



AGENDA AND NOTICE OF THE SPECIAL MEETING OF THE
SAN GABRIEL VALLEY REGIONAL HOUSING TRUST FUND BOARD OF
DIRECTORS

TUESDAY, FEBRUARY 28, 2023 – 1:00 P.M.

Teleconference Meeting

Zoom Link: <https://us06web.zoom.us/j/88946091914>

Livestream Available at: <https://www.youtube.com/watch?v=eHWKKfULgo4>

SGVRHT Officers

Chair

Jed Leano

Vice-Chair

Becky Shevlin

**Jurisdictional
Representatives**

Northeast Representative
Gary Boyer, Glendora

Northwest Representative
Becky Shevlin, Monrovia

Central Representative
Emmanuel Estrada,
Baldwin Park

Southeast Representative
Patty Cortez, Covina

Southwest District
Adele Andrade-Stadler,
Alhambra

At-Large Representatives
Margaret Finlay, Duarte
Jed Leano, Claremont

Housing/Homeless Experts
Carol Averell (Delegate)
Benita DeFrank (Delegate)
Alma Martinez (Alternate)

Members

- Alhambra
- Arcadia
- Azusa
- Baldwin Park
- Claremont
- Covina
- Diamond Bar
- Duarte
- El Monte
- Glendora
- Irwindale
- La Cañada Flintridge
- La Verne
- Monrovia
- Montebello
- Pasadena
- Pomona
- San Gabriel
- South El Monte
- South Pasadena
- Temple City
- West Covina

Thank you for participating in today's meeting. The Board of Directors encourages public participation and invites you to share your views on agenda items.

MEETINGS: The agenda packet is available at the San Gabriel Valley Council of Government's (SGVCOG) Monrovia Office, 1333 S. Mayflower Avenue, Suite 360, Monrovia, CA, and on the website, www.sgvcoq.org. Documents distributed to a majority of the Committee after the posting will be available for review in the SGVCOG office and on the SGVCOG website. Attendance at this public meeting may result in the recording of your voice.

PUBLIC PARTICIPATION: Your participation is welcomed and invited at all Board of Directors meetings. Time is reserved at each regular meeting for those who wish to address the Board. SGVRHT requests that persons addressing the meeting refrain from making personal, slanderous, profane or disruptive remarks.

TO ADDRESS THE GOVERNING BOARD: At a regular meeting, the public may comment on any matter within the jurisdiction of the Board of Directors during the public comment period and may also comment on any agenda item at the time it is discussed. At a special meeting, the public may only comment on items that are on the agenda. Members of the public wishing to speak are asked to complete a comment card or simply rise to be recognized when the Chair asks for public comments to speak. We ask that members of the public state their name for the record and keep their remarks brief. There is a three-minute limit on all public comments. Proxies are not permitted, and individuals may not cede their comment time to other members of the public. **The Board of Directors may not discuss or vote on items not on the agenda.**

AGENDA ITEMS: The Agenda contains the regular order of business of the Board of Directors. Items on the Agenda have generally been reviewed and investigated by the staff in advance of the meeting so that the Board of Directors can be fully informed about a matter before making its decision.

CONSENT CALENDAR: Items listed on the Consent Calendar are considered to be routine and will be acted upon by one motion. There will be no separate discussion on these items unless a Board member or citizen so requests. In this event, the item will be removed from the Consent Calendar and considered after the Consent Calendar. If you would like an item on the Consent Calendar discussed, simply tell Staff or a member of the Board of Directors.



In compliance with the Americans with Disabilities Act, if you need special assistance to participate in this meeting, please contact the SGVCOG office at (626) 457-1800. Notification 48 hours prior to the meeting will enable the SGVCOG to make reasonable arrangement to ensure accessibility to this meeting.



MEETING MODIFICATIONS DUE TO THE STATE AND LOCAL STATE OF EMERGENCY RESULTING FROM THE THREAT OF COVID-19: On March 17, 2020, Governor Gavin Newsom issued Executive Order N-29-20 authorizing a local legislative body to hold public meetings via teleconferencing and allows for members of the public to observe and address the meeting telephonically or electronically to promote social distancing due to the state and local State of Emergency resulting from the threat of the Novel Coronavirus (COVID-19).

To follow the new Order issued by the Governor and ensure the safety of Board Members and staff for the purpose of limiting the risk of COVID-19, in-person public participation at the San Gabriel Valley Regional Housing Trust Board of Directors meeting scheduled for February 28, 2023 at 1:00 PM will not be allowed. To allow for public participation, the Executive Committee will conduct its meeting through Zoom Video Communications. To participate in the meeting, download Zoom on any phone or computer device and copy and paste the following link into your browser to access the live meeting: <https://us06web.zoom.us/j/88946091914>. You may also access the meeting via the livestream link on the front of the agenda page.

Instructions for Public Comments: For those wishing to make public comments on agenda and non-agenda items, but within the SGVCOG's subject matter jurisdiction, you may submit written comments via email or provide a verbal comment by participating through Zoom.

- Written Comments (Email): If you wish to submit written public comments to be distributed to the committee members prior to or during the meeting, please submit these materials via email to Brielle Acevedo at bacevedo@sgvrht.org at least 1 hour prior to the scheduled meeting time. Please indicate in the Subject Line of the email "FOR PUBLIC COMMENT." Emailed public comments will be read into the record and will be part of the recorded meeting minutes. Written public comments may include, but are not limited to letters, reports, and presentations. While there is no page or word count limit for written comments, the time for reading written public comments into the record will be limited to three minutes, which is the same time allotted for verbal comments.
- Verbal Comments (Zoom): Through Zoom, you may provide a verbal comment by using the web interface "Raise Hand" feature. Wait to be called upon by staff, and then you may provide verbal comments for up to 3 minutes. Public comment is taken at the beginning of the meeting for items not on the agenda. Public comment is also accepted at the beginning of each agenda item.

Any member of the public requiring a reasonable accommodation to participate in this meeting should contact Brielle Acevedo at least 48 hours prior to the meeting at (626) 209-9238 or at bacevedo@sgvrht.org.

PRELIMINARY BUSINESS

5 MINUTES

1. Call to Order
2. Roll Call
3. Public Comment (*If necessary, the President may place reasonable time limits on all comments*)
4. Changes to Agenda Order: Identify emergency items arising after agenda posting and requiring action prior to next regular meeting.

CONSENT CALENDAR

5 MINUTES

5. Board of Directors Minutes- February 7, 2023 Meeting- Page 1
Recommended Action: Adopt Board of Directors minutes for the February 7, 2023 meeting.

ACTION ITEMS

5 MINUTES

6. Project Pipeline Allocation- Page 4
Recommended Action: Adopt Resolution 23-05 Authorizing the Executive Director to execute a Letter of Intent to award funding to: Plaza Ortiz Family (El Monte)- \$1,250,000 and Plaza Ortiz Veterans (El Monte)- \$437,807 (total of \$1,687,807)
7. Real Property Purchase 405 S. Del Mar San Gabriel, CA- Page 19
Recommended Action: Approve a Purchase and Sale Agreement in the amount of \$4,105,000 for real property located at 405 South Del Mar, San Gabriel, CA in substantially the form as attached and authorize Board Chair Jed Leano to execute same on behalf of the SGVRHT.

PRESENTATION

8. SGVRHT FY 2022 Audit Presentation by Badawi & Associates- Page 34
Recommended Action: For information only.

UPDATE ITEMS

5 MINUTES

9. Chair's Report
10. Executive Director's Report
11. General Counsel's Report

ADJOURN

SGVRHT Board of Directors Unapproved Minutes

Date: February 7, 2023
Time: 1:00 PM
Location: Zoom Virtual Meeting

PRELIMINARY BUSINESS

1. Call to Order
Chair Leano called the meeting to order at 1:00 PM.

2. Roll Call
A quorum was in attendance.

Members Present

Jed Leano, At-Large Member
Becky Shevlin, City of Monrovia
Carol Averell, Housing/Homeless Expert
Adele Andrade-Stadler, City of Alhambra
Gary Boyer, City of Glendora
Emmanuel Estrada, City of Baldwin Park
Margaret Finlay, City of Duarte

Members Absent

Patty Cortez, City of Covina
Benita DeFrank,
Housing/Homeless Expert

Staff

M. Creter, Executive Director, SGVRHT
B. Acevedo, SGVRHT
D. DeBerry, General Counsel
M. Sharkey

3. Public Comment
There was no public comment.
4. Changes to Agenda Order
There were no changes to agenda order.

CONSENT CALENDAR

5. Board of Directors Minutes- January 10, 2023 Meeting
Recommended Action: Adopt Board of Directors minutes for the January 10, 2023 meeting.
6. Special Findings to Enable SGVRHT Board to continue to hold Teleconference meetings
Recommended Action: Adopt Resolution 23-02 making specified findings to enable the SGVRHT Board of Directors to continue to hold meetings via teleconferencing.
7. Regional Housing Trusts SB 20 (Rubio)
Recommended Action: Adopt Resolution 23-03 in support of SB 20 (Rubio).
8. Interim Shelter Site Maintenance
Recommended Action: For information only.
9. Board Meeting Calendar Update
Recommended Action: Approve SGVRHT Board Meeting Calendar.
10. Update Prisma Artist Lofts Funding Commitment to include predevelopment loan term

Recommended Action: Authorize the Executive Director to execute a predevelopment loan with National Core for Prisma Artist Lofts in Pomona.

There was a motion to approve Consent Calendar Items 5, 6, 7, 8, 9, and 10. (M/S: Averell/Andrade-Stadler).

[Motion Passed]

AYES:	Leano, Shevlin, Andrade-Stadler, Averell, Boyer, Estrada
NOES:	
ABSTAIN:	
ABSENT:	Cortez, DeFrank, Finlay

ACTION ITEMS

11. Baldwin Park Affordable Housing Loan Amount Increase

There was a motion to adopt Resolution 23-04 authorizing the Executive Director to execute a Letter of Intent to award funding to Baldwin Park Apartments (Baldwin Park) - \$2,500,000 (M/S: Shevlin/Finlay).

AYES:	Leano, Shevlin, Andrade-Stadler, Averell, Boyer, Estrada, Finlay
NOES:	
ABSTAIN:	
ABSENT:	Cortez, DeFrank

UPDATE ITEMS

There were no update items.

GENERAL COUNSEL’S REPORT

There was no General Counsel’s Report.

EXECUTIVE DIRECTOR’S REPORT

M. Creter shared that Chair Leano is receiving an award and presenting at the SGV Consortium on Homelessness conference tomorrow. This is a great opportunity to share SGVRHT’s work with potential partners in the region.

M. Creter also reported that two additional Pallet shelters were delivered and installed at Operation Stay Safe in Montebello last Friday. The Los Angeles Centers for Alcohol and Drug Abuse (L.A. CADA) is contracted to start providing on site services next Monday.

M. Creter announced that SGVRHT has many exciting things coming up in the next few months. Staff are hosting multiple tours of the tiny home sites, including tours for the City of Irwindale, L.A. County, the City of Anaheim, and the City of Azusa. Additionally, staff are presenting at the City Manager’s Conference, Rancho Palos Verdes City Managers meeting, and the San Bernadino City/County Conference.

Lastly, SGVRHT anticipates five affordable housing projects closing financing in March.

CHAIR'S REPORT

Chair Leano reported that there will be one more virtual board meeting on February 28th before returning to in-person meetings.

ADJOURN

Chair Leano adjourned the meeting at 1:21 PM.

DATE: February 28, 2023
TO: Board of Directors
FROM: Marisa Creter, Executive Director
RE: **Project Pipeline Capital Allocations**

RECOMMENDED ACTION

Recommended Action: Adopt Resolution 23-05 Authorizing the Executive Director to execute a Letter of Intent to award funding to: Plaza Ortiz Family (El Monte)- \$1,250,000 and Plaza Ortiz Veterans (El Monte)- \$437,807 (total of \$1,687,807)

BACKGROUND

Plaza Ortiz Veterans and Family (previously known as El Monte Metro) is an affordable housing development for veterans and families. The 53-unit development is split into distinct projects by a condominium structure allowing the project to utilize two financing vehicles, 4% tax credit, bond financing for veterans (28 units) and 9% tax credit financing for families (25 units). The developer of the project, Cesar Chavez Foundation (CCF), originally requested construction funds for Plaza Ortiz Veterans and Family during the SGVRHT's initial call for projects in 2020, and the project was added to the pipeline. The project was later removed from the SGVRHT pipeline after an award of funds from Los Angeles County Development Authority (LACDA), which was sufficient for the development to proceed without SGVRHT funds at the time.

The project is now complete and pending permanent conversion. The project achieved 100% occupancy in December 2022. To convert to permanent financing, the project must demonstrate sufficient capital to pay off its construction loans. The project has a shortfall on both the 4% and 9% deal structures due to increased construction costs resulting from construction delays, supply chain issues, and increased construction financing costs. CCF has requested a permanent loan from the SGVRHT to address the shortfall: \$1,576,573 for Plaza Ortiz Family and \$437,807 for Plaza Ortiz Veterans. These figures represent the true gap financing needed to make the projects whole after CCF defers remaining developer fees. Staff and Harris and Associates have reviewed the original and final pro formas for the project to verify the cause of the cost increases and confirm the need for SGVRHT funds.

After review of the project's financial data and discussion with CCF, staff recommends providing permanent loans to both projects to support the long-term success of 53 units of affordable housing in the San Gabriel Valley. Staff recommends awarding the requested \$437,807 in funding for Plaza Ortiz Veterans (\$15,636 per unit) and a reduced amount of \$1,250,000 for Plaza Ortiz Family (\$50,000 per unit) pursuant to the Board approved funding cap of \$50,000 per unit. CCF is currently developing 3 new construction

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projects in the San Gabriel Valley. Stabilizing this project will support the success of the other developments. CCF is incurring high construction loan costs while waiting for permanent conversion, which increases the cost to deliver the project. SGVRHT support at this time will reduce additional cost increases and ensure that the units remain affordable.

The proposed permanent financing structure for both projects follows:

Proposed Permanent Financing- Plaza Ortiz Veterans (4%)

Source	Amount
LACDA	\$ 6,750,000
City of El Monte Land Loan	1,170,400
Citibank Permanent Loan	2,850,000
HOME/AHP	540,000
Tax Credit Equity	4,951,744
Deferred Developer Fee	1,215,860
SGVRHT (requested)	437,807
TOTAL	\$17,915,811

Proposed Permanent Financing- Plaza Ortiz Family (9%)

Source	Amount
City of El Monte (HOME and Land Loan)	\$ 3,989,600
FHLB AHP	360,000
Citibank Permanent Loan	1,560,000
Tax Credit Equity	13,163,005
Deferred Developer Fee	1,223,994
SGVRHT (proposed)	1,250,000
CCF Sponsor Loan*	326,573
TOTAL	\$21,883,172

*A sponsor loan represents one option to bridge the remaining financing gap. CCF may pursue a different source in place of this.

A description of the projects follows:

Plaza Ortiz Veterans (4%): A four-story, 28-unit residential building over an on-grade concrete parking garage containing a total of 24 resident and visitor parking spots. Located adjacent to the El Monte Metrolink and the El Monte Trolley stations and entitled with the transit-oriented design principles of the City's Main Street Specific Plan. The average square footages are 536 square feet (SF), 741 SF, and 1,095 SF for the one-, two-, and three-bedroom units, respectively. Constructed in accordance with the 2010 ADA Standards for Accessible Design, with 5 wheelchair units, and 2 ADA communication units.

Plaza Ortiz Family (9%): A four-story, 25-unit residential building over an on-grade concrete parking garage. Located adjacent to the El Monte Metrolink and the El Monte Trolley stations and entitled with the transit-oriented design principles of the

REPORT

City's Main Street Specific Plan. The average square footages are 568 square feet (SF), 743 SF, and 1,043 SF for the one-, two-, and three-bedroom units, respectively. Constructed in accordance with the 2010 ADA Standards for Accessible Design, with 4 wheelchair units, and 3 ADA communication units.

As shown in the table below, if the RHT Board awards funding to this project, \$6.14 million in funding will remain to support additional pipeline projects.

Committed and Remaining Pipeline Funding

Pipeline Funding (FY22, FY 23)	\$17,800,000
<i>Prior project awards</i>	(\$10,220,000)
<i>Recommended 2.28.23 Pipeline Awards</i>	(\$1,687,807)
Funds Remaining	\$5,892,193

NEXT STEPS

Staff, Harris & Associates, and representatives from the projects' development team will be available to answer questions during the presentation. If the funding recommendation is approved, staff will issue a Letter of Intent for the recommended projects. Staff and the consulting team from Harris and Associates will continue to work with the development team to ensure successful project closing.

Additional Project Pipeline Capital allocations will be made at future board meetings on a rolling basis.

Prepared by: *Brielle Acevedo*
Brielle Acevedo
Regional Housing Trust Manager

Approved by: *Marisa Creter*
Marisa Creter
Executive Director

ATTACHMENTS

Attachment A – Plaza Ortiz Veterans and Family project description

Attachment B- Plaza Ortiz Veterans sources and uses

Attachment C– Resolution 23-05 Authorizing the Executive Director to execute a Letter of Intent to awarded projects

Plaza Ortiz I Veteran Project Narrative

Vision and Goals

The Cesar Chavez Foundation (CCF) partnered with the City of El Monte to implement the vision and goals of the General Plan and Main Street Specific Plan by causing the development of the Site with a transit-oriented community ("TOC") that will include affordable housing opportunities for all household types and populations. The introduction of housing will support and take advantage of the proximity to the Metrolink Station and City's Main Street, and in addition, will provide potential new riders for the currently underutilized Metrolink Station.

Project Description

The Project's legal name is *El Monte Metro Veteran Housing, LP* is a 28-unit development of 100% affordable housing for veterans. *Plaza Ortiz I Veteran* is consistent with the design principles of the City's Main Street Specific Plan for the site. The 28-unit development is a four-story residential building over an on-grade concrete parking garage containing a total of 24 resident and visitor parking spots. Once completed, the *Plaza Ortiz I Veterans* will consist of a 28 Low Income Housing Tax (LIHTC) large family units that will include two manager's units.

El Monte Metro Veteran Housing, LP

El Monte Metro Veteran Housing, LP (Plaza Ortiz I Veterans) is a total of 28 units which will consist of 23 one-bedroom/one-bathroom units, 4 two-bedroom/one-bathroom units, and 1 three-bedroom/one-bathroom manager unit. The average square footages will be 536 square feet (SF), 741 SF, and 1,095 SF for the one-, two-, and three-bedroom units, respectively. All units will have a full bathroom, a full kitchen with all appliances provided by the Project, a clothing closet, storage space, a living room, and a balcony *Plaza Ortiz I Veterans* will be constructed and maintained in accordance with the 2010 ADA Standards for Accessible Design and will meet all requirements of the California Building Code (Chapters 11A and 11B).

BEDROOMS	UNITS	MGR	TOTAL	AVG SF
1	23	0	23	536
2	4	0	4	741
3	0	1	1	1,095
TOTAL	27	1	28	100%

A total of 27 units of the 28 units are veterans that meet the criteria set forth by the Veterans Affairs Supportive Housing (VASH) Program, Los Angeles County Development Authority (LACDA), Los Angeles Homeless Services Authority (LAHSA), and the Los Angeles County Department of Mental Health (DMH); 23 one-bedroom units, and 4 two-bedroom units.

Site Location

Plaza Ortiz I Veterans is located at 10950 Railroad Street in the City of El Monte, California 91731 at the northwest corner of Center Street and Valley Boulevard. The site has the following Assessor's Parcel Numbers (APN): 8575-019-916, and is located in the Station Sub Area of the Downtown Main Street Transit-Oriented District Specific Plan. The gross square footage of these two parcels is 12,912 square feet site, or 0.296 acres. After subtracting 5' fee dedication of public street along Center Avenue, after final map recordation, the site is 12,863 buildable sq. ft., or 0.295 acres.

Amenities

The new *Plaza Ortiz I Veteran* community will contain space offered for residential services, recreational meeting space, conference/meeting rooms, and staff office space. Common areas will include two courtyards, two central laundry

facilities, property management offices, rooms to conduct social services, and private office space for the social services providers. Amenities offered will include a recreational/after school room that is programmable to meet the needs of the population that *Plaza Ortiz I Veterans* will serve; such as lounges, a community garden, and warming kitchens for demonstrations.

Social services will include Individualized Service Plans, Case Management, Mental Health Care referrals, Substance abuse counseling, Education, Employment & Training, Housing Outplacement, Life Skills Training, Physical Health Care, Benefits Assistance, Legal Assistance, Peer Advocacy, Social and Recreational Activities, and Information & Referrals.

Plaza Ortiz I Veterans will feature passive open space such as the main courtyards, occupiable roof deck, and indoor community/recreational rooms between the two buildings. Outdoor amenities will include beautifully landscaped and quiet retreats and places to sit or congregate. The outdoor space will also include BBQ grills for outdoor cooking, a community garden, community gatherings, and a flagpole and mural for the veteran residents.

Plaza Ortiz I Veterans is located in proximity to several major transportation nodes. The El Monte Metrolink Station - San Bernardino Line is less than 300 feet north of the property, LA Metro's Bus Route 76 is located off Valley Boulevard (20 feet south of the property line), and LA Metro's El Monte Bus Station is less than half mile southwest of the site. In addition, the City's Trolley Station will still operate directly across street. Other surrounding uses include Arceo Park, Superior Grocery, and El Monte Comprehensive Health Center [medical clinic and pharmacy], all less than half a mile from the project site. The El Monte Library and the El Monte High School are less than one mile away from the project site.

Schedule

Key milestones in the Project's development are presented below:

Site Control	March 2018
LA CDC / HAcOLA NOFA 24A Application	October 2018
LA CDC / HAcOLA NOFA 24A Award	January 28, 2019
Kick off of Preliminary Site Plan Submittal	January 2019
Kick off Consultant for Environmental Assessment: CEQA / NEPA	February 2019
Receive CEQA/NEPA Approvals	June 2019
Planning Commission/City Council Approval of Site Plan Submittal	July 2, 2019
9% CTCAC 2 nd Round Application Deadline	July 3, 2019
Kick off Construction Documents	August 2020
9% CTCAC 2 nd Round Application Funding Awards	September 2019
Plan Check- Construction Documents Submittal	October 2019
Plan Check- Construction Documents Approval	March 2020
Construction Loan Closing	March 17, 2020
Estimated Readiness Deadline [Required Construction Close]	March 23, 2020
Construction Completion	February 2022
Conversion	July 2022

Organizational Structure

El Monte Metro Veterans Housing, LP ("*Plaza Ortiz I Veterans*") is managed by two General Partners, 1) *El Monte Metro Veteran Housing, LLC*, a single asset Limited Liability Company ("Managing General Partner"), whose sole Manager and Member will be *Vista del Monte Affordable Housing, Inc.*, a California non-profit corporation ("Applicant") whose affiliate is *Cesar Chavez Foundation*, and 2) *Step Up On Second, Inc.*, a California non-profit corporation ("Administrative General

Partner”) as the Administrative General Partner. Hudson Capital, tax credit investor will hold a 99.99% Limited Partner interest in the Partnership.

**Attachment 1
Architectural Elevations & Site Plan**









**El Monte Metro Veteran
Housing, LP (Plaza Ortiz I
Veterans) – 4% Project**

4% PROJECT (1ST FLOOR):

- RESIDENTIAL: 3,676 SF
- COMMUNITY ROOM / LEASING: 1,197 SF
- CIRCULATION / OPERATIONS: 1,562 SF
- COURTYARD: 1,059 SF

**El Monte Metro Family
Housing, LP (Plaza Ortiz I
Family) – 9% Project**

9% PROJECT (1ST FLOOR):

- RESIDENTIAL: 4,139 SF
- COMMUNITY ROOM / LEASING: 3,116 SF
- CIRCULATION / OPERATIONS: 1,791 SF
- COURTYARD: 1,838 SF

NOTE:
TOP OF WALL ELEVATIONS
ARE TAKEN FROM THE TOP
OF 1ST FLOOR LEVEL (TYP.)

El Monte Metro 4% Project SOURCES AND USES			El Monte, CA				
	ACCTNG CODE	TOTAL ORIGINAL BUDGET	PROJECTED COST TO CONVERSION	TOTAL REVISED BUDGET	PREVIOUS CONST. DRAWS	BALANCE REMAINING	PERCENT COMPLETE
DEVELOPMENT EXPENSE							
SITE COSTS	100-00000						
Acquisition Price	100-10000	0.00		1,610,400.00	1,610,400.00	0.00	100.00%
Land Value	110-30000	0.00		0.00	0.00	0.00	0.00%
Existing improvements Value	110-40000	0.00		0.00	0.00	0.00	0.00%
Appraisal	120-10000	15,000.00		1,100.00	1,100.00	0.00	100.00%
Other holding costs	140-99000	0.00		96,800.00	96,800.00	0.00	100.00%
Relocation Expenses	160-10000	0.00		0.00	0.00	0.00	0.00%
Consultant	160-13000	22,500.00		428,663.55	428,663.55	0.00	100.00%
Environmental (HazMat)	170-10000	15,000.00		10,186.00	10,186.00	0.00	100.00%
Market Study	180-50000	0.00		1,540.00	1,540.00	0.00	100.00%
Construction Financing	230-10000						
Lender Fees	230-20000	0.00	65,000.00	85,184.00	20,184.00	65,000.00	23.69%
Origination Fee	230-23000	0.00		80,000.00	80,000.00	0.00	100.00%
Construction Inspections	230-34000	0.00		47,775.00	47,775.00	0.00	100.00%
Interest Charges	230-40000	0.00	192,022.45	784,234.59	489,107.87	295,126.72	62.37%
Title & Escrow Fees	230-50000	7,500.00	15,000.00	66,028.52	51,028.52	15,000.00	77.28%
Title Report Updates	230-52000	0.00		0.00	0.00	0.00	0.00%
Bridge Financing	240-10000						
Lender Fees	240-20000	0.00		0.00	0.00	0.00	0.00%
Origination Fee	240-23000	0.00		0.00	0.00	0.00	0.00%
Interest Charges	240-40000	0.00		0.00	0.00	0.00	0.00%
Permanent Financing	250-10000						
Lender Fees	250-20000	7,500.00		25,147.00	25,147.00	0.00	100.00%
Origination Fee	250-23000	0.00		0.00	0.00	0.00	0.00%
Tax Credit Fees	260-10000						
Application Fee	260-20000	2,000.00		1,000.00	1,000.00	0.00	100.00%
Reservation Fee (9% projects)	260-30000	0.00		0.00	0.00	0.00	0.00%
Performance Deposit (refundable)	260-40000	0.00		0.00	0.00	0.00	0.00%
Reservation Fee (4% projects)	260-50000	25,000.00		45,241.00	5,241.00	40,000.00	11.58%
Monitoring Fee	260-60000	0.00		0.00	0.00	0.00	0.00%
Syndication Fees/Investor Application Fees	260-70000	0.00		0.00	0.00	0.00	0.00%
Financial Consultant	260-71000	0.00		25,072.67	25,072.67	0.00	100.00%
Bond Financing							
Bond Financing	270-10000	0.00		101,079.90	101,079.90	0.00	100.00%
Cost of Issuance (Initial Filing Fee)	270-20000	0.00		0.00	0.00	0.00	0.00%
OWNER/DEVELOPER COSTS	300-00000						
Legal	310-10000	7,500.00	22,000.00	481,350.20	459,350.20	22,000.00	95.43%
Reimbursables	310-60000	0.00	(1,100.00)	581.06	581.06	0.00	100.00%
Insurance	320-10000	0.00		193,995.85	193,995.85	0.00	100.00%
Liability	320-30000	0.00		0.00	0.00	0.00	0.00%
Builder's Risk	320-40000	0.00		0.00	0.00	0.00	0.00%
Property Taxes	330-10000	0.00		45,831.47	45,831.47	0.00	100.00%
Developer Cost	340-10000	0.00		8,991.76	8,991.76	0.00	100.00%
Audit & Tax Return	340-50000	3,000.00	3,550.00	39,168.88	32,168.88	7,000.00	82.13%
Developer Fee	340-70000	0.00		1,375,052.65	1,375,052.65	(0.00)	100.00%
Developer Fee-Alt 1	340-70001	0.00		242,656.35	242,656.35	0.00	100.00%
Community Outreach	340-80000	0.00		0.00	0.00	0.00	0.00%
Soft Cost Contingency	390-10000	0.00		0.00	0.00	0.00	0.00%
DESIGN & ENGINEERING COSTS	400-00000						
Architect	410-10000	37,500.00		415,964.74	415,964.74	0.00	100.00%
Reimbursables	410-50000	0.00		0.00	0.00	0.00	0.00%
Landscape Architect	420-10000	0.00		0.00	0.00	0.00	0.00%
Survey	440-10000	50,000.00		4,375.00	4,375.00	0.00	100.00%
Civil Engineer	450-10000	0.00		172,379.29	172,379.29	0.00	100.00%
Geotechnical Engineer/ Soils	460-10000	0.00		22,689.08	22,689.08	0.00	100.00%
PERMITS & FEES	500-00000						
Govt fees	510-10000	0.00		0.00	0.00	0.00	0.00%
Building Permit Fees	510-22000	7,500.00	(18,613.50)	223,178.66	223,178.66	0.00	100.00%
Impact Fees (parks, schools, w	510-30000	0.00		543,004.08	543,004.08	0.00	100.00%
CONSTRUCTION COSTS	600-00000						
Site Work	620-10000	0.00		0.00	0.00	0.00	0.00%
Contract-Construction-G702	630-00000	0.00		10,321,501.84	10,321,501.84	0.00	100.00%
General Requirements	630-01502	0.00		0.00	0.00	0.00	0.00%
Structures	640-10000	0.00		0.00	0.00	0.00	0.00%
Bond Premium	660-40000	0.00		0.00	0.00	0.00	0.00%
Sub General Conditions	660-60000						
Contingency, Construction	690-10000	5,000.00		0.00	0.00	0.00	0.00%
PROPERTY MGMT COSTS	700-00000						
Advertising	710-30000	0.00		20,000.00	0.00	20,000.00	0.00%
Furnishings	720-10000	0.00		163,056.22	163,056.22	0.00	100.00%
Reserves	730-10000	0.00		0.00	0.00	0.00	0.00%
Capitalized Operating Reserve	730-20000	0.00		216,273.00	0.00	216,273.00	0.00%
Capitalized Debt Service Reserve	730-30000	0.00		0.00	0.00	0.00	0.00%
Capitalized Replacement Reserve	730-40000	0.00		0.00	0.00	0.00	0.00%
Leasing	730-53000	0.00		16,308.16	16,308.16	0.00	100.00%
TOTAL DEVELOPMENT COSTS		\$205,000.00	\$277,858.95	\$17,915,810.52	\$17,235,410.80	\$680,399.72	96.20%

El Monte Metro 4% Project								
SOURCES AND USES			<i>El Monte, CA</i>					
SOURCES OF FINANCING								
Construction Period Sources								
LACDA County General Loan	0.00			6,750,000.00	5,060,306.20	1,689,693.80		74.97%
City of EM Loan (Land)	0.00			1,170,400.00	1,170,400.00	0.00		100.00%
FHLB AHP	0.00			540,000.00	540,000.00	0.00		100.00%
SGVRHT LOAN	0.00	437,806.92		437,806.92	0.00	437,806.92		0.00%
TC Equity -1st Installment at Closing	0.00			495,174.00	495,174.00	0.00		100.00%
Post Construction								
TC Equity -2nd Installment at 100% Construction	0.00			990,349.00	342,988.96	647,360.04		34.63%
TC Equity -3rd Installment at Conversion	0.00			3,362,234.00	0.00	3,362,234.00		0.00%
TC Equity -4th Installment at 8609 Receipt	0.00			103,987.00	0.00	103,987.00		0.00%
Citibank Permanent Loan	0.00			2,850,000.00	0.00	2,850,000.00		0.00%
Deferred Developer Fee- CCF	0.00			1,064,231.62	0.00	1,064,231.62		0.00%
Deferred Developer Fee- Step Up	0.00			151,627.98	0.00	151,627.98		0.00%
TOTAL SOURCES OF FINANCING		\$205,000.00	\$433,645.84	\$17,915,810.52	\$17,235,410.80	\$680,399.72		96.20%
SURPLUS/GAP		0.00	155,786.89	0.00	(0.00)	0.0		0.00%

El Monte Metro 9% Project								
SOURCES AND USES			<i>El Monte, CA</i>					
	ACCTNG	TOTAL	PROJECTED	TOTAL	PREVIOUS	BALANCE	PERCENT	
	CODE	ORIGINAL	COST TO	REVISED	CONST.	REMAINING	COMPLETE	
DEVELOPMENT EXPENSE		BUDGET	CONVERSION	BUDGET	DRAWS			
SITE COSTS	100-00000							
Acquisition Price	100-10000	0.00		2,049,600.00	2,049,600.00	0.00	100.00%	
Land Value	110-30000	0.00		0.00	0.00	0.00	0.00%	
Existing improvements Value	110-40000	0.00		0.00	0.00	0.00	0.00%	
Appraisal	120-10000	15,000.00		1,400.00	1,400.00	0.00	100.00%	
Other holding costs	140-99000	0.00		123,200.00	123,200.00	0.00	100.00%	
Relocation Expenses	160-10000	0.00		0.00	0.00	0.00	0.00%	
Consultant	160-13000	7,500.00		424,312.37	424,312.37	0.00	100.00%	
Environmental (HazMat)	170-10000	0.00		12,964.00	12,964.00	0.00	100.00%	
Market Study	180-50000	0.00		1,960.00	1,960.00	0.00	100.00%	
Construction Financing	230-10000							
Lender Fees	230-20000	0.00	65,000.00	86,099.00	21,099.00	65,000.00	24.51%	
Origination Fee	230-23000	0.00		120,500.00	120,500.00	0.00	100.00%	
Construction Inspections	230-34000	0.00		47,775.00	47,775.00	0.00	100.00%	
Interest Charges	230-40000	0.00	310,738.44	1,018,433.71	555,740.36	462,693.35	54.57%	
Title & Escrow Fees	230-50000	0.00	8,834.00	70,343.46	55,343.46	15,000.00	78.68%	
Title Report Updates	230-52000	0.00		0.00	0.00	0.00	0.00%	
Bridge Financing	240-10000							
Lender Fees	240-20000	0.00		0.00	0.00	0.00	0.00%	
Origination Fee	240-23000	0.00		0.00	0.00	0.00	0.00%	
Interest Charges	240-40000	0.00		0.00	0.00	0.00	0.00%	
Permanent Financing	250-10000							
Lender Fees	250-20000	7,500.00		0.00	0.00	0.00	0.00%	
Origination Fee	250-23000	0.00		0.00	0.00	0.00	0.00%	
Tax Credit Fees	260-10000							
Application Fee	260-20000	2,000.00		2,000.00	2,000.00	0.00	100.00%	
Reservation Fee (9% projects)	260-30000	0.00		0.00	0.00	0.00	0.00%	
Performance Deposit (refundable)	260-40000	0.00		115,762.00	115,762.00	0.00	100.00%	
Reservation Fee (4% projects)	260-50000	15,000.00		0.00	0.00	0.00	0.00%	
Monitoring Fee	260-60000	0.00		69,721.00	0.00	69,721.00	0.00%	
Syndication Fees/Investor Application Fees	260-70000	0.00		0.00	0.00	0.00	0.00%	
Financial Consultant	260-71000	0.00		20,072.67	20,072.67	0.00	100.00%	
Bond Financing								
Bond Financing	270-10000	0.00		0.00	0.00	0.00	0.00%	
Cost of Issuance (Initial Filing Fee)	270-20000	0.00		0.00	0.00	0.00	0.00%	
OWNER/DEVELOPER COSTS	300-00000							
Legal	310-10000	2,500.00	3,526.00	323,639.00	301,639.00	22,000.00	93.20%	
Reimbursables	310-60000	0.00		675.07	675.07	0.00	100.00%	
Insurance	320-10000	0.00		244,240.89	244,240.89	0.00	100.00%	
Liability	320-30000	0.00		0.00	0.00	0.00	0.00%	
Builder's Risk	320-40000	0.00		0.00	0.00	0.00	0.00%	
Property Taxes	330-10000	0.00		59,288.65	59,288.65	0.00	100.00%	
Developer Cost	340-10000	0.00		9,753.52	9,753.52	0.00	100.00%	
Audit & Tax Return	340-50000	0.00	7,000.00	47,983.12	40,983.12	7,000.00	85.41%	
Developer Fee	340-70000	0.00		1,355,047.05	1,355,047.05	0.00	100.00%	
Developer Fee-Alt 1	340-70001	0.00		239,125.95	239,125.95	0.00	100.00%	
Community Outreach	340-80000	0.00		0.00	0.00	0.00	0.00%	
Soft Cost Contingency	390-10000	0.00		0.00	0.00	0.00	0.00%	
DESIGN & ENGINEERING COSTS	400-00000							
Architect	410-10000	112,500.00		533,927.04	533,927.04	0.00	100.00%	
Reimbursables	410-50000	0.00		0.00	0.00	0.00	0.00%	
Landscape Architect	420-10000	0.00		0.00	0.00	0.00	0.00%	
Survey	440-10000	0.00		0.00	0.00	0.00	0.00%	
Civil Engineer	450-10000	0.00		211,185.33	211,185.33	0.00	100.00%	
Geotechnical Engineer/ Soils	460-10000	0.00		28,877.01	28,877.01	0.00	100.00%	
PERMITS & FEES	500-00000							
Govt fees	510-10000	0.00		0.00	0.00	0.00	0.00%	
Building Permit Fees	510-22000	7,500.00		267,238.79	267,238.79	0.00	100.00%	
Impact Fees (parks, schools, w	510-30000	0.00		663,598.95	663,598.95	0.00	100.00%	
CONSTRUCTION COSTS	600-00000							
Site Work	620-10000	0.00		0.00	0.00	0.00	0.00%	
Contract-Construction-G702	630-00000	0.00		13,137,441.64	13,137,441.64	0.00	100.00%	
General Requirements	630-01502	0.00		0.00	0.00	0.00	0.00%	
Structures	640-10000	0.00		0.00	0.00	0.00	0.00%	
Bond Premium	660-40000	0.00		0.00	0.00	0.00	0.00%	
Sub General Conditions	660-60000							
Contingency, Construction	690-10000	5,500.00		0.00	0.00	0.00	0.00%	
PROPERTY MGMT COSTS	700-00000							
Advertising	710-30000	0.00		0.00	0.00	0.00	0.00%	
Furnishings	720-10000	0.00		93,347.49	93,347.49	0.00	100.00%	
Reserves	730-10000	0.00		300,000.00	0.00	300,000.00	0.00%	
Capitalized Operating Reserve	730-20000	0.00		142,902.00	0.00	142,902.00	0.00%	
Capitalized Debt Service Reserve	730-30000	0.00		40,000.00	0.00	40,000.00	0.00%	
Capitalized Replacement Reserve	730-40000	0.00		0.00	0.00	0.00	0.00%	
Leasing	730-53000	0.00		20,756.84	20,756.84	0.00	100.00%	
TOTAL DEVELOPMENT COSTS		\$175,000.00	\$395,098.44	\$21,883,171.55	\$20,758,855.20	\$1,124,316.35	94.86%	

El Monte Metro 9% Project							
SOURCES AND USES		<i>El Monte, CA</i>					
SOURCES OF FINANCING							
Construction Period Sources							
City of EM Loan (HOME)		0.00		2,500,000.00	2,500,000.00	0.00	100.00%
City of EM Loan (Land)		0.00		1,489,600.00	1,489,600.00	0.00	100.00%
FHLB AHP		0.00		360,000.00	360,000.00	0.00	100.00%
TC Equity -1st Installment at Closing		0.00		1,360,063.00	1,360,063.00	0.00	100.00%
Post Construction		0.00		0.00			
TC Equity -2nd Installment at 100% Construction		0.00		2,720,126.00	1,756,097.66	964,028.34	64.56%
TC Equity -3rd Installment at Conversion		0.00	(437,623.00)	8,797,203.00	0.00	8,797,203.00	0.00%
TC Equity -4th Installment at 8609 Receipt		0.00		285,613.00	0.00	285,613.00	0.00%
Citibank Permanent Loan		0.00		1,560,000.00	0.00	1,560,000.00	0.00%
Deferred Developer Fee- CCF		0.00		1,048,894.90	0.00	1,048,894.90	0.00%
Deferred Developer Fee- Step Up		0.00		185,099.10	0.00	185,099.10	0.00%
CCF Sponsor Loan		0.00		0.00	0.00	0.00	0.00%
SGVRHT LOAN		0.00	1,576,572.55	1,576,572.55	0.00	1,576,572.55	0.00%
TOTAL SOURCES OF FINANCING		\$175,000.00	\$1,138,949.55	\$21,883,171.55	\$20,758,855.20	\$1,124,316.35	94.86%
SURPLUS/GAP		0.00	743,851.11	0.00	0.00	0.00	0.00%

RESOLUTION NO. 23-05

RESOLUTION OF THE SAN GABRIEL VALLEY REGIONAL HOUSING TRUST (TRUST) AUTHORIZING EXECUTIVE DIRECTOR TO ISSUE LETTERS OF INTENT FOR RECOMMENDED PROJECTS

WHEREAS, in September 2021 the San Gabriel Valley Regional Housing Trust (SGVRHT) Board of Directors allocated \$8 million to Project Pipeline Capital to support projects on the San Gabriel Valley Project Pipeline; and

WHEREAS, in November 2022 the SGVRHT Board allocated \$10 million to Project Pipeline Capital to support projects on the San Gabriel Valley Project Pipeline; and

WHEREAS, the Board adopted evaluation criteria to review projects for Project Pipeline Capital; and

WHEREAS, the SGVRHT Board adopted the San Gabriel Valley Project Pipeline at its December 2022 meeting; and

WHEREAS, funding awards for the recommended projects would be designated with a Letter of Intent (LOI).

NOW, THEREFORE, BE IT RESOLVED that the Board of Directors authorizes the Executive Director to issue a Letter of Intent (LOI) to award to the recommended projects below:

- Plaza Ortiz Family (El Monte) in the amount of \$1,250,000.
- Plaza Ortiz Veterans (El Monte) in the amount of \$437,807.

PASSED AND ADOPTED by the Board of Directors of the San Gabriel Valley Regional Housing Trust, in the County of Los Angeles, State of California, on the 28th day of February 2023.

San Gabriel Valley Regional Housing Trust

Jed Leano, Chair

Attest:

I, Marisa Creter, Executive Director and Secretary of the Board of Directors of the San Gabriel Valley Regional Housing Trust, do hereby certify that Resolution 23-05 was adopted at a regular meeting of the Board of Directors held on the 28th day of February 2023, by the following vote:

AYES:	
NOES:	
ABSTAIN:	
ABSENT:	

Marisa Creter, Secretary

DATE: February 28, 2023

TO: Board of Directors

FROM: Marisa Creter, Executive Director

RE: **REAL PROPERTY PURCHASE- 405 South Del Mar, San Gabriel, CA**

RECOMMENDED ACTION

Approve a Purchase and Sale Agreement in the amount of \$4,105,000 for real property located at 405 South Del Mar, San Gabriel, CA in substantially the form as attached and authorize Board Chair Jed Leano to execute same on behalf of the SGVRHT.

BACKGROUND

At its November 17, 2022 meeting, the Board of Directors, authorized the Executive Director to negotiate the purchase of real property located at 405 South Del Mar, San Gabriel, CA. The San Gabriel Valley Council of Governments (SGVCOG) owns the property, which it acquired as part of a larger parcel for the San Gabriel Trench Project. The Project is now complete and the remaining property has been declared surplus. Pursuant to the SGVCOG Governing Board Bylaws, the Capital Projects and Construction Committee (CPCC) has been delegated the authority to dispose of property that is no longer needed for the Project. In November 2022, the SGVRHT Board approved negotiating the purchase of the property from the SGVCOG.

Surplus land, that is not otherwise exempt, must be disposed of pursuant to the Surplus Land Act, which requires, among other things, that the surplus land be first offered to developers for affordable housing. The SGVCOG has completed the Surplus Land Act process and negotiations have been terminated with the City of San Gabriel, which expressed interest in developing the property for affordable housing. However, after months of negotiation, the parties were unable to reach an agreement. The City of San Gabriel is a member of the SGVRHT and supports the SGVRHT as the purchaser of the property. The SGVRHT intends to work with affordable housing developer, Related, to develop the property as affordable housing in keeping with the affordable housing development previously being proposed by the City of San Gabriel and Related.

Except in limited situations which do not apply here, the SGVCOG is required to sell the surplus land for fair market value. In an appraisal completed October 11, 2022, the fair market value of the land as multi-family residential was presented at \$4,105,000 to \$4,415,000. This figure includes a reduction in value assuming Vapor Intrusion Mitigation will be required to develop the site for residential use and the range in value reflects a range in the estimated cost of remediation. A second appraisal was done appraising the property based on its current zoning of industrial on December 23, 2022, and estimated the fair market value as \$4,540,000 assuming no environmental mitigation is required. Both appraisals were conducted under what the appraiser referenced as an extraordinary

assumption, that being that a developer would be able to utilize approximately 2,000 square feet of adjoining property owned by the City of San Gabriel, which assumption likely increased the appraisals' conclusions as to fair market value.


Staff is proposing to purchase the property at the lower range of the fair market value residential appraisal of \$4,105,000. It is somewhat unlikely that the City would provide its property to an industrial developer because as noted above, the City has expressed its desire to see the property developed for affordable housing. In addition, the property is listed as a proposed 56-unit housing development in the City's 2021-29 Housing Element Update.

The purchase of the property will enable the SGVRHT to apply for matching funds to the State Local Housing Trust Fund (LHTF) program. The SGVRHT may apply for LHTF matching funds in the amount of the appraised value of the site, up to \$5 million. The purchase would be realized through a Purchase and Sales Agreement (PSA) which is attached in draft form. CPCC will consider the PSA at its February 27, 2023 meeting.

NEXT STEPS

If approved by the CPCC Committee and the SGVRHT Board, staff will ensure the PSA is executed and will transfer funds to the SGVCOG to purchase the property.

Prepared by: 
Brielle Acevedo
Regional Housing Trust Manager

Approved by: 
Marisa Creter
Executive Director

ATTACHMENTS

Attachment A: Draft Purchase and Sales Agreement
Attachment B: [Residential Appraisal](#)

REAL ESTATE PURCHASE AGREEMENT

[APN: 5362-017-901, 5362-017-902, and 5362-017-903]

This REAL ESTATE PURCHASE AGREEMENT (the "Agreement") is made and entered as of [REDACTED], 2023 ("Effective Date"), by and between THE SAN GABRIEL VALLEY COUNCIL OF GOVERNMENTS, a California joint powers authority ("Seller"), and the SAN GABRIEL VALLEY REGIONAL HOUSING TRUST, a California joint powers authority ("Buyer").

1. Property. Seller owns real property consisting of approximately _____ acres of land, together with all improvements thereon, situated in the City of San Gabriel, County of Los Angeles, State of California, designated as Assessor Parcel Numbers 5362-017-901, -902 and -903 as legally described on **Exhibit "A"** and approximately depicted on the plat map shown on **Exhibit "B"** attached to this Agreement (the "Property").

2. Purchase and Sale. For valuable consideration, the receipt and sufficiency of which is hereby acknowledged, Seller agrees to sell the Property to Buyer, and Buyer agrees to purchase the Property from Seller, upon the terms and conditions set forth in this Agreement.

3. Purchase Price. The purchase price (the "Purchase Price") for the Property is [REDACTED] (\$ [REDACTED]).

4. Conveyance and Title. In a substantial form of the Grant Deed (with Certificate of Acceptance) attached hereto as **Exhibit "C"**, Seller shall convey to Buyer a fee simple interest in the Property, free and clear of all monetary liens and encumbrances, except for any pre-existing liens, covenants, conditions, restriction, reservations, rights, rights of way, or easements of record disclosed in the preliminary title report to be provided pursuant to Section 10(a). Except as otherwise allowed by this Agreement, following the date of this Agreement, Seller promises not to make any leases, contracts, options, or agreements whatsoever affecting the Property that would in any manner impede Seller's ability to perform hereunder and deliver title as agreed herein.

5. Close Date. For purposes of this Agreement, "Closing Date" shall be defined as when the Grant Deed conveying the Property to Buyer. The Closing Date shall occur (a) upon the expiration of the Due Diligence Period (as defined below) or (b) on such other date as the parties may mutually agree upon in writing (the "Outside Closing Date"). Upon written notice to the other, either Seller or Buyer may terminate this Agreement prior to the Closing Date.

6. Hazardous Materials. Buyer and Seller acknowledge and agree that: (i) Hazardous Materials (as defined below) may be located in the soil and/or groundwater at the Property; (ii) Buyer has investigated and/or may investigate prior to the Closing Date the possible presence of such Hazardous Materials; and (iii) the Property may be in violation of various Environmental Laws (as defined below) and may need to be remediated. As used herein, the term "Hazardous Materials" means any and all substances, chemicals, wastes, sewage, materials or emissions which are now or hereafter regulated, controlled, prohibited or otherwise affected by any local, state or federal statute, ordinance, code, rule, regulation, order, decree, permit or other law now or hereafter in effect including (i) any substance defined as a "hazardous substance", "hazardous material", "hazardous waste", "toxic substance", or "air pollutant" in the Comprehensive Environmental Response, Compensation and Liability Act, as amended ("CERCLA"), 42 U.S.C. § 9601, et seq., the Hazardous Materials Transportation Act, 49 U.S.C. § 1801, et seq., as amended, the Resource Conservation and Recovery Act, as amended ("RCRA"), 42 U.S.C. § 6901, et seq., the Federal Water Pollution Control Act, as amended, 33 U.S.C. § 1251, et seq., or the Clean Air Act, as amended, 42

U.S.C. § 7401, et seq.; or any other federal, state or local laws, ordinances, rules, regulations, court orders or common law related in any way to the protection of the environment, health or safety; (ii) any substance the presence of which at the Property causes or threatens to cause a nuisance upon the Property or to adjacent properties or poses or threatens to pose a hazard to the health or safety of human beings; and (iii) any substance the presence of which at the Property or at nearby or adjacent properties could constitute a trespass. In addition to the foregoing, to the extent not already included therein, the term "Hazardous Materials" also means (i) asbestos (including asbestos containing materials); (ii) flammable, explosive, infectious, carcinogenic, mutagenic, or radioactive materials; (iii) petroleum or any substance containing or consisting of petroleum hydrocarbons (including gasoline, diesel fuel, motor oil, waste oil, grease or any other fraction of crude oil); (iv) paints and solvents; (v) lead; (vi) cyanide; (vii) DDT; (viii) printing inks; (ix) acids; (x) pesticides; (xi) ammonium compounds; (xii) polychlorinated biphenyls; (xiii) radon and radon gas; and (xiv) electromagnetic or magnetic materials, substances or emissions. Further, as used herein, the term "Environmental Laws" collectively shall mean and include any present and future local, state, federal or international law or treaty applicable to the Property or to the Buyer and relating to public health, safety or the environment including, without limitation, (i) CERCLA, (ii) the Hazardous Materials Transportation Act, as amended, 49 U.S.C. § 1801, et seq., (iii) RCRA, (iv) the Federal Water Pollution Control Act, as amended, 33 U.S.C. § 1251, et seq., (v) the Clean Air Act, as amended, 42 U.S.C. § 7401, et seq., (vi) the Toxic Substances Control Act, as amended, 15 U.S.C. § 2601, et seq., (vii) the Clean Water Act, as amended, 33 U.S.C. § 1251, et seq., (viii) the Oil Pollution Act, as amended, 33 U.S.C. § 2701, et seq., (ix) California Health and Safety Code ("H&S Code") § 25100, et seq. (Hazardous Waste Control), (x) the Hazardous Substance Account Act, as amended, H&S Code § 25300, et seq., (xi) the Unified Hazardous Waste and Hazardous Materials Management Regulatory Program, as amended, H&S Code § 25404, et seq., (xii) H&S Code § 25531, et seq. (Hazardous Materials Management), (xiii) the California Safe Drinking Water and Toxic Enforcement Act, as amended, H&S Code § 25249.5, et seq., (xiv) H&S Code § 25280, et seq. (Underground Storage of Hazardous Substances), (xv) the California Hazardous Waste Management Act, as amended, H&S Code § 25170.1, et seq., (xvi) H&S Code § 25501, et seq. (Hazardous Materials Response Plans and Inventory), (xvii) H&S Code § 18901, et seq. (California Building Standards), (xviii) the Porter-Cologne Water Quality Control Act, as amended, California Water Code § 13000, et seq., (xix) California Fish and Game Code § 5650-5656 and (xx) or any other federal, state or local laws, ordinances, rules, regulations, court orders or common law related in any way to the protection of the environment, health or safety.

7. "AS-IS" and "WITH ALL FAULTS" Sale. EXCEPT AS OTHERWISE EXPRESSLY PROVIDED HEREIN OR IN ANY DOCUMENTS TO BE EXECUTED IN CONNECTION WITH THIS AGREEMENT, IT IS UNDERSTOOD AND AGREED BY BUYER THAT THE PROPERTY IS SOLD TO BUYER IN ITS "AS-IS" CONDITION AND "WITH ALL FAULTS," WITH NO RIGHT OF SET-OFF OR FURTHER REDUCTION IN THE PURCHASE PRICE OR FOR REMEDIATION COSTS, AND, SELLER MAKES NO REPRESENTATION OR WARRANTY WHATSOEVER, EXPRESS OR IMPLIED, REGARDING THE CONDITION OF TITLE OF THE PROPERTY, THE PHYSICAL OR ENVIRONMENTAL CONDITION OF THE PROPERTY, THE PROPERTY'S COMPLIANCE WITH HAZARDOUS MATERIALS OR ENVIRONMENTAL LAWS, THE SUBSURFACE OF THE PROPERTY, INCLUDING WATER, STRUCTURAL INTEGRITY, SOIL, OR GEOLOGY, THE ZONING OR OTHER LAND USE PROVISIONS OR RESTRICTIONS AFFECTING THE PROPERTY, THE SUITABILITY OF THE PROPERTY FOR USE BY BUYER, ANY MATTERS WHICH WOULD BE DISCLOSED BY AN INSPECTION OF THE PROPERTY, OR ANY OTHER MATTERS CONCERNING THE PROPERTY (WHETHER OR NOT OF PUBLIC RECORD), AND SELLER DISCLAIMS AND RENOUNCES ANY SUCH REPRESENTATION OR WARRANTY EXCEPT AS OTHERWISE EXPRESSLY PROVIDED HEREIN OR IN ANY DOCUMENTS TO BE EXECUTED IN CONNECTION WITH THIS AGREEMENT.

8. Waivers, Disclaimers and Release. As of the Closing Date, Buyer hereby fully and forever waives, releases and discharges, and Seller hereby fully and forever disclaims: (a) all warranties of whatever type or kind with respect to the physical or environmental condition of the Property, whether express, implied or otherwise, including those of fitness for a particular purpose, habitability or use; and (b) all claims, suits, proceedings, orders, demands, obligations, actions, causes of action, proceedings, liens, liabilities, losses, damages, penalties, remedial actions, removal and disposal costs, investigation, monitoring and remediation costs and expenses, and other costs and expenses, including, without limitation, attorneys' and other consultants' fees and laboratory costs, whether known or unknown, foreseeable or unforeseeable, of any nature whatsoever, which arise from, on account of or in connection with (i) the use, management, ownership or operation of the Property, whether before or after Closing Date, (ii) the physical, environmental or other condition of the Property, including any claims related to the presence of any Hazardous Materials located on or beneath the Property, or (iii) the application of, compliance with or failure to comply with any laws, including Environmental Laws in connection with the Property.

In releasing and forever discharging the Claims against the Seller both known and unknown, Buyer also expressly acknowledges that its release as of the Closing Date includes any rights under California Civil Code section 1542, which provides:

"A GENERAL RELEASE DOES NOT EXTEND TO CLAIMS THAT THE CREDITOR OR RELEASING PARTY DOES NOT KNOW OR SUSPECT TO EXIST IN HIS OR HER FAVOR AT THE TIME OF EXECUTING THE RELEASE AND THAT, IF KNOWN BY HIM OR HER, WOULD HAVE MATERIALLY AFFECTED HIS OR HER SETTLEMENT WITH THE DEBTOR OR RELEASED PARTY."

Notwithstanding anything in this Paragraph 8 to the contrary, no disclaimer, discharge, waiver or release by Buyer set forth in this Agreement shall apply to: (a) Seller's default or breach of any obligation or representation or warranty under this Agreement or any documents to be executed in connection with this Agreement, (b) any claims for personal injury, death, or damage to personal property based on events occurring prior to the Closing Date, or (c) any claims arising from the intentional misrepresentations of Seller.

Seller and Buyer each have initialed this Section 8 to further indicate their awareness and acceptance of each and every provision herein and the provisions of this Section 8 will survive the Closing Date.

Seller's Initials: _____

Buyer's Initials: _____

9. Acknowledgments Re Development.

(a) Cooperation Re Third Party Developer. The parties acknowledge that Buyer intends to acquire the Property for the development by a third-party developer for affordable housing. Seller shall reasonably cooperate with Buyer to coordinate the transfer by the Buyer of the Property to such third-party entity designated by Buyer.

10. Due Diligence.

(a) Title, Survey, and Inspections. Within ten (10) days following the Effective Date, Seller shall cause First American Title Company (the "Title Company"), or other title company mutually agreeable

to Buyer and Seller, to issue to Buyer (with a copy to Seller) a preliminary report (the "Preliminary Report") for a CLTA Owner's Policy of Title Insurance (the "Title Policy") for the Property. Buyer acknowledges that Seller has provided Buyer with complete copies of any and all environmental inspection, geotechnical and engineering reports concerning the Property that Seller has in its possession. Buyer may, at its option and at its expense, order a survey of the Property by a licensed surveyor or registered professional engineer (the "Survey") and shall provide a copy of the Survey to Seller when completed to confirm the boundaries and acreage thereof. Buyer shall investigate and review the Preliminary Report, prepare the Survey and inspect the physical condition of the Property, all within thirty (30) days of the Effective Date (hereinafter, the "Due Diligence Period"). Upon written agreement, Seller and Buyer may mutually extend the Due Diligence Period and the Closing Date any multiple of times.

(b) Acceptance of Title. If Buyer objects to any matter disclosed in the Preliminary Report, to the condition of the Property, or the Survey results, Buyer shall give Seller written notice of such objections prior to or on the expiration date of the Due Diligence Period, as the same may be extended. However, Buyer will not have the right to object and will accept title subject to any lien of property taxes not yet due, and such minor easements and matters of record as will not detract from the use and development of the Property for the purpose contemplated by Buyer. Buyer's failure to give written notice of objection prior to the expiration of the Due Diligence Period shall be deemed to be an approval of the Preliminary Report, any Survey results, and the condition of the Property. Seller has no obligation to cure or correct any matter objected to by Buyer in its written notice to Seller. However, no later than ten (10) Business Days after receipt of Buyer's objections, if any, Seller may elect by giving written notice to Buyer (the "Seller Cure Notice") that Seller elects to remove or cure some or all of such objectionable matters, at Seller's cost and expense, on or prior to the Closing Date. If Seller fails to timely give a Seller Cure Notice, or if Seller gives a Seller Cure Notice stating that it will remove or cure less than all of such objectionable matters, then on or prior to ten (10) business days following Buyer's receipt of the Seller Cure Notice, or if Seller fails to timely give a Seller Cure Notice, then on or prior to ten (10) days following the last date on which Seller could timely have given a Seller Cure Notice, Buyer may elect to terminate this Agreement or waive its objections by giving written notice to Seller. Buyer's failure to give such notice on or prior to the expiration of the foregoing time periods will be deemed to constitute Buyer's election to waive its objections. If Seller's response to any of the matters brought to the Seller's attention by Buyer during the Due Diligence Period results in the Buyer's inability to develop the Property for affordable housing purposes, the Buyer may elect to terminate the Agreement by written notice to Seller. If Buyer terminates this Agreement as provided in this Section, Seller and Buyer will be released from all further liability and obligation under this Agreement, except for those liabilities and obligations which have accrued prior to the date of termination or as reserved herein.

(d) Access. Upon reasonable advance written notice to Seller from Buyer, access to the Property during the Due Diligence Period shall be given to Buyer and its authorized representatives at all reasonable times. Prior to entry upon the Property and before conducting any activity on the Property.

11. Conditions to Closing Date.

(a) Buyer's Conditions Precedent. The Closing Date and Buyer's obligation to consummate the transactions contemplated by this Agreement are subject to the timely satisfaction, or written waiver by Buyer, of the following conditions precedent (collectively, "Buyer's Contingencies"), which are for Buyer's benefit only:

(i) Physical and Legal Inspections and Studies. On or before the end of the Due Diligence Period, Buyer shall have waived as provided in Section 10 or otherwise approved in writing, in Buyer's sole and absolute discretion, the results of any physical and legal (but not feasibility or economic)

inspections, investigations, tests and studies Buyer elects to make or obtain, including, but not limited to, investigations with regard to governmental regulations; engineering tests; soils, seismic and geologic reports; environmental audits, inspections and studies; environmental investigation or other invasive or subsurface testing; and any other physical or legal inspections and/or investigations as Buyer may elect to make or obtain.

(ii) Delivery of Documents. Seller's delivery of all documents described in Section 12, below.

(iii) Representations and Warranties. All representations and warranties of Seller contained in this Agreement shall be materially true and correct as of the date made and as of the Closing Date.

(iv) Title Company Confirmation. The Title Company shall have confirmed that it is prepared to issue the Buyer's Title Policy consistent with the provisions of this Agreement.

(v) No Default. As of the Closing Date, Seller shall not be in default in the performance of any material covenant or agreement to be performed by Seller under this Agreement.

(vi) No Material Changes. At the Closing Date, there shall have been no material adverse changes in the physical condition of the Property after the termination of the Due Diligence Period through no fault of Buyer.

(vii) Performance of Obligations. Seller's due and complete performance of all obligations to be performed by Seller under this Agreement.

Buyer has no obligation to purchase the Property and may terminate this Agreement, if any of Buyer's Contingencies are not met as listed in this Section 11(a) as of the scheduled Closing Date.

(b) Seller's Conditions Precedent. The Close Dating and Seller's obligation to consummate the transactions contemplated by this Agreement are subject to the satisfaction, or written waiver by Seller, of the following conditions precedent (collectively, "Seller's Contingencies"), which are for Seller's benefit only:

(i) Delivery of Documents. Buyer's delivery of all documents described in Section 12, below.

(ii) Representations and Warranties. All representations and warranties of Buyer contained in this Agreement shall be materially true and correct as of the date made and as of the Closing Date.

(iii) No Default. As of the Close Date, Buyer shall not be in default in the performance of any material covenant or agreement to be performed by Buyer under this Agreement.

(iv) Performance of Obligations. Buyer's due and complete performance of all obligations to be performed by Buyer under this Agreement.

12. Close Date. At least two (2) Business Days prior to the Closing Date, Seller shall have executed and delivered to Buyer a copy of the duly executed and acknowledged Grant Deed (Exhibit "C") conveying the Property to Buyer. At least one (1) Business Day prior to the Closing Date, Buyer shall deliver to Seller (a) the original of Buyer's Certificate of Acceptance of the Grant Deed in recordable form and (b) the Purchase Price in immediately available funds. Seller shall consummate the Close Date by

recording in the Official Records of Los Angeles County, California, the Grant Deed (Exhibit C). Seller and Buyer shall execute, acknowledge or record any other documents necessarily required for the Closing Date, issuance of a title policy, or sale of the Property as provided and contemplated by this Agreement.

13. Costs and Expenses. Unless expressly provided for herein, all fees and costs incurred in the Closing Date, if any, shall be paid by Buyer and Seller 50% each. If a title policy is purchased, Seller will pay the premium for the Title Policy and the cost of any endorsements obtained in connection with Seller's cure under Section 10 of any objectionable title matters, and Buyer shall pay for the cost of any other endorsements or upgrades requested by Buyer. Seller shall pay all documentary transfer taxes, if any, payable in connection with the recordation of the Grant Deed.

14. Taxes. The parties hereby acknowledge that the Seller and Buyer are tax-exempt entities and are therefore not responsible for paying any property taxes. If, however, any taxes are to be paid, as of the Closing Date, Buyer will be responsible for paying property taxes related to the Property attributable to periods from and after the Closing Date.

15. Utilities. The parties acknowledge that the Property is currently vacant and there are no utility services (i.e., gas, water, electricity, heat, fuel, waste/trash removal, sewer, or other utilities) being provided to the Property. Unless requested by Buyer and at the sole cost and expense to Buyer, Seller shall not provide or install any utility services to the Property after the Effective Date and thus, as of the Effective Date to the extent such services and related expenses exist for the Property, they shall be paid by Buyer, including any operating and maintenance expenses for the Property as set forth in Section 19 of this Agreement.

16. Seller's Representations and Warranties. Seller represents and warrants to Buyer that:

(a) To the best of Seller's knowledge, this Agreement and all documents executed by Seller under this Agreement to be delivered to Buyer are, or at the time of Closing Date will be, duly authorized, executed, and delivered by Seller, and are, or at the Closing Date will be, legal, valid, and binding obligations of Seller, and do not, and at the Closing Date will not, violate any provisions of any agreement or judicial order to which Seller is a party or to which it is subject.

(b) To the best of Seller's knowledge, Seller has provided Buyer with all relevant information in its possession as to the condition of the Property with respect to any applicable environmental laws relating to the Property or hazardous substances on the Property.

(c) To the best of Seller's knowledge, Seller has entered into no agreements or encumbrances that grant parties the right to possession of any portion of the Property which will be binding on Buyer after the Closing Date, and to Seller's knowledge no other parties are in possession of any portion of the Property.

(d) To the best of Seller's knowledge, there is no action, suit, litigation, hearing or administrative proceeding pending or threatened in writing against Seller or with respect to all or any portion of the Property, nor to the best of Seller's knowledge is there any basis therefor, which, in each case, is not or would not be covered by Seller's insurance or which would have a material adverse effect on the use or operation of Property.

(e) The representations and warranties of Seller set forth in this Agreement shall be true

on and as of the Closing Date as if those representations and warranties were made on and as of such time.

For purpose of this Agreement, "To the best of Seller's knowledge," or similar wording shall mean and be limited to the actual (and not imputed, implied or constructive) current knowledge, without duty of inquiry of the person(s) signing this Agreement on behalf of Seller.

17. Buyer's Representations and Warranties. Buyer represents and warrants to Seller that:

(a) To the best of Buyer's knowledge, this Agreement and all documents executed by Buyer under this Agreement which are to be delivered to Seller are, or at the time of the Closing Date will be, duly authorized, executed, and delivered by Buyer, and are, or at the Closing Date will be legal, valid, and binding obligations of Buyer, and do not, and at the Closing Date will not violate any provisions of any agreement or judicial order to which Buyer is a party or to which it is subject.

(b) The representations and warranties of Buyer set forth in this Agreement shall be true to the best of Buyer's knowledge on and as of the Closing Date as if those representations and warranties were made on and as of such time.

For purpose of this Agreement, "To the best of Buyer's knowledge," or similar wording shall mean and be limited to the actual (and not imputed, implied or constructive) current knowledge, without duty of inquiry of the person(s) signing this Agreement on behalf of Buyer.

18. Reserved.

19. Maintenance. Starting from the Effective Date and unless and until this Agreement is otherwise terminated, Buyer shall, at its sole cost and expense, be responsible for all obligations related to the maintenance or repair of the Property, including, but not limited to, weed abatement/control, removal of debris and litter from the surface of the Property, and providing necessary security, as well as causing the Property to be in compliance with applicable laws, regulations, ordinances, rules and orders of governmental authorities having jurisdiction over said Property. Buyer shall be responsible for securing the gate and perimeter fencing of the Property in a closed condition, following each entry upon the Property by the Buyer.

20. Notices. All notices, requests, demands and other communications required or permitted to be given under the terms of this Agreement by one party to the other shall be in writing addressed to the recipient party's Notice Address set forth below and shall be deemed to have been duly given or made (a) if delivered personally (including by commercial courier or delivery service) to the party's Notice Address, then as of the date delivered, on presentation), or (b) if mailed by certified mail to the party's Notice Address, postage prepaid and return receipt requested, then at the time received at the party's Notice Address as evidenced by the return receipt, or (c) if mailed by first class mail to the party's Notice address, postage prepaid, then on the third (3rd) day following deposit in the United States Mail, or (d) if sent by facsimile transmission, when sent (or if the day when sent is not a Business Day, on the first Business Day following the day when sent). Any party may change its Notice Address by a notice given in the foregoing form and manner. The Notice Addresses of the parties are:

TO SELLER:

THE SAN GABRIEL VALLEY COUNCIL OF GOVERNMENTS
1333 S. Mayflower Avenue, Suite 360
Monrovia, CA 91016
Attention: Executive Director

TO BUYER:

SAN GABRIEL VALLEY REGIONAL HOUSING TRUST
1333 S. Mayflower Avenue, Suite 360
Monrovia, CA 91016
Attention: Executive Director

Rejection or other refusal to accept, or the inability to deliver because of changed address of which no notice has been deemed given, shall be deemed to constitute receipt of the notice, demand, request, or communication sent.

21. Reserved.

22. Assignment. Accept as may be provided herein or agreed to in writing by the parties, neither party may assign, transfer or convey its rights or obligations under this Agreement without the prior written consent of the other party.

23. Miscellaneous.

(a) **Survival of Covenants.** The covenants, representations and warranties of both Buyer and Seller set forth in this Agreement shall survive the recordation of the Grant Deed and the Closing Date.

(b) **Required Actions of Buyer and Seller.** Buyer and Seller agree to execute such instruments and documents and to diligently undertake such actions as may be required to consummate the purchase and sale herein contemplated and shall use their best efforts to accomplish the Closing Date in accordance with the provisions hereof.

(c) **Time of Essence.** Time is of the essence of each and every term, condition, obligation, and provision hereof.

(d) **Counterparts.** This Agreement may be executed in counterparts, each of which shall be deemed an original, but all of which, together, shall constitute one and the same instrument. Any signature page of this Agreement may be detached from any counterpart and re-attached to any other counterpart of this Agreement that is identical in form hereto but having attached to it one or more additional signature pages.

(e) **Captions.** Any captions to, or headings of, the sections, paragraphs or subparagraphs of this Agreement are solely for the convenience of the parties hereto, are not a part of this Agreement, and shall not be used for the interpretation or determination of the validity of this Agreement or any provision hereof.

(f) **No Obligations to Third Parties.** Except as otherwise expressly provided herein, the execution and delivery of this Agreement shall not be deemed to confer any rights upon, nor obligate any of the parties hereto, to any person or entity other than the parties hereto.

(g) Exhibits and Schedules. The Exhibits and any schedules attached hereto are hereby incorporated herein by this reference.

(h) Amendment to this Agreement. The terms of this Agreement may not be modified or amended either orally or by a course of conduct, but only by an instrument in writing executed by each of the parties hereto.

(i) Waiver. The waiver or failure to enforce any provision of this Agreement shall not operate as a waiver of any future breach of any such provision or any other provision hereof.

(g) Applicable Law and Venue. This Agreement shall be governed by and construed in accordance with the laws of the State of California and venue for any action or proceeding shall be in Orange County, California.

(k) Fees and Other Expenses. Each of the parties shall pay its own fees and expenses in connection with this Agreement, except as otherwise provided herein.

(m) Entire Agreement. This Agreement supersedes any prior agreements, negotiations, and communications, oral or written, and contains the entire agreement between Buyer and Seller as to the subject matter hereof. No subsequent agreement, representation, or promise made by either party hereto, or by or to an employee, officer, agent or representative of either party shall be of any effect unless it is in writing and executed by the party to be bound thereby.

(n) Successors and Assigns. This Agreement shall be binding upon and shall inure to the benefit of the successors and assigns of the parties hereto.

(o) Joint and Several. If the Buyer consists of more than one person or entity, the covenants, representations, warranties and obligations of the Buyer are joint and several.

(p) Business Day. As used in this Agreement, the term "Business Day" means any day other than Saturday, Sunday and any day which is a legal holiday in the State of California.

The parties hereby make and enter into this Agreement by affixing their signatures below and notwithstanding the date of actual signatures, agree that this Agreement shall be deemed made and entered on the Effective Date written above.

"SELLER"

SAN GABRIEL VALLEY COUNCIL OF GOVERNMENTS,
a California Joint Powers Authority

By: _____
Becky Shevlin, President

"BUYER"

SAN GABRIEL VALLEY REGIONAL HOUSING TRUST,
a California Joint Powers Authority

By: _____

Jed Leano, Chair

EXHIBIT A
Legal Description

EXHIBIT B

Plat Map

EXHIBIT C
FORM OF GRANT DEED
(with Certificate of Acceptance by Buyer)

REPORT

DATE: February 28, 2023
TO: Board of Directors
FROM: Marisa Creter, Executive Director
RE: **FY 2022 SGVRHT FINANCIAL AUDIT**

RECOMMENDED ACTION

Receive and file.

BACKGROUND

The SGVRHT's auditors Badawi & Associates completed a comprehensive audit of the financial statements for the SGVCOG for fiscal year ending June 30, 2022. Attachment A contains the auditor's full report.

DISCUSSION

The audit shows a net position of \$1,462,250, which means assets exceed liabilities by this amount. The majority of the SGVRHT \$20 million State Earmark received during this period is shown as unearned revenue and will be recognized as revenue as it is utilized for programs or project loans as approved by the Board.

Badawi & Associates staff will provide a presentation at today's board meeting.

Prepared by: *Brielle Acevedo*
Brielle Acevedo
Regional Housing Trust Manager

Approved by: *Marisa Creter*
Marisa Creter
Executive Director

ATTACHMENTS

Attachment A – Audited Financial Statements Year Ended June 30, 2022

**SAN GABRIEL VALLEY REGIONAL HOUSING TRUST
A JOINT POWER AGREEMENT BETWEEN 22 CITIES**

Basic Financial Statements and Independent Auditor's Report

Fiscal Year Ended June 30, 2022

SAN GABRIEL VALLEY REGIONAL HOUSING TRUST
Annual Basic Financial Report
For the fiscal year ended June 30, 2022

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
of the San Gabriel Valley Regional Housing Trust
Monrovia, California

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities and general fund of San Gabriel Valley Regional Housing Trust (SGVRHT), as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the SGVRHT's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements present fairly, in all material respects, the respective financial position of the governmental activities and general fund of the SGVRHT, as of June 30, 2022, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the SGVRHT's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with GAAS, we:

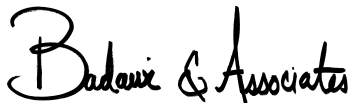
- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining,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

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Management has omitted budgetary comparison information that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. Our opinions on the basic financial statements are not affected by this missing information.



Badawi & Associates, CPAs
Berkeley, California
January 20, 2023

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Our discussion and analysis of the San Gabriel Valley Regional Housing Trust (SGVRHT) financial performance presents an overview of SGVRHT's financial activities during the year ended June 30, 2022. We encourage readers to consider information presented here in conjunction with the financial statements (beginning on page 11). The financial statements, notes and this discussion and analysis were prepared by management and are the responsibility of management.

Background

The San Gabriel Valley Regional Housing Trust (SGVRHT) is a joint powers authority created in February 2020 to fund and finance the planning and construction of homeless housing, and extremely low, very low, and low-income housing projects. Formation of the SGVRHT was authorized by SB 751 (Rubio), which allows San Gabriel Valley cities to band together to bring additional affordable housing resources to the San Gabriel Valley region.

The SGVRHT is governed by a nine-member Board of Directors, seven of whom are representatives from jurisdictions that are members of the SGVRHT and two of whom are experts in housing and homelessness. The members are appointed by the Governing Board of the San Gabriel Valley Council of Governments.

Financial Highlights

SGVRHT's financial highlights for the year ended June 30, 2022, are as follows:

- In March 2022, SGVRHT received a \$20,000,000 funding from the State Homeless Funds and \$708,750 from the Local Housing Trust Funds for eligible affordable housing and homeless capital housing projects. The unspent amount was recorded as Unearned Revenue.
- The total net position increased by \$1,384 thousand, an increase of 1,763% from previous year.
- Total revenue increase by \$3,711 thousand, an increase of 1,079% from prior fiscal year.

Overview of Financial Statements

The financial statements present the financial picture of the SGVRHT from the economic resources measurement focus using the accrual basis of accounting. These statements include all recordable position of the SGVRHT as well as all liabilities. All of the current year's revenues and expenses are taken into account regardless of when cash is received or paid. The statement of cash flows provides information about the SGVRHT's cash receipts, cash payments, and net changes in cash resulting from operating, capital and related investing activities during the reporting period.

The statement of net position and the statement of revenues, expenses and changes in net position report the SGVRHT's net position and related changes. Net position is the difference between the recorded assets and deferred outflows of resources and liabilities and deferred inflows of resources. The recorded activities include all revenues from dues and operating expenses related to the operation of the SGVRHT. In addition, all of the SGVRHT's revenues and expenses related to its program activities and services are reflected in the statements.

Various disclosures accompany the financial statements in order to provide a full picture of the SGVRHT's finances. The notes to the financial statements are on pages 17-22.

Financial Analysis

The SGVRHT's statements of net position on June 30, 2022, and 2021 are as follows:

	June 30		Variance	
	2022	2021	Amount	%
ASSETS				
Cash and investments	\$ 19,316,609	1,351,339	17,965,270	1329%
Accounts receivable	394,707	85,000	309,707	364%
Grants receivable	35,315	184,692	(149,377)	-81%
Notes receivable	1,350,000	-	1,350,000	100%
Total assets	<u>21,096,631</u>	<u>1,621,031</u>	<u>19,475,600</u>	1201%
LIABILITIES				
Accounts payable	494,461	192,531	301,930	157%
Unearned revenue	19,139,920	1,350,000	17,789,920	1318%
Total liabilities	<u>19,634,381</u>	<u>1,542,531</u>	<u>18,091,850</u>	1173%
NET POSITION				
Restricted	1,462,250	78,500	1,383,750	1763%
Total net position (deficit)	<u>\$ 1,462,250</u>	<u>78,500</u>	<u>1,383,750</u>	1763%

SGVRHT assets increased in 2022 by \$19,476 thousand or 1,201%, and liabilities increased by \$18,092 thousand or 1,173%. The increase in assets and liabilities was largely due to the \$20.7 million funds received from the State of California Homeless Funds and the Local Housing Trust Funds which were mostly unspent as of June 30, 2022, increasing the cash and cash equivalents balance and unearned revenue in fiscal year 2022. Also, the increase in assets is due to the issuance of a \$1.35 million note receivable to West Mission Housing Partners as part of the Revolving Loan Fund from a State Budget Earmark.

The net position can serve as an indicator of financial health. The SGVRHT's assets exceeded liabilities by \$1,462 thousand.

San Gabriel Valley Regional Housing Trust
Management's Discussion and Analysis
Year ended June 30, 2022

The following table presents the SGVRHT's revenues, expenses, and changes in net position for year ended June 30, 2022, and 2021:

	June 30		Variance	
	2022	2021	Amount	%
REVENUES:				
Membership Revenues	\$ 398,115	\$ 185,000	\$ 213,115	115%
HI Innovation Revenues	469,167	108,333	360,834	333%
Origination Fee	83,750	13,500	70,250	520%
Measure H Revenue	389,351	37,069	352,282	950%
State Fund Revenue	2,251,705	-	2,251,705	100%
LHTF Revenue	675,000	-	675,000	100%
Total revenues	<u>4,267,088</u>	<u>343,902</u>	<u>3,923,186</u>	1141%
EXPENDITURES:				
Administrative	34,180	8,694	25,486	293%
Contract Service	38,230	61,486	(23,256)	-38%
Strategic Plan Services	23,712	119,938	(96,226)	-80%
MSA Program	320,000	268,000	52,000	19%
Montebello Tiny Homes Program	813,645	5,994	807,651	13474%
Baldwin Park TinyHomes Project	1,128,448	13,913	1,114,535	8011%
Homeless Pilot Program	312,500	-	312,500	100%
Total expenditures	<u>2,670,715</u>	<u>478,025</u>	<u>2,192,690</u>	459%
NET CHANGE IN FUND BALANCES	1,596,373	(134,123)	1,730,496	-1290%
BEGINNING FUND BALANCES	(134,123)	-	(134,123)	100%
ENDING FUND BALANCES	<u>1,462,250</u>	<u>(134,123)</u>	<u>1,596,373</u>	-1190%

For fiscal year 2022, revenues for SGVRHT consist primarily of dues from 18 member cities, Measure H, State Fund and Local Housing Trust Fund.

Total expenditures increased by 459% to \$2,671 thousand in FY2022 primarily due to the Montebello Tiny Homes Program and the Baldwin Park Tiny Homes Project.

Fund balance increase by \$1.6 million primarily because of the revenue recognized when the loan was issued to West Mission.

Capital Assets

The SGVRHT had \$0 invested in capital assets as of June 30, 2022.

Economic Factors and Next Year's Budget

The budget for fiscal year 2023 assumes that the on-hand net position as of June 30, 2022, will be required and available to fulfill the program and administrative expense requirements.

Further Information

This report has been designed to provide SGVRHT's stakeholders a general overview of the SGVRHT's financial condition and related issues. Inquiries should be directed to the Director of Finance, 1333 S Mayflower Avenue, Suite 360, Monrovia, CA 91016

BASIC FINANCIAL STATEMENTS

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San Gabriel Valley Regional Housing Trust**Statement of Net Position****June 30, 2022**

ASSETS	
Cash and investments	\$ 19,316,609
Accounts receivable	394,707
Grants receivable	35,315
Notes Receivable	1,350,000
Total assets	<u>21,096,631</u>
LIABILITIES	
Accounts payable	494,461
Unearned revenue	19,139,920
Total liabilities	<u>19,634,381</u>
NET POSITION	
Restricted for housing program	1,462,250
Total net position (deficit)	<u>\$ 1,462,250</u>

San Gabriel Valley Regional Housing Trust**Statement of Activities****For the year ended June 30, 2022**

Functions/Programs	Expenses	Program Revenues		Net Revenues (Expenses) and Changes in Net Position Governmental Activities
		Charges for Services	Operating Grants and Contributions	
Administrative and contract services	\$ 416,122	\$ 416,865	\$ -	\$ 743
Homeless program	2,254,593	-	3,637,600	1,383,007
Total governmental activities	2,670,715	416,865	3,637,600	1,383,750
Change in net position				1,383,750
NET POSITION (DEFICIT) - BEGINNING				78,500
NET POSITION (DEFICIT) - ENDING				\$ 1,462,250

San Gabriel Valley Regional Housing Trust**Balance sheet - General Fund****June 30, 2022**

	<u>General Fund</u>
<u>ASSETS</u>	
Cash and investments	\$ 19,316,609
Accounts receivable	394,707
Grants receivable	35,315
Notes Receivable	1,350,000
Total assets	<u>\$ 21,096,631</u>
<u>LIABILITIES AND FUND BALANCES</u>	
Liabilities:	
Accounts payable	\$ 494,461
Unearned revenue	19,139,920
Total liabilities	<u>19,634,381</u>
Fund balances - restricted	1,462,250
Total fund balance	<u>1,462,250</u>
Total liabilities and fund balances	<u>\$ 21,096,631</u>

San Gabriel Valley Regional Housing Trust
Statement of Revenues, Expenditures, and Changes in Fund Balances
General Fund
For the fiscal year ended June 30, 2022

	General Fund
REVENUES:	
Membership Revenues	\$ 398,115
HI Innovation Revenues	469,167
Origination Fee	83,750
Measure H Revenue	389,351
State Fund Revenue	2,251,705
LHTF Revenue	675,000
Total revenues	<u>4,267,088</u>
EXPENDITURES:	
Current:	
Administrative	34,180
Contract Service	38,230
Strategic Plan Services	23,712
MSA Program	320,000
Montebello Tiny Homes Program	813,645
Baldwin Park TinyHomes Project	1,128,448
Homeless Pilot Program	312,500
Total expenditures	<u>2,670,715</u>
NET CHANGE IN FUND BALANCES	1,596,373
BEGINNING FUND BALANCES	<u>(134,123)</u>
ENDING FUND BALANCES	<u>\$ 1,462,250</u>
Amounts reported for governmental activities in the Statement of Activities are different because:	
Last year revenues that are not considered to be available are reported as unavailable revenues in the governmental funds, however, these amounts are recognized in the Government-Wide Statement of Activities. This amount represents the change in unavailable revenues	<u>(212,623)</u>
Change in net position of governmental activities	<u>\$ 1,383,750</u>

NOTES TO BASIC FINANCIAL STATEMENTS

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San Gabriel Valley Regional Housing Trust

Notes to the Financial Statements

June 30, 2022

1. ORGANIZATION

The San Gabriel Regional Housing Trust (the "SGVRHT") was created effective February 2020 by a Joint Powers Agreement (JPA) among various San Gabriel Valley cities to fund and finance the planning and construction of homeless housing, and extremely low, very low, and low-income housing projects.

The SGVRHT is supported by contributions from its members and also receives grant funds for housing projects, as a sub-grantee of other governmental entities. The SGVRHT is a non-profit California Public Agency and is tax exempt.

The SGVRHT is governed by a nine-member Board of Directors, seven of whom are representatives from jurisdictions that are members of the SGVRHT and two of whom are experts in housing and homelessness. The members are appointed by the Governing Board of the San Gabriel Valley Council of Governments.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

The San Gabriel Valley Regional Housing Trust (SGVRHT) is a legally separate and independent entity that is not a component unit of member cities. Further, the SGVRHT has no component unit organizations under its control. Therefore, this annual financial report and the financial statements contained within represent solely the activities, transactions, and status of the SGVRHT.

B. Government-Wide and Fund Financial Statements

The government-wide financial statements (i.e., the Statement of Net Position and the Statement of Activities) report information on all of the activities of the SGVRHT. All activities are categorized *governmental activities* as they are attributable to services for housing supported largely by contributions from the member cities and grants from other governments.

The Statement of Activities demonstrates the degree to which the expenses are offset by program revenues which include charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided and 2) contributions that are restricted to meeting the operational or capital requirements of a particular segment. Other items not properly included among program revenues are reported as *general revenues*.

C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Contributions from the member agencies are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

San Gabriel Valley Regional Housing Trust

Notes to the Financial Statements

June 30, 2022

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

C. *Measurement Focus, Basis of Accounting, and Financial Statement Presentation, Continued*

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be *available* when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. The SGVRHT considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures are recorded when a liability is incurred, as under accrual accounting. However, expenditures related to compensated absences are recorded only when payment is due.

The SGVRHT reports the following major governmental fund:

The *General Fund* is the only SGVRHT's major and primary operating fund. It accounts for all financial resources of the SGVRHT.

The financial statements are presented in accordance with the provisions of GASB Statement No. 34 *Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments* as amended by GASB Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*, and *Audits of State and Local Governmental Units* issued by the Governmental Accounting Standards Board. Statement No. 34 established standards for external financial reporting for all state and local governmental entities. Statement No. 63 requires the classification of net position into three components – net investment in capital assets; restricted; and unrestricted. These classifications are defined as follows:

- Net investment in capital assets – This component of net position consists of capital assets, including restricted capital assets, net of accumulated depreciation reduced by the outstanding balances of any bonds, mortgages, notes or other borrowings that are attributable to the acquisition, construction, or improvement of those assets. If there are significant unspent related debt proceeds at year-end, the portion of the debt attributable to the unspent proceeds are not included in the calculation of net investment in capital assets. Rather, that portion of the debt is included in the same net position component as the unspent proceeds.
- Restricted – This component of net position consists of constraints placed on resources through external constraints imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments or constraints imposed by law through constitutional provisions or enabling legislation.
- Unrestricted – This component of net position consists of resources that do not meet the definition of “restricted” or “net investment in capital assets.”

San Gabriel Valley Regional Housing Trust

Notes to the Financial Statements

June 30, 2022

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

C. *Measurement Focus, Basis of Accounting, and Financial Statement Presentation, Continued*

The following are the major revenue components of the SGVRHT:

Measure H pass-through – Funds passed through from member cities’ Measure H revenue to support the affordable housing and homeless housing projects.

Member Fees – Funds contribution from member cities to support the operation of SGVRHT.

Measure H Innovation Revenue – Funds provided by County of Los Angeles to support the affordable housing and homeless housing projects.

State Homeless Funds – Funds provided by San Gabriel Valley Council of Governments to support the affordable housing and homeless housing projects.

D. *Cash, Cash Equivalents and Investments*

The SGVRHT considers money market funds and all equivalent liquid debt instruments purchased with a maturity of three months or less to be cash equivalents.

E. *Accounts Receivable*

Accounts receivable relate to member fees due from member agencies and are expected to be fully collectible. Accordingly, an allowance for doubtful accounts is not provided.

F. *Grants Receivable*

Grants receivable relate to expense reimbursements due from governmental and other agencies and are expected to be fully collectible. Accordingly, an allowance for doubtful accounts is not provided.

G. *Notes Receivable*

Notes receivable relate the development loan promissory note funding from the State and local funding source.

H. *Deferred Outflows and Inflows of Resources*

Pursuant to GASB Statement Nos. 63, Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position, and 65, Items Previously Reported as Assets and Liabilities, SGVRHT recognize deferred outflows and inflows of resources. A deferred outflow of resources is defined as a consumption of net assets by the government that is applicable to a future reporting period. A deferred inflow of resources is defined as an acquisition of net assets by the government that is applicable to a future reporting period.

I. *Reconciliation of Government-wide and Fund Financial Statements*

A reconciliation between total fund balance of the governmental funds and total net position of the governmental activities as reported in the government-wide statement of net position is presented in the basic financial statements.

San Gabriel Valley Regional Housing Trust

Notes to the Financial Statements

June 30, 2022

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

I. *Reconciliation of Government-wide and Fund Financial Statements, Continued*

A reconciliation between total net change in fund balance of the governmental funds and total change in net position of governmental activities as reported in the government-wide statement of activities is presented in the basic financial statements.

J. *Budgets and Budgetary Accounting*

All project related expenses are reimbursable from existing grants and, as such, budgeted revenues are not budgeted separately, but derived from budgeted expenditures.

K. *Implementation of New Accounting Pronouncements*

During the fiscal year ended June 30, 2022, SGVRHT adopted the following new Statement of the Governmental Accounting Standards Board (GASB):

GASB Statement No. 87, Leases - The objective of this statement is to recognize in the financial statements certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. The requirements of this statement did not have an impact on the SGVRHT's net position for the years ended June 30, 2022.

GASB Statement 89, Accounting for Interest Cost Incurred before the End of a Construction Period - The objective of this statement is to (1) to enhance the relevance and comparability of information about capital assets and the cost of borrowing for a reporting period and (2) to simplify accounting for interest cost incurred before the end of a construction period. This statement establishes accounting requirements for interest cost incurred before the end of a construction period. This Statement requires that interest cost incurred before the end of a construction period be recognized as an expense in the period in which the cost is incurred for financial statements prepared using the economic resources measurement focus. As a result, interest cost incurred before the end of a construction period will not be included in the historical cost of a capital asset reported in a business-type activity or enterprise fund. The requirements of this statement did not apply to the SGVRHT for the current fiscal year.

GASB Statement No. 92, Omnibus 2020 - The objectives of this Statement are to enhance comparability in accounting and financial reporting and to improve the consistency of authoritative literature by addressing practice issues that have been identified during implementation and application of certain GASB Statements. The requirements of this statement did not apply to the SGVRHT for the current fiscal year.

San Gabriel Valley Regional Housing Trust**Notes to the Financial Statements****June 30, 2022****2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued****I. Reconciliation of Government-wide and Fund Financial Statements, Continued**

GASB Statement No. 97, Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans – an amendment of GASB Statements No. 14 and No. 84, and a supersession of GASB Statement No. 32 – The primary objectives of this Statement are to (1) increase consistency and comparability related to the reporting of fiduciary component units in circumstances in which a potential component unit does not have a governing board and the primary government performs the duties that a governing board typically would perform; (2) mitigate costs associated with the reporting of certain defined contribution pension plans, defined contribution other postemployment benefit (OPEB) plans, and employee benefit plans other than pension plans or OPEB plans (other employee benefit plans) as fiduciary component units in fiduciary fund financial statements; and (3) enhance the relevance, consistency, and comparability of the accounting and financial reporting for Internal Revenue Code (IRC) Section 457 deferred compensation plans (Section 457 plans) that meet the definition of a pension plan and for benefits provided through those plans. The requirements of this statement did not apply to the SGVRHT for the current fiscal year.

GASB Statement No. 99, Omnibus 2022 – The primary objectives of this Statement are to enhance comparability in accounting and financial reporting and to improve the consistency of authoritative literature by addressing (1) practice issues that have been identified during implementation and application of certain GASB Statements and (2) accounting and financial reporting for financial guarantees. The requirements of this Statement did not apply to the SGVRHT for the current fiscal year.

3. CASH AND INVESTMENTS

The SGVRHT has the following cash and investments at June 30, 2022:

Deposits with financial institution	\$19,316,609
Total cash and investments	<u>19,316,609</u>

A. Deposits

The carrying amounts of the SGVRHT's cash deposits were \$19,316,609. Bank balances before reconciling items were \$19,316,609 the total amount of which was collateralized or insured with securities held by the pledging financial institutions in the SGVRHT's name as discussed below.

The California Government Code requires California banks and savings and loan associations to secure the SGVRHT's cash deposits by pledging securities as collateral. This Code states that collateral pledged in this manner shall have the effect of perfecting a security interest in such collateral superior to those of a general creditor. Thus, collateral for cash deposits is considered to be held in the SGVRHT's name.

The market value of the pledged securities must equal at least 110% of the SGVRHT's cash deposits. California law also allows institutions to secure special districts deposits by pledging first trust deed mortgage notes having a value of 150% of the SGVRHT's total cash deposits. The SGVRHT may waive collateral requirements for cash deposits which are fully insured up to \$250,000 by the Federal Deposit Insurance Corporation. The SGVRHT, however, has not waived the collateralization requirements.

San Gabriel Valley Regional Housing Trust

Notes to the Financial Statements

June 30, 2022

4. NOTE RECEIVABLES

The SGVRHT has provided development loan utilizing funding from the State of California and Local Housing Trust Fund. On June 30, 2022, the SGVCOG had one outstanding loan to West Mission Housing Partners LP, with a principal balance of \$1,350,000. These loans are provided for a term of 55 years with an annual interest rate of 3%.

5. FUND BALANCES

In fund financial statements, fund balances are categorized as follows:

Nonspendable Fund Balances - Items that cannot be spent because they are either (a) not in spendable form, such as prepaid items and inventories, or (b) items that are legally or contractually required to be maintained intact, such as principal of an endowment or revolving loan funds. The SGVRHT has no nonspendable fund balances.

Restricted Fund Balances - Restricted fund balances encompass the portion of fund balance subject to externally enforceable legal restrictions. This includes externally imposed restrictions by laws or regulations of other governments, as well as restrictions imposed by law through constitutional provisions or enabling legislation. All fund balances as of June 30, 2022 were restricted fund balances.

Committed Fund Balances - Committed fund balances encompass the portion of fund balance, the use of which is constrained by limitations that the government imposes upon itself at its highest level of decision making, normally the governing body and that remain binding unless removed in the same manner. The Fire Board is considered the highest authority for the SGVRHT. A Board resolution is required to have fund balance committed. The SGVRHT has no committed fund balances.

Assigned Fund Balances - Assigned fund balances encompass the portion of fund balance reflecting the government's intended use of resources. Assignment of resources can be done by the highest level of decision making. The SGVRHT has no assigned fund balances.

Unassigned Fund Balances - This amount is for any portion of the fund balances that do not fall into one of the above categories. The general fund is the only fund that reports a positive unassigned fund balance amount. In other funds, it is not appropriate to report a positive unassigned fund balance amount. However, in funds other than general fund, if expenditures incurred for specific purposes exceed the amount that are restricted, committed, or assigned to those purposes, it may be necessary to report a negative unassigned fund balance in that fund. The SGVRHT has no unassigned fund balances.

6. EXCESS EXPENDITURES OVER APPROPRIATIONS

The General Fund had no excess expenditures over appropriations.

7. DEFICIT FUND BALANCES

At June 30, 2022 the general fund did not have deficit fund balance.