



## HOUSING COMMISSION EXECUTIVE SUMMARY SHEET

MEETING DATE: January 7, 2022

HCR22-012

SUBJECT: Tax Equity and Fiscal Responsibility Act (TEFRA) Hearing and Revision to the Bond Financing Team for The Junipers Apartments

COUNCIL DISTRICT(S): 5

ORIGINATING DEPARTMENT: Real Estate Division

CONTACT/PHONE NUMBER: Colin Miller (619) 578-7429

### REQUESTED ACTION:

Hold a Tax Equity and Fiscal Responsibility Act (TEFRA) public hearing approving the Housing Authority's issuance of tax-exempt Multifamily Housing Revenue Bonds in an amount up to \$19,500,000 to Junipers CIC, L.P. to fund the development of The Junipers Apartments, a new three-story affordable senior housing development to be located at the northwest corner of Interstate 15 and Carmel Mountain Road in the Rancho Peñasquitos neighborhood, which will consist of 80 units affordable for 55 years for seniors earning 30 percent to 60 percent of the San Diego Area Median Income (AMI) and one unrestricted manager's unit.

### EXECUTIVE SUMMARY OF KEY FACTORS:

- The Junipers is a proposed 81-unit, new construction, affordable rental housing development on vacant land. These new apartments will be located on a 2.1-acre parcel within the Lennar Homes' 536-unit master-planned development known as The Junipers.
- The Housing Authority of the City of San Diego (Housing Authority) held a TEFRA hearing for the proposed development and approved a TEFRA resolution (R-313400) on December 15, 2020.
- Pursuant to IRS Code requirements, the TEFRA public hearing is valid for 12 months, and thereafter, needs to be renewed with a new TEFRA hearing.
- The San Diego Housing Commission (Housing Commission) is authorized to hold TEFRA hearings pursuant to Multifamily Mortgage Revenue Bond Program Policy Amendments the Housing Authority approved March 9, 2021 (Resolution No. HA-1906).
- After the Housing Commission and Housing Authority approved preliminary steps to issue bonds, the designated Bond Counsel, Kutak Rock LLP, notified the Housing Commission that are unwilling to file a required Statement of Economic Interest.
- The Housing Commission proposes selecting Quint & Thimmig LLP as the replacement Bond Counsel for The Junipers Apartments development.
- The developer is Chelsea Investment Corporation.
- The total development cost is estimated at \$33,599,303 (\$414,806 per unit).
- Housing Commission loan proceeds will not be provided to this development.
- These proposed approvals are part of the preliminary bond-issuance steps.
- Additional Housing Authority action is required to authorize final bond issuance at a later date.



## REPORT

**DATE ISSUED:** December 29, 2021

**REPORT NO:** HCR22-012

**ATTENTION:** Chair and Members of the San Diego Housing Commission  
For the Agenda of January 7, 2022

**SUBJECT:** Tax Equity and Fiscal Responsibility Act (TEFRA) Hearing and Revision to the Bond Financing Team for The Junipers Apartments

**COUNCIL DISTRICT:** 5

### **REQUESTED ACTION**

*A Tax Equity and Fiscal Responsibility Act (TEFRA) hearing is scheduled to be heard by the San Diego Housing Commission (Housing Commission) Board of Commissioners on January 7, 2022, at 9 a.m. Any two members of the Housing Authority of the City of San Diego (Housing Authority) or San Diego City Council (City Council) may request that this hearing not take place and instead be heard by the Housing Authority and City Council by giving notice to the Housing Commission's President & Chief Executive Officer, or designee, within seven days of the date of this notice.*

Hold a Tax Equity and Fiscal Responsibility Act (TEFRA) public hearing approving the Housing Authority's issuance of tax-exempt Multifamily Housing Revenue Bonds in an amount up to \$19,500,000 to Junipers CIC, L.P. to fund the development of The Junipers Apartments, a new three-story affordable senior housing development to be located at the northwest corner of Interstate 15 and Carmel Mountain Road in the Rancho Peñasquitos neighborhood, which will consist of 80 units affordable for 55 years for seniors earning 30 percent to 60 percent of the San Diego Area Median Income (AMI) and one unrestricted manager's unit.

### **STAFF RECOMMENDATION**

That the San Diego Housing Commission (Housing Commission) take the following actions:

- 1) Hold a Tax Equity and Fiscal Responsibility Act (TEFRA) public hearing approving the Housing Authority's issuance of tax-exempt Multifamily Housing Revenue Bonds in an amount up to \$19,500,000 to Junipers CIC, L.P. to fund the development of The Junipers Apartments, a new three-story affordable senior housing development to be located at the northwest corner of Interstate 15 and Carmel Mountain Road in the Rancho Peñasquitos neighborhood, which will consist of 80 units affordable for 55 years for seniors earning 50 percent to 60 percent of the San Diego Area Median Income (AMI) and one unrestricted manager's unit; and
- 2) Approve the revised Bond Financing team of Quint & Thimmig L.L.P. as Bond Counsel and CSG Advisors as Financial Advisor.

### **SUMMARY**

A Development Summary is at Attachment 1.

Address	Northwest corner of Interstate 15 and Carmel Mountain Road
Council District	Council District 5
Community Plan Area	Rancho Penasquitos Planning Committee
Developer	Chelsea Investment Corporation
Development Type	New construction
Construction Type	Three story, Type V
Parking Type	81 surface parking spaces
Housing Type	Affordable housing for seniors (age 62+)
Lot Size	2.1 acres
Units	80 affordable units and one unrestricted manager's unit
Density	38.57 dwelling units per acre (81 units ÷ 2.1 acres = 38.57 d.u/acre))
Unit Mix	65 one-bedrooms and 16 two-bedrooms
Gross Building Area	62,841 square feet
Net Rentable Area	49,186 square feet

### **Background**

On November 13, 2020, and December 15, 2020, respectively, the Housing Commission (Report No. HCR20-110) and the Housing Authority (Report HAR20-045; Resolution HA-1893) approved taking certain preliminary steps to finance the new construction of The Junipers Apartments. Those approved actions included:

- 1) Issuing a bond inducement resolution (Declaration of Official Intent) for up to \$19,500,000 in Multifamily Housing Revenue Bonds supporting the development of The Junipers Apartments by Juniper CIC, L.P., a limited partnership formed by the Chelsea Investment Corporation.
- 2) Authorizing an application (and subsequent applications, if necessary) to the California Debt Limit Allocation Committee (CDLAC) for an allocation of authority to issue tax-exempt private activity bonds in an amount up to \$19,500,000 for The Junipers Apartments; and
- 3) Approving the Bond Financing team of Kutak Rock L.L.P. as Bond Counsel and CSG Advisors as Financial Advisor.

### **Proposed Renewal of TEFRA Hearing**

A Tax Equity and Fiscal Responsibility Act (TEFRA) hearing is a public inquiry that the Internal Revenue Service (IRS) requires for nonprofit borrowers that intend to issue tax-exempt debt. The TEFRA hearing provides the public with an opportunity to comment on the use of tax-exempt bond proceeds by the specific proposed issuer for the proposed project.

On December 15, 2020, the San Diego City Council (City Council) held an IRS-required TEFRA public hearing for The Junipers Apartments (Report No. CCR20-019) and approved a TEFRA Resolution (No. R-313400). Pursuant to IRS Code requirements, the TEFRA public hearing is valid for 12 months, and thereafter, needs to be renewed with a new TEFRA hearing. For The Junipers Apartments, the one-year valid period elapsed December 15, 2021, prior to the Housing Authority issuing the bonds; therefore, this renewal TEFRA hearing is needed.

The Housing Commission Board of Commissioners is authorized to hold TEFRA hearings pursuant to Multifamily Mortgage Revenue Bond Program Policy Amendments the Housing Authority approved March 9, 2021 (Report No. HAR20-043; Resolution No. HA-1906).

### **Proposed Revision to the Bond Financing Team**

Subsequent to the Housing Commission and the Housing Authority approvals of the bond issuance preliminary steps, the designated Bond Counsel, Kutak Rock LLP, notified Housing Commission staff that Kutak Rock LLP is unwilling to file a required Statement of Economic Interest (SEI). That SEI filing is required pursuant to the Agreement for Bond Counsel Services between Kutak Rock and the Housing Commission (RED-18-05b), and it is required under the Housing Commission's Bond Program. The matter was referred to the Housing Commission's General Counsel, which resulted in a determination that Kutak Rock be replaced as bond counsel immediately by a firm that files the SEI as required by applicable law and the Bond Policy, in accordance with the existing policy for bonds issuance, it is proposed that Quint & Thimmig L.L.P. be selected as the replacement Bond Counsel for The Junipers Apartments development. The Housing Commission's General Counsel has reviewed the filed SEI for the principal of Quint & Thimmig LLP, and there are no conflicts based upon the filed SEI. Kutak Rock has not been paid compensation on the Junipers project. Compensation to bond counsel is paid upon closing of the bond transaction. There will be no fiscal impact to this proposed Bond Counsel substitution.

### **The Property**

Lennar Homes is planning to construct The Junipers, a new master-planned community with 536 homes for persons 55 and older. It will include a mix of 455 units of for-sale housing (townhouses and single-family homes), and these proposed 80 affordable apartments for low-income households and the unrestricted manager's unit. It will also include a 2.87-acre public park and a 2.8-acre walking trail and bike path. The 112-acre The Junipers development will be located in Rancho Penasquitos, near the intersection of Peñasquitos Drive and Carmel Mountain Road, on a section of a shuttered former golf course. It meets all of the City's requirements for dense development and is near transit and shopping. The Junipers development will contribute development fees that can improve community amenities, such as municipal fire stations and library branches.

### **The Development**

The Junipers Apartments will be an 81-unit new construction development for seniors ages 55 and older, with 80 affordable units and one unrestricted manager's unit. These new apartments will be located on a 2.1-acre parcel at the southern end of the Lennar Homes' master-planned The Junipers development (Attachment 2 – Site Map). Sixteen of the apartment units will be rent restricted for very low-income seniors with income at or below 50 percent of AMI, and the remaining 64 affordable units will be rent restricted for seniors with income at or below 60 percent of AMI. The Junipers Apartments will consist of 65 one-bedroom units (573 square feet) and 16 two-bedroom units (738 square feet) dispersed within a three-story rectangular building with an exterior courtyard in the center. The building will feature modern ranch style architecture with exterior white and gray color tones. The building will have pitched roofs with dark hue composition shingles.

The Junipers Apartments will have 81 surface parking spaces. A community building will be located on-site and will include the leasing office as well as a community area with a kitchenette and a computer room.

### **Transit Information**

The Junipers Apartments will be located near a San Diego Metropolitan Transit System route 20 bus stop, which is near the intersection of Peñasquitos Drive and Carmel Mountain Road.

**Prevailing Wages**

Prevailing wages are not applicable because neither California State nor federal funds will be used in The Junipers Apartments financing.

**Relocation**

The subject property is vacant. No relocation is required.

**Accessibility**

The Junipers Apartments will comply with California Tax Credit Allocation Committee (CTCAC) requirements for wheelchair accessibility in 10 percent of the units, with 4 percent of the units to have communication features and be accessible to residents with visual and/or hearing impairment. The same units can satisfy both of these accessibility requirements. The completed development will be 100 percent accessible for visitors. The development will include Universal Design features.

**Project Sustainability**

The development will be built as Green Point-Rated with an anticipated Gold Rating standard, and will comply with the CTCAC minimum energy efficiency construction standards for new construction. Unit amenities include: Energy Star-rated efficient appliances (stove/oven, microwave, dishwasher, garbage disposal and refrigerator), dual-glazed windows coated for limited solar heat gain, low-energy lighting, HVAC systems that utilize energy-efficient heat pumps, use of Low Volatile Organic Compound (VOC) paints and stains for interior surfaces, private patio/balconies with storage closets, plus blinds, and vinyl-plank flooring. All ground level units will be accessible pursuant to the Americans with Disabilities Act (ADA). The required number of units will have built-out accessible bathrooms and wheelchair barrier-free shower stalls. The roof design optimizes square footage to allow maximum area to install the solar photovoltaic system. Water conservation will include low-water-use fixtures in kitchens and bathrooms, low-flow toilets, and low-water-use, native-plants landscaping with water-efficient irrigation controls.

**Development Team**

Chelsea Investment Corporation (Chelsea), an award-winning, for-profit corporation headquartered in Carlsbad, California, will lead the development team. Since 1995, Chelsea and its affiliates have developed approximately 9,768 rental units under ownership in four states in 77 Chelsea-owned developments. Chelsea has substantial development experience in a wide range of housing developments. Along with its affiliates, Chelsea provides financial, engineering, development, asset management, construction and property management services. Chelsea has developed multiple affordable rental housing developments in San Diego using Housing Commission loan funds. Chelsea is in full compliance on its previous Housing Commission-funded loans. Based upon the developer's past experience and performance, Housing Commission staff has determined that the developers have the capacity to successfully complete the proposed project. During the tax credit compliance period, The Junipers Apartments will be owned by Juniper CIC L.P. a California limited partnership (a single-asset limited partnership). The organization chart is at Attachment 3.

**Table 2 Development Team Summary**

<b>ROLE</b>	<b>FIRM/CONTACT</b>
Developer	Chelsea Investment Corporation
Owner/Borrower	Juniper CIC L.P.
Managing General Partner Administrative General Partner	Pacific Southwest Community Development CIC Junipers LLC
Tax Credit Investor Limited Partner	To be selected
Architect	The McKinley Associates
General Contractor	Emmerson Construction
Property Management	ConAm Management Corporation
Tenant Services Providers	Pacific Southwest Community Development Corporation (PSCDC)
Construction/Permanent Lender	To be selected

**Property Management**

ConAm Management Corporation (ConAm) will manage The Junipers. ConAm is a nationwide management company with a management portfolio of approximately 53,000 units in more than 26 management areas. It was established in 1975. It is experienced in property management, marketing, leasing, maintenance, renovations, and tax credit developments.

**Tenant Services Provider**

PSCDC is a nonprofit company that acts as the managing general partner for low- and moderate-income apartment properties in California. It has 25 years' experience and is based in Rancho Bernardo.

**FINANCING STRUCTURE**

The Junipers Apartments has an estimated total development cost of \$33,599,303 (\$414,806 per unit). Financing for the development will include Multifamily Housing Revenue Bonds, permanent loan, 4 percent federal low-income housing tax credits, a contribution from the Master Developer (Lennar), and a deferred developer fee. Estimated permanent sources and uses of financing are provided in Table 3. The developer's project pro forma is provided as Attachment 4. No Housing Commission loan proceeds will be provided to this development.

**Table 3 – The Junipers Apartments Estimated Permanent Sources and Uses**

<b>Financing Sources</b>	<b>Amounts</b>	<b>Financing Uses</b>	<b>Amounts</b>	<b>Per Unit</b>
Bond financed permanent loan	\$10,480,000	Land acquisition	\$1	\$.01
		Existing site work acquisition	5,270,000	65,062
x	5,265,000	Construction costs \$17,877,996 Contingency + 893,900 Total construction 18,771,896	18,771,896	231,752 3
Land donation	1	Financing costs	1,984,243	24,497
Solar tax credit equity	125,970	Architecture & engineering	491,522	6,068
Residual receipts loans accrued interest	197,438	Legal	255,000	3,148
Deferred developer's fee contribution	2,017,561	Developer's fee	4,223,396	52,141
Four percent tax credit equity	14,167,135	Permits and fees	1,997,989	24,667
State tax credit equity	1,346,198	Other soft costs	340,541	4,203
		Reserves	264,715	3,268
<b>Total Development Cost</b>	<b>\$33,599,303</b>	<b>Total Development Cost (TDC)</b>	<b>\$33,599,303</b>	<b>\$414,806</b>

### Developer's Fee

The planned net cash developer fee of \$3,657,535 is in compliance with CTCAC and CDLAC regulations.

\$4,223,396 – Gross developer fee  
-2,017,561 – Minus deferred developer fee  
\$2,205,835 – Net cash developer fee

On April 25, 2017, the Housing Authority approved the “Request for Approval of Updated Developer Fees” (Report No. HAR17-011; Resolution No. HA-1727). That report approved certain developer fee guidelines for multifamily loans and bond issuances. Attachment 1 to that report stated: “Developer Fee [for] 4% tax credits, in project costs: 15% eligible basis....” The developer is proposing a \$3,657,535 preliminary developer fee associated with the residential portion of development, which complies with HAR17-011. The proposed fee is in conformance with the “Request for Approval of Updated Developer Fees” guidelines approved by the Housing Authority on April 25, 2017.

### Development Cost Key Performance Indicators

Housing Commission staff has identified development cost performance indicators, which were used to evaluate the proposed development and make a funding recommendation. The key performance indicators listed in Table 4 are commonly used by real estate industry professionals and affordable housing developers.

**Table 4 – The Junipers Apartments Key Performance Indicators**

Development Cost Per Unit	$\$33,599,303 \div 81 \text{ units} =$	\$414,806
Housing Commission Subsidy Per Unit	$\$0 \div 81 \text{ units} =$	\$0
Land Cost Per Unit	$\$5,270,001 \div 81 \text{ units} =$	\$65,062
Gross Building Square Foot Hard Cost	$\$18,771,896 \div 62,841 \text{ sq. ft.} =$	\$299
Net Rentable Square Foot Hard Cost	$\$18,771,896 \div 49.186 \text{ sq. ft.} =$	\$382

### Project Comparison Chart

Multiple factors and variables influence the cost of developing multifamily affordable housing, including but not limited to project location, site conditions, environmental factors, land use approval process, community involvement, construction type, design requirements/constraints, economies of scale, City fees, developer experience and capacity, and the mission and goals of the organization developing the project. Similar construction-type developments (completed or approved) over previous years are listed in Table 5. These developments are similar in terms of new construction, target population, and construction type and are provided as a comparison to The Junipers Apartments.

**Table 5 – The Junipers Apartments Comparable Development Projects**

Project Name	Year	Unit Mix	Units	Total Development Cost	Cost Per Unit	SDHC Subsidy Per Unit	Gross Hard Cost Sq. Ft.
<b>Subject – The Junipers Apartments</b>	<b>2022</b>	<b>65 ones, 15 twos, + 1 mgr. 81</b>	<b>81</b>	<b>\$33,599,303</b>	<b>\$414,806</b>	<b>\$0</b>	<b>\$299</b>
Cortez Hill Apartments	2021	79 ones, 8 twos, + 1 mgr.	88	\$43,647,979	\$496,000	\$56,818	\$526
Southwest Village	2021	20 ones, 29 twos, 21 threes, + 1 man	81	\$40,314,147	\$497,706	\$0	\$367
Nestor Senior	2021	73 studios + 1 manager	74	\$31,510,305	\$425,815	\$45,000	\$363

Trinity Apartments	2019	73 living units, + 1 mgr.	74	\$30,563,070	\$413,014	\$9,460	\$410
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## **TAX-EXEMPT MULTIFAMILY HOUSING REVENUE BONDS**

### **Proposed Housing Bonds**

The Housing Commission utilizes the Housing Authority's tax-exempt borrowing status to pass on lower interest rate financing (and make 4 percent low-income housing tax credits available) to developers of affordable rental housing. The Housing Authority's ability to issue bonds is limited under the U.S. Internal Revenue Code.

To issue bonds for a development, the Housing Authority must first submit an application to CDLAC for a bond allocation. Prior to submitting applications to CDLAC, developments are brought before the Housing Commission and a bond inducement resolution must be obtained prior to application submittal. These actions do not obligate the Housing Authority to issue bonds.

The developer plans to submit a bond allocation application to CDLAC in early 2022. However, if necessary, staff will submit additional applications to CDLAC to secure a bond allocation for the development.

The developer will be seeking a CDLAC bond allocation of approximately \$19,500,000. The developer proposes to have the Housing Authority issue the bonds through a tax-exempt private placement bond issuance. The bonds will meet all requirements of the Housing Commission's Multifamily Housing Revenue Bond Program policy and will fully comply with the City of San Diego's (City) ordinance on bond disclosure. The financing amount that will ultimately be set, will be based upon development costs, revenues, and interest rates prevailing at the time of the bonds issuance.

The developer proposes that the bonds will be used to provide construction and permanent financing for the development. Housing Commission staff will later return to both the Housing Commission and Housing Authority for approval of the final bonds and transaction documents. Attachment 5 has a general description of the Multifamily Housing Revenue Bond Program and the actions that must be taken to initiate and finalize proposed bond financings. Staff recommends assigning Quint & Thimmig as Bond Counsel and CSG Advisors as Financial Advisor to work on this development. The proposed financing team members have been selected in accordance with the existing policy for the issuance of bonds. Financial Advisors and Bond Counsels are selected in accordance with the Housing Commission's Bond Policy.

## **AFFORDABLE HOUSING IMPACT**

Under the proposed Bond financing, The Junipers Apartments would restrict 16 units to households with incomes at or below 50 percent of the San Diego Area Median Income (AMI), and 64 at or below 60 percent of AMI. The affordable units will be restricted for a 55-year term. The rent and occupancy restrictions required by the CTCAC will be applicable.



**Table 6 – The Junipers Apartments Affordability and Monthly Estimated Rent Table**

<b>Unit Type</b>	<b>AMI</b>	<b>Number of Units</b>	<b>Maximum Gross Rents</b>
One - bedroom/one-bath units	30% AMI	7	\$682
One -bedroom/one-bath units	50% AMI	7	\$1,136
One -bedroom/one-bath units	60% AMI	51	\$1,364
<b>Subtotal One Bedroom Units</b>	<b>--</b>	<b>65</b>	<b>--</b>
Two-bedrooms/one-bath units	30% AMI	1	\$818
Two-bedroom/one-bath units	50% AMI	1	\$1,363
Two-bedroom/one-bath units	60% AMI	13	\$1,636
<b>Subtotal Two Bedrooms Units</b>	<b>--</b>	<b>15</b>	<b>--</b>
<b>Subtotal Residential Units</b>	<b>--</b>	<b>80</b>	<b>--</b>
Manager's unit (two bedrooms)	--	1	--
<b>Total Units</b>	<b>--</b>	<b>81</b>	<b>--</b>

## **FISCAL CONSIDERATIONS**

The proposed funding sources and uses approved by this proposed action are included in the Housing Authority-approved Fiscal Year (FY) 2022 Housing Commission Budget.

Estimated funding sources approved by this action will be as follows:

- Bond Issuance Fees - \$48,750 (\$19,500,000 bond amount x .0025 = \$48,750)
- Total Funding Sources – up to \$48,750

Estimated funding uses approved by this action will be as follows:

- Administrative Cost – up to \$48,750
- Total Funding Uses – up to \$48,750

Neither the previous approval of The Junipers Apartments Bond Inducement Resolution, nor the proposed TEFRA hearing, will commit the Housing Authority to issue the bonds. If bonds are ultimately issued for the development, the bonds will neither constitute a debt of, nor financially obligate the City, the Housing Authority, nor the Housing Commission because security for the repayment of the bonds will be limited to specific private revenue sources of the development. Neither the faith and credit nor the taxing power of the City, or the Housing Authority, will be pledged to the payment of the bonds. The developer is responsible for the payment of all costs under the financing, including the Housing Commission's annual administrative fee, as well as the Housing Commission's Bond Counsel and Financial Advisor fees.

## **Development Schedule**

The estimated development timeline is as follows:

<b>Milestones</b>	<b>Estimated Dates</b>
<ul style="list-style-type: none"><li>• Application to CDLAC for tax-exempt bonds allocation</li><li>• Application to CTCAC for tax credits allocation</li><li>• CDLAC and CTCAC allocation meetings</li><li>• Housing Commission consideration of final bonds issuance</li><li>• Housing Authority consideration of final bonds issuance</li><li>• Estimated bonds issuance and escrow closing</li><li>• Estimated start of construction work</li><li>• Estimated completion of construction work</li></ul>	<ul style="list-style-type: none"><li>• February 3, 2022</li><li>• February 3, 2022</li><li>• April 27, 2022</li><li>• Fall 2022</li><li>• Fall 2022</li><li>• November 2022</li><li>• November 2022</li><li>• December 2023</li></ul>

### **COMMUNITY PARTICIPATION and PUBLIC OUTREACH EFFORTS**

On February 3, 2021, The Junipers Apartments development was presented by the development team to the Rancho de los Peñasquitos Planning Board.

### **KEY STAKEHOLDERS and PROJECTED IMPACTS**

Stakeholders include Chelsea Investment Corporation, Lennar Homes, the future residents of Lennar Homes' master-planned development, and the Rancho Peñasquitos community. The proposed apartment development is anticipated to have a positive impact on the community, as it will contribute to the quality of the surrounding neighborhood and create 80 new affordable rental homes for seniors with low income.

### **STATEMENT for PUBLIC DISCLOSURE**

The developer's Disclosure Statement is at Attachment 7.

### **ENVIRONMENTAL REVIEW**

This activity is not a "project" and is therefore not subject to the California Environmental Quality Act (CEQA) pursuant to State CEQA Guidelines Section 15060(c)(3). This determination is predicated on Section 15004 of the Guidelines, which provides direction to lead agencies on the appropriate timing for environmental review. This action does not constitute approval of a project. Approval will occur once the environmental review has been completed in accordance with CEQA Section 15004. This action will not foreclose review of alternatives or mitigation measures by the public as part of the CEQA process. The proposed actions are approval of part of the preliminary steps to issue bonds and do not constitute approval of the development activity or authorization for the issuance of bonds. Future actions to consider and approve development entitlement approvals related to the future development of the site will require additional review under the provisions of CEQA by the lead agency. Processing under the National Environmental Policy Act (NEPA) is not required as no federal funds are involved in this action.

December 29, 2021

TEFRA Hearing and Revision to Bond Financing Team for The Junipers Apartments

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Respectfully submitted,



Colin Miller  
Vice President of Multifamily Housing Finance  
Real Estate Division

Approved by,



Jeff Davis  
Deputy Chief Executive Officer  
San Diego Housing Commission

Attachments: 1. Development Summary  
2. Site Map  
3. Organization Chart  
4. Developer's Project Pro Forma  
5. Multifamily Housing Revenue Bond Program  
6. Developer's Disclosure Statement

Docket materials are available in the "Governance & Legislative Affairs" section of the San Diego Housing Commission website at [www.sdhc.org](http://www.sdhc.org).

## ATTACHMENT 1 – DEVELOPMENT SUMMARY

**Table 1 – The Junipers Apartments Development Details**

Address	Northwest corner of Interstate 15 and Carmel Mountain Road
Council District	Council District 5
Community Plan Area	Rancho Penasquitos Planning Committee
Developer	Chelsea Investment Corporation
Development Type	New construction
Construction Type	Three story, Type V
Parking Type	81 surface parking spaces
Housing Type	Affordable housing for seniors (age 55+)
Lot Size	2.1 acres
Units	80 affordable units and one unrestricted manager's unit
Density	38.57 dwelling units per acre (81 units ÷ 2.1 acres = 38.57 d.u/acre))
Unit Mix	65 one-bedrooms and 16 two-bedrooms
Gross Building Area	62,841 square feet
Net Rentable Area	49,186 square feet

**Table 2 – The Junipers Apartments Development Team Summary**

ROLE	FIRM/CONTACT
Developer	Chelsea Investment Corporation
Owner/Borrower	Juniper CIC L.P.
Managing General Partner	Pacific Southwest Community Development
Administrative General Partner	CIC Junipers LLC
Tax Credit Investor Limited Partner	To be selected
Architect	The McKinley Associates
General Contractor	Emmerson Construction
Property Management	ConAm Management Corporation
Tenant Services Providers	Pacific Southwest Community Development Corporation (PSCDC)
Construction/Permanent Lender	To be selected

**Table 3 – The Junipers Apartments Estimated Sources and Uses of Permanent Financing**

<b>Financing Sources</b>	<b>Amounts</b>	<b>Financing Uses</b>	<b>Amounts</b>	<b>Per Unit</b>
Bond financed permanent loan	\$10,480,000	Land acquisition	\$1	\$.01
		Existing site work acquisition	5,270,000	\$65,062
Master developer/seller offsite allocation loan	5,265,000	Construction cost \$17,877,996 Contingency + 893,900 Total construction 18,771,896	18,771,896	231,752
Land donation	1	Financing costs	1,984,249	24,497
Solar tax credit equity	125,970	Architecture & engineering	491,522	6,068
Residual receipts loans accrued interest	197,438	Legal	255,000	3,148
Deferred developer's fee contribution	2,017,561	Developer's fee	4,223,396	52,141
Four percent tax credit equity	14,167,135	Permits and fees	1,997,989	24,667
State tax credit equity	1,346,198	Other soft costs	340,541	4,203
		Reserves	264,715	3,268
<b>Total Development Cost</b>	<b>\$33,599,303</b>	<b>Total Development Cost TDC</b>	<b>\$33,599,303</b>	<b>\$\$\$414,806</b>

**Table 4 – The Junipers Apartments Key Performance Indicators**

Development Cost Per Unit	$\$33,599,303 \div 81 \text{ units} =$	\$414,806
Housing Commission Subsidy Per Unit	$\$0 \div 81 \text{ units} =$	\$0
Land Cost Per Unit	$\$5,270,001 \div 81 \text{ units} =$	\$65,062
Gross Building Square Foot Hard Cost	$\$18,771,896 \div 62,841 \text{ sq. ft.} =$	\$299
Net Rentable Square Foot Hard Cost	$\$18,771,896 \div 49.186 \text{ sq. ft.} =$	\$382

**Table 5 – The Junipers Apartments Comparable Development Projects**

Project Name	Year	Unit Mix	Units	Total Development Cost	Cost Per Unit	SDHC Subsidy Per Unit	Gross Hard Cost Sq. Ft.
<b>Subject – The Junipers Apartments</b>	<b>2022</b>	<b>65 ones, 15 twos, + 1 mgr. 81</b>	<b>81</b>	<b>\$\$\$33,599,303</b>	<b>\$414,806</b>	<b>\$0</b>	<b>\$299</b>
Cortez Hill Apartments	2021	79 ones, 8 twos, + 1 mgr.	88	\$43,647,979	\$496,000	\$56,818	\$526
Southwest Village	2021	20 ones, 29 twos, 21 threes, + 1 man	81	\$40,314,147	\$497,706	\$0	\$367
Nestor Senior	2021	73 studios + 1 manager	74	\$31,510,305	\$425,815	\$45,000	\$363
Trinity Apartments	2019	73 living units, + 1 mgr.	74	\$30,563,070	\$413,014	\$9,460	\$410

**Table 6 – The Junipers Apartments Affordability and Monthly Estimated Rent Table**

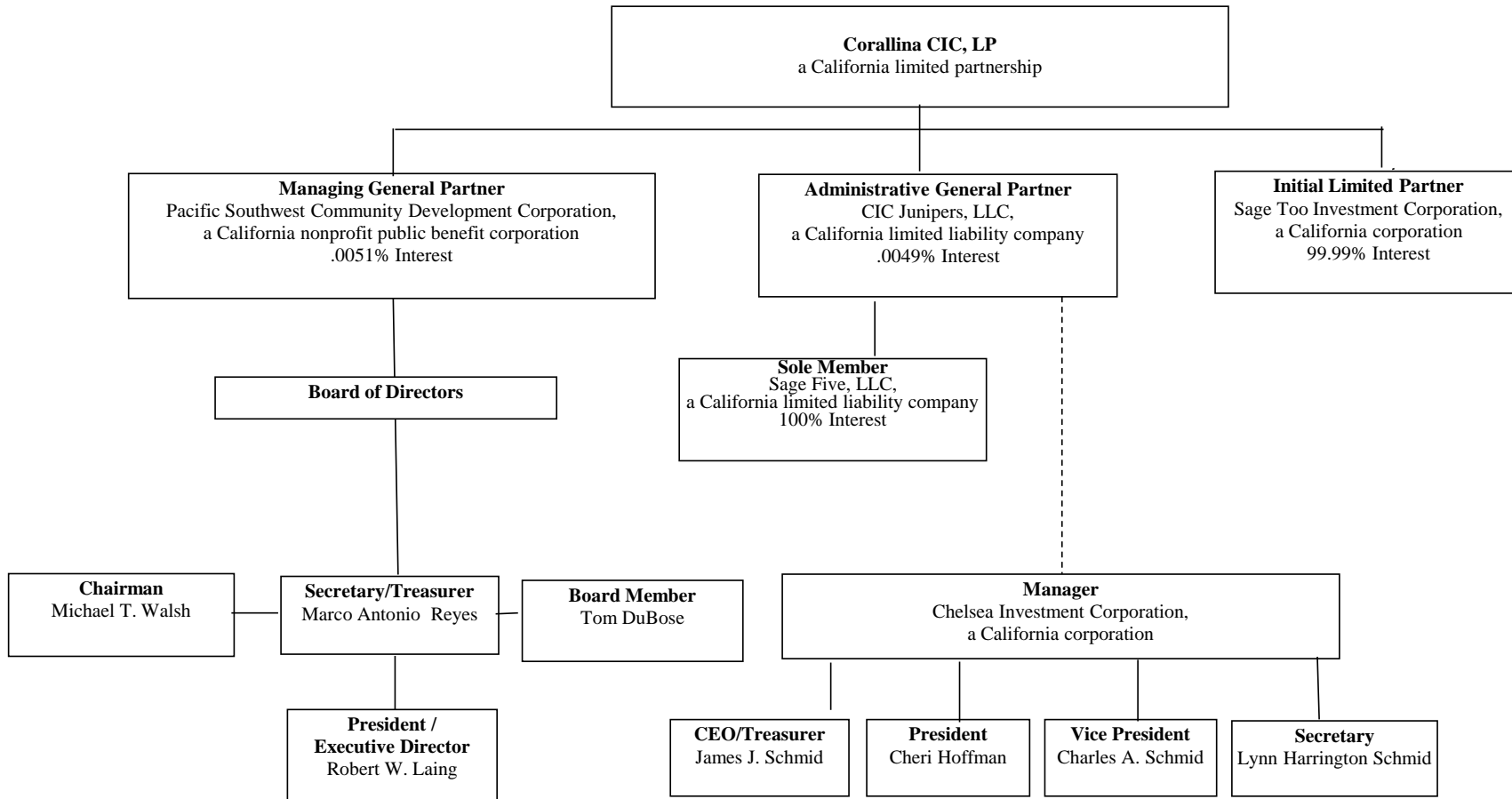
<b>Unit Type</b>	<b>AMI</b>	<b>Number of Units</b>	<b>Maximum Gross Rents</b>
One - bedroom/one-bath units	30% AMI	7	\$682
One -bedroom/one-bath units	50% AMI	7	\$1,136
One -bedroom/one-bath units	60% AMI	51	\$1,364
<b>Subtotal One Bedroom Units</b>	<b>--</b>	<b>65</b>	<b>--</b>
Two-bedrooms/one-bath units	30% AMI	1	\$818
Two-bedroom/one-bath units	50% AMI	1	\$1,363
Two-bedroom/one-bath units	60% AMI	13	\$1,636
<b>Subtotal Two Bedrooms Units</b>	<b>--</b>	<b>15</b>	<b>--</b>
<b>Subtotal Residential Units</b>	<b>--</b>	<b>80</b>	<b>--</b>
Manager's unit (two bedrooms)	--	1	--
<b>Total Units</b>	<b>--</b>	<b>81</b>	<b>-</b>

## ATTACHMENT 2 – SITE MAP



# ATTACHMENT 3 - ORGANIZATION CHART

## PROJECT: JUNIPERS





## PROJECT SUMMARY

**Junipers - 81 Units Seniors**

Revision Date: 12.20.2021

**Modified by: CH**



## 4% Tax Credits

## 81 Units

SOURCES AND USES SUMMARY					
<b>Development Costs</b>					
<b>Acquisition</b>					
Land Cost -	Need appraisal - estimate	\$0/unit	\$	1	
Acquisition of existing off-site work		\$65,000/unit		5,265,000	
Closing costs		\$0/unit		0	
<b>Subtotal Acquisition</b>	<b>15.67%</b>	<b>\$65,000/unit</b>		<b>5,265,001</b>	
<b>Hard Costs</b>					
Design Built - Architect		\$4,574/unit		370,500	
Offsites		\$0/unit		0	
Sitework		#DIV/0!		1,340,836	
Solar		\$6,173/unit		500,000	
Vertical Construction Costs		\$157,091/unit		12,724,333	
GC Contingecy		\$9,220/unit		746,783	
Overhead, Profit, General Conditions		\$27,105/unit		2,195,543	
Owner Hard Costs Contingency		\$11,036/unit		893,900	
<b>Subtotal Hard Costs</b>		<b>\$231,752/unit</b>		<b>18,771,896</b>	
<b>Soft Costs</b>					
Engineering		\$6,068/unit		491,522	
Financing Fees and Interest		\$24,065/unit		1,949,248	
Legal Fees		\$2,840/unit		230,000	
Reserves		\$3,268/unit		264,715	
Development Impact and Permit Fees	(Yr 2022/23 FBA = SFDU x 40'	\$24,667/unit		1,997,989	
Developer Fee		\$52,141/unit		4,223,396	
Remaining Development Soft costs		\$3,517/unit		284,843	
Owner Soft Costs Contingency		\$1,490/unit		120,692	
<b>Subtotal Soft Costs</b>		<b>\$118,054/unit</b>		<b>9,562,406</b>	
<b>Total Development Costs</b>		<b>\$414,806/unit</b>		<b>33,599,303</b>	
Cash Developer Fee				2,205,835	
<b>Sources</b>					
Federal LIHTC Equity	42%		14,167,135		
State LIHTC Equity	4%		1,346,198		
Solar Equity	0%		125,970		
Perm Loan (Tranche A)	31%		10,480,000		
Land Donation	0%		0		
Deferred Developer Fee	6%		2,017,562		
Master Developer/Seller Offsite Allocation Note		\$65,000/unit	5,265,000		
Contributed Fee	0%				
Master Developer Gap Financing		\$0/unit	0		
Residual Receipt Loans Accrued Interest	1%		197,438		
<b>Total Development Sources</b>	<b>100%</b>		<b>33,599,303</b>		
<b>FINANCING ASSUMPTIONS</b>					
<b>Equity</b>					
	Closing	Completion	Conversion	8,609	
Equity Pay In	12%	0%	87%	1%	
Federal Tax Credit Price				\$ 0.8500	
State Tax Credit Price		Certificated		\$ 0.8400	
Solar Tax Credit Price				\$ 0.8500	
9% Credit Rate				N/A	
4% Credit Rate			Fixed	4.00%	
LP Interest				98.99%	
10 Yr Federal Tax Credits				16,837,274	
3 Yr State Credits				1,618,969	
Solar Credits				148,200	
<b>Debt</b>					
Opr. Exp./Unit/Year				4,911	
Services Exp./Unit/Year				150	
Replacement Reserves/Unit/Year				250	
Vacancy Rate				5.00%	
DCR				1.15	
Perm Loan Amort				35	
Interest Rate - Permanent Loan				4.50%	
Interest Rate - Construction Loan				3.75%	
Construction - to-Perm Loan				10,480,000	
Construction Only Loan				11,819,113	
Total Construction Loan				22,299,113	
Taxable Construction loan				4,809,113	
<b>Tax Exempt Construction Loan- Bond App Request</b>				<b>17,490,000</b>	
<b>Bond Inducement Amount</b> 19,500,000					
<b>Tax Credit Considerations</b>					
DDA/QCT Boost				130%	
Rural Designation				No	
<b>50% Test</b>		<b>17,490,000</b>		<b>54.02%</b>	
CLDAC Amenity Score					
CA 9% Tiebreaker				N/A	
Housing Set Aside				Senior	
Prevailing Wage (State, Federal, Both):				No	
<b>PRELIM DEVELOPMENT PROGRAMMING SUMMARY</b>					
City:	San Diego				
MSA:	San Diego				
4 Person 50% AMI:	\$60,600	2021 AMI/Rents			
Census Tract	170.34	<b>Highest Resource (verify tract #)</b>			
Site (acres):					
Construction Type:					
No. of Stories:	3-story				
Parking Type:	on grade				
No. of Stalls:					
Extraordinary Cond:	N/A				
Impact Fees per Unit:	\$	22,012			
Financing Sources:	Bonds/4% Fed + State Credits				
<b>PROJECT UNIT &amp; INCOME MIX</b>					
<b>AMI</b>	<b>Studio</b>	<b>1BR</b>	<b>2BR</b>	<b>3BR</b>	<b>Totals</b>
<b>Sq. Ft.</b>	<b>0</b>	<b>562</b>	<b>791</b>	<b>0</b>	<b>49,186</b>
<b>UA</b>		<b>\$70</b>	<b>\$95</b>	<b>\$0</b>	
65%	0	0	0	0	0
60%	0	51	13	0	64
55%	0	0	0	0	0
50%	0	7	1	0	8
45%	0			0	0
40%	0			0	0
35%	0			0	0
30%	0	7	1	0	8

**Junipers - 81 Units Seniors**

		Construction Period							Construction	Stabilization	Conversion	8609	Total
		Pre-Dev	Close	Quarter 1	Quarter 2	Quarter 3	Quarter 4	Quarter 5	Subtotal	6mos			
				10%	34%	28%	18%	10%					
SOURCES OF FUNDS													
1	Federal LIHTC Equity		1,700,056	-	-	-	-	-	1,700,056	-	12,325,407	141,671	14,167,135
2	State LIHTC Equity	16,620	161,544	-	-	-	-	-	161,544	-	1,171,193	13,462	1,346,198
3	Developer Fee Contribution		-	-	-	-	-	-	-	-	-	-	-
4	Solar Equity		-	-	-	-	-	-	-	-	125,970	-	125,970
5	Construction Loan		-	-	-	-	-	-	-	-	(22,299,113)	-	-
6	Perm Loan (Tranche A)		-	-	-	-	-	-	-	-	10,480,000	-	10,480,000
7	Junior C Bond		-	-	-	-	-	-	-	-	-	-	-
8	Deferred Developer Fee		-	-	-	-	-	-	-	-	2,017,562	-	2,017,562
9	Master Developer Gap Financing	\$0/unit	-	-	-	-	-	-	-	-	-	-	-
13	Land Contribution	\$0/unit	-	-	-	-	-	-	-	-	-	-	-
14	Residual Receipt Loans Accrued Interest		-	39,488	39,488	39,488	39,488	39,488	197,438	-	-	-	197,438
15	Seller Off-Site Improvements Note		5,265,000	-	-	-	-	-	5,265,000	-	-	-	5,265,000
16	Total Sources of Funds		118,596	9,292,794	2,512,931	6,120,272	5,319,113	3,897,048	1,886,616	29,147,372	475,778	3,821,019	155,133
USES OF FUNDS													
ACQUISITION													
21	Land Value		\$ 1.00	-	-	-	-	-	\$ 1.00	-	-	-	\$ 1.00
23	Legal & Carrying Costs		5,000	-	-	-	-	-	5,000	-	-	-	5,000
	Acquisition of existing off-site work	65,000	5,265,000	-	-	-	-	-	5,265,000	-	-	-	5,265,000
28	Total Land / Acquisitison		5,270,001	-	-	-	-	-	5,270,001	-	-	-	5,270,001
NEW CONSTRUCTION													
48	Design Built - Architect	\$ -	370,500	-	-	-	-	-	370,500	-	-	-	370,500
49	Off-site Improvements - none per Lennar	\$ -	-	-	-	-	-	-	-	-	-	-	-
50	Solar - placeholder: Allegra to verify scope	500,000	-	-	-	500,000.0	-	-	500,000	-	-	-	500,000
51	Site Work	1,340,836	-	536,334	402,251	-	402,251	-	1,340,836	-	-	-	1,340,836
52	Parking Garage		-	-	-	-	-	-	-	-	-	-	-
53	Vertical	12,724,333	-	1,272,433	4,326,273	3,562,813	2,290,380	1,272,433	12,724,333	-	-	-	12,724,333
54	GC Contingency		-	18,525	90,438	236,426	203,141	134,632	63,622	-	-	-	746,783
55	General Requirements		-	15,561	75,968	198,598	170,638	113,090	53,442	-	-	-	627,298
56	Contractor Overhead		-	23,342	113,952	297,897	255,957	169,636	80,163	-	-	-	940,947
57	Contractor Profit		-	15,561	75,968	198,598	170,638	113,090	53,442	-	-	-	627,298
58	Contractor General Liability Insurance		-	-	-	-	-	-	-	-	-	-	-
59	Other:		-	-	-	-	-	-	-	-	-	-	-
60	Total New Construction	\$220,716/unit	-	443,489	2,165,095	5,660,043	4,863,187	3,223,079	1,523,103	17,877,996	-	-	17,877,996
ARCHITECTURAL													
63	Building - inc SOV Design Build		-	53,000	3,000	3,000	3,000	3,000	100	65,100	-	-	65,100
64	Landscape		-	35,000	-	-	-	-	500	35,500	-	-	35,500
65	Energy Consultant		0	-	-	-	-	-	-	-	-	-	-
66	Other: Acoustic Study		0	-	-	-	-	-	-	-	-	-	-
67	Other: Traffic Study		0	-	-	-	-	-	-	-	-	-	-
68	Other:		0	-	-	-	-	-	-	-	-	-	-
69	Total Architectural		-	88,000	3,000	3,000	3,000	3,000	600	100,600	-	-	100,600
SURVEY & ENGINEERING													
72	Civil		-	110,500	25,000	20,000	-	6,700	162,200	-	-	-	162,200
73	ALTA		0	7,500	-	-	-	12,000	19,500	-	-	-	19,500
74	Staking		-	-	55,000	-	-	-	55,000	-	-	-	55,000
75	Structural Testing		-	-	21,667	21,667	21,667	-	65,000	-	-	-	65,000
76	Soils		0	15,000	35,000	-	-	-	50,000	-	-	-	50,000
77	Other: Environmental reports		-	-	-	-	-	-	-	-	-	-	-
78	Other: Phase I		0	-	-	-	-	-	-	-	-	-	-
79	Other: Dry Utilities		0	35,000	-	-	-	675	35,675	-	-	-	35,675
80	Other: Phase 1 & misc reports		0	1,900	-	-	-	1,647	3,547	-	-	-	3,547
81	Total Survey & Engineering		-	169,900	136,667	41,667	21,667	-	21,022	390,922	-	-	390,922
CONTINGENCY COSTS													
84	Hard Cost Contingency	5%	-	22,174	108,255	283,002	243,159	161,154	76,155	893,900	-	-	893,900
85	Soft Cost Contingency	3%	-	94,700	6,978	5,162	6,197	7,655	-	120,692	-	-	120,692
86	Total Contingency		-	116,875	115,233	288,164	249,356	168,809	76,155	1,014,592	-	-	1,014,592
CONSTRUCTION PERIOD EXPENSES													
89	Construction Loan Interest	3.75%	-	-	29,149	63,611	118,115	163,167	193,049	567,091	412,905	-	979,996
90	Soft Loan Interest	3.00%	-	-	39,488	39,488	39,488	39,488	39,488	197,438	-	-	197,438
91	C Bond Interest		-	-	-	-	-	-	-	-	-	-	-
92	Origination Fee	1.00%	-	218,233	-	-	-	-	-	218,233	-	-	218,233
93	Credit Enhancement & Application Fee		-	-	-	-	-	-	-	-	-	-	-
94	Owner Paid Bonds		-	-	-	-	-	-	-	-	-	-	-
95	Lender Inspection Fees		-	-	4,800	4,800	4,800	4,800	3,200	22,400	-	-	22,400
96	Taxes During Construction		-	10,000	-	-	-	-	-	10,000	-	-	10,000
97	Other: Application fee		-	-	-	-	-	-	-	-	-	-	-
98	Insurance During Construction		-	357,560	-	-	-	-	-	357,560	-	-	357,560
99	Title and Recording Fees		-	45,000	-	-	-	-	-	45,000	-	-	45,000
100	Construction Mgmt. and Monitoring		0	-	-	-	-	-	-	-	-	-	-
101	Predevelopment Loan Interest		-	15,000	-	-	-	-	-	15,000	-	-	15,000
102	Other: Accounting & Admin		-	-	-	-	-	-	-	-	-	-	-
103	Other:		-	-	-	-	-	-	-	-	-	-	-

**Junipers - 81 Units Seniors**

			Pre-Dev	Close	Construction Period					Construction Subtotal	Stabilization 6mos	Conversion	8609	Total
					Quarter 1	Quarter 2	Quarter 3	Quarter 4	Quarter 5					
					10%	34%	28%	18%	10%					
104	Total Construction Period Expense		-	645,793	73,437	107,898	162,402	207,455	235,737	1,432,722	412,905	-	-	1,845,627
105														
106	PERMANENT FINANCING EXPENSES													
107	Loan Origination Fees	0.00%	0	-	-	-	-	-	-	-	-	10,000	-	10,000
108	Credit Enhancement & Application Fee		0	-	-	-	-	-	-	-	-	-	-	-
109	Title and Recording Fees			-	-	-	-	-	-	-	-	5,000	-	5,000
110	Property Taxes			-	-	-	-	-	-	-	-	-	-	-
111	Insurance			-	-	-	-	-	-	-	-	-	-	-
112	Other: Issuer Fee	0.250%	0	55,748	-	-	-	-	-	55,748	27,874	-	-	83,622
113	Other: Bank DD	0.000%		-	-	-	-	-	-	-	-	5,000	-	5,000
114	Total Permanent Financing			55,748	-	-	-	-	-	55,748	27,874	20,000	-	103,622
115														
116	LEGAL FEES													
117	Construction Lender Legal			60,000	-	-	-	-	-	60,000	-	-	-	60,000
118	Permanent Lender Legal			-	-	-	-	-	-	-	-	-	-	-
119	Sponsor Legal		0	50,000	-	-	-	-	-	50,000	-	-	-	50,000
120	Organizational Legal			20,000	-	-	-	-	-	20,000	-	-	-	20,000
121	Other Legal (Issuer Legal, Bond Counsel)			60,000	-	-	-	-	-	60,000	-	-	-	60,000
122	SDHC Ap, Orig, Servicing, Legal, Const Review			25,000	-	-	-	-	-	25,000	-	-	-	25,000
123	Other: GP Legal		0	15,000	-	-	-	-	-	15,000	-	-	-	15,000
124	Total Legal Fees		-	230,000	-	-	-	-	-	230,000	-	-	-	230,000
125														
126	CAPITALIZED RESERVES													
127	Operating Reserve	3 months		-	-	-	-	-	-	-	-	264,715	-	264,715
128	Replacement Reserve			-	-	-	-	-	-	-	-	-	-	-
129	Rent-up Reserve			-	-	-	-	-	-	-	-	-	-	-
130	Transition Reserve (2 years)			-	-	-	-	-	-	-	-	-	-	-
131	Other: Prepaid HOA			-	-	-	-	-	-	-	-	-	-	-
132	Other: Capitalized LP Fee			-	-	-	-	-	-	-	-	-	-	-
133	Total Reserves		-	-	-	-	-	-	-	-	-	264,715	-	264,715
134														
135	REPORTS & STUDIES													
136	Market Study		10,000	-	-	-	-	-	-	10,000	-	-	-	10,000
138	Appraisal		0	-	-	-	-	-	-	-	-	-	-	-
139	Environmental		0	-	-	-	-	-	-	-	-	-	-	-
140	Other: Lender Deposit/Appraisal/Cost Review		25,000	-	-	-	-	-	-	25,000	-	-	-	25,000
141	Other: PNA		0	-	-	-	-	-	-	-	-	-	-	-
142	Other:			-	-	-	-	-	-	-	-	-	-	-
143	Other		0	-	-	-	-	-	-	-	-	-	-	-
144	Total Reports & Studies		35,000	-	-	-	-	-	-	35,000	-	-	-	35,000
145														
146	OTHER													
147	TCAC App/Alloc/Monitoring Fees		83,596	-	-	-	-	-	-	83,596	-	(31,959)	-	51,637
148	CDLAC/CDIAC Fees	0.00%	0	-	-	-	-	-	-	-	-	-	-	-
149	Local Permit Fees	\$2.654/unit	0	215,000	-	-	-	-	-	215,000	-	-	-	215,000
150	Water/Sewer Fee/DIF, inc School Fees	\$6.471/unit	0	524,187	-	-	-	-	-	524,187	-	-	-	524,187
151	FBA Fees - assumes Yr 2022/2023 Rate for SFDU x 40% for Seniors	\$ 15,540.76		1,258,802	-	-	-	-	-	1,258,802	-	-	-	1,258,802
152	Syndicator/Investor Fees & Expenses			-	-	-	-	-	-	-	-	-	-	-
153	Furnishings - included in ECI SOV			-	-	-	-	-	-	-	-	-	-	-
154	Final Cost Audit Expense			-	-	-	-	-	-	-	15,000	-	-	15,000
155	Marketing			-	-	-	-	25,206	25,000	50,206	10,000	-	-	60,206
156	MGP Services Fee			-	-	-	-	-	-	-	-	-	-	-
157	SDHC Ap, Orig, Servicing, Legal, Const Review		0	-	-	-	-	-	-	-	-	-	-	-
158	Accounting/Finance/Admin		0	25,000	19,500	19,500	19,500	19,500	5,000	108,000	10,000	-	-	118,000
159	Other: CPA Opinion		0	-	-	-	-	-	-	-	-	-	-	-
160	Bond Performance Deposit			-	-	-	-	-	-	-	-	-	-	-
161	Total Other Costs		83,596	2,022,989	19,500	19,500	19,500	44,706	30,000	2,239,791	35,000	(31,959)	-	2,242,832
162														
163	DEVELOPER COSTS													
164	Developer Fee			250,000	-	-	-	250,000	-	500,000	-	3,568,263	155,133	4,223,396
165	Consultant/Processing Agent			-	-	-	-	-	-	-	-	-	-	-
166	Project Administration			-	-	-	-	-	-	-	-	-	-	-
167	Syndication Consultant			-	-	-	-	-	-	-	-	-	-	-
168	Guarantee Fees			-	-	-	-	-	-	-	-	-	-	-
169	Broker Fees Paid to Related Party			-	-	-	-	-	-	-	-	-	-	-
170	Construction Oversight & Mgmt			-	-	-	-	-	-	-	-	-	-	-
171	Total Developer Costs		-	250,000	-	-	-	250,000	-	500,000	-	3,568,263	155,133	4,223,396
172														
173														
174	Total Uses of Funds		118,596	9,292,794	2,512,931	6,120,272	5,319,113	3,897,048	1,886,616	29,147,372	475,778	3,821,019	155,133	33,599,303
175	Net Source & Use			-	-	-	-	-	-	-	-	-	-	-
176	Distributions			-	-	-	-	-	-	-	-	-	-	-
177	Balance of Funds			-	-	-	-	-	-	-	-	-	-	-

# **OPERATING BUDGET & INCOME ANALYSIS**

Junipers - 81 Units Seniors

2021					4/2021				
Rent:	Restriction	%AMI	Units	Square Feet/Unit	Total Sq. Ft.	Gross Rents	Utility Allowance	Monthly Net Rent	Annual Rent
1BR/1BA	LIHTC	60%	51	562	28,662	\$ 1,364	\$ 70	\$ 1,294	\$ 791,928
1BR/1BA	LIHTC	50%	7	562	3,934	\$ 1,136	\$ 70	\$ 1,066	\$ 89,544
1BR/1BA	LIHTC	30%	7	562	3,934	\$ 682	\$ 70	\$ 612	\$ 51,374
2BR/1BA	LIHTC	60%	13	791	10,283	\$ 1,636	\$ 95	\$ 1,541	\$ 240,396
2BR/1BA	LIHTC	50%	1	791	791	\$ 1,363	\$ 95	\$ 1,268	\$ 15,216
2BR/1BA	LIHTC	30%	1	791	791	\$ 818	\$ 95	\$ 723	\$ 8,674
2BR/1BA		MGR	1	791	791	\$ -	\$ -	\$ -	\$ -
					0	\$ -			
Total Rents			81		49,186				1,197,132
Community Center					1,400				
					0				
% Loss to Efficiency				20.00%	12,647				
Construction Square Feet					63,233				
Income from Operations				PUPM					
Laundry				\$ 8.00					7,776
Other Income (App. Fees, Late, etc.)				\$ 4.00					3,888
Garage				\$ -		0	Garages		0
Cable & Highspeed Data Income				\$ -					0
Telephone Income				\$ -					0
Sub-Total				\$ 12.00					1,208,796
Less: Vacancies @				5.0%					60,440
RENTAL SUBSIDY									0
Less: Vacancies @				5%					0
Total Income									1,148,356
Operating Expenses				PUPA					
Admin				\$ 500					40,500
Management Fee				\$ 660					53,460
Utilities				\$ 1,138					92,178
Payroll				\$ 1,538					124,578
Repair & Maintenance				\$ 775					62,775
Insurance				\$ 300					24,300
Taxes (HOA, CFD)				\$ -					0
Internet for CDLAC points									8,400
Total Expenses				\$ 4,911					406,191
Net Operating Income									742,165
Reserves				\$250.00/unit					20,250
Issuer and Monitoring Fee				0.125%		(Min \$10k or 0.125% + \$150/unit for SDHC			25,250
Services- required CDLAC				\$ 150.00					12,000
Net Income Available for Debt Service									684,665

DSC TEST

1.15

Loan Sizing	Perm Loan	Tranche B
Loan Amount	10,480,000	0
Interest	4.50%	4.50%
Term	15	15
Amortization	35	30
Debt Service Coverage	1.15	1.15
Monthly Payment	49,597	0
Annual Payment	595,168	0
Cash Flow After D/S	89,498	89,498

**TAX CREDITS & BASIS CALCULATION**  
**Junipers - 81 Units Seniors**

DESCRIPTION OF COSTS	ACTUAL OR EST. OF COSTS	70% ELIGIBLE BASIS	30% ELIGIBLE BASIS
<i>ACQUISITION</i>			
Land Cost	\$ 1	XXXXXXXXXXXX	XXXXXXXXXXXX
Demolition	\$ -	XXXXXXXXXXXX	XXXXXXXXXXXX
Legal & Carrying Costs	\$ 5,000	XXXXXXXXXXXX	XXXXXXXXXXXX
Land Lease Rent Prepayment	\$ -	XXXXXXXXXXXX	XXXXXXXXXXXX
Verifiable Carrying Costs	\$ -	XXXXXXXXXXXX	XXXXXXXXXXXX
Existing Improvement Costs	\$ 5,265,000	XXXXXXXXXXXX	\$ 5,265,000
Other: Basis Eligible Acquisition Costs	\$ -	\$ -	XXXXXXXXXXXX
<b>TOTAL LAND/AQUISITION COSTS</b>	<b>\$ 5,270,001</b>	<b>\$ -</b>	<b>\$ 5,265,000</b>
<i>REHABILITATION</i>			
Off-Site Improvements	\$ -		\$ -
Environmental Remediation	\$ -		\$ -
Site Work	\$ -		\$ -
Structures	\$ -		\$ -
General Requirements	\$ -		\$ -
Contractor Overhead	\$ -		\$ -
Contractor Profit	\$ -		\$ -
Contractor General Liability Insurance	\$ -		\$ -
Other:	\$ -		\$ -
<b>TOTAL REHABILITATION COSTS</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>
<i>RELOCATION</i>			
Temporary Relocation	\$ -		\$ -
Temporary Relocation	\$ -		\$ -
<b>TOTAL RELOCATION COSTS</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>
<i>NEW CONSTRUCTION</i>			
Design Built - Architect	\$ 370,500		\$ 370,500
Off-site Improvements - none per Lennar	\$ -		\$ -
Solar - placeholder: Allegra to verify scope	\$ 500,000		\$ 425,900
Site Work	\$ 1,340,836		\$ 1,340,836
Parking Garage	\$ -		\$ -
Vertical	\$ 12,724,333		\$ 12,724,333
GC Contingency	\$ 746,783		\$ 746,783
General Requirements	\$ 627,298		\$ 627,298
Contractor Overhead	\$ 940,947		\$ 940,947
Contractor Profit	\$ 627,298		\$ 627,298
Contractor General Liability Insurance	\$ -		\$ -
Other:	\$ -		\$ -
<b>TOTAL CONSTRUCTION</b>	<b>\$ 17,877,996</b>	<b>\$ -</b>	<b>\$ 17,803,896</b>
<i>ARCHITECTURAL FEES</i>			
Building - inc SOV Design Build	\$ -		\$ -
Landscape	\$ 65,100		\$ 65,100
Energy Consultant	\$ 35,500		\$ 35,500
Other: Acoustic Study	\$ -		\$ -
Other: Traffic Study	\$ -		\$ -
Other:	\$ -		\$ -
<b>TOTAL ARCHITECTURAL COSTS</b>	<b>\$ 100,600</b>	<b>\$ -</b>	<b>\$ 100,600</b>
<i>SURVEY &amp; ENGINEERING</i>			
Civil	\$ 162,200		\$ 162,200
ALTA	\$ 19,500		\$ 19,500
Staking	\$ 55,000		\$ 55,000
Structural Testing	\$ 65,000		\$ 65,000
Soils	\$ 50,000		\$ 50,000
Other: Phase I	\$ -		\$ -
Other: Dry Utilities	\$ 35,675		\$ 35,675
Other: Engineering/Easement	\$ -		\$ -
Other: Phase 1 & misc reports	\$ 3,547		\$ 3,547
<b>TOTAL SURVEY &amp; ENGINEERING</b>	<b>\$ 390,922</b>	<b>\$ -</b>	<b>\$ 390,922</b>
<i>CONTINGENCY COSTS</i>			
Hard Cost Contingency	\$ 893,900		\$ 893,900
Soft Cost Contingency	\$ 120,692		\$ 120,692
<b>TOTAL CONTINGENCY COSTS</b>	<b>\$ 1,014,592</b>	<b>\$ -</b>	<b>\$ 1,014,592</b>
<i>CONSTRUCTION PERIOD EXPENSES</i>			
Construction Loan Interest	\$ 979,996		\$ 567,091
Soft Loan Interest	\$ 197,438		\$ 197,438
C Bond Interest	\$ -		\$ -
Origination Fee	\$ 218,233		\$ 145,489
Credit Enhancement & Application Fee	\$ -		\$ -
Owner Paid Bonds	\$ -		\$ -
Lender Inspection Fees	\$ 22,400		\$ 22,400
Taxes During Construction	\$ 10,000		\$ 10,000
Prevailing Wage Monitoring	\$ -		\$ -
Insurance During Construction	\$ 357,560		\$ 357,560
Title and Recording Fees	\$ 45,000		\$ 30,000
Construction Management & Testing	\$ -		\$ -
Predevelopment Loan Interest	\$ 15,000		\$ 15,000
Other: Accounting & Admin	\$ -		\$ -
<b>TOTAL CONSTRUCTION PERIOD EXPENSE</b>	<b>\$ 1,845,627</b>	<b>\$ -</b>	<b>\$ 1,344,978</b>

<b>PERMANENT FINANCING EXPENSES</b>			
Loan Origination Fee	\$ 10,000	XXXXXXXXXXXX	XXXXXXXXXXXX
Credit Enhancement & Application Fee	\$ -	XXXXXXXXXXXX	XXXXXXXXXXXX
Title and Recording Fees	\$ 5,000	XXXXXXXXXXXX	XXXXXXXXXXXX
Property Taxes	\$ -	XXXXXXXXXXXX	XXXXXXXXXXXX
Insurance	\$ -	XXXXXXXXXXXX	XXXXXXXXXXXX
Other: Issuer Fee	\$ 83,622	XXXXXXXXXXXX	XXXXXXXXXXXX
Other: Bank DD	\$ 5,000	XXXXXXXXXXXX	XXXXXXXXXXXX
<b>TOTAL PERMANENT FINANCING COSTS</b>	<b>\$ 103,622</b>	<b>\$ -</b>	<b>\$ -</b>
<b>LEGAL FEES</b>			
Construction Lender Legal	\$ 60,000		\$ 45,000
Permanent Lender Legal	\$ -		XXXXXXXXXXXX
Sponsor Legal	\$ 50,000		\$ 25,000
Organizational Legal	\$ 20,000		XXXXXXXXXXXX
Bond Legal	\$ 60,000		XXXXXXXXXXXX
SDHC	\$ 25,000		XXXXXXXXXXXX
Other: GP Legal	\$ 15,000		XXXXXXXXXXXX
<b>TOTAL LEGAL</b>	<b>\$ 230,000</b>	<b>\$ -</b>	<b>\$ 70,000</b>
<b>CAPITALIZED RESERVES</b>			
Operating Reserve	\$ 264,715	XXXXXXXXXXXX	XXXXXXXXXXXX
Replacement Reserve	\$ -	XXXXXXXXXXXX	XXXXXXXXXXXX
Rent-up Reserve	\$ -	XXXXXXXXXXXX	XXXXXXXXXXXX
Transition Reserve	\$ -	XXXXXXXXXXXX	XXXXXXXXXXXX
Other: Prepaid HOA	\$ -	XXXXXXXXXXXX	XXXXXXXXXXXX
Other: Capitalized LP Fee	\$ -	XXXXXXXXXXXX	XXXXXXXXXXXX
<b>TOTAL RESERVE COSTS</b>	<b>\$ 264,715</b>	<b>\$ -</b>	<b>XXXXXXXXXXXX</b>
<b>REPORTS &amp; STUDIES</b>			
Appraisal	\$ 10,000		\$ 10,000
Market Study			\$ -
Physical Needs Assessment	\$ -		\$ -
Environmental Studies	\$ -		\$ -
Other: Lender Deposit/Appraisal/Cost Review	\$ 25,000		\$ 25,000
Other: PNA	\$ -		\$ -
Other:	\$ -		\$ -
Other	\$ -		\$ -
<b>TOTAL REPORTS &amp; STUDIES</b>	<b>\$ 35,000</b>	<b>\$ -</b>	<b>\$ 35,000</b>
<b>OTHER EXPENSES</b>			
TCAC App./Alloc/Monitoring Fees	\$ 51,637	XXXXXXXXXXXX	XXXXXXXXXXXX
CDLAC/CDIAC Fees	\$ -		XXXXXXXXXXXX
Local Permit Fees	\$ 215,000		\$ 215,000
Water/Sewer Fee/DIF, inc School Fees	\$ 524,187		\$ 524,187
FBA Fees - assumes Yr 2022/2023 Rate for SFDU x 40% for Seniors	\$ 1,258,802		\$ 1,258,802
Syndicator/Investor Fees & Expenses	\$ -	XXXXXXXXXXXX	XXXXXXXXXXXX
Furnishings - included in ECI SOV	\$ -		\$ -
Final Cost Audit Expense	\$ 15,000		\$ 15,000
Marketing	\$ 60,206	XXXXXXXXXXXX	XXXXXXXXXXXX
MGP Services Fee	\$ -		XXXXXXXXXXXX
SDHC Ap, Orig, Servicing, Legal, Const Review	\$ -		\$ -
Accounting/Finance/Admin	\$ 118,000		\$ 118,000
Other: CPA Opinion	\$ -		\$ -
Other:	\$ -		\$ -
<b>TOTAL OTHER COSTS</b>	<b>\$ 2,242,832</b>	<b>\$ -</b>	<b>\$ 2,130,989</b>
<b>Subtotal Development Costs</b>	<b>\$ 29,375,906</b>		<b>\$ 28,155,976</b>
<b>DEVELOPER COSTS</b>			
Developer Fee Limit - Per Application			
Developer Fee Calculation	\$ 4,223,396	\$ -	\$ 4,223,396
Developer Fee	\$ 4,223,396	\$ -	\$ 4,223,396
Consultants/Processing Agent	\$ -		\$ -
Project Administration	\$ -		\$ -
Syndication Consultant	\$ -		\$ -
Guarantee Fees	\$ -		\$ -
Broker Fees Paid to Related Party	\$ -		\$ -
Construction Oversight & Mgmt	\$ -		\$ -
<b>TOTAL DEVELOPER FEE</b>	<b>\$ 4,223,396</b>	<b>\$ -</b>	<b>\$ 4,223,396</b>
<b>TOTAL RESIDENTIAL COSTS</b>	<b>\$ 33,599,303</b>	<b>\$ -</b>	<b>\$ 32,379,373</b>

<b>TOTAL COMMERCIAL COSTS</b>	<b>\$ -</b>		<b>\$ -</b>
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<b>TOTAL PROJECT AND BASIS COSTS</b>	<b>\$ 33,599,303</b>	<b>\$ -</b>	<b>\$ 32,379,373</b>
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Adjustment for Excess Basis			\$ -
Additional Amount Voluntarily Excluded From Basis			
Requested Undadjusted Eligible Basis	\$ -		\$ 32,379,373

<b>130% DIFFICULT DEVELOPMENT FACTOR?</b>	Tract #: Not Avail.	Y	\$ 42,093,185
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Credit Reduction			\$ -
Total Adjusted Qualified Basis			\$ 42,093,185

<b>TX CREDITS @ % LI Eligible @ Tx Credit Rt</b>	<b>100.00%</b>	<b>4.00%</b>	<b>4.00%</b>
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<b>TX CREDITS @ % LI Eligible</b>	<b>\$ -</b>		<b>\$ 1,683,727</b>
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<b>TX CREDITS OVER TEN YEARS</b>	<b>\$ -</b>		<b>\$ 16,837,274</b>
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<b>TX CREDIT EQ'Y @ % Credit @ % Investment</b>	<b>\$ 0.8500</b>	98.99%	<b>\$ 14,167,135</b>
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**OPERATIONAL CASH FLOW**

Junipers - 81 Units Seniors

			2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035	2036	2037	2038
			1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16
Gross Revenue	Inflation @	2.00%	1,208,796	1,232,972	1,257,631	1,282,784	1,308,440	1,334,608	1,361,301	1,388,527	1,416,297	1,444,623	1,473,516	1,502,986	1,533,046	1,563,707	1,594,981	1,626,880
Vacancy	5%		(60,440)	(61,649)	(62,882)	(64,139)	(65,422)	(66,730)	(68,065)	(69,426)	(70,815)	(72,231)	(73,676)	(75,149)	(76,652)	(78,185)	(79,749)	(81,344)
Net Revenue			1,148,356	1,171,323	1,194,750	1,218,645	1,243,018	1,267,878	1,293,236	1,319,100	1,345,482	1,372,392	1,399,840	1,427,837	1,456,393	1,485,521	1,515,232	1,545,536
Operating Expenses	Inflation @	3.00%	406,191	418,377	430,928	443,856	457,172	470,887	485,013	499,564	514,551	529,987	545,887	562,263	579,131	596,505	614,400	632,832
<b>Net Operating Income</b>			<b>742,165</b>	<b>752,947</b>	<b>763,822</b>	<b>774,789</b>	<b>785,846</b>	<b>796,991</b>	<b>808,222</b>	<b>819,537</b>	<b>830,932</b>	<b>842,405</b>	<b>853,953</b>	<b>865,573</b>	<b>877,262</b>	<b>889,016</b>	<b>900,831</b>	<b>912,704</b>
Replacement Reserves		3.00%	20,250	20,858	21,483	22,128	22,792	23,475	24,180	24,905	25,652	26,422	27,214	28,031	28,872	29,738	30,630	31,549
Services	Inflation @	3.00%	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
<b>Cash Available to Debt Service</b>			<b>721,915</b>	<b>732,089</b>	<b>742,339</b>	<b>752,661</b>	<b>763,055</b>	<b>773,516</b>	<b>784,043</b>	<b>794,632</b>	<b>805,280</b>	<b>815,983</b>	<b>826,739</b>	<b>837,543</b>	<b>848,390</b>	<b>859,278</b>	<b>870,201</b>	<b>881,155</b>
Principal and Interest	0	4.50%	595,168	595,168	595,168	595,168	595,168	595,168	595,168	595,168	595,168	595,168	595,168	595,168	595,168	595,168	595,168	595,168
Issuer and Monitoring Fee		0.00%	25,250	25,250	25,250	25,250	25,250	25,250	25,250	25,250	25,250	25,250	25,250	25,250	25,250	25,250	25,250	25,250
Mandatory Soft Loan Payments	15000.00%		12,000	12,000	12,000	12,000	12,000	12,000	12,000	12,000	12,000	12,000	12,000	12,000	12,000	12,000	12,000	12,000
LP Asset Management	5,000	3.00%	5,000	5,150	5,305	5,464	5,628	5,796	5,970	6,149	6,334	6,524	6,720	6,921	7,129	7,343	7,563	7,790
Managing GP Fee/LP Fees	5,000	3.00%	5,000	5,150	5,305	5,464	5,628	5,796	5,970	6,149	6,334	6,524	6,720	6,921	7,129	7,343	7,563	7,790
<b>Net Project Cash Flow</b>			<b>79,498</b>	<b>89,371</b>	<b>99,312</b>	<b>109,316</b>	<b>119,382</b>	<b>129,506</b>	<b>139,685</b>	<b>149,915</b>	<b>160,194</b>	<b>170,518</b>	<b>180,882</b>	<b>191,283</b>	<b>201,715</b>	<b>212,175</b>	<b>222,658</b>	<b>233,158</b>
<b>Partnership Cash Flow</b>			0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
	DSCR		1.15	1.17	1.18	1.20	1.22	1.24	1.25	1.27	1.29	1.31	1.33	1.34	1.36	1.38	1.40	1.42
TCAC Gross Revenue Test	8%		6.99%	7.67%	8.32%	8.95%	9.55%	10.14%	10.70%	11.24%	11.76%	12.26%	12.73%	13.19%	13.62%	14.04%	14.43%	14.81%
TCAC Debt Service Test	125%																	
UMR Operating Expense Test	12%		19.57%	21.36%	23.05%	24.63%	26.11%	27.50%	28.80%	30.01%	31.13%	32.17%	33.14%	34.02%	34.83%	35.57%	36.24%	36.84%
LP Fee		-	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Developer Cash Flow -100% Cash Flow	100.0% of Avail Cashflow	1.00%	79,498	89,371	99,312	109,316	119,382	129,506	139,685	149,915	160,194	170,518	180,882	191,283	201,715	212,175	148,780	0
<b>Cash Available After Deferred Fee Payment</b>			0	(0)	0	0	(0)	0	0	(0)	0	0	(0)	0	0	(0)	73,878	233,158

**OPERATIONAL CASH FLOW**

Junipers - 81 Units Seniors

			17	18	19	20	21	22	23	24	25	26	27	28	29	30
Gross Revenue	Inflation @	2.00%	1,659,418	1,692,606	1,726,458	1,760,988	1,796,207	1,832,131	1,868,774	1,906,150	1,944,273	1,983,158	2,022,821	2,063,278	2,104,543	2,146,634
Vacancy		5%	(82,971)	(84,630)	(86,323)	(88,049)	(89,810)	(91,607)	(93,439)	(95,307)	(97,214)	(99,158)	(101,141)	(103,164)	(105,227)	(107,332)
Net Revenue			1,576,447	1,607,976	1,640,135	1,672,938	1,706,397	1,740,525	1,775,335	1,810,842	1,847,059	1,884,000	1,921,680	1,960,114	1,999,316	2,039,302
Operating Expenses	Inflation @	3.00%	651,817	671,372	691,513	712,258	733,626	755,635	778,304	801,653	825,703	850,474	875,988	902,268	929,336	957,216
<b>Net Operating Income</b>			<b>924,630</b>	<b>936,604</b>	<b>948,622</b>	<b>960,680</b>	<b>972,771</b>	<b>984,890</b>	<b>997,031</b>	<b>1,009,189</b>	<b>1,021,356</b>	<b>1,033,526</b>	<b>1,045,692</b>	<b>1,057,846</b>	<b>1,069,980</b>	<b>1,082,087</b>
Replacement Reserves		3.00%	32,495	33,470	34,474	35,508	36,574	37,671	38,801	39,965	41,164	42,399	43,671	44,981	46,331	47,720
Services	Inflation @	3.00%	0	0	0	0	0	0	0	0	0	0	0	0	0	0
<b>Cash Available to Debt Service</b>			<b>892,134</b>	<b>903,134</b>	<b>914,148</b>	<b>925,171</b>	<b>936,197</b>	<b>947,219</b>	<b>958,230</b>	<b>969,224</b>	<b>980,192</b>	<b>991,127</b>	<b>1,002,021</b>	<b>1,012,865</b>	<b>1,023,650</b>	<b>1,034,366</b>
Principal and Interest	0	4.50%	595,168	595,168	595,168	595,168	595,168	595,168	595,168	595,168	595,168	595,168	595,168	595,168	595,168	595,168
Issuer and Monitoring Fee		0.00%	25,250	25,250	25,250	25,250	25,250	25,250	25,250	25,250	25,250	25,250	25,250	25,250	25,250	25,250
Mandatory Soft Loan Payments		15000.00%	12,000	12,000	12,000	12,000	12,000	12,000	12,000	12,000	12,000	12,000	12,000	12,000	12,000	12,000
LP Asset Management		3.00%														
Managing GP Fee/LP Fees	5,000	3.00%	8,024	8,264	8,512	8,768	9,031	9,301	9,581	9,868	10,164	10,469	10,783	11,106	11,440	11,783
<b>Net Project Cash Flow</b>			<b>251,693</b>	<b>262,452</b>	<b>273,218</b>	<b>283,986</b>	<b>294,749</b>	<b>305,500</b>	<b>316,232</b>	<b>326,938</b>	<b>337,610</b>	<b>348,241</b>	<b>358,821</b>	<b>369,341</b>	<b>379,792</b>	<b>390,166</b>
<b>Partnership Cash Flow</b>			0	0	0	0	0	0	0	0	0	0	0	0	0	0
	DSCR		1.44	1.45	1.47	1.49	1.51	1.53	1.55	1.57	1.58	1.60	1.62	1.64	1.66	1.68
TCAC Gross Revenue Test	8%		15.65%	15.99%	16.32%	16.62%	16.91%	17.18%	17.43%	17.67%	17.89%	18.09%	18.27%	18.44%	18.59%	18.72%
TCAC Debt Service Test	125%															
UMR Operating Expense Test	12%		38.61%	39.09%	39.51%	39.87%	40.18%	40.43%	40.63%	40.78%	40.89%	40.95%	40.96%	40.93%	40.87%	40.76%
LP Fee		-	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Developer Cash Flow -100% Cash Flow	100.0% of Avail Cashflow	1.00%	0	0	0	0	0	0	0	0	0	0	0	0	0	0
<b>Cash Available After Deferred Fee Payment</b>			<b>251,693</b>	<b>262,452</b>	<b>273,218</b>	<b>283,986</b>	<b>294,749</b>	<b>305,500</b>	<b>316,232</b>	<b>326,938</b>	<b>337,610</b>	<b>348,241</b>	<b>358,821</b>	<b>369,341</b>	<b>379,792</b>	<b>390,166</b>



## **ATTACHMENT 5**

### **HOUSING COMMISSION MULTIFAMILY HOUSING REVENUE BOND PROGRAM SUMMARY**

**General Description:** The multifamily housing bond program provides below-market financing (based on bond interest being exempt from income tax) for developers willing to set aside a percentage of project units as affordable housing. Multifamily Housing Revenue Bonds are also known as "private activity bonds" because private entities, often including nonprofit sponsors and for-profit investors own, the projects.

**Bond Issuer:** Housing Authority of the City of San Diego. There is no direct legal liability to the City, the Housing Authority or the Housing Commission in connection with the issuance or repayment of bonds. There is no pledge of the City's faith, credit or taxing power nor of the Housing Authority's faith and credit. The bonds do not constitute a general obligation of the issuer because security for repayment of the bonds is limited to specific private revenue sources, such as project revenues. The developer is responsible for the payment of costs of issuance and all other costs under each financing.

**Affordability:** Minimum requirement is that at least 20% of the units are affordable at 50% of Area Median Income (AMI). Alternatively, a minimum of the units may be affordable at 50% AMI with an additional 30% of the units affordable at 60% AML. The Housing Commission requires that the affordability restriction be in place for a minimum of 15 years. Due to the combined requirements of state, local, and federal funding sources, projects financed under the Bond Program are normally affordable for 30-55 years and often provide deeper affordability levels than the minimum levels required under the Bond Program.

**Rating:** Generally "AAA" or its equivalent with a minimum rating of "A" or, under conditions that meet IRS and Housing Commission requirements, bonds may be unrated for private placement with institutional investors (typically, large banks). Additional security is normally achieved through the provision of outside credit support ("credit enhancement") by participating financial institutions that underwrite the project loans and guarantee the repayment of the bonds. The credit rating on the bonds reflects the credit quality of the credit enhancement provider.

#### **Approval Process:**

- **Inducement Resolution:** The bond process is initiated when the San Diego Housing Commission (Housing Commission) adopts an "Inducement Resolution" to establish the date from which project costs may be reimbursable from bond proceeds (if bonds are later issued) and to authorize staff to work with the financing team to perform a due diligence process. The Inducement Resolution does not represent any commitment by the Housing Commission, or the Housing Authority, or the developer to proceed with the financing.

- TEFRA Hearing and Resolution (Tax Equity and Fiscal Responsibility Act of 1982): to assure that projects making use of tax-exempt financing meet appropriate governmental purposes and provide reasonable public benefits, the IRS Code requires that a public hearing be held and that the issuance of bonds be approved by representatives of the governmental unit with jurisdiction over the area in which the project is located. This process does not make the Housing Commission, the Housing Authority, or the City of San Diego financially or legally liable for the bonds or for the project.

[Note: Members of the Housing Commission or the San Diego City Council may be asked to take two actions at this stage in the bond process -- one in their capacity as approving the TEFRA hearing resolution and another as approving the bond inducement.]

- Application for Bond Allocation: The issuance of these "private activity bonds" (bonds for projects owned by private developers, including projects with nonprofit sponsors and for-profit investors) requires an allocation of bond issuing authority from the State of California. To apply for an allocation, an application approved by the Housing Commission and supported by an adopted inducement resolution and by proof of credit enhancement (or bond rating) must be filed with the California Debt Limit Allocation Committee (CDLAC). In addition, evidence of a TEFRA hearing and approval must be submitted prior to the CDLAC meeting.
- Final Bond Approval: The Housing Authority retains absolute discretion over the issuance of bonds through adoption of a final resolution authorizing the issuance. Prior to final consideration of the proposed bond issuance, the project must comply with all applicable financing, affordability, and legal requirements and undergo all required planning procedures/reviews by local planning groups, etc.
- Funding and Bond Administration: All monies are held and accounted for by a third party trustee. The trustee disburses proceeds from bond sales to the developer in order to acquire and/or construct the housing project. Rental income used to make bond payments is collected from the developer by the trustee and disbursed to bond holders, if rents are insufficient to make bond payments, the trustee obtains funds from the credit enhancement provider. No monies are transferred through the Housing Commission or Housing Authority, and the trustee has no standing to ask the issuer for funds.

Bond Disclosure: The offering document (typically a Preliminary Offering Statement or bond placement memorandum) discloses relevant information regarding the project, the developer, and the credit enhancement provider. Since the Housing Authority is not responsible in any way for bond repayment, there are no financial statements or

summaries about the Housing Authority or the City that are included as part of the offering document. The offering document includes a paragraph that states that the Housing Authority is a legal entity with the authority to issue multifamily housing bonds and that the Housing Commission acts on behalf of the Housing Authority to issue the bonds. The offering document also includes a paragraph that details that there is no pending or threatened litigation that would affect the validity of the bonds or curtail the ability of the Housing Authority to issue bonds. This is the extent of the disclosure required of the Housing Authority, Housing Commission, or the City. However, it is the obligation of members of the Housing Authority to disclose any material facts known about the project, not available to the general public, which might have an impact on the viability of the project.

## ATTACHMENT 6 - DEVELOPER'S DISCLOSURE STATEMENT

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

1. Name of CONTRACTOR: **Chelsea Investment Corporation**
2. Address and Zip Code: **92011**
3. Telephone Number: **760-456-6000**
4. Name of Principal Contact for CONTRACTOR: **Cheri Hoffman, President**
5. Federal Identification Number or Social Security Number of CONTRACTOR: **90-0151442**
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:  
**Original Formation Date: July 30, 1986, Restructure Date: February 23, 2004**
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: <b>The Schmid Family Trust</b>	<b>Sole Shareholder</b>
Address: <b>6339 Paseo del Lago</b>	
<b>Carlsbad, CA 92011</b>	
Name: <b>James J. Schmid</b>	<b>Co-Trustee</b>
Address: <b>6339 Paseo del Lago</b>	
<b>Carlsbad, CA 92011</b>	
Name: <b>Lynn Harrington Schmid</b>	<b>Co-Trustee</b>
Address: <b>6339 Paseo del Lago</b>	
<b>Carlsbad, CA 92011</b>	

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):

Name and Address	Position Title (if any) and percent of interest or description of character and extent of interest
Name: <b>James J. Schmid</b>	<b>Sole Director/CEO/Treasurer/Co-Trustee of Schmid Family Trust, Sole Shareholder</b>
Address: <b>6339 Paseo del Lago</b>	
<b>Carlsbad, CA 92011</b>	
Name: <b>Cheri Hoffman</b>	<b>President</b>
Address: <b>6339 Paseo del Lago</b>	
<b>Carlsbad, CA 92011</b>	
Name: <b>Charles S. Schmid</b>	<b>Vice President (son of James J. Schmid)</b>
Address: <b>6339 Paseo Del Lago</b>	
<b>Carlsbad, CA 92011</b>	

Name: <b>Lynn Harrington Schmid</b>	<b>Secretary (Wife of James J. Schmid and Co-Trustee of the Schmid Family Trust, Sole Shareholder)</b>
Address: <b>6339 Paseo del Lago</b>	
<b>Carlsbad, CA 92011</b>	

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:

<b>Name and Address</b>	<b>Position Title (if any) and percent of interest or description of character and extent of interest</b>
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.

<b>Name and Address</b>	<b>Relationship to CONTRACTOR</b>
Name: Emmerson Construction, Inc	General Contractor/ Construction Management
Address: 6339 Paseo del Lago	
Carlsbad, CA 92011	
Name: CIC Management	Property Management
Address: 6339 Paseo del Lago	
Carlsbad, CA 92011	
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. **Please see Exhibit B**
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:

**Sources**

Federal LIHTC Equity	42%	14,167,135
State LIHTC Equity	4%	1,346,198
Solar Equity	0%	125,970
Perm Loan (Tranche A)	31%	10,480,000
Land Donation	0%	1
Deferred Developer Fee	6%	2,017,561
Master Developer/Seller Offsite Allocation Note	✓ \$65,000/unit	5,265,000
Contributed Fee	0%	
Master Developer Gap Financing	✓ \$0/unit	0
Residual Receipt Loans Accrued Interest	1%	197,438
<b>Total Development Sources</b>	<b>100%</b>	<b><u>33,599,302</u></b>

16. Provide sources and amount of cash available to CONTRACTOR to meet equity requirements of the proposed undertaking:

- a. In banks/savings and loans: *equity will be provided by tax credit investor*  
Name: **TBD**  
Address:  
Amount: \$

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

Name:

Address:

Amount: \$

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

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

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

Name and Address	Contact Name
Name: Citi Community Capital	Sonia Rahm, Director
Address: 444 South Flower St, 29 <sup>th</sup> Floor	
Los Angeles, CA 90071	
Name: <b>Banner Bank</b>	Waheed Karim, Vice President
Address: <b>5901 Priestly Drive, Suite 160</b>	
<b>Carlsbad, CA 92008</b>	
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

☒ 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

☒ 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: **See Exhibit C Experience Report**

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:

Name and Address	Affiliation
Name: Emmerson Construction, Inc	Affiliate
Address: 6339 Paseo del Lago	
Carlsbad, CA 92011	
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 ☒ 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: **\$256,170,228**

General description of such work: **Construction of multifamily affordable housing projects, servings seniors, families and special needs populations.**

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)

<b>Project Name</b>	<b>See Exhibit C Resumes and Lists of Projects</b>	
<b>Project Owner Contact Information</b>		
	<b>Name</b>	<b>Address</b>
<b>Project Location</b>		
<b>Project Details</b>		
<b>Bonding Company Involved</b>		
	<b>Name</b>	<b>Amount of Contract</b>
<b>Change Order Details</b>		
<b>Change Order Cost</b>		
<b>Litigation Details</b>		
	<b>Location/Date</b>	<b>Outcome Details</b>

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

Identification of Contract or Development	Location	Amount	Date to be Completed

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

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:

**Please see Exhibit C Resumes and Lists of Projects**

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 ☒ 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:

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

☐ Yes ☒ 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:

**The project will have adequate insurance coverage at commencement of construction. Broker is Cavnac & Associates, 450 B Street, Suite 1800, San Diego, CA 92101**

- 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:

- ☐ Comprehensive Form
- ☐ Premises - Operations
- ☐ Explosion and Collapse Hazard
- ☐ Underground Hazard
- ☐ Products/Completed Operations Hazard
- ☐ Contractual Insurance
- ☐ Broad Form Property Damage
- ☐ Independent Contractors
- ☐ 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)]
- d. Professional Liability (Errors and Omissions) [Attach certificate of insurance showing the amount of coverage and coverage period(s)]
- 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
NA				

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 ☒ 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)
State License Board	Contractor's License for Emmerson Construction, Inc.	775773	3/2/2000	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.

None

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:

Date	Entity Involved (i.e. City SDHC, etc)	Status (Current, delinquent, repaid, etc.)	Dollar Amount
2016	Mesa Verde	Current	\$9,600,000
2017	Normal Heights	Current	\$5,200,000
2018	San Ysidro/ Paseo La Paz	Current	\$925,000
2019	14 <sup>th</sup> & Commercial	Current	\$11,500,000

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 ☒ 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 ☒ No

If yes, explain:

38. List three local references that would be familiar with your previous construction project: **See Exhibit C References**

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.

Name	Experience
TBD	

\_\_\_\_\_

12



## CERTIFICATION

The CONTRACTOR, Chelsea Investment Corp., 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: Cheri Hoffman By: \_\_\_\_\_  
Title: President Title: \_\_\_\_\_  
Dated: 12/21/2021 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 San Diego

Subscribed and sworn to (or affirmed) before me on this 21<sup>st</sup> day of December, 2021

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



Cheryl Ann Moulton  
Signature of Notary

SEAL

**CHELSEA INVESTMENT CORPORATION**

**CONFIDENTIAL FINANCIALS**

**UNDER SEPARATE COVER**

25789

**ARTICLES OF INCORPORATION  
OF  
CHELSEA SERVICE CORPORATION**

**FILED**  
In the office of the Secretary of State  
of the State of California

FEB 23 2004

*Kevin Shelley*  
KEVIN SHELLEY, Secretary of State

I

The name of this corporation is Chelsea Service Corporation.

II

The purpose of the corporation is to engage in any lawful act or activity for which a corporation may be organized under the General Corporation Law of California other than the banking business, the trust company business or the practice of a profession permitted to be incorporated by the California Corporations Code.

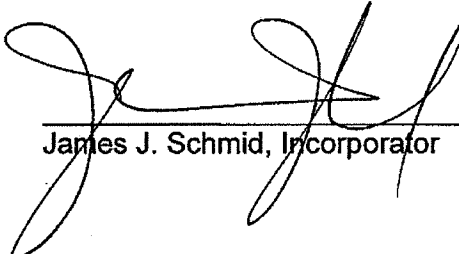
III

The name and address in the State of California of this corporation's initial agent for service of process is James J. Schmid, 215 South Highway 101, Suite 200, Solana Beach, California 92075.

IV

This corporation is authorized to issue only one class of shares of stock; and the total number of shares this corporation is authorized to issue is 1,000.

Dated: February 18, 2004

  
James J. Schmid, Incorporator



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 12 2019

Date: \_\_\_\_\_ *ms*

*Alex Padilla*

ALEX PADILLA, Secretary of State

NO

2578911

A0638595

**FILED**  
in the office of the Secretary of State  
of the State of California

JAN 1 2006

**CERTIFICATE OF RESTATED AND AMENDED  
ARTICLES OF INCORPORATION  
OF CHELSEA SERVICE CORPORATION**

James J. Schmid and Lynn Harrington- Schmid certify that:

1. They are the President and the Secretary, respectively, of Chelsea Service Corporation, a California corporation.
2. The articles of incorporation of the corporation are amended and restated to read in their entirety as follows:

I

The name of this corporation is Chelsea Investment Corporation.

II

The purpose of this corporation is to engage in any lawful act or activity for which a corporation may be organized under the General Corporation Law of California other than the banking business, the trust company, business or the practice of a profession permitted to be incorporated by the California Corporations Code.

III

This corporation is authorized to issue only one class of shares of stock; and the total number of shares, which this corporation is authorized to issue, is 1,000.

IV

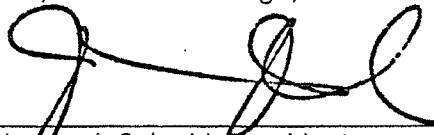
The Corporation is authorized to provide indemnification of agents (as the word "agents" is defined in Section 317 of the California Corporations Code) through bylaw provisions, agreements with the agents, vote of shareholders or disinterested directors, or otherwise, in excess of the indemnification otherwise permitted by Section 317 of the California Corporations Code, subject only to the limits set forth in Section 204 of the California Corporations Code with respect to actions for breach of duty to the Corporation or its shareholders.

3. This Certificate, restating and amending the articles of incorporation, has been approved by the Board of Directors.
4. The amendment was approved by the required vote of the shareholders in accordance with Section 902 of the Corporations Code. The corporation has only one class of shares and the number of outstanding shares is 100. The number of shares

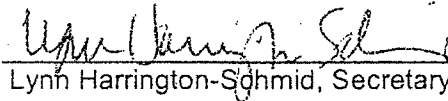
voting in favor of the amendment equaled or exceeded the vote required. The percentage vote required was more than 50%.

We declare under penalty of perjury under the laws of the State of California that the statements set forth in this certificate are true and correct of our own knowledge and that this declaration was executed on December 27, 2005 at San Diego, California.

Dated: December 27, 2005



James J. Schmid, President



Lynn Harrington-Schmid, Secretary



I hereby certify that the foregoing  
transcript of 2 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 12 2019

Date: \_\_\_\_\_

*Alex Padilla*

ALEX PADILLA, Secretary of State