the Administrative General Partner entity).

Cordillera Apartments, Chico (20 units, Family, Owner: BCAHDC, PM: RSC Assoc.) The property has zero (0) vacancy. We will continue to make capital improvements as cash flow allows. With patio railing replacements complete, the five buildings will see exterior painting completed yet this year, scheduled for this late summer. Please find RSC's monthly Owner's report, following.

Walker Commons
July 2019



Variance report sent explaining budget differences and expenditures.

Updates:

Walker Commons currently has one vacancy.

~ Unit #47 ï approved applicant scheduled for move in on August 12th.
~ Unit #10 ï was leased on 8/2.

No notices to vacate or evictions in process.

The community garden was a huge success this year. The residents jumped in and many fruits and veggies are growing for all to enjoy. Some of the items have even been served as part of the monthly luncheons. Very Cool! We have plans to increase the size of the garden by adding two new planter beds for next season.

Partial exterior paint of building fronts is still slotted for start mid August.

Roof replacements continueé .

Julyõs monthly luncheon was served on 7/31. The menu was a creative dish, titled, õVolcano Chickenöé the name is deceivingé it was not spicy. I had the opportunity to enjoy the meal along with the residents, including strawberry shortcake and vanilla bean ice cream. Several residents approached to me express their gratitude for Nancyõs hard work and dedication.

Walker Commons 550
For the Month Ended July 31, 2019
Statement of Income & Cash Flow

	Current Activity	Current Budget	Current Variance	YTD Activity	YTD Budget	YTD Variance
Rental Income						
Gross Rents	$ 36,861.00	$ 32,622.00	$ 4,239.00	$ 257,915.00	$ 228,354.00	$ 29,561.00
Vacancies	(202.00)	(326.25)	124.25	(551.00)	(2,283.75)	1,732.75
Rent Adjustments	(537.73)	(39.58)	(498.15)	(1,182.19)	(277.08)	(905.11)
Manager's Unit	(637.00)	(637.00)	0.00	(4,450.00)	(4,459.00)	9.00
Total Tenant Rent	$ 35,484.27	$ 31,619.17	$ 3,865.10	$ 251,731.81	$ 221,334.17	$ 30,397.64
Other Project Income:						
Laundry Income	$ 171.76	$ 134.42	$ 37.34	$ 1,061.94	$ 940.92	$ 121.02
Interest Income	2.21	0.00	2.21	3.01	0.00	3.01
Restricted Reserve Interest Incom	46.97	0.00	46.97	183.01	0.00	183.01
Late Charges	11.00	12.50	(1.50)	27.00	87.50	(60.50)
Other Tenant Income	$ 322.50	$ 41.67	$ 280.83	$ 725.00	$ 291.67	$ 433.33
Other Project Income	$ 554.44	$ 188.59	$ 365.85	$ 1,999.96	$ 1,320.09	$ 679.87
Total Project Income	$ 36,038.71	$ 31,807.76	$ 4,230.95	$ 253,731.77	$ 222,654.26	$ 31,077.51
Project Expenses:						
Maint. & Oper. Exp. (Fr Page 2)	$ 32,008.03	$ 11,986.83	$ 20,021.20	$ 73,229.18	$ 83,907.83	$ (10,678.65)
Utilities (From Pg 2)	3,457.75	3,003.00	454.75	20,621.19	21,021.00	(399.81)
Administrative (From Pg 2)	5,569.00	6,135.83	(566.83)	41,019.19	42,950.83	(1,931.64)
Taxes & Insurance (From Pg 2)	765.25	798.67	(33.42)	5,379.67	5,590.67	(211.00)
Other Taxes & Insurance (Fr Page	1,654.78	2,815.34	(1,160.56)	11,406.74	19,707.34	(8,300.60)
Other Project Expenses	197.98	755.25	(557.27)	5,847.39	5,286.75	560.64
Total O&M Expenses	$ 43,652.79	$ 25,494.92	$ 18,157.87	$ 157,503.36	$ 178,464.42	$ (20,961.06)
Mortgage & Owner's Expense						
Mortgage Payment	$ 0.00	$ 0.00	$ 0.00	$ 0.00	$ 0.00	$ 0.00
Interest Expense - City of Chico	$ 1,250.00	$ 1,250.00	$ 0.00	$ 8,750.00	$ 8,750.00	$ 0.00
Reporting / Partner Management F	625.00	625.00	0.00	4,375.00	4,375.00	0.00
Transfer - Reserves	933.34	933.33	.01	6,533.38	6,533.33	.05
Total Mortgage & Owner's Exp.	$ 2,808.34	$ 2,808.33	$ .01	$ 19,658.38	$ 19,658.33	$ .05
Total Project Expenses	$ 46,461.13	$ 28,303.25	$ 18,157.88	$ 177,161.74	$ 198,122.75	$ (20,961.01)
Net Profit (Loss)	$ (10,422.42)	$ 3,504.51	$ (13,926.93)	$ 76,570.03	$ 24,531.51	$ 52,038.52

Other Cash Flow Items:

1200 Park Avenue
July 2019

Variance report sent explaining budget differences and expenses.

Updates:

1200 Park Avenue has two vacancies. Unit turns and applications in process.

Unit #201 is under termination / eviction for serious nuisance activities. The household has signed a forbearance agreement with a move out date of 8/20/19. This will be a very full turn with many required repairs.

Transfer of a veteran AWI Maintenance Technician is in process for a start date of 8/19 at 1200 Park Avenue. The employee unit is ready for occupancy.

Sierra Roofing rescheduled the approved roof replacement for a start date of August 19th. Residents will be notified of the change in schedule.

Several units have VCT that is starting to lift. We have a vendor scheduled to assess for repairs; however the current color is no longer available for individual tile replacements. We will attempt to match with a newer product. Also the lightweight concrete under the VCT is deteriorating in some areas which will require additional repairs. Depending on vendor estimate of costs we will anticipate to address issues in the 2020 budget.

Exterior window cleaning was completed as planned. We will now begin to replace the old deteriorating screens.

Residents continue to gather for monthly birthday party celebrations and morning coffee. We are in the process of organizing a monthly BINGO game, with the first game scheduled to happen on August 21st.

Park Avenue 569
For the Month Ended July 31, 2019
Statement of Income & Cash Flow

	Current Activity	Current Budget	Current Variance	YTD Activity	YTD Budget	YTD Variance
Rental Income						
Gross Rents	$ 69,369.00	$ 66,372.00	$ 2,997.00	$ 471,756.00	$ 464,604.00	$ 7,152.00
Vacancies	(1,403.00)	(1,327.42)	(75.58)	(5,109.66)	(9,291.92)	4,182.26
Rent Adjustments	(582.34)	0.00	(582.34)	(573.46)	0.00	(573.46)
Manager's Unit	(781.00)	(780.00)	(1.00)	(5,467.00)	(5,460.00)	(7.00)
Total Tenant Rent	$ 66,602.66	$ 64,264.58	$ 2,338.08	$ 460,605.88	$ 449,852.08	$ 10,753.80
Other Project Income:						
Laundry Income	$ 0.00	$ 1,000.00	$ (1,000.00)	$ 5,000.00	$ 7,000.00	$ (2,000.00)
Interest Income	19.23	0.00	19.23	60.33	0.00	60.33
Restricted Reserve Interest Incom	10.66	7.25	3.41	88.56	50.75	37.81
Late Charges	50.00	41.67	8.33	839.44	291.67	547.77
Other Tenant Income	$ 825.00	$ 365.41	$ 459.59	$ 3,397.50	$ 2,557.91	$ 839.59
Miscellaneous Income	$ 0.00	$ 12.50	$ (12.50)	$ 1,943.97	$ 87.50	$ 1,856.47
Other Project Income	$ 904.89	$ 1,426.83	$ (521.94)	$ 11,329.80	$ 9,987.83	$ 1,341.97
Total Project Income	$ 67,507.55	$ 65,691.41	$ 1,816.14	$ 471,935.68	$ 459,839.91	$ 12,095.77
Project Expenses:						
Maint. & Oper. Exp. (Fr Page 2)	$ 7,860.70	$ 10,225.57	$ (2,364.87)	$ 92,671.04	$ 71,579.07	$ 21,091.97
Utilities (From Pg 2)	3,904.64	8,736.82	(4,832.18)	54,192.95	61,157.82	(6,964.87)
Administrative (From Pg 2)	9,327.27	8,437.25	890.02	55,867.15	59,060.75	(3,193.60)
Taxes & Insurance (From Pg 2)	1,814.92	1,891.00	(76.08)	12,704.44	13,237.00	(532.56)
Other Taxes & Insurance (Fr Page	2,074.01	4,107.75	(2,033.74)	14,969.51	28,754.25	(13,784.74)
Other Project Expenses	1,280.60	1,680.59	(399.99)	13,201.08	11,764.09	1,436.99
Total O&M Expenses	$ 26,262.14	$ 35,078.98	$ (8,816.84)	$ 243,606.17	$ 245,552.98	$ (1,946.81)
Mortgage & Owner's Expense						
Mortgage Payment	$ 25,956.27	$ 26,010.84	$ (54.57)	$ 181,693.89	$ 182,075.84	$ (381.95)
Managing General Partner Fees	$ 1,047.08	$ 1,047.08	$ 0.00	$ 7,329.56	$ 7,329.58	$ (.02)
Transfer - Reserves	2,675.00	2,675.00	0.00	18,725.00	18,725.00	0.00
Total Mortgage & Owner's Exp.	$ 29,678.35	$ 29,732.92	$ (54.57)	$ 207,748.45	$ 208,130.42	$ (381.97)
Total Project Expenses	$ 55,940.49	$ 64,811.90	$ (8,871.41)	$ 451,354.62	$ 453,683.40	$ (2,328.78)
Net Profit (Loss)	$ 11,567.06	$ 879.51	$ 10,687.55	$ 20,581.06	$ 6,156.51	$ 14,424.55

Other Cash Flow Items:

Monthly Property Summary Report

75 Harvest Park Court

July 2019

CHICO, CA.
90 UNITS
TAX CREDIT

INCOME AND EXPENSE SUMMARY

Total Operating Income Actual/Month:	$75,236.57
Total Operating Income Budget/Month:	$67,983.20
Total Operating Income Actual/YTD:	$496,401.68
Total Operating Income Budget/YTD:	$479,792.12
Total Operating Expenses Actual/Month:	$27,631.07
Total Operating Expenses Budget/Month:	$31,799.30
Total Operating Expenses Actual/YTD:	$219,521.31
Total Operating Expenses Budget/YTD:	$239,325.13
Total Net Operating Income Actual/Month:	$47,605.50
Total Net Operating Income Budget/Month:	$36,203.90
Total Net Operating Income Actual/YTD:	$276,880.37
Total Net Operating Income Budget/YTD:	$240,466.99

BUDGET VARIANCE REPORT

(Line Item Variance Report: Expenses Exceeding 10% of budget or $500 minimum variance.)

6539-0000 Maintenance Payroll Variance of $810 for the month due to turning several units and several afterhours calls. YTD for payroll as a whole for the property we are under budget by $12,840

6548-0000 Repairs Contract Plumbing – Variance of $904 for the month due to invoices from vendor from previous periods that had not been paid.

6571-0000 Appliance Replacement – Variance of $721 due to nothing budgeted on this line item, we will re-class to Appliance Replacements

6311-0000 Office Supplies – Variance of $1,095 due to Yardi use license from July to Dec

6340-0000 Legal Expense – Variance of $1,275 due to an eviction, YTD we are under budget in this line item.

Telephone 559-435-3434 Fax 559-272-6130
2499 W. Shaw Ave. Ste 103 Fresno, CA 93711 www.winnco.com

SUMMARY OF CAPITAL EXPENSES AND IMPROVEMENTS

YTD Budgeted Capital Improvements / Cash Flow: $25,718
YTD Actual Capital Improvements / Cash Flow: $ $11,340.87
YTD Budgeted Capital Improvements / RR: * See Below
YTD Actual Capital Improvements / RR: * See Below

NOTE: CAPITAL EXPENSE GL CODE IS BEING CHANGED. 1499.0002 IS NO LONGER BEING USED.

Description of Capital Improvements YTD:
Carpet Replacement: Unit 239, 231, 239, 123
Washer replaced in unit 109 and 218
Fridge replaced in unit
Dishwasher Replaced in unit 224
Landscape Improvements Trimmed/Removed Trees

GENERAL PROPERTY ISSUES and HIGHLIGHTS

We ended the month of July with 1 vacant unit that was preleased, July was a busy month for site staff but they were able to keep up and minimize on the vacancy loss, as you see on our variance we had Maintenance working extra hours to be able to move households in as soon as we could. We authorized the overtime knowing YTD we are way under the payroll budget as a whole.

The Tax Credit increases went into effect as of July 1 which will increase income for the site along with overage we are receiving from our voucher holders, Harvest Park is on a good path as of the 7th month of the year, we are under budgeted expenses and over on our budgeted income.

Budget Comparison

Period = Jul 2019

Book = Accrual ; Tree = is ahdc

		PTD Actual	PTD Budget	Variance	% Var	YTD Actual	YTD Budget	Variance	% Var	Annual
	INCOME									
	RENTAL INCOME									
5120-0000	Rental Income	58,106.00	70,679.00	-12,573.00	-17.79	384,683.71	494,753.00	-110,069.29	-22.25	848,148.00
5150-0000	Rental Assistance	15,132.00	0.00	15,132.00	N/A	90,042.29	0.00	90,042.29	N/A	0.00
5221-0000	Gain/(Loss) to Lease	2,806.00	0.00	2,806.00	N/A	27,251.00	0.00	27,251.00	N/A	0.00
	TOTAL RENTAL INCOME	**76,044.00**	**70,679.00**	**5,365.00**	**7.59**	**501,977.00**	**494,753.00**	**7,224.00**	**1.46**	**848,148.00**
	MISC. INCOME									
5330-0000	Tenant Services	50.00	0.00	50.00	N/A	50.00	0.00	50.00	N/A	0.00
5332-0000	Application Fees	0.00	105.00	-105.00	-100.00	140.00	735.00	-595.00	-80.95	1,260.00
5385-0000	Late/Term Fees	-99.00	200.00	-299.00	-149.50	601.00	1,400.00	-799.00	-57.07	2,400.00
5390-0002	Damages	1,346.90	450.00	896.90	199.31	2,431.90	3,150.00	-718.10	-22.80	5,400.00
	Cable Revenue	0.00	672.57	-672.57	-100.00	1,431.01	2,017.71	-586.70	-29.08	2,690.28
	TOTAL MISC. INCOME	**1,297.90**	**1,427.57**	**-129.67**	**-9.08**	**4,653.91**	**7,302.71**	**-2,648.80**	**-36.27**	**11,750.28**
	OTHER INCOME									
5493-0000	Int on Replacement Reserve	0.00	2.05	-2.05	-100.00	10.14	14.35	-4.21	-29.34	24.60
	TOTAL OTHER INCOME	**0.00**	**2.05**	**-2.05**	**-100.00**	**10.14**	**14.35**	**-4.21**	**-29.34**	**24.60**
	VACANCY LOSS/RENTAL LOSS/BAD DEBT									
5218-0000	Free Rent-Marketing Concession	-50.00	-50.00	0.00	0.00	-1,050.00	-350.00	-700.00	-200.00	-600.00
5220-0000	Vacancies - Apartment	-1,248.00	-1,525.42	277.42	18.19	-4,215.71	-10,677.94	6,462.23	60.52	-18,305.04
5227-0003	Resident Rent Concession	-21.00	0.00	-21.00	N/A	-21.00	0.00	-21.00	N/A	0.00
6539-0002	Maintenance Staff Rent Free Unit	-907.00	-900.00	-7.00	-0.78	-6,349.00	-6,300.00	-49.00	-0.78	-10,800.00
6370-0000	Bad Debt Expense	0.00	-900.00	900.00	100.00	0.00	-2,700.00	2,700.00	100.00	-3,600.00
6370-0004	Bad Debt-Miscellaneous	0.00	-750.00	750.00	100.00	0.00	-2,250.00	2,250.00	100.00	-3,000.00
6371-0000	Bad Debt Recovery - Resident Rent	120.67	0.00	120.67	N/A	1,396.34	0.00	1,396.34	N/A	0.00
	TOTAL VACANCY	**-2,105.33**	**-4,125.42**	**2,020.09**	**48.97**	**-10,239.37**	**-22,277.94**	**12,038.57**	**54.04**	**-36,305.04**
	TOTAL INCOME	**75,236.57**	**67,983.20**	**7,253.37**	**10.67**	**496,401.68**	**479,792.12**	**16,609.56**	**3.46**	**823,617.84**
	EXPENSES									
	MANAGEMENT FEES									
6320-0000	Management Fee	3,401.96	3,343.03	-58.93	-1.76	24,024.87	23,731.21	-293.66	-1.24	40,776.36
	TOTAL MANAGEMENT FEES	**3,401.96**	**3,343.03**	**-58.93**	**-1.76**	**24,024.87**	**23,731.21**	**-293.66**	**-1.24**	**40,776.36**
	REAL ESTATE TAXES									
6710-0000	Taxes - Real Estate	13.41	14.00	0.59	4.21	93.85	92.00	-1.85	-2.01	162.00
6712-0000	Taxes - Other	0.00	0.00	0.00	N/A	112.00	0.00	-112.00	N/A	365.00
	TOTAL REAL ESTATE TAXES	**13.41**	**14.00**	**0.59**	**4.21**	**205.85**	**92.00**	**-113.85**	**-123.75**	**527.00**

Budget Comparison

Period = Jul 2019

Book = Accrual ; Tree = is ahdc

		PTD Actual	PTD Budget	Variance	% Var	YTD Actual	YTD Budget	Variance	% Var	Annual
	INSURANCE									
6720-0000	Insurance - Property	2,122.17	2,770.00	647.83	23.39	16,403.73	18,994.00	2,590.27	13.64	32,844.00
6720-0002	Franchise Tax - Calif Pnps	0.00	0.00	0.00	N/A	800.00	800.00	0.00	0.00	800.00
	TOTAL INSURANCE	**2,122.17**	**2,770.00**	**647.83**	**23.39**	**17,203.73**	**19,794.00**	**2,590.27**	**13.09**	**33,644.00**
	UTILITIES EXPENSE									
6430-0000	Electricity Vacant	0.00	38.00	38.00	100.00	0.00	266.00	266.00	100.00	456.00
6430-0001	Employee Unit Utility	70.16	77.00	6.84	8.88	526.20	539.00	12.80	2.37	924.00
6440-0000	Gas/Oil Heat Vacant	0.00	10.00	10.00	100.00	0.00	70.00	70.00	100.00	120.00
6450-0000	Electricity	1,338.19	1,500.00	161.81	10.79	9,360.99	9,900.00	539.01	5.44	17,050.00
6451-0000	Water & Sewer	4,142.81	4,500.00	357.19	7.94	27,169.34	28,800.00	1,630.66	5.66	49,400.00
6452-0000	Natural Gas Heat	17.42	20.00	2.58	12.90	1,232.43	750.00	-482.43	-64.32	1,500.00
6454-0000	Utility Processing	57.12	55.00	-2.12	-3.85	299.88	985.00	685.12	69.56	1,260.00
6470-0000	Rubbish Removal	548.55	990.00	441.45	44.59	6,756.52	6,705.00	-51.52	-0.77	11,430.00
	TOTAL UTILITY EXPENSE	**6,174.25**	**7,190.00**	**1,015.75**	**14.13**	**45,345.36**	**48,015.00**	**2,669.64**	**5.56**	**82,140.00**
	PAYROLL									
6310-0000	Office Payroll	0.00	0.00	0.00	N/A	1,390.78	0.00	-1,390.78	N/A	0.00
6317-0000	Temporary Services	98.32	0.00	-98.32	N/A	196.64	0.00	-196.64	N/A	0.00
6330-0000	Manager's Payroll	2,823.70	3,296.48	472.78	14.34	16,617.79	25,727.28	9,109.49	35.41	45,787.36
6539-0000	Maintenance Payroll - General	3,493.10	2,683.03	-810.07	-30.19	20,473.20	19,439.95	-1,033.25	-5.32	34,218.72
6714-0001	Taxes-Payroll Administrative	194.76	252.18	57.42	22.77	1,731.49	2,501.14	769.65	30.77	4,035.73
6714-0002	Taxes-Payroll Maintenance	255.60	205.25	-50.35	-24.53	1,874.08	2,020.14	146.06	7.23	3,150.71
6724-0001	Workers Compensation-Payroll Admin	311.71	203.39	-108.32	-53.26	2,181.97	1,587.37	-594.60	-37.46	2,825.07
6724-0002	Workers Compensation-Payroll Maintenance	241.95	165.54	-76.41	-46.16	1,693.65	1,199.44	-494.21	-41.20	2,111.28
6726-0001	Health Ins & Other Benefits-Payroll Admin	738.95	964.24	225.29	23.36	2,499.90	6,881.83	4,381.93	63.67	11,885.90
6726-0002	Health Ins & Other Benefits-Payroll Maint.	676.35	941.42	265.07	28.16	4,518.06	6,661.19	2,143.13	32.17	11,482.46
	TOTAL PAYROLL	**8,834.44**	**8,711.53**	**-122.91**	**-1.41**	**53,177.56**	**66,018.34**	**12,840.78**	**19.45**	**115,497.23**
	OPERATING & MAINTENANCE EXPENSE									
6461-0000	Exterminating Supplies	0.00	0.00	0.00	N/A	160.00	0.00	-160.00	N/A	0.00
6462-0000	Exterminating Contract	290.00	860.00	570.00	66.28	3,360.00	4,020.00	660.00	16.42	6,320.00
6511-0000	Security Contract & Repairs	609.00	579.00	-30.00	-5.18	1,833.24	1,737.00	-96.24	-5.54	4,816.00
6521-0000	Grounds Supplies	425.00	75.00	-350.00	-466.67	2,420.00	5,165.00	2,745.00	53.15	5,890.00
6522-0000	Grounds Contract	-3,750.00	1,650.00	5,400.00	327.27	9,900.00	11,550.00	1,650.00	14.29	19,800.00
6541-0000	Maintenance Supplies	592.60	450.00	-142.60	-31.69	5,838.35	3,150.00	-2,688.35	-85.34	5,400.00
6545-0000	Repairs - Contract - General	1,635.16	500.00	-1,135.16	-227.03	2,111.22	3,500.00	1,388.78	39.68	6,000.00
6546-0000	Repairs - Contract - Electric	447.03	250.00	-197.03	-78.81	1,706.91	750.00	-956.91	-127.59	1,000.00
6547-0000	Repairs - Contract - HVAC	630.00	500.00	-130.00	-26.00	2,060.00	1,500.00	-560.00	-37.33	2,000.00

Budget Comparison

Period = Jul 2019

Book = Accrual ; Tree = is ahdc

		PTD Actual	PTD Budget	Variance	% Var	YTD Actual	YTD Budget	Variance	% Var	Annual
6548-0000	Repairs - Contract - Plumbing	1,146.62	241.67	-904.95	-374.46	5,541.95	1,971.69	-3,570.26	-181.08	3,180.04
6552-0000	Uniforms	0.00	67.00	67.00	100.00	0.00	469.00	469.00	100.00	804.00
6563-0000	Carpet/Flooring Expense	-1,323.95	0.00	1,323.95	N/A	369.50	0.00	-369.50	N/A	0.00
6571-0000	Appliance Replacement	721.15	0.00	-721.15	N/A	721.15	0.00	-721.15	N/A	0.00
6580-0000	Maintenance Equipment Expense	0.00	0.00	0.00	N/A	1,158.99	600.00	-558.99	-93.16	600.00
6581-0000	Appliance Repair	314.53	333.33	18.80	5.64	1,534.96	2,333.31	798.35	34.22	3,999.96
6582-0000	Lock & Key Expense	0.00	0.00	0.00	N/A	0.00	150.00	150.00	100.00	300.00
6583-0000	Window Expense	-412.44	0.00	412.44	N/A	0.00	0.00	0.00	N/A	0.00
6586-0000	Fire & Safety Systems	0.00	0.00	0.00	N/A	579.00	0.00	-579.00	N/A	0.00
6590-0000	Miscellaneous Maintenance	0.00	250.00	250.00	100.00	0.00	750.00	750.00	100.00	1,000.00
6991-0000	Pool Supplies	154.93	155.00	0.07	0.05	177.06	725.00	547.94	75.58	1,140.00
6992-0000	Pool Contract	282.43	236.25	-46.18	-19.55	1,776.07	1,653.75	-122.32	-7.40	2,835.00
	TOTAL OPERATING & MAINT. EXPS.	**1,762.06**	**6,147.25**	**4,385.19**	**71.34**	**41,248.40**	**40,024.75**	**-1,223.65**	**-3.06**	**65,085.00**
	TURNOVER COSTS									
6531-0000	Cleaning Supplies	0.00	100.00	100.00	100.00	0.00	300.00	300.00	100.00	400.00
6532-0000	Cleaning Contract	0.00	750.00	750.00	100.00	1,652.81	2,250.00	597.19	26.54	3,000.00
6532-0001	Carpet Cleaning	0.00	0.00	0.00	N/A	360.00	0.00	-360.00	N/A	0.00
6544-0000	Turnover- Maintenance/Repairs	0.00	0.00	0.00	N/A	151.76	0.00	-151.76	N/A	0.00
6561-0000	Decorator Supplies	199.70	250.00	50.30	20.12	27.62	750.00	722.38	96.32	1,000.00
6562-0000	Decorator Contract Services	0.00	0.00	0.00	N/A	0.00	300.00	300.00	100.00	600.00
	TOTAL TURNOVER COSTS	**199.70**	**1,100.00**	**900.30**	**81.85**	**2,192.19**	**3,600.00**	**1,407.81**	**39.11**	**5,000.00**
	MARKETING									
6210-0000	Rental Advertising	400.00	0.00	-400.00	N/A	400.00	400.00	0.00	0.00	400.00
6212-0000	Collateral Materials/Brand Identity	116.30	103.00	-13.30	-12.91	1,894.61	2,053.00	158.39	7.72	2,768.00
6216-0000	Promotions & Promotional Items	0.00	156.00	156.00	100.00	0.00	312.00	312.00	100.00	312.00
6290-0000	Miscellaneous Renting Expense	0.00	151.00	151.00	100.00	382.75	917.00	534.25	58.26	1,532.00
6981-0000	Resident Supplies	0.00	475.00	475.00	100.00	0.00	925.00	925.00	100.00	1,408.00
	TOTAL MARKETING	**516.30**	**885.00**	**368.70**	**41.66**	**2,677.36**	**4,607.00**	**1,929.64**	**41.88**	**6,420.00**
	ADMINISTRATIVE EXPENSES									
6280-0000	Credit Reports & Fees	0.00	10.60	10.60	100.00	0.00	74.20	74.20	100.00	127.20
6311-0000	Office Expenses	1,272.25	177.00	-1,095.25	-618.79	6,905.58	4,828.00	-2,077.58	-43.03	9,002.10
6312-0000	Copy Machine	189.20	131.50	-57.70	-43.88	1,191.67	920.50	-271.17	-29.46	1,578.00
6313-0000	Postage	1.00	33.33	32.33	97.00	109.21	233.31	124.10	53.19	399.96
6316-0000	Travel/Mileage	0.00	50.00	50.00	100.00	929.09	600.00	-329.09	-54.85	975.00
6316-0003	Training	19.28	62.50	43.22	69.15	1,755.72	1,913.90	158.18	8.26	2,468.80
6316-0004	Training - New Employee Orientation	67.47	0.00	-67.47	N/A	242.47	0.00	-242.47	N/A	0.00
6340-0000	Legal Expense	1,275.00	0.00	-1,275.00	N/A	227.50	1,800.00	1,572.50	87.36	1,800.00

Budget Comparison

Period = Jul 2019

Book = Accrual ; Tree = is ahdc

		PTD Actual	PTD Budget	Variance	% Var	YTD Actual	YTD Budget	Variance	% Var	Annual
6350-0000	Auditing	0.00	0.00	0.00	N/A	11,750.00	11,750.00	0.00	0.00	11,750.00
6355-0001	Administrative Fees	0.00	0.00	0.00	N/A	0.00	2,250.00	2,250.00	100.00	2,250.00
6360-0000	Telephone	1,595.59	1,110.00	-485.59	-43.75	9,508.67	7,770.00	-1,738.67	-22.38	13,320.00
6385-0000	Dues and Memberships	0.00	0.00	0.00	N/A	180.00	180.00	0.00	0.00	450.00
6390-0000	Miscellaneous	27.88	0.00	-27.88	N/A	28.02	540.00	511.98	94.81	740.00
6391-0000	Licenses	0.00	0.00	0.00	N/A	0.00	278.00	278.00	100.00	278.00
6392-0000	Bank Charges	159.11	43.56	-115.55	-265.27	618.06	304.92	-313.14	-102.70	522.72
	TOTAL ADMINISTRATIVE EXPENSES	**4,606.78**	**1,618.49**	**-2,988.29**	**-184.63**	**33,445.99**	**33,442.83**	**-3.16**	**-0.01**	**45,661.78**
	TOTAL EXPENSES	**27,631.07**	**31,779.30**	**4,148.23**	**13.05**	**219,521.31**	**239,325.13**	**19,803.82**	**8.27**	**394,751.37**
	NET OPERATING INCOME	**47,605.50**	**36,203.90**	**11,401.60**	**31.49**	**276,880.37**	**240,466.99**	**36,413.38**	**15.14**	**428,866.47**
	REPLACEMENT RESERVE/OTHER ESCROWS									
1316-0000	Escrow - Replacement Reserve	2,322.36	2,333.00	10.64	0.46	16,327.50	16,331.00	3.50	0.02	27,996.00
	TOTAL REPLACEMENT RESERVE/OTHER ESCROWS	**2,322.36**	**2,333.00**	**10.64**	**0.46**	**16,327.50**	**16,331.00**	**3.50**	**0.02**	**27,996.00**
	DEBT SERVICE									
2320-0000	Mortgage Payable -1st Mortgage	5,000.00	5,000.00	0.00	0.00	35,000.00	35,000.00	0.00	0.00	60,000.00
6820-0000	Interest on Mortgage	11,145.00	11,145.00	0.00	0.00	78,074.38	78,074.38	0.00	0.00	133,502.48
6824-0000	Interest on Mortgage - 4th	1,297.17	1,357.80	60.63	4.47	9,080.19	9,240.39	160.20	1.73	15,941.79
6828-0000	Service Fee	6,165.25	6,168.33	3.08	0.05	43,267.75	43,178.31	-89.44	-0.21	74,019.96
	TOTAL DEBT SERVICE	**23,607.42**	**23,671.13**	**63.71**	**0.27**	**165,422.32**	**165,493.08**	**70.76**	**0.04**	**283,464.23**
	MISCELLANEOUS									
6890-0000	Miscellaneous Financial Exp	416.67	416.67	0.00	0.00	2,916.69	2,916.69	0.00	0.00	5,000.04
6892-0000	Trustee Fees	283.33	325.00	41.67	12.82	1,983.31	2,275.00	291.69	12.82	3,900.00
	TOTAL MISCELLANEOUS	**700.00**	**741.67**	**41.67**	**5.62**	**4,900.00**	**5,191.69**	**291.69**	**5.62**	**8,900.04**
	CAPITAL EXPENDITURES									
1415-0002	Landscape & Land Improvements	5,400.00	0.00	-5,400.00	N/A	5,400.00	4,800.00	-600.00	-12.50	12,140.00
1440-0002	Carpet/Flooring	1,323.95	1,800.00	476.05	26.45	2,422.62	16,968.00	14,545.38	85.72	24,168.00
1486-0000	Appliances	518.31	850.00	331.69	39.02	3,518.25	3,950.00	431.75	10.93	5,900.00
6568-0000	Supplies/Appliances	-518.31	0.00	518.31	N/A	0.00	0.00	0.00	N/A	0.00
	TOTAL CAPITAL EXPENDITURES	**6,723.95**	**2,650.00**	**-4,073.95**	**-153.73**	**11,340.87**	**25,718.00**	**14,377.13**	**55.90**	**42,208.00**
	MORTGAGOR EXPENSES									
7115-0000	Non Profit Fee	0.00	0.00	0.00	N/A	0.00	0.00	0.00	N/A	20,000.00
7135-0000	Asset Management Fee Paid from Surplus	0.00	0.00	0.00	N/A	0.00	0.00	0.00	N/A	11,255.00

Budget Comparison

Period = Jul 2019

Book = Accrual ; Tree = is ahdc

		PTD Actual	PTD Budget	Variance	% Var	YTD Actual	YTD Budget	Variance	% Var	Annual
7153-0000	Administration Fee Expense	0.00	0.00	0.00	N/A	0.00	0.00	0.00	N/A	8,955.00
	TOTAL MORTGAGOR EXPENSES	**0.00**	**0.00**	**0.00**	**N/A**	**0.00**	**0.00**	**0.00**	**N/A**	**40,210.00**
	PROFIT / LOSS	14,251.77	6,808.10	7,443.67	109.34	78,889.68	27,733.22	51,156.46	184.46	26,088.20
	ADDITIONAL ADJUSTMENTS TO CASH FLOW									
	Cash - Other	-553.66	0.00	-553.66	N/A	-4,818.99	0.00	-4,818.99	N/A	0.00
	Accounts Payable	-9,676.85	0.00	-9,676.85	N/A	-7,361.77	0.00	-7,361.77	N/A	0.00
	Net A/R	4,194.83	0.00	4,194.83	N/A	-4,998.38	0.00	-4,998.38	N/A	0.00
	Net Prepaids	-108.38	0.00	-108.38	N/A	1,387.53	0.00	1,387.53	N/A	0.00
	Net Accruals	-904.93	-1,357.80	452.87	33.35	2,700.84	-9,240.39	11,941.23	129.23	-15,941.79
	Net Real Estate Tax	-1,006.88	-14.00	-992.88	-7,092.00	-7,894.81	-92.00	-7,802.81	-8,481.32	-162.00
	Net Insurance	-780.02	-2,770.00	1,989.98	71.84	-5,187.86	-18,994.00	13,806.14	72.69	-32,844.00
	Loan/Note Payable	0.00	0.00	0.00	N/A	-331.34	0.00	-331.34	N/A	0.00
	Capital/Partners Equity	-78,454.00	0.00	-78,454.00	N/A	-78,454.00	0.00	-78,454.00	N/A	0.00
	Escrows - Other	-10.14	-2.05	-8.09	-394.63	-10.14	-14.35	4.21	29.34	-24.60
	TOTAL CASH FLOW ADJUSTMENTS	**-87,300.03**	**-4,143.85**	**-83,156.18**	**-2,006.74**	**-104,968.92**	**-28,340.74**	**-76,628.18**	**-270.38**	**-48,972.39**
	NET ADJUSTED CASH FLOW	-73,048.26	2,664.25	-75,712.51	-2,841.79	-26,079.24	-607.52	-25,471.72	-4,192.74	-22,884.19
	Net Change in Cash from TB	-73,048.26	0.00	73,048.26	N/A	-26,079.24	0.00	26,079.24	N/A	0.00

SACKETT
CORPORATION
Property Management

GRIDLEY SPRINGS

August 2019

Property Status:

1. All continues to go well at Gridley Springs. GSI Currently has 1 vacant unit (#9) with a move in scheduled for 08/06/2019 and 1 unit (#12) currently at the attorney for eviction for non-payment of rent, and GSII is 100% occupied with no notices to vacate.

2. GSII had its CTCAC Extended Use Monitoring Audit on 06/06/2019. I have sent follow up emails to the auditor as we have not yet received final report or clearance letter.

3. Landscaping issues are all resolved except for front areas by each sign respectively. Landscape contractor is coming back out to find/repair valve issues in these final areas.

Thank you!
Mac Upshaw

RSC
ASSOCIATES, INC.
PROPERTY MANAGEMENT

August 5, 2019

Mr. Ed Mayer, Executive Director
Housing Authority of the County of Butte
2039 Forest Avenue, Suite 10
Chico, CA 95928

RE: CORDILLERA APARTMENTS

Dear Ed:

Please find enclosed for your review the following financial information for the month that ended July 31, 2019. This statement is accompanied by the following financial reports for the Cordillera Apartments.

1. Project Cash Flow and Bank Account Summary, Budget Comparison, General Ledger, Trial Balance and Tenant Rent Roll.
2. 12 Month Income Statement.
3. 2018/2019 Performance Review.
4. Capital Improvement Summary.

Cordillera Apartments ended the month of July with no vacant units, as there were no new move ins or move outs.

The total rental income for the month of July came to $14,312.02 which was over budget by $802.02. This variance was due to more prepaid rents collected. Total service income for the month came to $.21 and was under budget by $150.79, as no laundry income was collected, so the only income was interest. This brought the total July income to $14,312.23 and $651.23 higher than what was budgeted for the reasons stated above.

Moving on to the monthly expenses, you will see that the renting expenses came to $147.52, which was higher than budget by $70.52, due to more office supplies being purchased. Total administrative expenses for the month were $2,283.22, over budget by $347.22, due to higher resident manager expense and a higher management fee. Total utility expenses came to $2,093.06, which was under budget by $488.94. There were no apartment turnover expenses in July. Total maintenance expenses were $6,328.19, higher than budget by $3,538.19, due to higher repairs and maintenance costs.

Chico Office I 3120 Cohasset Road, Suite 5, Chico, CA 95973 I Phone: 530.893.8228 I Fax: 530.893.9483 www.rsc-associates.com
Sacramento Office I 218 Estates Drive, Roseville, CA 95678 I Phone: 916.780.8228 I Fax: 916.780.9483

The total operating expenses for July were $10,851.99, higher than budget by $936.99, due to the previous reasons stated above. This brought the net operating income to $3,460.24, which was $285.76 under what was budgeted.

There were no capital improvements for the month of July.

As you review the Cash Balance Summary on the Cash Flow Statement for July, you will see that the property ended the month with total cash on hand of $13,780.11. Of that amount, $3,000.00 is in the general checking account, $10,669.80 in the general savings account, $10.31 in the replacement reserve account and $100.00 in petty cash.

Please give me a call if you have any questions regarding the Cordillera Apartments.

Sincerely yours,

CORDILLERA APARTMENTS

Richard Gillaspie
Property Manager

RG:ph
Enclosures

CORDILLERA APARTMENTS

2018 - 2019 PERFORMANCE REVIEW

CA08pr

	OCT.	NOV.	DEC.	JAN.	FEB.	MAR.	APR.	MAY.	JUN.	JUL.	AUG.	SEPT.	TOTAL
TOTAL INCOME 2013/14	12142	11712	11065	11430	14576	11920	11848	11872	12906	12019	11183	11554	144,226
TOTAL INCOME 2014/15	13264	11964	11308	10500	9853	9942	10261	11854	13959	13236	12927	11227	140,293
TOTAL INCOME 2015/16	10964	11839	12711	13063	13605	13294	11700	11879	13338	12835	13897	12887	152,013
TOTAL INCOME 2016/17	12897	13454	13984	13050	14438	13207	12429	13965	13308	12985	13292	13451	160,459
TOTAL INCOME 2017/18	12573	11906	12640	13899	12945	12516	11735	13266	13415	12226	13295	11688	152,105
TOTAL INCOME 2018/19	13197	12635	11399	12360	13598	15670	13303	13970	13758	14312			134,203
VARIANCE	624	728	-1241	-1538	653	3153	1568	704	343	2086			7,081

	OCT.	NOV.	DEC.	JAN.	FEB.	MAR.	APR.	MAY.	JUN.	JUL.	AUG.	SEPT.	TOTAL
2013/14 VACANCY LOSS	-685	-1085	-685	-228	-128	-93	-1357	-731	-55	-685	-685	-685	-7,102
2014/15 VACANCY LOSS	-732	-376	0	-2,509	-3677	-2737	-2550	-1370	-611	0	0	1225	-13,337
2015/16 VACANCY LOSS	0	-695	-400	23	0	0	-348	-118	-701	-303	0	-45	-2,584
2016/17 VACANCY LOSS	0	0	0	0	0	0	0	0	0	0	0	0	0
2017/18 VACANCY LOSS	0	-1377	28	0	0	0	-660	-732	55	0	0	0	-2,687
2018/19 VACANCY LOSS	0	0	0	0	-1600	0	0	-745	-587	0			-2,931
VARIANCE	0	1377	-28	0	-1600	0	660	-13	-642	0			-244

	OCT.	NOV.	DEC.	JAN.	FEB.	MAR.	APR.	MAY.	JUN.	JUL.	AUG.	SEPT.	TOTAL
2013/14 UNPAID RENTS	-1762	-188	-179	-1539	1407	-637	598	0	-250	0	0	-420	-2,971
2014/15 UNPAID RENTS	493	-1190	-2278	588	1301	1	-11	-554	85	475	432	-2162	-2,822
2015/16 UNPAID RENTS	-1094	-302	205	-16	823	-1640	-142	-1307	1698	-66	-430	135	-2,137
2016/17 UNPAID RENTS	-275	-550	-95	512	1220	-18	-755	605	-83	-305	-522	55	-211
2017/18 UNPAID RENTS	-911	-840	-2043	1030	-665	-910	-860	-433	-406	-956	-1112	-2161	-10,267
2018/19 UNPAID RENTS	-1260	-1267	-2794	-1815	5969	971	-745	-828	642	-411			-1,538
VARIANCE	-349	-426	-751	-2845	6634	1881	115	-395	1047	545			5,457

	OCT.	NOV.	DEC.	JAN.	FEB.	MAR.	APR.	MAY.	JUN.	JUL.	AUG.	SEPT.	TOTAL
2013/14 TOTAL OPER. EXP.	10653	11934	13419	6836	6025	5393	8312	8774	12084	5946	11078	5747	106,201
2014/15 TOTAL OPER. EXP.	9777	7662	8765	7841	8345	13740	6859	6171	14768	7212	6035	10136	107,310
2015/16 TOTAL OPER. EXP.	7689	6815	13468	10215	5574	8094	11930	9206	11314	8233	7254	8134	107,925
2016/17 TOTAL OPER. EXP.	6951	6078	7857	6823	6924	6880	11809	5761	4565	6685	7877	5482	83,693
2017/18 TOTAL OPER. EXP.	4727	8499	10532	8417	6199	4874	12195	9040	6518	6729	7753	6972	92,454
2018/19 TOTAL OPER. EXP.	8341	6123	7404	7912	8015	14053	23297	7543	7161	10852			100,701
VARIANCE	3614	-2375	-3128	-505	1816	9180	11102	-1497	643	4123			22,971

	OCT.	NOV.	DEC.	JAN.	FEB.	MAR.	APR.	MAY.	JUN.	JUL.	AUG.	SEPT.	TOTAL
2013/14 TOTAL NOI	1489	-222	-2354	4595	8551	6527	3535	3098	822	6073	104	5766	37,985
2014/15 TOTAL NOI	3487	4302	2543	2659	1508	-3798	3402	5682	-810	6024	6893	1090	32,983
2015/16 TOTAL NOI	3275	5025	-757	2848	8031	5201	-230	2673	2023	4601	6643	4753	44,087
2016/17 TOTAL NOI	5946	7376	6127	6227	7514	6328	619	8204	8743	6300	5414	7969	76,767
2017/18 TOTAL NOI	7846	3408	2108	5482	6746	7643	-460	4226	6897	5497	5542	4716	59,650
2018/19 TOTAL NOI	4857	6512	3995	4448	5583	1616	-9994	6428	6597	3460			33,502
VARIANCE	-2990	3104	1887	-1033	-1163	-6027	-9534	2202	-300	-2036			-15,891

Date/Time
8/8/2019 9:42:10 AM

Housing Authority of the County of Butte
BCAHDC-CORDILLERA APTS BALANCE SHEET
June, 2019

	Cumulative
ASSETS	
Current Assets	
Cash - Unrestricted	366,471.38
Cash - Other restricted	0.00
Cash - Tenant Security Deposits	9,999.50
Accounts Receivable - Misc	0.00
Accounts Receivable - Tenants	11,920.98
Accrued Interest Receivable	0.00
Investments - Unrestricted	0.00
Investments - Restricted	0.00
Interprogram Due from General Fund	0.00
Total Current Assets	**388,391.86**
Fixed Assets	
Land	188,298.92
Buildings	613,025.98
Appliances - Dwelling units	10,722.00
Accumulated Depreciation	-448,432.67
Total Fixed Assets	**363,614.23**
Other Assets	
Prepaid Expenses and Other Assets	5,335.00
Total Other Assets	**5,335.00**
TOTAL ASSETS	**757,341.09**
LIABILITIES	
Current Liabilities	
Accounts Payable < 90 days	0.00
Accrued Interest Payable	178.92
Tenant Security Deposits	11,649.50
Accrued Liabilities - Other	0.00
Prepaid Rent	628.62
Interprogram Due To General Fund	673.72
Total Current Liabilities	**13,130.76**
Long-Term Liabilities	
Long-Term Debt Net of Current	23,854.63
Total Long-Term Liabilities	**23,854.63**
TOTAL LIABILITIES	**36,985.39**
NET POSITION	
Beginning Net Position	715,490.66
Retained Earnings	4,865.04
TOTAL NET POSITION	**720,355.70**
TOTAL LIABILITIES AND NET POSITION	**757,341.09**

CORDILLERA INCOME STATEMENT
June 30, 2019

YTD %
75.00

	Month to Date			Year to Date			
	Actual	Budget	Remaining	Actual	Budget	Remaining	% used
Gross Potential Rent	14,990	14,353	638	131,620	172,230	-40,610	76.42
Resident Manager's Apt	0	0	0	0	0	0	0.00
Vacancy Loss	-587	-368	-219	-2,931	-4,410	1,479	66.47
Rebates	0	0	0	0	0	0	0.00
NET RENTAL INCOME	14,403	13,985	418	128,689	167,820	-39,131	76.68
Tenant Charges	234	129	104	2,491	1,550	941	160.73
Laundry Income	154	150	4	1,606	1,800	-194	89.23
Other Income	0	0	0	0	0	0	0.00
Investment Income	24	26	-2	221	312	-91	70.98
TOTAL REVENUES	**14,815**	**14,290**	**525**	**133,008**	**171,482**	**-38,474**	**77.56**
Resident Manager's Expense	1,584	1,190	394	15,023	14,280	743	105.20
Advertising	0	33	-33	0	400	-400	0.00
Audit	0	38	-38	0	450	-450	0.00
Bad Debts	0	140	-140	0	1,680	-1,680	0.00
Credit Reports	0	38	-38	355	450	-95	78.89
Legal Expense	0	117	-117	1,890	1,400	490	134.97
Management Fees (RSC)	688	669	19	5,995	8,030	-2,035	74.65
Management Fees (HACB)	600	600	0	5,400	7,200	-1,800	75.00
Consulting Fees	0	0	0	0	0	0	0.00
Office Supplies	278	77	201	3,267	924	2,343	353.53
Misc. Admin. Expense	0	21	-21	88	250	-162	35.18
Property Taxes	0	150	-150	109	1,800	-1,691	6.06
Resident Activities	0	33	-33	0	400	-400	0.00
Telephone & Internet	135	132	3	1,214	1,584	-370	76.62
TOTAL ADMINISTRATIVE	**3,285**	**3,237**	**48**	**33,339**	**38,848**	**-5,509**	**85.82**
Electricity	254	215	39	1,482	2,580	-1,098	57.46
Gas	174	377	-203	2,210	4,521	-2,311	48.88
Sewer	460	477	-18	3,677	5,727	-2,050	64.20
Water	471	700	-229	3,674	8,400	-4,726	43.74
TOTAL UTILITIES	**1,359**	**1,769**	**-410**	**11,044**	**21,228**	**-10,184**	**52.02**
Unit Turnover Maintenance	893	1,442	-549	18,255	17,300	955	105.52
Landscape Maintenance	655	707	-52	6,686	8,480	-1,794	78.84
Routine Maintenance Contracts	3,284	1,478	1,805	23,453	17,740	5,713	132.20
Capital Improvements-Expensed	6,524	1,425	5,099	14,026	17,100	-3,074	82.02
Trash Removal	499	456	43	3,971	5,472	-1,501	72.58
TOTAL MAINTENANCE	**11,854**	**5,508**	**6,347**	**66,390**	**66,092**	**298**	**100.45**
Interest Expense, City Of Chico	20	20	0	179	239	-60	74.86
Property And Liability Insurance	534	522	11	4,550	6,269	-1,720	72.57
TOTAL OTHER EXPENSES	**553**	**542**	**11**	**4,728**	**6,508**	**-1,780**	**72.66**
TOTAL EXPENSES	**17,051**	**11,056**	**5,995**	**115,502**	**132,676**	**-17,174**	**87.06**
NET INCOME (w/o depreciation)	**-2,236**	**3,234**	**-5,470**	**17,506**	**38,806**	**-21,300**	**45.11**
- Debt Principal Payments	0	-190	190	0	-2,280	2,280	0.00
+ Reserves Usage	0	0	0	0	0	0	0.00
- Capital Improvements-Capitalized	0	0	0	0	0	0	0.00
NET CASH FLOW	**-2,236**	**3,044**	**-5,280**	**17,506**	**36,526**	**-19,020**	**47.93**
Depreciation & Amortization	1,405	0	1,405	12,641	0	12,641	0.00

August 9, 2019

MEMO

To: BCAHDC Board of Directors

From: Sue Kemp, CFO

Subject: FY 2020 BCAHDC General Fund Proposed Operating Budget

The FY 2020 BCAHDC General Fund Operating Budget is attached for your review and approval.

BCAHDC receives Partnership Fees as the managing general partner (MGP) for four (4) tax credit partnerships - the revenue sources are noted at the bottom of the budget.

BCAHDC contracts with the Housing Authority for the performance of its Managing General Partner (MGP) duties, as well as for Corporate Services related to the essential functions of the organization. The detail of the Outside Management Fees expense is noted at the bottom of the budget.

Consulting Fees and Legal Expenses were budgeted as placeholders if there should be development activity requiring analysis or review.

The excess cash balance at the beginning of FY 2020 is estimated to be $620,000, not including Cordillera excess cash.

The draft budgets were emailed to the Budget Committee for review in advance of the Agenda packet mailing.

I will be happy to answer your questions at the meeting.

Recommend Adoption of BCAHDC Resolution No 19-3C

BUTTE COUNTY AFFORDABLE HOUSING
DEVELOPMENT CORPORATION

RESOLUTION NO. 19-3C

APPROVAL OF THE BUTTE COUNTY AFFORDABLE HOUSING DEVELOPMENT CORPORATION OPERATING BUDGET FOR F/Y 2020

WHEREAS, Butte County Affordable Housing Development Corporation (BCAHDC) approves its Operating Budget on an annual basis; and

WHERAS, the Board of Directors of BCAHDC has reviewed the BCAHDC General Fund budget as proposed and found the budget to be in the best interest of the BCAHDC;

THEREFORE, BE IT RESOLVED by the Board of Directors of the Butte County Affordable Housing Development Corporation to hereby approve and adopt the Butte County Affordable Housing Development Corporation General Fund Budget for fiscal year 2020, extending from October 1, 2019 through September 30, 2020, such Operating Budget attached to and made a part of this Resolution No. 19-3C.

Dated: August 15, 2019.

____
Edward S. Mayer, President

ATTEST:

____
Marysol Perez, Secretary

BCAHDC - GENERAL FUND
PROPOSED OPERATING BUDGET
October 1, 2019 to September 30, 2020

	2020 Proposed Budget	2019 Approved Budget	2019 Estimated to FYE	2018 Audited Actuals	Variance 2019 Est. vs. 2020 Budget	Notes
REVENUE						
Investment Income	1,500	1,500	1,500	437	0.0%	*Interest / LP Gains*
Misc. Income	100	100	82	31	22.0%	*donations*
Partnership Fees*	38,435	38,210	74,929	82,704	-48.7%	*2018 & 2019: rec'd additional 1200 Park*
TOTAL REVENUE	**40,035**	**39,810**	**76,511**	**83,172**	-47.7%	*Ave partnership fees from excess cash flow*
EXPENSES						
Audit & Accounting Fees	3,100	3,100	3,100	2,656	0.0%	
Corporate Services	18,500	18,500	15,085	11,664	22.6%	*Budgeted to HACB contract maximum*
Consulting Fees	5,000	5,000	0	0	0.0%	*2020 - strategic asset plan*
Legal Expenses	5,000	3,000	2,000	0	0.0%	*2020 - strategic asset plan*
Misc. Admin. Expenses	1,000	1,000	0	0	0.0%	*Misc.*
Outside Management Fees**	40,700	40,700	40,700	40,700	0.0%	
Partnership Losses	500	500	100	78	0.0%	*Estimated LP losses*
Taxes and Fees	80	80	80	60	0.0%	*CA filing fees*
TOTAL EXPENSES	**73,880**	**71,880**	**61,065**	**55,158**	21.0%	
NET INCOME	**-33,845**	**-32,070**	**15,446**	**28,014**	-319.1%	
LP Distributions	20,000	20,000	20,925	95,788		*WalkerCommons/1200 Park Ave LP*
Net Cash Flow	-13,845	-12,070	36,371	123,802		

* Partnership Fees:

1200 Park Ave LP $7,735; Walker Commons $7,500; Gridley Springs I $3,200; Harvest Pk $20,000

1200 Park Avenue fees from excess cash flow vary from year to year

** Outside Management Fees:
1200 Park Ave LP $10,000; Walker Commons $7,500; Gridley Springs I $3,200; Harvest Pk $20,000

August 9, 2019

MEMO

To: BCAHDC Board of Directors

From: Sue Kemp, CFO

Subject: FY 2020 Cordillera Apartments Proposed Operating Budget

The FY 2020 Cordillera Apartments Proposed Operating Budget is attached for your review and approval.

The budget for was prepared by RSC in collaboration with HACB management.

Capital Improvements include estimated non-routine maintenance and appliance replacements. Additional improvements may be recommended once the Strategic Asset Plan is completed.

As owner of Cordillera Apartments, BCAHDC has certain asset management responsibilities which are carried out by contract with the Housing Authority for an annual Management Fee of $7,200.

The estimated excess cash balance at the beginning of FY 2020 is approximately $388,000.

I will be happy to answer your questions at the meeting.

Recommend Adoption of Resolution 19-4C

BUTTE COUNTY AFFORDABLE HOUSING
DEVELOPMENT CORPORATION

RESOLUTION NO. 19-4C

APPROVAL OF THE BUTTE COUNTY AFFORDABLE HOUSING DEVELOPMENT CORPORATION OPERATING BUDGET FOR CORDILLERA APARTMENTS F/Y 2020

WHEREAS, Butte County Affordable Housing Development Corporation (BCAHDC) approves its Operating Budget on an annual basis; and

WHEREAS, BCAHDC, as owner of Cordillera Apartments, 37-53 Cameo Drive, Chico, California, prepares the operating budget for Cordillera Apartments incorporating estimated operational costs provided by Cordillera Apartments property manager, RSC Associates; and

WHERAS, the Board of Directors of BCAHDC has reviewed the budget as proposed and determined the budget to be in the best interest of the Cordillera Apartments property and BCAHDC;

THEREFORE, BE IT RESOLVED by the Board of Directors of the Butte County Affordable Housing Development Corporation, acting as owner of Cordillera Apartments, 37-53 Cameo Drive, Chico, California, to hereby approve and adopt the Cordillera Apartments Operating Budget for fiscal year 2020, extending from October 1, 2019 through September 30, 2020, such Operating Budget attached to and made a part of this Resolution No. 19-4C.

Dated: August 15, 2019.

____
Edward S. Mayer, President

ATTEST:

____
Marysol Perez, Secretary

BUTTE COUNTY AFFORDABLE HOUSING DEVELOPMENT CORPORATION
PROPOSED OPERATING BUDGET
CORDILLERA APTS
October 1, 2019 to September 30, 2020

REVENUE	2020 Proposed Budget	2019 Approved Budget	2019 Estimated To FYE	2018 Audited Actuals	Variance 2019 Est. vs. 2020 Budget	Notes
Gross Potential Rent	*186,430*	*172,230*	*175,493*	*168,895*	*6.2%*	*rent increases*
Vacancy Loss	*-3,400*	*-4,410*	*-3,908*	*-2,808*	*-13.0%*	
Net Rental Income	183,030	167,820	171,585	166,087	6.7%	
Tenant Charges	1,400	1,550	3,322	2,783	-57.9%	
Laundry Income	2,052	1,800	2,141	1,457	-4.2%	
Other Income	0	0	0	0	0.0%	
Investment Income	312	312	295	287	0.0%	
TOTAL REVENUES	**186,794**	**171,482**	**177,344**	**170,614**	**5.3%**	
EXPENSES						
Resident Manager's Expense	15,739	14,280	15,000	14,613	4.9%	*includes $9,300 rent free unit*
Advertising	300	400	0	0	0.0%	
Audit	600	450	574	574	4.5%	
Bad Debts	1,800	1,680	1,680	5,303	0.0%	
Credit Reports	450	450	473	180	-4.9%	
Legal Expense	1,400	1,400	2,519	0	0.0%	
Management Fee (RSC)	8,740	8,030	7,993	7,605	9.3%	
Management Fee (HACB)	7,200	7,200	7,200	7,200	0.0%	
Consulting Fees	0	0	0	0	0.0%	
Office Supplies	1,020	924	3,155	675	-67.7%	*2019 incl one-time costs*
Misc. Admin. Expense	250	250	117	2,192	113.2%	
Property Taxes	110	1,800	102	1,295	7.8%	
Resident Activities	400	400	400	0	0.0%	
Telephone & Internet	1,644	1,584	1,618	1,591	1.6%	
TOTAL ADMINISTRATIVE	**39,653**	**38,848**	**40,832**	**41,229**	**-2.9%**	
Electricity	2,580	2,580	1,977	3,146	30.5%	
Gas	4,521	4,521	2,947	3,572	53.4%	
Sewer	5,727	5,727	4,899	6,308	16.9%	
Water	6,600	8,400	4,902	5,515	34.6%	
TOTAL UTILITIES	**19,428**	**21,228**	**14,725**	**18,542**	**31.9%**	
Unit Turnover Maintenance	17,200	17,300	19,339	15,770	-11.1%	
Landscape Maintenance	9,330	8,480	8,914	7,683	4.7%	
Routine Maintenance Contracts	23,610	17,740	31,270	23,973	-24.5%	*2019 incl. office/bldg improvements*
Capital Improvements-Expensed	13,650	17,100	18,500	2,513	-26.2%	
Trash Removal	5,472	5,472	5,295	5,582	3.3%	
TOTAL MAINTENANCE	**69,262**	**66,092**	**83,318**	**55,521**	**-16.9%**	
Interest Expense, City Of Chico	216	239	239	261	-9.5%	
Property And Liability Insurance	7,050	6,269	6,066	5,666	16.2%	*increase 10% from current*
TOTAL OTHER EXPENSES	**7,266**	**6,508**	**6,305**	**5,927**	**15.2%**	
TOTAL EXPENSES	**135,609**	**132,676**	**145,180**	**121,218**	**-6.6%**	
NET INCOME (w/o depreciation)	**51,185**	**38,807**	**32,163**	**49,396**	**59.1%**	
- Debt Principal Payments	-2,303	-2,280	-2,280	-2,281	1.0%	
+ Reserves Usage	0	0	0	0	0.0%	
- Capital Improvements-Capitalized	0	0	0	0	0.0%	
NET CASH FLOW	**48,882**	**36,527**	**29,883**	**47,115**	**63.6%**	

BUTTE COUNTY AFFORDABLE HOUSING DEVELOPMENT CORPORATION

RESOLUTION NO. 19-5C

WALKER COMMONS, L.P.
DESIGNATION OF TAX MATTERS PARTNERSHIP REPRESENTATIVE

WHEREAS, Butte County Affordable Housing Development Corporation (BCAHDC) is Managing General Partner (MGP) of Walker Commons, L.P., (Partnership), owner of the 56-unit multi-family apartment property known as Walker Commons Apartments, 678 Buttonwillow Lane, Chico (Property); and

WHEREAS, new rules found in Internal Revenue Code sections 6221 through 6241, as amended by the Bipartisan Budget Act of 2015, governing IRS tax audits of partnerships, requires designation of a Partnership Representative for tax years starting January 1, 2018; and

WHEREAS, the Partnership's Limited Partner, Housing Authority of the County of Butte (HACB) has recommended that designation of such Partnership Representative is best made by means of corporate resolution by the MGP; and

WHEREAS, because of its administrative capacity, and consistent with its services agreement with BCAHDC, HACB recommends its Executive Director be designated Partnership Representative for Tax Matters; and

WHEREAS, as MGP, BCAHDC has considered HACB's recommendation and found it to be in the best interest of BCAHDC, the Partnership, the Property, and the residents served;

THEREFORE BE IT RESOLVED by the Board of Directors of Butte County Affordable Housing Development Corporation, acting as Managing General Partner of Walker Commons, L.P., owner of the Walker Commons Apartments, 6678 Buttonwillow Lane, Chico, to designate by means of this Resolution No. 19-5C Edward Mayer, Executive Director, Housing Authority of the County of Butte, Limited Partner of Walker Commons L.P., as designated Partnership Representative for Tax Matters, in accordance with Internal Revenue Service requirements governing tax audits for partnerships.

Dated: August15, 2019.

Edward S. Mayer President

ATTEST:

Marysol Perez, Secretary

MEMO

Date: August 9, 2019

To: HACB Board of Commissioners
Butte County Affordable Housing Development Board of Directors
Banyard Management Board of Directors

From: Larry Guanzon, Deputy Executive Director
Ed Mayer, Executive Director

Subject: Property Insurance – Recommended Insurance Valuations

In the wake of the Camp Fire Disaster, and the current construction cost environment we have seen costs to rebuild increase substantially. We have surveyed local insurance brokers and communicated with our insured HARRP. The insured values must be adjusted to keep up with increased replacement costs. Properties are currently insured at an average valuation from $120 - $135/sq. ft.

The recommendation is to insure our cinderblock units in Public Housing and Farm Labor Housing at **$150/Sq. Ft.** Our Public Housing units that are “stick” townhouse configuration, senior multi-family single level, Multi-Family Bond properties, as well as our Tax Credit properties we recommend we insure at **$175/Sq. Ft.**

As an example, a Public Housing cinderblock duplex unit is approximately 1500 - 1900 sq. ft. The replacement cost derived would be 1500 x $150 = $225,000 and as high as 1900 x 150 = $285,000. A Chico Public Housing townhouse unit is approximately 2238 sq. ft. @ $175 = $391,650.00 in insured replacement cost should this townhouse need to be replaced due to a total loss from a fire. At our current $120 a sq. ft. this same unit would only be insured in replacement cost at $268,560.00 or a difference of $123,090.00.

Recommendations:

HACB *- HUD Public Housing and USDA Concrete Block and other Units - $150/sq.ft.*
- HUD Public Housing, Bond and Other Stick Frame Units - $175/sq.ft.

BCAHDC *– LIHTC and Other properties - $175/square foot*

Banyard *– Chico Commons Apartments - $175/square foot*

August 9, 2019

MEMO

To: HACB Board of Commissioners
BCAHDC Board of Directors
Banyard Management Board of Directors

Subject: Strategic Asset Plan Presentation

Please know that our Strategic Asset Plan consultants, Brawner & Company, will be in attendance at this month's meeting of the Board. Jim Brawner, Principal, and Zak de Gorgue, Development Manager, will present their work, findings, and recommendations.

The "Asset Repositioning Study", dated July 2019 (Study), has seen some additions since the draft was presented at last month's meeting of the HACB Board. A new copy of the Study will be provided to you at the meeting for your convenience. The new (added) sections of the Study are included here, following, in your Board Packet. They include a section on Recommendations, and a suggested Project Management Plan.

The objectives of this month's meeting are for Brawner to present their work and conclusions, answer questions, discuss approaches and options, and discuss next steps.

IDENTIFY COLLABORATE EXECUTE

HOUSING AUTHORITY
of the County of Butte

ASSET REPOSITIONING STUDY

July, 2019

rev. 08-09-2019

STRATEGIC PORTFOLIO REVIEW

BRAWNER™
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TABLE OF CONTENTS

Contents

SUMMARY FINDINGS

VIII. Summary Findings

The below chart represents summary strategy options found within this report. While there are certainly numerous options for each property, the indicators represent recommended scenarios based on the information reviewed within this report. A "green" indicator represents a viable option with limited constraints. "Yellow" indicators represent a viable option, but with certain limitations, or recommended under certain scenarios. Note that certain "green" indicators represent a recommendation only based on a pooled scattered site syndication, i.e. combining 1200 Park with Chico Commons.

Project	Status Quo	Dispose	Refinance	Tax Credit
Alamont	Yellow		Green	Green
Lincoln Apartments			Yellow	Green
Evanswood Apartments		Green	Yellow	Green
Park Place Apartments			Green	Yellow
Cordillera Apartments			Green	Yellow
Locust Street Apartments	Yellow		Green	Yellow
Chico Commons Apartments			Yellow	Green
Walker Commons Apartments	Green		Green	Green
1200 Park Apartments			Green	Green
1744 Laurel Street	Yellow	Green		
2131 Fogg Avenue	Green	Yellow		

The following chart represents the summary of key financial data for each project assuming different repositioning strategies. The subsequent pages summarize the columns and property summaries:

SUMMARY OPERATING / REPOSITIONING STRATEGY BY PROJECT

	Estimated Capital Needs, Years 7 through 10	Status Quo Operations / Cash flow [1/]	Property Disposition Proceeds	Property Refinancing, Renovation Benefit	Property Refinancing, Projected Annual Cash Flow	Tax Credit Syndication, Sponsor Cash Benefit	Tax Credit Syndication, Renovation Benefit	Tax Credit Syndication, Projected Annual Cash Flow
Alamont Apartments	$1,070,000	$70,000	$1.8 to $2.4 million	$1,175,000	$50,000 + additional +/- $30,000	$0 to $325,000	$1,940,000	$35,000 with no ability to increase
Lincoln Apartments	$680,000	$45,000	$775K to $1 million	$500,000	$15,000	-$410,000 to -$200,000	$1,120,000	$18,000
Evanswood Apartments	$1,260,000	$15,000	$3.3 to $3.9 million	$850,000	$30,000 + additional +/- $50,000	$450,000 to $800,000	$1,850,000	$30,000 with no ability to increase
Park Place Apartments	$1,140,000	$45,000	$1.6 to $2.1 million	$1,025,000	$45,000 + additional +/- $30,000	-$250K to $150K	$1,990,000	$30,000 + additional +/- $30,000
Cordillera Apartments	$930,000	$45,000	$1.6 to $1.9 million	$900,000	$15,000 + additional +/- $20,000	$100,000 to $250,000	$1,990,000	$25,000 + additional +/- $15,000
Locust Street Apartments	$420,000	$40,000	$830,000 to $1.1 million	$650,000	$40,000 + additional +/- $15,000	$0 to $125,000	$625,000	$10,000 + additional +/- $5,000
Chico Commons Apartments	$3,490,000	$260,000	$4 to $5 million	$4 to $5 million	$100,000 to $175,000	$1.4 to $1.7 million	$5,300,000	$135,000
Walker Common Apartments	$1,500,000	$165,000	$2.4 to $2.9 million	$1.7 to $2.3 million	$40,000	$550,000 to $850,000	$2,825,000	$50,000
1200 Park Place Apartments	$3,800,000	$180,000	$5.5 to $6.5 million	$450,000 to $5.5 million	$60,000 to $360,000	$7 million	$5.9 million	$270,000

[1/] Cash flow indicated represents current projected annual cash flow, excluding capital expenditures. It's unclear from data available the extent of capital improvements that were made from available cash flow

The **“Estimated Capital Needs, Years 7 through 10”** represents a very rough estimate of those cost which will most likely need to be expended to either modernize the building or replace components nearing the end of their useful life. As with most projects, sponsors are able to delay replacements beyond their useful life to sustain existing cash flow or to keep from having to make capital contributions into the project. The estimated capital funds indicated in this schedule assume that most all components are replaced at or before the end of their useful life and in addition, some non-critical replacements or upgrades are also made to the project. The dollars indicated do not include typical general contractor related expenditures and instead assume that the Authority/management company are replacing items over time.

The **“Status Quo Operations / Cash Flow”** represents what appears to be the project’s actual annual cash flow, excluding potential capital expenditures made by the Authority. It was difficult to ascertain from various financial statements what, if any, capital expenditures were made from available cash flow. The cash flow shown was calculated using the audited and unaudited financials from 2017 and 2018 and the corresponding rental revenues generated from that year, less the indicated recurring and non-recurring operating cost from that same year. It appeared likely that some of the indicated annual maintenance cost might have included non-recurring capital replacements, which if taken out, would increase those annual cash flow projections.

The **“Property Disposition Proceeds”** represents the range of the Authority’s net cash proceeds from a market sale of the project. The range basically includes a variation in assumed capitalization rates used. The net operating income utilized to determine value included current restrictions, unless those income restrictions went away with the prepayment of those funds dictating the restrictions. Property dispositions are relatively rare for housing authorities unless the operations of those units are such that the authority is continually losing money and even in this circumstance, the housing authority may elect to continue to operate the project from a mission standpoint. The other key factor for a disposition would typically include if there are sufficient net proceeds such that the Authority can reproduce most, if not all of those lost units, in either a new affordable development or an acquisition of another project.

The **“Property Refinancing, Renovation Proceeds”** represents the range of potential renovation work that could be completed if the project were refinanced. In many cases, the project can be refinanced and the NOI leveraged with new debt, such that all or a portion of the capital needs liability can be reduced or eliminated. Each project obviously has different operating assumptions and as such, benefit differently from a refinance. There are instances in which the refinancing of the project actually provides excess funds in addition to the capital need requirements. In these cases, the Authority can either elect to do more renovation work, reduce the amount of debt and correspondingly increase projected cash flow or, utilize the excess loan proceeds to fund other project or agency needs.

The **“Property Refinancing, Projected Annual Cash Flow”** represents the range of projected cash flow available after a refinance, which will typically be less than the cash flow available under the status quo operational scenario. Variances to this would include the ability to increase rents or when rental subsidies could be utilized at the project. The significant differences in cash flow margins for both 1200 Park Place and Chico Commons are due to the assumption that subsidies would be placed on the project as part of the repositioning.

The **“Tax Credit Syndication, Sponsor Cash Benefits”** represents the range in surplus cash available to the Authority under a tax credit syndication. The benefit ranges are based on combining multiple projects into a single tax credit syndication – the more projects included, the higher the overall benefit to the Authority would be. Cash benefits include current cash and reserves allocated to the project being returned to the Authority at transaction close. Other factors affecting the overall benefit include cash developer fees and required sponsor financing. It should be noted that the cash benefit indicated for 1200 Park Place assumes that the Authority has project based 100% of the units with section 8 vouchers.

The **"Tax Credit Syndication, Renovation Benefit"** represents the total renovation budget in the tax credit syndication assumption. These costs include not only the base construction cost, but all of the cost related to a general contractor driven project, as well as the investor and lender driven owner contingency allowances. In many cases the tax credit construction budget is significantly higher than the indicated 7 – 10 year capital need budget. The primary reason for this, in addition to the contractor cost and contingencies listed above, is the requirement to ensure that most of the project's components will have a useful life of at least 15-years.

The **"Tax Credit Syndication, Projected Annual Cash Flow"** represents the estimated cash flow from a tax credit repositioning strategy, which assumes debt leveraging and typically higher operating cost. For the most part, cash flow using this repositioning strategy would be less than the cash flow currently being realized, unless there are subsidies introduced into the operations of the project. The ranges are based on the ability to increase rents after the renovation, but in some cases that is not possible as the current rents are at or near the maximum rents allowed.

Alamont Apartments – If the current estimated annual cash flow is accurate, then these amounts together with reserves on-hand would most likely allow the Authority to "limp" along and make mandatory repairs and upgrades each year but with the possibility of having to infuse cash into the project from time-to-time. Disposition of the project, considering the limited per unit net proceeds would not be feasible for the Authority on several fronts. A refinance of the project would appear to be able to provide the necessary funds to make the necessary capital improvements all at one time. The corresponding cash flow projections would be anticipated to be less than are currently being realized but could be increased through a modest increase in rents, which should be achievable after the renovation. A tax credit syndication would allow for a significant increase in the renovation scope but any net proceeds to the Authority would be immaterial for the work involved. Cash flow would be roughly half in a tax credit syndication of what it currently is, without the ability to increase rents materially.

Lincoln Apartments – Again, if the current estimated annual cash flow is accurate, then these amounts together with reserves on-hand would most likely be inadequate to make the mandatory repairs and upgrades needed. Disposition of the project, considering the limited per unit net proceeds, as well as the location and low rent structure, would not be feasible for the Authority to consider. A refinance of the project would appear to be able to provide a significant amount of the funds necessary for the basic capital improvements, all at one time. The corresponding cash flow projections in a refinance scenario would be substantially less than is currently being realized but from a nominal standpoint not material. A tax credit syndication would allow for a significant increase in the renovation scope and would cover all needed improvements and upgrades but would likely provide a zero benefit to the Authority from a cash standpoint. Cash flow would again be less than is currently being realized but not from a nominal standpoint. Considering that the cash flow is similar in both a refinance and tax credit syndication repositioning strategy, the tax credit route would provide the necessary funding for all required capital improvements. As such, combining this project with any of the other tax credit repositioned projects would be a feasible direction for the Authority to consider.

Evanswood Apartments – If the current estimated annual cash flow of $15,000 per year is accurate and the amount of capital needs reliable, there is no long-term advantage to holding the property status quo. Disposition of the project, unlike other Authority owned projects, could provide the necessary net proceeds to replace these units in another new development. A refinance of the project would appear to be able to provide a moderate amount of the funds necessary for basic capital improvements, all at one time. The corresponding cash flow projections in a refinance scenario could be moderately higher if the current cash flow limitations are being caused by high maintenance cost which would be lessened as part of a capital improvement project. A tax credit syndication would allow for a significant increase in the renovation scope and would cover all needed improvements and upgrades and at the same time provide the Authority with some moderate cash benefit. Cash flow would likely be higher than is currently being realized but not from a nominal standpoint. A disposition of the project should certainly be considered from a financial standpoint but politically the Authority would need to consider what happens to the existing residents, together with the loss of affordable units in the Oroville community. The tax credit route would provide the necessary funding for all required capital improvements and some cash to the Authority. The intangible consideration for which repositioning strategy is the best for this project could come down to, is the project efficient from a management and location standpoint to continue to own.

Park Place Apartments – If the current estimated annual cash flow of $45,000 is accurate, then these amounts together with reserves on-hand would not be adequate to make the mandatory repairs and upgrades needed. Disposition of the project, considering the limited per unit net proceeds, as well as the location and low rent structure, would not be feasible for the Authority to consider. A refinance of the project would appear to be able to provide a significant amount of the funds necessary for most of the required capital improvements, all at one time. The corresponding cash flow projections in a refinance scenario would be equal to, if not greater than is currently being realized but immaterial. A tax credit syndication would allow for a significant increase in the renovation scope and would cover all needed improvements and upgrades but would likely provide a zero benefit to the Authority from a cash standpoint. Cash flow would again be less than is currently being realized but not from a nominal standpoint. If this is the only project in Oroville that is being considered for the tax credit repositioning strategy, it might be difficult to include this project with other tax credit projects in Chico or even as a stand-alone tax credit deal.

Cordillera Apartments – If the current estimated annual cash flow of $45,000 is accurate, then these amounts together with reserves on-hand would not be adequate to make the mandatory repairs and upgrades needed. Disposition of the project, considering the limited per unit net proceeds, as well as the location and low rent structure, would not be feasible for the Authority to consider. A refinance of the project would appear to be able to provide a significant amount of the funds necessary for most of the required capital improvements, all at one time. The corresponding cash flow projections in a refinance scenario would be substantially less than is currently being realized but from a nominal standpoint immaterial. A tax credit syndication would allow for a significant increase in the renovation scope and would cover all needed improvements and upgrades but would likely provide very little benefit to the Authority from a cash standpoint. Considering the difficulty of a tax credit syndication, together with little to no cash benefit to the Authority, weighing whether or not proceeds from a refinance are sufficient enough to handle the required capital needs should be seriously considered.

Locust Street Apartments – If the current estimated annual cash flow of $40,000 is accurate, then these amounts together with reserves on-hand would most likely allow the Authority to "limp" along and make mandatory repairs and upgrades each year but with the possibility of having to infuse cash into the project from time-to-time. Disposition of the project, considering the per unit net proceeds, would probably not be feasible for the Authority to consider. A refinance of the project would appear to be able to provide the necessary funding for most of the required capital improvements, all at one time. The corresponding cash flow projections in a refinance scenario would be equal to, if not greater than is currently being realized but immaterial. A tax credit syndication would allow for almost the same amount of renovation scope as in a refinance, a reduction in annual cash flow and would likely provide very little benefit to the Authority from a cash standpoint.

Considering the difficulty of a tax credit syndication, together with little to no cash benefit to the Authority, and the same amount of renovation work as in a refinance, the Authority would most likely be better served from refinancing this project.

Chico Commons Apartments – If the current estimated annual cash flow of $260,000 is accurate, then these amounts together with reserves on-hand would not be adequate to make the mandatory repairs and upgrades needed. Disposition of the project, considering the limited per unit net proceeds, as well as the low rent structure, would not be feasible for the Authority to consider. A refinance of the project would appear to be able to provide more than enough funds for all of the required capital improvements and upgrades, all at one time. The corresponding cash flow projections in a refinance scenario would be less than are currently being realized but could be increased should the Authority provide rental subsidies for the lowest income set-aside units. A tax credit syndication would allow for a similar renovation scope as in a refinance and could provide the Authority with +/- $1.5 million in cash proceeds. Cash flow would again be less than is currently being realized but similar to the projections in a refinance. As a stand-alone tax credit deal and all of the complexities involved, the Authority should seriously consider the refinance route, irrespective of the projected cash benefit; that said, if the Authority is considering 1200 Park Place as a tax credit resyndication, then combining Chico Commons with that project would probably warrant serious consideration.

Walker Commons Apartments – If the current estimated annual cash flow of $165,000 is accurate, then these amounts together with reserves on-hand would most likely allow the Authority to make the mandatory repairs and upgrades each year with the possibility of having to infuse cash into the project from time-to-time. Disposition of the project, considering the limited per unit net proceeds, as well as the low rent structure and the senior population would not be feasible for the Authority to consider. A refinance of the project would appear to be able to provide more than enough funds for all of the required capital improvements and upgrades, all at one time. The corresponding cash flow projections in a refinance scenario would be significantly less than are currently being realized, but potentially borrowing less for the renovation could improve that amount. A tax credit syndication would allow for an extensive renovation scope, probably more than is needed and at the same time provide the Authority with +/- $750,000 in cash proceeds. Those cash proceeds could increase by say $650,000 to around $1.4 million if the tax credit renovation budget was decreased from the proposed $2.8 million to say, $2 million, which should be more than adequate for the project. Cash flow would again be less than is currently being realized but similar to the projections in a refinance. As a stand-alone tax credit deal and all of the complexities involved, the Authority should seriously consider the refinance route at around $1.3 million, irrespective of the projected cash benefit from a tax credit strategy; that said, if the Authority is considering 1200 Park Place and Chico Commons as a tax credit resyndication, then combining Walker Commons with these projects would probably warrant serious consideration.

1200 Park Place Apartments – If the current estimated annual cash flow of around $180,000 is accurate, then these amounts together with reserves on-hand would not be adequate to make the mandatory repairs and upgrades needed. Disposition of the project, considering the limited per unit net proceeds, as well as the low rent structure and the senior population would not be feasible for the Authority to consider. A refinance of the project considering the current low rent structure and outstanding debt would not appear to provide any meaningful proceeds for capital improvements. If the Authority were to project base 100% of the senior units with section 8 vouchers, then such refinance proceeds would provide more than sufficient proceeds for all of the required capital improvements and upgrades, all at one time. A tax credit syndication, assuming section 8 subsidies at the project would allow for an extensive renovation scope, probably more than is needed and at the same time provide the Authority with +/- $7 million in cash proceeds. The key to making 1200 Park Place a financial success will be the ability for the Authority to project base section 8 subsidies at 100% of the units.

Without the ability to increase the perceived valuation of the building through the section 8 subsidies, a resyndication would be feasible but would probably only allow for around $4million in upgrades and most likely very little cash benefit to the Authority. From a refinance perspective, it's probably not feasible to pursue this strategy unless all or some of the units have section 8 subsidies, allowing for an increased NOI.

RECOMMENDATIONS

IX. Recommendations

Notwithstanding the extensive amount of information and analysis included above, there are numerous factors that the Authority should consider in determining their best path forward in repositioning their real estate assets.

While this report primarily examines the financial factors involved in repositioning, there are other factors only the Authority and Board of Commissioners will be familiar with, for example political impacts, community pressure and response, long term portfolio visions, the degree and level of project upgrades, sentiment towards debt and leveraging, as well as internal and external capacity, just to name a few.

Notwithstanding these other factors and to assist the Board in "starting" their internal discussions and decision-making processes for repositioning, we've created a specific set of conjectural recommendations based on the above data. Please note that while these hypothetical conclusions are based on actual information provided by the Authority, together with current market condition expectations, there is a significant amount of "forward" looking projections, which are subject to some uncertainty.

Without attention to the more qualitative factors mentioned above, it would appear that a practical recommendation would include the following Transaction Strategies:

<table>
<tr><th>Project</th><th>Strategy</th></tr>
<tr><td>Alamont Apartments</td><td rowspan="4">Transaction 1: Pooled Bond Refinance</td></tr>
<tr><td>Locust Street Apartments</td></tr>
<tr><td>Park Place Apartments</td></tr>
<tr><td>Cordillera Apartments</td></tr>
<tr><td>Chico Commons Apartments</td><td rowspan="4">Transaction 2: Scattered Site 4% Tax Credit Transaction</td></tr>
<tr><td>Walker Commons Apartments</td></tr>
<tr><td>1200 Park Apartments</td></tr>
<tr><td>Lincoln Apartments</td></tr>
<tr><td>1744 Laurel Street</td><td>Transaction 3: Disposition</td></tr>
<tr><td>Evanswood Apartments</td><td>Transaction 4: Disposition*</td></tr>
<tr><td>2131 Fogg Avenue</td><td>HOLD</td></tr>
</table>

Transaction 1 – In this strategy, HACB would retire the existing outstanding bonds on the indicated properties. Cordillera and Locust Street Apartments would be added to the pooled bond issuance, and Lincoln, and Evanswood would be excluded. The new bond issuance would include more favorable financing terms and in addition, provide funds for repair and upgrades to the properties

Transaction 2 – For this proposed strategy, HACB would form a single tax credit partnership to own, operate, and renovate the scattered site portfolio including Chico Commons, Walker Commons, 1200 Park, and Lincoln Apartments. HACB would be anticipated to have an expanded role in the redevelopment of the Projects. HACB, or affiliate non-profit, would be the General Partner of limited liability limited partnership; HACB will also be the developer of the Project and issuer of the bonds. Moreover, HACB as the Grantor would lease the land and buildings to the partnership as the Grantee for 99 years as a low-income housing project pursuant to Sections 42 and 142(d) of the Internal Revenue Code of 1986. This strategy assumes successful negotiations with the existing limited partner at 1200 Park to exit the existing tax credit partnership.

Transaction 3 – Based on location and the difficulty in operating single family homes, this strategy assumes the disposition of the 1744 Laurel Street single family home. Proceeds from the sale could be used for future Authority development activities.

***Transaction 4** – The Evanswood Apartments could legitimately have two valid strategic repositioning strategies. Given the lack of other affordable Authority developments in Oroville, should the Authority not have an intent to add/develop additional units in the area, a disposition of Evanswood is most likely the best given approach. If, however, the Authority intends to move forward with additional development, i.e. Fogg Avenue and Public Housing tax credit syndication, then adding Evanswood to the *Transaction 2 strategy (Tax Credit)* would allow for the necessary improvements to the project and a more synergetic operational plan due to proximity to the other local developments.

2131 Fogg Avenue – Given future development opportunities, this Plan would tend to endorse holding the Fogg Avenue property until the opportunity presents itself to develop the site and to potentially provide the basis for a tax credit syndication with the adjacent Hammon Park public housing project.

Transaction	Renovation Benefit	Current Evaluated Cashflow**	Projected Cashflow	Sponsor Cash Benefit
Transaction 1	$3,750,000	$200,000	$150,000*	$0
Transaction 2	$15,145,000	$758,000	$473,000	$9,750,000
Transaction 3	$0	$0	$0	$235,000
Transaction 4	$0	($15,000)	($15,000)	$3,600,000
TOTAL	**$18,895,000**	**$943,000**	**$608,000**	**$13,585,000**

*Note, Potential additional annual cash flow, over and above the indicated figures are a possibility should the Authority elect to increase project rents, which would appear to be substantially below market at some projects. Then again, providing an "internal" rent margin to maintain more affordability might be more attractive to the Authority from a mission perspective.
** Current Evaluated Cashflow is based on 2018 Authority audit information and excludes balance sheet related data and instead attempts to analyze actual project cash flows. Additionally, indicated cash flows might or might not be effected by the inclusion of non-recurring capitalized expenditures.

Strategy Implementation

Given the complexities involved in development activities such as Bond Issuance, Construction Management, Tax Credit Syndication, Disposition, etc, it is critical that the Authority assemble a “Team” of experts in the respective fields should HACB elect to pursue this strategy.

For the most part, the Authority has already assembled a team, both internal and external, to execute Bond Issuance and general development activities. That being said, “Transaction 2” involves Tax Credit Syndication with the assumption that the Authority will act as the Developer, General Partner, and Sponsor of the transaction. The Authority’s position in these roles is critical in order to realize the projected proceeds and other benefits highlighted within this report. As such, it will be necessary to assemble a team to assist with the various aspects of Tax Credit development. The following roles are the core “team” members necessary for a successful Tax Credit syndication.

Development Consultant – with the Authority undertaking the role of “developer,” it is necessary to have a development consultant that can help navigate the role and responsibilities that come along with Developer, Sponsor, and General Partner. The development consultant assists in creating the team, procures the lender/investor, underwrites the transaction on behalf of the Authority, manages the Lender/Investor due diligence process, and in general, represents the Authority, ensuring the transaction maintains the financial and intangible benefits at the end of the day.

Partnership Counsel – The partnership counsel assists in the formation of the Partnership, represents the Authority as General Partner of the Partnership, reviews and generates necessary documents associated with the partnership, and provides general guidance on the transaction. Note that Partnership Counsel is different than Bond Counsel, however Bond Counsel will also be necessary as part of the transaction team. Notable firms in California include Bocarsly Emden, Gubb and Barshay, and Goldfarb and Lipman.

Bond Counsel – Bond Counsel assists in all aspects with the tax-exempt Bond issuance, including Authority resolutions, TEFRA hearing and process, and all legal documents associated with the Bonds. Depending on approach, many time Bond Counsel and Partnership Council and be represented by the same firm, assuming the Authority is issuing the bonds.

Partnership Accountant – The partnership accountant consults with the Authority on any partnership related accounting issues, accounting methodologies related to partnership tracking, and financial reporting related to the partnership. As part of this service, the partnership accountant will provide the Final Cost Certification required under the 4% LIHTC program. Furthermore, they will draft and provide the first (and typically second) partnership tax return and annual audit. There are various firms that provide these types of services. Novogradac is one that is well known by Lenders and Investors.

Construction/Design Team – The construction and design team is another key element to a successful tax credit syndication. Given the complexities of credit delivery and their association with the construction schedule, it is critical to assemble a team that has experience with Tax Credit developments, the reporting requirements that come with LIHTC IRS regulation, and experience with occupied rehabs. The development consultant and owner’s representative work closely with the Authority in assembling this team, which typical includes limited architectural scope for selective rehab projects, or even Design/Build, whereby the General Contractor assumes design responsibilities.

Other Team Members – In addition to the core members listed above, the partnership (via the Authority as General Partner) would procure additional key team members/reports such as title insurer/escrow agent, surveyor, appraiser, environmental consultant, etc. An example of a procurement schedule for an Acq/Rehab 4% transaction is attached to this report as Exhibit B.

Certain statements and other information included in this Repositioning Plan constitute "forward looking information.” All statements and information in this Plan, other than those relating to historical information or current condition, are forward-looking statements, including, but not limited to, estimates, forecasts and statements as to expectations with respect to, among other things, business and financial prospects, financial multiples, future trends, strategies, objectives and expectations, including with respect to future operations following the proposed restructuring plan implementation. These forward-looking statements are subject to a number of risks and uncertainties, which could cause actual results to differ materially from the proposal.

Events or circumstances that could cause actual results to differ materially from what is included in this Plan, include, but are not limited to, actual project capital needs, Authority capacity, debt and equity market volatility, impacts on resident relocation, the availability of private-activity bond cap, the availability of project based section-8 subsidies, or the possible delay in the completion of the steps required to be taken for the eventual restructuring plan to be implemented, including the possibility that approvals required from public agencies and other entities will not be obtained in a timely manner or will be obtained on conditions that may require the proposal to be modified.

EXHIBITS

X. Exhibits

a. **Project Data Sheets**

b. **Example Procurement Schedule**

INTRODUCTION

The purpose of the Procurement Management Plan ("Plan") is to outline those services to be procured by Brawner & Company (Brawner), either on behalf of the client/project or by Brawner directly. Further, the Plan describes how the procurement will be managed, from identification and developing procurement documentation through contract closure. The Plan is intended to be in compliance with internal Housing Authority (PHA) and Brawner procedures.

The overall function of procurement is to solicit and engage those "outside" consultants which will complete tasks required to finance, operate and develop the project(s) and then describe, in specific terms, under what conditions those tasks should be performed. Procurement deadlines are usually affected by the project schedule and completion of required tasks is needed by certain dates to ensure timely project completion. Additionally, completion of certain tasks may provide data which can provide guidance on financial viability and various strategies, and greater insight into the physical condition of the property, all of which allow to define varied approaches to mitigating risk.

PROCUREMENT MANAGEMENT APPROACH

This Plan sets the procurement framework for the transaction. It identifies and defines the items to be procured, the purpose, special procurement language, types of contracts to be used in support of this project, budget constraints, roles, the contract approval process, and decision criteria. The Transaction Manager will work with the Development Manager, PHA's Development Team, and other key players to manage the procurement activities.

The Transaction Manager will provide oversight and management in concert with appropriate procurement requirements for all procurement activities. Brawner's Executive Team and Development Manager will work with PHA to identify all items to be procured for the successful completion of the project. PHA's Development Team will review the procurement list and related information and seek final approval from the CFO.

PROCUREMENT APPROVAL PROCESS

Related to project and financial service procurements as well as pre-construction service procurements, the Transaction Manager shall make a recommendation to PHA on the type of procurement for each task, such as non-competitive contract request, competitive negotiation, alternative procurement, RFP or RFQ. Once PHA has approved the type of procurement for a specific task, the Transaction Manager, along with the Development Manager, will meet to discuss the contents of the procurement package. The Transaction Manager will draft the appropriate procurement documents and related attachments and forward to PHA's Development Team for review, who will then seek approval from PHA's CFO.

CONTRACT TYPE

Many different types of contracts exist, such as: firm-fixed price, time and materials (T&M), cost-reimbursable, and others. Varying procurement items may also require different contract types. It is the intent that all services to be procured will be solicited under firm-fixed price contracts. The Transaction Manager will work with the Development Manager and Executive Team to define the scope of services and required delivery dates. The Transaction Manager will then solicit bids under a Request for Proposal (RFP) to various vendors in order to procure the services within the required time frame and at a reasonable cost.

DECISION CRITERIA

Depending upon the type of procurement, various criteria will be used by the Transaction Manager to make a recommendation to PHA on what contract(s) to award. Again, these criteria will vary between different procurement packages, but will be defined as part of the Plan.

The criteria for the selection and award of procurement contracts for this project will consider some or all of the following criteria:

- Mandatory Requirements
- Vendor financial documentation
- General Qualifications & Experience (vendor and proposed staff)
- Past Performance Technical Qualifications
- Quality
- Ability of the vendor to provide all items by the required delivery date
- Oral Presentation
- Cost

Based on the procurement criteria and the responses to those criteria by specific vendors, the Transaction Manager in consultation with the Development Manager shall prepare a bid evaluation and a contract award recommendation to PHA. The recommendation shall include among other items a list of those vendors who submitted a proposal, their proposed cost to complete the work, their timeline to complete the work and a summary of the how the proposers responded to the required criteria. Finally, an adequate justification for the recommendation of the award will be included. The Recommendation will be signed by the Transaction Manager and in turn executed by PHA indicating approval of that recommendation.

Contract Award

The Transaction Manager shall work with the Development Manager to execute the required contract. In some cases, contracts may need to be reviewed by partnership counsel, in which case the Transaction Manager shall take the lead in finalizing a contract for review. Once the related contract has been vetted, the Transaction Manager shall forward to PHA's Development Team via email or Sharefile for execution. The contract shall include a transmittal cover sheet from the Transaction Manager indicating that the Contract meets all previously required procurement criteria at a cost previously agreed to. The Transaction Manager shall oversee the execution of the contract by all parties and ensure that executed contracts are delivered to all parties. If Brawner is tracking development cost during the pre-construction phase, a copy of the contract shall also be delivered to the Project Finance Director.

Vendor Management

The Transaction Manager is ultimately responsible for managing vendors. In order to ensure the timely delivery and high quality of reports from vendors, the Transaction Manager may designate other internal staff to work with various vendors on their specific task. The responsible staff shall have continued communication with the vendors to review status of reports and initial findings. This will also serve as an opportunity to ask questions or modify contracts or requirements ahead of time in order to prevent delays in delivery and schedule. The Transaction Manager will be responsible for scheduling required site inspections, meetings and other activities required by the vendor to complete their task. This also includes working with PHA's Asset Manager to arrange inspection times and the necessary notices to residents.

If the inspections require entry into an occupied unit, the Transaction Manager shall keep track throughout the pre-development period of those units that have been inspected, the date inspected, and the purpose for such inspections.

When the contract for services has been completed or a progress payment has been submitted by a vendor, the Transaction Manager shall provide (via email or Sharefile) a written document to PHA confirming that the service(s) indicated in the vendor billing statement/invoice has been completed in satisfactory condition pursuant to the contract terms and that the amount billed is authorized to be paid.

The attached procurement items and/or services have been determined to be essential for completion and success of the transaction.

ACCEPTANCE

Approved by:

____ Date: _____________________

Housing Authority

____ Date: _____________________

Brawner & Company
Transaction Manager

BRAWNER REAL ESTATE DEVELOPMENT AND CONSULTING

EXAMPLE PROCUREMENT SCHEDULE

Pre-Development Service to be Procured	Procurement Package Date	Estimated Due Date of Vendor Response	Vendor Deliverable Date	Type of Procurement	Selection Criteria	Notes
ALTA Survey	2/22/2019	N/A	4/8/2019	RFP	Mandatory requirements, qualifications, past performance, meet delivery date, and cost.	For title insurance extended coverage as well as lender/investor requirements. Include typical investor requirements in RFP.
*Seismic Survey	2/1/2019	2/16/2019	4/1/2019	RFP	Mandatory requirements, qualifications, past performance, meet delivery date, and cost.	To identify structural needs of the building. Depending on investor lender requirements and age of building, original construction may suffice.
Property Appraisals & Market Study	2/22/2019	3/9/2019	3/18/2019	RFP	Mandatory requirements, qualifications, past performance, meet delivery date, and cost.	To determine value in which the PHA will lease the properties to the limited partnership. Appraiser shall provide a separate quote for both a land value and a market study conforming to the Commission requirements. Will need bid to include preparation for Reliance Letter to investor.
Property Insurance	3/7/2019	N/A	4/16/2019	N/A	N/A	Assumption is that the existing coverage will be updated to include the revised valuation of the property under the exising PHA umbrella
Phase I Environmental	2/5/2019	2/20/2019	3/12/2019	RFP	Mandatory requirements, qualifications, past performance, quality of proposal, meet delivery date, and cost.	Assumption is that based on age of building, lender/investor will not require extensive O&M plans and/or ACM and LBP testing
Pest Inspection	5/15/2019	N/A	6/13/2019	Sole Source with price negotiations	Mandatory requirements, qualifications, past performance, meet delivery date, and cost.	Investor requirement.
Legal - Partnership & Borrower's Counsel	2/6/2019	N/A	2/13/2019	Sole Source with Fee Proposal	N/A	Need Fee Proposal from Partnership Counsel for Projected Services.
Accounting	4/23/2019	N/A	7/19/2019	Sole Source with Fee Proposal	Mandatory requirements, qualifications, past performance, meet delivery date, and cost.	Need to determine accounting firm. Likely Novogradac
*Physical Conditions Assessment	2/15/2019	3/2/2019	4/30/2019	RFP	Mandatory requirements, qualifications, past performance, meet delivery date, and cost.	Potential requirement of the lender (Suppliment to McCullough Allen Inspection)
Title	1/23/2019	N/A	2/1/2019	Sole Source with price negotiations	Mandatory requirements, qualifications, past performance, meet delivery date, and cost.	Need to determine preferred title insurance company. Recommend Chicago Title.
*Zoning Report	2/1/2019	N/A	2/14/2019	Sole Source with Fee Proposal	N/A	Sole Source of PZR based on lender/investor zoning requirements
Pre-Construction Service to be Procured	**Procurement Package Date**	**Estimated Due Date of Vendor Response**	**Vendor Deliverable Date**	**Type of Procurement**	**Selection Criteria**	**Notes**
Contractor Pre-Construction Services	TBD	TBD	3/4/2019	RFP or Sole Source	Mandatory requirements, qualifications, past performance, meet delivery date, and cost.	Requesting proposal from Contracotr. Potential for zero pre-construction fees if certain contractor is chosen.
Mechanical, Electrical, Plumbing (MEP)	TBD	TBD	3/4/2019	RFP or Sole Source	Determined by type of procurement	Determined by GC procurement and driven by scope of work as necessary.
Roof Consultants	TBD	TBD	2/7/2019	RFP or Sole Source	Determined by type of procurement	Driven by scope of work as necessary.
Membrane Consultants	TBD	TBD	2/7/2019	RFP or Sole Source	Determined by type of procurement	Driven by scope of work as necessary.
Elevator Engineering	TBD	TBD	2/7/2019	RFP or Sole Source	Determined by type of procurement	Driven by scope of work as necessary. Need to determine if existing reports will suffice.
Architecture	N/A	N/A	3/4/2019	Selected GC will Procure	Mandatory requirements, qualifications, past performance, meet delivery date, and cost.	Determined by Contstruction Service. If design/build chosen, Architect will be included in fee proposal.

Please see the Procurement and Fees Budget spreadsheet for monthly costs related to the items listed above.

*The need for identified reports will be determined by the investor/lender, once selected

EXAMPLE PROCUREMENT AND FEES BUDGET

Pre-Development Service to Be Procured	Total	February	March	April	May	June	July	August	Balance to be Paid at Closing	Notes
ALTA Survey	$ 8,275			$ 7,125				$ 1,150		
Seismic Survey	$ 3,250			$ 3,250						
Property Appraisals & Market Study	$ 10,250		$ 8,750			$ 1,500				Includes FMV appraisal, land appraisal, and potential update
Property Insurance	$ -									No fees till closing
Phase I Environmental	$ 11,375		$ 8,750				$ 2,625			
Pest Inspection	$ 1,250					$ 1,250				
Legal - Partnership & Borrower's Counsel	$ 15,000				$ 15,000				Yes	Partnership Counsel Fees for LLLP formation and Sponsor Debt
Accounting	$ -								Yes	No fees untill after closing
Physical Conditions Assessment	$ 7,850					$ 7,850				Potential requirement of the lender (Suppliment to McCullough Allen Inspection)
Title	$ -								Yes	
Zoning Report	$ 750		$ 750							Sole Source of PZR based on lender/investor zoning requirements
***Pre-Construction Service to be Procured**	**Total**	**February**	**March**	**April**	**May**	**June**	**July**	**August**	**Balance to be Paid at Closing**	**Notes**
Permits	$ 35,246							$ 35,246		
Construction Services	$ -								Yes	Belfor or other service provider will bill at closing
Mechanical, Electrical, Plumbing (MEP)	$ 6,750		$ 6,750							
Roof Consultants	$ 4,125	$ 4,125								
Membrane Consultants	$ 6,500	$ 6,500								
Elevator Engineering	$ 2,850	$ 2,850								
Architecture	$ -								Yes	Subject to change depending on which architect is chosen. Assuming through Belfor.
Pre-development Fees	**Total**	**February**	**March**	**April**	**May**	**June**	**July**	**August**	**Balance to be Paid at Closing**	**Notes**
**Resident Income Certs	$ 21,750						$ 10,000	$ 11,750		Tax Credit Income Certs
Tax Credit Application	$ 7,500				$ 7,500					Fee for 4% Application
Bond Cap Reservation Fee	$ 75,000					$ 75,000				0.5% of Bond Cap Request
Cost of Issuance Deposit	$ 75,000					$ 75,000				0.5% of Bond Cap Request
***Lender Fee	$ 25,000			$ 25,000						Potential Fee related to procurement - reimbursed at close
***Investor Fee	$ 25,000			$ 25,000						Potential Fee related to procurement - reimbursed at close
TOTAL AMOUNTS	$ 342,721	$ 13,475	$ 25,000	$ 60,375	$ 22,500	$ 160,600	$ 12,625	$ 48,146		

*Specific services required currently unknown
**If 3rd party contractor needed for assistance
***Dependant on investor/lender selected

SUMMARY

To: Housing Authority of the County of Butte ("HACB")
Ed Mayer, Executive Director

CC: Tom Lewis, Counsel to California Affordable Housing Agency

From: Patrick Howard, PHIG Consulting LLC (a subsidiary of PHIG Holdings LLC)

Thank you for providing me for review copies of the HACB's Request for Proposal Strategic Asset Plan dated February 20, 2019 and the HACB Asset Repositioning Study, Strategic Portfolio Review, dated July 2019 as prepared by Brawner Real Estate Development and Consulting. Both were instrumental in my being able to assess a course of action for HACB as it relates to its decisions for financing and refinancing of its affordable housing inventory.

This Summary is merely an outline of what my assessment is for a call to action based on the review and understanding of HACB's goals coupled with the findings and recommendations from the recently completed Strategic Portfolio Review. Additional analysis and discussion will need to be completed to assess timing considerations and actual financial ramifications to maximize benefits to HACB. That being said the following I believe to be the most desirable way to proceed to achieve the goals set out by HACB.

1. Proceed immediately with the refinancing of the Series 2000A Bonds. This will be the quickest execution and provide the most immediate benefit to HACB given the high interest rate associated with these outstanding Bonds versus current tax-exempt Bond interest rates. This issuance should consider issuing what is referred to as new money Bonds with the refinancing of the outstanding Bonds; ideally in an amount that would not increase the current debt service payment on the properties included. The new money proceeds would be targeted towards needed improvements for the properties and could possibly provide funds for the eventual rebuilding of those units lost in Paradise.

2. My recommendation for structuring this refinancing would be to establish a master trust indenture and issue this as the first Series under this master indenture, thereby allowing to add additional Series of future Bond financings for the other properties (see below) that I recommend refinancing with Bonds as well. This will allow for HACB to use excess cash flow from this initial Bond refinancing to help subsidize any future Series of Bonds under this master indenture structure if necessary. Jones Hall is well versed in this structure as we have used this approach in previous Bond financings.

3. It would appear that the two multifamily properties not previously financed by either Bonds or use of Low Income Housing Tax Credits ("LIHTC"), Cordillera Apartments and Locust Street Apartments, could be included in this first Series as they would appear to be relatively simple to include in this process.

4. Next steps to accomplish this first action would be to immediately pass a Board Resolution to process with the refinancing, and to order physical condition reports on each of the four properties to assess the scope and cost of rehab needed. Once that is completed, HACB will need to order an appraisal to assess the current value, as well as the as-improved value based on the scope of the rehab that would be completed with the financing.

5. Simultaneous with item number 4 above will be to assemble the working team to initially include Jones Hall as Bond Counsel, among others, to determine whether a public offering of Bonds through an investment bank or a direct private placement with a Bank already familiar with HACB would be the desired and most beneficial approach for HACB.

6. Depending on schedules and timing for reports it could be expected that this first action could be completed by the end of October 2019.

7. The next step would be to begin working on the refinancing of the two LIHTC properties, Chico Commons Apartments and Walker Commons Apartments, and look to refinance both in the same second Series under the master indenture structure. Similar action items as indicated in item numbers 4 and 5 above would need to occur when ready to proceed with these properties. I would expect that these could be financed before the end of the year 2019. As with the first Series of Bonds as described above the focal points will be initially on the scope of rehab needed and desired, the cost for that and whether the required debt service can be supported by the net operating cash flow generated by these properties without support from the excess cash flow generated by Series one or any other support.

8. Other factors and assets to be considered in this will be HACB's office building and whether the value of collateral from this asset would be needed or helpful for the financings noted above. My initial thoughts on this are to keep it simple and not include the building at this stage and save that for helping with other development projects that are being planned and highly needed, including possible future plans involving HACB's 345 public housing units and 130 farm working housing units. Instead, the focus should be on getting value for HACB's Standard & Poor's Issuer Credit Rating and using that to help negotiate lower interest rates for the Bond financings.

9. Finally, as for the other LIHTC property, 1200 Park Place Apartments, I recommend initiating discussions with the other Limited Partners in order to come to terms for a buy-out and if timing works then include that with the second Series offering, or look to go after another LIHTC syndication for this property. I would expect that if Bonds were a possibly for this property then that could occur as early as the first quarter 2020, while a LIHTC financing would occur later in the year 2020 at the earliest.

10. In conclusion, it is my recommendation to HACB to immediately move forward in the methodology as stated above, and to take action to move immediately to refinance the Series 2000A Bonds.

- Patrick Howard, August 1, 2019

Memo

To: Ed Mayer

From: Real Estate Development Services

Date: August 7, 2019

RE: Analysis of 1200 Park Avenue

As previously discussed, 1200 Park Avenue is ready for a repositioning due to the imminent end of the 15-year tax credit compliance period. We have spent the past few months analyzing the asset from a value perspective as well as vetting various financing options. In this analysis, we took into consideration options that would yield the Agency both a desired rehabilitation as well as retaining the Agency its most appreciated asset.

We focused the initial analysis for 1200 Park Avenue Apartments in two scenarios: the first as a 9% Tax Credit scenario and the second as a 4% Tax Credit/Tax Exempt Bond development. We used the same general assumptions for acquisition cost, operating expenses, and temporary relocation costs. We also assumed that the City of Chico and HACB would recontribute their existing debt.

<u>9% Tax Credits</u>

Income targeting is set from 30% to 60% AMI based on the existing regulatory agreements. Total Development Costs (TDC) including improvements is estimated at $18.6m, or $174k per unit.

Hard construction costs are currently projected at $40,000 per unit.

Current projected shortfall is $1.3m, or $12.5k per unit, which could be filled with deferred developer fee, increased credit pricing, Section 8 Project Based Vouchers, and possibly Affordable Housing Program (AHP) funds.

Using the assumptions above, the TCAC tiebreaker is approximately 35.69%.

4% Tax Credits

Income targeting is set from 30% to 60% AMI based on the existing regulatory agreements. TDC including land is estimated at $15.3m, or $143k per unit.

Hard construction costs are currently projected at $20,000 per unit.

Current shortfall is $4.7m, or $44k per unit.

Based on the shortfall shown in the 4% scenario, the 9% scenario is more viable and would allow for *additional* renovations to be made to the asset with twice the amount budgeted for hard construction costs as a result of the additional tax credit equity provided by 9% tax credits (approximately $10.4m vs. $3.5m).

- The soft loans provided by the City of Chico and Housing Authority of the County of Butte both work as leveraged soft financing in the 9% scenario, and these funds increase the tiebreaker to a competitive 35.69%.
- The City of Chico competes in CTCAC's Northern Region. Our projected tiebreaker is higher than the projects awarded in the previous two rounds for this Region:
  - First Round 2019 - 32.473%
  - Second Round 2018 - 11.486%
- A *typical* advantage of the 4% scenario is higher income targeting (i.e. 50% and 60% AMI units, yielding more income and higher debt); however, these units will be required to maintain the affordability set forth in the existing regulatory agreements that follow 9% guidelines therefore cannot be modified.

Additionally, Real Estate Development Services previously completed a successful negotiation and buyout of 21 Limited Partnership Interests from Alden Torch, current tax credit investor in 1200 Park Avenue. We believe we possess the knowledge and experience to negotiate on behalf of the Agency and come to a reasonable agreement with Alden Torch on buyout terms.

As always, we are here for the Agency to answer any questions, as this asset is an important part of our history as a Company.