



EXECUTIVE SUMMARY

HOUSING COMMISSION EXECUTIVE SUMMARY SHEET

DATE: June 15, 2018

HCR18-058

COUNCIL DISTRICT(S): 3

ORIGINATING DEPARTMENT: Real Estate Division

CONTACT/PHONE NUMBER: Tina Kessler (619) 578-7569

REQUESTED ACTION:

That the San Diego Housing Commission recommend that the Housing Authority of the City of San Diego and the San Diego City Council approve a forgivable loan in the amount of \$2,750,000 be granted to Island Inn, L.P. to extend the affordability of the 201-unit project located at 202 Island Avenue, San Diego, 92101.

EXECUTIVE SUMMARY OF KEY FACTORS:

- The Housing Commission is seeking approvals to issue a forgivable loan in the amount of \$2,750,000 to preserve 201 single room occupancy (SRO) units of affordable housing at 50% and 80% of area median income.
- Housing Commission subsidy per unit is \$13,682
- The former Redevelopment Agency (RDA) previously negotiated land use covenants on Island Inn in the early 1990's in exchange for a forgivable grant which has expired but for which the noticing of termination of the affordability has not been given to tenants pending the negotiations between the owner and the Housing Commission.
- RDA land use restrictions expired in 2017
- In addition to approval of the forgivable loan, the Housing Commission is seeking approval for the assignment of the RDA note and the extension of the RDA term through December 2027.
- Rent increases to market rates remain subject to 1-year tenant noticing requirements
- On May 21, 2018 the Smart Growth and Land Use Committee approved the supplement to the Fiscal Year 2019 Affordable Housing Fund Annual Plan, Model Programs, and Budget to include funding for preservation projects.
- If approved, 201 units of affordable housing will be preserved, remaining affordable through December 2027.

REPORT

DATE ISSUED: June 7, 2018

REPORT NO: HCR18-058

ATTENTION: Chair and Members of the San Diego Housing Commission
For the Agenda of June 15, 2018

SUBJECT: Approval of forgivable loan to Island Inn, L.P. to extend affordability for 201-unit project located at 202 Island Avenue, San Diego, California, with Redevelopment Agency restrictions that expired in 2017

COUNCIL DISTRICT: Council District 3

REQUESTED ACTION:

That the San Diego Housing Commission recommend that the Housing Authority of the City of San Diego and the San Diego City Council approve a forgivable loan in the amount of \$2,750,000 to Island Inn, L.P. to extend the affordability of the 201-unit project located at 202 Island Avenue, San Diego, California.

STAFF RECOMMENDATION

That the San Diego Housing Commission (Housing Commission) recommend that the Housing Authority of the City of San Diego (Housing Authority) and San Diego City Council (City Council) take the following actions, as described in this report:

Housing Authority:

- 1) Authorize a forgivable loan in the amount of \$2,750,000 to Island Inn, L.P., to extend the affordability restrictions (that expired in 2017) to December 31, 2027, making the project 100 percent affordable at 50 percent of Area Median Income (AMI) and 80 percent of AMI affordability levels;
- 2) Authorize the President & Chief Executive Officer of the Housing Commission (President & CEO), or designee, to execute such documents and perform such acts as are necessary to implement these approvals, in a form and format as approved by General Counsel of the Housing Commission;
- 3) Authorize the President & CEO of the Housing Commission, or designee, to take such actions as are necessary to accept an assignment of the original, forgivable loan in the amount of \$2,392,000, secured by a Deed of Trust in favor of the City of San Diego, as Successor Agency to the former San Diego Redevelopment Agency (RDA) note, and to extend the forgiveness date of such note and deed of trust to be coincident with the termination date of the Housing Commission forgivable loan, of December 31, 2027; and
- 4) Authorize the President & CEO of the Housing Commission, or designee, to change funding sources, when in the best interests of the Housing Commission, provided that such funding sources are available and provided further that the amount of the forgivable loan approved in this action does not increase beyond that approved in these actions.

City Council:

- 1) If and to the extent necessary, approve the assignment of the RDA note and the extension of the forgiveness date to December 31, 2027; and,
- 2) Authorize the Mayor, or designee, to execute such documents and perform such acts as are necessary to effectuate the assignment and extension of the forgiveness date of the RDA note.

SUMMARY

Island Inn is an existing, 201-unit Single-Room Occupancy rental project located at 202 Island Avenue in the Marina District of the City of San Diego. The former Redevelopment Agency (RDA) previously negotiated land use covenants in the early 1990's in exchange for a forgivable grant. The land-use covenants for the development required 40 units to be affordable to residents with income up to 50 percent of San Diego's Area Median Income (AMI); 80 units to be affordable up to 80 percent of AMI; and the remaining units to be affordable up to 120 percent of AMI.

The Island Inn land use covenants expired in 2017; however, the owner is required to provide tenant notices one year in advance of terminating the affordability restrictions. The noticing of termination of the affordability has not yet been given to tenants, pending negotiations between the owner and the Housing Commission.

If the staff recommended actions are approved, the affordability at Island Inn will be extended until December 31, 2027, at 50 percent and 80 percent of AMI. All of the units will continue to be affordable.

Before agreeing to extend the affordability, the owner expressed interest in extending the affordability of the project for a limited period while they evaluate a long-term strategy for the project. The owners have indicated that they are evaluating three options: 1) continue to operate as affordable housing; 2) convert to market rate housing, and; 3) convert to a boutique hotel. The owner has agreed to extend the affordability for the project until December 31, 2027, in exchange for a lump sum payment as referenced within this report.

At this time, the owner is willing to enter into an agreement with the Housing Commission for Island Inn. The Housing Commission has tentatively agreed with the owner, subject to Housing Authority approval, to pay the owner the sum of \$2,750,000 in consideration of the extension of the affordability on Island Inn through year 2027.

In addition, the owner also owns another property, the 221-unit J Street Inn, located at 222 J Street, San Diego. The owner has indicated that they are willing to consider extending the affordability of that project as well, when the RDA restrictions expire in May of 2020.

Table 1 – Development Summary

Address	202 Island Avenue
Council District	3
Community Plan Area	Downtown (Marina District Neighborhood)
Owner	Island Inn L.P. and 197 Partners GP, LLC
Development Type	Preservation of existing affordable housing
Construction Type	Four story wood frame with stucco construction
Year Built	1990
Onsite Parking	80 parking spaces
Housing Type	Multifamily
Lot Size	0.57 gross acres
Units	201 single room occupancy units
Unit Mix	101 (250 square feet units) 100 (325 square feet units)
Gross Building Area	100,000 square feet
Net Rentable Area	57,750 square feet (residential total)

Keyser Marston Associates Analysis

The Housing Commission engaged Keyser Marston Associates (KMA) to conduct financial modeling to determine the amount of public subsidy in the form of a forgivable loan to extend the affordability for the project. A copy of that analysis is attached to this report (Attachment 3) and shows that the payment of \$2,750,000 is financially justified, given the present value analysis based upon 13 of the units being restricted at or below 50 percent of AMI and the balance being restricted at or below 80 percent of AMI. The initial study models 100 percent of the units at 80 percent of AMI, and the subsequent study models rents affordable at 50-80 percent of AMI to achieve a \$2,750,000 subsidy.

Former RDA Agreements

Housing Commission staff has negotiated with City staff to assign former RDA loan documents to the Housing Commission. The City Attorney has drafted the Assignment & Assumptions Agreement. General Counsel for the Housing Commission will work with the City Attorney to finalize the documents.

Housing Commission Agreements

General Counsel for the Housing Commission will draft a Declaration and forgivable loan documents, if and when this matter is approved by the Housing Authority.

Additional Considerations

The City of San Diego loan agreement for Island Inn will need to be extended. The City's assignment of the loan documents to the Housing Commission would facilitate this extension. The purpose of extending the City loan is to avoid a capital gains tax payment at this time. Extension through the affordability period (currently contemplated through 2027) is required.

As part of the negotiations to reduce the Housing Commission's subsidy, staff recommends waiving annual compliance monitoring fees. If compliance monitoring fees are required, the Housing

Commission's subsidy amount will increase. There is no advantage to requiring a compliance monitoring fee.

The owner of the project has committed to converting existing office space into a community room at the project. The Housing Commission engaged the Gordian Group to estimate costs of construction improvements proposed by the owner, and the owner's designer provided an estimate for furniture, fixtures and equipment (FF&E).

AFFORDABLE HOUSING IMPACT

The owner has agreed to impose rental and occupancy restrictions on the all of the units in the property, which will terminate on December 31, 2027. Thirteen of the units will be affordable to and occupied by households earning at or below 50 percent of AMI. The balance of 188 units will be occupied by and affordable to households earning at or below 80 percent of AMI.

It should be noted that a number of the prior RDA restricted units were restricted at or below 120 percent of AMI, so the proposed transaction deepens the affordability of those units. Upon expiration of the former RDA land use covenants, the Housing Commission declaration would become effective. For example, the Island Inn has complied with the land use restrictions, which technically expired in December 2017 – the owner is required to notify tenants of their intent to terminate restrictions. The Housing Commission declaration would become effective immediately after the one-year noticing period.

As referenced within this report, the approval of this matter will result in the preservation of 201 SRO units in the City of San Diego for an additional ten years. These units will be affordable at and below 50-80 percent of AMI, which will lower the existing affordability levels.

FISCAL CONSIDERATIONS

The proposed funding sources and uses approved by this action will increase funding allocation to loans made in the proposed Fiscal Year (FY) 2019 Housing Commission Budget.

This action will be funded by both City Inclusionary funds and former Redevelopment funds as a result of the repayment of the Island Palms Apt., L.P. loan, which has already been distributed to the Housing Commission and is contained within funds held by the Housing Commission.

Funding sources approved by this action will be as follows:

Former RDA Low/Mod Housing Set Aside Funds-held by the Commission - \$1,836,414
Inclusionary Affordable Housing Funds - \$913,586
Total funding sources - \$2,750,000

Funding uses approved by this action will be as follows:

Loans – up to \$2,750,000
Total funding uses - \$2,750,000

PREVIOUS COUNCIL and/or COMMITTEE ACTION

On May 21, 2018, the Smart Growth and Land Use recommended that Inclusionary Funds be allowed to be utilized for preservation projects. This activity is included in the FY 2019 Affordable Housing Fund Annual Plan that will be presented to the City Council on June 11, 2019.

KEY STAKEHOLDERS and PROJECTED IMPACTS

The approval of this project will result in the preservation of 201 SRO units in the City of San Diego, which units are extremely scarce and are needed to continue to address homelessness in the City. If the affordability is lost, the people in residence are in jeopardy of becoming homeless or will be forced to attempt to find more expensive unrestricted units in a very tight rental market.

ENVIRONMENTAL REVIEW

The proposed loan is categorically exempt from the requirements of the California Environmental Quality Act (CEQA) pursuant to Section 15301 of the State CEQA Guidelines because Island Inn is an existing facility and the proposed actions do not involve expansion of the existing use. Processing under the National Environmental Policy Act (NEPA) is not required since there are no Federal funds involved with this action.

Respectfully submitted,

Tina Kessler

Tina Kessler
Housing Programs Manager
Real Estate Department

Approved by,

Deborah N. Ruane

Deborah N. Ruane
Executive Vice President & Chief Strategy Officer
San Diego Housing Commission

Attachments:

- 1) Developer Disclosure Statement – Island Inn, L.P.
- 2) Developer Disclosure Statement – 197 Partners GP, LLC
- 3) Keyser Marston Associates Analysis

Hard copies are available for review during business hours at the security information desk in the main lobby and the fifth floor reception desk of the San Diego Housing Commission offices at 1122 Broadway, San Diego, CA 92101 and at the Office of the San Diego City Clerk, 202 C Street, San Diego, CA 92101. You may also review complete docket materials in the “Public Meetings” section of the San Diego Housing Commission website at www.sdhc.org.



**DEVELOPERS/CONSULTANTS/SELLERS/CONTRACTORS/
ENTITY SEEKING GRANT/BORROWERS
(Collectively referred to as "CONTRACTOR" herein)
Statement for Public Disclosure**

1. Name of CONTRACTOR: Island Inn, L.P.
2. Address and Zip Code: PO Box 126308, San Diego, CA 92112
3. Telephone Number: 619 231-1505
4. Name of Principal Contact for CONTRACTOR: Howard Greenberg
5. Federal Identification Number or Social Security Number of CONTRACTOR: 800634799
6. If the CONTRACTOR is not an individual doing business under his own name, the CONTRACTOR has the status indicated below and is organized or operating under the laws of California as:

- ☐ A corporation (Attach Articles of Incorporation)
- ☐ A nonprofit or charitable institution or corporation. (Attach copy of Articles of Incorporation and documentary evidence verifying current valid nonprofit or charitable status)
- ☐ A partnership known as: _____
(Name)

Check one:

- General Partnership (Attach statement of General Partnership)
- x Limited Partnership (Attach Certificate of Limited Partnership)
- ☐ A business association or a joint venture known as: _____
(Attach joint venture or business association agreement)
- ☐ A Federal, State or local government or instrumentality thereof.
- ☐ Other (explain)
-
7. If the CONTRACTOR is not an individual or a government agency or instrumentality, give date of organization:
July 15, 2010
 8. Provide names, addresses, telephone numbers, title of position (if any) and nature and extent of the interest of the current officers, principal members, shareholders, and investors of the CONTRACTOR, other than a government agency or instrumentality, as set forth below:
 - a. If the CONTRACTOR is a corporation, the officers, directors or trustees, and each stockholder owning more than 10% of any class of stock.
 - b. If the CONTRACTOR is a nonprofit or charitable institution or corporation, the members who constitute the board of trustees or board of directors or similar governing body.

- c. If the CONTRACTOR is a partnership, each partner, whether a general or limited, and either the percent of interest or a description of the character and extent of interest.
- d. If the CONTRACTOR is a business association or a joint venture, each participant and either the percent of interest or a description of the character and extent of interest.
- e. If the CONTRACTOR is some other entity, the officers, the members of the governing body, and each person having an interest of more than 10%.(Attach extra sheet if necessary)

Name and Address	Position Title (if any) and percent of interest or description of character and extent of interest
Name: Esther Fischer	General Partner
Address: PO Box 126308, San Diego, CA 92112	40%
Name: Frances Mortenson	General Partner
Address: PO Box 126308, San Diego, CA 92112	40%
Name: Shawn Schraeger	General Partner
Address: 122 15 th Street, #850 Del Mar, CA 92014	20%

9. Has the makeup as set forth in Item 8(a) through 8(e) changed within the last twelve (12) months? If yes, please explain in detail. -NO
10. Is it *anticipated* that the makeup as set forth in Item 8(a) through 8(e) will change within the next twelve (12) months? If yes, please explain in detail. -NO
11. Provide name, address, telephone number, and nature and extent of interest of each person or entity (not named in response to Item 8) who has a beneficial interest in any of the shareholders or investors named in response to Item 8 which gives such person or entity more than a computed 10% interest in the CONTRACTOR (for example, more than 20% of the stock in a corporation which holds 50% of the stock of the CONTRACTOR or more than 50% of the stock in the corporation which holds 20% of the stock of the CONTRACTOR): NONE

Name and Address	Position Title (if any) and percent of interest or description of character and extent of interest
Name:	
Address:	
Name:	
Address:	
Name:	
Address:	

12. Names, addresses and telephone numbers (if not given above) of officers and directors or trustees of any corporation or firm listed under Item 8 or Item 11 above:

Name and Address	Position Title (if any) and percent of interest or description of character and extent of interest
Name:	
Address:	
Name:	
Address:	
Name:	
Address:	

13. Is the CONTRACTOR a subsidiary of or affiliated with any other corporation or corporations, any other firm or any other business entity or entities of whatever nature? If yes, list each such corporation, firm or business entity by name and address, specify its relationship to the CONTRACTOR, and identify the officers and directors or trustees common to the CONTRACTOR and such other corporation, firm or business entity.

Name and Address	Relationship to CONTRACTOR
Name:	
Address:	
Name:	
Address:	
Name:	
Address:	

14. Provide the financial condition of the CONTRACTOR as of the date of the statement and for a period of twenty-four (24) months prior to the date of its statement as reflected in the attached financial statements, including, but not necessarily limited to, profit and loss statements and statements of financial position. N/A
15. If funds for the development/project are to be obtained from sources other than the CONTRACTOR's own funds, provide a statement of the CONTRACTOR's plan for financing the development/project: N/A
16. Provide sources and amount of cash available to CONTRACTOR to meet equity requirements of the proposed undertaking: N/A

- a. In banks/savings and loans:

Name:

Address:

Amount: \$

- b. By loans from affiliated or associated corporations or firms: N/A

Name:

Address:

Amount: \$

- c. By sale of readily salable assets/including marketable securities: N/A

Description	Market Value (\$)	Mortgages or Liens (\$)

17. Names and addresses of bank references, and name of contact at each reference:

Name and Address	Contact Name
Name: California bank & Trust	Jill Lozier
Address: 525 B Street, San Diego, CA 92101	
Name:	
Address:	
Name:	
Address:	

18. Has the CONTRACTOR or any of the CONTRACTOR's officers or principal members, shareholders or investors, or other interested parties been adjudged bankrupt, either voluntary or involuntary, within the past 10 years?

☐ Yes x No

If yes, give date, place, and under what name.

19. Has the CONTRACTOR or anyone referred to above as "principals of the CONTRACTOR" been convicted of any felony within the past 10 years?

☐ Yes x No

If yes, give for each case (1) date, (2) charge, (3) place, (4) court, and (5) action taken. Attach any explanation deemed necessary.

20. List undertakings (including, but not limited to, bid bonds, performance bonds, payment bonds and/or improvement bonds) comparable to size of the proposed project which have been completed by the CONTRACTOR including identification and brief description of each project, date of completion, and amount of bond, whether any legal action has been taken on the bond: N/A

Type of Bond	Project Description	Date of Completion	Amount of Bond	Action on Bond

21. If the CONTRACTOR, or a parent corporation, a subsidiary, an affiliate, or a principal of the CONTRACTOR is to participate in the development as a construction contractor or builder, provide the following information:

- a. Name and addresses of such contractor or builder: N/A

Name and Address	Affiliation
Name:	
Address:	
Name:	
Address:	
Name:	
Address:	

- b. Has such contractor or builder within the last 10 years ever failed to qualify as a responsible bidder, refused to enter into a contract after an award has been made, or failed to complete a construction or development contract?

☐ Yes x No

If yes, please explain, in detail, each such instance:

- c. Total amount of construction or development work performed by such contractor or builder during the last three (3) years: \$ N/A

General description of such work:

List each project, including location, nature of work performed, name, address of the owner of the project, bonding companies involved, amount of contract, date of commencement of project, date of completion, state whether any change orders were sought, amount of change orders, was litigation commenced concerning the project, including a designation of where, when and the outcome of the litigation. (Attach extra sheet if necessary) N/A

Project Name		
Project Owner Contact Information		
	Name	Address
Project Location		
Project Details		
Bonding Company Involved		
	Name	Amount of Contract
Change Order Details		
Change Order Cost		
Litigation Details		
	Location/Date	Outcome Details

d. Construction contracts or developments now being performed by such contractor or builder: N/A

Identification of Contract or Development	Location	Amount	Date to be Completed

e. Outstanding construction-contract bids of such contractor or builder: N/A

Awarding Agency	Amount	Date Opened

22. Provide a detailed and complete statement regarding equipment, experience, financial capacity, and other resources available to such contractor or builder for the performance of the work involved in the proposed project, specifying particularly the qualifications of the personnel, the nature of the equipment, and the general experience of the contractor: N/A

23. Does any member of the governing body of the San Diego Housing Commission ("SDHC"), Housing Authority of the City of San Diego ("AUTHORITY") or City of San Diego ("CITY"), to which the accompanying proposal is being made or any officer or employee of the SDHC, the AUTHORITY or the CITY who exercises any functions or responsibilities in connection with the carrying out of the project covered by the CONTRACTOR's proposal, have any direct or indirect personal financial interest in the CONTRACTOR or in the proposed contractor?

☐ Yes x No

If yes, explain:

24. Statements and other evidence of the CONTRACTOR's qualifications and financial responsibility (other than the financial statement referred to in Item 8) are attached hereto and hereby made a part hereof as follows: N/A

25. Is the proposed CONTRACTOR, and/or are any of the proposed subcontractors, currently involved in any construction-related litigation?

☐ Yes x No

If yes, explain:

26. State the name, address and telephone numbers of CONTRACTOR's insurance agent(s) and/or companies for the following coverage's: List the amount of coverage (limits) currently existing in each category: **C3 Risk & Insurance Services**
404 Camino Del Rio S. STE 410, San Diego, CA 92108

- a. General Liability, including Bodily Injury and Property Damage Insurance [Attach certificate of insurance showing the amount of coverage and coverage period(s)]

Check coverage(s) carried:

- x Comprehensive Form
- ☐ Premises - Operations
- ☐ Explosion and Collapse Hazard
- ☐ Underground Hazard
- ☐ Products/Completed Operations Hazard
- ☐ Contractual Insurance
- x Broad Form Property Damage
- ☐ Independent Contractors
- x Personal Injury

- b. Automobile Public Liability/Property Damage [Attach certificate of insurance showing the amount of coverage and coverage period(s)]

Check coverage(s) carried:

- ☐ Comprehensive Form
☐ Owned
☐ Hired
☐ Non-Owned

- c. Workers Compensation [Attach certificate of insurance showing the amount of coverage and coverage period(s)] N/A
- d. Professional Liability (Errors and Omissions) [Attach certificate of insurance showing the amount of coverage and coverage period(s)] N/A
- e. Excess Liability [Attach certificate(s) of insurance showing the amount of coverage and coverage period(s)]
- f. Other (Specify) [Attach certificate(s) of insurance showing the amount of coverage and coverage period(s)]

27. CONTRACTOR warrants and certifies that it will not during the term of the PROJECT, GRANT, LOAN, CONTRACT, DEVELOPMENT and/or RENDITIONS OF SERVICES discriminate against any employee, person, or applicant for employment because of race, age, sexual orientation, marital status, color, religion, sex, handicap, or national origin. The CONTRACTOR will take affirmative action to ensure that applicants are employed, and that employees are treated during employment, without regard to their race, age, sexual orientation, marital status, color, religion, sex, handicap, or national origin. Such action shall include, but not be limited to the following: employment, upgrading, demotion or termination; rates of pay or other forms of compensation; and selection for training, including apprenticeship. The CONTRACTOR agrees to post in conspicuous places, available to employees and applicants for employment, notices to be provided by the SDHC setting forth the provisions of this nondiscrimination clause.
28. The CONTRACTOR warrants and certifies that it will not without prior written consent of the SDHC, engage in any business pursuits that are adverse, hostile or take incompatible positions to the interests of the SDHC, during the term of the PROJECT, DEVELOPMENT, LOAN, GRANT, CONTRACT and/or RENDITION OF SERVICES.
29. CONTRACTOR warrants and certifies that no member, commissioner, councilperson, officer, or employee of the SDHC, the AUTHORITY and/or the CITY, no member of the governing body of the locality in which the PROJECT is situated, no member of the government body in which the SDHC was activated, and no other public official of such locality or localities who exercises any functions or responsibilities with respect to the assignment of work, has during his or her tenure, or will for one (1) year thereafter, have any interest, direct or indirect, in this PROJECT or the proceeds thereof.

30. List all citations, orders to cease and desist, stop work orders, complaints, judgments, fines, and penalties received by or imposed upon CONTRACTOR for safety violations from any and all government entities including but not limited to, the City of San Diego, County of San Diego, the State of California, the United States of America and any and all divisions and departments of said government entities for a period of five (5) years prior to the date of this statement. If none, please state:

Government Complaint	Entity Making	Date	Resolution
None			

31. Has the CONTRACTOR ever been disqualified, removed from or otherwise prevented from bidding on or completing a federal, state, or local government project because of a violation of law or a safety regulation?

☐ Yes x No

If yes, please explain, in detail,

32. Please list all licenses obtained by the CONTRACTOR through the State of California and/or the United States of America which are required and/or will be utilized by the CONTRACTOR and/or are convenient to the performance of the PROJECT, DEVELOPMENT, LOAN, GRANT, CONTRACT, or RENDITION OF SERVICES. State the name of the governmental agency granting the license, type of license, date of grant, and the status of the license, together with a statement as to whether the License has ever been revoked:

Government Agency	License Description	License Number	Date Issued (Original)	Status (Current)	Revocation (Yes/No)
City of San Diego	Transient Occupancy	72371	5/27/1992	Current	NO

33. Describe in detail any and all other facts, factors or conditions that may adversely affect CONTRACTOR's ability to perform or complete, in a timely manner, or at all, the PROJECT, CONTRACT, SALES of Real Property to, DEVELOPMENT, repayment of the LOAN, adherence to the conditions of the GRANT, or performance of consulting or other services under CONTRACT with the SDHC. NONE.

34. Describe in detail, any and all other facts, factors or conditions that may favorably affect CONTRACTOR's ability to perform or complete, in a timely manner, or at all, the PROJECT, CONTRACT, DEVELOPMENT, repayment of the LOAN, adherence to the conditions of the GRANT, or performance of consulting or other services under CONTRACT with the SDHC. Owned and operated for 26 years.

35. List all CONTRACTS with, DEVELOPMENTS for or with, LOANS with, PROJECTS with, GRANTS from, SALES of Real Property to, the SDHC, AUTHORITY and/or the CITY within the last five (5) years: None

Date	Entity Involved (i.e. City SDHC, etc)	Status (Current, delinquent, repaid, etc.)	Dollar Amount

36. Within the last five years, has the proposed CONTRACTOR, and/or have any of the proposed subcontractors, been the subject of a complaint filed with the Contractor's State License Board (CSLB)?

☐ Yes x No

If yes, explain:

37. Within the last five years, has the proposed CONTRACTOR, and/or have any of the proposed subcontractors, had a revocation or suspension of a CONTRACTOR's License?

☐ Yes x No

If yes, explain:

38. List three local references that would be familiar with your previous construction project: N/A

1. Name:
Address:
Phone:
Project Name and Description:
2. Name:
Address:
Phone:
Project Name and Description:
3. Name:
Address:
Phone:
Project Name and Description:

39. Give a brief statement regarding equipment, experience, financial capacity and other resources available to the Contractor for the performance of the work involved in the proposed project, specifying particularly the qualifications of the personnel, the nature of the equipment and the general experience of the Contractor.

40. Give the name and experience of the proposed Construction Superintendent. N/A

Name	Experience

CONSENT TO PUBLIC DISCLOSURE BY CONTRACTOR

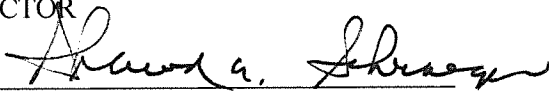
By providing the "Personal Information", (if any) as defined in Section 1798.3(a) of the Civil Code of the State of California (to the extent that it is applicable, if at all), requested herein and by seeking a loan from, a grant from, a contract with, the sale of real estate to, the right to develop from, and/or any and all other entitlements from the SAN DIEGO HOUSING COMMISSION ("SDHC"), the HOUSING AUTHORITY OF THE CITY OF SAN DIEGO ("AUTHORITY") and/or the CITY OF SAN DIEGO ("CITY"), the CONTRACTOR consents to the disclosure of any and all "Personal Information" and of any and all other information contained in this Public Disclosure Statement. CONTRACTOR specifically, knowingly and intentionally waives any and all privileges and rights that may exist under State and/or Federal Law relating to the public disclosure of the information contained herein. With respect to "Personal Information", if any, contained herein, the CONTRACTOR, by executing this disclosure statement and providing the information requested, consents to its disclosure pursuant to the provisions of the Information Practices Act of 1977, Civil Code Section 1798.24(b). CONTRACTOR is aware that a disclosure of information contained herein will be made at a public meeting or meetings of the SDHC, the AUTHORITY, and/or the CITY at such times as the meetings may be scheduled. CONTRACTOR hereby consents to the disclosure of said "Personal Information", if any, more than thirty (30) days from the date of this statement at the duly scheduled meeting(s) of the SDHC, the AUTHORITY and/or the CITY. CONTRACTOR acknowledges that public disclosure of the information contained herein may be made pursuant to the provisions of Civil Code Section 1798.24(d).

CONTRACTOR represents and warrants to the SDHC, the AUTHORITY and the CITY that by providing the information requested herein and waiving any and all privileges available under the Evidence Code of the State of California, State and Federal Law, (to the extent of this disclosure that the information being submitted herein), the information constitutes a "Public Record" subject to disclosure to members of the public in accordance with the provisions of California Government Section 6250 et seq.

CONTRACTOR specifically waives, by the production of the information disclosed herein, any and all rights that CONTRACTOR may have with respect to the information under the provisions of Government Code Section 6254 including its applicable subparagraphs, to the extent of the disclosure herein, as well as all rights of privacy, if any, under the State and Federal Law.

Executed this 18th day of May, 20 18, at San Diego, California.

CONTRACTOR

By: 
Signature

Limited Partner
Title

CERTIFICATION

The CONTRACTOR, Island Inn, LP, hereby certifies that this CONTRACTOR's Statement for Public Disclosure and the attached information/evidence of the CONTRACTOR's qualifications and financial responsibility, including financial statements, are true and correct to the best of CONTRACTOR's knowledge and belief.

By: Shawn A. Schaefer By: _____

Title: Limited Liability Partner Title: _____

Dated: 5/18/18 Dated: _____

WARNING: 18 U.S.C. 1001 provides, among other things, that whoever knowingly and willingly makes or uses a document or writing containing any false, fictitious or fraudulent statement or entry, in any matter within the jurisdiction or any department or agency of the United States, shall be fined not more than \$10,000 or imprisoned for not more than five years, or both.

JURAT

State of California

SEE ATTACHED

County of _____

Subscribed and sworn to (or affirmed) before me on this _____ day of _____, 20____

by _____ personally known to me or proved to me on the basis of
satisfactory evidence to be the person(s) who appeared before me.

Signature of Notary

SEAL

GOVERNMENT CODE § 8202

- ☒ See Attached Document (Notary to cross out lines 1-6 below)
☐ See Statement Below (Lines 1-6 to be completed only by document signer[s], *not* Notary)

The graph illustrates the projected growth of the elderly population in the United States. The Y-axis is labeled 'Number of people (millions)' and ranges from 0 to 100 in increments of 20. The X-axis is labeled 'Year' and ranges from 1980 to 2020 in increments of 10. A single line starts at approximately 25 million in 1980 and rises steadily to approximately 75 million by 2020.

Year	Number of people (millions)
1980	25
1985	30
1990	35
1995	40
2000	45
2005	50
2010	55
2015	60
2020	75

Signature of Document Signer No. 1

Signature of Document Signer No. 2 (if any)

A notary public or other officer completing this certificate verifies only the identity of the individual who signed the document to which this certificate is attached, and not the truthfulness, accuracy, or validity of that document.

State of California

County of SAN DIEGO

Subscribed and sworn to ~~(or affirmed)~~ before me

on this 18th day of MAY, 2018,
by Date Month Year

(1) SHAWN SCHRAEGER

(and (2) _____),
Name(s) of Signer(s)

proved to me on the basis of satisfactory evidence to be the person(s) who appeared before me.

Signature Mariette A Pascasio
Signature of Notary Public

 **MARIETTE A. PASCASIO**
Commission # 2073968
Notary Public - California
San Diego County
My Comm. Expires Aug 6, 2018

Seal
Place Notary Seal Above

OPTIONAL

Though this section is optional, completing this information can deter alteration of the document or fraudulent reattachment of this form to an unintended document.

Description of Attached Document

Title or Type of Document: _____ Document Date: _____

Number of Pages: _____ Signer(s) Other Than Named Above: _____



State of California
Secretary of State

LP-1

File # 201020000007

ENDORSED - FILED
in the Office of the Secretary of State
of the State of California

JUL 15 2010

Certificate of Limited Partnership

A \$70.00 filing fee must accompany this form.

Important - Read instructions before completing this form.

This Space For Filing Use Only

Entity Name (End the name with the words "Limited Partnership" or the abbreviation "LP" or "L.P.")

1. NAME OF LIMITED PARTNERSHIP

Island Inn, L.P.

Initial Designated Office Address (Do not abbreviate the name of the city.)

2. ADDRESS OF INITIAL DESIGNATED OFFICE IN CALIFORNIA

CITY

STATE ZIP CODE

315 Fourth Avenue

San Diego

CA 92101

Initial Agent For Service of Process (If the initial agent is an individual, the agent must reside in California and both Items 3 and 4 must be completed. If the initial agent is a corporation, the agent must have on file with the California Secretary of State a certificate pursuant to Corporations Code section 1505 and Item 3 must be completed (leave Item 4 blank).)

3. NAME OF INITIAL AGENT FOR SERVICE OF PROCESS

Arnold G. Fischer

4. IF AN INDIVIDUAL, ADDRESS OF INITIAL AGENT FOR SERVICE OF PROCESS IN CA

CITY

STATE ZIP CODE

315 Fourth Avenue

San Diego

CA 92101

General Partners (Enter the names and addresses of all the general partners. Attach additional pages, if necessary.)

5a. NAME

ADDRESS

CITY

STATE ZIP CODE

197 Partners GP, LLC

315 Fourth Avenue

San Diego

CA 92101

5b. NAME

ADDRESS

CITY

STATE ZIP CODE

Additional Information

6. ADDITIONAL INFORMATION SET FORTH ON THE ATTACHED PAGES, IF ANY, IS INCORPORATED HEREIN BY THIS REFERENCE AND MADE A PART OF THIS CERTIFICATE

Execution (This certificate must be signed by all of the general partners. If additional signature space is necessary, the signatures may be made on an attachment to this certificate.)

7. I DECLARE I AM THE PERSON WHO EXECUTED THIS INSTRUMENT, WHICH EXECUTION IS MY ACT AND DEED.

DATE

SIGNATURE OF GENERAL PARTNER

Arnold G. Fischer, Manager of
197 Partners GP, LLC

TYPE OR PRINT NAME OF GENERAL PARTNER

SIGNATURE OF GENERAL PARTNER

TYPE OR PRINT NAME OF GENERAL PARTNER



I hereby certify that the foregoing
transcript of 1 page(s)
is a full, true and correct copy of the
original record in the custody of the
California Secretary of State's office.

AUG 05 2010

Date: _____

Debra Bowen
DEBRA BOWEN, Secretary of State

LP-2	Amendment to Certificate of Limited Partnership (LP)
-------------	---

To change information of record for your LP, fill out this form, and submit for filing along with:

- A \$30 filing fee.
- A separate, non-refundable \$15 service fee also must be included, if you drop off the completed form.

Items 3-7: Only fill out the information that is changing. Attach extra pages if you need more space or need to include any other matters.

FILED
 Secretary of State
 State of California

DEC 02 2013

This Space For Office Use Only

For questions about this form, go to www.sos.ca.gov/business/be/filing-tips.htm

① LP's File No. (issued by CA Secretary of State) 201020000007	② LP's Exact Name (on file with CA Secretary of State) Island Inn, L.P.
---	--

New LP Name

③ Proposed New LP Name _____ The new LP name: must end with: "Limited Partnership," "LP," or "L.P.," and may not contain "bank," "insurance," "trust," "trustee," "incorporated," "inc.," "corporation," or "corp."

New LP Addresses

④ a. Street Address of Designated Office in CA _____ City (no abbreviations) CA State Zip

b. Mailing Address of LP, if different from 4a _____ City (no abbreviations) State Zip

New Agent/Address for Service of Process (The agent must be a CA resident or qualified 1505 corporation in CA.)

⑤ a. Esther Fischer _____
Agent's Name

b. 315 Fourth Avenue San Diego CA 92101
Agent's Street Address (if agent is not a corporation) City (no abbreviations) State Zip

General Partner Changes

⑥ a. New general partner: _____
Name Address City (no abbreviations) State Zip

b. Address change: _____
Name New Address City (no abbreviations) State Zip

c. Name change: Old name: _____ New name: _____

d. Name of dissociated general partner: _____

Dissolved LP (Either check box a or check box b and complete the information. Note: To terminate the LP, also file a Certificate of Cancellation (Form LP-47), available at www.sos.ca.gov/business/be/forms.htm.)

⑦ a. ☐ The LP is dissolved and wrapping up its affairs.

b. ☐ The LP is dissolved and has no general partners. The following person has been appointed to wrap up the affairs of the LP: _____
Name Address City (no abbreviations) State Zip

Read and sign below: This form must be signed by (1) at least one general partner; (2) by each person listed in item 6a; and (3) by each person listed in item 6d if that person has not filed a Certificate of Dissociation (Form LP-101). If item 7b is checked, the person listed must sign. If a trust, association, attorney-in-fact, or any other person not listed above is signing, go to www.sos.ca.gov/business/be/filing-tips.htm for more information. If you need more space, attach extra pages that are 1-sided and on standard letter-sized paper (8 1/2" x 11"). All attachments are part of this amendment. Signing this document affirms under penalty of perjury that the stated facts are true.

Sign here Esther Fischer _____ Esther Fischer, manager of 11/20/13
 Print your name here 197 Partners GP, LLC Date

Sign here _____ Print your name here _____ Date

Make check/money order payable to: Secretary of State	By Mail	Drop-Off
Upon filing, we will return one (1) uncertified copy of your filed document for free, and will certify the copy upon request and payment of a \$5 certification fee.	Secretary of State Business Entities, P.O. Box 944225 Sacramento, CA 94244-2250	Secretary of State 1500 11th Street, 3rd Floor Sacramento, CA 95814



I hereby certify that the foregoing
transcript of _____ page(s)
is a full, true and correct copy of the
original record in the custody of the
California Secretary of State's office.

DEC 06 2013 *JFM*

Date: _____

Debra Bowen
DEBRA BOWEN, Secretary of State



TRILREA-01

LUGCA1

CERTIFICATE OF LIABILITY INSURANCE

DATE (MM/DD/YYYY)

05/17/2018

THIS CERTIFICATE IS ISSUED AS A MATTER OF INFORMATION ONLY AND CONFERS NO RIGHTS UPON THE CERTIFICATE HOLDER. THIS CERTIFICATE DOES NOT AFFIRMATIVELY OR NEGATIVELY AMEND, EXTEND OR ALTER THE COVERAGE AFFORDED BY THE POLICIES BELOW. THIS CERTIFICATE OF INSURANCE DOES NOT CONSTITUTE A CONTRACT BETWEEN THE ISSUING INSURER(S), AUTHORIZED REPRESENTATIVE OR PRODUCER, AND THE CERTIFICATE HOLDER.

IMPORTANT: If the certificate holder is an ADDITIONAL INSURED, the policy(ies) must have ADDITIONAL INSURED provisions or be endorsed. If SUBROGATION IS WAIVED, subject to the terms and conditions of the policy, certain policies may require an endorsement. A statement on this certificate does not confer rights to the certificate holder in lieu of such endorsement(s).

PRODUCER License # 0L48969 C3 Risk & Insurance Services 404 Camino Del Rio S. STE 410 San Diego, CA 92108		CONTACT NAME: Carla Luger PHONE (A/C, No, Ext): (619) 385-4637 161 FAX (A/C, No): E-MAIL ADDRESS: carla@c3insurance.com	
		INSURER(S) AFFORDING COVERAGE	
		INSURER A: Philadelphia Indemnity Insurance Company	
		INSURER B: XL Insurance America Inc	
		INSURER C: Employers Compensation Ins. Company	
		INSURER D:	
		INSURER E:	
		INSURER F:	

INSURED

Trilogy Real Estate Management; Island Inn, LP
P.O. Box 126308
San Diego, CA 92112

COVERAGES

CERTIFICATE NUMBER:

REVISION NUMBER:

THIS IS TO CERTIFY THAT THE POLICIES OF INSURANCE LISTED BELOW HAVE BEEN ISSUED TO THE INSURED NAMED ABOVE FOR THE POLICY PERIOD INDICATED. NOTWITHSTANDING ANY REQUIREMENT, TERM OR CONDITION OF ANY CONTRACT OR OTHER DOCUMENT WITH RESPECT TO WHICH THIS CERTIFICATE MAY BE ISSUED OR MAY PERTAIN, THE INSURANCE AFFORDED BY THE POLICIES DESCRIBED HEREIN IS SUBJECT TO ALL THE TERMS, EXCLUSIONS AND CONDITIONS OF SUCH POLICIES. LIMITS SHOWN MAY HAVE BEEN REDUCED BY PAID CLAIMS.

INSR LTR	TYPE OF INSURANCE	ADDL INSD	SUBR WVD	POLICY NUMBER	POLICY EFF (MM/DD/YYYY)	POLICY EXP (MM/DD/YYYY)	LIMITS
A	☒ COMMERCIAL GENERAL LIABILITY ☐ CLAIMS-MADE ☒ OCCUR GEN'L AGGREGATE LIMIT APPLIES PER: ☐ POLICY ☐ PRO-JECT ☒ LOC ☐ OTHER:	X	X	PHPK1753103	12/20/2017	12/20/2018	EACH OCCURRENCE \$ 1,000,000 DAMAGE TO RENTED PREMISES (Ea occurrence) \$ 100,000 MED EXP (Any one person) \$ 5,000 PERSONAL & ADV INJURY \$ 1,000,000 GENERAL AGGREGATE \$ 2,000,000 PRODUCTS - COMP/OP AGG \$ 2,000,000
A	☒ AUTOMOBILE LIABILITY ☒ ANY AUTO OWNED AUTOS ONLY ☐ SCHEDULED AUTOS ☐ HIRED AUTOS ONLY ☐ NON-OWNED AUTOS ONLY	X		PHPK1753103	12/20/2017	12/20/2018	COMBINED SINGLE LIMIT (Ea accident) \$ 1,000,000 BODILY INJURY (Per person) \$ BODILY INJURY (Per accident) \$ PROPERTY DAMAGE (Per accident) \$
B	☐ UMBRELLA LIAB ☒ OCCUR ☒ EXCESS LIAB ☐ CLAIMS-MADE DED ☒ RETENTION \$ 0	X		AURA0500442-03	12/20/2017	12/20/2018	EACH OCCURRENCE \$ 25,000,000 AGGREGATE \$ 25,000,000
C	WORKERS COMPENSATION AND EMPLOYERS' LIABILITY ANY PROPRIETOR/PARTNER/EXECUTIVE OFFICER/MEMBER EXCLUDED? (Mandatory in NH) ☐ Y/N If yes, describe under DESCRIPTION OF OPERATIONS below	N/A	X	EIG234358402	04/01/2018	04/01/2019	☒ PER STATUTE ☐ OTH-ER E.L. EACH ACCIDENT \$ 1,000,000 E.L. DISEASE - EA EMPLOYEE \$ 1,000,000 E.L. DISEASE - POLICY LIMIT \$ 1,000,000

DESCRIPTION OF OPERATIONS / LOCATIONS / VEHICLES (ACORD 101, Additional Remarks Schedule, may be attached if more space is required)

Certificate Holder additional status applies to the General Liability, waiver of subrogation and primary non-contributory wording applies per the terms and conditions of the attached endorsement when required by written contract or agreement.

Re Location 7: 202 Island Ave., San Diego, CA 92101 (Island Inn). Terrorism is included in the General Liability coverage. Umbrella policy follows form over underlying General Liability, Auto Liability, & Employers Liability.

CERTIFICATE HOLDER

CANCELLATION

Island Inn, LP and 197 Partners GP, LLC
202 Island Ave
San Diego, CA 92101

SHOULD ANY OF THE ABOVE DESCRIBED POLICIES BE CANCELLED BEFORE THE EXPIRATION DATE THEREOF, NOTICE WILL BE DELIVERED IN ACCORDANCE WITH THE POLICY PROVISIONS.

AUTHORIZED REPRESENTATIVE

Transient Occupancy Registration Certificate

THE CITY OF SAN DIEGO, CALIFORNIA

This Transient Occupancy Registration Certificate signifies that the person named on the face hereof is required to collect a Transient Occupancy Tax from transients and to remit the same to the City Treasurer and has fulfilled the requirements of the Transient Occupancy Tax Ordinance by registering with the City Treasurer for the purpose of collecting from transients the Transient Occupancy Tax and remitting said tax to the City Treasurer. This certificate does not constitute a permit to operate a hotel/business.

NAME AND BUSINESS ADDRESS THE ISLAND INN 202 ISLAND AVENUE SAN DIEGO CA 92101	CERTIFICATE NUMBER 72371	PLEASE REFER TO YOUR CERTIFICATE NUMBER IN ALL CORRESPONDENCE.
NAME OF OPERATOR GASLAMP HOTEL MGMT. INC.		ISSUED BY THE TREASURER OF THE CITY OF SAN DIEGO ON: 5/27/92





**DEVELOPERS/CONSULTANTS/SELLERS/CONTRACTORS/
ENTITY SEEKING GRANT/BORROWERS
(Collectively referred to as "CONTRACTOR" herein)
Statement for Public Disclosure**

1. Name of CONTRACTOR: 197 Partners GP, LLC
2. Address and Zip Code: PO Box 126308, San Diego, CA 92112
3. Telephone Number: 619 231-1505
4. Name of Principal Contact for CONTRACTOR: Howard Greenberg
5. Federal Identification Number or Social Security Number of CONTRACTOR: 800634780
6. If the CONTRACTOR is not an individual doing business under his own name, the CONTRACTOR has the status indicated below and is organized or operating under the laws of California as:

- ☐ A corporation (Attach Articles of Incorporation)
- ☐ A nonprofit or charitable institution or corporation. (Attach copy of Articles of Incorporation and documentary evidence verifying current valid nonprofit or charitable status)
- ☐ A partnership known as: _____
(Name)

Check one:

- ☒ General Partnership (Attach statement of General Partnership)
- ☐ Limited Partnership (Attach Certificate of Limited Partnership)
- ☐ A business association or a joint venture known as: _____
(Attach joint venture or business association agreement)
- ☐ A Federal, State or local government or instrumentality thereof.
- ☐ Other (explain)
-
7. If the CONTRACTOR is not an individual or a government agency or instrumentality, give date of organization:
July 15, 2010
 8. Provide names, addresses, telephone numbers, title of position (if any) and nature and extent of the interest of the current officers, principal members, shareholders, and investors of the CONTRACTOR, other than a government agency or instrumentality, as set forth below:
 - a. If the CONTRACTOR is a corporation, the officers, directors or trustees, and each stockholder owning more than 10% of any class of stock.
 - b. If the CONTRACTOR is a nonprofit or charitable institution or corporation, the members who constitute the board of trustees or board of directors or similar governing body.

- c. If the CONTRACTOR is a partnership, each partner, whether a general or limited, and either the percent of interest or a description of the character and extent of interest.
- d. If the CONTRACTOR is a business association or a joint venture, each participant and either the percent of interest or a description of the character and extent of interest.
- e. If the CONTRACTOR is some other entity, the officers, the members of the governing body, and each person having an interest of more than 10%.(Attach extra sheet if necessary)

Name and Address	Position Title (if any) and percent of interest or description of character and extent of interest
Name: Esther Fischer	General Partner
Address: PO Box 126308, San Diego, CA 92112	40%
Name: Frances Mortenson	General Partner
Address: PO Box 126308, San Diego, CA 92112	40%
Name: Shawn Schraeger	General Partner
Address: 122 15 th Street, #850 Del Mar, CA 92014	20%

9. Has the makeup as set forth in Item 8(a) through 8(e) changed within the last twelve (12) months? If yes, please explain in detail. -NO
10. Is it *anticipated* that the makeup as set forth in Item 8(a) through 8(e) will change within the next twelve (12) months? If yes, please explain in detail. -NO
11. Provide name, address, telephone number, and nature and extent of interest of each person or entity (not named in response to Item 8) who has a beneficial interest in any of the shareholders or investors named in response to Item 8 which gives such person or entity more than a computed 10% interest in the CONTRACTOR (for example, more than 20% of the stock in a corporation which holds 50% of the stock of the CONTRACTOR or more than 50% of the stock in the corporation which holds 20% of the stock of the CONTRACTOR): NONE

Name and Address	Position Title (if any) and percent of interest or description of character and extent of interest
Name:	
Address:	
Name:	
Address:	
Name:	
Address:	

12. Names, addresses and telephone numbers (if not given above) of officers and directors or trustees of any corporation or firm listed under Item 8 or Item 11 above:

Name and Address	Position Title (if any) and percent of interest or description of character and extent of interest
Name:	
Address:	
Name:	
Address:	
Name:	
Address:	

13. Is the CONTRACTOR a subsidiary of or affiliated with any other corporation or corporations, any other firm or any other business entity or entities of whatever nature? If yes, list each such corporation, firm or business entity by name and address, specify its relationship to the CONTRACTOR, and identify the officers and directors or trustees common to the CONTRACTOR and such other corporation, firm or business entity.

Name and Address	Relationship to CONTRACTOR
Name:	
Address:	
Name:	
Address:	
Name:	
Address:	

14. Provide the financial condition of the CONTRACTOR as of the date of the statement and for a period of twenty-four (24) months prior to the date of its statement as reflected in the **attached** financial statements, including, but not necessarily limited to, profit and loss statements and statements of financial position. N/A
15. If funds for the development/project are to be obtained from sources other than the CONTRACTOR's own funds, provide a statement of the CONTRACTOR's plan for financing the development/project: N/A
16. Provide sources and amount of cash available to CONTRACTOR to meet equity requirements of the proposed undertaking: N/A
- a. In banks/savings and loans:
- Name:
- Address:
- Amount: \$

- b. By loans from affiliated or associated corporations or firms: N/A

Name:

Address:

Amount: \$

- c. By sale of readily salable assets/including marketable securities: N/A

Description	Market Value (\$)	Mortgages or Liens (\$)

17. Names and addresses of bank references, and name of contact at each reference:

Name and Address	Contact Name
Name: California Bank & Trust	Jill Lozier
Address: 525 B Street, San Diego, CA 92101	
Name:	
Address:	
Name:	
Address:	

18. Has the CONTRACTOR or any of the CONTRACTOR's officers or principal members, shareholders or investors, or other interested parties been adjudged bankrupt, either voluntary or involuntary, within the past 10 years?

☐ Yes x No

If yes, give date, place, and under what name.

19. Has the CONTRACTOR or anyone referred to above as "principals of the CONTRACTOR" been convicted of any felony within the past 10 years?

☐ Yes x No

If yes, give for each case (1) date, (2) charge, (3) place, (4) court, and (5) action taken. Attach any explanation deemed necessary.

20. List undertakings (including, but not limited to, bid bonds, performance bonds, payment bonds and/or improvement bonds) comparable to size of the proposed project which have been completed by the CONTRACTOR including identification and brief description of each project, date of completion, and amount of bond, whether any legal action has been taken on the bond: N/A

Type of Bond	Project Description	Date of Completion	Amount of Bond	Action on Bond

21. If the CONTRACTOR, or a parent corporation, a subsidiary, an affiliate, or a principal of the CONTRACTOR is to participate in the development as a construction contractor or builder, provide the following information:

- a. Name and addresses of such contractor or builder: N/A

Name and Address	Affiliation
Name:	
Address:	
Name:	
Address:	
Name:	
Address:	

- b. Has such contractor or builder within the last 10 years ever failed to qualify as a responsible bidder, refused to enter into a contract after an award has been made, or failed to complete a construction or development contract?

☐ Yes x No

If yes, please explain, in detail, each such instance:

- c. Total amount of construction or development work performed by such contractor or builder during the last three (3) years: \$ N/A

General description of such work:

List each project, including location, nature of work performed, name, address of the owner of the project, bonding companies involved, amount of contract, date of commencement of project, date of completion, state whether any change orders were sought, amount of change orders, was litigation commenced concerning the project, including a designation of where, when and the outcome of the litigation. (Attach extra sheet if necessary) N/A

Project Name		
Project Owner Contact Information		
	Name	Address
Project Location		
Project Details		
Bonding Company Involved		
	Name	Amount of Contract
Change Order Details		
Change Order Cost		
Litigation Details		
	Location/Date	Outcome Details

d. Construction contracts or developments now being performed by such contractor or builder: N/A

Identification of Contract or Development	Location	Amount	Date to be Completed

e. Outstanding construction-contract bids of such contractor or builder: N/A

Awarding Agency	Amount	Date Opened

22. Provide a detailed and complete statement regarding equipment, experience, financial capacity, and other resources available to such contractor or builder for the performance of the work involved in the proposed project, specifying particularly the qualifications of the personnel, the nature of the equipment, and the general experience of the contractor: N/A

23. Does any member of the governing body of the San Diego Housing Commission ("SDHC"), Housing Authority of the City of San Diego ("AUTHORITY") or City of San Diego ("CITY"), to which the accompanying proposal is being made or any officer or employee of the SDHC, the AUTHORITY or the CITY who exercises any functions or responsibilities in connection with the carrying out of the project covered by the CONTRACTOR's proposal, have any direct or indirect personal financial interest in the CONTRACTOR or in the proposed contractor?

☐ Yes x No

If yes, explain:

24. Statements and other evidence of the CONTRACTOR's qualifications and financial responsibility (other than the financial statement referred to in Item 8) are attached hereto and hereby made a part hereof as follows: N/A

25. Is the proposed CONTRACTOR, and/or are any of the proposed subcontractors, currently involved in any construction-related litigation?

☐ Yes x No

If yes, explain:

26. State the name, address and telephone numbers of CONTRACTOR's insurance agent(s) and/or companies for the following coverage's: List the amount of coverage (limits) currently existing in each category: **C3 Risk & Insurance Services**
404 Camino Del Rio S. STE 410, San Diego, CA 92108

- a. General Liability, including Bodily Injury and Property Damage Insurance [Attach certificate of insurance showing the amount of coverage and coverage period(s)]

Check coverage(s) carried:

- x Comprehensive Form
- ☐ Premises - Operations
- ☐ Explosion and Collapse Hazard
- ☐ Underground Hazard
- ☐ Products/Completed Operations Hazard
- ☐ Contractual Insurance
- x Broad Form Property Damage
- ☐ Independent Contractors
- x Personal Injury

- b. Automobile Public Liability/Property Damage [Attach certificate of insurance showing the amount of coverage and coverage period(s)]

Check coverage(s) carried:

- ☐ Comprehensive Form
☐ Owned
☐ Hired
☐ Non-Owned

- c. Workers Compensation [Attach certificate of insurance showing the amount of coverage and coverage period(s)] N/A
- d. Professional Liability (Errors and Omissions) [Attach certificate of insurance showing the amount of coverage and coverage period(s)] N/A
- e. Excess Liability [Attach certificate(s) of insurance showing the amount of coverage and coverage period(s)]
- f. Other (Specify) [Attach certificate(s) of insurance showing the amount of coverage and coverage period(s)]

27. CONTRACTOR warrants and certifies that it will not during the term of the PROJECT, GRANT, LOAN, CONTRACT, DEVELOPMENT and/or RENDITIONS OF SERVICES discriminate against any employee, person, or applicant for employment because of race, age, sexual orientation, marital status, color, religion, sex, handicap, or national origin. The CONTRACTOR will take affirmative action to ensure that applicants are employed, and that employees are treated during employment, without regard to their race, age, sexual orientation, marital status, color, religion, sex, handicap, or national origin. Such action shall include, but not be limited to the following: employment, upgrading, demotion or termination; rates of pay or other forms of compensation; and selection for training, including apprenticeship. The CONTRACTOR agrees to post in conspicuous places, available to employees and applicants for employment, notices to be provided by the SDHC setting forth the provisions of this nondiscrimination clause.
28. The CONTRACTOR warrants and certifies that it will not without prior written consent of the SDHC, engage in any business pursuits that are adverse, hostile or take incompatible positions to the interests of the SDHC, during the term of the PROJECT, DEVELOPMENT, LOAN, GRANT, CONTRACT and/or RENDITION OF SERVICES.
29. CONTRACTOR warrants and certifies that no member, commissioner, councilperson, officer, or employee of the SDHC, the AUTHORITY and/or the CITY, no member of the governing body of the locality in which the PROJECT is situated, no member of the government body in which the SDHC was activated, and no other public official of such locality or localities who exercises any functions or responsibilities with respect to the assignment of work, has during his or her tenure, or will for one (1) year thereafter, have any interest, direct or indirect, in this PROJECT or the proceeds thereof.

30. List all citations, orders to cease and desist, stop work orders, complaints, judgments, fines, and penalties received by or imposed upon CONTRACTOR for safety violations from any and all government entities including but not limited to, the City of San Diego, County of San Diego, the State of California, the United States of America and any and all divisions and departments of said government entities for a period of five (5) years prior to the date of this statement. If none, please state:

Government Complaint	Entity	Making	Date	Resolution
None				

31. Has the CONTRACTOR ever been disqualified, removed from or otherwise prevented from bidding on or completing a federal, state, or local government project because of a violation of law or a safety regulation?

☐ Yes x No

If yes, please explain, in detail,

32. Please list all licenses obtained by the CONTRACTOR through the State of California and/or the United States of America which are required and/or will be utilized by the CONTRACTOR and/or are convenient to the performance of the PROJECT, DEVELOPMENT, LOAN, GRANT, CONTRACT, or RENDITION OF SERVICES. State the name of the governmental agency granting the license, type of license, date of grant, and the status of the license, together with a statement as to whether the License has ever been revoked:

Government Agency	License Description	License Number	Date Issued (Original)	Status (Current)	Revocation (Yes/No)
N/A					

33. Describe in detail any and all other facts, factors or conditions that may adversely affect CONTRACTOR's ability to perform or complete, in a timely manner, or at all, the PROJECT, CONTRACT, SALES of Real Property to, DEVELOPMENT, repayment of the LOAN, adherence to the conditions of the GRANT, or performance of consulting or other services under CONTRACT with the SDHC. NONE.

34. Describe in detail, any and all other facts, factors or conditions that may favorably affect CONTRACTOR's ability to perform or complete, in a timely manner, or at all, the PROJECT, CONTRACT, DEVELOPMENT, repayment of the LOAN, adherence to the conditions of the GRANT, or performance of consulting or other services under CONTRACT with the SDHC. Owned and operated for 26 years.

35. List all CONTRACTS with, DEVELOPMENTS for or with, LOANS with, PROJECTS with, GRANTS from, SALES of Real Property to, the SDHC, AUTHORITY and/or the CITY within the last five (5) years: None

Date	Entity Involved (i.e. City SDHC, etc)	Status (Current, delinquent, repaid, etc.)	Dollar Amount

36. Within the last five years, has the proposed CONTRACTOR, and/or have any of the proposed subcontractors, been the subject of a complaint filed with the Contractor's State License Board (CSLB)?

☐ Yes x No

If yes, explain:

37. Within the last five years, has the proposed CONTRACTOR, and/or have any of the proposed subcontractors, had a revocation or suspension of a CONTRACTOR's License?

☐ Yes x No

If yes, explain:

38. List three local references that would be familiar with your previous construction project: N/A

1. Name:
Address:
Phone:
Project Name and Description:
2. Name:
Address:
Phone:
Project Name and Description:
3. Name:
Address:
Phone:
Project Name and Description:

39. Give a brief statement regarding equipment, experience, financial capacity and other resources available to the Contractor for the performance of the work involved in the proposed project, specifying particularly the qualifications of the personnel, the nature of the equipment and the general experience of the Contractor.

40. Give the name and experience of the proposed Construction Superintendent. N/A

Name	Experience

CONSENT TO PUBLIC DISCLOSURE BY CONTRACTOR

By providing the "Personal Information", (if any) as defined in Section 1798.3(a) of the Civil Code of the State of California (to the extent that it is applicable, if at all), requested herein and by seeking a loan from, a grant from, a contract with, the sale of real estate to, the right to develop from, and/or any and all other entitlements from the SAN DIEGO HOUSING COMMISSION ("SDHC"), the HOUSING AUTHORITY OF THE CITY OF SAN DIEGO ("AUTHORITY") and/or the CITY OF SAN DIEGO ("CITY"), the CONTRACTOR consents to the disclosure of any and all "Personal Information" and of any and all other information contained in this Public Disclosure Statement. CONTRACTOR specifically, knowingly and intentionally waives any and all privileges and rights that may exist under State and/or Federal Law relating to the public disclosure of the information contained herein. With respect to "Personal Information", if any, contained herein, the CONTRACTOR, by executing this disclosure statement and providing the information requested, consents to its disclosure pursuant to the provisions of the Information Practices Act of 1977, Civil Code Section 1798.24(b). CONTRACTOR is aware that a disclosure of information contained herein will be made at a public meeting or meetings of the SDHC, the AUTHORITY, and/or the CITY at such times as the meetings may be scheduled. CONTRACTOR hereby consents to the disclosure of said "Personal Information", if any, more than thirty (30) days from the date of this statement at the duly scheduled meeting(s) of the SDHC, the AUTHORITY and/or the CITY. CONTRACTOR acknowledges that public disclosure of the information contained herein may be made pursuant to the provisions of Civil Code Section 1798.24(d).

CONTRACTOR represents and warrants to the SDHC, the AUTHORITY and the CITY that by providing the information requested herein and waiving any and all privileges available under the Evidence Code of the State of California, State and Federal Law, (to the extent of this disclosure that the information being submitted herein), the information constitutes a "Public Record" subject to disclosure to members of the public in accordance with the provisions of California Government Section 6250 et seq.

CONTRACTOR specifically waives, by the production of the information disclosed herein, any and all rights that CONTRACTOR may have with respect to the information under the provisions of Government Code Section 6254 including its applicable subparagraphs, to the extent of the disclosure herein, as well as all rights of privacy, if any, under the State and Federal Law.

Executed this 18th day of May, 20 18, at San Diego, California.

CONTRACTOR

By: 
Signature

~~limited~~ General Partner
Title

CERTIFICATION

The CONTRACTOR, 197 Partners GP, LLC, hereby certifies that this CONTRACTOR's Statement for Public Disclosure and the attached information/evidence of the CONTRACTOR's qualifications and financial responsibility, including financial statements, are true and correct to the best of CONTRACTOR's knowledge and belief.

By: Shaunna Schreier By: _____
Title: General Partner Title: _____
Dated: _____ Dated: _____

WARNING: 18 U.S.C. 1001 provides, among other things, that whoever knowingly and willingly makes or uses a document or writing containing any false, fictitious or fraudulent statement or entry, in any matter within the jurisdiction or any department or agency of the United States, shall be fined not more than \$10,000 or imprisoned for not more than five years, or both.

JURAT

State of California

County of _____

SEE ATTACHED

Subscribed and sworn to (or affirmed) before me on this _____ day of _____, 20. _____

by _____ personally known to me or proved to me on the basis of
satisfactory evidence to be the person(s) who appeared before me.

Signature of Notary

SEAL

GOVERNMENT CODE § 8202

☐ See Attached Document (Notary to cross out lines 1–6 below)

☐ See Statement Below (Lines 1–6 to be completed only by document signer[s], *not* Notary)

A notary public or other officer completing this certificate verifies only the identity of the individual who signed the document to which this certificate is attached, and not the truthfulness, accuracy, or validity of that document.

State of California
County of SAN DIEGO

Subscribed and sworn to (~~or affirmed~~) before me
on this 18th day of MAY, 2018,
by Date Month Year

(1) SHAWN SCHRAEGER

(and (2) _____),
Name(s) of Signer(s)

proved to me on the basis of satisfactory evidence to be the person(s) who appeared before me.

Signature Mariette A Pascasio
Signature of Notary Public



Seal
Place Notary Seal Above

OPTIONAL

Though this section is optional, completing this information can deter alteration of the document or fraudulent reattachment of this form to an unintended document.

Description of Attached Document

Title or Type of Document: _____ Document Date: _____

Number of Pages: _____ Signer(s) Other Than Named Above: _____

201020210040



State of California
Secretary of State

LLC-1

File #

LIMITED LIABILITY COMPANY
ARTICLES OF ORGANIZATION

ENDORSED - FILED
In the office of the Secretary of State
of the State of California

JUL 15 2010

A \$70.00 filing fee must accompany this form.

IMPORTANT - Read instructions before completing this form.

This Space For Filing Use Only

ENTITY NAME (End the name with the words "Limited Liability Company," or the abbreviations "LLC" or "L.L.C." The words "Limited" and "Company" may be abbreviated to "Ltd." and "Co.," respectively.)

1. NAME OF LIMITED LIABILITY COMPANY

197 Partners GP, LLC

PURPOSE (The following statement is required by statute and should not be altered.)

2. THE PURPOSE OF THE LIMITED LIABILITY COMPANY IS TO ENGAGE IN ANY LAWFUL ACT OR ACTIVITY FOR WHICH A LIMITED LIABILITY COMPANY MAY BE ORGANIZED UNDER THE BEVERLY-KILLEA LIMITED LIABILITY COMPANY ACT.

INITIAL AGENT FOR SERVICE OF PROCESS (If the agent is an individual, the agent must reside in California and both Items 3 and 4 must be completed. If the agent is a corporation, the agent must have on file with the California Secretary of State a certificate pursuant to Corporations Code section 1505 and Item 3 must be completed (leave Item 4 blank).)

3. NAME OF INITIAL AGENT FOR SERVICE OF PROCESS

Arnold G. Fischer

4. IF AN INDIVIDUAL, ADDRESS OF INITIAL AGENT FOR SERVICE OF PROCESS IN CALIFORNIA CITY STATE ZIP CODE

315 Fourth Avenue

San Diego CA 92101

MANAGEMENT (Check only one)

5. THE LIMITED LIABILITY COMPANY WILL BE MANAGED BY:



ONE MANAGER



MORE THAN ONE MANAGER



ALL LIMITED LIABILITY COMPANY MEMBER(S)

ADDITIONAL INFORMATION

6. ADDITIONAL INFORMATION SET FORTH ON THE ATTACHED PAGES, IF ANY, IS INCORPORATED HEREIN BY THIS REFERENCE AND MADE A PART OF THIS CERTIFICATE.

EXECUTION

7. I DECLARE I AM THE PERSON WHO EXECUTED THIS INSTRUMENT, WHICH EXECUTION IS MY ACT AND DEED.

June 28, 2010

DATE

SIGNATURE OF ORGANIZER

Arnold G. Fischer

TYPE OR PRINT NAME OF ORGANIZER



I hereby certify that the foregoing
transcript of _____ page(s)
is a full, true and correct copy of the
original record in the custody of the
California Secretary of State's office.

AUG 05 2010

Date: _____
Debra Bowen
DEBRA BOWEN, Secretary of State



TRILREA-01

LUGCA1

CERTIFICATE OF LIABILITY INSURANCE

DATE (MM/DD/YYYY)
05/17/2018

THIS CERTIFICATE IS ISSUED AS A MATTER OF INFORMATION ONLY AND CONFERS NO RIGHTS UPON THE CERTIFICATE HOLDER. THIS CERTIFICATE DOES NOT AFFIRMATIVELY OR NEGATIVELY AMEND, EXTEND OR ALTER THE COVERAGE AFFORDED BY THE POLICIES BELOW. THIS CERTIFICATE OF INSURANCE DOES NOT CONSTITUTE A CONTRACT BETWEEN THE ISSUING INSURER(S), AUTHORIZED REPRESENTATIVE OR PRODUCER, AND THE CERTIFICATE HOLDER.

IMPORTANT: If the certificate holder is an ADDITIONAL INSURED, the policy(ies) must have ADDITIONAL INSURED provisions or be endorsed. If SUBROGATION IS WAIVED, subject to the terms and conditions of the policy, certain policies may require an endorsement. A statement on this certificate does not confer rights to the certificate holder in lieu of such endorsement(s).

PRODUCER License # 0L48969 C3 Risk & Insurance Services 404 Camino Del Rio S. STE 410 San Diego, CA 92108		CONTACT NAME: Carla Luger PHONE (A/C, No, Ext): (619) 385-4637 161 FAX (A/C, No): E-MAIL ADDRESS: carla@c3insurance.com	
		INSURER(S) AFFORDING COVERAGE	
		INSURER A: Philadelphia Indemnity Insurance Company	
		INSURER B: XL Insurance America Inc	
		INSURER C: Employers Compensation Ins. Company	
		INSURER D:	
		INSURER E:	
		INSURER F:	

COVERAGES **CERTIFICATE NUMBER:** **REVISION NUMBER:**

THIS IS TO CERTIFY THAT THE POLICIES OF INSURANCE LISTED BELOW HAVE BEEN ISSUED TO THE INSURED NAMED ABOVE FOR THE POLICY PERIOD INDICATED. NOTWITHSTANDING ANY REQUIREMENT, TERM OR CONDITION OF ANY CONTRACT OR OTHER DOCUMENT WITH RESPECT TO WHICH THIS CERTIFICATE MAY BE ISSUED OR MAY PERTAIN, THE INSURANCE AFFORDED BY THE POLICIES DESCRIBED HEREIN IS SUBJECT TO ALL THE TERMS, EXCLUSIONS AND CONDITIONS OF SUCH POLICIES. LIMITS SHOWN MAY HAVE BEEN REDUCED BY PAID CLAIMS.

INSR LTR	TYPE OF INSURANCE	ADDL INSD	SUBR WVD	POLICY NUMBER	POLICY EFF (MM/DD/YYYY)	POLICY EXP (MM/DD/YYYY)	LIMITS
A	☒ COMMERCIAL GENERAL LIABILITY						
	CLAIMS-MADE ☒ OCCUR	X	X	PHPK1753103	12/20/2017	12/20/2018	EACH OCCURRENCE \$ 1,000,000
							DAMAGE TO RENTED PREMISES (Ea occurrence) \$ 100,000
							MED EXP (Any one person) \$ 5,000
							PERSONAL & ADV INJURY \$ 1,000,000
							GENERAL AGGREGATE \$ 2,000,000
							PRODUCTS - COMP/OP AGG \$ 2,000,000
							\$
A	AUTOMOBILE LIABILITY						
	☒ ANY AUTO OWNED AUTOS ONLY	X		PHPK1753103	12/20/2017	12/20/2018	COMBINED SINGLE LIMIT (Ea accident) \$ 1,000,000
	☐ SCHEDULED AUTOS						BODILY INJURY (Per person) \$
	☐ HIRED AUTOS ONLY						BODILY INJURY (Per accident) \$
	☐ NON-OWNED AUTOS ONLY						PROPERTY DAMAGE (Per accident) \$
							\$
B	UMBRELLA LIAB ☒ EXCESS LIAB						
	OCCUR CLAIMS-MADE	X		AURA0500442-03	12/20/2017	12/20/2018	EACH OCCURRENCE \$ 25,000,000
	DED ☒ RETENTION \$ 0						AGGREGATE \$ 25,000,000
							\$
C	WORKERS COMPENSATION AND EMPLOYERS' LIABILITY						
	ANY PROPRIETOR/PARTNER/EXECUTIVE OFFICER/MEMBER EXCLUDED? (Mandatory in NH)	Y/N		EIG234358402	04/01/2018	04/01/2019	☒ PER STATUTE ☐ OTH-ER
	If yes, describe under DESCRIPTION OF OPERATIONS below	N/A	X				E.L. EACH ACCIDENT \$ 1,000,000
							E.L. DISEASE - EA EMPLOYEE \$ 1,000,000
							E.L. DISEASE - POLICY LIMIT \$ 1,000,000

DESCRIPTION OF OPERATIONS / LOCATIONS / VEHICLES (ACORD 101, Additional Remarks Schedule, may be attached if more space is required)

Certificate Holder additional status applies to the General Liability, waiver of subrogation and primary non-contributory wording applies per the terms and conditions of the attached endorsement when required by written contract or agreement.

Re Location 7: 202 Island Ave., San Diego, CA 92101 (Island Inn). Terrorism is included in the General Liability coverage. Umbrella policy follows form over underlying General Liability, Auto Liability, & Employers Liability.

CERTIFICATE HOLDER Island Inn, LP and 197 Partners GP, LLC 202 Island Ave San Diego, CA 92101	CANCELLATION SHOULD ANY OF THE ABOVE DESCRIBED POLICIES BE CANCELLED BEFORE THE EXPIRATION DATE THEREOF, NOTICE WILL BE DELIVERED IN ACCORDANCE WITH THE POLICY PROVISIONS. AUTHORIZED REPRESENTATIVE
---	--

Island Inn Cash Flow Projection

San Diego Housing Commission

REVISED 4/17/18

Keyser Marston Associates, Inc.

April 17, 2018

TABLE 1**PROJECT DESCRIPTION****ISLAND INN****SAN DIEGO HOUSING COMMISSION**

I. Site Area	0.57 Acres		
II. Gross Building Area			
Net Residential Area	56,625 SF	85%	
Common Area/Circulation ⁽¹⁾	<u>10,313</u> SF	<u>15%</u>	
Total Gross Building Area (GBA)	66,938 SF	100%	
III. Number of Stories	4 Stories		
IV. Unit Mix ⁽²⁾			
	<u>Number of Units</u>		<u>Average Unit Size</u>
Small Studio	116 Units	58%	250 SF
Large Studio	<u>85</u> Units	<u>42%</u>	<u>325</u> SF
Number of Units	201 Units	100%	282 SF
V. Density	353 Units/Acre		
VI. Affordability Mix - Existing Restrictions			
Units @ 50% of AMI	40 Units	20%	
Units @ 80% of AMI	39 Units	19%	
Units @ 120% of AMI	118 Units	59%	
Units @ Market-Rate	<u>4</u> Units	<u>2%</u>	
Total/Average	201 Units	100%	
Average Affordability ⁽³⁾	98% of AMI		
VII. Parking			
Total Number of Parking Spaces	80 Spaces	0.4 Spaces/Unit	

(1) Includes reception, lobby, laundry, maintenance, storage, and common areas.

(2) Per Developer, December 19, 2017.

(3) Excludes market-rate units.

TABLE 2

NET OPERATING INCOME (2018\$)
ISLAND INN
SAN DIEGO HOUSING COMMISSION

	Existing Restrictions ⁽¹⁾			6% @ 50% AMI / 94% @ 80% AMI			100% Market-Rate		
I. Gross Scheduled Income	Units	\$/Month	Total Annual	Units	\$/Month	Total Annual	Units	\$/Month	Total Annual
Studio @ 50% AMI	40	\$776	\$372,480	13	\$796	\$124,176	0	\$0	\$0
Studio @ 80% AMI	39	\$1,110	\$519,480	188	\$1,276	\$2,878,656	0	\$0	\$0
Studio @ 120% AMI	118	\$1,388	\$1,965,408	0	\$0	\$0	0	\$0	\$0
Studio (Small) @ Market-Rate	0	\$0	\$0	0	\$0	\$0	116	\$1,420	\$1,976,640
Studio (Large) @ Market-Rate	4	\$1,530	\$73,440	0	\$0	\$0	85	\$1,530	\$1,560,600
Total/Average	201	\$1,215	\$2,930,808	201	\$1,245	\$3,002,832	201	\$1,467	\$3,537,240
Add: Laundry and Vending	\$10 /Unit/Month		\$24,120	\$10 /Unit/Month		\$24,120	\$10 /Unit/Month		\$24,120
Total Gross Scheduled Income (GSI)			\$2,954,928			\$3,026,952			\$3,561,360
II. Effective Gross Income (EGI)									
(Less) Vacancy	5.0% of GSI		(\$147,746)	5.0% of GSI		(\$151,348)	5.0% of GSI		(\$178,068)
Total Effective Gross Income (EGI)			\$2,807,182			\$2,875,604			\$3,383,292
III. Operating Expenses									
(Less) Operating Expenses				\$5,856 /Unit/Year		(\$1,177,127) ⁽²⁾	\$5,856 /Unit/Year		(\$1,177,127) ⁽²⁾
(Less) Property Taxes				\$63 /Unit/Year		(\$12,756) ⁽³⁾	\$620 /Unit/Year		(\$124,690) ⁽⁴⁾
(Less) Replacement Reserves				\$100 /Unit/Year		(\$20,100) ⁽²⁾	\$100 /Unit/Year		(\$20,100) ⁽²⁾
(Less) Non-Profit Partner Management Fee				\$50 /Unit/Year		(\$10,000)	\$0 /Unit/Year		\$0
(Less) SDHC Monitoring Fee				\$0 /Unit/Year		\$0	\$0 /Unit/Year		\$0
Total Expenses	\$6,850 /Unit/Year 49% of EGI		(\$1,376,850)	\$6,070 /Unit/Year 42% of EGI		(\$1,219,983)	\$6,577 /Unit/Year 39% of EGI		(\$1,321,917)
IV. Net Operating Income			\$1,430,332			\$1,655,621			\$2,061,375
Or Say (Rounded)			\$1,430,000			\$1,656,000			\$2,061,000
Per Unit			\$7,100			\$8,200			\$10,300

(1) Reflects inputs from SDHC's draft pro forma analysis, dated November 30, 2017.

(2) Source: MDS Realty Advisors Appraiser's forecast of annual operating expenses, excluding real estate taxes (\$466,815).

(3) Reflects special assessments (\$12,756) for Fiscal Year 2017/18. Source: MDS Realty Advisors Market Rent Report, November 14, 2017.

(4) Reflects total base taxes (\$111,934) and special assessments (\$12,756) for Fiscal Year 2017/18. Source: MDS Realty Advisors Market Rent Report, November 14, 2017.

TABLE 3

6% @ 50% AMI

94% @ 80% AMI

CASH FLOW PROJECTION

ISLAND INN

SAN DIEGO HOUSING COMMISSION

		<u>1</u> ⁽¹⁾	<u>2</u>	<u>3</u> ⁽²⁾	<u>4</u>	<u>5</u>	<u>6</u>	<u>7</u>	<u>8</u>	<u>9</u>	<u>10</u>
		2018	2019	2020	2021	2022	2023	2024	2025	2026	2027
I. Gross Scheduled Income (GSI)											
Studio @ 50% AMI		\$372,480	-	-	-	-	-	-	-	-	-
Number of Units		40	-	-	-	-	-	-	-	-	-
Monthly Rent	2.5%	\$776	-	-	-	-	-	-	-	-	-
Studio @ 50% AMI (SDHC)		-	\$127,280	\$130,462	\$133,724	\$137,067	\$140,494	\$144,006	\$147,606	\$151,296	\$155,079
Number of Units		-	13	13	13	13	13	13	13	13	13
Monthly Rent	2.5%	\$796	\$816	\$836	\$857	\$879	\$901	\$923	\$946	\$970	\$994
Studio @ 80% AMI		\$519,480	\$1,010,322	-	-	-	-	-	-	-	-
Number of Units		39	74	-	-	-	-	-	-	-	-
Monthly Rent	2.5%	\$1,110	\$1,138	-	-	-	-	-	-	-	-
Studio @ 80% AMI (SDHC)		-	\$1,175,265	\$3,019,648	\$3,095,139	\$3,172,517	\$3,251,830	\$3,333,126	\$3,416,454	\$3,501,865	\$3,589,412
Number of Units		-	75	188	188	188	188	188	188	188	188
Monthly Rent	2.5%	\$1,274	\$1,306	\$1,338	\$1,372	\$1,406	\$1,441	\$1,477	\$1,514	\$1,552	\$1,591
Studio @ 120% AMI		\$1,965,408	\$597,534	-	-	-	-	-	-	-	-
Number of Units		118	35	-	-	-	-	-	-	-	-
Monthly Rent	2.5%	\$1,388	\$1,423	-	-	-	-	-	-	-	-
Studio (Large) @ Market-Rate		\$73,440	\$75,276	-	-	-	-	-	-	-	-
Number of Units		4	4	-	-	-	-	-	-	-	-
Monthly Rent	3.0%	\$1,530	\$1,568	-	-	-	-	-	-	-	-
Total Residential Income		\$2,930,808	\$2,985,677	\$3,150,110	\$3,228,863	\$3,309,584	\$3,392,324	\$3,477,132	\$3,564,060	\$3,653,162	\$3,744,491
Other Income	2.5%	<u>\$24,120</u>	<u>\$24,723</u>	<u>\$25,341</u>	<u>\$25,975</u>	<u>\$26,624</u>	<u>\$27,290</u>	<u>\$27,972</u>	<u>\$28,671</u>	<u>\$29,388</u>	<u>\$30,123</u>
Total Gross Scheduled Income		\$2,954,928	\$3,010,400	\$3,175,451	\$3,254,837	\$3,336,208	\$3,419,613	\$3,505,104	\$3,592,731	\$3,682,550	\$3,774,613
(Less) Vacancy	5.0%	<u>(\$147,746)</u>	<u>(\$150,520)</u>	<u>(\$158,773)</u>	<u>(\$162,742)</u>	<u>(\$166,810)</u>	<u>(\$170,981)</u>	<u>(\$175,255)</u>	<u>(\$179,637)</u>	<u>(\$184,127)</u>	<u>(\$188,731)</u>
II. Effective Gross Income (EGI)		\$2,807,182	\$2,859,880	\$3,016,678	\$3,092,095	\$3,169,398	\$3,248,633	\$3,329,849	\$3,413,095	\$3,498,422	\$3,585,883
(Less) Operating Expenses	3.5%	(\$1,177,127)	(\$1,218,326)	(\$1,260,968)	(\$1,305,102)	(\$1,350,780)	(\$1,398,058)	(\$1,446,990)	(\$1,497,634)	(\$1,550,051)	(\$1,604,303)
(Less) Property Taxes ⁽³⁾	2.0%	(\$80,696)	(\$35,164)	(\$13,271)	(\$13,537)	(\$13,808)	(\$14,084)	(\$14,365)	(\$14,653)	(\$14,946)	(\$15,245)
(Less) Replacement Reserves	0.0%	(\$20,100)	(\$20,100)	(\$20,100)	(\$20,100)	(\$20,100)	(\$20,100)	(\$20,100)	(\$20,100)	(\$20,100)	(\$20,100)
(Less) Non-Profit Partner Management Fee	2.5%	(\$10,000)	(\$10,250)	(\$10,506)	(\$10,769)	(\$11,038)	(\$11,314)	(\$11,597)	(\$11,887)	(\$12,184)	(\$12,489)
(Less) Monitoring Servicing Fee	0.0%	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Total Operating Expenses		(\$1,287,923)	(\$1,283,840)	(\$1,304,845)	(\$1,349,507)	(\$1,395,726)	(\$1,443,555)	(\$1,493,052)	(\$1,544,274)	(\$1,597,281)	(\$1,652,137)
III. Net Operating Income		\$1,519,259	\$1,576,040	\$1,711,833	\$1,742,588	\$1,773,672	\$1,805,077	\$1,836,797	\$1,868,821	\$1,901,141	\$1,933,746
IV. (Less) Remodel Costs for Unit Turn-Over		-	-	-	-	-	-	-	-	-	-
Number of Units		-	-	-	-	-	-	-	-	-	-
Capital Cost Per Unit	3.0%	-	-	-	-	-	-	-	-	-	-
V. Adjusted Net Operating Income		\$1,519,259	\$1,576,040	\$1,711,833	\$1,742,588	\$1,773,672	\$1,805,077	\$1,836,797	\$1,868,821	\$1,901,141	\$1,933,746

(1) Affordability covenants expired December 2017. See Worksheet B for schedule of projected absorption.

(2) Stabilized year.

(3) Assumes Developer applies and receives property tax exemption for units at 80% AMI or lower.

TABLE 4

100% @ MARKET-RATE

CASH FLOW PROJECTION
ISLAND INN
SAN DIEGO HOUSING COMMISSION

		1 ⁽¹⁾ 2018	2 2019	3 ⁽²⁾ 2020	4 2021	5 2022	6 2023	7 2024	8 2025	9 2026	10 2027
I. Gross Scheduled Income (GSI)											
Studio @ 50% AMI		\$372,480	\$190,896	-	-	-	-	-	-	-	-
Number of Units		40	20	-	-	-	-	-	-	-	-
Monthly Rent	2.5%	\$776	\$795	-	-	-	-	-	-	-	-
Studio @ 80% AMI		\$519,480	\$273,060	-	-	-	-	-	-	-	-
Number of Units		39	20	-	-	-	-	-	-	-	-
Monthly Rent	2.5%	\$1,110	\$1,138	-	-	-	-	-	-	-	-
Studio @ 120% AMI		\$1,965,408	\$1,007,272	-	-	-	-	-	-	-	-
Number of Units		118	59	-	-	-	-	-	-	-	-
Monthly Rent	2.5%	\$1,388	\$1,423	-	-	-	-	-	-	-	-
Studio (Small) @ Market-Rate		-	\$1,000,418	\$2,097,017	\$2,159,928	\$2,224,726	\$2,291,468	\$2,360,212	\$2,431,018	\$2,503,948	\$2,579,067
Number of Units		-	57	116	116	116	116	116	116	116	116
Monthly Rent	3.0%	\$1,420	\$1,463	\$1,506	\$1,552	\$1,598	\$1,646	\$1,696	\$1,746	\$1,799	\$1,853
Studio (Large) @ Market-Rate		\$73,440	\$850,986	\$1,655,641	\$1,705,310	\$1,756,469	\$1,809,163	\$1,863,438	\$1,919,341	\$1,976,921	\$2,036,229
Number of Units		4	45	85	85	85	85	85	85	85	85
Monthly Rent	3.0%	\$1,530	\$1,576	\$1,623	\$1,672	\$1,722	\$1,774	\$1,827	\$1,882	\$1,938	\$1,996
Total Residential Income		\$2,930,808	\$3,322,632	\$3,752,658	\$3,865,238	\$3,981,195	\$4,100,631	\$4,223,650	\$4,350,359	\$4,480,870	\$4,615,296
Other Income	2.5%	\$24,120	\$24,723	\$25,341	\$25,975	\$26,624	\$27,290	\$27,972	\$28,671	\$29,388	\$30,123
Total Gross Scheduled Income		\$2,954,928	\$3,347,355	\$3,777,999	\$3,891,212	\$4,007,819	\$4,127,920	\$4,251,621	\$4,379,030	\$4,510,258	\$4,645,418
(Less) Vacancy - Gross Scheduled Income	5.0%	(\$147,746)	(\$167,368)	(\$188,900)	(\$194,561)	(\$200,391)	(\$206,396)	(\$212,581)	(\$218,952)	(\$225,513)	(\$232,271)
(Less) Vacancy - Unit Remodel	2.5%	\$0	(\$83,684)	(\$94,450)	\$0	\$0	\$0	\$0	\$0	\$0	\$0
II. Effective Gross Income (EGI)		\$2,807,182	\$3,096,303	\$3,494,649	\$3,696,652	\$3,807,428	\$3,921,524	\$4,039,040	\$4,160,079	\$4,284,745	\$4,413,148
(Less) Operating Expenses	3.5%	(\$1,177,127)	(\$1,218,326)	(\$1,260,968)	(\$1,305,102)	(\$1,350,780)	(\$1,398,058)	(\$1,446,990)	(\$1,497,634)	(\$1,550,051)	(\$1,604,303)
(Less) Property Taxes	2.0%	(\$124,690)	(\$127,184)	(\$129,727)	(\$132,322)	(\$134,968)	(\$137,668)	(\$140,421)	(\$143,230)	(\$146,094)	(\$149,016)
(Less) Replacement Reserves	0.0%	(\$20,100)	(\$20,100)	(\$20,100)	(\$20,100)	(\$20,100)	(\$20,100)	(\$20,100)	(\$20,100)	(\$20,100)	(\$20,100)
(Less) Non-Profit Partner Management Fee	2.5%	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
(Less) Monitoring Servicing Fee	0.0%	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Total Operating Expenses		(\$1,321,917)	(\$1,365,610)	(\$1,410,795)	(\$1,457,524)	(\$1,505,849)	(\$1,555,825)	(\$1,607,511)	(\$1,660,964)	(\$1,716,246)	(\$1,773,419)
III. Net Operating Income		\$1,485,265	\$1,730,693	\$2,083,854	\$2,239,128	\$2,301,579	\$2,365,699	\$2,431,529	\$2,499,115	\$2,568,499	\$2,639,728
IV. (Less) Capital Costs for Unit Remodel⁽³⁾		-	(\$317,755)	(\$367,602)	-	-	-	-	-	-	-
Number of Units		-	71	99	-	-	-	-	-	-	-
Capital Cost Per Unit	3.0%	\$3,500	\$3,605	\$3,713	-	-	-	-	-	-	-
V. Adjusted Net Operating Income		\$1,485,265	\$1,412,938	\$1,716,252	\$2,239,128	\$2,301,579	\$2,365,699	\$2,431,529	\$2,499,115	\$2,568,499	\$2,639,728

(1) Affordability covenants expired December 2017. See Worksheet B for schedule of projected absorption.

(2) Stabilized year.

(3) Includes kitchen remodel in 2019.

TABLE 5

NET PRESENT VALUE OF DIFFERENCE BETWEEN 6% @ 50% AMI / 94% @ 80% AMI AND 100% @ MARKET-RATE

ISLAND INN

SAN DIEGO HOUSING COMMISSION

	<u>1</u> 2018	<u>2</u> 2019	<u>3</u> 2020	<u>4</u> 2021	<u>5</u> 2022	<u>6</u> 2023	<u>7</u> 2024	<u>8</u> 2025	<u>9</u> 2026	<u>10</u> 2027
I. Difference in NOI - 6% @ 50% AMI / 94% @ 80% AMI vs. 100% @ Market-Rate										
A. Net Operating Income - 100% @ Market-Rate	\$1,485,265	\$1,412,938	\$1,716,252	\$2,239,128	\$2,301,579	\$2,365,699	\$2,431,529	\$2,499,115	\$2,568,499	\$2,639,728
B. Net Operating Income - 6% @ 50% AMI / 94% @ 80% AMI	<u>\$1,519,259</u>	<u>\$1,576,040</u>	<u>\$1,711,833</u>	<u>\$1,742,588</u>	<u>\$1,773,672</u>	<u>\$1,805,077</u>	<u>\$1,836,797</u>	<u>\$1,868,821</u>	<u>\$1,901,141</u>	<u>\$1,933,746</u>
C. Difference (B minus A)	\$33,994	\$163,102	(\$4,419)	(\$496,540)	(\$527,907)	(\$560,621)	(\$594,733)	(\$630,294)	(\$667,358)	(\$705,982)
II. NPV in Year 1, Discount Rate @ 6.0% (\$2,745,000)										

REVISED 4/17/18

WORKSHEET A
CASH FLOW KEY ASSUMPTIONS
ISLAND INN
SAN DIEGO HOUSING COMMISSION

	Developer	SDHC	KMA	
A. Income Escalation:				
Residential - Affordable	3.0% /Year	2.0% /Year	2.5% /Year	
Residential - Market-Rate	3.0% /Year	2.0% /Year	3.0% /Year	
Other Income	3.0% /Year	2.0% /Year	2.5% /Year	
B. Vacancy:				
Residential	5.0%	5.0%	5.0%	
C. Operating Expenses:				
i. Expense Line Items (2018\$)			6% @ 50% AMI / 94% @ 80% AMI	100% @ Market-Rate
Operating Expenses	-- /Unit/Year	-- /Unit/Year	\$5,856 /Unit/Year ⁽¹⁾	\$5,856 /Unit/Year ⁽¹⁾
Property Taxes	-- /Unit/Year	-- /Unit/Year	\$63 /Unit/Year ⁽²⁾	\$620 /Unit/Year ⁽³⁾
Replacement Reserves	-- /Unit/Year	-- /Unit/Year	\$100 /Unit/Year ⁽¹⁾	\$100 /Unit/Year ⁽¹⁾
Non-Profit Partner Management Fee	-- /Unit/Year	-- /Unit/Year	\$50 /Unit/Year	\$0 /Unit/Year
SDHC Monitoring Fee	-- /Unit/Year	-- /Unit/Year	\$0 /Unit/Year	\$0 /Unit/Year
Total Operating Expenses	\$6,000 /Unit/Year	\$6,850 /Unit/Year	\$6,070 /Unit/Year	\$6,577 /Unit/Year
ii. Escalation				
Operating Expenses	3.0% /Year	3.0% /Year	3.5% /Year	
Replacement Reserves	0.0% /Year	0.0% /Year	0.0% /Year	
Property Tax	2.0% /Year	2.0% /Year	2.0% /Year	
Non-Profit Partner Management Fee	0.0% /Year	0.0% /Year	2.5% /Year	
D. Capital Costs (2018\$):				
Unit Upgrades	\$0 /Unit/Year	\$3,500 /Unit/Year	\$3,500 /Unit/Year	
Kitchen Upgrades	\$60,000 Total	\$60,000 Total	\$60,000 Total	
Capital Cost Escalator	3.0% /Year	3.0% /Year	3.0% /Year	
E. Discount Rate:	3.0%	3.0%	6.0%	
F. Market Rents:				
Small Studio	\$1,425 /Unit/Month ⁽⁴⁾	\$1,420 /Unit/Month	\$1,420 /Unit/Month ⁽³⁾	
Large Studio	\$1,545 /Unit/Month ⁽⁴⁾	\$1,530 /Unit/Month	\$1,530 /Unit/Month ⁽³⁾	

(1) Source: MDS Realty Advisors Appraiser's forecast of annual operating expenses, excluding real estate taxes (\$466,815).

(2) Reflects special assessments (\$12,756) for Fiscal Year 2017/18. Source: MDS Realty Advisors Market Rent Report, November 14, 2017.

(3) Reflects total base taxes (\$111,934) and special assessments (\$12,756) for Fiscal Year 2017/18. Source: MDS Realty Advisors Market Rent Report, November 14, 2017.

(4) Source: Kidder Mathews Opinion of Market Rent, August 18, 2017.

(5) Source: MDS Realty Advisors Market Rent Report, November 14, 2017.

WORKSHEET B

**RESIDENTIAL UNIT ABSORPTION
ISLAND INN
SAN DIEGO HOUSING COMMISSION**

	SDHC		KMA		
Year:	2018	2019	2018	2019	2020
I. Transition to 6% @ 50% AMI / 94% @ 80% AMI					
50% AMI	40	-	40	13	13
80% AMI	39	201	39	149	188
120% AMI	118	-	118	35	-
Market-Rate - Small Unit	-	-	-	-	-
Market-Rate - Large Unit	4	-	4	4	-
Total	201	201	201	201	201
II. Transition to Market-Rate					
50% AMI	40	-	40	20	-
80% AMI	39	-	39	20	-
120% AMI	118	-	118	59	-
Market-Rate - Small Unit	-	116	-	57	116
Market-Rate - Large Unit	4	85	4	45	85
Total	201	201	201	201	201
III. Remodel of Market-Rate Units					
<u>Recently Remodeled Units</u>					
Market-Rate - Small Unit	-	-	14	-	-
Market-Rate - Large Unit	-	-	17	-	-
Total Remodeled Units	-	-	31	-	-
<u>Remaining Units to be Remodeled</u>					
Market-Rate - Small Unit	58	58	-	43	59
Market-Rate - Large Unit	43	42	-	28	40
Market-Rate Units to be Remodeled	101	100	-	71	99