



REQUEST FOR IRVINE COMMUNITY LAND TRUST BOARD ACTION

LAND TRUST BOARD MEETING DATE:

JUNE 20, 2016

TITLE: FISCAL YEAR 2016-2017 BUDGET AND SIGNATURE AUTHORITIES


Executive Director

RECOMMENDED ACTIONS:

1. Adopt Resolution 16-030 of the Irvine Community Land Trust approving the Fiscal Year 2016-2017 Budget.
2. Adopt Resolution 16-031 designating authorized signers, President, Vice-President, Secretary, Treasurer and/or Executive Director for banking and investment services.

BACKGROUND:

Analysis

The draft Fiscal Year 2016-2017 Budget (Budget) is presented for adoption. The Budget beginning fund balance, approximately \$10.5 million, is based on the estimated closing balance for Fiscal Year 2015-2016. Administration, contract services and operating costs are proposed at approximately \$733,700. Reserving funds for liabilities will leave approximately \$6.1 million in available funds.

Anticipated 2016-17 Budget Revenues

The estimated fund balance beginning July, 2016 is \$10,473,632 and is based on current revenues less projected expenditures for FY 2015-16 (Attachment 1). Additional revenues for FY 2016-17 are estimated at \$915,830 with the majority of these funds derived from the increased disbursements from the Settlement Agreement with the City of Irvine. The City of Irvine, on January 26, 2016, approved increasing funds distributed through the Settlement Agreement from five to 10 percent of monies received by the City of Irvine. Revenues from rental payments of nine homes, a note owed by Jamboree Housing Corporation for the Doria project, and the ground lease payment from AMCAL Multi-Housing, Inc. for the Alegre project, provide the balance of funds for the Land Trust during the upcoming fiscal year.

Proposed 2016-17 Budget Expenditures

Expenditures have been adjusted in the Budget to account for general activities and project development costs for the Native Spring and Nightmist properties (Attachment 2). Administrative costs are estimated at \$125,250 in anticipation of an increase in expenses to support legislative efforts and conference attendance. Contract services total \$524,000 due to

development activity that is expected for the Native Spring and Nightmist parcels. Property operational costs are increased by approximately \$3,000 due to the addition of 80 Clearbrook as a rental property requiring payment of Homeowner Association dues, taxes and general property maintenance. Property management costs at the approved rate of \$100 per month are included in the contract with Proactive Realty Investments, Inc.

Reserve funds

Reserve funds are approximately \$3 million and are available to cover liabilities. Funds not encumbered by the Budget for administration, property management, liabilities and project development costs will be reserved in investment accounts.

Assets and Liabilities

The Land Trust holds significant assets (Attachment 3). These assets include BNY Mellon investments of approximately \$4.6 million, \$600,000 in a cash savings account, nine rental units valued at approximately \$3 million and a set-aside of \$3.02 million in cash for potential liabilities referenced above.

The Land Trust has loans issued to the Doria Phase I and Doria Phase II affordable rental housing projects for a combined value of approximately \$3.2 million. The Cypress Village land (Alegre) is appraised at a value of \$8.35 million. In addition, the Development Agreement with AMCAL Multi-Housing, Inc. for the Alegre project includes annual lease payments that are generated through a Ground Lease. At the termination of the Ground Lease, the physical improvements (104 units) will become the property of the Land Trust. The current estimated value of the improvements, exclusive of land, presuming \$300,000 per unit in valuation, is \$31,200,000.

The Alegre and Parc Derian Tenant Placement Guarantee Agreements for residents with developmental disabilities are also included in liabilities that are summarized in Attachment 3.

Overall, the Budget estimated revenues and expenses including reserve funds for potential liabilities, apportions unencumbered funds of approximately \$5 million for development activities of the Land Trust.

Service Contracts

The Land Trust contracts legal services with Rutan & Tucker, Inc., real estate services with CivicStone, Inc., bookkeeping services with Robert S. Borish CPA, Inc., financial services with Rosenow Spevacek Group, Inc. and property management services with Proactive Realty Investments, Inc. These existing contracts were negotiated for July 1, 2015 through June 30, 2017 and the 2016-2017 Budget will adjust the maximum annual contract amounts for each consultant subject to Board approval of the Budget. Staff is recommending adoption of Resolution 16- 030 approving the Budget as presented.

Signature Authorizations

The Board previously approved Resolution 15-027 to assign signature authorities for banking and investment accounts. This authorization must be updated for Fiscal Year 2016-2017.

Resolution 16-031 (Attachment 5) designates authorized signers (President, Vice-President, Secretary, Treasurer and Executive Director) for banking and investment services. This authorization will remain effective until June 30, 2017 unless amended earlier by action of the Board. Staff recommends that the Board approve Resolution 16-031.

Attachments:

- Attachment 1: Estimated Revenue Budget for Fiscal Year 2016-2017
- Attachment 2: Statement of Activities Expenditures Fiscal Year 2016-2017
- Attachment 3: 2016-2017 Statement of Assets and Liabilities
- Attachment 4: Resolution 16-030
- Attachment 5: Resolution 16-031

IRVINE COMMUNITY LAND TRUST
ESTIMATED REVENUE BUDGET
For
FISCAL YEAR JULY 2016 through JUNE 2017

	Estimated Budget Fund Balance
BEGINNING OF YEAR FUND BALANCE	\$ 10,473,632
PROGRAM REVENUES:	
Operating grants and contributions from Settlement Funds (Note 1)	\$ 750,000
Interest on cash deposits.	\$ 180
Miscellaneous Receipts	\$ 250
Rent (Note 2)	\$ 105,400
Doria Loan Repayment/Monitoring Fee (Note 3)	\$ 50,000
Alegre Ground Lease Payment (Note 4)	\$ 10,000
TOTAL REVENUES	\$ 915,830
 TOTAL FUNDS AVAILABLE	 \$ 11,389,462

Note 1: City of Irvine may transfer future settlement funds to Land Trust.

Note 2: Nine units rent payments.

Note 3: Doria Agreement requires residual receipts payments.

Amount estimated based on prior year payment.

Note 4: Annual lease payment. Up front \$500K received in 2015-16 fiscal year.

IRVINE COMMUNITY LAND TRUST
STATEMENT OF ACTIVITIES EXPENDITURES
Adjusted
For the Year Ended June 30, 2017

EXPENDITURES/EXPENSES:	Beginning Year Budget
Administration Costs:	
Salaries/Services reimbursed to the City of Irvine (Note 1)	\$ 56,000
Duplicating/Copying	\$ 2,000
Office Supplies/Equipment	\$ 1,500
Business Expenses - Meeting Supplies/Refreshments	\$ 2,500
Banking Expenses	\$ 1,000
Special Events	\$ 2,500
Memberships/Subscriptions/Dues	\$ 5,000
Taxes/Licenses/Misc. Fees	\$ 250
Postage/Mailing Materials/Express Mailings	\$ 1,000
Advertising and Publishing	\$ 6,000
Internet/Webpage Management/Computer Equipment/software	\$ 20,000
Local Travel	\$ 2,500
Legislative advocacy / conferences / meetings	\$ 25,000
Subtotal	\$ 125,250
Contract Services	
Rutan (Legal Services)	\$ 150,000
CivicStone (Real Estate Services)	\$ 80,000
Borish CPA	\$ 10,000
Haynie & Company (Accounting Firm)	\$ 12,000
Alliant Insurance (Corporate/Director's Coverage)	\$ 3,000
Gonsalves & Son (Advocacy/Lobbying Services)	\$ 42,000
Title	\$ 5,000
Appraisal Services	\$ 7,500
Architectural Firm	\$ 10,000
Rosenow Spevacek Group (Financial Services)	\$ 150,000
Development and Environmental Review Services	\$ 10,000
Escrow Services	\$ 2,500
Engineering Services	\$ 5,000
Proactive Realty Investments (Property Manager)	\$ 12,000
Property Repair/Rehabilitation	\$ 25,000
Subtotal	\$ 524,000
Tenant Placement Guarantee - Alegre Units	\$ 20,500
Tenant Placement Guarantee - Parc Derian Units (Note 2)	\$ 8,436
Subtotal	\$ 28,936
Operation costs of Acquired Property	
Utilities	\$ 5,000
Home Owner Association Dues	\$ 29,500
Taxes - Nine Units (Note 3)	\$ 2,000
Insurance	\$ 4,000
Site Maintenance	\$ 15,000
Subtotal	\$ 55,500
Reserved Funds	
Held for future expenditures/liabilities	\$ 3,027,626
Subtotal	\$ 3,027,626
TOTAL EXPENDITURES/EXPENSES/RESERVED	\$ 3,761,312

Note 1: Per Contract for the Provision of Administrative Services total reimbursement for services may be capped at \$1,000. Note this is not representative of actual operating costs due to unique relationship with the City of Irvine.

Note 2: Presumes Parc Derian project begins lease up in March 2017 and Land Trust could be responsible for 3 months rental costs.

Note 3: Tax Assessor confirmed property taxes will be abated for nine units during Fiscal Year.

**Irvine Community Land Trust
Land Trust Statement of Assets and Liabilities
June 2016 – ESTIMATED**

Assets:

1. Cash ^A		\$10,473,632
2. Deposit with management company ^B		\$ 16,995
3. Nine rental units ^C		\$ 3,057,576
4. Partnership interest in Doria Affordable Rental Housing Project:		
a. Doria Phase 1 Development Loan 3% simple interest payable over 55 years		\$ 1,602,505
b. Doria Phase 2 Development Loan 1% simple interest payable over 55 years		\$ 1,600,000
5. Partnership interest in Alegre Affordable Rental Housing Project:		
a. CDBG Development Loan 3% simple interest payable over 59 years		\$ 837,673
b. HOME Development Loan 3% simple interest payable over 59 years		\$ 416,930
6. Cypress Village (Alegre) Affordable Rental Housing Parcel: 3.36 acres ^D - appraised value		\$ 8,350,000
7. AMCAL Multi- Housing Development Agreement ^E Ground Lease (Future Revenue) annual base rent and up to an additional \$20,000 bonus rent		\$ 10,000
8. 17275 Derian (Parc Derian) Affordable Rental Housing Parcel: 2.0 acres - acquisition cost		\$ 5,750,000
9. Parc Derian Ground Lease \$1 per year for 99 years (prepaid in 2016)		
10. Native Spring Affordable Housing Parcel: 4.0 acres – appraised value		\$11,500,000

Irvine Community Land Trust
Land Trust Statement of Assets and Liabilities
June 2016 – ESTIMATED

Liabilities:

1. Anticipated costs	\$ 3,027,626
2. Security deposit for rentals ^F	\$ 16,995
3. Tenant Placement Guarantee ^G	\$ 28,936

Footnotes:

- A. Excess cash is invested through California United Bank and BNY Mellon.
- B. Cash held for security deposits and operation of eight rental units.
- C. Capital assets are recorded at historical cost; donated capital assets are recorded at estimated fair market value at the date of donation.
- D. Value of land without improvements. Improvements, which are owned by AMCAL Multi-Housing, Inc., have current estimated value of \$31M. Improvements will become asset of the Land Trust at termination of Ground Lease.
- E. AMCAL Multi-Housing, Inc. made up front Ground Lease payment of \$500,000 during Fiscal year 2015-16. Remaining term of lease includes remainder lease value for 99-year term.
- F. Security deposits owed to residents renting Land Trust condominiums upon termination of lease.
- G. Rental Guarantee for two two-bedroom units at Alegre and four one-bedroom units at Parc Derian set aside for residents with developmental disabilities. Parc Derian anticipated opening is scheduled for Spring, 2017,

RESOLUTION 16-030

A RESOLUTION OF THE IRVINE COMMUNITY LAND TRUST
APPROVING THE FISCAL YEAR 2016-17 BUDGET

WHEREAS, the Irvine Community Land Trust (Corporation) Board of Directors (Board) took steps to perfect the organization of the Corporation and to conduct other business on behalf of the Corporation; and

WHEREAS, the Board has reviewed the Fiscal Year 2016-2017 Budget (Budget); and

WHEREAS, the Budget estimates revenues of approximately \$915,830; and

WHEREAS, the Budget proposes administrative costs of approximately \$125,250, contract service expenditures of approximately \$524,000, and operation costs of acquired properties of approximately \$55,500; and

WHEREAS, contracts for legal, real estate, bookkeeping, accounting, insurance, financial, and property management services are included as part of the Budget and authority to execute by the Executive Director contracts in amounts not to exceed the annual budget for each service have been considered by the Board; and

WHEREAS, the Budget proposes reserving approximately \$3.02 million in funds for a potential liabilities; and

WHEREAS, with the estimated fund balance, estimated revenues and proposed expenditures the Budget projects a positive balance at the end of the fiscal year.

NOW, THEREFORE, the Board of Directors of the Irvine Community Land Trust DOES HEREBY RESOLVE as follows:

SECTION 1. The Fiscal Year 2016-2017 Budget is approved and adopted as presented.

SECTION 2. The Board of the Irvine Community Land Trust authorizes the Executive Director to execute all service contracts in amounts not to exceed the approved budget.

SECTION 3. The Secretary shall certify to the passage and adoption of this Resolution.

PASSED AND ADOPTED by the Board of the Irvine Community Land Trust at regular meeting held on the 20th of June, 2016.

MARY ANN GAIDO
PRESIDENT OF THE IRVINE COMMUNITY LAND TRUST

ATTEST:

BETH KROM
SECRETARY OF THE IRVINE COMMUNITY LAND TRUST

STATE OF CALIFORNIA)
COUNTY OF ORANGE) SS
CITY OF IRVINE)

I, Beth Krom, Secretary of the Irvine Community Land Trust, DO HEREBY CERTIFY that the foregoing Resolution was duly adopted at a regular meeting of the Board of the Irvine Community Land Trust held on the 20th day of June, 2016.

AYES: 0 MEMBERS:
NOES: 0 MEMBERS:
ABSTAIN: 0 MEMBERS:
ABSENT: 0 MEMBERS:

BETH KROM
SECRETARY OF THE IRVINE COMMUNITY LAND TRUST

RESOLUTION 16-031

A RESOLUTION OF THE IRVINE COMMUNITY LAND TRUST
APPROVING SIGNATURE AUTHORITIES FOR ACCOUNTS HELD
WITH BNY MELLON, NATIONAL ASSOCIATION, A SUBSIDIARY
OF THE BANK OF NEW YORK MELLON CORPORATION

WHEREAS, the Irvine Community Land Trust (Corporation) Board of Directors (Board) took steps to perfect the Corporation and to conduct other business on behalf of the Corporation; and

WHEREAS, the Board established, by Board Resolution 14-022 signature authorities for officers and the Executive Director, which Resolution was deemed sufficient to enter into a Custody and Investment Management Agreement with BNY Mellon, National Association, a subsidiary of The Bank of New York Mellon Corporation; and

WHEREAS, the Board has elected new officers at its annual meeting on March 21, 2016 and has determined that new signature authorities are required for its accounts with BNY Mellon, National Association, a subsidiary of The Bank of New York Mellon Corporation.

NOW, THEREFORE, the Board of Directors of the Irvine Community Land Trust DOES HEREBY RESOLVE AS FOLLOWS:

SECTION 1. The Corporation has entered into a Custody and Investment Management Agreement with BNY Mellon, National Association ("BNY Mellon"), a subsidiary of The Bank of New York Mellon Corporation, for which BNY Mellon will act as Custodian and Investment Manager, respectively (the "Agreement"); and

SECTION 2. Any two of the following officers and an officer and Executive Director of the Corporation ("Authorized Officers"):

<u>Mary Ann Gaido, Chair & President</u>	_____
Printed Name and Title	Signature
<u>Christina Shea, Vice Chair & Vice President</u>	_____
Printed Name and Title	Signature
<u>Nancy Donnelly, Board Member & Treasurer</u>	_____
Printed Name and Title	Signature
<u>Beth Krom, Board Member & Secretary</u>	_____
Printed Name and Title	Signature
<u>Mark Asturias, Executive Director</u>	_____
Printed Name and Title	Signature

acting together are hereby authorized and directed in the name and on behalf of the Corporation to: (i) enter into the Agreement(s) with BNY Mellon, for the purpose of establishing one or more Account(s) for which BNY Mellon will act in the capacities stated above; (ii) to execute and deliver such agreements, certificates and instruments relating to the administration of the

Account(s) (collectively "Documents") in such form and containing such terms and conditions as such Authorized Officer(s) executing the same on behalf of the Corporation may approve, and such approval shall be conclusively evidenced by the execution thereof by such Authorized Officer(s); (iii) give written, oral, fax, electronic or such other instructions to BNY Mellon under the Documents as may be required thereunder; (iv) appoint agents to act on behalf of the Corporation with such authority as the Authorized Officer(s) may grant; and (v) take all such further actions as such Authorized Officer(s) may deem necessary or advisable to carry out the purposes of this Resolution. This Resolution shall remain in full force and effect until BNY Mellon is given notice to the contrary at the office at which the Corporation's Accounts are administered and BNY Mellon shall be held harmless and indemnified by the Corporation in relying on this Resolution and the certification that accompanies it.

The Board hereby further certifies that: (i) said Resolution is, as of this date, in full force and effect and has not been revoked or amended in any respect; (ii) each of the officers named in the Resolution set forth above is a duly elected and qualified and acting officer of this Corporation as set forth above; and (iii) the signature set forth opposite each such name is the genuine signature of such person

PASSED AND ADOPTED by the Board of the Irvine Community Land Trust at a regular meeting held on the 20th day of June, 2016.

MARY ANN GAIDO
PRESIDENT OF THE IRVINE COMMUNITY LAND TRUST

ATTEST:

BETH KROM
SECRETARY OF THE IRVINE COMMUNITY LAND TRUST

STATE OF CALIFORNIA)
COUNTY OF ORANGE) SS
CITY OF IRVINE)

I, Beth Krom, Secretary of the Irvine Community Land Trust, DO HEREBY CERTIFY that the foregoing Resolution was duly adopted at a regular meeting of the Board of the Irvine Community Land Trust, held on the 20th day of June, 2016.

AYES: 0

NOES: 0

ABSTAIN: 0

ABSENT: 0

BETH KROM
SECRETARY OF THE IRVINE COMMUNITY LAND TRUST