

Board of Directors

Ann Bailey, Chair
Emily Baime Michaels, Vice-Chair
Nick Avdis, Member
Jose Bodipo-Memba, Member
Bob Lagomarsino, Member
Tara Gandara, Board Secretary

CADA/CACDC Administration

VACANT, Executive Director (CADA)/President (CACDC)
Marc de la Vergne, Interim Executive Director (CADA)/Interim President (CACDC)/Deputy Executive Director (CADA)/Vice President (CACDC)
Noelle Mussen, Finance Director (CADA)/Chief Financial Officer (CACDC)
Tom Kigar, Special Projects Director
Todd Leon, Development Director

Legal Counsel

Jeff Mitchell
Kronick, Moskovitz, Tiedemann & Girard

Phone: (916) 322-2114
Web: www.cadanet.org

AGENDA REGULAR MEETING

**THE CAPITOL AREA DEVELOPMENT
AUTHORITY AND THE CAPITOL AREA
COMMUNITY DEVELOPMENT CORPORATION
BOARD OF DIRECTORS**

**FRIDAY, JANUARY 20TH, 2023
10:00 A.M.**

**CADA ADMINISTRATIVE OFFICE
1522 14TH STREET, SACRAMENTO, CA 95814**

**The Board and Members of the Public are
invited to participate via ZOOM or in person.**

To join via Zoom:

Go to: <https://zoom.us/join>
Or join by phone: (669) 900-9128 (Pacific Coast)
Find your local number:
<https://us02web.zoom.us/j/kcoHLfF55h>
Meeting ID: 896 0130 4773
Request Password (prior to start of meeting):
tgandara@cadanet.org



1. Roll Call

2. Approval of Minutes: December 16, 2022 [CADA/CACDC]

3. Chair’s Oral Report

- Resolution honoring Tom Kigar on his retirement.

4. Executive Director/President’s Oral Report

5. [CADA] Audited Financial Statements – Fiscal Year 2021-2022

Recommended Action: Adopt resolutions accepting and releasing financial reports audited by CohnReznick LLP.

Contact: Noelle Mussen, Finance Director

6. [CACDC] Resolution Granting Contracting Authority To CACDC President

Recommended Action: Adopt a resolution granting contracting authority to the President.

Contacts: Todd Leon, Development Director [CADA]
Marc de la Vergne, Interim President [CACDC]

7. [CADA/CACDC] Sonrisa Affordable Housing Project - Loan

Recommended Action: Staff recommends the CADA Board of Directors and the CACDC Board of Directors adopt a joint resolution authorizing i) CADA to make a loan to CACDC sufficient to fund further electrical construction related to the HVAC system and authorizing an amendment to the CADA budget sufficient to fund the loan, and ii) authorizing the CACDC President to accept the loan.

Contacts: Renee Funston, Development Manager [CADA]
Tom Kigar, Special Projects Director [CADA]
Marc de la Vergne, Interim Executive Director [CADA], Interim President [CACDC]

8. [CADA] Authorization of Teleconference Meetings of CADA Legislative Bodies Pursuant to the Ralph M. Brown Act

Recommended Action: Adopt a resolution Ratifying the Proclamation of a State of Emergency by Governor Gavin Newsom (March 4, 2020) as Applicable in CADA's Jurisdiction and Authorizing Teleconference Meetings of CADA Legislative Bodies Pursuant to the Ralph M. Brown Act.

Contact: Tara Gandara, Contracts and Office Manager/ Board Secretary [CADA]

9. [CADA] CLOSED SESSION

A. CONFERENCE WITH REAL ESTATE NEGOTIATORS (Pursuant to Government Code Section 54956.8 (a))

APN: 006-0206-023

Under negotiation: Price and terms of payment

Party to negotiations: Marc de la Vergne, Interim Executive Director

Todd Leon, Development Director

Rick Bowles, Attorney

10. Oral Staff Reports/Updates

- A. Downtown Sacramento Partnership: See Agenda Item 6
- B. Downtown Sacramento Revitalization Corporation: See Agenda Item 6
- C. Midtown Association: See Agenda Item 6
- D. O Street Streetscape (7th – 17th Streets)
- E. Energy Conservation
- F. Other Neighborhood Improvements
- G. 10th Street Commercial
- H. 1322 O Street – Sonrisa
- I. 14th & N – The Cypress
- J. 1717 S Street – ARY Place
- K. 2000 16th Street
- L. 805 R Street
- M. R Street Partnership

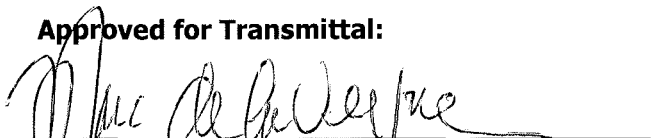
11. Transmittals

- A. Ombudsman Report: December 2022
- B. Apartment Status Report: December 2022
- C. Affordable Housing Report: December 2022
- D. Commercial Leases/Vacancies: January 2023
- E. CADA Neighborhood Incident Report: December 2022
- F. Contracts Log: January 2023
- G. Financial Report: December 2022
- H. City Treasurer Monthly Investment Report: November 2022

12. Opportunity for the Public to Address the Board Regarding Matters Not on the Agenda

13. Adjournment

Approved for Transmittal:



Marc de la Vergne, Interim Executive Director

NOTE: THE BOARD MAY TAKE ACTION ON ANY MATTER LISTED ON THE AGENDA. ADDITIONALLY, THE BOARD MAY TAKE ACTION ON ANY MATTER NOT LISTED ON THE AGENDA TO THE EXTENT PERMITTED BY APPLICABLE LAW.

PURSUANT TO STATE AND FEDERAL LAW, IF YOU HAVE A REQUEST FOR A DISABILITY-RELATED MODIFICATION OR ACCOMMODATION IN ORDER TO ASSIST YOU IN PARTICIPATING IN THE MEETING, PLEASE CONTACT TARA GANDARA, BOARD SECRETARY AT (916) 322-2114 TO MAKE SUCH A REQUEST. IN ORDER TO ALLOW ADEQUATE TIME TO ACCOMMODATE ANY REQUESTS, CADA ASKS THAT THE REQUEST BE MADE AT LEAST 24 HOURS PRIOR TO THE MEETING.

**MINUTES
OF
REGULAR BOARD MEETING**

**BOARD OF DIRECTORS
CAPITOL AREA DEVELOPMENT AUTHORITY
CAPITOL AREA COMMUNITY DEVELOPMENT CORPORATION**

December 16, 2022

ITEM 1 – ROLL CALL

Chair Bailey called the Board Meeting of the CADA Board of Directors and the CACDC to order at 10:05 a.m. at 1522 14th Street, Sacramento, CA 95814 and via public video conference.

Present: Avdis, Bodipo-Memba, Lagomarsino, Bailey
Absent: Baime Michaels

ITEM 2 – APPROVAL OF MINUTES: October 14, 2022 [CADA/CACDC]

Member Lagomarsino moved approval of the October 14, 2022 CADA Board Meeting minutes and CACDC Board Meeting minutes. Member Avdis seconded the motion.

AYES: Avdis, Bodipo-Memba, Lagomarsino, Bailey
NOES: None

ITEM 3 – CHAIR’S ORAL REPORT

Chair Bailey recognized Wendy Saunders upon her retirement as the Executive Director of CADA.

ITEM 4 –ELECTION OF VICE-CHAIR

Member Lagomarsino stated that he and Chair Bailey discussed the Vice-Chair position. Traditionally the Chair is one of the state appointees and the Vice-Chair is one of the city appointees. Member Lagomarsino has held the position for a number of years, and is now the Board appointee. He has nominated Member Baime Michaels as the new Vice-Chair. The Board concurred and supported member Lagomarsino’s recommendation.

ITEM 5 – 2023 BOARD COMMITTEE APPOINTMENTS

Chair Bailey proposed that the appointments of CADA’s Committee members remain the same with Nick Avdis and Emily Baime Michaels on Development and Construction, Ann Bailey and Bob Lagomarsino on Operations, and Ann Bailey and Bob Lagomarsino on Neighborhood and Development. The Board concurred.

ITEM 6 – EXECUTIVE DIRECTOR’S ORAL REPORT/PRESIDENT’S ORAL REPORT

Wendy Saunders reported the following:

- The construction has started at Cypress. The issue regarding the right of entry permit has been resolved. There will be a tour of Sonrisa later on today.

ITEM 7 – [CADA] FY 2022/2023 MID-YEAR BUDGET REVISIONS OF THE GENERAL OPERATIONS BUDGET AND CAPITAL INVESTMENT PROGRAM BUDGETS, INCLUDING ASSESSMENT OF FUND BALANCES

Recommended Action: Adopt a resolution approving mid-year revisions to the General Operations Budget and the Capital Investment Program Budgets

Contact: Noelle Mussen, Finance Director

Chair Baily wondered if the increase to the extra space from the R Street property would be an ongoing lease. Ms. Mussen and Mr. de la Vergne verified that the lease would be ongoing.

No public comments.

Member Avdis moved approval of Resolutions 22-40 [CADA] attached hereto and incorporated herein. Member Bodipo-Memba seconded the motion.

AYES: Avdis, Bodipo-Memba, Lagomarsino, Bailey
NOES: None

ITEM 8 [CADA] FIVE-YEAR CAPITAL IMPROVEMENT (CIP) MID-YEAR REPORT

Recommended Action: Review and Comment.

Contact: Frank Czajka, Construction Manager

Board Comments Member Lagomarsino commented on the new computerized maintenance management system. Mr. Czajka commented the software will be general to start. Member Lagomarsino inquired about the balconies being up to code. Mr. Czajka explained that the balconies are up to code. Member Bodipo-Memba inquired about the new computerized maintenance management system. Russ explained that the new management system should be in by end of fiscal year.

No public comments.

ITEM 9 [CADA/CACDC] SONRISA AFFORDABLE HOUSING PROJECT AT 1322 O STREET – VARIOUS LOANS, BUDGET AMENDMENT, AND PROJECT STATUS

Member Lagomarsino recused himself at 10:36am due to a conflict of interest.

Recommended Action: Approve various agreements and authorize any and all actions necessary to close on a CADA loan for a supplemental bond allocation made to 1322 O St Investors LP ("the LP") for construction of the Sonrisa project at 1322 O Street, and a loan from CADA to the CACDC to provide additional gap financing to the project.

[CADA]

1. Provide a gap financing unsecured loan to the CACDC for the CACDC's use as an advance to the LP for additional construction costs in an amount not to exceed \$1.4 million.
2. Approve a mid-year budget amendment for up to \$1.4 million to fund CADA Loan to the CACDC.
3. Take any and all actions on behalf of CADA to close on the gap loan to the CACDC, including execution of all necessary documents, including a Promissory Note and Loan Agreement.

[CACDC]

Adopt a corporate resolution authorizing the President to:

1. Execute a Promissory Note in favor of CADA for a non-secured loan ("CADA Loan") of up to \$1.4 million to cover additional construction costs to the LP.
2. Provide up to \$1.4M to the LP as an advance under the terms of the Amended and Restated Partnership Agreement to provide additional construction funds.
3. Execute loan documents as the managing general partner of the LP for an additional tax-exempt construction loan of \$1,035,237 to the LP to cover additional construction costs.
4. Take any and all actions on behalf of the Partnership to close on the additional financing for the project, including execution of all necessary documents for the additional project loans and advances.

Chair Bailey asked if the SETA services are available to people that are not Sonrisa residents. Mr. Kigar confirmed that they are. Member Lagomarsino inquired about the tax credit collector. Mr. Kigar commented that CADA would be validated by a third party. Member Avdis commented that the tax credit collector has agreed to

the process. Member Lagomarsino inquired if the validation to the cost, by the third party, is to occur at a later time. Member Avdis explained that it would occur at a later time. Mr. Kigar explained that the payment to the tax collector will be coming between April and June. Member Lagomarsino commented about the third party. Mr. Kigar explained that most likely the tax credit collector will choose the third party. Member Lagomarsino inquired about the supply chain issues. Mr. Kigar explained the COP Panels were held up at the border, due to a trucker strike. Mr. Kigar commented about issues with 58 refrigerators that had to be replaced. Ms. Saunders commented if you don't get leased up on time, there is a potential fallback on tax credit funds. Member Lagomarsino commented that as insurance to the current potential renters falling out from signing a lease, there will be a new process that will have potential renters sign a waiting list, and then pre-screening can be done while on the waiting-list.

No public comments.

Member Avdis moved approval of Resolutions 22-41 [CADA] and Resolution 22-04 [CACDC] attached hereto and incorporated herein. Member Bodipo-Memba seconded the motion.

AYES: Avdis, Bodipo-Memba, Bailey
ABSTAIN: Lagomarsino
NOES: None

Member Lagomarsino rejoined the meeting at 10:55am.

[CADA] CONSENT CALENDAR - ITEMS 10 - 13

ITEM 10 – FY WASTE MANAGEMENT CONTRACT

ITEM 11 – EMPLOYEE HANDBOOK

ITEM 12 – 2023 BOARD MEETINGS AND COMMITTEE MEETINGS SCHEDULES

**ITEM 13 – AUTHORIZATION OF TELECONFERENCE MEETINGS OF CADA LEGISLATIVE BODIES
PURSUANT TO THE RALPH M. BROWN ACT**

Chair Bailey asked if there were any Board members who desired Items 10 through 13 to be taken off the Consent Calendar. None wished to do so.

Member Lagomarsino moved approval of Resolution 22-42 (Item 10), Resolution 22-43 (Item 11), Resolution 22-45 (Item 12), and Resolution 22-46 (Item 13) attached hereto and incorporated herein. Member Avdis seconded the motion.

AYES: Avdis, Bodipo-Memba, Lagomarsino, Bailey
NOES: None

ITEM 14 [CADA] CLOSED SESSION

A. PUBLIC EMPLOYMENT APPOINTMENT (Pursuant to Government Code Section 54957)

Title: Executive Director

Chair Bailey reported that there was Board discussion which is referenced in item 15.

ITEM 15 [CADA] APPOINTMENT OF EXECUTIVE DIRECTOR AND APPROVAL OF COMPENSATION

The Board has agreed to confirm the appointment of Danielle Foster as the new Executive Director for CADA effective February 1, 2023. Compensation will be \$181,000 per year. She will receive the same benefits as all CADA employees with the exception that she will begin with two weeks of sick leave and two weeks of vacation. Member Avdis moved approval of the appointment and Member Bodipo-Memba seconded the motion.

AYES: Avdis, Bodipo-Memba, Lagomarsino, Bailey
NOES: None

ITEM 16 [CADA/CACDC] APPOINTMENT OF INTERIM CADA EXECUTIVE DIRECTOR AND INTERIM CACDC PRESIDENT

Recommended Actions:

CADA: Adopt a resolution entitled "Appointment of Interim Executive Director" which authorizes the appointment of Marc de la Vergne as Interim President effective December 30, 2022.

CACDC: Adopt a resolution appointing Marc de la Vergne as Interim President effective December 30, 2022.

No Board Comments.

No public comments.

Member Lagomarsino moved approval of Resolutions 22-47 [CADA] and Resolution 22-05 [CACDC] attached hereto and incorporated herein. Member Avdis seconded the motion.

AYES: Avdis, Bodipo-Memba, Lagomarsino, Bailey
NOES: None

ITEM 17 [CADA] APPOINTMENT OF RETIRED ANNUITANT

Recommended Action: Adopt a resolution entitled "Retired Annuitant Appointment" which authorizes the appointment of Wendy Saunders as a Retired Annuitant effective on or around January 1, 2023

Contact: Jill Azevedo, Human Resources & Risk Manager

No Board Comments.

No public comments.

Member Avdis moved approval of Resolution 22-48 [CADA] attached hereto and incorporated herein. Member Lagomarsino seconded the motion.

AYES: Avdis, Bodipo-Memba, Lagomarsino, Bailey
NOES: None

ITEM 18 - ORAL STAFF REPORTS/UPDATES

- A. Downtown Sacramento Partnership: Ms. Saunders reported that there are no updates since the last meeting.
- B. Downtown Sacramento Revitalization Corporation: Ms. Saunders reported that there are no updates since the last meeting.
- C. Midtown Association: Ms. Saunders reported that there are no updates since the last meeting.
- D. O Street Streetscape (7th – 17th Streets): Mr. de la Vergne reported that he submitted a grant application for over a million dollars to the DGS water conservation fund. We were invited to apply, but now there are funding concerns. The design work to reconstruct 14th Street and O Street is continuing.
- E. Energy Conservation: Mr. de la Vergne reported that Frank covered everything item 8.
- F. Other Neighborhood Improvements:
 - 16th Street: Mr. de la Vergne reported that Wood Rogers was hired to design an outdoor seating platform on 16th Street for Karma Brew. This will be under the city's Al Fresco Program. Member Avdis inquired about the Al Fresco program. Mr. de la Vergne explained that it was designed to make permanent the

Ad-hoc approach during COVID to allow business owners to have outdoor seating. The city hired an engineering firm to create a series of five design templates to fit a series of common circumstances in the central city. CADA has taken one of the five templates and dropped it into a previously created base drawing to adjust it for city approval. This is a further implementation of the 16th Street streetscape plan that the Board approved years ago. This is the implementation of the goal to activate the public space on 16th Street. We have had some commercial turnover farther up on 16th Street, and one of the tenants that wants to come in would like to have some outdoor seating as well. Member Lagomarsino inquired if Mr. de la Vergne was referring to both east and west sides of 16th Street. Mr. de la Vergne explained Karma Brew is on the west side, and the new tenants that he referenced are on the 1400 block also on the west side. Member Lagomarsino inquired about the impact on parking and sidewalks as a result of the Al Fresco program. Mr. de la Vergne stated that it would depend on the template selected. In some cases, the seating will span from the building façade to the curb, and in other cases it would span from the façade all the way out into the parking spaces. The Karma Brew frontage will be one of the designs that takes over several of the parking spaces. Karma Brew will retain the additional seating on P Street, and Wood Rodgers will assist with the redesign to meet city requirements.

- 16th and T Streets: There is an architect on board to start the initial concept. A Board item will be added next month to allow the CACDC President to approve small contracts. This was a small oversight to not have it in place for the President to do. This will allow things to be completed more quickly especially during predevelopment, and it will avoid overburdening the Board with all of these smaller contracts. We have signed a contract with Kuchman Architects to begin preliminary work and have some discussions with the city regarding the entitlement process. The larger parcel is currently a C2 zone and two R1 zones. CADA would like to figure out a way to get it entitled without having to rezone those two parcels.
- 805 R Street: Currently in the funding application process. The team has applied to GreenMeansGo through SACOG (Sacramento Area Council of Governments) which is a smaller financial grant program focused on reducing carbon footprints in affordable housing. A second application was submitted last night for ten million dollars to the Local Government Matching Grants Program (LGMG) which is funded by HCD (California Department of Housing and Community Development) and DGS (Department of General Services) for affordable housing on state-owned land. CADA also plans to apply for the mixed income program through CalHFA (California Housing Finance Agency). This is a pool of funds that the tax credit and bond program sets aside for projects that are given funds through CalHFA. The program was pushed out until February, which means the start of construction will be pushed from October until December 2023 or January 2024.
- R Street Partnership: Mr. Leon reported that the annual meeting occurred a few weeks ago. The former Board Chair, Jessa Berkey, resigned and, as Vice-Chair, Mr. Leon is now the Chair on their Board.

G. 10th Street Commercial: Marc de la Vergne reported that most of the soft scape is done, all of the hard scape is done, and there is an order in for lunch counters on 10th Street. The soft scape and hard scape are done in front of the commercial space on 11th & P Streets, and CADA is currently in a design process for a seating area with metal fencing around it to protect the diners.

H. 1322 O Street - Sonrisa: Reported on in Agenda Item 9.

I. 14th & N – The Cypress: No report.

J. 1717 S Street– ARY Place: Mr. Leon reported construction and supply chain issues, and explained that CFY Development is very good at finding solutions to the issues. Elevators are the major issue now. Some issues with another supplier out of Mexico. Received shipment that was missing items. The transformer from SMUD was received, and the SMUD room was finalized. End of the year deadline for occupancy has been pushed to the end of March. Commercial windows should be placed within the next three to four weeks. Regarding the commercial spaces, Mr. Leon is hopeful to have two leases signed by the end of the year, and another LOI (letter of intent) that should be signed within the next few days.

ITEM 19 – TRANSMITTALS

Received as transmitted.

ITEM 20 – OPPORTUNITY FOR THE PUBLIC TO ADDRESS THE BOARD REGARDING MATTERS NOT ON THE AGENDA

None.

ITEM 21 – ADJOURNMENT

The meeting adjourned at **11:37** a.m.

Tara Gandara
Secretary to the Board of Directors

RESOLUTION NO. 22 - 40

Adopted by the Capitol Area Development Authority

December 16, 2022

**RESOLUTION ADOPTING THE FISCAL YEAR 2022 -2023
MID-YEAR REVISION TO THE GENERAL OPERATIONS BUDGET AND
CAPITAL INVESTMENT PROGRAM (CIP) BUDGETS**

WHEREAS, the FY 2022-2023 General Operations Budget and Capital Investment Program Budgets are prepared in accordance with the business development goals set forth in the Authority's Strategic Plan and the Annual Business Plan for FY 2022-2023 and were adopted at the June 2022 Board Meeting; and

WHEREAS, the Mid-Year Revisions recommended for adoption have been presented and reviewed at this meeting of the Board of Directors.

NOW, THEREFORE, BE IT RESOLVED, by the Board of Directors of the Capitol Area Development Authority that the Mid-Year Revisions that affect the following changes, as presented at this meeting, are hereby adopted:

- Revise the FY 22-23 General Operations Budget to effect a net increase of \$4,067,111. This net increase is the result of tax increment received but not utilized in the prior year, adjustments to revenue, and proceeds from the sale of property. This revision is proposed to fund increases for CIP budgets, reserve contributions, and general expense accounts.
- Revise Development CIP Budgets to
 - Increase the FY 18-19 Budget by \$69,000
- Revise Major Construction CIP Budgets to
 - Increase the FY 22-23 Budget by \$244,000
- Revise Reserves to
 - Increase the Development Reserve by \$623,911
 - Increase the Debt Retirement Reserve for Somerset Parkside and Biele Place Special Management properties by \$324,000
 - Increase the Acquisition Reserve by \$2,632,000



Ann Bailey, Chair

ATTEST:



Tara Gandara
Secretary to the Board of Directors

RESOLUTION NO. 22 - 41

December 16, 2022

Adopted by the Capitol Area Development Authority

RESOLUTION APPROVING EXECUTION OF A CADA LOAN, APPROVAL OF A MID-YEAR BUDGET AMENDMENT, AND AUTHORIZATION TO TAKE ANY AND ALL ACTIONS TO EXECUTE DOCUMENTS TO CLOSE FINANCING ON THE CADA LOAN FOR THE SONRISA 1322 O STREET AFFORDABLE HOUSING PROJECT

WHEREAS, Development costs increased by an estimated \$1,358,426 from \$21,356,056 to \$22,714,482; and

WHEREAS, on July 20, 2022, the California Debt Limit Allocation Committee (CDLAC) awarded \$1,035,237 in supplemental tax-exempt bonds; and

WHEREAS, the equity pay-in of \$3,650,434 from the Tax Credit Investor to cover the increase costs will not occur until sometime between April and June 2023 and CADA is being requested to loan up to \$1.4 million ("CADA Loan") to the CACDC to cover this shortfall.

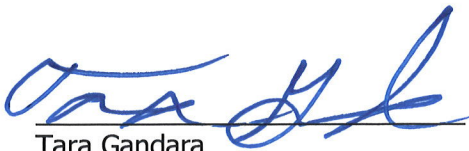
WHEREAS, the making of a CADA loan may require modifications to the terms of the CADA Loan agreement.

NOW, THEREFORE, BE IT RESOLVED, by the Board of Directors of the Capitol Area Development Authority that

1. The FY 22-23 CADA budget is amended to include up to \$1.4 million in funds to provide a loan to the 1322 O Street Investors LP limited partnership; and
2. The Executive Director of CADA is authorized to take any and all actions on behalf of CADA to close on financing for the project, including execution of all necessary documents and project loans.


Ann Bailey, Chair

ATTEST:


Tara Gandara
Secretary to the Board of Directors

RESOLUTION NO. 22 – 04



**Corporate Resolution
of
Capitol Area Community Development Corporation**

The undersigned being the Secretary of Capitol Area Community Development Corporation, a California non-profit public benefit corporation (the “**Corporation**” or “**CACDC**”) does hereby certify that by unanimous consent of the board of directors of the Corporation the following resolutions were adopted:

WHEREAS, the Corporation currently acts as the managing general partner (the “**Managing General Partner**”) of 1322 O St Investors LP, a California limited partnership (the “**Partnership**”), pursuant to that certain Amended and Restated Agreement of Limited Partnership of the Partnership dated as of June 1, 2021 (the “**Partnership Agreement**”);

WHEREAS, the Partnership is the owner of an affordable housing development to be constructed in Sacramento, California to be known as 1322 O Street Apartments (the “**Project**”);

WHEREAS, the Partnership obtained construction financing for the Project consisting of a loan from JPMorgan Chase Bank, N.A., a national banking association (“**Chase**” in an aggregate amount not to exceed \$15,455,254.00 (the “**Construction Loan**”), which loan consists of a tax exempt loan of up to \$10,305,237.00 (the “**Funding Loan**”) from Chase to California Housing Finance Agency (in its capacity as governmental lender, “**Issuer**” or the “**Governmental Lender**”), the proceeds of which were used to fund a loan from Issuer to the Partnership for Project financing in the amount of the Funding Loan (the “**Tax-Exempt Construction Loan**”), and (ii) a taxable loan of up to \$5,150,017.00 (the “**Taxable Construction Loan**”) from Chase to the Partnership;

WHEREAS, additional construction financing is now needed for the Project and the Corporation has determined it is in the best interest of the Partnership and the Project for the Partnership to obtained a supplemental tax-exempt construction loan from Chase in an aggregate amount not to exceed \$1,030,524.00 from the proceeds of a supplemental tax exempt loan of up to \$1,030,524.00 (the “**Supplemental Funding Loan**”) from Chase to Issuer, the proceeds of which are to be used to fund a loan from Issuer to the Partnership for Project financing in the amount of the Supplemental Funding Loan (the “**Supplemental Tax-Exempt Construction Loan**”);

WHEREAS, the making of the Supplemental Funding Loan and Supplemental Tax-Exempt Construction Loan may require modifications to the terms of the Tax-Exempt Construction Loan and Taxable Construction Loan;

WHEREAS, the Corporation desires to advance up to \$1,400,000 to the Partnership to pay for additional costs of construction of the Project (the “**Corporation Advance**”);

WHEREAS, in connection with the making of the Supplemental Funding Loan, the Supplemental Tax-Exempt Construction Loan and the Corporation Advance and the modification

of the Tax-Exempt Construction Loan and the Taxable Construction Loan the Partnership and the Corporation shall enter into certain agreements with Governmental Lender and Chase among others (the "**Supplemental Financing Documents**");

WHEREAS, the Corporation wishes to take such actions under the Supplemental Financing Documents as are necessary to cause the Partnership to develop, construct, and operate the Project;

WHEREAS, the Board of Directors of the Corporation, on the Corporation's own behalf and as a general partner of the Partnership, deems it to be in the best interests of the Corporation to take all actions to facilitate (i) the making of the Supplemental Funding Loan and the Supplemental Tax-Exempt Construction Loan, (ii) the making of the Corporation Advance, and (iii) the modification of the Tax-Exempt Construction Loan and the Taxable Construction Loan, including, without limitation, entering into the Supplemental Financing Documents and any and all other agreements with the Chase, Governmental Lender and/or any other person or entity in each case as may be necessary or convenient to cause (i) the making of the Supplemental Funding Loan and the Supplemental Tax-Exempt Construction Loan, (ii) the making of the Corporation Advance, and (iii) the modification of the Tax-Exempt Construction Loan and the Taxable Construction Loan; and

WHEREAS, the Corporation, in its own capacity or as a general partner of the Partnership, wishes to enter into any and all documents, including, without limitation, the Supplemental Financing Documents as may be necessary or convenient to facilitate (i) the making of the Supplemental Funding Loan and the Supplemental Tax-Exempt Construction Loan, (ii) the making of the Corporation Advance, and (iii) the modification of the Tax-Exempt Construction Loan and the Taxable Construction Loan.

NOW, THEREFORE, BE IT RESOLVED that the Corporation is hereby authorized, empowered and directed, for its own account and/or in its capacity as a general partner of the Partnership, to take such actions set forth above, including, but not limited to, execution of the Supplemental Financing Documents to which it and/or the Partnership is a party and take such further actions, and to execute such additional documents and instruments, as the Corporation may deem necessary or appropriate in connection with the matters authorized in the foregoing resolutions, and the signature of any officers of the Corporation (including, but not limited to, Wendy S. Saunders) on any document or instrument, including but not limited to, the Supplemental Financing Documents to which the Corporation and/or the Partnership is a party, or the performance of any such actions, shall be conclusive evidence of the Corporation's authority to take such actions or execute such document or instrument on behalf of the Corporation, for its own account and/or as a general partner of the Partnership;

RESOLVED FURTHER, that Wendy S. Saunders, as President of the Corporation, [and any other officer of the Corporation] each in his/her own name and in the name of and on behalf of the Corporation, for its own account and/or as a general partner of the Partnership, is hereby authorized, empowered and directed, acting alone and without any further approval, to enter into any and all documents, including, without limitation, the Supplemental Financing Documents to which the Corporation or the Partnership is a party, as may be required or requested by the Chase, the Governmental Lender and/or any other person or entity to cause or facilitate (i) the making of

the Supplemental Funding Loan and the Supplemental Tax-Exempt Construction Loan, (ii) the making of the Corporation Advance, and (iii) the modification of the Tax-Exempt Construction Loan and the Taxable Construction Loan;

RESOLVED FURTHER, that any and all resolutions previously adopted by the Corporation regarding the subject matter herein are superseded by the resolutions herein and any and all acts heretofore taken by the Corporation in connection with the matters authorized by the foregoing resolutions or in connection with the transaction described herein are hereby ratified, confirmed, adopted and approved by the board of directors of the Corporation;

RESOLVED FURTHER, that the execution of any and all documents and instruments related to the purposes and intent of the foregoing resolutions by the Corporation shall be conclusive evidence of the approval thereof by the Corporation; and

RESOLVED FURTHER, that any third party receiving a duly executed copy or a facsimile of these resolutions may rely on the foregoing resolutions, unless and until revoked by the board of directors of the Corporation, and that the revocation of the foregoing resolutions shall be ineffective as to such third party unless and until actual notice or knowledge of such revocation shall have been received by such third party.

[Signatures on Following Page]

Ayes: *Avdis, Bodipo-Membay, Bailey*

Noes: *None*

Abstain: *Lagomarsino*

Absent: *Baine Michaels*

Ann Bailey

Ann Bailey, Chair

SECRETARY'S CERTIFICATION

I, Jill Azevedo, the appointed/elected Secretary of the Corporation, hereby certify that the foregoing is a true copy of the resolutions adopted by the unanimous consent of the Board of Directors of the Corporation without a formal meeting, and that said resolutions are in full force and effect; and the Board has, and at the time of the adoption of the resolutions had, full power and authority to adopt said resolutions.

Jill Azevedo

Name: Jill Azevedo
Title: Secretary

12-16-22

Date

RESOLUTION NO. 22 - 42

Adopted by the Capitol Area Development Authority

December 16, 2022

**RESOLUTION AWARDING A
WASTE REMOVAL SERVICE CONTRACT
TO REPUBLIC SERVICES OF SACRAMENTO**

BE IT RESOLVED by the Capitol Area Development Authority that:

The Executive Director is hereby authorized on behalf of the Authority to enter into a Waste Removal Service contract for five (5) months with Republic Services of Sacramento with the option to extend the contract for four (4) one (1) year terms.

The total compensation payable under the first year of the contract shall not exceed One Hundred Fifty Thousand Dollars (\$150,000). Rate increases provided for under the contract shall not exceed 5% per year.


Ann Bailey, Chair

ATTEST:



Tara Gandara
Secretary to the Board of Directors

RESOLUTION NO. 22 - 43

Adopted by the Capitol Area Development Authority

December 16, 2022

RESOLUTION ADOPTING THE EMPLOYEE HANDBOOK

WHEREAS, at the December 16, 2022 Board Meeting, staff presented the CADA Board of Directors ("Board") with proposed revisions to the CADA Employee Handbook ("the Handbook") for Board approval; and

WHEREAS, the Board has considered staff's recommendation to adopt the revisions to the Handbook; and

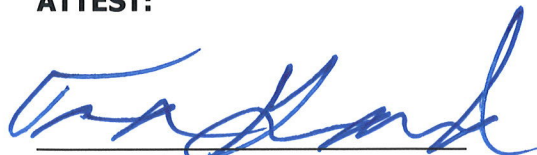
WHEREAS, on December 16, 2022, the Board adopted the new Handbook.

NOW, THEREFORE, BE IT RESOLVED, by the Capitol Area Development Authority as follows:

1. That the draft Handbook dated January 1, 2023, is hereby adopted as the Employee Handbook.
2. That the draft Handbook dated January 1, 2023, supersedes all previous Handbooks adopted by the Board.
3. That the draft Handbook dated January 1, 2023, shall be effective January 1, 2023.


Ann Bailey, Chair

ATTEST:



Tara Gandara
Secretary to the Board of Directors

RESOLUTION NO. 22 – 44

Adopted by the Capitol Area Development Authority

December 16, 2022

RESOLUTION ADOPTING THE 2023 COMMITTEE MEETINGS SCHEDULE

WHEREAS, the Board of Directors for the Capitol Area Development Authority will hold regular committee meetings during the calendar year 2023; and

WHEREAS, the meeting schedule has been established for the purpose of establishing when these meetings will occur.

NOW, THEREFORE, BE IT RESOLVED, by the Capitol Area Development Authority, that the Regular Committee Meetings Schedule for 2023 is as follows:

Operations Committee: 2:00 p.m.
Neighborhood Development Committee: 3:00 p.m.

Tuesday, January 17th
Tuesday, February 14th
Tuesday, March 14th
Tuesday, April 11th
Tuesday, May 16th
Tuesday, June 27th
July --- NO MEETING
Tuesday, August 15th
Tuesday, September 12th
Tuesday, October 24th
November --- NO MEETING
Tuesday, December 5th

Development and Construction Committee: 9:30 a.m.

Wednesday, January 18th
Wednesday, February 15th
Wednesday, March 15th
Wednesday, April 12th
Wednesday, May 17th
Wednesday, June 28th
July --- NO MEETING
Wednesday, August 16th
Wednesday, September 13th
Wednesday, October 25th
November --- NO MEETING
Wednesday, December 6th

All meetings of the CADA Board of Directors are publicly announced and open to the public in accordance with the Ralph M. Brown Act.

The regular committee meetings will take place at the CADA Administrative Office, 1522 14th Street, Sacramento, CA at the designated times set forth above unless otherwise announced.

ATTEST:


Tara Gandara
Secretary to the Board of Directors


Ann Bailey, Chair

RESOLUTION NO. 22 - 45

Adopted by the Capitol Area Development Authority

December 16, 2021

RESOLUTION ADOPTING THE 2023 BOARD MEETINGS SCHEDULE

WHEREAS, the Board of Directors for the Capitol Area Development Authority will hold regular Board meetings during the calendar year 2023; and

WHEREAS, the Board of Directors must establish when these meetings will occur.

NOW, THEREFORE, BE IT RESOLVED, by the Capitol Area Development Authority, that the Regular Board Meeting Schedule for 2023 is as follows:

Friday, January 20th
Friday, February 17th
Friday, March 17th
Friday, April 14th
Friday, May 19th
Friday, June 30th
July---NO MEETING
Friday, August 18th
Friday, September 15th
Friday, October 27th
November ---NO MEETING
Friday, December 8th

All meetings of the CADA Board of Directors are publicly announced and open to the public in accordance with the Ralph M. Brown Act.

The regular Board meetings will take place at the CADA Administrative Office, 1522 14th Street, Sacramento, CA beginning at 10:00 a.m. unless otherwise announced.

ATTEST:



Tara Gandara
Secretary to the Board of Directors


Ann Bailey, Chair

RESOLUTION NO. 22 - 46

RESOLUTION OF THE BOARD OF DIRECTORS OF THE CAPITOL AREA DEVELOPMENT AUTHORITY AND RATIFYING THE PROCLAMATION OF A STATE OF EMERGENCY BY GOVERNOR GAVIN NEWSOM (MARCH 4, 2020) AS APPLICABLE IN CADA'S JURISDICTION AND AUTHORIZING TELECONFERENCE MEETINGS OF CADA LEGISLATIVE BODIES PURSUANT TO THE RALPH M. BROWN ACT

RECITALS

WHEREAS, the Capitol Area Development Authority ("CADA") is committed to preserving and nurturing public access and participation at meetings of CADA legislative bodies; and

WHEREAS, all meetings of CADA legislative bodies are open and public, as required by the Ralph M. Brown Act, Government Code section 54950 et seq. ("Brown Act"), so that any member of the public may attend, participate, and watch CADA's legislative bodies conduct their business; and

WHEREAS, on September 16, 2021, Governor Gavin Newsom signed Assembly Bill 361, which, effective immediately, added Government Code section 54953(e) to the Brown Act, providing a legislative body may meet via teleconference without complying with Section 54953(b)(3) if certain conditions exist and specified procedures are followed; and

WHEREAS, Section 54953(e)(1) provides a legislative body may meet via teleconference if the Governor has proclaimed a state of emergency pursuant to Government Code section 8625 and either (i) state or local officials have imposed or recommended measures to promote social distancing, (ii) the legislative body meets to determine by majority vote that, as a result of the emergency, meeting in person would present imminent risks to the health or safety of attendees, or (iii) the legislative body has voted as such and is meeting pursuant to that vote; and

WHEREAS, while a legislative body meets via teleconference pursuant to Section 54953(e), it must take actions to preserve public access and public participation and give notice of the meeting and post agendas as otherwise required, allow members of the public to access the meeting via call-in line or internet-based service line, provide details on the agenda on how to access the meeting and give public comment, give an opportunity to comment pursuant to Government Code section 54954.3 and allow a reasonable amount of time during public comment for a person to register, login, and comment, and monitor the call-in line and internet-based service line to ensure no disruption hinders access or ability to comment, if there is, take no action until public access is restored; and

WHEREAS, a legislative body's decision to meet pursuant to Section 54953(e) must be reevaluated and renewed at least every thirty (30) days, or else the body will be required to adopt new initial findings; and

WHEREAS, on March 4, 2020, Governor Gavin Newsom proclaimed a state of emergency pertaining to the threat to human health and safety posed by the COVID-19 virus pandemic and that proclamation remains in effect to this day in Sacramento County and statewide; and

WHEREAS, the virus has short- and long-term effects – fever and chills, cough, shortness of breath and difficulty breathing, fatigue, headache, nausea, vomiting, gastrointestinal issues, loss of taste and smell, death – and its prolific spread is severely impacting the health care system, inhibiting access to care for COVID-19 symptoms and other ailments; and

WHEREAS, while being vaccinated significantly decreases the likelihood of contracting or dying from the virus, vaccinated and unvaccinated people alike can carry, transmit, and be affected by the virus; and

WHEREAS, the COVID-19 virus, and its variants, is spread through the air when a person who is carrying the virus, whether he or she is showing symptoms or not, is in close proximity to another person; and

WHEREAS, while the COVID-19 virus remains present in the community, allowing members of CADA's legislative bodies and members of the public to meet in person would present an imminent risk to attendee health and safety beyond the control of CADA services, personnel, equipment, and facilities; and

WHEREAS, pursuant to Government Code section 8635 et seq., the CADA Board of Directors has the authority during a state of emergency to take all actions necessary to perform its functions in the preservation of law and order, preservation of the furnishing of local services, and protection of life and property, which includes the authority to direct meetings of all CADA legislative bodies to be held via teleconference pursuant to this Resolution; and

WHEREAS, the CADA Board of Directors desires to ratify the Governor's March 4, 2020, proclamation of state of emergency related to the COVID-19 virus pandemic as it applies to the jurisdiction of CADA and authorize teleconference meetings of CADA legislative bodies pursuant to Section 54953(e) so long as all provisions of that section are followed to provide public access and opportunity for public comment; and

WHEREAS, CADA has taken and will continue to take measures to ensure access for the public, including by providing the public a call-in option and/or internet-based service option to access and comment for all meetings of CADA legislative bodies.

NOW, THEREFORE, THE CAPITOL AREA DEVELOPMENT AUTHORITY BOARD OF DIRECTORS HEREBY RESOLVES:

1. The recitals set forth above are true and correct and are incorporated herein by reference as if set forth in full.
2. The Governor's March 4, 2020 proclamation of state of emergency related to the COVID-19 virus pandemic applies to the jurisdiction of CADA and is ratified by the Board of Directors.
3. A state of emergency exists within CADA's jurisdiction related to the COVID-19 virus pandemic and the conditions of that emergency present an imminent risk to the health and safety of attendees at CADA legislative body meetings.

4. All meetings of CADA legislative bodies shall be conducted in accordance with Government Code section 54953(e) and staff are hereby authorized and directed to take all actions necessary to carry out the intent and purpose of this Resolution, including conducting open and public meetings in accordance with Section 54953(e) and other applicable provisions of the Brown Act.
5. This Resolution shall take effect immediately upon its adoption and be effective for thirty (30) days, unless the Board takes action to rescind the Resolution. On or before the 30th day since adoption, the Board may take action to extend the Resolution's permissions pursuant to Government Code section 54953(e)(3).

This Resolution shall be effective immediately upon its approval and adoption.

The foregoing Resolution was duly passed and adopted at a meeting of the Board of Directors of the Capitol Area Development Authority held on December 16, 2022, by the following



Ann Bailey, Chair

ATTEST:



Tara Gandara
Secretary to the Board of Directors

RESOLUTION NO. 22 - 47

Adopted by the Capitol Area Development Authority

December 16, 2022

RESOLUTION APPOINTING THE INTERIM EXECUTIVE DIRECTOR

WHEREAS, Current CADA Executive Director, Wendy Saunders, will retire on December 30, 2022; and

WHEREAS, At the Regular Board Meeting on December 16, 2022 the Board approved, by unanimous voice vote, a motion to appoint Marc de la Vergne as Interim Executive Director, effective December 31, 2022; and


WHEREAS, Various entities may require confirmation of appointment of the Interim Executive Director;

NOW, THEREFORE, BE IT RESOLVED, by the Board of Directors of the Capitol Area Development Authority that the Board confirms that Mr. de la Vergne has been appointed Interim Executive Director of CADA on December 16, 2022, effective December 30, 2022.



Ann Bailey, Chair

ATTEST:



Tara Gandara

Secretary to the Board of Directors



RESOLUTION NO. 22 - 05

RESOLUTION OF THE BOARD OF DIRECTORS OF THE CAPITOL AREA COMMUNITY DEVELOPMENT CORPORATION APPOINTING AN INTERIM PRESIDENT

WHEREAS, Section 6.8 the By-laws of the Capitol Area Community Development Corporation ("CACDC") require that the Board of Directors to appoint Officers of CACDC; and

WHEREAS, the members of the CACDC Board desire to take the actions described above.

NOW, THEREFORE, BE IT RESOLVED by the Board of Directors of the Capitol Area Community Development Corporation as follows:

Section 1. Appointment of Interim President. The CACDC Board hereby appoints Marc de la Vergne as Interim President of CACDC effective December 30, 2022. Each of the aforementioned persons accepts his/her appointment as an officer of CACDC.

Section 2. Effective Date. This Resolution shall be effective immediately upon its approval and adoption.

The foregoing Resolution was duly passed and adopted at a meeting of the Board of Directors of the Capitol Area Community Development Corporation held on December 16, 2022, by the following vote:

AYES: *Audis, Bodipo-Memba, Lagomarsino, Bailey*

NOES: *None*

ABSENT: *Baine Michaels*

ABSTAIN: *None*

Ann Bailey

Ann Bailey, Chair

ATTEST:

Jill Azevedo

Jill Azevedo, Secretary

RESOLUTION NO. 22 - 48

Adopted by the Capitol Area Development Authority

December 16, 2022

**RESOLUTION FOR EXCEPTION TO THE 180 DAY WAIT PERIOD
GC sections 7522.56 & 21224**

WHEREAS, in compliance with Government Code section 7522.56 of the Public Employees' Retirement Law, the CADA Board of Directors must provide CalPERS this certification resolution when hiring a retiree before 180 days has passed since his or her retirement date; and

WHEREAS, Wendy Saunders, (CalPERS ID 7950855895) retired from CADA in the position of Executive Director effective December 30, 2022; and

WHEREAS, section 7522.56 requires that post-retirement employment commence no earlier than 180 days after the retirement date, which is June 28, 2023 without this certification resolution; and

WHEREAS, section 7522.56 provides that this exception to the 180 day wait period shall not apply if the retiree accepts any retirement-related incentive; and

WHEREAS, the CADA Board of Directors, CADA and Wendy Saunders certify that Wendy Saunders has not and will not receive a Golden Handshake or any other retirement-related incentive; and

WHEREAS, the CADA Board of Directors hereby appoints Wendy Saunders as an extra help retired annuitant to perform duties related to the onboarding and training of the new Executive Director for CADA, as well as assistance, advice and institutional knowledge relevant to current on-going agency operations, under Government Code section 21224 effective on or around January 1, 2023; and

WHEREAS, the entire employment agreement, contract or appointment document between Wendy Saunders and CADA has been reviewed by this body and is attached herein; and

WHEREAS, no matters, issues, terms or conditions related to this employment and appointment have been or will be placed on a consent calendar; and

WHEREAS, the employment shall be limited to 960 hours per fiscal year; and

WHEREAS, the compensation paid to retirees cannot be less than the minimum nor exceed the maximum monthly base salary paid to other employees performing comparable duties, divided by 173.333 to equal the hourly rate; and

WHEREAS, the maximum base salary for this position is \$17,420 and the hourly equivalent is \$100.50 and the minimum base salary for this position is \$11,614 and the hourly equivalent is \$67.00 and

WHEREAS, the hourly rate paid to Wendy Saunders will be \$87.02 which is the hourly equivalent of the new Executive Director's pay rate; and

WHEREAS, Wendy Saunders has not and will not receive any other benefit, incentive, compensation in lieu of benefit or other form of compensation in addition to this hourly pay rate; and

NOW, THEREFORE, BE IT RESOLVED THAT the CADA Board of Directors hereby certifies the nature of the appointment of Wendy Saunders as described herein and detailed in the attached SCOPE OF SERVICES appointment document and that this appointment is necessary to fill the critically needed position of Executive Director for CADA by January 1, 2023 because Wendy Saunders

possesses vast and unique institutional knowledge that will be critically needed to avoid a stoppage of business in CADA's general operations and specifically development, and the onboarding of the new Executive Director, once hired.


Ann Bailey, Chair

ATTEST:



Tara Gandara
Secretary to the Board of Directors

Attachment 1 – Saunders Retired Annuitant Proposed Scope of Services

Wendy Saunders

Retired Annuitant Proposed Scope of Services

- 1. Onboarding and training of the new Executive Director**
- 2. Provide assistance, advice, and institutional knowledge relevant to the following agency operations:**
 - a. On-going and possible future property acquisitions and lease negotiations**
 - b. Oversight of Sonrisa leasing-up operation.**
 - c. On-going and possible future personnel legal matters**
 - d. Other assistance, as needed.**



January 13, 2023

TO: CADA Board of Directors

SUBJECT: **January 20, 2023, Board Meeting**
AGENDA ITEM 5
AUDITED FINANCIAL STATEMENTS – FISCAL YEAR 2021-2022

CONTACT: Noelle Mussen, Finance Director

RECOMMENDED ACTION:

Staff recommends that the Board, by separate resolutions, accept the following four audited financial reports as prepared and released by CohnReznick:

- ◆ Capitol Area Development Authority
Independent Auditor’s Reports FY 2021-2022 (**Attachment 1a**)
- ◆ Somerset Parkside Apartments (Contract Number 80-RHC-007)
Independent Auditor’s Reports FY 2021-2022 (**Attachment 1b**)
- ◆ Biele Place Apartments (Contract Number 80-RHC-032)
Independent Auditor’s Reports FY 2021-2022 (**Attachment 1c**)
- ◆ Seventeenth Street Commons (Contract Number 99-024-N)
Independent Auditor’s Reports FY 2021-2022 (**Attachment 1d**)

BACKGROUND

The attached audited financial reports for Fiscal Year 2021-22 have been prepared in accordance with the interagency agreement between CADA and the City of Sacramento concerning accounting and audit services performed for CADA. In addition to the Independent Auditor’s Reports that consolidate the results of all operating funds, including special management funds, three stand-alone reports have been prepared for the residential facilities CADA manages under agreements with the Department of Housing and Community Development (HCD) and the California Housing Finance Agency (CalHFA). The HCD properties are Somerset Parkside and Biele Place, and the remaining property, managed under a regulatory agreement with CalHFA, is 17th Street Commons. The HCD and CalHFA regulatory agreements require CADA’s audits to include certain supplemental reports and schedules that are not required to be included in standard independent auditor reports. CohnReznick has issued an unqualified opinion letter that is incorporated into its report for this year.

POLICY ISSUES

Audited financial statements are reported in accordance with Generally Accepted Accounting Principles (GAAP). The monthly financial reports that are transmitted to the Board during the year and reviewed at the December or January Board meeting are presented in a modified “cash flow”

format rather than in accordance with GAAP. Both on the revenue and expense side, there are factors that are either included in or excluded from GAAP financials but not in CADA's internal reports. Additionally, Capital Investment Program (CIP) projects (both Major Construction and Development) are budgeted on a multi-year basis and reported separately. Consequently, direct comparison of results between the General Operations monthly financials and the consolidated audited financials requires identification of reconciling factors. The audited financial statements for CADA and the special management funds are included as **Attachments 1a through 1d**. **Attachment 2** identifies "reconciling factors", or differences, between GAAP and Budget Basis financial reporting. **Attachment 3** reflects CADA's General Operations budget-to-actual results for fiscal year 2021 - 2022, exclusive of Capital Investment Program activities. Attachments 1a, 2, and 3 are more fully discussed below. Attachments 1b through 1d are financial reports for the three individual buildings that operate under regulatory agreements with other agencies that require them to be submitted annually for their review.

It should be noted that only three of CADA's four special management properties are currently subject to stand-alone audits (Somerset Parkside, Biele Place, and 17th Street Commons). The financial position and activities for the fourth special management property, the Fremont Wilshire Apartments, are maintained in separate special management funds but are not presently required to be independently audited on an annual basis.

STRATEGIC PLAN

This action addresses CADA's Strategic Plan goal of Fiscal Responsibility.

FINANCIAL IMPACT

Management Discussion and Analysis (see Attachment 1a)

A comprehensive overview of financial highlights and the audited financial statements is included in the Management Discussion and Analysis section of the auditor's report where the report consolidates the results of all operating funds.

Statements of Revenues, Expenses and Changes in Fund Net Position (see Attachment 1a):

CADA's audited financials reflect positive results for the year, with an increase of \$2,939,380 in its Net Position. This is a \$2,937,852 increase in Net Position compared to last year's increase of just \$1,528. The \$2,939,380 increase in CADA's Net Position reflects Non-Operating Net Revenues of \$6,060,746 less an operating loss of \$3,121,366 from rental and development activities. The primary reason for the increased positive results in FY 2021-22 compared to FY 2020-21, is that in the prior year CADA experienced lower net income due to decreases in Rental Revenue, increased financing expense for the new 2020 Tax Allocation Bond, and increases to Development project expenses from the Sonrisa and ARY Place projects, as described below, which did not occur in the current year.

Non-Operating Revenues totaled \$8,349,779, which is a net increase of \$654,911 over last year's revenue of \$7,694,868. This reflects a net increase in Intergovernmental Revenue (including Tax Increment) of \$1,042,718, offset by a net decrease in financing expenses mostly due to the new bond issue costs in the prior year.

CADA's Operating Loss was \$3,121,366, which is \$1,895,134 less than last year's \$5,016,500 loss. The change is primarily due to decreases in total Operating Expense of \$1,240,223, and a increase in Operating Revenue of \$654,911. Operating Expenses increased in most categories but mainly changed within Development Projects resulting from a \$1,864,359 net decrease in expenses of the 1322 O Courtyard project (Sonrisa) and 1717 S Street project (ARY Place) financing from the prior

year. The increase in Operating Revenue reflects a \$668,540 net increase in Rental Revenue and a decrease in development project grant revenue of \$13,629.

Statements of Cash Flow (see Attachment 1a):

Total Cash and Cash Equivalents decreased by \$3,356,617 compared to the prior year's increase of \$28,741,214. The negative change in cash flow was mostly due to a net decrease in cash inflow from financing activities reflecting the issuance of 2020 TAB (Tax Allocation Bond) debt proceeds of \$31,455,000 in the prior year, and a \$3,328,488 increase of cash outflow for funds in escrow for the purchase of property at 2000 16th Street. This was offset by a decrease in cash outflow of \$1,741,013 for interest paid on the bonds and notes payable, \$2,853,178 in notes receivable within the development project category in the prior year, and a \$1,242,457 decrease in cash outflow for capital assets during the year

Budget Basis to GAAP Basis Net Income Reconciliation (Attachment 2):

Attachment 2 identifies the reconciling factors between the "GAAP Basis of Accounting," which is the required reporting basis for audited financial statements, and CADA's "Budget Basis of Accounting," or "Modified Cash Basis of Accounting," which is the basis for staff's monthly financial reporting to the Board. This attachment is presented as a cash flow report adjusting out inter-fund activity and includes the CIP Budgets which are usually reported separately from the monthly reports. The Audit Reconciliation section shows the differences between the adjusted cash flow report and the audited change in net assets, or net income, reported on in the audited financial statements.

The major adjustments between the GAAP Basis and Cash Basis include the following:

- Removal of debt service and debt-related transactions from cash flow expenses because this is a reduction of outstanding debt on the Statement of Net Position, not a yearly expense
- The change in the net pension liability and PERS retirement expense through adjustments to Deferred Inflows/Outflows of Resources Related to Pensions
- The change in the net OPEB liability and OPEB annual expense made through Deferred Inflows/Outflows of Resources Related to OPEB.
- Inclusion of the Allowance for Uncollectibles, or bad debt expenses, which removes an asset and increases expenses to recognize cash spent or an asset not received in the current year or a prior year
- The capitalization of additional expenses for the 1717 S Partnership investment within the Statement of Net Position, allowing recognition of this expense as an asset in the year the cash was spent
- The recent change in lease accounting procedures that now require that government lessees recognize their leases as a lease liability and an intangible asset, and that government lessors recognize their leases as a receivable and a deferred inflow of resources while continuing to report the lease asset in the financial statements. A leased asset is now required to be recognized as an amortization expense and lessor revenue is not required to be recognized over the term of the lease corresponding with the reduction of the deferred inflow.

- Reduction or capitalization of applicable major construction expenses within the Statement of Net Position, net of the related depreciation expense, allowing the recognition of the capitalized major construction expenses to be over the lifetime of the improved asset and not all in the year the cash was spent

Budget Comparison:

As reflected in **Attachment 3**, CADA's General Operations for FY 2021-2022 were well within budget, ending the year with favorable (positive) variances totaling \$762,215

ENVIRONMENTAL REVIEW

Not applicable. The recommended action is not a project pursuant to the California Environmental Quality Act (CEQA) guidelines and does not require environmental review.

CONTRACT CONSIDERATIONS

The audit contract with CohnReznick was approved by the Board in June 2021. The contract provides for CohnReznick to provide auditing services for the fiscal years ending 2021 through 2025. Costs of the audit are included in each year's budget.

Attachments:

1. Independent Auditor's Reports FY 2021-2022
 - a. Capitol Area Development Authority Financial Statements and Auditor's Report
 - b. Somerset Parkside Apartments (Contract Number 80-RHC-007 & LRP)
 - c. Biele Place Apartments (Contract Number 80-RHC-032)
 - d. Seventeenth Street Commons (Contract Number 99-024-N)
2. Reconciliation – Budget Basis to GAAP Net Income
3. General Operations – FY 2021-2022, Budget to Actual

Attachment 1a

Capitol Area Development Authority

**Financial Statements
(With Supplementary Information)
and Independent Auditor's Report**

June 30, 2022 and 2021

Capitol Area Development Authority

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Capitol Area Development Authority

Board of Directors of the Capitol Area Development Authority

Ann Bailey
Chair

Robert Lagomarsino
Vice-Chair

Nicholas Avdis

Emily Baime Michaels

Jose Bodipo-Memba

Wendy Saunders
Executive Director

Leyne Milstein
Assistant City Manager
Finance
City of Sacramento

Jeffrey Mitchell
Legal Counsel
Kronick Moskowitz
Tiedemann & Girard

John Colville
Treasurer
City of Sacramento

Independent Auditor's Report

To the Board of Directors
Capitol Area Development Authority

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of the Capitol Area Development Authority (“Authority”) as of and for the years ended June 30, 2022 and 2021, and the related notes to the financial statements, which collectively comprise the Authority’s basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Capitol Area Development Authority, as of June 30, 2022 and 2021, and the changes in its financial position and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor’s Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Authority and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Change in Accounting Principle

As discussed in Note 2 to the financial statements, in 2022, the Authority adopted new accounting guidance, Governmental Accounting Standards Board (GASB) Statement No. 87, “Leases”. Under the guidance, the presentation of the financial statements for the year ended June 30, 2021, changed to reflect the GASB Statement No. 87 adoption. Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

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

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, the cost-sharing defined benefit pension plan schedule of the Authority's proportionate share of the net pension liability, the cost-sharing defined benefit pension plan schedule of the Authority's contributions, the schedule of changes in net OPEB (asset) liability and related ratios, and the schedule of OPEB plan contributions identified in the table of contents be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 21, 2022 on our consideration of the Authority's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Authority's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Authority's internal control over financial reporting and compliance.



Sacramento, California
December 21, 2022

Capitol Area Development Authority

Management's Discussion and Analysis (Unaudited) Years Ended June 30, 2022 and 2021

As management of the Capitol Area Development Authority (the "Authority" or "CADA"), we offer readers of the Authority's financial statements this narrative overview and analysis of the Authority and its financial activities for the years ended June 30, 2022 and 2021.

The Authority was created by a joint powers agreement between the City of Sacramento and the State of California in 1978. The Authority's primary mission is to implement the residential and commercial component of the State's Capitol Area Plan and the City's R Street Corridor Master Plan. Additionally, the Authority contributes to the on-going vibrancy and diversity of the Sacramento urban core by creating a neighborhood at its center that is environmentally, socially and fiscally sustainable through its development activities and by providing professional property management services for the mixed-use, mixed-income properties that it manages. This mission is funded by rental income generated through the Authority's management of state-owned property and with tax increment revenue generated within the Authority's project area. While not a redevelopment agency, the Authority has legislative powers to collect tax increment from development in the project area.

Readers are encouraged to consider the following information in conjunction with the Authority's financial statements.

Financial Highlights

Financial Highlights for the Year Ended June 30, 2022

- During the year, the Authority had revenues of approximately \$15.8 million consisting primarily of \$8.3 million in rental and other revenues, \$7.1 million in tax increment revenue and \$.4 million in interest income.
- The Authority had expenses totaling approximately \$12.9 million consisting primarily of \$4.4 million in employee services and benefits, \$5.2 million related to property management operations, \$1.5 million of interest expense on the Authority's debt, \$.9 million for development projects, and \$.9 million in depreciation expense.
- The Authority expended nearly \$827,368 during the year on major construction projects budgeted for the structures that the Authority manages in the Capitol Area, of which \$770,015 was capitalized.
- The net OPEB liability required under Governmental Accounting Standards Board ("GASB") No. 75 (GASB 75) has decreased by \$1.8 million creating a OPEB asset instead of a liability of \$351,102 as of June 30, 2022.
- The net pension liability required under GASB No. 68 has decreased by \$2.2 million to \$2.9 million as of June 30, 2022.
- The Authority implemented GASB No. 87, as the lessor and lessee, resulting in increases of \$1.5 million in lease receivables, \$.5 million in right of use asset and \$.5 million in lease liability and \$1.5 million in deferred inflows of resources.
- The Authority entered into a purchase agreement for property at 2000 16th Street; \$3.3 million were held in escrow as of June 30, 2022 for this purchase.
- In order to ensure it has the financial resources to meet the demands of its mission, the Authority maintains a rolling ten-year financial projection the Authority's staff revises and the Board reviews at least annually. A key element of the Authority's approach to managing its financial resources is

Capitol Area Development Authority

Management's Discussion and Analysis (Unaudited) Years Ended June 30, 2022 and 2021

maintaining a level of net assets sufficient to fund a minimum of six months of operating expenses and to meet projected planning and pre-development demands for development projects. The Authority's \$21.9 million in net position, as of June 30, 2022, meets this objective.

Financial Highlights for the Year Ended June 30, 2021

- During the year, the Authority had revenues of approximately \$15.2 million consisting primarily of \$7.6 million in rental and other revenues, \$7 million in tax increment revenue and \$.5 million in other revenue and interest income.
- The Authority had expenses totaling approximately \$15.2 million consisting primarily of \$4.4 million in employee services and benefits, \$4.7 million related to property management operations, \$2.5 million of interest expense on the Authority's debt, \$2.7 million for development projects, and \$.87 million in depreciation expense.
- The Authority expended nearly \$726,252 during the year on major construction projects budgeted for the structures that the Authority manages in the Capitol Area, of which \$551,777 was capitalized.
- The net OPEB liability required under Governmental Accounting Standards Board ("GASB") No. 75 (GASB 75) has increased by \$27,373 to \$1,455,263 as of June 30, 2021.
- The net pension liability required under GASB No. 68 has increased by \$396,548 to \$5,126,883 as of June 30, 2021.
- In December 2020 the Authority Issued \$31,455,000 in Tax Allocation Bonds. These bonds were issued to finance future affordable housing projects and other development projects within the Authority's Capitol and R Street Areas.
- The Authority, through the Capitol Area Community Development Corporation ("CACDC"), closed on two affordable housing projects financed with Low-Income Housing Tax Credits and other loans. As part of the financing, gap loans were needed from CADA of \$1.5 million for the 1322 O Street project and \$3.3 million for the 1717 S Street project.
- The Authority entered into a Disposition and Development Agreement ("DDA") in June 2018 for the purchase and development of an 87-unit rental to condominium conversion project for Site 21, located at 14th and N Streets. Cresleigh Homes purchased the site with a sale-back provision providing that if construction did not start by the summer of 2020, the Authority would have the right to purchase the site. The Developer was unable to meet the deadline and CADA purchased the site in December 2020.
- In order to ensure it has the financial resources to meet the demands of its mission, the Authority maintains a rolling ten-year financial projection which the Authority's staff revises and the Board reviews at least annually. A key element of the Authority's approach to managing its financial resources is maintaining a level of net assets sufficient to fund a minimum of six months of operating expenses and to meet projected planning and pre-development demands for development projects. The Authority's \$18.9 million in net position, as of June 30, 2021, meets this objective.

Capitol Area Development Authority

Management's Discussion and Analysis (Unaudited) Years Ended June 30, 2022 and 2021

Overview of the Financial Statements

The Authority's annual report consists of Management's Discussion and Analysis (this section), the basic financial statements, and other supplementary information.

The Authority's basic financial statements include two components: the government-wide financial statements and the notes to the financial statements.

Government-wide financial statements: The government-wide financial statements are designed to provide readers with a broad overview of the Authority's finances, in a manner similar to a private-sector business. These statements report on the function of the Authority that is principally supported by property management revenue and intergovernmental revenues.

The *statements of net position* present information on all of the Authority's assets and deferred outflows of resources ("DOR"), and liabilities and deferred inflows of resources ("DIR"), with the difference between them reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the Authority is improving or declining.

The *statements of revenues, expenses, and changes in net position* present information showing how the Authority's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in these statements for some items that will only result in cash flows in future fiscal periods.

Notes to the financial statements: The accompanying notes to the financial statements provide additional information that is essential to a full understanding of the data provided in the government-wide financial statements.

Supplementary information: The supplementary information accompanying the basic financial statements provides additional information on the Authority's pension plan and other post-employment benefit plan that is essential to a full understanding of the data provided in the government-wide financial statements.

Government-Wide Financial Statements

As noted earlier, net position may serve over time as a useful indicator of a government's improving or declining financial position. In the case of the Authority, assets and DOR exceeded its liabilities and DIR by \$21,893,155 as of June 30, 2022.

Capitol Area Development Authority

**Management's Discussion and Analysis (Unaudited)
Years Ended June 30, 2022 and 2021**

**Condensed Statements of
Net Position at June 30, 2022 and 2021**

	2022	2021	Change	
			\$	%
Assets				
Current and other assets	\$ 64,156,962	\$ 63,862,693	\$ 294,269	0%
Capital assets, net	11,107,878	10,984,467	123,411	1%
Total assets	\$ 75,264,840	\$ 74,847,160	\$ 417,680	1%
Deferred outflows of resources (DOR)				
DOR - Pensions and OPEB	\$ 1,644,845	\$ 1,563,524	\$ 81,321	5%
Liabilities				
Current liabilities	\$ 2,883,087	\$ 3,759,977	\$ (876,890)	-23%
Non-current liabilities	46,190,606	51,391,128	(5,200,522)	-10%
Total liabilities	\$ 49,073,693	\$ 55,151,105	\$ (6,077,412)	-11%
Deferred inflows of resources (DIR)				
DIR - Pensions, OPEB and Leases	\$ 5,942,837	\$ 2,305,804	\$ 3,637,033	158%
Net position				
Net investment in capital assets	\$ (3,048,551)	\$ (4,284,639)	\$ 1,236,088	29%
Restricted for insurance and reserves	1,757,108	1,335,423	421,685	32%
Unrestricted	23,184,598	21,902,991	1,281,607	6%
Total net position	\$ 21,893,155	\$ 18,953,775	\$ 2,939,380	16%

Analysis of Net Position - June 30, 2022:

The Authority's net position increased during the current year by \$2,939,380, as a result of consistent rental revenue and intergovernmental revenue, reductions in development activity and interest expense, offset by minimal increasing expenses within maintenance and services expenses.

A portion of the Authority's net position is invested in capital assets. This category, which increased by \$1,236,088, consists of the cost basis of assets acquired, less depreciation and related debt, net of unspent proceeds. The increase in the net investment in capital assets category of \$1,236,088 is the net effect of an increase of \$123,411 from additions in capital assets, and a decrease in the related debt due to \$1,112,677 in debt repayments.

The historical cost of capital assets increased by \$1.1 million as a result of acquisitions of equipment and improvements to buildings. Depreciation expenses reduced the carrying value of the total capital assets by \$937,384, for a net increase in the net value of capital assets of \$123,411. Additional information on the Authority's capital assets can be found in Note 7 to the Financial Statements.

Liabilities decreased by \$6 million following the annual bond payment with reductions to both the pension and OPEB liabilities due to increases in net plan assets.

Capitol Area Development Authority

**Management's Discussion and Analysis (Unaudited)
Years Ended June 30, 2022 and 2021**

**Condensed Statements of Revenue, Expenses and Changes in Net Position
For the Years Ended June 30, 2022 and 2021**

	2022	2021	Change	
			\$	%
Revenue				
Operating revenue				
Rental revenue, net	\$ 8,317,313	\$ 7,648,773	\$ 668,540	9%
Other revenue	32,466	46,095	(13,629)	-30%
Non-operating revenue				
Interest income	430,692	439,838	(9,146)	-2%
Intergovernmental	7,109,295	7,066,397	42,898	1%
Total revenue	\$ 15,889,766	\$ 15,201,103	\$ 688,663	5%
Expenses				
Operating expenses				
Employee services and benefits	\$ 4,399,105	\$ 4,470,422	\$ (71,317)	-2%
Development projects	861,739	2,726,098	(1,864,359)	-68%
Other	6,210,301	5,514,848	695,453	13%
Non-operating expenses				
Interest expense	1,452,787	2,507,193	(1,054,406)	-42%
Other	26,454	(18,986)	45,440	
Total expenses	12,950,386	15,199,575	(2,249,189)	-15%
Change in net position	2,939,380	1,528	2,937,852	192268%
Net position, beginning of year	18,953,775	18,952,247	1,528	0%
Net position, end of year	\$ 21,893,155	\$ 18,953,775	\$ 2,939,380	16%

The Authority's net position in the current year increased by \$2,939,380 as a result of fiscal year ended June 30, 2022 operations. This represents a \$2,937,852 increase compared to the prior year due to slight increases in revenues and decreases in development activities and interest expenses.

Revenue reflects a net increase from the prior year, mainly as a result of the net effect of three revenue sources. The tax increment portion of Intergovernmental revenue increased by \$42,898 and reflects a continued increase in property taxes within the Authority's boundaries. Rental revenue increased by \$668,540, with gross rental revenue increasing by \$1.4 million. This net increase is due to increase within commercial revenue category and rental revenue, along with increases of \$709,318 in vacancy losses and loss to lease, and a decrease in low-income subsidies of \$58,618. Interest income decreased as a result of slightly lower investment earnings compared to the prior year on funds held with the City Treasurer, net of interest income on a note receivable for the 1717 S Street project. The overall impact on revenue was an increase of \$688,669 in total revenue.

Expenses decreased by \$2.2 million during the fiscal year ended June 30, 2022, largely due to decreases in development activities and interest expense, along with increases in maintenance, services, and supply expense categories. Decreases for development projects of \$1.8 million were mainly the result of providing gap financing for a new affordable housing project at 1322 O Street in the prior year. The decrease of \$1 million in interest expenses was mainly due to the bond issue cost for the new 2020 bond in the prior year.

Capitol Area Development Authority

**Management's Discussion and Analysis (Unaudited)
Years Ended June 30, 2022 and 2021**

**Condensed Statements of
Net Position at June 30, 2021 and 2020**

	2021	2020	Change	
			\$	%
Assets				
Current and other assets	\$ 63,862,693	\$ 32,369,970	\$ 31,492,723	97%
Capital assets, net	<u>10,984,467</u>	<u>8,580,120</u>	<u>2,404,347</u>	28%
Total assets	<u>\$ 74,847,160</u>	<u>\$ 40,950,090</u>	<u>\$ 33,897,070</u>	83%
Deferred outflows of resources (DOR)				
DOR - Pensions and OPEB	<u>\$ 1,563,524</u>	<u>\$ 1,621,272</u>	<u>\$ (57,748)</u>	100%
Liabilities				
Current liabilities	\$ 3,759,977	\$ 1,878,563	\$ 1,881,414	100%
Non-current liabilities	<u>51,391,128</u>	<u>20,557,803</u>	<u>30,833,325</u>	150%
Total liabilities	<u>\$ 55,151,105</u>	<u>\$ 22,436,366</u>	<u>\$ 32,714,739</u>	146%
Deferred inflows of resources (DIR)				
DIR - Pensions, OPEB and Leases	<u>\$ 2,305,804</u>	<u>\$ 1,182,749</u>	<u>\$ 1,123,055</u>	100%
Net position				
Net investment in capital assets	\$ (4,284,639)	\$ (6,068,395)	\$ 1,783,756	-29%
Restricted for insurance and reserves	1,335,423	1,223,866	111,557	9%
Unrestricted	<u>21,902,991</u>	<u>23,796,776</u>	<u>(1,893,785)</u>	-8%
Total net position	<u>\$ 18,953,775</u>	<u>\$ 18,952,247</u>	<u>\$ 1,528</u>	0%

Analysis of Net Position - June 30, 2021:

The Authority's net position increased during the current year by \$1,528, as a result of consistent revenue and growth in intergovernmental revenue offset by development activity and the cost of issuing new bond debt.

A portion of the Authority's net position is invested in capital assets. This category, which increased by \$1,783,756, consists of the cost basis of assets acquired, less depreciation and related debt, net of unspent proceeds. The increase in net investment in the capital assets category of \$1,783,756 is the net effect of an increase of \$1,754,507 from additions in capital assets, and a decrease in the related debt due to \$29,249 in debt repayments.

The historical cost of capital assets increased by \$2.7 million as a result of acquisitions of equipment and improvements to buildings. Depreciation expenses reduced the carrying value of the total capital assets by \$930,015, for a net increase in the net value of capital assets of \$1.8 million. Additional information on the Authority's capital assets can be found in Note 7 to the Financial Statements.

Liabilities increased by \$32,714,739 following the issuance of new long-term debt (2020 Tax Allocation Bond), discussed below in the Capital Asset and Debt Administration section.

Capitol Area Development Authority

**Management's Discussion and Analysis (Unaudited)
Years Ended June 30, 2022 and 2021**

**Condensed Statements of Revenue, Expenses and Changes in Net Position
For the Years Ended June 30, 2021 and 2020**

	2021	2020	Change	
			\$	%
Revenue				
Operating revenue				
Rental revenue, net	\$ 7,648,773	\$ 8,100,143	\$ (451,370)	-6%
Other revenue	46,095	127,201	(81,106)	-64%
Non-operating revenue				
Interest income	439,838	444,972	(5,134)	-1%
Intergovernmental	7,066,397	6,754,262	312,135	5%
Total revenue	<u>\$ 15,201,103</u>	<u>\$ 15,426,578</u>	<u>\$ (225,475)</u>	-1%
Expenses				
Operating expenses				
Employee services and benefits	\$ 4,470,422	\$ 4,336,031	\$ 134,391	3%
Development projects	2,726,098	1,565,254	1,160,844	74%
Other	5,514,848	5,205,877	308,971	6%
Non-operating expenses				
Interest expense	2,507,193	1,517,653	989,540	65%
Other	(18,986)	625	(19,611)	
Total expenses	<u>15,199,575</u>	<u>12,625,440</u>	<u>2,574,135</u>	20%
Change in net position	1,528	2,801,138	(2,799,610)	-100%
Net position, beginning of year	<u>18,952,247</u>	<u>16,151,109</u>	<u>2,801,138</u>	17%
Net position, end of year	<u>\$ 18,953,775</u>	<u>\$ 18,952,247</u>	<u>\$ 1,528</u>	0%

The Authority's net position in the current year increased by \$1,528 as a result of fiscal year ended June 30, 2021 operations. This represents a \$2,799,610 decrease compared to the prior year due to a decrease in rental revenue and increases in the development and interest expense categories.

Revenue reflects a net decrease from the prior year, mainly as a result of the net effect of three revenue sources. The tax increment portion of Intergovernmental revenue increased by \$312,135 and reflects a continued increase in property taxes within the Authority's boundaries. Other revenue decreased by \$81,106 due to no funding received during the fiscal year compared to the prior year for reimbursement grant funds for the R Street Garage predevelopment work the Authority was doing on behalf of the California Department of General Services ("DGS") which project has been cancelled. Rental revenue decreased by \$451,370, with gross rental revenue decreasing by \$382,471. The majority of this decrease is due to losses within commercial revenue category, along with increases of \$151,457 in vacancy losses and loss to lease, and a decrease in low-income subsidies of \$82,558. Interest income decreased slightly as a result of lower investment earnings compared to the prior year on funds held with the City Treasurer, net of interest income on a note receivable for the 1717 S Street project. The overall impact on revenue was a decrease of \$225,475 in total revenue.

Expenses increased by \$2,574,135 during the fiscal year ended June 30, 2021, largely due to development activities and the issue of new 2020 tax allocation bonds, along with increases in all the expense categories. Increases for development projects of \$1,160,844 were mainly the result of providing gap financing for a new affordable housing project at 1322 O Street. The increase of \$989,540 in interest expenses was mainly due to the interest expense for the new bonds.

Capitol Area Development Authority

Management's Discussion and Analysis (Unaudited) Years Ended June 30, 2022 and 2021

Capital Asset and Debt Administration

Capital assets: As reflected in the Statements of Net Position above, the Authority's investments in capital assets were \$11,107,878 and \$10,984,467 (net of accumulated depreciation) at June 30, 2022 and 2021, respectively. This investment in capital assets, as reflected in the Notes to the Financial Statements, includes land, construction in progress, building and improvements, machinery and equipment, and the right of use asset. Additions during the years ended June 30, 2022 and 2021, totaled \$1.1 million and \$2.7 million, respectively. The 2022 additions included building improvements of \$741,554, machinery and equipment costs of \$119,359, and a reduction in construction in progress of \$28,461. The 2021 additions included a land purchase of \$2 million, building improvements of \$366,583, machinery and equipment costs of \$58,878, and a reduction in construction in progress of \$198,755. Depreciation on capital assets totaled \$937,384 and \$930,015, respectively, for the years ending June 30, 2022 and 2021.

Additional information on the Authority's capital assets can be found in Note 7 to the Financial Statements.

Lease liability: Following the adoption of GASB 87, the Authority recorded a lease liability for \$530,525 and \$591,021 as of June 30, 2022 and 2021, respectively. During the years ended June 30, 2022 and 2021, lease liability was reduced by \$60,496 and \$58,819, respectively.

Additional information on the Authority's lease liability can be found in Notes 6 to the Financial Statements.

Notes and bonds payable: As reflected in the Financial Statements and Notes to the Financial Statements, the Authority is responsible for notes and bonds payable totaling \$43,828,377 and \$45,516,140 as of June 30, 2022 and 2021, respectively. During the years ended June 30, 2022 and 2021, principal payments reduced notes payable by \$233,210 and \$227,675, respectively, and bonds payable by \$1,454,553 and \$550,855, respectively.

Additional information on the Authority's Long-Term Debt can be found in Notes 8 and 9 to the Financial Statements.

Economic factors and budget process

The Authority adheres to a balanced budget directive, such that budgeted revenues will always equal budgeted expenses. Budgets are prepared using a modified cash flow concept. Consequently, debt principal payments and capitalized expenditures are included, and non-cash items, such as depreciation and amortization, are not included. At mid-year, the Authority reassesses its budgetary estimates.

The Authority is involved in the development of sites within the Capitol Area. Site preparation and development often require more than one fiscal year to complete. Consequently, the Authority operates using both annual General Operations Budgets and multi-year Capital Investment Program Budgets.

The following factors have been considered in preparing the Authority's budget for the fiscal year ended June 30, 2022:

- An increase to the Capitol Area tax increment revenue was budgeted due to the current year receipts and anticipated tax levels for FY 2022-2023. This increase appeared to be due to increases in property values over the last fiscal year in the Authority's area, including sales of property and a 2% property tax increase imposed by the County Tax Assessor.

Capitol Area Development Authority

Management's Discussion and Analysis (Unaudited) Years Ended June 30, 2022 and 2021

- An increase was budgeted for rental revenue to reflect FY 2021-22 current rental revenue levels and an estimated 2.5 % increase based on anticipated additional revenue due to approved rent increases for FY 2022-23. In prior years commercial revenue had been drastically reduced due to rent credits given to the tenants, with the reduction of COVID-19 relief credits the budget for commercial revenue was proposed to be increased in FY 2022-23 to reflect this change.
- Budgeted current development projects of \$3,709,550 will be funded as part of the General Operations Budget for the fiscal year ending June 30, 2023. Development funding outlays have been decreased from the prior year reflecting the reduction of funds needed for the 1322 O street project
- For the 2020 Tax Allocation Bond (TAB), \$3 million in proceeds was budgeted for project funding for Sonrisa project, project subsidies for a possible project at 805 R street and streetscape projects in the O Street Corridor.
- The Authority will continue to maintain its current housing stock through its major construction program with a budgeted amount of \$2 million to be funded through the General Operations Budget and the release of prior year funding.
- The Authority budgeted \$210,000 to continue to fund the California Employers' Retiree Benefit Trust administered by the California Public Employees' Retirement System for the Authority's unfunded post-employment health benefit liabilities. This is an increase from the prior year based on the current actuarial analysis.

Future Events that will Financially Impact the Authority

- Due to the impact of COVID-19 on tenants, especially the commercial and ground lease tenants, the Authority has continued to offer lease rent credit during this time which has reduced the potential amount of these revenues into the next fiscal year.
- For Site 21, which is located at 14th and N Streets, Cresleigh Homes was unable to start construction on an 87-unit rental-to-condominium conversion project by the summer of 2020 as required by the DDA. The Authority purchased the property back from the developer in October of 2020 for the original purchase price. In 2022, the Authority entered into a DDA with a new developer to complete a housing project at this site and in August 2022 the developer closed on the site and purchased the property for \$2,362,268. The Authority has also agreed to provide the developer with a \$400,000 grant for infrastructure improvements at the site.
- The Authority is looking to work in partnership with Mutual Housing to propose and build a new affordable housing project at 805 R Street.
- The Authority is continuing to work with the City of Sacramento to plan improvements to Roosevelt Park.
- The Authority has closed on financing through California Debt Limitation Allocation Committee ("CDLAC") tax credit program and has started construction on the 1717 S Street project. The housing project is scheduled to be completed in January 2023.
- The Authority is currently working to implement a concept plan for streetscape improvements and street projects in the O Street Corridor.

Capitol Area Development Authority

Management's Discussion and Analysis (Unaudited) Years Ended June 30, 2022 and 2021

- The Authority closed on Financing through the CDLAC tax credit program to fund construction of a low-income housing project at the CADA Courtyard Site 16A at 1320 O Street. Construction started in the summer of 2020 and is scheduled to be completed in January 2023.
- The Authority will continue exploring options for the development of other sites, including but not limited to, Block 222, East End Gateway Site 5/6/7, and R Street.
- The Authority will continue to research possible development projects for the development of low-income housing in the R Street Corridor.
- The Authority closed on a property at 2000 16th Street for a possible future affordable housing project.
- The Authority is continuing to investigate additional opportunities for purchasing multi-family properties in the Capitol Area and the R Street Area to address future affordable housing needs and prepare for possible future affordable housing projects.
- As the Authority continues to proceed with preparations for future development projects, there will be a high demand to fund pre-development activities, provide grant matching funds, potentially pay for toxic remediation and pay for site preparation activities.

Request for Information

This financial report is designed to provide a general overview of the Authority's finances for all those with an interest. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Finance Director, Noelle Mussen, at 1522 - 14th Street, Sacramento, CA 95814.

Capitol Area Development Authority

**Statements of Net Position
June 30, 2022 and 2021**

<u>Assets</u>	<u>2022</u>	<u>2021</u>
Current assets		
Cash and cash equivalents	\$ 51,963,435	\$ 55,603,333
Accounts receivable, net	170,691	71,993
Lease receivable, current portion	75,090	28,968
Prepaid expenses	113,134	141,987
Escrow deposits	3,282,488	-
Restricted cash and cash equivalents		
Tenant and event security deposits	421,912	400,631
Letter of credit reserve	308,052	-
Debt covenant reserves	385,705	385,505
Insurance impounds	32,555	24,600
Employee benefits	26,847	26,710
Funds held for others	55,340	215,362
	<u>1,230,411</u>	<u>1,052,808</u>
Total restricted cash and cash equivalents		
Total current assets	<u>56,835,249</u>	<u>56,899,089</u>
Noncurrent assets		
Advance to affiliate, long-term	701,517	701,517
Investment in joint venture	100	100
Lease receivable, net of current portion	1,452,493	1,551,164
Restricted cash and cash equivalents		
Replacements and operating reserves	741,501	635,823
Insurance risk reserve	675,000	675,000
	<u>1,416,501</u>	<u>1,310,823</u>
Total restricted cash and cash equivalents		
Notes receivable, net of current portion	3,400,000	3,400,000
Net OPEB asset	351,102	-
Capital assets		
Non-depreciable	3,830,751	3,659,330
Depreciable, net	7,277,127	7,325,137
	<u>11,107,878</u>	<u>10,984,467</u>
Total capital assets		
Total noncurrent assets	<u>18,429,591</u>	<u>17,948,071</u>
Total assets	<u>\$ 75,264,840</u>	<u>\$ 74,847,160</u>
 <u>Deferred Outflows of Resources</u>		
Deferred outflows related to pensions	\$ 1,014,829	\$ 995,992
Deferred outflows related to OPEB	630,016	567,532
	<u>\$ 1,644,845</u>	<u>\$ 1,563,524</u>
Total deferred outflows of resources		

Capitol Area Development Authority

**Statements of Net Position
June 30, 2022 and 2021**

	2022	2021
<u>Liabilities</u>		
Current liabilities		
Accounts payable	\$ 171,297	\$ 815,985
Lease liability, current portion	62,220	60,496
Prepaid rent	38,927	40,120
Due to state - HCD	88,497	64,410
Accrued benefits payable	94,720	83,488
Accrued interest payable	322,363	329,817
Tenant security deposits	421,912	400,631
Developer deposits	95,000	70,000
Funds held for others	47,246	207,268
Notes payable, current portion	238,948	233,210
Bonds payable, current portion	1,301,957	1,454,552
Total current liabilities	2,883,087	3,759,977
Noncurrent liabilities		
Accrued interest payable	294,128	227,443
Notes payable, net of current portion	4,195,593	4,434,541
Bonds payable, net of current portion	38,091,879	39,393,837
Lease liability, net of current portion	468,305	530,525
Net pension liability	2,925,314	5,126,883
Net OPEB liability	-	1,455,263
Compensated absences payable	215,387	222,636
Total noncurrent liabilities	46,190,606	51,391,128
Total liabilities	\$ 49,073,693	\$ 55,151,105
<u>Deferred Inflows of Resources</u>		
Deferred inflows related to pensions	\$ 2,553,628	\$ 33,337
Deferred inflows related to OPEB	1,899,189	692,335
Deferred inflows related to leases	1,490,020	1,580,132
Total deferred inflows of resources	\$ 5,942,837	\$ 2,305,804
<u>Net Position</u>		
Net investment in capital assets	\$ (3,048,551)	\$ (4,284,639)
Restricted for insurance and reserves	1,757,108	1,335,423
Unrestricted	23,184,598	21,902,991
Total net position	\$ 21,893,155	\$ 18,953,775

Capitol Area Development Authority

**Statements of Revenues, Expenses and Changes in Net Position
Years Ended June 30, 2022 and 2021**

	2022	2021
Operating revenue		
Rental revenue, net	\$ 8,317,313	\$ 7,648,773
Other revenue		
Miscellaneous	32,466	46,095
Total operating revenue	8,349,779	7,694,868
Operating expense		
Employee services and benefits	4,399,105	4,470,422
Services and supplies	2,998,899	2,555,496
Development projects	861,739	2,726,098
Repairs and maintenance	2,189,839	1,915,232
Bad debt expense	84,179	114,105
Depreciation and amortization	937,384	930,015
Total operating expense	11,471,145	12,711,368
Operating loss	(3,121,366)	(5,016,500)
Non-operating revenue (expense)		
Interest income	430,692	439,838
Interest and financing expense	(1,452,787)	(2,507,193)
HCD annuity	(26,454)	18,986
Intergovernmental	7,109,295	7,066,397
Total non-operating revenue	6,060,746	5,018,028
Change in net position	2,939,380	1,528
Net position, beginning of year	18,953,775	18,952,247
Net position, end of year	\$ 21,893,155	\$ 18,953,775

Capitol Area Development Authority

**Statements of Cash Flows
Years Ended June 30, 2022 and 2021**

	<u>2022</u>	<u>2021</u>
Cash flows from operating activities		
Rental receipts	\$ 8,095,680	7,553,871
Other operating receipts	57,466	46,095
Tenant security deposits received	97,791	82,426
Payroll and related costs paid	(4,757,232)	(4,408,983)
Services and supplies expenses paid	(3,083,706)	(2,235,408)
Development project expenses paid	(916,515)	(1,175,095)
Operating and maintenance expenses paid	(2,495,683)	(1,719,136)
Tenant security deposits paid	(76,510)	(84,779)
Funds held for others	<u>(160,022)</u>	<u>(28,496)</u>
Net cash used in operating activities	<u>(3,238,731)</u>	<u>(1,969,505)</u>
Cash flows from noncapital financing activities		
Intergovernmental	<u>7,106,928</u>	<u>7,106,422</u>
Net cash provided by noncapital financing activities	<u>7,106,928</u>	<u>7,106,422</u>
Cash flows from capital and related financing activities		
Principal payments on bonds and notes payable	(1,687,763)	(778,530)
Interest paid on bonds and notes payable	(1,393,556)	(2,197,550)
Proceeds from issuance of new tax allocation bonds	-	31,455,000
Funds deposited into escrow	(3,282,488)	-
Principal payments on lease liability	(60,496)	(58,819)
Payments for capital assets	<u>(1,231,203)</u>	<u>(2,473,660)</u>
Net cash provided by (used in) capital and related financing activities	<u>(7,655,506)</u>	<u>25,946,441</u>
Cash flows from investing activities		
Issuance of notes receivable	-	(2,853,178)
Repayment received on notes receivable	-	69,800
Interest receipts	<u>430,692</u>	<u>441,234</u>
Net cash provided by (used in) investing activities	<u>430,692</u>	<u>(2,342,144)</u>
Net increase (decrease) in cash and cash equivalents	(3,356,617)	28,741,214
Cash and cash equivalents, beginning of year	<u>57,966,964</u>	<u>29,225,750</u>
Cash and cash equivalents, end of year	<u>\$ 54,610,347</u>	<u>\$ 57,966,964</u>

Capitol Area Development Authority

**Statements of Cash Flows
Years Ended June 30, 2022 and 2021**

	2022	2021
Reconciliation of cash and cash equivalents to the statement of net position		
Cash and cash equivalents	\$ 51,963,435	\$ 55,603,333
Restricted cash and cash equivalents		
Tenant and event security deposits	421,912	400,631
Letter of credit reserve	308,052	-
Debt covenant reserves	385,705	385,505
Insurance impounds	32,555	24,600
Employee benefits	26,847	26,710
Funds held for others	55,340	215,362
Replacements and operating reserves	741,501	635,823
Insurance risk reserve	675,000	675,000
Total cash and cash equivalents	\$ 54,610,347	\$ 57,966,964
Reconciliation of operating loss to net cash used in operating activities		
Operating loss	\$ (3,121,366)	\$ (5,016,500)
Adjustments to reconcile operating loss to net cash used in operating activities		
Depreciation and amortization	937,384	930,015
Allowance for loan losses	-	1,500,000
Pension	237,401	(2,781)
OPEB	(248,409)	27,373
Changes in assets and liabilities		
Accounts receivable	(98,698)	6,448
Prepaid expenses	28,853	104,157
Lease receivable	(37,563)	-
Net OPEB asset	(351,102)	-
Accounts payable	(474,280)	458,572
Prepaid rent	(1,193)	12,755
Accrued benefits payable	11,232	(3,648)
Tenant security deposits payable	21,281	(2,353)
Developer deposits payable	25,000	-
Funds held for others	(160,022)	(28,496)
Compensated absences payable	(7,249)	44,953
Net cash used in operating activities	\$ (3,238,731)	\$ (1,969,505)
Significant noncash capital and related financing activities		
Capital asset additions through accounts payable	\$ 40,454	\$ 210,862
Decrease in investment in joint venture reclassified as advances to affiliate and notes receivable	\$ -	\$ 2,748,339

See Notes to Financial Statements.

Capitol Area Development Authority

Notes to Financial Statements June 30, 2022 and 2021

Note 1 - Summary of significant accounting policies

The financial reporting entity

The Capitol Area Development Authority ("Authority") was created by a joint powers agreement between the City of Sacramento ("City") and the State of California ("State") in July 1978. The Authority is governed by a five-member board of directors appointed by the City and the State. The Authority is responsible for management, maintenance and renovation of state-owned apartments (approximately 750 units) and commercial structures (approximately 31 leases); management of ground leases involving privately developed housing (approximately 136 units); developing new housing and commercial projects, including neighborhood amenities; and development of new state office and parking facilities upon request and approval of the State.

Accounting principles generally accepted in the United States of America ("GAAP") require that the component units be separated into blended, fiduciary or discretely presented units for reporting purposes. Although legally separate entities, blended component units are, in substance, part of the Authority's operations. Therefore, they are reported as part of the primary government. The primary government is financially accountable for these component units. The component unit presented has a June 30th fiscal year-end.

The component unit blended in the Authority's financial statements is the Capitol Area Community Development Corporation ("CACDC"). This component unit was established for the purpose of assisting the City and State in revitalizing the State Capitol Area by providing financing and assistance for the acquisition, development and managing residential and commercial projects, including affordable housing projects, along with development of public infrastructure.

Basis of presentation

The Authority is accounted for using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash flows take place. The Authority distinguishes operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services in connection with the Authority's ongoing operations. The principal operating revenue of the Authority is rental income from tenants of its housing units. This revenue is recognized on the financial statements net of vacancy loss, low-income subsidies, and loss to leases. Operating expenses for the Authority include employee services, development projects expenses, administrative expenses, maintenance, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses. When both restricted and unrestricted net assets are available, unrestricted resources are used only after restricted resources are depleted.

Intergovernmental revenues

Pursuant to Government Code Sections 8160 and 8180 through 8193, the Authority annually receives from the County of Sacramento, property tax increments collected within the redevelopment project area. During the fiscal year ended June 30, 2003, legislation was passed that expanded the southern boundary of the Authority's redevelopment project area to include a segment of the R Street corridor. Additionally, the Authority regularly receives annuity payments from other governmental agencies, which provide subsidies for a portion of the low-income households served by the Authority.

Capitol Area Development Authority

Notes to Financial Statements June 30, 2022 and 2021

Risk management

The Authority participates in a local government agency excess insurance liability pool to meet its commercial general liability, workers' compensation, umbrella liability, municipality and governmental authorities' errors and omissions, and employment practices liability insurance needs. The Authority is self-insured for these coverages to the extent that claim expenses are below the self-insured retention level set by the excess insurance liability carrier. The Authority has primary insurance policies for property, boiler and machinery, flood, fidelity/crime, site-specific pollution liability and automobile physical damage coverage. Public official bonds required by the joint powers agreement that established the Authority are in place. Funds are set-aside by the Authority to cover potential losses and deductibles. Settled claims have not exceeded coverage for the past three years.

Cash and cash equivalents

The Authority participates in the City's external investment pool. The City Treasurer pools cash and other City funds and invests to maximize income consistent with safe and prudent investment practices within the guidelines of the City's investment policy. The City, as a charter city, has adopted its own investment guidelines to guide investment of City funds by the Treasurer. These guidelines are consistent with the requirements of Government Code Section 53601. The City Council provides regulatory oversight of the City's investment pool and reviews its investment policy on a quarterly basis. The estimated fair value of investments in the pool is the quoted market price. However, the value of the pool shares in the City that may be withdrawn is determined on an amortized cost basis, which is different than the fair value of the Authority's position in the pool. The Authority also invests in money market mutual funds through a fiscal agent that are restricted by debt covenants.

Restricted cash and cash equivalents include tenant security deposits, reserves required by debt covenants, insurance impounds, funds held for others, replacement reserves and insurance risk reserves.

For purposes of the statements of cash flows, the Authority considers cash and cash equivalents to include all pooled cash and investments, including restricted account balances, as these pooled balances have the general characteristic of a demand deposit account and investments with initial maturities of 90 days or less.

Accounts receivable

Accounts receivable are reported net of an allowance for doubtful accounts. Management's estimate of the allowance is based on historical collection experience and a review of the current status of the receivables. It is reasonably possible that management's estimate of the allowance will change. As of June 30, 2022 and 2021, the allowance for doubtful accounts is \$500,099 and \$424,085, respectively.

Notes receivable

The Authority makes loans and advances. Interest on the notes receivable is accrued at least annually. The Authority assesses the collectability of the amounts based upon the terms of the promissory notes and the capacity of the borrowers to repay the funds based upon expected future cash flows. During the year ended June 30, 2021, note from the 1322 O Street Investor LP for \$1.5 million was determined to be uncollectable so an allowance for loan losses was created. As of June 30, 2022 and 2021, the Authority's management believes that the remaining outstanding loans are collectible and that the borrowers will be able to repay the loans under the terms of the promissory notes; therefore, no additional allowance for loan losses was considered necessary.

Capitol Area Development Authority

**Notes to Financial Statements
June 30, 2022 and 2021**

Capital assets

Capital assets, which are defined by the Authority as assets with an initial, individual cost of more than \$3,000 and an estimated useful life beyond one year, are stated at cost. Depreciation is calculated using the straight-line method based on the following estimated useful lives:

Building and improvements	5 - 30 years
Machinery and equipment	3 - 10 years

The costs of normal maintenance and repair that do not materially extend asset lives, enhance its efficiency or increase or amend asset usefulness are not capitalized.

Impairment of capital assets

The Authority reviews its capital assets for impairment whenever events or changes in circumstances indicate that there has been a decline in service utility that is large in magnitude and outside of the normal life cycle of the capital asset being evaluated. As of June 30, 2022, there has been no impairment of the capital assets.

Compensated absences payable and sick leave

Employee vacation benefits earned, but not used, are recognized as liabilities of the Authority. Fulltime employees accrue annual leave at rates based on length of service. Full-time employees with less than 3 years of service are allowed to carry a maximum of 160 hours of unused vacation, employees with 3-10 years of service may carry a maximum of 240 hours of unused vacation and employees with 10 years or more of service may carry a maximum of 320 hours of unused vacation. Part-time employees working more than, or are on paid status of, 50% a month are eligible to earn and use vacation time at their pro-rata rate according to the percentage of the month they work. Compensated absence accruals are considered long-term in nature and totaled \$215,387 and \$222,636 as of June 30, 2022 and 2021, respectively.

Sick leave benefits are earned and accumulated for each full-time employee at a rate of eight hours per month. A part-time employee earns a prorated share of sick leave, depending on the employee's percentage of full-time service. There is no limit to the number of hours of sick leave that an employee may accumulate, however, upon termination an employee is not paid for unused sick leave. As such, accumulated sick leave benefits are not recognized as liabilities of the Authority.

Pensions

For purposes of measuring the net pension liability and deferred outflows/inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Authority's portion of the California Public Employees' Retirement System ("CalPERS") Miscellaneous Plan and additions to/deductions from the Plan's fiduciary net position have been determined on the same basis as they are reported by CalPERS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Other Post-Employment Benefits (OPEB)

For purposes of measuring the net OPEB (asset) liability, deferred outflows/inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of the Authority's plan ("OPEB Plan") the assets of which are held by CalPERS and additions to/deductions from the OPEB Plan's fiduciary net position have been determined by an independent actuary. For this purpose, benefit payments are recognized when currently due and payable in accordance with the benefit terms. Investments are reported at fair value.

Capitol Area Development Authority

Notes to Financial Statements June 30, 2022 and 2021

GAAP require that the reported results must pertain to liability and asset information within certain defined timeframes. For this report, the following timeframes are used:

Valuation Date:	June 30, 2020
Measurement Date:	June 30, 2021
Measurement Period:	July 1, 2020 to June 30, 2021

Bonds, notes payable and accrued interest

Bonds and notes payable consist of notes from commercial lenders, banks, local and state agencies. Interest on these notes is accrued at year end.

Income taxes

The Authority is exempt from federal and California income taxes.

Net position

Net position includes the net earnings from operations, non-operating revenues and expenses, and capital contributions. Net position is classified in the following three components:

- Net Investment in Capital Assets - This component of net position consists of capital assets, net of accumulated depreciation and reduced by outstanding debt and lease liabilities that are attributed to the acquisition, construction, or improvement of those assets. If there are significant unspent related debt proceeds at year-end, the portion of the debt attributable to the unspent proceeds are not included in the calculation of net investment in capital assets. Rather, that portion of the debt is included in the same net position component as the unspent proceeds.
- Restricted - This component of net position consists of constraints imposed by external creditors, grantors, contributors, or laws or regulations of other governments or constraints imposed by law through constitutional provisions or enabling legislation reduced by liabilities relating to those restricted assets.
- Unrestricted - This component of net position consists of net position that does not meet the definition of "net investment in capital assets" or "restricted."

Fair value

Authoritative guidance establishes a hierarchy for ranking the quality and reliability of the information used to determine fair values, requiring that assets and liabilities carried at fair value be classified and disclosed in one of the following three categories:

- Level 1: Unadjusted quoted market prices for identical assets or liabilities in active markets.
- Level 2: Unadjusted quoted market prices for similar assets or liabilities in active markets, unadjusted quoted prices for identical or similar assets or liabilities in markets that are not active, or inputs other than quoted prices that are observable for the asset or liability.
- Level 3: Significant unobservable inputs for the asset or liability.

Capitol Area Development Authority

Notes to Financial Statements June 30, 2022 and 2021

New accounting pronouncements

During the fiscal year ended June 30, 2022, the Authority has adopted the following new accounting standards issued by the GASB:

Statement No. 87, "Leases". GASB Statement No. 87 requires that government lessees recognize a lease liability and an intangible asset representing the lessee's right to use the leased asset and report in its financial statements amortization expense for using the leased asset for the shorter of the lease term or the useful life of the underlying asset, interest expense on the lease liability and note disclosures about the lease. The Statement also requires government lessors recognize a lease receivable and a deferred inflow of resources and continue to report the leased asset in its financial statements. The revenue, recognized over the term of the lease, corresponding with the reduction of the deferred inflow, interest income on the receivable and note disclosures about the lease must also be included in the financial statements. The requirements of this Statement are effective for the Authority's fiscal year ending June 30, 2022. The adoption of this Statement did not have a significant effect on the beginning net position of the Authority, see Note 2.

Statement No. 89, "Accounting for Interest Cost Incurred before the End of a Construction Period". GASB Statement No. 89 provides accounting requirements for interest cost incurred before the end of a construction period. It establishes guidance designed to enhance the relevance and comparability of information about capital assets and the cost of borrowing for a reporting period. The adoption of this Statement had no impact on the Authority's financial statements for the period ended June 30, 2022.

Statement No. 92, "Omnibus 2020". GASB Statement No. 92 addresses a variety of topics including, among other things, Leases, Financial Reporting for Post-Employment Benefit Plans Other Than Pension Plans, Fiduciary Activities, Measurement of liabilities related to AROs. The adoption of this Statement had no impact on the Authority's financial statements for the period ended June 30, 2022.

Statement No. 93, "Replacement of Interbank Offered Rates". GASB Statement No. 93 assists state and local governments in the transition away from existing interbank offered rates ("IBOR") to other reference rates because of global reference rate reform, wherein the London Interbank Offered Rate ("LIBOR") is expected to cease to exist in its current form at the end of 2021. The objective of this Statement is to address implications that result from the replacement of an IBOR in Statement No. 53, Accounting and Financial Reporting for Derivative Instruments and Statement No. 87, Leases and other accounting and financial reporting implications. The removal of LIBOR as an appropriate benchmark interest rate in this Statement are effective for the Authority's fiscal year ending June 30, 2023. All other requirements of this Statement are effective for the Authority's fiscal year ending June 30, 2022. The adoption of this Statement had no impact on the Authority's financial statements and related disclosures.

Statement No. 97, "Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans - an Amendment of GASB Statements No. 14 and No. 84, and a Supersession of GASB Statement No. 32". The primary objectives of this Statement are to (1) increase consistency and comparability related to the reporting of fiduciary component units in circumstances in which a potential component unit does not have a governing board and the primary government performs the duties that a governing board typically would perform; (2) mitigate costs associated with the reporting of certain defined contribution pension plans, defined contribution other postemployment benefit ("OPEB") plans, and employee benefit plans other than pension plans or OPEB plans (other

Capitol Area Development Authority

Notes to Financial Statements June 30, 2022 and 2021

employee benefit plans) as fiduciary component units in fiduciary fund financial statements; and (3) enhance the relevance, consistency, and comparability of the accounting and financial reporting for Internal Revenue Code Section 457 deferred compensation plans ("Section 457 plans") that meet the definition of a pension plan and for benefits provided through those plans. The adoption of this Statement had no impact on the Authority's financial statements for the period ended June 30, 2022.

The Authority is currently analyzing its accounting practices to determine the potential impact on the financial statements for the following GASB Statements:

- Statement No 91, "Conduit Debt Obligations". The primary objectives of Statement No 91 are to provide a single method to report conduit debt obligations and to eliminate diversity in practice associated with commitments extended by issuers, arrangements associated with conduit debt obligations and related note disclosures. The requirements of this Statement are effective for the Authority's fiscal year ending June 30, 2023.
- Statement No. 94, "Public-Private and Public-Public Partnerships and Availability Payment Arrangements". GASB Statement No. 94 establishes standards of accounting and financial reporting for Public-Private and Public-Public Partnerships (PPPs) and Availability Payment Arrangements (APAs). The requirements of this Statement are effective for the Authority's fiscal year ending June 30, 2023.
- Statement No. 96, "Subscription-Based Information Technology Arrangements". GASB Statement No. 96 establishes standards of accounting and financial reporting for subscription-based information technology (SBITAs) for government end users. Under this Statement, a government generally should recognize a right-to-use subscription asset, an intangible asset, and a corresponding subscription liability. The requirements of the Statement are effective for the Authority's fiscal year ending June 30, 2023.
- Statement No. 99, "Omnibus 2022". GASB Statement No. 99 addresses a variety of topics including, among other things, Leases, PPPs, and SBITAs, extension of use of LIBOR, accounting for SNAP distributions, disclosures of nonmonetary transactions, pledges of future revenues by pledging governments, financial guarantees, and classification and reporting of derivative instruments. The requirements related to financial guarantees and classification and reporting of derivative instruments within the scope of Statement 53 are effective for the Agency's year ending June 30, 2024. All other requirements of this statement are effective for the Authority's year ending June 30, 2023.
- Statement No. 100, "Accounting Changes and Error Corrections - an amendment of GASB Statement No. 62". Statement No. 100 establishes standards to enhance accounting and financial reporting requirements for accounting changes and error corrections to provide more understandable, reliable, relevant, consistent, and comparable information for making decisions or assessing accountability. The requirements of this Statement are effective for the Authority's year ending June 30, 2024.
- Statement No. 101, "Compensated Absences". Statement No. 101 establishes standards to unify the recognition and measurement model of liabilities for compensated absences. The requirements of this Statement are effective for the Authority's year ending June 30, 2025.

Capitol Area Development Authority

**Notes to Financial Statements
June 30, 2022 and 2021**

Use of estimates

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Actual results could differ from these estimates.

Note 2 - Change in Accounting Principle and Restatement

For 2022, the Authority implemented GASB Statement No. 87, Leases. GASB Statement No. 87 enhances the relevance and consistency of information of the Authority's leasing activities. It establishes requirements for lease accounting based on the principle that leases are financings of the right to use an underlying asset. A lessee is required to recognize a lease liability and an intangible right to use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources. The Authority's 2020 financial statements include a prior period adjustment for the lease receivable, lease asset, lease liability and deferred inflow of resources. This adjustment had no effect on the beginning net position of the Authority since the deferred inflows equal the amount of the lease receivable.

The implementation of GASB Statement No. 87 had the following effect on net position as reported at June 30, 2020:

Net Position, June 30, 2020	\$ 18,952,247
Adjustments:	
Lease receivable	1,585,335
Deferred inflow of resources	(1,585,335)
Net book value of right of use asset	649,840
Lease liability	<u>(649,840)</u>
Restated Net Position, June 30, 2020	<u>\$ 18,952,247</u>

Note 3 - Cash, cash equivalents and investments

Custodial credit risk

Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. The custodial credit risk for investments is the risk that, in the event of the failure of the counterparty to a transaction, a government will not be able to recover the value of its investment or collateral securities that are in the possession of another party.

The California Government Code and the Authority's investment policy do not contain legal or policy requirements that would limit the exposure to custodial credit risk for deposits or investments, other than the California Government Code requires that a financial institution secure deposits made by state or local governmental units not covered by federal deposit insurance by pledging securities in an undivided collateral pool held by a depository regulated under state law. The market value of the pledged securities in the collateral pool must equal at least 110% of the total amount deposited by the public agencies. The California Government Code states that collateral pledged in this manner shall have the effect of perfecting a security interest in such collateral superior to those of a general creditor. As a result, for purposes of custodial credit risk the collateral for cash deposits is considered to be held in the Authority's name.

Capitol Area Development Authority

Notes to Financial Statements June 30, 2022 and 2021

The Authority's funds held with the City of Sacramento investment pool fall under the same requirements as noted above. In addition, the Authority maintains interest-bearing impound deposits and replacement reserve account in the amount of \$155,858 and \$112,185 as of June 30, 2022 and 2021, respectively, with the California Housing Finance Agency ("CalHFA") as required by the Authority's note payable with CalHFA. All such impound deposits are entirely insured or collateralized with securities held by CalHFA in the Authority's name.

At June 30, 2022 and 2021, the carrying amounts of the Authority's deposits with financial institutions were \$2,403,347 and \$6,100,705, respectively. Bank balances are insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000 and for amounts over \$250,000 collateralized with securities by pledging financial institutions in the Authority's name in accordance with the California Government Code as discussed above. \$1,289,703 is insured with FDIC and remaining \$1,645,522 is uninsured but collateralized as of June 30, 2022.

Interest rate risk

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value is to changes in market interest rates. As a means of limiting its exposure to fair value losses arising from rising interest rates, the Authority manages its exposure to interest rate risk by investing the majority of its resources with the City Treasurer, which purchases a combination of shorter term and longer term investments and by timing cash flows from maturities so that a portion of the pool is maturing or coming close to maturity evenly over time as necessary to provide the cash flow and liquidity needed for operations. The City's investment pool is unrated and the weighted average maturity is years .97 and 3.14 years as of June 30, 2022 and 2021, respectively.

Credit risk

Generally, credit risk is the risk that an issuer of a financial instrument will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. The Authority's investments in US Treasuries, impound accounts and deposits are not subject to these ratings (NA). It is the Authority's policy to purchase investments with the minimum ratings required by the California Government Code.

As of June 30, 2022, the Authority's deposits, investments and credit ratings are as follows:

	Credit rating	Maturities		Total
		Under 30 days	1 - 5 years	
Cash and cash equivalents				
City investment pool	Not rated	\$ -	\$ 51,765,955	\$ 51,765,955
Money market mutual funds	AAA/Aaa	441,045	-	441,045
Deposits	N/A	-	-	2,403,347
Total		<u>\$ 441,045</u>	<u>\$ 51,765,955</u>	<u>\$ 54,610,347</u>

Capitol Area Development Authority

**Notes to Financial Statements
June 30, 2022 and 2021**

As of June 30, 2021, the Authority's deposits, investments and credit ratings are as follows:

	Credit rating	Maturities		Total
		Under 30 days	1 - 5 years	
Cash and cash equivalents				
City investment pool	Not rated	\$ -	\$ 51,265,391	\$ 51,265,391
Money market mutual funds	AAA/Aaa	600,868	-	600,868
Deposits	N/A	-	-	6,100,705
Total		\$ 600,868	\$ 51,265,391	\$ 57,966,964

Fair value classification

The Authority has determined that the amounts in the City investment pool are reported at net asset value and are not included in the fair value hierarchy categories.

Note 4 - Notes receivable

Notes receivable consist of the following at June 30:

	2022	2021
<u>1322 O Street Investor, LP</u>		
Promissory note of \$100,000 for security on a Letter of Credit through Chase Morgan bank to the City of Sacramento. The Letter of Credit was required by the City to guarantee that off-site improvements will be completed. These funds will be released and refunded back to CADA upon acceptance of improvements by the City.	\$ 100,000	\$ 100,000
<u>1717 S Street Investor, LP</u>		
Promissory note of \$3.3 million for repayment of funds loaned to finance, in part, the development of affordable housing in the R Street area. This note is amortized over 55 years at a 3% interest rate, secured by the property with payments commencing 13 years after the Certificate of Occupancy or the first year after the deferred developer fee is paid in full, whichever comes first, in the amount equal to three (3%) percent of remaining residual cash flow when available.	3,300,000	3,300,000
Total	\$ 3,400,000	\$ 3,400,000

At the close of escrow on the Warehouse Artist Lofts ("WAL") project, the Authority entered into five

Capitol Area Development Authority

Notes to Financial Statements June 30, 2022 and 2021

residual receipts loans in exchange for property and project assistance for the development of a mix-income multifamily residential rental housing project. During the 2013-2014 fiscal year, the Authority entered into two additional residual receipts loans in exchange for the B&G property adjacent to the WAL project and project assistance for the development of a three story commercial building. According to the loan terms, the developer will pay 30% of residual receipts to the Authority after the first of either occurs: repayment in full of any deferred developer fee or twelve years for the WAL project and eight years for the B&G building after receipt of a Certificate of Occupancy for each project. These loans will only be repaid from residual receipts and in no event shall the payment to the Authority exceed 30% for the WAL project and 15% for the B&G building. Due to the nature of these loans the Authority determined that these notes have no carrying value; therefore, they are not reflected on the Statements of Net Position. If payment is received in the future for these loans those payments will be recognized as revenue to the Authority.

At the close of escrow for the 1320 O Street project, the Authority entered into a residual receipts loan in exchange to finance, in part, the development of an affordable housing project. Due to the nature of this type of note and the insufficiency of expected future residual receipts of the project, the Authority determined there was no carrying value, so an allowance was set up for the full amount of the loan.

Residual receipt loans consist of the following at June 30, 2022:

R Street LP for the Warehouse Artist Lofts Project

Warehouse residual receipt loan in the amount of \$3,600,000 amortized over 40 years at a 1% interest rate, secured by the Warehouse but subordinate to the developer's construction loan and permanent loan, and to be repaid from residual receipts.	\$ 3,960,000
Lots 3&4 residual receipt loan, property adjacent to the Warehouse, in the amount of \$973,000 amortized over 40 years at a 1% interest rate, secured by Lots 3&4 but subordinate to the developer's construction loan and permanent loan, and to be repaid from residual receipts.	1,070,300
Authority Construction residual receipt loan in the amount of \$1.2 million amortized over 40 years at a 1% interest rate, secured by the Warehouse and Lots 3&4 but subordinate to the developer's construction loan and permanent loan, and to be repaid from residual receipts.	1,320,000
Remediation residual receipt loan in the amount of \$774,000 amortized over 40 years at a 1% interest rate, secured by the Warehouse but subordinate to the developer's construction loan and permanent loan, and to be repaid from residual receipts.	851,400
HCD Grant residual receipt loan in the amount of \$4,946,080 amortized over 55 years with zero interest, secured by the Warehouse but subordinate to the developer's construction loan and permanent loan, and to be repaid from residual receipts.	4,946,080

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**Notes to Financial Statements
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B&G Building Investors, LLC

Land residual receipt loan, property adjacent to the WAL project, in the amount of \$260,000 amortized over 40 years at a 1% interest rate, secured by the property but subordinate to the developer's construction loan and permanent loan, and to be repaid from residual receipts. 283,400

Authority Construction residual receipt loan in the amount of \$500,000 amortized over 40 years at a 1% interest rate, secured by the property but subordinate to the developer's construction loan and permanent loan, and to be repaid from residual receipts. 546,000

1322 O Street Investor, LP

Project financing loan, in the amount of \$1.5 million amortized over 55 years at a 4% interest rate, secured by the property with payments commencing 13 years after the Certificate of Occupancy or the first year after the deferred developer fee is paid in full, whichever comes first, in the amount equal to 50 percent of remaining residual cash flow when available. 1,620,000

Total \$ 14,597,180

Note 5 - Lease of state-owned real and personal property

The Authority leases and manages real and personal property located in the City of Sacramento from the State under a sixty-year operating lease terminating on October 31, 2038. The related cost of these properties is not included in the Authority's financial statements nor does the Authority pay rent on these properties. The State may terminate the lease in whole or as to any portion at any time by giving the Authority notice in writing at least 180 days prior to the date that any such termination shall be effective.

Exceptions to the 180-day notice of termination are the separate 60-year ground lease(s), which the Authority entered into with the State for the purposes of long-term development. In these instances, the Authority can develop the property itself or enter into a 59-year developmental ground lease with a developer for a specific project. These leases are used as security for the development of the property. Should the ground lease between the Authority and the State be terminated, the developmental ground leases will be honored by the State on behalf of the Authority.

Note 6 - Leases

Lease payable

On December 1, 2002, the Authority, as a lessee, had entered a sublease agreement with the Department of General Services (DGS) for the real property located at 1522 14th Street, Sacramento, CA. As the interest rate implicit in the DGS's lease is not readily determinable, the Authority uses the State of California's incremental borrowing rate of 2.85%. The Authority has exercised the first option to extend the agreement and is paying monthly payments of \$6,445 through 2024. The Authority has a second option to renew for 5 years with a monthly payment of \$6,638.

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**Notes to Financial Statements
June 30, 2022 and 2021**

	Lease Liability Current Portion	Lease Liability Noncurrent Portion	Right of Use Asset, net	Lease Amortization Expense	Lease Interest Expense
Administrative Office \$	62,220	\$ 468,305	\$ 522,164	\$ 68,857	\$ 16,844

The following is a summary of the lease payable transactions for the fiscal years ended June 30, 2022 and 2021:

Balance June 30, 2021	Additions	Reduction	Balance June 30, 2022	Amounts due within one year
\$ 591,021	\$ -	\$ (60,496)	\$ 530,525	\$ 62,220

Balance June 30, 2020	Additions	Reduction	Balance June 30, 2021	Amounts due within one year
\$ 649,840	\$ -	\$ (58,819)	\$ 591,021	\$ 60,496

The following is a schedule of future minimum lease payment requirements through the term of the lease agreement noted above subsequent to June 30, 2022:

	Total future required payments	Less amount representing interest	Present value of future minimum lease payments
2023	\$ 77,340	\$ (15,120)	\$ 62,220
2024	77,340	(13,347)	63,993
2025	78,305	(11,523)	66,782
2026	79,656	(9,620)	70,036
2027	79,656	(7,624)	72,032
2028-2030	205,778	(10,316)	195,462
Total	\$ 598,075	\$ (67,550)	\$ 530,525
		Curent portion	\$ 62,220
		Noncurent portion	468,305
		Total lease liability	\$ 530,525

Capitol Area Development Authority

Notes to Financial Statements June 30, 2022 and 2021

Leases receivable

The Authority, as a lessor, has entered into lease agreements for the use of certain ground and commercial spaces. Terms of the agreements are listed below. As an interest rate implicit in the Authority's leases is not readily determinable, the Authority uses the State of California's incremental borrowing rate or 2.85% and 3.22% based on the lease expiration date. For fiscal years 2022 and 2021, the Authority held the following leases:

		2022				
		Lease Receivable Current Portion	Lease Receivable Noncurrent Portion	Deferred Inflows of Resources	Lease Revenue	Lease Interest Revenue
<u>Ground lease</u>						
The Terrace	\$	20,972	\$ 982,021	\$ 990,300	\$ 53,268	\$ 32,951
<u>Commercial lease</u>						
Sam's Market	\$	22,424	\$ 257,570	\$ 267,569	\$ 22,083	\$ 9,423
Cap City Squeeze		5,393	41,185	44,611	5,040	1,430
University of Beer		13,578	103,704	115,560	16,428	3,705
Karma Brew		12,723	68,013	71,980	5,634	2,393
Total	\$	75,090	\$ 1,452,493	\$ 1,490,020	\$ 102,453	\$ 49,902
		2021				
		Lease Receivable Current Portion	Lease Receivable Noncurrent Portion	Deferred Inflows of Resources	Lease Revenue	Lease Interest Revenue
<u>Ground lease</u>						
The Terrace	\$	20,317	\$ 1,002,992	\$ 1,023,309	\$ 53,268	\$ 32,951
<u>Commercial lease</u>						
Sam's Market	\$	105	\$ 292,549	\$ 292,654	\$ 9,532	\$ 9,427
Cap City Squeeze		3,577	46,610	50,187	5,040	1,463
University of Beer		3,719	126,286	130,005	7,530	3,811
Karma Brew		1,250	82,727	83,977	3,679	2,429
Total	\$	28,968	\$ 1,551,164	\$ 1,580,132	\$ 79,049	\$ 50,081

Development ground lease

The Terrace – On December 1, 1992, the Authority entered into a 60-year development ground lease agreement with Sixteenth and O Street, a California Limited Partnership, for the property located at 1609-1623 O Street, Sacramento, CA. The Authority is receiving monthly payments through 2051, with an option to terminate commencing on November 30, 2022.

Commercial lease

Sam's Market – On March 1, 2018, the Authority entered into a 5-year lease agreement with Sam's Market for the real property located at 1330 O Street, Sacramento, CA. The Authority is receiving monthly payments through 2023, with two 5-year options to extend.

Capitol Area Development Authority

Notes to Financial Statements June 30, 2022 and 2021

Cap City Squeeze – On May 1, 2014, the Authority entered into a 5-year lease agreement with Cap City Squeeze for real property located at 1426 14th Street, Suite D, Sacramento, CA. The lease has two 5-year options to extend, the tenant exercised the first 5-year extension in May 1, 2019, with the Authority receiving monthly payments through 2024.

University of Beer – On May 1, 2014, the Authority entered into a 5-year lease agreement with University of Beer for real property located at 1520 16th Street, Suite D, Sacramento, CA. The lease has two 5-year options to extend, the tenant exercised the first 5-year extension in May 1, 2019, with the Authority receiving monthly payments through 2024.

Karma Brew – On May 17, 2013, the Authority entered into a 5-year lease agreement with Karma Brew for real property located at 1530 16th Street, Suite A, Sacramento, CA. The lease has two 5-year options to extend, the tenant exercised the first 5-year extension in May 17, 2018, with the Authority receiving monthly payments through 2023.

Following is a schedule of future lease payments expected through the terms of the lease agreements noted above subsequent to June 30, 2022:

	Total future rental payments	Less amount representing interest	Present value of future lease payments receivable
2023	\$ 123,373	\$ (48,283)	\$ 75,090
2024	123,373	(45,983)	77,390
2025	123,373	(43,611)	79,762
2026	123,373	(41,167)	82,206
2027	123,373	(38,647)	84,726
2028-2032	504,294	(156,317)	347,977
2033-2037	287,300	(113,460)	173,840
2038-2042	266,340	(86,443)	179,897
2043-2047	266,340	(55,553)	210,787
2048-2052	235,267	(19,359)	215,908
Total	\$ 2,176,406	\$ (648,823)	\$ 1,527,583
		Curent portion	\$ 75,090
		Noncurent portion	1,452,493
		Total lease receivable	\$ 1,527,583

Capitol Area Development Authority

**Notes to Financial Statements
June 30, 2022 and 2021**

Note 7 - Capital assets

Information on changes in capital assets is presented below:

	<u>Balance June 30, 2021</u>	<u>Increases</u>	<u>Transfers</u>	<u>Balance June 30, 2022</u>
Capital assets not being depreciated				
Land	\$ 3,282,385	\$ -	\$ -	\$ 3,282,385
Construction in progress	<u>376,945</u>	<u>199,882</u>	<u>(28,461)</u>	<u>548,366</u>
Total	<u>3,659,330</u>	<u>199,882</u>	<u>(28,461)</u>	<u>3,830,751</u>
Capital assets being depreciated				
Buildings and improvements	26,277,924	741,554	28,461	27,047,939
Machinery and equipment	630,416	119,359	-	749,775
Intangible right of use lease - admin office	<u>649,840</u>	<u>-</u>	<u>-</u>	<u>649,840</u>
	<u>27,558,180</u>	<u>860,913</u>	<u>28,461</u>	<u>28,447,554</u>
Less accumulated depreciation				
Buildings and improvements	(19,760,995)	(790,102)	-	(20,551,097)
Machinery and equipment	(413,229)	(78,425)	-	(491,654)
Intangible right of use lease - admin office	<u>(58,819)</u>	<u>(68,857)</u>	<u>-</u>	<u>(127,676)</u>
	<u>(20,233,043)</u>	<u>(937,384)</u>	<u>-</u>	<u>(21,170,427)</u>
Total capital assets being depreciated, net	<u>7,325,137</u>	<u>(76,471)</u>	<u>28,461</u>	<u>7,277,127</u>
Capital assets, net	<u><u>\$ 10,984,467</u></u>	<u><u>\$ 123,411</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 11,107,878</u></u>

Capitol Area Development Authority

**Notes to Financial Statements
June 30, 2022 and 2021**

	Balance June 30, 2020	Increases	Transfers	Balance June 30, 2021
Capital assets not being depreciated				
Land	\$ 1,282,385	\$ 2,000,000	\$ -	\$ 3,282,385
Construction in progress	316,639	259,061	(198,755)	376,945
Total	1,599,024	2,259,061	(198,755)	3,659,330
Capital assets being depreciated				
Buildings and improvements	25,712,586	366,583	198,755	26,277,924
Machinery and equipment	571,538	58,878	-	630,416
Intangible right of use lease - admin office	649,840	-	-	649,840
	26,933,964	425,461	198,755	27,558,180
Less accumulated depreciation				
Buildings and improvements	(18,964,178)	(796,817)	-	(19,760,995)
Machinery and equipment	(338,850)	(74,379)	-	(413,229)
Intangible right of use lease - admin office	-	(58,819)	-	(58,819)
	(19,303,028)	(930,015)	-	(20,233,043)
Total capital assets being depreciated, net	7,630,936	(504,554)	198,755	7,325,137
Capital assets, net	\$ 9,229,960	\$ 1,754,507	\$ -	\$ 10,984,467

Note 8 - Notes payable

Notes payable consists of the following at June 30:

	2022	2021	GASB 88 Disclosures
<u>State of California Department of General Services ("DGS")</u>			
Issued December 2005: Starting in December of 2009, both interest and principal payments were due. The resulting principal balance amortizes through the year 2028 (a period of 20 years) at 1.98% with consecutive annual payments of principal and interest of \$73,260. Secured by pledge of tax increment revenue.	\$ 474,504	\$ 537,128	A1, B1, C1, D1, E1
Issued December 2005: Starting in December of 2009, both interest and principal payments were due. The resulting principal balance amortizes through the year 2028 (a period of 20 years) at 1.98% with consecutive annual payments of principal and interest of \$23,033. Secured by pledge of tax increment revenue.	149,187	168,876	A1, B1, C1, D1, E1

Capitol Area Development Authority

**Notes to Financial Statements
June 30, 2022 and 2021**

	<u>2022</u>	<u>2021</u>	<u>GASB 88 Disclosures</u>
Issued December 2005: Starting in December of 2009, both interest and principal payments were due. The resulting principal balance amortizes through the year 2028 (a period of 20 years) at 1.98% with consecutive annual payments of principal and interest of \$36,307. Secured by pledge of tax increment revenue.	235,166	266,202	A1, B1, C1, D1, E1
<u>California Housing Finance Agency</u>			
Monthly installments of \$7,836, including principal and interest at 5.25% to August 2033, secured by 17th Street Commons project.	797,556	848,261	A1, B2, C2, D1, E2
<u>Sacramento Housing Finance Agency</u>			
Noninterest-bearing note with annual principal payments of \$16,481 beginning December 2003 and maturing in the year 2028, secured by 17th Street Commons project.	131,861	148,342	A1, B2, C2, D2, E3
Noninterest-bearing note with principal payments of not less than \$25,000 annually beginning July 1, 2013 and maturing on July 1, 2022, secured by the pledge of tax increment funds on the Capital Lofts project. Note was paid in full subsequent to year-end.	25,000	50,000	A1, B3, C3, D3, E3

Capitol Area Development Authority

**Notes to Financial Statements
June 30, 2022 and 2021**

California Department of Housing and
Community Development (HCD)

Promissory note dated September 1, 2017, of \$1,197,213 payable to HCD, bearing simple interest at 3% per year. The loan matures 16 years from the date of the note (September 2033) at which time all outstanding principal and accrued interest will be due.

1,197,213	1,197,213	A1, B4, C4, D4, E4
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Promissory note dated September 27, 2019, of \$1,025,653 payable to HCD, bearing simple interest at 3% per year. The loan matures 12 years from the date of the note (October 2030) at which time all outstanding principal and accrued interest will be due.

1,025,653	1,025,653	A1, B5, C6, D6, E6
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California Infrastructure & Economic
Development Bank

Tax Allocation Loan for an amount up to \$600,000 secured by the Authority's tax increment. Average annual payments of principal, interest and fees of \$40,000 with a fixed interest rate of 2.77% to September 16, 2032.

398,402	426,076	A1, B1, C5, D5, E5
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Total	\$ 4,434,541	\$ 4,667,751
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Future maturities on notes payable for years subsequent to June 30, 2022 are as follows:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2023	\$ 238,948	\$ 68,245	\$ 307,193
2024	219,898	62,285	282,183
2025	226,070	56,100	282,170
2026	232,473	49,686	282,159
2027	239,119	43,030	282,149
2028-2032	2,130,455	198,571	2,329,026
2033-2034	1,386,526	496,174	1,882,700
	<u>\$ 4,434,541</u>	<u>\$ 905,846</u>	<u>\$ 5,340,387</u>

Capitol Area Development Authority

**Notes to Financial Statements
June 30, 2022 and 2021**

The following is a summary of the notes payable transactions for the fiscal years ended June 30, 2022 and 2021:

<u>Balance June 30, 2021</u>	<u>Additions</u>	<u>Retirements</u>	<u>Balance June 30, 2022</u>	<u>Amounts due within one year</u>
\$ 4,667,751	\$ -	\$ (233,210)	\$ 4,434,541	\$ 238,948
<u>Balance June 30, 2020</u>	<u>Additions</u>	<u>Retirements</u>	<u>Balance June 30, 2021</u>	<u>Amounts due within one year</u>
\$ 4,895,426	\$ -	\$ (227,675)	\$ 4,667,751	\$ 233,210

Capitol Area Development Authority

**Notes to Financial Statements
June 30, 2022 and 2021**

The following is a schedule required disclosures under GASB No. 88:

A. Amount of unused lines of credit

A1 The Authority has no open lines of credit

B. Assets Pledged as Collateral

B1 Pledge of tax increment revenue
B2 17th Street Commons project
B3 Tax increment funds on the Capitol Lofts project
B4 Somerset Parkside Apartments project
B5 Biele Place Apartments project

C. Events of default with finance-related consequences

C1 Indebtedness becomes immediately due and payable, the Authority is liable for all costs of collection.
C2 Indebtedness becomes immediately due and payable, and thereafter until paid bear interest at the rate of 10%.
C3 Indebtedness becomes immediately due
C4 Indebtedness becomes immediately due and payable, and thereafter until paid bear interest at the rate of 10%.
C5 At the lender discretion indebtedness may become due or other remedies may be available
C6 Indebtedness becomes immediately due and payable, and thereafter until paid bear interest at the rate of 10%.

D. Subjective Acceleration Clause

D1 No prepayment penalty
D2 The Authority may not prepay the indebtedness.
D3 No prepayment penalty
D4 The Authority may prepay the indebtedness only upon the prior written consent of the lender
D5 With a written request 80 days prior to requested prepayment date, prepayment is allowable after 10 years, with a penalty in the 11th year of prepayment amount of 102% of the outstanding balance and in the 12th year the prepayment amount of 101% of the outstanding balance, and no penalty thereafter.
D6 The Authority may prepay the indebtedness only upon the prior written consent of the lender

E. Termination events with finance-related consequences

E1 No Termination Clause
E2 No Termination Clause
E3 No Termination Clause
E4 No Termination Clause
E5 No Termination Clause
E6 No Termination Clause

Capitol Area Development Authority

**Notes to Financial Statements
June 30, 2022 and 2021**

Note 9 - Bonds payable

On July 7, 2016, the Authority issued 2016 Tax Allocation Bonds. These bonds fully refunded the Authority's remaining obligations with respect to previously issued 2004 Tax Allocation Revenue Bonds.

On June 6, 2017, the Authority issued 2017 Tax Allocation Bonds. This issue fully refunded two outstanding notes one with F & M Bank for the purchase of the Fremont Wilshire Apartments at the corner of 15th & P Street and one with D'Ambrosia for the purchase of the Maintenance office on 701 S Street for principal and interest balances totaling \$1,169,964 and \$1,035,340 respectively.

On December 2020, the Authority issued \$31,455,000 in Tax Allocation Bonds. These bonds were issued to finance future affordable housing projects and other development projects within the Capitol and R Street Areas. The Bonds are secured by a pledge of tax increment revenue, with maturity and interest rates as follows:

<u>Maturity Date</u>	<u>Amount</u>	<u>Interest Rate</u>
10/1/2021	\$ 880,000	0.957%
10/1/2022	715,000	1.027%
10/1/2023	725,000	1.174%
10/1/2027	770,000	2.177%
10/1/2028	785,000	2.458%
10/1/2029	805,000	2.558%
10/1/2030	825,000	2.658%
10/1/2031	850,000	2.778%
10/1/2032	870,000	2.878%
10/1/2033 - 10/1/2035	2,775,000	3.128%
10/1/2036 - 10/1/2040	5,290,000	3.615%
10/1/2041 - 10/1/2045	6,330,000	3.715%
10/1/2046 - 10/1/2050	7,605,000	3.815%
	<u>\$ 31,455,000</u>	

Capitol Area Development Authority

**Notes to Financial Statements
June 30, 2022 and 2021**

Future debt service requirements for years subsequent to June 30, 2022 are as follows:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2023	\$ 1,301,957	\$ 1,274,590	\$ 2,576,547
2024	1,339,964	1,245,704	2,585,668
2025	1,360,018	1,214,432	2,574,450
2026	1,379,225	1,181,057	2,560,282
2027	1,403,553	1,145,246	2,548,799
2028-2032	7,685,977	5,087,587	12,773,564
2033-2037	6,683,142	3,900,314	10,583,456
2038-2042	5,480,000	2,922,836	8,402,836
2043-2047	6,565,000	1,815,412	8,380,412
2048-2051	6,195,000	483,456	6,678,456
	<u>\$ 39,393,836</u>	<u>\$ 20,270,634</u>	<u>\$ 59,664,470</u>

The following is a summary of the bonds payable transactions for the fiscal years ended June 30, 2022 and 2021:

	<u>Balance June 30, 2021</u>	<u>Additions</u>	<u>Retirements</u>	<u>Balance June 30, 2022</u>	<u>Amounts due within one year</u>
TAB payable	\$ 40,848,389		\$ (1,454,553)	\$ 39,393,836	\$ 1,301,957

	<u>Balance June 30, 2020</u>	<u>Additions</u>	<u>Retirements</u>	<u>Balance June 30, 2021</u>	<u>Amounts due within one year</u>
TAB payable	\$ 9,944,244	\$ 31,455,000	\$ (550,855)	\$ 40,848,389	\$ 1,454,552

Note 10 - Compensated absences

The following is a summary of the compensated absences payable for the fiscal years ended June 30, 2022 and 2021:

	<u>Balance June 30, 2021</u>	<u>Additions</u>	<u>Retirements</u>	<u>Balance June 30, 2022</u>
	\$ 222,636	\$ 161,897	\$ (169,146)	\$ 215,387

	<u>Balance June 30, 2020</u>	<u>Additions</u>	<u>Retirements</u>	<u>Balance June 30, 2021</u>
	\$ 177,683	\$ 141,554	\$ (96,601)	\$ 222,636

Note 11 - R Street Property and Business Improvement District

In June 2012, the Authority established the R Street Property and Business Improvement District ("District"). In January 2018, the District was extended for a 10-year term with the approval of the District property owners in accordance with the Property and Business Improvement District Law of 1994. The District will fund services such as security, street maintenance, marketing and advocacy for economic and neighborhood development within the proposed boundaries of the District.

Capitol Area Development Authority

Notes to Financial Statements June 30, 2022 and 2021

Financing of the District will be provided by the levy of assessments upon real property that benefits from improvements and activities.

The Authority will act as a pass-through of the levied assessments from the County of Sacramento to the managing non-profit. For the years ended June 30, 2022 and 2021, the receipt and disbursement of the levied assessment was netted within Intergovernmental Revenue.

Note 12 - Agreements with the CACDC

The Authority entered into an administrative services agreement and development line of credit with the CACDC. The Authority will provide the CACDC with administrative and support services related to the nonprofit operations, facilities, supplies and equipment with no compensation to the Authority.

For development activities CACDC previously received a revolving line of credit from the Authority up to the amount of \$259,000 in FY 15-16. In FY16-17, the Board authorized the execution of an initial loan agreement and promissory note in the amount not to exceed \$2,108,000 and authorized a drawdown to repay the \$259,000 revolving Line of Credit. The terms and security remained the same as the line of credit. In FY 17-18, the Board approved amending the loan agreement and promissory note to increase the loan amount from \$2,108,000 to an amount not to exceed \$2,808,000 and amending repayment to be paid at the close of the project financing in the amount the CACDC received for cost reimbursement, with any remaining amounts to be paid with development fees received during construction.

CADA through the CACDC entered into a joint venture agreement with CFY Development Inc., a third-party developer, to form a limited partnership, 1717 S Street Investors, LP whereby CACDC was a 50% partner. This partnership is for the purpose of purchasing property for the development of a mixed-use, mixed-income project on the site in order to meet a portion of CADA's R Street Area affordable housing requirement. On March 10, 2017, the Partnership closed escrow to purchase the half block of property located on the north side of S Street between 17th and 18th Streets, known as 1717 S Street for the total amount of \$3,124,000, of this amount the CACDC contributed \$2,046,090 into escrow, with \$1,562,000 for the land and \$300,000 to fund a remediation trust fund. This contribution to the partnership was considered investment activity in a joint venture partnership. In October 2020, the partnership agreement was amended to include a tax credit limited partner investor whereas CACDC investment was paid back in a form of a \$3.3 million loan and a \$701,517 long term advance receivable.

CADA through the CACDC, entered into a new limited partnership agreement, 1322 O Street Investors, LP with CACDC and Cyrus Youssefi as general partners and the tax credit investor as the majority owner as a limited partner to provide financing for an affordable housing project at 1322 O Street. At the time of closing, CADA contributed \$1.5 million in gap financing through a residual receipt note.

Note 13 - Funds held for others

The Authority acts as fiscal agent for two trust funds the 17R Orchard Partners, LP and the 1717 S Street Investors, LLC. Funds for both trusts are disbursed in accordance with the trusts' instructions and funds for both entities are reported as restricted cash and cash equivalents. In November 2021 CADA received a release of funds from Central Valley Water Board for the termination of the cleanup trust for the 1717 S Street Investors, LLC, and the remaining funds of \$160,022 was returned to the partnership. The remaining restricted cash balances for the 17 R Orchard Partners, LP is \$55,340 and \$55,340 as of June 30, 2022 and 2021, respectively.

Capitol Area Development Authority

**Notes to Financial Statements
June 30, 2022 and 2021**

Note 14 - Pension plan

Plan description

The Authority contributes to CalPERS, a cost-sharing defined benefit pension plan (the "Plan"). CalPERS provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. CalPERS acts as a common investment and administrative agent for participating public entities within the State of California. Benefit provisions and all other requirements are established by contract with CalPERS in accordance with the provisions of the Public Employees' Retirement Law. A menu of benefit provisions as well as other requirements are established by State statutes within the Public Employees' Retirement Law. The Authority selects optional benefit provisions from the benefit menu by contract with CalPERS and adopts those benefits through Board Approval. CalPERS issues a separate comprehensive annual financial report that includes financial statements and required supplementary information. Copies of the CalPERS annual financial report ("ACFR") may be obtained from the CalPERS Executive Office, 400 P Street, Sacramento, CA 95814.

The California Legislature passed and the Governor signed the "Public Employees' Pension Reform Act of 2013" ("PEPRA") on September 12, 2012. PEPRA contained a number of provisions intended to reduce future pension obligations. PEPRA primarily affects new pension plan members who are enrolled for the first time after December 2012. Benefit provisions and other requirements are established by State statute.

Benefits provided

The benefits for the Plan are based on members' years of service, age, final compensation, and benefit formula. Benefits are provided for disability, military service credits, death, and survivors of eligible members or beneficiaries. Members become fully vested in their retirement benefits earned to date after five years of credited service. The PEPRA created two benefit levels for the Authority's employees who qualify for membership in CalPERS. They are outlined below:

	Current Members*	New Members**
Retirement Formula	2% @ 55	2% @ 62
Retirement Contribution	7%	50% of Annual Normal Cost***
Final Compensation Method	Highest 1 Year Average	Highest 3 Year Average

*Current Member is defined as anyone who is or has been a member of CalPERS or another recognized public retirement system and who has not had more than a six-month break in service.

**New Member is defined as anyone who is or has been a member of CalPERS or another recognized public retirement system and who has not had more than a six-month break in service and was hired by the Authority after January 1, 2013.

***Annual Normal cost for New Members is determined annually by CalPERS and is dependent on the benefit levels, actuarial assumptions, and demographics of each plan. The Authority's New Member contribution for 2022 is 7.8%.

Funding policy

Active plan members are required to contribute 7% of their annual covered salary. The Authority is required to contribute the actuarially determined remaining amounts necessary to fund the benefits for its members. The actuarial methods and assumptions used are those adopted by the CalPERS

Capitol Area Development Authority

Notes to Financial Statements June 30, 2022 and 2021

Board of Administration. The required employer contribution rates for classic members were 11.60% and 11.746% and for PEPRA members were 7.73% and 7.874% for the years ended June 30, 2022 and 2021, respectively. The Authority has been notified that the required employer contribution rate for classic members will be 11.61% and PEPRA members will be 7.76% for the year ending June 30, 2023 and an annual payment on the Authority's unfunded liability of \$431,119 for classic member and \$5,933 for PEPRA members. The contribution requirements of the plan members are established by State statute and the employer contribution rate is established and may be amended by CalPERS based on actuarial valuations performed by CalPERS actuaries.

Net pension liability

As of June 30, 2022, the Authority reported net pension liability for its proportionate share of the net pension liability of \$2,925,314.

The Authority's net pension liability for the Plan is measured as the proportionate share of the net pension liability. The net pension liability of the Plan is measured as of June 30, 2021 (measurement date), and the total pension liability for the Plan used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2020 rolled forward to June 30, 2021 using standard update procedures. GASB 68 requires cost sharing employers to establish an approach to allocate the net pension liability and pension expense to the individual employers within the risk pool. Pools where contribution rates within the pool are based on separate relationships, the proportional allocation should reflect those relationships. The allocation method utilized by CalPERS determines the employer's share by reflecting these relations through the plans they sponsor within the risk pool. Plan liability and asset-related information are used where available, and proportional allocations of individual plan accounts as of the valuation date are used where not available. The Authority's proportionate share of the net pension liability for the Plan as of June 30, 2022 for all members was .15406% which increased as compared to the percentage as of June 30, 2021 of .11081%.

Capitol Area Development Authority

**Notes to Financial Statements
June 30, 2022 and 2021**

Pension expense and deferred outflows/inflows of resources related to pensions

For the year ended June 30, 2022, the Authority recognized pension expense of \$299,885. At June 30, 2022, the Authority reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of resources</u>	<u>Deferred Inflows of resources</u>
Differences between expected and actual experience	\$ 328,040	\$ -
Net difference between projected and actual earnings on pension plan investments	-	2,553,628
Change in assumptions	-	-
Contributions made subsequent to the measurement date	<u>686,789</u>	<u>-</u>
Total	<u>\$ 1,014,829</u>	<u>\$ 2,553,628</u>

The \$686,789 reported as deferred outflows of resources related to contributions made subsequent to the measurement date will be recognized as a reduction of the net pension liability in the fiscal year ending June 30, 2023. Other amounts reported as deferred outflows and deferred inflows of resources related to pensions will be recognized as pension expense (revenue) as follows:

<u>Years ending June 30,</u>	<u>Amounts</u>
2023	\$ (460,256)
2024	(495,815)
2025	(563,825)
2026	<u>(705,692)</u>
	<u>\$ (2,225,588)</u>

Capitol Area Development Authority

**Notes to Financial Statements
June 30, 2022 and 2021**

Actuarial assumptions

For the measurement period ended June 30, 2021 (measurement date), the total pension liability was determined by rolling forward the June 30, 2020 total pension liability. The June 30, 2021 and the June 30, 2022 total pension liability was based on the following actuarial method and assumptions:

Actuarial Cost Method	Entry-Age Normal
Actuarial Assumptions:	
Discount Rate	7.15%
Inflation	2.50%
Salary Increases	Varies by Entry Age and Service ⁽¹⁾
Payroll Growth	3.00%
Investment Rate of Return	7.15% ⁽²⁾
Mortality Rate ⁽³⁾	CalPERS' Membership Data
Post Retirement Benefit Increase	Up to 2.50% ⁽⁴⁾

⁽¹⁾ Depending on entry age and service

⁽²⁾ Net of pension plan investment and administrative expenses, including inflation

⁽³⁾ The mortality table used was developed based on CalPERS specific data. The probabilities of mortality are based on the 2017 CalPERS Experience Study for the period 1997 to 2015. Pre-retirement and Post-retirement mortality include 15 years of projected mortality improvements using 90% of Scale MP-2016 published by the Society of Actuaries.

⁽⁴⁾ The lesser of contract COLA or 2.50% until Purchasing Power Protection Allowance Floor on Purchasing Power applies, 2.50% thereafter

All other actuarial assumptions used in the June 30, 2021 valuation were based on the results of an actuarial experience study for the period from 1997 to 2015, including updates to salary increase, mortality and retirement rates. The Experience Study report can be obtained at CalPERS website under Forms and Publications.

Discount rate

The discount rate used to measure the total pension liability was 7.15%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be made at statutory required rates, actuarially determined. Based on those assumptions, the Plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Long term expected rate of return

The long-term expected rate of return on pension plan investments was determined using a building-block method in which expected future real rate of returns (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class.

In determining the long-term expected rate of return, CalPERS took into account both short-term and long-term market return expectations as well as the expected pension fund cash flows. Using historical returns of all the funds' asset classes, expected compound (geometric) returns were calculated over the short-term (first 10 years) and the long-term (11+ years) using a building-block approach. Using the expected nominal returns for both short-term and long-term, the present value of benefits was calculated for each fund. The expected rate of return was set by calculating the rounded single equivalent expected return that arrived at the same present value of benefits for cash flows as the one calculated using both short-term and long-term returns. The expected rate of

Capitol Area Development Authority

Notes to Financial Statements June 30, 2022 and 2021

return was then set equal to the single equivalent rate calculated above and adjusted to account for assumed administrative expenses. The table below reflects the long-term expected real rate of return by asset class:

Asset class (a)	Assumed asset allocation	Real return years 1 - 10 (b)	Real return years 11+ (c)
Global equity	50.00%	4.80%	5.98%
Fixed income	28.00%	1.00%	2.62%
Inflation assets	0.00%	0.77%	1.81%
Private equity	8.00%	6.30%	7.23%
Real assets	13.00%	3.75%	4.93%
Liquidity	1.00%	0.00%	-0.92%
	100%		

(a) In the System's ACFR, Fixed Income is included in Global Debt Securities;

(b) An expected inflation of 2.00% used for this period

(c) An expected inflation of 2.92% used for this period

Sensitivity of the Authority's proportionate share of the net pension liability to changes in the discount rate

The following presents the net pension liability of the Plan as of the measurement date, calculated using the discount rate of 7.15%, as well as what the net pension liability would be if it were calculated using a discount rate that is 1 percentage-point lower (6.15%) or 1 percentage-point higher (8.15%) than the current rate:

	Discount rate - 1% (6.15%)	Current discount rate (7.15%)	Discount rate + 1% (8.15%)
Net pension liability	\$ 6,986,274	\$ 2,925,314	\$ (43,182)

Note 15 - Post-employment healthcare plan

Plan description

The Authority's defined benefit postemployment healthcare plan provides medical benefits to eligible retired employees and eligible family members. The Authority established the irrevocable trust to prefund the other post-employment benefits annual required contribution through the California Employer's Retiree Benefits Trust Program ("CERBT"), an agent multiple-employer plan. Benefit provisions are established and may be amended by the Authority's Board of Directors.

The Authority provides postretirement health insurance coverage in accordance with the Public Employees' Medical and Hospital Care Act ("PEMHCA") to employees through CalPERS. For all employees to be eligible for this benefit, the former employee must be fifty-five years of age, have the credited service based on hire date, and retired from the Authority.

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Employees hired prior to May 1, 2005 are eligible for postretirement health insurance coverage under Government Code Section 22892 unless they elect to be covered under Government Code Section 22893. Under Code Section 22892, the retiree and their qualified family members are eligible for health benefits after five (5) years of service for 100% of the annual health benefit contribution adopted by the Authority's Board of Directors. The calendar year employer contribution may not be less than an amount stipulated by the Government Code which is \$149 per month for calendar year 2019.

All employees hired on or after May 1, 2005, as well as those hired prior to May 1, 2005 are eligible for postretirement health insurance coverage under Government Code Section 22893. Coverage under Code Section 22893 is based on the employee's completed years of service at retirement. The Authority contributes 50% of the weighted average of the four basic health benefit plans that had the largest state enrollment, for those employees with a minimum of ten (10) years of service, five (5) of those ten (10) years performed at the Authority. With each additional year of service after 10 years, the retiree will receive an additional 5% of the contribution up to 20 years of service which then entitles them to 100% of the contribution rate. The Authority also provides 90% of the health benefit contribution for the retiree's eligible family members.

Employees covered

As of the measurement date of June 30, 2021, there are 24 retirees receiving benefits under the program and no other retiree who is currently waiving coverage. At the same measurement date, the Authority had 38 active employees of which 28 were enrolled in the medical program and 10 were waiving coverage.

Funding policy

The obligation of the Authority to contribute to the plan is established and may be amended by the Board of Directors. Employees are not required to contribute to the plan.

Contributions

The Authority contributions to the OPEB Plan occur as benefits are paid to retirees and/or to the OPEB trust. The annual contribution is based on the actuarially determined contribution. For the year ended June 30, 2022, the Authority's cash contributions were \$366,659, in payments to the trust and the estimated implied subsidy was \$50,757 resulting in total payments of \$417,416. The Authority has a trust with the California Employers' Retiree Benefit Trust (CERBT) for the purpose of prefunding OPEB obligations for past services.

Net OPEB (asset) liability

The Authority's net OPEB (asset) liability was measured as of June 30, 2021 and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation dated June 30, 2021 based on the following actuarial methods and assumptions:

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**Notes to Financial Statements
June 30, 2022 and 2021**

Actuarial assumptions

For the measurement period ended June 30, 2021 (measurement date), the total OPEB liability was based on the following actuarial method and assumptions:

Funding Method:	Entry-Age Normal Cost, level percent of pay
Asset Valuation Method:	Market value of assets
Long Term Return on Assets:	6.10%
Discount Rates:	6.10%
Participants Valued:	Only current active employees and retired participants and covered dependents are valued. No future entrants are considered in the valuation
Salary Increases:	3.00% per year; since benefits do not depend on pay, this is used only to allocate the cost of benefits between service years
Assumed Wage Inflation:	3.00% per year; used as a component of assumed salary increases
General Inflation Rate:	2.50% per year
Mortality:	CalPERS 2017 experience study using data from 1997 to 2015, except for a different basis used to project future mortality improvements. Mortality rates used were those published by CalPERS, adjusted to back out 15 years of Scale MP-2016 to central year 2015, and then projected.
Mortality Improvements:	McLeod Watts Scale 2022 applied generationally from 2015.
Healthcare Trend Rate:	5.8% for 2023 decreasing to 3.9% in 2076 and later

Discount rate

The discount rate used to measure the total OPEB liability was 6.10%. The projection of cash flows used to determine the discount rate assumed that the Authority contributions will be made at rates equal to the actuarially determined contribution rates. Based on those assumptions, the OPEB plan's fiduciary net position was projected to be available to make all projected OPEB payments for current active and inactive employees and beneficiaries. Therefore, the long-term expected rate of return on OPEB plan assets was applied to all periods of projected benefit payments to determine the total OPEB liability.

Capitol Area Development Authority

**Notes to Financial Statements
June 30, 2022 and 2021**

Changes in the OPEB (asset) liability

The changes in the net OPEB (asset) liability for the OPEB Plan are as follows:

	Total OPEB liability	Fiduciary net position	Net OPEB (asset) liability
Balance at June 30, 2021	\$ 5,338,016	\$ 3,882,753	\$ 1,455,263
Changes recognized for the measurement period			
Service cost	230,884	-	230,884
Interest cost	377,533	-	377,533
Expected investment income	-	274,783	(274,783)
Employer contributions	-	395,530	(395,530)
Benefit payments	(194,828)	(194,828)	-
Investment expenses	-	(1,471)	1,471
Unexpected changes			
Plan experience	(1,183,791)	-	(1,183,791)
Assumption changes	232,205	-	232,205
Investment income	-	794,354	(794,354)
Net changes during the year	(537,997)	1,268,368	(1,806,365)
Balance at June 30, 2022	\$ 4,800,019	\$ 5,151,121	\$ (351,102)

Sensitivity of the net OPEB (asset) liability to changes in the discount rate

The following presents the Authority's net OPEB (asset) liability if it were calculated using a discount rate that is one percent point lower or one percent point higher than the current rate as of the measurement date:

Changes in discount rate	Net OPEB (asset) liability
1% Decrease (5.10%)	\$ 265,067
Current Discount Rate (6.10%)	(351,102)
1% Increase (7.10%)	(866,553)

Capitol Area Development Authority

**Notes to Financial Statements
June 30, 2022 and 2021**

Sensitivity of the net OPEB (asset) liability to changes in the Healthcare cost trend rates

The following presents the Authority's net OPEB (asset) liability if it were calculated using healthcare cost trend rates that are one percent point lower or one percent point higher than the current rate as of the measurement date:

<u>Changes in Healthcare Cost Trend Rates</u>	<u>Net OPEB (asset) liability</u>
1% Decrease	\$ (933,123)
Current Trend	(351,102)
1% Increase	355,711

Recognition of deferred outflows and deferred inflows of resources

Gains and losses related to changes in total OPEB (asset) liability and fiduciary net position are recognized in OPEB expense systematically over time.

Amounts are first recognized in OPEB expense for the year the gain or loss occurs. The remaining amounts are categorized as deferred outflows and deferred inflows of resources related to OPEB and are to be recognized in future OPEB expense.

The recognition period differs depending on the source of the gain or loss:

- Net differences between projected and actual earnings on OPEB plan investments are recognized over a 5.5-year period using the straight-line method.
- All other amounts are recognized over the expected average remaining service lifetime (EARSL) of all members that are provided with benefits, determined as of the beginning of the measurement period.

OPEB expense and deferred outflows/inflows of resources related to OPEB

Gains and losses related to changes in total OPEB (asset) liability and fiduciary net position are recognized in OPEB expense systematically over time.

Capitol Area Development Authority

**Notes to Financial Statements
June 30, 2022 and 2021**

For the fiscal year ended June 30, 2022, the Authority recognized OPEB expense (income) of (\$244,579). As of June 30, 2022, the Authority reported deferred outflows/inflows of resources related to OPEB from the following sources:

	<u>Deferred outflows of resources</u>	<u>Deferred inflows of resources</u>
Contributions made subsequent to the measurement date	\$ 417,416	\$ -
Changes of assumptions	212,600	53,647
Difference between expected and actual experience	-	1,295,312
Net differences between projected and actual earnings on plan investments	-	550,230
	<u> </u>	<u> </u>
Total	<u>\$ 630,016</u>	<u>\$ 1,899,189</u>

Capitol Area Development Authority

Notes to Financial Statements June 30, 2022 and 2021

The \$417,416 reported as deferred outflows of resources related to contributions made subsequent to the June 30, 2021 measurement date will be recognized as a reduction of the net OPEB liability during the Authority's fiscal year ending June 30, 2023. Other amounts reported as deferred outflows/inflows of resources related to OPEB will be recognized as expense (revenue) as follows:

Fiscal year ending June 30	Deferred outflows/ (inflows) of resources
2023	\$ (506,426)
2024	(438,873)
2025	(362,822)
2026	(341,867)
2027	(36,601)
	<u>\$ (1,686,589)</u>

Note 16 - Contingencies

Lawsuits and Claims

The Authority is subject to lawsuits and claims, which arise out of the normal course of its activities. In the opinion of management, based upon the opinions of legal counsel, the disposition of any and all such actions of which it is aware, will not have a material effect on the financial position of the Authority.

COVID-19 Pandemic

In 2022, the financial impact of the novel COVID-19 coronavirus continues to be felt both worldwide and in the United States. Throughout the United States businesses in all financial sectors have felt the negative impacts of the COVID-19 pandemic as jobs have been lost due to sheltering in place in order to mitigate the spread of the virus.

While the Authority cannot readily estimate the financial impact that the pandemic will have on its business operations, the Authority does not believe that the Authority's mission will be adversely and significantly impacted.

Note 17 - Subsequent events

Events that occur after the statement of net position date but before the financial statements were available to be issued must be evaluated for recognition or disclosure. The effects of subsequent events that provide evidence about conditions that existed at the statement of net position date are recognized in the accompanying financial statements. Subsequent events which provide evidence about conditions that existed after the statement of net position date, require disclosure in the accompanying notes. Management evaluated the activity of the Authority through December 21, 2022, the date the financial statements were available to be issued and concluded that no subsequent events have occurred that would require disclosure in the notes to the financial statements, except as noted below:

In July 2022, the Authority closed on the purchase of property at 2000 16th Street for \$3,289,254. In August 2022, the new Developer for Site 21 at 1330 N Street closed on the project with the Authority and as part of the agreement they purchased the property for \$2,362,268.

Supplementary Information

Capitol Area Development Authority
Cost-Sharing Defined Benefit Pension Plan
Schedule of the Authority's Proportionate Share of the Net Pension Liability
As of June 30, 2022 Last 10 Years*

	2022	2021	2020	2019	2018	2017	2016	2015
Authority's proportion of the collective net pension liability	0.15406%	0.11081%	0.11055%	0.11038%	0.11312%	0.11367%	0.10455%	0.04431%
Authority's proportionate share of the collective net pension liability	\$ 2,925,314	\$ 5,126,883	\$ 4,730,335	\$ 4,331,810	\$ 4,433,887	\$ 3,804,599	\$ 2,868,163	\$ 2,757,022
Authority's covered payroll	\$ 2,600,204	\$ 2,469,638	\$ 2,281,221	\$ 2,234,432	\$ 2,090,603	\$ 2,021,924	\$ 1,987,171	\$ 1,959,177
Authority's proportionate share of the collective net pension liability as a percentage of its covered payroll	113%	208%	207%	194%	212%	188%	144%	141%
Plan's fiduciary net position as a percentage of the Plan's total pension liability	90.48915%	77.70624%	76.20700%	76.76623%	75.52761%	76.75248%	81.31677%	81.31677%
Authority's proportionate share of the Plan's aggregate employer contributions	\$ 686,789	\$ 616,274	\$ 556,243	\$ 462,994	\$ 433,748	\$ 356,976	\$ 283,507	\$ 238,682

Notes to Schedule

Changes of benefit terms. In 2018, 2019, 2020, 2021 and 2022, there were no changes to the benefit terms.

Changes in assumptions. In 2020, 2021 and 2022, there were no changes in assumptions. In 2019, demographic assumptions and inflation rate were changed in accordance with the CalPERS Experience Study and Review of Actuarial Assumptions December 2017. In 2018, the discount rate was reduced from 7.65% to 7.15%.

* Fiscal year 2015 was the 1st year of implementation of GASB 68, therefore only eight years are shown.

Capitol Area Development Authority
Cost-Sharing Defined Benefit Pension Plan
Schedule of the Authority's Contributions
As of June 30, 2022 Last 10 Fiscal Years*

	2022	2021	2020	2019	2018	2017	2016	2015
Contractually required contribution	\$ 686,789	\$ 616,274	\$ 556,243	\$ 462,994	\$ 433,748	\$ 356,976	\$ 283,507	\$ 238,682
Contributions in relation to the contractually required contribution	<u>(686,789)</u>	<u>(616,274)</u>	<u>(556,243)</u>	<u>(462,994)</u>	<u>(433,748)</u>	<u>(356,976)</u>	<u>(283,507)</u>	<u>(238,682)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Authority's covered payroll	\$ 2,600,204	\$ 2,469,638	\$ 2,281,221	\$ 2,234,432	\$ 2,090,603	\$ 2,021,924	\$ 1,987,171	\$ 1,959,177
Contributions as a percentage of covered-payroll	26.41%	24.95%	24.38%	20.72%	20.75%	17.66%	14.27%	12.18%

Notes to Schedule:

Actuarial Cost Method	Entry-Age Normal
Actuarial Assumptions:	
Inflation	2.5%
Salary Increases	Varies ⁽¹⁾
Payroll Growth	3.0%
Investment Rate of Return	7.15% ⁽²⁾
Retirement Age	2017 Experience Study ⁽³⁾
Mortality ⁽³⁾	2017 Experience Study ⁽⁴⁾

⁽¹⁾ Depending on age, service and type of employment

⁽²⁾ Net of pension plan investment and administrative expenses, including inflation

⁽³⁾ The probabilities of Retirement are based on the 2017 CalPERS Experience Study based on CalPERS demographic data from 1997 to 2015.

⁽⁴⁾ The probabilities of Mortality are based on the 2017 CalPERS Experience Study which was developed based on CalPERS-specific data from 1997 to 2015. The table includes 15 years of mortality improvements using the Society of Actuaries Scale 90% of scale MP-2016.

* Fiscal year 2015 was the 1st year of implementation of GASB 68, therefore only eight years are shown.

Capitol Area Development Authority

Schedule of Changes in Net OPEB (Asset) Liability and Related Ratios

As of June 30, 2022 Last 10 Years*

	2022	2021	2020	2019	2018
Total OPEB liability					
Service cost	\$ 230,884	\$ 224,159	\$ 197,834	\$ 191,607	\$ 188,788
Interest on total OPEB liability	377,533	351,625	377,988	353,450	382,973
Changes of assumptions	232,205	-	(121,843)	-	265,905
Differences between expected and actual experience	(1,183,791)	-	(568,761)	-	(942,103)
Benefit payments	(194,828)	(219,240)	(211,494)	(189,969)	(190,888)
Net change in total OPEB liability	(537,997)	356,544	(326,276)	355,088	(295,325)
Total OPEB liability - beginning	5,338,016	4,981,472	5,307,748	4,952,660	5,247,985
Total OPEB liability - ending (a)	<u>\$ 4,800,019</u>	<u>\$ 5,338,016</u>	<u>\$ 4,981,472</u>	<u>\$ 5,307,748</u>	<u>\$ 4,952,660</u>
Plan fiduciary net position					
Contributions from employer	\$ 395,530	\$ 425,066	\$ 406,132	\$ 396,403	\$ 649,631
Net investment income	1,069,137	125,084	196,181	218,384	163,421
Benefit payments	(194,828)	(219,240)	(211,494)	(189,969)	(190,888)
Administrative expenses	(1,471)	(1,739)	(678)	(5,092)	(1,217)
Investment expenses	-	-	-	-	72,294
Net change in plan fiduciary net position	1,268,368	329,171	390,141	419,726	693,241
Plan fiduciary net position - beginning	3,882,753	3,553,582	3,163,441	2,743,715	2,050,474
Plan fiduciary net position - ending (b)	<u>\$ 5,151,121</u>	<u>\$ 3,882,753</u>	<u>\$ 3,553,582</u>	<u>\$ 3,163,441</u>	<u>\$ 2,743,715</u>
Net OPEB (asset) liability - ending (a) - (b)	<u>\$ (351,102)</u>	<u>\$ 1,455,263</u>	<u>\$ 1,427,890</u>	<u>\$ 2,144,307</u>	<u>\$ 2,208,945</u>
Plan fiduciary net position as a percentage of total OPEB liability	107.31%	72.74%	71.34%	59.60%	55.40%
Covered-employee payroll	\$2,469,638	\$ 2,281,221	\$ 2,146,924	\$ 2,090,603	\$ 1,975,245
Net OPEB (asset) liability as a percentage of covered employee payroll	-14.22%	63.79%	66.51%	102.57%	111.83%

Notes to Schedule

* Fiscal year 2018 was the first year of implementation of GASB 75, therefore only five years are shown.

Changes in assumptions. In 2022, the discount rate was decreased from 6.90% to 6.10%; the mortality improvement scale was updated to MacLeod Watts Scale 2022; the healthcare trend was updated to Getzen Model 2022_b as published by the Society of Actuaries; and the percentage of employees retiring with between 5 and 10 years of Authority service who are assumed to elect coverage was decreased from 100% to 50%.

In 2021, there were no changes in assumptions. In 2020, demographic assumptions were updated to those provided in the CalPERS 2017 Experience Study. Mortality rates were updated to the rates in the midpoint year of the 2017 Experience Study (2015), then projected on a generationally basis by McLeod Watts Scale 2018. The discount rate was decreased from 7% to 6.90%; the salary increases percentage changed from 3.25% to 3% and the inflation percentage changed from 2.75% to 2.5%.

Capitol Area Development Authority

Schedule of OPEB Plan Contributions

As of June 30, 2022 Last 10 Years*

	2022	2021	2020	2019	2018
Actuarially Determined Contributions (ADC)	\$ 366,359	\$ 356,557	\$ 372,138	\$ 361,651	\$ 352,468
Contributions in relation to the ADC	(417,416)	(395,530)	(425,066)	(406,132)	(352,468)
Contributions deficiency (excess)	<u>\$ (51,057)</u>	<u>\$ (38,973)</u>	<u>\$ (52,928)</u>	<u>\$ (44,481)</u>	<u>\$ -</u>
Covered-employee payroll	\$ 2,600,204	\$ 2,469,638	\$ 2,281,221	\$ 2,146,924	\$ 1,975,245
Contributions as a percentage of covered employee payroll	16.05%	16.02%	18.63%	18.92%	17.84%

Notes to Schedule of OPEB Plan Contributions

The actuarial methods and assumptions used to set the actuarially determined contributions for the fiscal year 2022 contribution rates are as follows:

Actuarial Cost Method	Entry Age Normal Cost Method
Amortization Method/Period	Level percent of payroll over a closed 30-year period
Asset Valuation Method	Market value of assets.
Inflation	2.50%
Salary Increases	3.00% per year; since benefits do not depend on pay, this is used only to allocate the cost of benefits between service years
Payroll Growth	3.0% per year; used as a component of assumed salary increases
Investment Rate of Return	6.1% net of plan investment fees and including inflation
Healthcare cost trend rates	5.8 % in 2023, then decreasing to 3.9% by 2076
Retirement age	Tier 1 employees - 2.5% @55 and Tier 2 employees - 2.0% @62. The probabilities of Retirement are based on the 2017 CalPERS Experience Study for the period from 1997 to 2015.
Mortality	Projected with Macleod Watts Scale 2022 applied generationally from 2015.

* Fiscal year 2018 was the first year of implementation of GASB 75, therefore only five years are shown.

Changes in assumptions. In 2022, the discount rate was decreased from 6.90% to 6.10%; the mortality improvement scale was updated to MacLeod Watts Scale 2022; the healthcare trend was updated to Getzen Model 2022_b as published by the Society of Actuaries; and the percentage of employees retiring with between 5 and 10 years of Authority service who are assumed to elect coverage was decreased from 100% to 50%.

In 2021, there were no changes in assumptions. In 2020, demographic assumptions were updated to those provided in the CalPERS 2017 Experience Study. Mortality rates were updated to the rates in the midpoint year of the 2017 Experience Study (2015), then projected on a generationally basis by McLeod Watts Scale 2018. The discount rate was decreased from 7% to 6.90%; the salary increases percentage changed from 3.25% to 3% and the inflation percentage changed from 2.75% to 2.5%.

Independent Auditor's Report on Internal Control over Financial Reporting and on
Compliance and Other Matters Based on an Audit of Financial Statements
Performed in Accordance with *Government Auditing Standards*

To the Board of Directors
Capitol Area Development Authority

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Capitol Area Development Authority ("Authority") as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements, and have issued our report thereon dated December 21, 2022.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Authority's internal control over financial reporting ("internal control") as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Authority's internal control. Accordingly, we do not express an opinion on the effectiveness of the Authority's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Authority's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

CohnReznick LLP

Sacramento, California
December 21, 2022



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Attachment 1b

**Somerset Parkside Apartments
(Contract Number 15-LPR-005)
A Project of the Capitol Area Development Authority**

**Financial Statements
(With Supplementary Information)
and Independent Auditor's Report**

June 30, 2022 and 2021

**Somerset Parkside Apartments
(Contract Number 15-LPR-005)
A Project of the Capitol Area Development Authority**

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Independent Auditor's Report

Board of Directors
Capitol Area Development Authority
Sacramento, California

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Somerset Parkside Apartments (Contract Number 15-LPR-005) (the "Project"), a project of the Capitol Area Development Authority ("Authority"), which comprise the statements of net position as of June 30, 2022 and 2021, and the related statements of revenue, expenses and changes in net position and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of Somerset Parkside Apartments as of June 30, 2022 and 2021, and the changes in its financial position and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America ("GAAS") and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Project and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Emphasis of Matter

As described in Note 1, the financial statements referred to above present only the financial position, the changes in financial position and cash flows of the Project and do not purport to, and do not, present fairly, the financial position of the Authority as of June 30, 2022 and 2021 and the changes in its financial position and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Project's ability to continue as a going concern for one year after the date that the financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

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

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

Required Supplementary Information

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

Supplementary Information

Our audits were conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying supplementary information on pages 17 to 27 as required by the California Department of Housing and Community Development is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Except for the budgetary information on pages 22 and 23 and the Sponsor's project rating information at pages 24 to 27, such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, except for the budgetary information on pages 22 and 23 and the Sponsor's project rating information at pages 24 to 27 on which we express no opinion, the supplementary information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 8, 2022, on our consideration of the Project's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Project's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Project's internal control over financial reporting and compliance.



Sacramento, California
December 8, 2022

**Somerset Parkside Apartments
(Contract Number 15-LPR-005)
A Project of the Capitol Area Development Authority**

**Statements of Net Position
June 30, 2022 and 2021**

<u>Assets</u>	<u>2022</u>	<u>2021</u>
Current assets		
Residential accounts receivable, net	\$ 27,650	\$ 25,290
Restricted cash - tenant security deposits	6,705	7,205
Total current assets	34,355	32,495
Noncurrent assets		
Restricted cash and cash equivalents - replacement reserve	236,379	192,984
Restricted cash and cash equivalents - operating reserve	55,303	55,276
Capital assets		
Construction in progress	16,841	-
Building and improvements	1,829,309	1,829,309
Less accumulated depreciation	(1,616,879)	(1,582,198)
Total capital assets	229,271	247,111
Total noncurrent assets	520,953	495,371
Total assets	\$ 555,308	\$ 527,866
<u>Liabilities</u>		
Current liabilities		
Accounts payable	\$ 440	\$ 16,808
HCD monitoring fees payable	53,267	41,722
Due to CADA	348,602	127,663
Unearned revenue - prepaid rent	2,755	2,753
Due to HCD - annuity payable	3,374	3,374
Tenant security deposits	6,705	7,205
Total current liabilities	415,143	199,525
Noncurrent liabilities		
Accrued interest	209,512	173,596
Note payable long term	1,197,213	1,197,213
Total noncurrent liabilities	1,406,725	1,370,809
Total liabilities	\$ 1,821,868	\$ 1,570,334
<u>Net Position</u>		
Net investment in capital assets	\$ (967,942)	\$ (950,102)
Restricted for operating and replacement reserves	291,682	248,260
Unrestricted	(590,300)	(340,626)
Total net position	\$ (1,266,560)	\$ (1,042,468)

See Notes to Financial Statements.

**Somerset Parkside Apartments
(Contract Number 15-LPR-005)
A Project of the Capitol Area Development Authority**

**Statements of Revenue, Expenses and Changes in Net Position
Years Ended June 30, 2022 and 2021**

	2022	2021
Operating revenue		
Rental revenue, net	\$ 172,494	\$ 161,599
Miscellaneous	2,184	3,347
	174,678	164,946
Operating expenses		
Payroll		
Salaries and benefits	104,367	75,392
Administrative		
Legal and accounting services	4,700	5,940
Management fee	20,270	19,680
Media	960	870
	25,930	26,490
Utilities	53,441	38,119
Operating and maintenance		
Services and supplies	13,450	8,916
Courtesy patrol	4,284	4,080
Maintenance contract	69,558	85,889
Decorating and painting	2,640	1,060
	89,932	99,945
Insurance and taxes		
Insurance	14,824	9,198
Property taxes	1,804	1,863
	16,628	11,061
Depreciation	34,681	31,735
	324,979	282,742
Operating loss	(150,301)	(117,796)

**Somerset Parkside Apartments
(Contract Number 15-LPR-005)
A Project of the Capitol Area Development Authority**

**Statements of Revenue, Expenses and Changes in Net Position
Years Ended June 30, 2022 and 2021**

	2022	2021
Nonoperating revenue (expenses)		
HCD annuity revenue (expense)	(26,454)	18,986
Interest income	124	128
HCD monitoring fee	(11,545)	(10,127)
Interest expense	(35,916)	(35,917)
Total nonoperating revenue (expenses), net	(73,791)	(26,930)
Change in net position	(224,092)	(144,726)
Net position, beginning	(1,042,468)	(897,742)
Net position, end	\$ (1,266,560)	\$ (1,042,468)

See Notes to Financial Statements.

**Somerset Parkside Apartments
(Contract Number 15-LPR-005)
A Project of the Capitol Area Development Authority**

**Statements of Cash Flows
Years Ended June 30, 2022 and 2021**

	2022	2021
Cash flows from operating activities		
Rental receipts	\$ 170,136	\$ 160,922
HCD annuity received (paid)	(26,454)	30,285
Other receipts	2,184	3,347
Tenant security deposits paid	(500)	(2,053)
Payroll and related costs	(104,367)	(75,392)
Administrative	(25,931)	(26,491)
Utilities	(53,441)	(38,119)
Operating and maintenance	(106,299)	(91,004)
Insurance and taxes	(16,628)	(11,061)
	<u>(161,300)</u>	<u>(49,566)</u>
Net cash used in operating activities		
Cash flows from capital and related financing activities		
Acquisition of capital assets	(16,841)	(19,583)
	<u>(16,841)</u>	<u>(19,583)</u>
Net cash used in capital and related financing activities		
Cash flows from noncapital financing activities		
CADA advances received	220,939	110,376
	<u>220,939</u>	<u>110,376</u>
Net cash provided by noncapital financing activities		
Cash flows from investing activities		
Interest income received	124	128
	<u>124</u>	<u>128</u>
Net cash provided by investing activities		
Net increase in cash and cash equivalents	42,922	41,355
Cash and cash equivalents, beginning	255,465	214,110
	<u>255,465</u>	<u>214,110</u>
Cash and cash equivalents, end	<u>\$ 298,387</u>	<u>\$ 255,465</u>

**Somerset Parkside Apartments
(Contract Number 15-LPR-005)
A Project of the Capitol Area Development Authority**

**Statements of Cash Flows
Years Ended June 30, 2022 and 2021**

	2022	2021
Reconciliation to the statements of net position		
Restricted cash and cash equivalents		
Tenant security deposits	\$ 6,705	\$ 7,205
Replacement reserve	236,379	192,984
Operating reserve	55,303	55,276
Total cash and cash equivalents	\$ 298,387	\$ 255,465
Reconciliation of operating loss to net cash used in operating activities		
Operating loss	\$ (150,301)	\$ (117,796)
Adjustments to reconcile operating loss to net cash used in operating activities		
Depreciation	34,681	31,735
Changes in assets and liabilities		
Residential accounts receivable	(2,360)	(2,307)
Due from HCD	(26,454)	-
Accounts payable	(16,367)	8,941
Unearned revenue - prepaid rent	1	1,629
Due to HCD	-	30,285
Tenant security deposits	(500)	(2,053)
Net cash used in operating activities	\$ (161,300)	\$ (49,566)

See Notes to Financial Statements.

**Somerset Parkside Apartments
(Contract Number 15-LPR-005)
A Project of the Capitol Area Development Authority**

**Notes to Financial Statements
June 30, 2022 and 2021**

Note 1 - Organization and summary of significant accounting policies

General

Somerset Parkside Apartments (the "Project") is a 26-unit apartment complex located in downtown Sacramento, California. It provides housing for eligible low-income families under the State of California Department of Housing and Community Development ("HCD") Rental Housing Construction Program ("RHCP"). This program provides long-term financing to construct the housing project and monthly annuities to fund operating deficits. Effective September 2016, the Authority and HCD terminated the old regulatory agreement (Contract No. 80-RHC-007) and entered into a 16-year term new regulatory agreement for the Project under the Loan Portfolio Restructuring Program (Contract No. 15-LPR-005).

Since April 8, 1982, the Capitol Area Development Authority ("Authority") manages the Project. The Authority is a joint powers agency with a Board of Directors comprised of appointees of the City of Sacramento ("City") and the State of California. The accompanying financial statements are not intended to present fairly the financial position or changes in financial position and cash flows of the Authority in conformity with accounting principles generally accepted in the United States of America ("GAAP").

Basis of presentation

The Project is accounted for using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash flows occur. The Project distinguishes operating from nonoperating revenue and expenses. Operating revenue and expenses generally result from providing services in connection with the Project's ongoing operations. The principal operating revenue of the Project is rental income from tenants of its housing units. This revenue is recognized on the financial statements net of vacancy loss, low-income subsidies, and loss to leases. Operating expenses for the Project include payroll expenses for employee services, administrative expenses, utilities expenses, operating and maintenance expenses, insurance and taxes expenses, and depreciation on capital assets. All revenue and expenses not meeting this definition are reported as nonoperating revenue and expenses. When both restricted and unrestricted resources are available for use, it is the Project's policy to use restricted resources first, then unrestricted resources as needed.

Cash, cash equivalents and restricted cash equivalents

The Project participates in the City's external investment pool. The City Treasurer pools cash and other City funds and invests to maximize income consistent with safe and prudent investment practices within the guidelines of the City's investment policy. The City, as a charter city, has adopted its own investment guidelines to guide investment of City funds by the Treasurer. These guidelines are consistent with the requirements of California Government Code Section 53601. The City Council provides regulatory oversight of the City's investment pool and reviews its investment policy on a quarterly basis. The estimated fair value of investments in the pool is based upon quoted market prices. However, the value of the pool shares in the City's investment pool that may be withdrawn is determined on an amortized cost basis, which is different than the fair value of the Project's position in the pool. The City's investment pool is unrated and the weighted average maturity is .97 years and 3.14 years at June 30, 2022 and 2021, respectively. At June 30, 2022 and 2021, the Project's tenant security deposits are invested in the City's external investment pool. Detailed disclosures, including investment policies and associated risk policies, regarding the

**Somerset Parkside Apartments
(Contract Number 15-LPR-005)
A Project of the Capitol Area Development Authority**

**Notes to Financial Statements
June 30, 2022 and 2021**

Project's cash and investments are included in the notes to the Authority's basic financial statements.

For purposes of the statements of cash flows, the Authority considers cash and cash equivalents to include all pooled cash and investments, including restricted account balances, as these pooled balances have the general characteristic of a demand deposit account. Restricted cash and cash equivalents includes replacement reserves and tenant security deposits.

Resident accounts receivable

Resident accounts receivable are due from tenants and reported net of an allowance for doubtful accounts. Management's estimate of the allowance is based on historical collection experience and a review of the current status of the receivables. It is reasonably possible that management's estimate of the allowance will change. As of June 30, 2022 and 2021, the allowance for doubtful accounts was \$19,417 and \$19,417, respectively.

Capital assets

Capital assets, which are defined by the Authority as assets with an initial, individual cost of more than \$3,000 and an estimated useful life beyond one year, are stated at cost, net of accumulated depreciation. Depreciation is calculated using the straight-line method over an estimated useful life of between 5 to 30 years. Maintenance and repair costs are expensed as incurred. The Project does not own land, only the building and improvements on the land and therefore only construction in progress is included in nondepreciable capital assets.

Impairment of capital assets

The Authority reviews the capital assets of the Project for impairment whenever events or changes in circumstances indicate that there has been a decline in service utility that is large in magnitude and outside of the normal life cycle of the capital asset being evaluated. As of June 30, 2022, there has been no impairment of the capital assets.

Rental income

The Project's rental property is generally leased to tenants under one-year noncancelable operating leases. Rental income is recognized as rents become due. Rental payments received in advance are recorded as unearned revenue.

Use of estimates

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Actual results could differ from these estimates.

Note 2 - Tenant security deposits

The Project collects security deposits from tenants at the inception of the tenant lease. These deposits, which are reported in the basic financial statements as restricted cash, are refundable to the tenants to the extent there are no unpaid rents or damages to the housing unit. Tenant security deposits held as of June 30, 2022 and 2021 amounted to \$6,705 and \$7,205, respectively.

**Somerset Parkside Apartments
(Contract Number 15-LPR-005)
A Project of the Capitol Area Development Authority**

**Notes to Financial Statements
June 30, 2022 and 2021**

Note 3 - Capital assets

Information on additions and disposals of capital assets as of June 30, 2022 and 2021 are as follows:

	<u>June 30, 2021</u>	<u>Increases</u>	<u>Decreases</u>	<u>June 30, 2022</u>
Capital assets not being depreciated				
Construction in progress	\$ -	\$ 16,841	\$ -	\$ 16,841
Capital assets being depreciated				
Buildings and improvements	1,829,309	-	-	1,829,309
Less accumulated depreciation for Buildings and improvements	<u>(1,582,198)</u>	<u>(34,681)</u>	<u>-</u>	<u>(1,616,879)</u>
Capital assets being depreciated, net	<u>\$ 247,111</u>	<u>\$ (17,840)</u>	<u>\$ -</u>	<u>\$ 229,271</u>
	<u>June 30, 2020</u>	<u>Increases</u>	<u>Decreases</u>	<u>June 30, 2021</u>
Capital assets not being depreciated				
Construction in progress	\$ 68,802	\$ 19,584	\$ (88,386)	\$ -
Capital assets being depreciated				
Buildings and improvements	1,740,923	-	88,386	1,829,309
Less accumulated depreciation for Buildings and improvements	<u>(1,550,463)</u>	<u>(31,735)</u>	<u>-</u>	<u>(1,582,198)</u>
Capital assets being depreciated, net	<u>\$ 259,262</u>	<u>\$ (12,151)</u>	<u>\$ -</u>	<u>\$ 247,111</u>

Note 4 - Replacement reserve

The replacement reserve reported in these financial statements as restricted cash and cash equivalents is funded monthly to provide for future major additions, repairs or replacements. The replacement reserve activity is as follows at June 30:

	<u>2022</u>	<u>2021</u>
Beginning balance	\$ 192,984	\$ 149,604
Interest earned	96	81
Required deposits	43,299	43,299
Withdrawals	<u>-</u>	<u>-</u>
Ending balance	<u>\$ 236,379</u>	<u>\$ 192,984</u>

**Somerset Parkside Apartments
(Contract Number 15-LPR-005)
A Project of the Capitol Area Development Authority**

**Notes to Financial Statements
June 30, 2022 and 2021**

Note 5 - Operating reserve

The regulatory agreement executed with HCD required the Project to establish an operating reserve to be funded in the initial amount of \$54,905. The operating reserve account is reported in these financial statements as restricted cash and cash equivalents. The operating reserve activity is as follows for the years ended June 30:

	2022	2021
Beginning balance	\$ 55,276	\$ 55,248
Interest earned	27	28
Ending balance	\$ 55,303	\$ 55,276

Note 6 - Note payable

In September 2016, the Authority executed the new regulatory agreement with HCD and the Authority entered into a new promissory note in the amount of \$1,197,213 for a term of 16 years. The promissory note is secured by the Project property and bears interest at 3% per annum. No payment is required until maturity in September 2033 at which time all outstanding principal and accrued interest will be due. Payments are not to come from the Project cash flow and the Authority is to provide the funds necessary to pay off the loan at maturity. For the years ended June 30, 2022 and 2021, interest expense was \$35,916 and \$35,917, respectively. Outstanding principal and accrued interest are \$1,197,213 and \$209,512 at June 30, 2022, and \$1,197,213 and \$173,596 at June 30, 2021, respectively.

Note 7 - Program payments

As stated in Note 1, the HCD RHCP provides operating funds to the Project to cover the operating costs not covered by rental revenue for the HCD assisted units. In the case the Project operates at a surplus, the net surplus is remitted to HCD or deposited to the replacement reserve subject to HCD approval.

HCD approved the Project's operating budget with certain changes. In determining the qualifying operating costs, HCD disallows certain expenses reflected in these financial statements. Specific items disallowed include vacancy in excess of an approved percentage, interest income on the replacement reserve, depreciation expense, repairs paid out of replacement reserve and asset acquisitions exceeding the authorized budget.

**Somerset Parkside Apartments
(Contract Number 15-LPR-005)
A Project of the Capitol Area Development Authority**

**Notes to Financial Statements
June 30, 2022 and 2021**

For the fiscal years ended June 30, 2022 and 2021, the Project had a net annuity income (expense) of \$(26,454) and \$18,986, respectively. Net unexpended program payments are reported as due to (from) HCD on the Project's statements of net position. As of June 30, 2022 and 2021, the Authority has HCD project annuities (payable) receivable of \$(3,374) and \$(3,374), respectively. The activity in the due to (from) HCD account for the fiscal years ended June 30, are as follows:

	2022	2021
Due to (from) HCD, beginning	\$ 3,374	\$ (7,925)
Excess program payments for the year	(26,454)	(18,986)
Excess program payment received	-	14,158
Excess program payment cash flow	-	-
HCD corrections and adjustments	26,454	16,127
Due to (from) HCD, end	\$ 3,374	\$ 3,374

Under the terms of the new regulatory agreement, the Project is to pay HCD an annual monitoring fee of \$10,127 increasing annually based upon the consumer price index. The annual monitoring fee is subject to the Project generating sufficient cash flow. During the years ended June 30, 2022 and 2021, the Project incurred annual monitoring fees of \$11,545 and \$10,127, which are included in the statements of revenue, expenses and changes in net position. As of June 30, 2022 and 2021, the Project owes HCD monitoring fees payable of \$53,267 and \$41,722, respectively, which are included in the statements of net position.

Note 8 - Assistance from the Authority

The Authority ("CADA") has committed to provide funding to the Project to cover deficits and future capital improvement needs with additional annuities paid to the Project. During the year ended June 30, 2022, the Authority made no such contributions. In addition, CADA makes advances to the Project to pay for operating expenses of the Project. Such advances are not interest-bearing and are expected to be repaid one month in arrears. As of June 30, 2022 and 2021, \$348,602 and \$131,769, respectively, is due to CADA and included in the statements of net position.

Note 9 - Leased property

The land on which the Project is located is owned by the State of California. On June 12, 1981, a 60-year operating lease was entered into between the Authority and the State of California. This lease is without cost; therefore, it is not reflected in these financial statements.

The State of California or the Authority may terminate the lease at any time by giving a 60-day notice. Should this lease be terminated, the developmental ground lease will be honored by the State of California on behalf of the Authority.

**Somerset Parkside Apartments
(Contract Number 15-LPR-005)
A Project of the Capitol Area Development Authority**

**Notes to Financial Statements
June 30, 2022 and 2021**

Note 10 - Contingency

In early 2020, an outbreak of a novel strain of coronavirus ("COVID-19") emerged globally. As a result, events have occurred including mandates from federal, state and local authorities leading to an overall decline in economic activity which could result in a loss of lease revenue and other material adverse effects to the Project's financial position, results of operations, and cash flows. As of June 30, 2022, the global pandemic is still ongoing. Management continues to monitor the results of operations to evaluate the economic impact of the pandemic on the Project.

Note 11 - Subsequent events

Events that occur after the statement of net position date but before the financial statements were available to be issued must be evaluated for recognition or disclosure. The effects of subsequent events that provide evidence about conditions that existed at the statement of net position date are recognized in the accompanying financial statements. Subsequent events which provide evidence about conditions that existed after the statement of net position date require disclosure in the accompanying notes. Management evaluated the activity of the Project through December 8, 2022 (the date the financial statements were available to be issued) and concluded that no subsequent events have occurred that would require recognition in the financial statements or disclosure is required in the notes to the financial statements.

**Supplementary Information Required by the California
Department of Housing and Community Development**

**Somerset Parkside Apartments
(Contract Number 15-LPR-005)
A Project of the Capitol Area Development Authority**

**Supplementary Information
Years Ended June 30, 2022 and 2021**

Cash and cash equivalents

Cash and cash equivalents		
Unrestricted account		
Operating account	\$	-
Restricted accounts		
Operating reserve		55,303
Tenant security deposits		6,705
Reserve for replacements		236,379
Total restricted accounts		298,387
Total cash and cash equivalents	\$	298,387

The Project follows the practice of pooling its cash with all of the Authority's projects into a central fund maintained by the Authority. All accounts are segregated on the books of the Authority. The impound and reserve accounts are maintained in interest-bearing accounts.

Reserve for replacement and operating expenses

In accordance with the provisions of the regulatory agreement, reserves are maintained in accounts to be used for replacements of property. Withdrawals are made upon approval by HCD.

	Replacement reserve	Operating reserve
Balance, June 30, 2021	\$ 192,984	\$ 55,276
Deposits	43,299	-
Interest income	96	27
Approved withdrawals	-	-
Balance, June 30, 2022	\$ 236,379	\$ 55,303

Capital assets

Following are the details of capital assets, which include building and leasehold improvements:

Capital assets balance, June 30, 2021	\$	1,829,309
Additions		16,841
Capital assets balance, June 30, 2022	\$	1,846,150

Accounts payable

Accounts payable in the amount of \$440 represents amounts due to suppliers. All accounts payable are current.

**Somerset Parkside Apartments
(Contract Number 15-LPR-005)
A Project of the Capitol Area Development Authority**

**Supplementary Information
Years Ended June 30, 2022 and 2021**

Schedules of operating revenues and expenses

<u>Account No.</u>		<u>2022</u>	<u>2021</u>
	Operating revenue		
5120	Rent revenue	\$ 172,494	\$ 161,599
5121	Tenant assistance payments	-	-
	Rental revenue	<u>172,494</u>	<u>161,599</u>
	Other revenue		
5910	Coin-operated laundry	-	-
5190	Miscellaneous	2,184	3,347
	Total other revenue	<u>2,184</u>	<u>3,347</u>
	Total operating revenue	<u>174,678</u>	<u>164,946</u>
	Operating expenses		
	Payroll		
6330	Manager salaries	23,740	30,336
6331	Manager rent fee unit	14,352	10,272
6510	Janitor payroll	11,330	18,598
	Total payroll	<u>104,367</u>	<u>75,392</u>
6350	Accounting services	4,700	5,940
6320	Management fee	20,270	19,680
6210	Media	960	870
	Total administrative	<u>25,930</u>	<u>26,490</u>
	Utilities		
6450	Electricity	5,174	4,394
6452	Gas	540	480
6453	Water/Sewer	43,384	29,722
6525	Garbage	4,343	3,523
	Total utilities	<u>53,441</u>	<u>38,119</u>

**Somerset Parkside Apartments
(Contract Number 15-LPR-005)
A Project of the Capitol Area Development Authority**

**Supplementary Information
Years Ended June 30, 2022 and 2021**

<u>Account No.</u>		<u>2022</u>	<u>2021</u>
	Operating and maintenance		
6515	Services and supplies	13,450	8,916
6530	Courtesy patrol	4,284	4,080
6517	Janitor and cleaning contracts	7,657	18,803
6537	Grounds contract	33,472	31,060
6541	Repairs material	-	-
6560	Decorating and painting	2,640	1,060
6590	Misc. ops. and maint. expense (if over \$2,500, detail is required)	28,429	36,026
	Total operating and maintenance	<u>89,932</u>	<u>99,945</u>
	Insurance and taxes		
6729	Insurance	14,824	9,198
6710	Property taxes	1,804	1,863
	Total insurance and taxes	<u>16,628</u>	<u>11,061</u>
	Depreciation	<u>34,681</u>	<u>31,735</u>
	Total operating expenses	<u>324,979</u>	<u>282,742</u>
	Operating loss	<u>(150,301)</u>	<u>(117,796)</u>
	Non-operating revenue (expense)		
5990	HCD annuity	(26,454)	18,986
5410	Interest income	124	128
5415	HCD monitoring fee	(11,545)	(10,127)
5420	Interest expense	(35,916)	(35,917)
	Change in net position	<u>\$ (224,092)</u>	<u>\$ (144,726)</u>

Detail of accounts - schedule of activities

	<u>2022</u>	<u>2021</u>
Miscellaneous (Accounts No. 5190)		
Miscellaneous income - other tenant fees	<u>\$ 2,184</u>	<u>\$ 3,347</u>
	<u>\$ 2,184</u>	<u>\$ 3,347</u>
Misc. Ops. And Maint. Expense (Accounts No. 6590)		
Flooring	<u>\$ 23,455</u>	<u>\$ 27,984</u>
Countertops/cabinets	<u>4,974</u>	<u>8,042</u>
	<u>\$ 28,429</u>	<u>\$ 36,026</u>

**Somerset Parkside Apartments
(Contract Number 15-LPR-005)
A Project of the Capitol Area Development Authority**

**Supplementary Information
Year Ended June 30, 2022**

Gross potential rents

Qualified tenant rental income	\$	434,314
Other tenant rental income		-
		-
Total gross potential rents		434,314
Less		
Vacancy loss		(165,653)
Loss to lease		(1,128)
Low income subsidy		(95,039)
		(261,820)
Rental revenues, net	\$	172,494

Management fee

A property management fee of \$20,270 was incurred during the fiscal year ended June 30, 2022 for the property management services provided by the Authority.

Reconciliation to RHCP Forms 180

	2022	2021
Reconciliation to Form 180		
Total operating revenues	\$ 174,678	\$ 164,946
Interest income	124	128
Less interest income for equipment reserve	(124)	-
Less forfeited security deposit	(1,079)	-
Less difference for allocation calculation	-	(1)
	\$ 173,599	\$ 165,073
Total expenses	\$ 324,979	\$ 282,742
Less depreciation	(34,681)	(31,735)
Less replacement reserve deposit	-	(42,737)
Less major construction expense	-	-
Less difference for allocation calculation	(1)	-
	\$ 290,297	\$ 208,270

Accumulated limited distributions

At inception, there were no allocable accumulated limited distributions unpaid. Also, there were no accumulated limited distributions paid during the fiscal year ended June 30, 2022.

Insurance

Insurance premiums are current as of June 30, 2022. The annual renewal policy was paid before the due date.

**Somerset Parkside Apartments
(Contract Number 15-LPR-005)
A Project of the Capitol Area Development Authority**

**Supplementary Information
Year Ended June 30, 2022**

Operating cash flow/surplus cash computation

The operating cash flow/surplus cash generated by the Project during the year ended June 30, 2022 is as follows:

Operation income		
Total income	\$	174,802
Interest earned on restricted reserve accounts		<u>(96)</u>
Adjusted operating income		<u>174,706</u>
Operating expenses less depreciation		<u>(290,298)</u>
Adjusted net income (loss)		<u>(115,592)</u>
Other activity		
Debt service		-
Purchases of capital assets		(16,841)
Withdrawals from replacement reserve account		-
Deposits into replacement reserve account		<u>(43,299)</u>
Total other activity		<u>(60,140)</u>
Operating cash flow/surplus cash (deficit)	\$	<u><u>(175,732)</u></u>

6. AMC 184 - SPONSOR'S PROJECT RATING

Project Name:	Somerset Parkside	1. HCD Contract #:	90-RHC-007
		2. HCD Contract #:	15-LPR-005
		3. HCD Contract #:	
Prepared By:	Noelle Mussen	Date Prepared:	11.17.22
Management Co.:	CADA	Phone #:	916-323-1276

Physical Condition :

1. Rate the condition of the grounds:	<input type="radio"/> Excellent <input type="radio"/> Average <input checked="" type="radio"/> Poor
2. Estimated amount of building exterior deferred maintenance:	<input type="radio"/> None <input checked="" type="radio"/> Some <input type="radio"/> Much
3. Estimated amount of building systems deferred maintenance (heating, cooling, electrical, plumbing systems):	<input type="radio"/> None <input checked="" type="radio"/> Some <input type="radio"/> Much
4. Estimated amount of common area deferred maintenance (meeting rooms, laundry rooms, trash collection areas; kitchens, baths):	<input checked="" type="radio"/> None <input type="radio"/> Some <input type="radio"/> Much
5. Frequency of unit inspections; if "Other", explain below:	<input checked="" type="radio"/> Annually <input type="radio"/> Semi-Annually <input type="radio"/> Other

N/A

6. Explain any "Poor" condition or "Much" deferred maintenance in 1-4 above:
N/A

7. What, if anything, may impact the physical condition of the property in the coming year?
None

8. List any notices or citations for housing code violations (attach copy of notices or citations):
None

9. List any major repair, replacement or maintenance work needed:
Improvements to the plumbing and kitchen/both countertops

Financial:

1. Are you aware of any special risks to the short or long term fiscal condition of the Project?
If "Yes", please explain. Yes No

2. Are any Project loans past due?
If "Yes", please explain (include loan, past due amount and reason). Yes No

3. Was any Project loan paid off in the last year or has any new debt been added?
If "Yes", identify loan paid off or new debt source, amount and attach loan documents. Yes No

Management:

	Date	Annual Frequency
1. Indicate the last date of staff training and the frequency of the training concerning tenant eligibility and HCD compliance regarding rent, income and occupancy:	5/1/22	<input type="radio"/> Zero <input checked="" type="radio"/> Twice
2. Indicate the last meeting date and the frequency of meetings between the Property Management Agent and Sponsor:	3/1/19	<input type="radio"/> Once <input type="radio"/> Three or more <input type="radio"/> Zero <input type="radio"/> Twice <input type="radio"/> Once <input type="radio"/> Three or more
3. Is a waiting list being used? If "Yes", enter how many on the list.	300	<input checked="" type="radio"/> Yes <input type="radio"/> No
4. Are all property taxes current?		<input type="radio"/> Yes <input type="radio"/> No
5. If the Project has commercial space, is it rented?		<input type="radio"/> Yes <input type="radio"/> No <input checked="" type="radio"/> N/A
6. Explain any "No" answer:		
7. Vacancy rate as of the last day of the Reporting Period?		42.00%
8. Describe any problems in filling vacancies and steps taken to address them:		
Vacancies were not filled due to the high number of move outs, the limited availability of the maintenance staff to perform vacancy prep and extensive unit upgrades, in addition to the negative impact of the continued office closure for the entire FY and Limited availability of the Affordable Agent from February - June 2021 . Two modified positions have been created within the Leasing Department and new		
9. How many units turned over during the Reporting Period?		7
10. During the Reporting Period, what was the average turnover time in days (move out to move in)?		202
11. How many evictions occurred last year? Identify the reasons for evictions and applicable unit numbers:		0
12. Describe any problems with nonpayment of rent, bad debts, abandonment, etc. and steps taken to alleviate the problems:		
Current delinquencies due to Covid-19 are given payment plan options and we are working with them. Those that have not complied with the SERA requirements are being served proper notices, and will be followed up on as soon as we legally can.		
13. Describe any additional management problems and steps taken to alleviate the problems:		
We are filling 2 Leasing Department positions and increasing the staff time in the office in order to resume filling vacancies.		
14. Have there been changes or do you anticipate changes in Project ownership, General Partners or property management? If "Yes", please explain and identify new or anticipated entities below:		<input type="radio"/> Yes <input checked="" type="radio"/> No
15. Comments to HCD Asset Management Representative:		
We would like a meeting with our HCD Management Representative as soon as time and Covid-19 precautions/guidelines allow, and have regular meetings annually going forward.		

The following information is required only if your Project includes HCD Home Investment Partnership (HOME) Community Housing Development Organization (CHDO) funds.

HCD HOME CHDO Assisted Units:	# of Fixed Units	0	Floating Units Comparable?	<input type="radio"/> Yes <input type="radio"/> No
	# of Floating Units	26		

Check below regarding project type(s) and enter corresponding information:

<input type="checkbox"/> TCAC Project, enter TCAC ID # and the TCAC 15 year expiration date:	
<input type="checkbox"/> CalHFA Project, enter CalHFA ID #:	
<input type="checkbox"/> USDA-RD Project, enter USDA ID #:	
<input type="checkbox"/> HUD 811 Project, enter HUD ID #:	
<input type="checkbox"/> HUD 202 Project, enter HUD ID #:	

Rents:

1. Does the owner/agent use the most current State HOME-published High and Low rent limits or MHP-published rent limits, as applicable, for all HOME-assisted units? If "No", what limits are being used?	<input checked="" type="radio"/> Yes <input type="radio"/> No
-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------	---------------------------------------------------------------

<input checked="" type="checkbox"/> HUD <input type="checkbox"/> Other, describe:	
-----------------------------------------------------------------------------------	--

2. Does the owner/agent use the most current utility allowance schedule from the local housing authority to calculate maximum rent levels?	<input type="radio"/> Yes <input type="radio"/> No - HUD 202 Project <input checked="" type="radio"/> No - HUD 811 Project <input type="radio"/> No - other, describe below
--------------------------------------------------------------------------------------------------------------------------------------------	--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------

Enter the effective date of the Utility Allowance Amounts:		5/1/22	
------------------------------------------------------------	--	--------	--

0 Bedroom Amt.	N/A	3 Bedroom Amt.	\$105
1 Bedroom Amt.	N/A	4 Bedroom Amt.	N/A
2 Bedroom Amt.	\$86	5 Bedroom Amt.	N/A

3. Does the owner/agent correctly calculate rents for over-income (exceeding 80% limit) tenants in HCD HOME CHDO-assisted units? Fixed Unit Projects: lesser of rent control amount or 30% of adjusted income-no rent cap; Floating Unit Projects: 30% of adjusted income-may not exceed market rent.	<input checked="" type="radio"/> Yes <input type="radio"/> No, explain why not below
---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------	--------------------------------------------------------------------------------------

Income Eligibility:

1. Does the owner/agent use the most current State HOME published income limits? Low Income = 80% Limit; Very Low Income = 50% Limit	<input checked="" type="radio"/> Yes <input type="radio"/> No - HUD <input type="radio"/> No, explain what other limits are used below
-------------------------------------------------------------------------------------------------------------------------------------------------------	-------------------------------------------------------------------------------------------------------------------------------------------

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2. Does the owner/agent annually recertify the income of each household living in HOME-assisted units?	<input checked="" type="radio"/> Yes <input type="radio"/> No
--------------------------------------------------------------------------------------------------------	---------------------------------------------------------------

3. Does the owner/agent use the Part 5 definition of annual income to measure initial and on-going eligibility for HOME-assisted units? 24 CFR Part 5 published 1996 (formerly known as the Section 8 Program definition)	<input checked="" type="radio"/> Yes <input type="radio"/> No, describe method used below
-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------	-------------------------------------------------------------------------------------------

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Occupancy Eligibility:

In properties of 5 or more HOME-assisted units, does the owner/agent monitor and enforce the HCD Regulatory Agreement Exhibit B unit designations?	<input checked="" type="radio"/> Yes <input type="radio"/> No, explain why not below
----------------------------------------------------------------------------------------------------------------------------------------------------	--------------------------------------------------------------------------------------

Property Management:

1. Does a property management company manage this Project?	<input checked="" type="radio"/> Yes <input type="radio"/> No, skip to #3
------------------------------------------------------------	---------------------------------------------------------------------------

2. Has the property management company changed during the past year?	<input type="radio"/> Yes	<input checked="" type="radio"/> No, enter Management Agreement date:	
----------------------------------------------------------------------	---------------------------	-----------------------------------------------------------------------	--

If "Yes", was HCD approval obtained?	<input type="radio"/> Yes <input type="radio"/> No, ATTACH NEW MANAGEMENT AGREEMENT
--------------------------------------	-------------------------------------------------------------------------------------

3. Enter information regarding who manages the property below:			
----------------------------------------------------------------	--	--	--

Company Name:	Capitol Area Development Authority	Phone #:	916-322-2114
---------------	------------------------------------	----------	--------------

Address, City, Zip:	1522 14th St. Sacramento, CA 95814
---------------------	------------------------------------

4. Who should a prospective renter contact to apply for occupancy or get on the waiting list?			
-----------------------------------------------------------------------------------------------	--	--	--

Company Name:	Capitol Area Development Authority	Phone #:	916-322-2114
---------------	------------------------------------	----------	--------------

Address, City, Zip:	1522 14th St. Sacramento, CA 95814
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Website:	www.cadanet.org	Email:	tharville@cadanet.org
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5. Enter date of last revision to the Management Plan: Has the Management Plan changed during the past year?	8/1/19	<input type="radio"/> Yes <input checked="" type="radio"/> No
-----------------------------------------------------------------------------------------------------------------	--------	---------------------------------------------------------------

If "Yes", was HCD approval obtained?	<input type="radio"/> Yes <input type="radio"/> No, ATTACH NEW MANAGEMENT PLAN
--------------------------------------	--------------------------------------------------------------------------------

6. Does the Management Fee comply with the amount per unit per month allowed by HUD? See link: http://www.hcd.ca.gov/fa/home/HUD_MF_PUPM_Schedules.xls	<input type="radio"/> Yes <input type="radio"/> No, explain why not below
---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------	---------------------------------------------------------------------------

Physical Needs Assessment (PNA) and Replacement Reserve Study (RRS):

An updated PNA should be commissioned every five to ten years. The RRS should be updated annually to reflect work completed and work remaining to be done.

1. Year constructed:	1985
----------------------	------

2. What is the date of the last PNA?	
--------------------------------------	--

3. As of the end of this fiscal year, has the RRS been adjusted/updated?	<input type="radio"/> Yes <input type="radio"/> No <input type="radio"/> N/A
--------------------------------------------------------------------------	------------------------------------------------------------------------------

For **projects with USDA Rural Development funds**, use the USDA Rural Development Capital Needs Assessment form found at: <http://www.rurdev.usda.gov/rhs/mfh/MPR/CNA-TRN/CNAExample.xls>

For **projects without USDA Rural Development funds**, use the Fannie Mae (FNMA) PNA Guidelines and forms below:

FNMA PNA Guidelines found at: https://www.fanniemae.com/content/guide_form/4099.pdf

FNMA PNA Forms found at: <http://www.hcd.ca.gov/fa/mhp/MHP-LoanClosing/PNA4327.doc>

Guidelines for Physical Needs Assessments, Replacement Reserve Analyses and Replacement Reserve Studies with Model Contract Addendums found at: <http://www.hcd.ca.gov/fa/mhp/MHP-LoanClosing/GuidelinesForPNAReserveStudies.pdf>

Comments to HCD HOME Asset Management Representative:

**Somerset Parkside Apartments
(Contract Number 15-LPR-005)
A Project of the Capitol Area Development Authority**

**Certification of Executive Director
Years Ended June 30, 2022 and 2021**

I, as Executive Director of CADA, hereby certify that I have examined the accompanying financial statements and supplementary information of Somerset Parkside Apartments, A Project of CADA as of and for the years ended June 30, 2022 and 2021, and to the best of our knowledge and belief, these financial statements and supplementary information are complete and accurate.

Wendy Saunders

Signature

Executive Director

Title

12/08/2022

Date

Independent Auditor's Report on Internal Control over Financial Reporting and on
Compliance and Other Matters Based on an Audit of Financial Statements
Performed in Accordance with *Government Auditing Standards*

Board of Directors
Capitol Area Development Authority
Sacramento, California

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Somerset Parkside Apartments (Contract Number 15-LPR-005) ("Project"), a project of the Capitol Area Development Authority ("Authority") which comprise the statement of net position as of June 30, 2022, and the related statements of revenue, expenses and changes in net position and cash flows for the year then ended and the related notes to the financial statements, and have issued our report thereon dated December 8, 2022, which included an emphasis of matter paragraph as indicated at page 2.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Project's internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Project's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Project's internal control over financial reporting.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the Project's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting, that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Project's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control over financial reporting or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Project's internal control over financial reporting and compliance. Accordingly, this communication is not suitable for any other purpose.

CohnReznick LLP

Sacramento, California
December 8, 2022



Independent Member of Nexia International

cohnreznick.com

Attachment 1c

**Biele Place Apartments
(Contract Number 17-LPR-0029)
A Project of the Capitol Area Development Authority**

**Financial Statements
(With Supplementary Information)
and Independent Auditor's Report**

June 30, 2022 and 2021

**Biele Place Apartments
(Contract Number 17-LPR-0029)
A Project of the Capitol Area Development Authority**

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Independent Auditor's Report

Board of Directors
Capitol Area Development Authority

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Biele Place Apartments (Contract Number 17-LPR-0029) (the "Project"), a project of the Capitol Area Development Authority ("Authority"), which comprise the statements of net position as of June 30, 2022 and 2021, and the related statements of revenue, expenses and changes in net position and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of Biele Place Apartments as of June 30, 2022 and 2021, and the changes in its financial position and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America ("GAAS") and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Project and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Emphasis of Matter

As described in Note 1, the financial statements referred to above present only the financial position, the changes in financial position and cash flows of the Project and do not purport to, and do not, present fairly, the financial position of the Authority as of June 30, 2022 and 2021, and the changes in its financial position and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Project's ability to continue as a going concern for one year after the date that the financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

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

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

Required Supplementary Information

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

Supplementary Information

Our audits were conducted for the purpose of forming an opinion on the financial statements of the Project as a whole. The accompanying supplementary information on pages 17 to 25 as required by the California Department of Housing and Community Development is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Except for the Sponsor's project rating information at pages 22 to 25, such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, except for the Sponsor's project rating information at pages 22 to 25 on which we express no opinion, the supplementary information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 8, 2022, on our consideration of the Project's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Project's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Project's internal control over financial reporting and compliance.



Sacramento, California
December 8, 2022

**Biele Place Apartments
(Contract Number 17-LPR-0029)
A Project of the Capitol Area Development Authority**

**Statements of Net Position
June 30, 2022 and 2021**

	<u>Assets</u>	2022	2021
Current assets			
Residential accounts receivable		\$ 9,922	\$ 7,775
Restricted cash and cash equivalents - tenant security deposits		12,802	11,070
Total current assets		22,724	18,845
Noncurrent assets			
Restricted cash and cash equivalents - replacement reserve		275,190	224,078
Restricted cash and cash equivalents - operating reserve		51,326	51,300
		326,516	275,378
Capital assets			
Construction in progress		62,000	-
Building and Improvements		1,456,872	1,456,872
Less accumulated depreciation		(1,290,252)	(1,274,665)
Total capital assets		228,620	182,207
Total noncurrent assets		555,136	457,585
Total assets		\$ 577,860	\$ 476,430
	<u>Liabilities</u>		
Current liabilities			
Accounts payable		\$ 998	\$ 1,934
Unearned revenue - prepaid rent		1,402	767
HCD monitoring fees payable		31,856	19,314
Due to CADA		244,283	59,585
Tenant security deposits		12,802	11,070
Total current liabilities		291,341	92,670
Non current liabilities			
Mortgage note payable		1,025,653	1,025,653
Accrued interest - mortgage note payable		84,616	53,847
Total non current liabilities		1,110,269	1,079,500
Total liabilities		\$ 1,401,610	\$ 1,172,170
	<u>Net Position</u>		
Net investment in capital assets		\$ (797,033)	\$ (843,446)
Restricted for replacement and operating reserves		326,516	275,378
Unrestricted		(353,233)	(127,672)
Total net position		\$ (823,750)	\$ (695,740)

See Notes to Financial Statements.

Biele Place Apartments
(Contract Number 17-LPR-0029)
A Project of the Capitol Area Development Authority

Statements of Revenue, Expenses and Changes in Net Position
Years Ended June 30, 2022 and 2021

	2022	2021
Operating revenue		
Rental revenue, net	\$ 155,342	\$ 169,955
Coin-operated laundry	2,043	2,178
Miscellaneous	623	1,855
Total operating revenue	158,008	173,988
Operating expenses		
Payroll		
Salaries and benefits	55,663	54,571
Administrative		
Legal and accounting services	4,700	5,300
Management fee	25,730	24,980
Resident relations	280	-
Media	1,035	940
Total administrative	31,745	31,220
Utilities	34,513	26,057
Operating and maintenance		
Supplies	1,649	6,490
Service contracts	69,156	21,292
Courtesy patrol	3,200	3,050
Operating budget for major repairs	11,505	-
Decorating and painting	3,600	-
Total operating and maintenance	89,110	30,832
Insurance and taxes		
Insurance	15,165	9,409
Property taxes	1,060	1,102
Total insurance and taxes	16,225	10,511
Depreciation	15,587	15,587
Total operating expenses	242,843	168,778
Operating income (loss)	(84,835)	5,210

Biele Place Apartments
(Contract Number 17-LPR-0029)
A Project of the Capitol Area Development Authority

Statements of Revenue, Expenses and Changes in Net Position
Years Ended June 30, 2022 and 2021

	2022	2021
Nonoperating revenue (expenses)		
Interest expense	(30,769)	(30,770)
HCD monitoring fee	(12,543)	(10,912)
Interest income	137	313
	<u>(43,175)</u>	<u>(41,369)</u>
Total nonoperating revenue (expenses), net		
Change in net position	(128,010)	(36,159)
Net position, beginning	<u>(695,740)</u>	<u>(659,581)</u>
Net position, end	<u>\$ (823,750)</u>	<u>\$ (695,740)</u>

See Notes to Financial Statements.

Biele Place Apartments
(Contract Number 17-LPR-0029)
A Project of the Capitol Area Development Authority

Statements of Cash Flows
Years Ended June 30, 2022 and 2021

	2022	2021
Cash flows from operating activities		
Rental receipts	\$ 153,830	\$ 168,672
Other receipts	2,666	4,033
Tenant security deposits received (paid)	1,732	(1,250)
Payroll and related costs	(55,663)	(54,571)
Administrative	(31,745)	(31,220)
Utilities	(34,513)	(26,057)
Operating and maintenance	(90,047)	(29,955)
Insurance and taxes	(16,225)	(10,511)
	(69,965)	19,141
Net cash provided by (used in) operating activities		
Cash flows from capital and related financing activities		
Payment of acquisition of capital assets	(62,000)	-
	(62,000)	-
Net cash used in capital and related financing activities		
Cash flows from noncapital financing activities		
Contributions and advances received from CADA	184,698	30,406
	184,698	30,406
Net cash provided by noncapital financing activities		
Cash flows from investing activities		
Interest receipts	137	313
	137	313
Net cash provided by investing activities		
Net increase in cash and cash equivalents	52,870	49,860
Cash and cash equivalents, beginning	286,448	236,588
Cash and cash equivalents, end	\$ 339,318	\$ 286,448

Biele Place Apartments
(Contract Number 17-LPR-0029)
A Project of the Capitol Area Development Authority

Statements of Cash Flows
Years Ended June 30, 2022 and 2021

	2022	2021
Reconciliation to the statements of net position		
Cash and cash equivalents	\$ -	\$ -
Restricted cash and cash equivalents		
Tenant security deposits	12,802	11,070
Replacement reserve	275,190	224,078
Operating reserve	51,326	51,300
Total cash and cash equivalents	\$ 339,318	\$ 286,448
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities		
Operating income (loss)	\$ (84,835)	\$ 5,210
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities		
Depreciation	15,587	15,587
Changes in assets and liabilities		
Residential accounts receivable	(2,147)	(1,521)
Accounts payable	(937)	877
Unearned revenue - prepaid rent	635	238
Tenant security deposits	1,732	(1,250)
Net cash provided by (used in) operating activities	\$ (69,965)	\$ 19,141

See Notes to Financial Statements.

**Biele Place Apartments
(Contract Number 17-LPR-0029)
A Project of the Capitol Area Development Authority**

**Notes to Financial Statements
June 30, 2022 and 2021**

Note 1 - Organization and summary of significant accounting policies

General

Biele Place Apartments (the "Project") is a 35-unit apartment complex located in downtown Sacramento, California. It provides housing for eligible low-income families under the State of California Department of Housing and Community Development ("HCD") Rental Housing Construction Program ("RHCP"). This program provides long-term financing to construct the housing project and monthly annuities to fund operating deficits. The operating subsidy agreement with HCD expired in a prior year. Effective September 2019, the Authority and HCD terminated the old regulatory agreement (Contract No. 80-RHC-032) and entered into a 12-year term new regulatory agreement for the Project under the Loan Portfolio Restructuring Program (Contract No. 17-LPR-0029).

In accordance with a regulatory agreement dated December 30, 1982, the Capitol Area Development Authority ("Authority") manages the Project. The Authority is a joint powers agency with a Board of Directors comprised of appointees of the City of Sacramento ("City") and the State of California. The accompanying financial statements are not intended to present fairly the financial position or changes in financial position and cash flows of the Authority in conformity with accounting principles generally accepted in the United States of America ("GAAP").

Basis of presentation

The Project is accounted for using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash flows occur. The Project distinguishes operating from nonoperating revenue and expenses. Operating revenue and expenses generally result from providing services in connection with the Project's ongoing operations. The principal operating revenue of the Project is rental income from tenants of its housing units. This revenue is recognized on the financial statements net of vacancy loss, low income subsidies, and loss to leases. Operating expenses for the Project include payroll expenses for employee services, administrative expenses, utilities expenses, operating and maintenance expenses, insurance and taxes expenses, and depreciation on capital assets. All revenue and expenses not meeting this definition are reported as nonoperating revenue and expenses. When both restricted and unrestricted resources are available for use, it is the Project's policy to use restricted resources first, then unrestricted resources as needed.

Cash, cash equivalents and restricted cash and cash equivalents

The Authority participates in the City's external investment pool. The City Treasurer pools cash and other City funds and invests to maximize income consistent with safe and prudent investment practices within the guidelines of the City's investment policy. The City, as a charter city, has adopted its own investment guidelines to guide investment of City funds by the Treasurer. These guidelines are consistent with the requirements of California Government Code Section 53601. The City Council provides regulatory oversight of the City's investment pool and reviews its investment policy on a quarterly basis. The estimated fair value of investments in the pool is based on quoted market prices. However, the value of the pool shares in the City's investment pool that may be withdrawn is determined on an amortized cost basis, which is different than the fair value of the Project's position in the pool. The City's investment pool is unrated and the weighted average maturity is .97 years and 3.14 years as of June 30, 2022 and 2021, respectively. At June 30, 2022 and 2021, the Project's tenant security deposits are invested in the City's investment pool. Detailed

**Biele Place Apartments
(Contract Number 17-LPR-0029)
A Project of the Capitol Area Development Authority**

**Notes to Financial Statements
June 30, 2022 and 2021**

disclosures, including investment policies and associated risk policies, regarding the Project's cash and investments are included in the notes to the Authority's basic financial statements.

For purposes of the statements of cash flows, the Authority considers cash and cash equivalents to include all pooled cash and investments, including restricted account balances, as these pooled balances have the general characteristic of a demand deposit account. Restricted cash and cash equivalents includes the replacement reserve, operating reserve and tenant security deposits.

Resident accounts receivable

Resident accounts receivable are due from tenants and reported net of an allowance for doubtful accounts. Management's estimate of the allowance is based on historical collection experience and a review of the current status of the receivables. It is reasonably possible that management's estimate of the allowance will change. As of June 30, 2022 and 2021, there is no allowance for doubtful accounts.

Capital assets

Capital assets, which are defined by the Authority as assets with an initial, individual cost of more than \$3,000 and an estimated useful life beyond one year, are stated at cost, net of accumulated depreciation. Depreciation is calculated using the straight-line method over an estimated useful life of between 5 to 30 years. Maintenance and repair costs are expensed as incurred. The Project does not own the land, only the building on the land and therefore only construction in progress is included in nondepreciable capital assets.

Impairment of capital assets

The Authority reviews the capital assets of the Project for impairment whenever events or changes in circumstances indicate that there has been a decline in service utility that is large in magnitude and outside of the normal life cycle of the capital asset being evaluated. As of June 30, 2021, there has been no impairment of the capital assets.

Rental income

The Project's rental property is generally leased to tenants under one-year noncancelable operating leases. Rental income is recognized as rents become due. Rental payments received in advance are recorded as unearned revenue.

Use of estimates

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Actual results could differ from these estimates.

Note 2 - Tenant security deposits

The Project collects security deposits from tenants at the inception of the tenant lease. These deposits, which are reported in these financial statements as restricted cash, are refundable to the tenants to the extent there are no unpaid rents or damages to the housing unit. Tenant security deposits held as of June 30, 2022 and 2021 amounted to \$12,802 and \$11,070, respectively.

**Biele Place Apartments
(Contract Number 17-LPR-0029)
A Project of the Capitol Area Development Authority**

**Notes to Financial Statements
June 30, 2022 and 2021**

Note 3 - Capital assets

Information on additions and disposals of capital assets is presented below:

	<u>June 30, 2021</u>	<u>Increases</u>	<u>Decreases</u>	<u>June 30, 2022</u>
Capital assets not being depreciated				
Construction in progress	\$ -	\$ 62,000	\$ -	\$ 62,000
Capital assets being depreciated				
Buildings and improvements	1,456,872	-	-	1,456,872
Less accumulated depreciation for Buildings and improvements	<u>(1,274,665)</u>	<u>(15,587)</u>	<u>-</u>	<u>(1,290,252)</u>
Capital assets being depreciated, net	<u>182,207</u>	<u>(15,587)</u>	<u>-</u>	<u>166,620</u>
Capital assets, net	<u>\$ 182,207</u>	<u>\$ 46,413</u>	<u>\$ -</u>	<u>\$ 228,620</u>
	<u>June 30, 2020</u>	<u>Increases</u>	<u>Decreases</u>	<u>June 30, 2021</u>
Capital assets not being depreciated				
Construction in progress	\$ -	\$ -	\$ -	\$ -
Capital assets being depreciated				
Buildings and improvements	1,456,872	-	-	1,456,872
Less accumulated depreciation for Buildings and improvements	<u>(1,259,078)</u>	<u>(15,587)</u>	<u>-</u>	<u>(1,274,665)</u>
Capital assets being depreciated, net	<u>197,794</u>	<u>(15,587)</u>	<u>-</u>	<u>182,207</u>
Capital assets, net	<u>\$ 197,794</u>	<u>\$ (15,587)</u>	<u>\$ -</u>	<u>182,207</u>

Note 4 - Replacement reserve

The replacement reserve account reported in these financial statements as restricted cash is funded monthly to provide for future major additions, repairs or replacements. The replacement reserve activity is as follows for the years ended June 30:

	<u>2022</u>	<u>2021</u>
Beginning balance	\$ 224,078	\$ 172,991
Interest earned	112	75
CADA annuity	-	-
Required deposits	51,000	51,012
Authorized expenses	<u>-</u>	<u>-</u>
Ending balance	<u>\$ 275,190</u>	<u>\$ 224,078</u>

**Biele Place Apartments
(Contract Number 17-LPR-0029)
A Project of the Capitol Area Development Authority**

**Notes to Financial Statements
June 30, 2022 and 2021**

Note 5 - Operating reserve

The new regulatory agreement executed with HCD required the project to establish an operating reserve to be funded in the initial amount of \$51,210. The operating reserve account is reported in these financial statements as restricted cash. The operating reserve activity is as follows for the years ended June 30:

	2022	2021
Beginning balance	\$ 51,300	\$ 51,277
Interest earned	26	23
Authorized expenses	-	-
Ending balance	\$ 51,326	\$ 51,300

Note 6 - Note payable

On September 27 2019, the Authority executed the new regulatory agreement with HCD and the authority entered into a new promissory note in the amount of \$1,025,653 for a term of 12 years. The promissory note is secured by the Project property and bears interest at 3% per annum. Payments are to be made out of surplus cash as defined in the regulatory agreement until maturity in September 30, 2030 at which time all outstanding principal and accrued interest will be due. For the years ended June 30, 2022 and 2021, interest expense was \$30,769 and \$30,770, respectively. Outstanding principal and accrued interest are \$1,025,653 and \$84,616 at June 30, 2022, and \$1,025,653 and \$53,847 at June 30, 2021, respectively.

Note 7 - Due to HCD

As stated in Note 1, under the old regulatory agreement, HCD RHCP was to provide operating funds to the Project to cover the operating costs not covered by rental revenue. In the case the Project operates at a surplus, the net surplus is remitted to HCD or deposited to the replacement reserve subject to HCD approval. The operating subsidy ended with the new regulatory agreement.

**Biele Place Apartments
(Contract Number 17-LPR-0029)
A Project of the Capitol Area Development Authority**

**Notes to Financial Statements
June 30, 2022 and 2021**

Effective with the new regulatory agreement, the project owes HCD a monitoring fee in the annual amount of \$11,233 and increasing annually by the consumer price index. The HCD monitoring fee is payable from net cash flow (surplus cash) of the Project as defined in the regulatory agreement. During the years ended June 30, 2022 and 2021, HCD monitoring fees expensed were \$12,543 and \$10,912, respectively, and as of June 30, 2022 and 2021, \$31,856 and \$19,314 are payable and are included in due to HCD on the statements of net position. The account activities are as follows at June 30:

	2022	2021
Due to HCD, beginning	\$ 19,314	\$ 8,402
Excess cash deposited to operating reserve	-	-
Current year monitoring fee	12,542	10,912
Payments to HCD	-	-
Due to HCD, end	\$ 31,856	\$ 19,314

Note 8 - Assistance from the Authority

The Authority ("CADA") makes contributions to the Project based upon the capital budget needs and receives distributions for any funds in excess of such needs. In addition, CADA makes advances to the Project to pay for operating expenses of the Project. Such advances are not interest-bearing and are expected to be repaid one month in arrears. As of June 30, 2022 and 2021, \$244,283 and \$59,585, respectively, is due to CADA and included in the statements of net position.

Note 9 - Leased property

The land on which the Project is located is owned by the State of California. On August 29, 1980, a 60-year operating lease was entered into between the Authority and the State of California. This lease is without cost; therefore, it is not reflected in these financial statements.

The State of California or the Authority may terminate the lease at any time by giving 60 days' notice. Should this lease be terminated, the developmental ground lease will be honored by the State of California on behalf of the Authority.

Note 10 - Contingency

In early 2020, an outbreak of a novel strain of coronavirus (COVID-19) emerged globally. As a result, events have occurred including mandates from federal, state and local authorities leading to an overall decline in economic activity which could result in a loss of lease revenue and other material adverse effects to the Project's financial position, results of operations, and cash flows. As of June 30, 2022, the global pandemic is still ongoing. Management continues to monitor the results of operations to evaluate the economic impact of the pandemic on the Project.

Biele Place Apartments
(Contract Number 17-LPR-0029)
A Project of the Capitol Area Development Authority

Notes to Financial Statements
June 30, 2022 and 2021

Note 11 - Subsequent events

Events that occur after the statement of net position date but before the financial statements were available to be issued must be evaluated for recognition or disclosure. The effects of subsequent events that provide evidence about conditions that existed at the statement of net position date are recognized in the accompanying financial statements. Subsequent events which provide evidence about conditions that existed after the statement of net position date require disclosure in the accompanying notes. Management evaluated the activity of the Project through December 8, 2022, (the date the financial statements were available to be issued) and concluded that no subsequent events have occurred that would require recognition in the financial statements or disclosure in the notes to the financial statements.

Supplementary Information

Required by the California Department of Housing Community Development

**Biele Place Apartments
(Contract Number 17-LPR-029)
A Project of the Capitol Area Development Authority**

**Supplementary Information Required by HCD
Year Ended June 30, 2022**

Cash and cash equivalents

Cash and cash equivalents		
Unrestricted account		
Operating account	\$	-
Restricted accounts		
Insurance and tax impounds		-
Tenant security deposits		12,802
Reserve for replacements		275,190
Operating reserve		51,326
Total restricted accounts		339,318
Total cash, cash equivalents and restricted accounts	\$	339,318

The Project follow the practice of pooling its cash with all of the Authority's projects into a central fund maintained by the Authority. All accounts are segregated on the books of the Authority. The reserve accounts are maintained in interest-bearing accounts.

Reserve for replacements and operating expenses

	Replacement reserve	Operating reserve
Balance, June 30, 2021	\$ 224,078	\$ 51,300
Required deposits	51,000	-
Drawdown on reserve	-	-
Interest income	112	26
Balance, June 30, 2022	\$ 275,190	\$ 51,326

**Biele Place Apartments
(Contract Number 17-LPR-029)
A Project of the Capitol Area Development Authority**

**Supplementary Information Required by HCD
Year Ended June 30, 2022**

Capital assets

Following are the details of capital assets, which include building and leasehold improvements:

Capital assets balance, June 30, 2021	\$	1,456,872
Additions		62,000
Capital assets balance, June 30, 2022	\$	1,518,872

Accounts payable

Accounts payable in the amount of \$998 represents amounts due to suppliers. All accounts payable are current.

Gross potential rents

Qualified tenant rental income	\$	417,696
Other tenant rental income		-
Total gross potential rents		417,696
Less		
Vacancy loss		(108,943)
Gain (loss) to lease		6,397
Low income subsidy		(159,808)
Rental revenues, net	\$	155,342

Management Fee

A property management fee of \$25,730 was incurred during the fiscal year ended June 30, 2022 for the property management services provided by the Authority.

**Biele Place Apartments
(Contract Number 17-LPR-029)
A Project of the Capitol Area Development Authority**

**Supplementary Information Required by HCD
Year Ended June 30, 2022**

Operating cash flow/surplus cash computation

The operating cash flow/surplus cash generated by the Project during the year ended June 30, 2022 is as follows:

Operation income		
Total income	\$	158,145
Interest earned on restricted reserve accounts		<u>(137)</u>
Adjusted operation income		<u>158,008</u>
Operating expenses less depreciation		<u>(227,256)</u>
Adjusted net income (loss)		<u>(69,248)</u>
Other activity		
Debt service		-
Deposits into replacement reserve account		(51,000)
Deposits into operating reserve account		<u>-</u>
Total other activity		<u>(51,000)</u>
Operating cash flow/surplus cash (deficit)	\$	<u><u>(120,248)</u></u>

Accumulated limited distributions

At inception, there were no allowable accumulated limited distributions unpaid. Also, there were no accumulated limited distributions paid during the fiscal year ended June 30, 2022.

**Biele Place Apartments
(Contract Number 80-RHC-032)
A Project of the Capitol Area Development Authority**

**Supplementary Information Required by HCD
Years Ended June 30, 2022 and 2021**

Schedules of operating revenues and expenses

<u>Account No.</u>		<u>2022</u>	<u>2021</u>
	Operating revenues		
5120	Rent revenue	\$ 155,342	\$ 169,955
5121	Tenant assistance payments	-	-
	Rental revenue	<u>155,342</u>	<u>169,955</u>
	Other revenues		
5910	Coin-operated laundry	2,043	2,178
5190	Miscellaneous	623	1,855
	Total operating revenues	<u>158,008</u>	<u>173,988</u>
	Operating expenses		
	Payroll		
6330	Manager salaries	34,617	33,938
6331	Manager rent fee unit	9,472	9,286
6510	Janitor payroll	11,574	11,347
	Total payroll	<u>55,663</u>	<u>54,571</u>
6340	Legal	-	-
6350	Accounting services	4,700	5,300
6320	Management fee	25,730	24,980
4331	Resident relations	280	-
6210	Media	1,035	940
	Total administrative	<u>31,745</u>	<u>31,220</u>
	Utilities		
6450	Electricity	5,056	3,784
6452	Gas	4,200	4,079
6453	Water/Sewer	23,485	17,048
6525	Garbage	1,772	1,146
	Total utilities	<u>34,513</u>	<u>26,057</u>

Biele Place Apartments
(Contract Number 80-RHC-032)
A Project of the Capitol Area Development Authority

Supplementary Information Required by HCD
Years Ended June 30, 2022 and 2021

		<u>2022</u>	<u>2021</u>
	Operating and maintenance		
6515	Services and supplies	1,649	6,490
6530	Courtesy patrol	3,200	3,050
6517	Janitor and cleaning contracts	6,181	4,827
6537	Grounds contract	-	-
6821	Operating budget for major repairs	11,505	
6560	Decorating and Painting	3,600	-
6545	Elevator maintenance	-	-
6541	Repairs material	62,975	16,465
6590	Misc. Ops. and Maint. expense	-	-
6591	Major construction expense	-	-
	Total operating and maintenance	<u>89,110</u>	<u>30,832</u>
	Insurance and taxes		
6729	Insurance	15,165	9,409
6710	Property taxes	<u>1,060</u>	<u>1,102</u>
	Total insurance and taxes	<u>16,225</u>	<u>10,511</u>
	Depreciation	<u>15,587</u>	<u>15,587</u>
	Total operating expenses	<u>242,843</u>	<u>168,778</u>
	Operating income (loss)	<u>(84,835)</u>	<u>5,210</u>
	Non-operating revenues		
5400	CADA annuity	-	-
6820	Interest expense	(30,769)	(30,770)
6870	Funding obligation	-	-
6890	HCD monitoring fee	(12,543)	(10,912)
5410	Interest income	<u>137</u>	<u>313</u>
	Change in net position	<u>(128,010)</u>	<u>(36,159)</u>
	Net position, beginning	<u>(695,740)</u>	<u>(659,581)</u>
	Net position, end	<u>\$ (823,750)</u>	<u>\$ (695,740)</u>

Insurance

Insurance premiums are current as of June 30, 2022. The annual renewal policy was paid before the due date.

**Biele Place Apartments
(Contract Number 80-RHC-032)
A Project of the Capitol Area Development Authority**

**Supplementary Information Required by HCD
Years Ended June 30, 2022 and 2021**

6. AMC 184 - SPONSOR'S PROJECT RATING			
Project Name:	Biele Place	1. HCD Contract #:	80-RHC-032
		2. HCD Contract #:	17-LPR-0029
		3. HCD Contract #:	
Prepared By:	Noelle Mussen	Date Prepared:	11.17.2022
Management Co.:	CADA	Phone #:	916-323-1276
Physical Condition :			
1. Rate the condition of the grounds:	<input type="radio"/> Excellent <input checked="" type="radio"/> Average <input type="radio"/> Poor		
2. Estimated amount of building exterior deferred maintenance:	<input type="radio"/> None <input checked="" type="radio"/> Some <input type="radio"/> Much		
3. Estimated amount of building systems deferred maintenance (heating, cooling, electrical, plumbing systems):	<input type="radio"/> None <input checked="" type="radio"/> Some <input type="radio"/> Much		
4. Estimated amount of common area deferred maintenance (meeting rooms, laundry rooms, trash collection areas; kitchens, baths):	<input checked="" type="radio"/> None <input type="radio"/> Some <input type="radio"/> Much		
5. Frequency of unit inspections; if "Other", explain below:	<input checked="" type="radio"/> Annually <input type="radio"/> Semi-Annually <input type="radio"/> Other		
N/A			
6. Explain any "Poor" condition or "Much" deferred maintenance in 1-4 above:			
N/A			
7. What, if anything, may impact the physical condition of the property in the coming year?			
N/A			
8. List any notices or citations for housing code violations (attach copy of notices or citations):			
None			
9. List any major repair, replacement or maintenance work needed:			
Improvement to the Courtyard is budgeted for FY 21-22			
Financial:			
1. Are you aware of any special risks to the short or long term fiscal condition of the Project? If "Yes", please explain.		<input type="radio"/> Yes <input checked="" type="radio"/> No	
2. Are any Project loans past due? If "Yes", please explain (include loan, past due amount and reason).		<input type="radio"/> Yes <input checked="" type="radio"/> No	
3. Was any Project loan paid off in the last year or has any new debt been added? If "Yes", identify loan paid off or new debt source, amount and attach loan documents.		<input type="radio"/> Yes <input checked="" type="radio"/> No	

**Biele Place Apartments
(Contract Number 80-RHC-032)
A Project of the Capitol Area Development Authority**

**Supplementary Information Required by HCD
Years Ended June 30, 2022 and 2021**

Management:

	<i>Date</i>	<i>Annual Frequency</i>
1. Indicate the last date of staff training and the frequency of the training concerning tenant eligibility and HCD compliance regarding rent, income and occupancy:	4/1/21	<input type="radio"/> Zero <input checked="" type="radio"/> Twice <input type="radio"/> Once <input type="radio"/> Three or more
2. Indicate the last meeting date and the frequency of meetings between the Property Management Agent and Sponsor:	3/1/19	<input checked="" type="radio"/> Zero <input type="radio"/> Twice <input type="radio"/> Once <input type="radio"/> Three or more
3. Is a waiting list being used? If "Yes", enter how many on the list.	31	<input checked="" type="radio"/> Yes <input type="radio"/> No
4. Are all property taxes current?		<input checked="" type="radio"/> Yes <input type="radio"/> No
5. If the Project has commercial space, is it rented?		<input type="radio"/> Yes <input type="radio"/> No <input checked="" type="radio"/> N/A
6. Explain any "No" answer:		
7. Vacancy rate as of the last day of the Reporting Period?		11.40%
8. Describe any problems in filling vacancies and steps taken to address them:		
Vacancies were not filled due to continued office closure for the entire FY, and limited availability of the Affordable Agent from February - June 2021. Two modified positions have been created within the Leasing Department and new staff will be starting in November 2021 to provide assistance and support to the Leasing Department. We are preparing to reopen our office (and our wait list) and put new		
9. How many units turned over during the Reporting Period?		5
10. During the Reporting Period, what was the average turnover time in days (move out to move in)?		228
11. How many evictions occurred last year? Identify the reasons for evictions and applicable unit numbers:		0
12. Describe any problems with nonpayment of rent, bad debts, abandonment, etc. and steps taken to alleviate the problems:		
No issues or abnormal balances. When delinquencies occur, our delinquency procedures are followed. Tenants may be put on a payment plan if needed.		
13. Describe any additional management problems and steps taken to alleviate the problems:		
We are filling 2 Leasing Department positions and increasing the staff time in the office in order to resume filling vacancies.		
14. Have there been changes or do you anticipate changes in Project ownership, General Partners or property management? If "Yes", please explain and identify new or anticipated entities below:		<input type="radio"/> Yes <input checked="" type="radio"/> No
15. Comments to HCD Asset Management Representative:		
We would like a meeting with our HCD Management Representative as soon as time and Covid-19 precautions/guidelines allow, and have regular meetings annually going forward.		

**Biele Place Apartments
(Contract Number 80-RHC-032)
A Project of the Capitol Area Development Authority**

**Supplementary Information Required by HCD
Years Ended June 30, 2022 and 2021**

The following information is required <u>only</u> if your Project includes HCD Home Investment Partnership (HOME) Community Housing Development Organization (CHDO) funds.			
HCD HOME CHDO Assisted Units:	# of Fixed Units	0	Floating Units Comparable? <input type="radio"/> Yes <input type="radio"/> No
	# of Floating Units	35	
Check below regarding project type(s) and enter corresponding information:			
<input type="checkbox"/> TCAC Project, enter TCAC ID # and the TCAC 15 year expiration date:			
<input type="checkbox"/> CalHFA Project, enter CalHFA ID #:			
<input type="checkbox"/> USDA-RD Project, enter USDA ID #:			
<input type="checkbox"/> HUD 811 Project, enter HUD ID #:			
<input type="checkbox"/> HUD 202 Project, enter HUD ID #:			
Rents:			
1. Does the owner/agent use the most current State HOME-published High and Low rent limits or MHP-published rent limits, as applicable, for all HOME-assisted units? If "No", what limits are being used?			<input checked="" type="radio"/> Yes <input type="radio"/> No
<input checked="" type="checkbox"/> HUD <input type="checkbox"/> Other, describe:			
2. Does the owner/agent use the most current utility allowance schedule from the local housing authority to calculate maximum rent levels?			<input checked="" type="radio"/> Yes <input type="radio"/> No - HUD 202 Project <input type="radio"/> No - HUD 811 Project <input type="radio"/> No - other, describe below
Enter the effective date of the Utility Allowance Amounts:		5/1/22	
0 Bedroom Amt.	N/A	3 Bedroom Amt.	N/A
1 Bedroom Amt.	\$69	4 Bedroom Amt.	N/A
2 Bedroom Amt.	N/A	5 Bedroom Amt.	N/A
3. Does the owner/agent correctly calculate rents for over-income (exceeding 80% limit) tenants in HCD HOME CHDO-assisted units? Fixed Unit Projects: lesser of rent control amount or 30% of adjusted income-no rent cap; Floating Unit Projects: 30% of adjusted income-may not exceed market rent.			<input checked="" type="radio"/> Yes <input type="radio"/> No, explain why not below
Income Eligibility:			
1. Does the owner/agent use the most current State HOME published income limits? Low Income = 80% Limit; Very Low Income = 50% Limit			<input checked="" type="radio"/> Yes <input type="radio"/> No - HUD <input type="radio"/> No, explain what other limits are used below
2. Does the owner/agent annually recertify the income of each household living in HOME-assisted units?			<input checked="" type="radio"/> Yes <input type="radio"/> No
3. Does the owner/agent use the Part 5 definition of annual income to measure initial and on-going eligibility for HOME-assisted units? 24 CFR Part 5 published 1996 (formerly known as the Section 8 Program definition)			<input checked="" type="radio"/> Yes <input type="radio"/> No, describe method used below

**Biele Place Apartments
(Contract Number 80-RHC-032)
A Project of the Capitol Area Development Authority**

**Supplementary Information Required by HCD
Years Ended June 30, 2022 and 2021**

Occupancy Eligibility:			
In properties of 5 or more HOME-assisted units, does the owner/agent monitor and enforce the HCD Regulatory Agreement Exhibit B unit designations?		<input checked="" type="radio"/> Yes <input type="radio"/> No, explain why not below	
Property Management:			
1. Does a property management company manage this Project?		<input checked="" type="radio"/> Yes <input type="radio"/> No, skip to #3	
2. Has the property management company changed during the past year?		<input type="radio"/> Yes	
		<input checked="" type="radio"/> No, enter Management Agreement date:	
If "Yes", was HCD approval obtained?		<input type="radio"/> Yes <input type="radio"/> No, ATTACH NEW MANAGEMENT AGREEMENT	
3. Enter information regarding who manages the property below:			
Company Name:	Capitol Area Development Authority	Phone #:	916-322-2114
Address, City, Zip:	1522 14th St. Sacramento, CA 95814		
4. Who should a prospective renter contact to apply for occupancy or get on the waiting list?			
Company Name:	Capitol Area Development Authority	Phone #:	916-322-2114
Address, City, Zip:	1522 14th St. Sacramento, CA 95814		
Website:	www.cadanet.org	Email:	tharville@cadanet.org
5. Enter date of last revision to the Management Plan: Has the Management Plan changed during the past year?		9/1/19	<input type="radio"/> Yes <input checked="" type="radio"/> No
If "Yes", was HCD approval obtained?		<input checked="" type="radio"/> Yes <input type="radio"/> No, ATTACH NEW MANAGEMENT PLAN	
6. Does the Management Fee comply with the amount per unit per month allowed by HUD? See link: http://www.hcd.ca.gov/fa/home/HUD_MF_PUPM_Schedules.xls		<input type="radio"/> Yes <input type="radio"/> No, explain why not below	
Physical Needs Assessment (PNA) and Replacement Reserve Study (RRS):			
An updated PNA should be commissioned every five to ten years. The RRS should be updated annually to reflect work completed and work remaining to be done.			
1. Year constructed:	1984	2. What is the date of the last PNA?	
3. As of the end of this fiscal year, has the RRS been adjusted/updated?		<input type="radio"/> Yes <input type="radio"/> No <input type="radio"/> N/A	
For projects with USDA Rural Development funds , use the USDA Rural Development Capital Needs Assessment form found at: http://www.rurdev.usda.gov/rhs/mfh/MPR/CNA-TRN/CNAExample.xls			
For projects without USDA Rural Development funds , use the Fannie Mae (FNMA) PNA Guidelines and forms below:			
FNMA PNA Guidelines found at: https://www.fanniemae.com/content/guide_form/4099.pdf			
FNMA PNA Forms found at: http://www.hcd.ca.gov/fa/mhp/MHP-LoanClosing/PNA4327.doc			
Guidelines for Physical Needs Assessments, Replacement Reserve Analyses and Replacement Reserve Studies with Model Contract Addendums found at: http://www.hcd.ca.gov/fa/mhp/MHP-LoanClosing/GuidelinesForPNAReserveStudies.pdf			
Comments to HCD HOME Asset Management Representative:			

**Biele Place Apartments
(Contract Number 17-LPR-0029)
A Project of the Capitol Area Development Authority**

**Certification of Executive Director
Years Ended June 30, 2022 and 2021**

I, as Executive Director of CADA, hereby certify that I have examined the accompanying financial statements and supplementary information of Biele Place Apartments, A Project of CADA as of and for the years ended June 30, 2022 and 2021, and to the best of our knowledge and belief, these financial statements and supplementary information are complete and accurate.

Wendy Saunders

Signature

Executive Director

Title

12/08/2022

Date

Independent Auditor's Report on Internal Control over Financial Reporting and
on Compliance and Other Matters Based on an Audit of Financial Statements
Performed in Accordance with *Government Auditing Standards*

Board of Directors
Capitol Area Development Authority
Sacramento, California

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Biele Place Apartments (Contract Number 17-LPR-0029) (the "Project"), a project of the Capitol Area Development Authority (Authority) which comprise the statement of net position as of June 30, 2022, and the related statements of revenue, expenses and changes in net position and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated December 8, 2022 which included an emphasis of matter paragraph as indicated at page 2.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Project's internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Project's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Project's internal control over financial reporting.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the Project's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Project's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control over financial reporting or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Project's internal control over financial reporting and compliance. Accordingly, this communication is not suitable for any other purpose.

CohnReznick LLP

Sacramento, California
December 8, 2022



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Attachment 1d

**Seventeenth Street Commons
(Contract Number 99-024-N)
A Project of the Capitol Area Development Authority**

**Financial Statements
(With Supplementary Information)
and Independent Auditor's Report**

June 30, 2022 and 2021

**Seventeenth Street Commons
(Contract Number 99-024-N)
A Project of the Capitol Area Development Authority**

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Independent Auditor's Report

Board of Directors
Capitol Area Development Authority
Sacramento, California

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Seventeenth Street Commons (Contract Number 99-024-N) (the "Project"), a project of the Capitol Area Development Authority ("Authority"), which comprise the statements of net position as of June 30, 2022 and 2021, and the related statements of revenue, expenses and changes in net position and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of Seventeenth Street Commons as of June 30, 2022 and 2021, and the changes in its financial position and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America ("GAAS") and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Project and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Emphasis of Matter

As described in Note 1, the financial statements referred to above present only the financial position, changes in financial position and cash flows of the Project and do not purport to, and do not, present fairly, the financial position of the Authority as of June 30, 2022 and 2021 and the changes in its financial position and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Project's ability to continue as a going concern for one year after the date that the financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

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

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

Required Supplementary Information

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

Supplementary Information

Our audits were conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying supplementary information on pages 16 to 21 as required by the California Housing Finance Agency is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 8, 2022, on our consideration of the Project's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Project's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Project's internal control over financial reporting and compliance.

CohnReznick LLP

Sacramento, California
December 8, 2022

**Seventeenth Street Commons
(Contract Number 99-024-N)
A Project of the Capitol Area Development Authority**

**Statements of Net Position
June 30, 2022 and 2021**

<u>Assets</u>	<u>2022</u>	<u>2021</u>
Current assets		
Cash and cash equivalents	\$ 550,901	\$ 710,388
Accounts receivable	9,701	17,581
Prepaid expenses	11,069	-
Restricted cash and cash equivalents		
Insurance impounds	32,555	24,600
Tenant security deposits	20,269	19,354
Total restricted cash and cash equivalents	<u>52,824</u>	<u>43,954</u>
Total current assets	<u>624,495</u>	<u>771,923</u>
Noncurrent assets		
Restricted cash - replacement reserve	123,303	112,185
Capital assets		
Construction in progress	300,363	254,004
Building and Improvements	2,291,183	2,291,183
Less accumulated depreciation	<u>(1,870,017)</u>	<u>(1,807,844)</u>
Total capital assets	<u>721,529</u>	<u>737,343</u>
Total noncurrent assets	<u>844,832</u>	<u>849,528</u>
Total assets	<u><u>\$ 1,469,327</u></u>	<u><u>\$ 1,621,451</u></u>
<u>Liabilities</u>		
Current liabilities		
Accounts payable	\$ 844	\$ 129,867
Prepaid rent	2,321	2,091
Tenant security deposits	20,269	19,354
Notes payable, current portion	<u>69,912</u>	<u>67,185</u>
Total current liabilities	<u>93,346</u>	<u>218,497</u>
Noncurrent liabilities		
Notes payable, net of current portion	<u>859,505</u>	<u>929,417</u>
Total liabilities	<u><u>\$ 952,851</u></u>	<u><u>\$ 1,147,914</u></u>
<u>Net Position</u>		
Net investment in capital assets	\$ (207,888)	\$ (259,259)
Restricted for impounds and replacement reserve	155,858	136,785
Unrestricted	<u>568,506</u>	<u>596,011</u>
Total net position	<u><u>\$ 516,476</u></u>	<u><u>\$ 473,537</u></u>

See Notes to Financial Statements.

**Seventeenth Street Commons
(Contract Number 99-024-N)
A Project of the Capitol Area Development Authority**

**Statements of Revenue, Expenses and Changes in Net Position
Years Ended June 30, 2022 and 2021**

	2022	2021
Operating revenue		
Rental revenue, net	\$ 369,920	\$ 359,876
Other revenue		
Parking	10,825	11,540
Coin-operated laundry	346	858
Miscellaneous	195	975
	381,286	373,249
Operating expenses		
Payroll		
Salaries and benefits	55,191	49,754
	55,191	49,754
Administrative		
Management fee	31,810	30,440
Audit	5,749	5,586
Media	3,573	4,113
	41,132	40,139
Utilities		
Electricity	7,543	6,919
Water and garbage	42,914	36,186
Gas	3,657	1,727
	54,114	44,832
Operating and maintenance		
Services and supplies	2,556	1,174
Maintenance and repairs	49,401	70,941
Courtesy patrol	7,320	6,975
Decorating and painting	720	-
	59,997	79,090
Insurance and taxes		
Insurance	24,440	17,278
Property taxes	2,949	4,986
	27,389	22,264

**Seventeenth Street Commons
(Contract Number 99-024-N)
A Project of the Capitol Area Development Authority**

**Statements of Revenue, Expenses and Changes in Net Position
Years Ended June 30, 2022 and 2021**

	2022	2021
Depreciation	62,173	64,675
Total operating expenses	299,996	300,754
Operating income	81,290	72,495
Nonoperating revenue (expense)		
Interest income	4,974	7,696
Interest expense	(43,325)	(45,913)
Total nonoperating revenue (expense), net	(38,351)	(38,217)
Change in net position	42,939	34,278
Net position, beginning	473,537	439,259
Net position, end	\$ 516,476	\$ 473,537

See Notes to Financial Statements.

**Seventeenth Street Commons
(Contract Number 99-024-N)
A Project of the Capitol Area Development Authority**

**Statements of Cash Flows
Years Ended June 30, 2022 and 2021**

	2022	2021
Cash flows from operating activities		
Rental receipts	\$ 378,030	\$ 351,142
Other receipts	11,366	13,373
Tenant security deposits received	915	(2,055)
Payroll and related costs	(55,191)	(49,754)
Administrative	(41,132)	(40,139)
Utilities	(54,114)	(44,832)
Operating and maintenance	(70,255)	(87,192)
Insurance and taxes	(27,389)	(22,264)
	142,230	118,279
Net cash provided by operating activities		
Cash flows from capital and related financing activities		
Payments for acquisition of capital assets	(176,193)	(33,643)
Principal payment on debt	(67,185)	(64,597)
Interest paid on debt	(43,325)	(45,913)
	(286,703)	(144,153)
Net cash used in capital and related financing activities		
Cash flows from investing activities		
Interest receipts	4,974	7,696
	4,974	7,696
Net cash provided by investing activities		
Net decrease in cash and cash equivalents	(139,499)	(18,178)
Cash and cash equivalents, beginning	866,527	884,705
Cash and cash equivalents, end	\$ 727,028	\$ 866,527
Reconciliation to the statements of net position		
Cash and cash equivalents	\$ 550,901	\$ 710,388
Restricted cash and cash equivalents		
Insurance impounds	32,555	24,600
Tenant security deposits	20,269	19,354
Reserve for replacements	123,303	112,185
	\$ 727,028	\$ 866,527
Total cash and cash equivalents	\$ 727,028	\$ 866,527

**Seventeenth Street Commons
(Contract Number 99-024-N)
A Project of the Capitol Area Development Authority**

**Statements of Cash Flows
Years Ended June 30, 2022 and 2021**

	2022	2021
Reconciliation of operating income to net cash provided by operating activities		
Operating income	\$ 81,290	\$ 72,495
Adjustments to reconcile operating income to net cash provided by operating activities		
Depreciation	62,173	64,675
Changes in assets and liabilities		
Accounts receivable	7,880	(9,838)
Accounts payable	811	(8,102)
Prepaid rent	230	1,104
Tenant security deposits	915	(2,055)
	\$ 142,230	\$ 118,279
Net cash provided by operating activities		
Significant noncash capital and related financing activities		
Increase in accounts payable included in capital assets	\$ -	\$ 129,834

See Notes to Financial Statements.

**Seventeenth Street Commons
(Contract Number 99-024-N)
A Project of the Capitol Area Development Authority**

**Notes to Financial Statements
June 30, 2022 and 2021**

Note 1 - Organization and summary of significant accounting policies

General

Seventeenth Street Commons (the "Project") is a 28-unit apartment complex located in downtown Sacramento, California. The Project provides at least 20% of the apartments to eligible low-income families under the California Housing Finance Agency ("CalHFA") 80/20 program. Mortgage financing was provided by CalHFA.

In accordance with a regulatory agreement dated December 30, 1982, the Capitol Area Development Authority ("Authority") manages the Project. The Authority is a joint powers agency with a Board of Directors comprised of appointees of the City of Sacramento ("City") and the State of California. The accompanying financial statements are not intended to present fairly the financial position or changes in financial position and cash flows of the Authority in conformity with accounting principles generally accepted in the United States of America ("GAAP").

Basis of presentation

The Project is accounted for using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash flow occurs. The Project distinguishes operating from nonoperating revenue and expenses. Operating revenue and expenses generally result from providing services in connection with the Project's ongoing operations. The principal operating revenue of the Project is rental income from tenants of its housing units. This revenue is recognized on the financial statements net of vacancy loss, low-income subsidies, and loss to leases. Operating expenses for the Project include payroll expenses for employee services, administrative expenses, utilities expenses, operating and maintenance expenses, insurance and taxes expenses, and depreciation on capital assets. All revenue and expenses not meeting this definition are reported as nonoperating revenue and expenses. When both restricted and unrestricted resources are available for use, it is the Project's policy to use restricted resources first, then unrestricted resources as needed.

Cash, cash equivalents and restricted cash and cash equivalents

The Project participates in the City's external investment pool. The City Treasurer pools cash and other City funds and invests to maximize income consistent with safe and prudent investment practices within the guidelines of the City's investment policy. The City, as a charter city, has adopted its own investment guidelines to guide investment of City funds by the Treasurer. These guidelines are consistent with the requirements of California Government Code Section 53601. The City Council provides regulatory oversight of the City's investment pool and reviews its investment policy on a quarterly basis. The estimated fair value of investments in the pool is based upon the quoted market price. However, the value of the pool shares in the City's investment pool that may be withdrawn is determined on an amortized cost basis, which is different than the fair value of the Project's position in the pool. The City's investment pool is unrated and the weighted average maturity is .97 years and 3.14 years as of June 30, 2022 and 2021, respectively. At June 30, 2022 and 2021 the Project's unrestricted cash and cash equivalents and tenant security deposits, are invested in the City's investment pool. Detailed disclosures, including investment policies and associated risk policies, regarding the Project's cash and investments are included in the notes to the Authority's basic financial statements.

**Seventeenth Street Commons
(Contract Number 99-024-N)
A Project of the Capitol Area Development Authority**

**Notes to Financial Statements
June 30, 2022 and 2021**

Cash and cash equivalents and restricted cash and cash equivalents include operating accounts, replacement reserves, insurance impounds, and tenant security deposits. Replacement reserves and insurance impound accounts are held in an interest-bearing account by CalHFA. As required by the Authority's regulatory agreement with the CalHFA, the Project remits monthly deposits to cover replacement reserve requirements, hazard insurance, and earthquake insurance expenses. All disbursements from the CalHFA accounts are subject to supervision and approval by CalHFA. All such deposits and reserves are entirely insured or collateralized with securities held by the mortgagee in the Project's name.

The Project also maintains an operating account and tenant security deposits which are held in the City's external investment pool and a financial institution. For purposes of the statements of cash flows, the Project considers cash and cash equivalents to include all pooled cash and investments, including restricted account balances, as these pooled balances have the general characteristic of a demand deposit account.

Accounts receivable

Accounts receivable are due from tenants and reported net of an allowance for doubtful accounts. Management's estimate of the allowance is based on historical collection experience and a review of the current status of the receivables. It is reasonably possible that management's estimate of the allowance will change. As of June 30, 2022 and 2021, there is no allowance for doubtful accounts.

Capital assets

Capital assets, which are defined by the Authority as assets with an initial, individual cost of more than \$3,000 and an estimated useful life beyond one year, are stated at cost, net of accumulated depreciation. Depreciation is calculated using the straight-line method over an estimated useful life of 5 to 30 years. Maintenance and repair costs are expensed as incurred. The Project does not own land, only the building on the land therefore only construction in progress is included in nondepreciable capital assets. The Project's building is pledged as security for notes payable.

Impairment of capital assets

The Authority reviews the capital assets of the Project for impairment whenever events or changes in circumstances indicate that there has been a decline in service utility that is large in magnitude and outside of the normal life cycle of the capital asset being evaluated. As of June 30, 2022, there has been no impairment of the capital assets.

Rental income

The Project's rental property is generally leased to tenants under one-year noncancelable operating leases. Rental income is recognized as rents become due. Rental payments received in advance are recorded as unearned revenue.

Use of estimates

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Actual results could differ from these estimates.

**Seventeenth Street Commons
(Contract Number 99-024-N)
A Project of the Capitol Area Development Authority**

**Notes to Financial Statements
June 30, 2022 and 2021**

Note 2 - Cash, cash equivalents, and restricted cash

The Project's cash and cash equivalents are as follows at June 30:

	2022	2021
City investment pool	\$ 571,170	\$ 729,742
Deposits with CalHFA	155,858	136,785
Total	\$ 727,028	\$ 866,527

Note 3 - Tenant security deposits

The Project collects security deposits from tenants at the inception of the tenant lease. These deposits, which are reported in these financial statements as restricted cash and cash equivalents, are refundable to the tenants to the extent there are no unpaid rents or damages to the housing unit. Tenant security deposits held as of June 30, 2022 and 2021 amounted to \$20,269 and \$19,354, respectively.

Note 4 - Capital assets

Information on additions and disposals of capital assets is presented below:

	June 30, 2021	Increases	Decreases	June 30, 2022
Capital assets not being depreciated				
Construction in progress	\$ 254,004	\$ 46,359	\$ -	\$ 300,363
Capital assets being depreciated				
Buildings and improvements	2,291,183	-	-	2,291,183
Less accumulated depreciation for Buildings and improvements	(1,807,844)	(62,173)	-	(1,870,017)
Capital assets, net	\$ 737,343	\$ (15,814)	\$ -	\$ 721,529
	June 30, 2020	Increases	Decreases	June 30, 2021
Capital assets not being depreciated				
Construction in progress	\$ 90,527	\$ 163,477	\$ -	\$ 254,004
Capital assets being depreciated				
Buildings and improvements	2,291,183	-	-	2,291,183
Less accumulated depreciation for Buildings and improvements	(1,743,169)	(64,675)	-	(1,807,844)
Capital assets, net	\$ 638,541	\$ 98,802	\$ -	\$ 737,343

**Seventeenth Street Commons
(Contract Number 99-024-N)
A Project of the Capitol Area Development Authority**

**Notes to Financial Statements
June 30, 2022 and 2021**

Note 5 - Notes payable

Notes payable secured by the Project consist of the following at June 30:

	2022	2021
<u>Payable to CalHFA</u>		
Monthly installments of \$7,836, including principal and interest at 5.25% annually to maturity in September 2033 and secured by the Project.	\$ 797,556	\$ 848,260
 <u>Payable to Sacramento Housing Financing Agency</u>		
Noninterest-bearing note with annual principal payments of \$16,481 beginning December 2003 and maturing in 2029 and secured by the Project.	131,861	148,342
 Total	\$ 929,417	\$ 996,602

Future maturities on the notes payable are as follows:

Years ending June 30	Principal	Interest	Total
2023	\$ 69,912	\$ 40,598	\$ 110,510
2024	72,786	37,725	110,511
2025	75,814	34,696	110,510
2026	79,005	31,505	110,510
2027	82,368	28,143	110,511
2028 - 2032	436,010	83,592	519,602
2033 - 2034	113,522	4,014	117,536
	\$ 929,417	\$ 260,273	\$ 1,189,690

The following is a summary of the notes payable transactions for the years ended June 30, 2022 and 2021:

Balance June 30, 2021	Additions	Retirements	Balance June 30, 2022	Amounts due within one year
\$ 996,602	\$ -	\$ (67,185)	\$ 929,417	\$ 69,912
Balance June 30, 2020	Additions	Retirements	Balance June 30, 2021	Amounts due within one year
\$ 1,061,199	\$ -	\$ (64,597)	\$ 996,602	\$ 67,185

**Seventeenth Street Commons
(Contract Number 99-024-N)
A Project of the Capitol Area Development Authority**

**Notes to Financial Statements
June 30, 2022 and 2021**

Note 6 - Assistance from the Authority

In 1999, the Authority commenced major construction rehabilitation of the Project. On August 23, 2003, subsequent to substantial completion of construction rehabilitation, CalHFA paid off the construction loan and outstanding debt financing by providing long-term financing to the Project.

During the fiscal years ended June 30, 2022 and 2021, the Project realized an excess of revenue over expenses (excluding depreciation) of \$105,112 and \$98,953, respectively. During the years ended June 30, 2022 and 2021, the Authority made no contributions to the Project. The Authority has committed to fund any future deficits with contributions, as required.

Note 7 - Leased property

The land on which the Project is located is owned by the State of California. On June 12, 1981, a 60-year operating lease was entered into between the Authority and the State of California. This lease is without cost; therefore, it is not reflected in these financial statements.

The State of California or the Authority may terminate the lease at any time by giving 60 days' notice. Should this lease be terminated, the developmental ground lease will be honored by the State of California on behalf of the Authority.

Note 8 - Contingency

In early 2020, an outbreak of a novel strain of coronavirus ("COVID-19") emerged globally. As a result, events have occurred including mandates from federal, state and local authorities leading to an overall decline in economic activity which could result in a loss of lease revenue and other material adverse effects to the Project's financial position, results of operations, and cash flows. As of June 30, 2022, the global pandemic is still ongoing. Management continues to monitor the results of operations to evaluate the economic impact of the pandemic on the Project.

Note 9 - Subsequent events

Events that occur after the statement of net position date but before the financial statements were available to be issued must be evaluated for recognition or disclosure. The effects of subsequent events that provide evidence about conditions that existed at the statement of net position date are recognized in the accompanying financial statements. Subsequent events which provide evidence about conditions that existed after the statement of net position date require disclosure in the accompanying notes. Management evaluated the activity of the Project through December 8, 2022 (the date the financial statements were available to be issued) and concluded that no subsequent events have occurred that would require recognition in the financial statements or disclosure in the notes to the financial statements.

Supplementary Information
Required by the California Housing Finance Agency

**Seventeenth Street Commons
(Contract Number 99-024-N)
A Project of the Capitol Area Development Authority**

**Supplementary Information Required by CalHFA
Years Ended June 30, 2022 and 2021**

Schedules of operating revenues

<u>Account No.</u>	<u>2022</u>	<u>2021</u>
Operating revenues		
5120 Rent revenue	\$ 369,920	\$ 359,876
5121 Tenant assistance payments	-	-
5170 Parking	<u>10,825</u>	<u>11,540</u>
Rental revenue	<u>380,745</u>	<u>371,416</u>
Other revenues		
5910 Coin-operated laundry	346	858
5190 Miscellaneous	<u>195</u>	<u>975</u>
Total operating revenues	<u>381,286</u>	<u>373,249</u>

**Seventeenth Street Commons
(Contract Number 99-024-N)
A Project of the Capitol Area Development Authority**

**Supplementary Information Required by CalHFA
Years Ended June 30, 2022 and 2021**

Schedules of operating expenses

<u>Account No.</u>		<u>2022</u>	<u>2021</u>
	Operating expenses		
	Payroll		
6330	Manager salaries	55,191	49,754
6331	Manager rent fee unit	-	-
6510	Janitor payroll	-	-
	Total payroll	<u>55,191</u>	<u>49,754</u>
6340	Legal	-	-
6350	Accounting services	5,749	5,586
6320	Management fee	31,810	30,440
6210	Media	3,573	4,113
	Total administrative	<u>41,132</u>	<u>40,139</u>
	Utilities		
6450	Electricity	7,543	6,919
6452	Gas	3,657	1,729
6453	Water/Sewer	35,725	29,837
6525	Garbage	7,189	6,349
	Total utilities	<u>54,114</u>	<u>44,834</u>
	Operating and maintenance		
6515	Services and supplies	2,396	772
6530	Courtesy patrol	7,320	6,975
6517	Janitor and Cleaning Contracts	160	400
6537	Grounds Contract	42,811	48,937
6560	Decorating and painting	720	-
6545	Elevator Maintenance	-	-
6541	Repairs Material	-	3,408
6590	Misc. Ops. And Maint. Expense (if over \$2,500, detail is required)	6,590	18,596
6591	Major Construction Expense	-	-
	Total operating and maintenance	<u>59,997</u>	<u>79,088</u>

**Seventeenth Street Commons
(Contract Number 99-024-N)
A Project of the Capitol Area Development Authority**

**Supplementary Information Required by CalHFA
Years Ended June 30, 2022 and 2021**

<u>Account No.</u>		<u>2022</u>	<u>2021</u>
	Insurance and taxes		
6729	Insurance	24,440	17,278
6710	Property taxes	2,949	4,986
	Total insurance and taxes	<u>27,389</u>	<u>22,264</u>
	Depreciation	<u>62,173</u>	<u>64,675</u>
	Total operating expenses	<u>299,996</u>	<u>300,754</u>
	Operating income (loss)	<u>81,290</u>	<u>72,495</u>
	Non-operating revenues (expenses)		
5400	CADA annuity	-	-
6820	Interest on first mortgage	(43,325)	(45,913)
5410	Interest income	4,974	7,696
	Change in net position	<u>42,939</u>	<u>34,278</u>
	Net position, beginning	<u>473,537</u>	<u>439,259</u>
	Net position, end	<u>\$ 516,476</u>	<u>\$ 473,537</u>

Detail of Accounts - Schedule of Activities

	<u>2022</u>	<u>2021</u>
Miscellaneous Other Expense (Accounts No. 6590)		
Flooring	\$ 6,590	\$ 18,596
	<u>\$ 6,590</u>	<u>\$ 18,596</u>

**Seventeenth Street Commons
(Contract Number 99-024-N)
A Project of the Capitol Area Development Authority**

**Supplementary Information Required by CalHFA
Year Ended June 30, 2022**

Cash and cash equivalents

Cash and cash equivalents	
Unrestricted account	
Operating account	<u>\$ 550,901</u>
Restricted accounts	
Insurance and tax impounds	32,555
Tenant security deposits	20,269
Reserve for replacements	<u>123,303</u>
Total restricted accounts	<u>176,127</u>
Total cash and cash equivalents	<u><u>\$ 727,028</u></u>

The Project follows the practice of pooling its cash with all of the Authority's projects into a central fund maintained by the Authority. All accounts are segregated on the books of the Authority. The impound and reserve accounts are maintained in interest-bearing accounts by CalHFA.

Reserve for replacements

In accordance with the provisions of the regulatory agreement, reserves are maintained in accounts by CalHFA to be used for replacements of property. Withdrawals are made upon approval by CalHFA. Activity during the year ended June 30, 2022 was as follows:

Balance, June 30, 2021	\$ 112,185
Deposits	10,584
Interest income	534
Approved withdrawals	<u>-</u>
Balance, June 30, 2022	<u><u>\$ 123,303</u></u>

Impound accounts

	Hazard insurance	Earthquake insurance	Total
Balance, June 30, 2021	\$ 20,274	\$ 4,326	\$ 24,600
Deposits	6,909	8,876	15,785
Interest earned	-	136	136
CalHFA adjustment	-	-	-
Payments applied	<u>-</u>	<u>(7,967)</u>	<u>(7,967)</u>
Balance, June 30, 2022	<u><u>\$ 27,183</u></u>	<u><u>\$ 5,372</u></u>	<u><u>\$ 32,555</u></u>

**Seventeenth Street Commons
(Contract Number 99-024-N)
A Project of the Capitol Area Development Authority**

**Supplementary Information Required by CalHFA
Year Ended June 30, 2022**

Capital assets

Following are the details of capital assets, which include building and leasehold improvements:

Capital assets balance, June 30, 2021	\$	2,545,187
Additions		46,359
Capital assets balance, June 30, 2022	\$	2,591,546

Accounts payable

Accounts payable in the amount of \$844 represents amounts due to suppliers. All accounts payable are current.

Gross potential rents

Qualified tenant rental income	\$	610,191
Other tenant rental income		-
Total gross potential rents		610,191
Less		
Vacancy loss		(76,023)
Loss to lease		(66,288)
Low income subsidy		(97,960)
Rental revenues, net	\$	369,920

Management fee

A property management fee of \$31,810 was incurred during the fiscal year ended June 30, 2022 for the property management services provided by the Authority.

**Seventeenth Street Commons
(Contract Number 99-024-N)
A Project of the Capitol Area Development Authority**

**Supplementary Information Required by CalHFA
Year Ended June 30, 2022**

Operating cash flow/Surplus cash computation

The operating cash flow/surplus cash generated by the Project during the year ended June 30, 2022 is as follows:

Operation income		
Total income	\$	386,260
Interest earned on restricted reserve accounts		<u>(670)</u>
Adjusted operation income		<u>385,590</u>
Operating expenses less depreciation		<u>(237,823)</u>
Adjusted net income		<u>147,767</u>
Other activity		
Debt service		(110,510)
Deposits into replacement reserve account		<u>(10,584)</u>
Total other activity		<u>(121,094)</u>
Operating cash flow/surplus cash	\$	<u><u>26,673</u></u>

Accumulated limited distributions

At inception, there were no allowable accumulated limited distributions unpaid. Also, there were no accumulated limited distributions paid during the fiscal year ended June 30, 2022.

Independent Auditor's Report on Internal Control over Financial Reporting and
on Compliance and Other Matters Based on an Audit of Financial Statements
Performed in Accordance with *Government Auditing Standards*

Board of Directors
Capitol Area Development Authority
Sacramento, California

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Seventeenth Street Commons (Contract Number 99-024-N) (the "Project"), a project of the Capitol Area Development Authority ("Authority") which comprise the statement of net position as of June 30, 2022, and the related statements of revenue, expenses and changes in net position and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated December 8, 2022 which included an emphasis of matter paragraph as indicated at page 2.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Project's internal control over financial reporting a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Project's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Project's internal control over financial reporting.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting, that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Project's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Project's internal control over financial reporting or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control over financial reporting and compliance. Accordingly, this communication is not suitable for any other purpose.

CohnReznick LLP


Sacramento, California
December 8, 2022

**Seventeenth Street Commons
(Contract Number 99-024-N)
A Project of the Capitol Area Development Authority**

**Certification of Officers
Years Ended June 30, 2022 and 2021**

We, as officers of Capitol Area Development Authority (Joint Powers Authority), hereby certify that we have examined the accompanying financial statements and supplemental data of Seventeenth Street Commons as of and for the years ended June 30, 2022 and 2021, and, to the best of our knowledge and belief, these financial statements and data are complete and accurate.

 _____	<u>Executive Director</u> _____	<u>12/08/2022</u> _____
Name	Title	Date

 _____	<u>Finance Director</u> _____	<u>12/08/2022</u> _____
Name	Title	Date



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Capitol Area Development Authority (CADA)
 Summary Statement of Revenues and Expenditures
 From 7/1/2021 Through 6/30/2022

	Annual Budget	YTD Actual	YTD Variance
FUNDING SOURCES			
Rental Income			
Parking	244,700.00	276,664.00	31,964.00
Ground Lease Revenue	156,000.00	170,630.00	14,630.00
Residential Rental Revenue	9,658,100.00	10,408,231.00	750,131.00
Commercial Rental Revenue	275,000.00	496,131.00	221,131.00
Rental Vacancy Loss	(936,000.00)	(1,064,135.00)	(128,135.00)
Low Income Subsidy	(752,500.00)	(796,232.00)	(43,732.00)
Loss to Lease	(1,132,100.00)	(1,186,367.00)	(54,267.00)
Other	38,000.00	27,610.00	(10,390.00)
Total Rental Income	7,551,200.00	8,332,531.00	781,331.00
Tax Increment Revenue			
Tax Increment Revenue	6,850,000.00	7,133,382.00	283,382.00
Total Tax Increment Revenue	6,850,000.00	7,133,382.00	283,382.00
Governmental Agency Revenue			
Annuity-Excess Program Pymts	-	(26,454.00)	(26,454.00)
Total Governmental Agency Revenue	-	(26,454.00)	(26,454.00)
Financial Income			
General Operations Investment Funding			
Interest Income on Investments with City	264,500.00	161,733.00	(102,767.00)
Other	218,000.00	268,959.00	50,959.00
Total General Operations Investment Funding	482,500.00	430,693.00	(51,807.00)
Total Financial Income	482,500.00	430,693.00	(51,807.00)
Drawdowns from Reserves			
Equipment Replace Reserve Drawdown	91,000.00	-	(91,000.00)
Development Reserve Drawdown for D&A	3,280,000.00	3,280,000.00	-
Total Drawdowns from Reserves	3,371,000.00	3,280,000.00	(91,000.00)
Miscellaneous Funding Sources			
Total Miscellaneous Funding Sources	43,100.00	29,587.00	(13,513.00)
Total Miscellaneous Funding Sources	43,100.00	29,587.00	(13,513.00)
Total FUNDING SOURCES	18,297,800.00	19,179,738.00	881,938.00
OPERATING EXPENSES			
Employee Services & Benefits			
Salaries	2,947,000.00	3,019,462.00	(72,462.00)
Cafeteria Plan	496,000.00	456,729.00	39,271.00
Workers Compensation	121,900.00	60,549.00	61,351.00
PERS Retirement	717,000.00	986,674.00	(269,674.00)
Post Retirement Health Benefit Contributions	185,800.00	210,367.00	(24,567.00)
Retiree Health Benefits	170,800.00	156,292.00	14,508.00
Other	154,360.00	(490,968.00)	645,328.00
Total Employee Services & Benefits	4,792,860.00	4,399,106.00	393,754.00
Outside Services			
Legal Services	121,980.00	358,801.00	(236,821.00)
Insurance	413,600.00	402,859.00	10,741.00
Other	996,628.00	763,295.00	233,333.00
Total Outside Services	1,532,208.00	1,524,954.00	7,254.00
Maintenance & Repair			
Service Contracts	338,127.00	442,962.00	(104,835.00)
Flooring	209,000.00	330,594.00	(121,594.00)
Landscaping	244,189.00	264,868.00	(20,679.00)
Other	934,396.00	1,039,337.00	(104,941.00)
Total Maintenance & Repair	1,725,712.00	2,077,761.00	(352,049.00)

Capitol Area Development Authority (CADA)
 Summary Statement of Revenues and Expenditures
 From 7/1/2021 Through 6/30/2022

Attachment 2

Utilities			
Utilities-Garbage	66,000.00	83,705.00	(17,705.00)
Utilities-SMUD/Electricity	143,500.00	143,487.00	13.00
Utilities-PG&E/Gas	250,500.00	270,851.00	(20,351.00)
Utilities-Water/Sewer	614,000.00	690,854.00	(76,854.00)
Other	<u>70,000.00</u>	<u>62,725.00</u>	<u>7,275.00</u>
Total Utilities	1,144,000.00	1,251,621.00	(107,621.00)
Overhead			
	<u>638,650.00</u>	<u>526,954.00</u>	<u>111,696.00</u>
Total Overhead	638,650.00	526,954.00	111,696.00
Building/Land Acquisition			
Building/Land Acquisition	<u>3,280,000.00</u>	<u>-</u>	<u>3,280,000.00</u>
Total Building/Land Acquisition	3,280,000.00	-	3,280,000.00
Debt Service			
Notes Payable Debt Service	607,205.00	648,135.00	(40,930.00)
Bond Debt Service	<u>2,757,349.00</u>	<u>2,757,269.00</u>	<u>80.00</u>
Total Debt Service	3,364,554.00	3,405,404.00	(40,850.00)
Contributions to Reserves			
	<u>1,200,722.00</u>	<u>1,294,050.00</u>	<u>(93,328.00)</u>
Total Contributions to Reserves	<u>1,200,722.00</u>	<u>1,294,050.00</u>	<u>(93,328.00)</u>
Total OPERATING EXPENSES	<u>17,678,706.00</u>	<u>14,479,850.00</u>	<u>3,198,856.00</u>
CAPITAL INVESTMENT PROGRAM			
Major Construction			
	<u>934,595.00</u>	<u>810,889.00</u>	<u>123,706.00</u>
Total Major Construction	934,595.00	810,889.00	123,706.00
Development			
	<u>1,358,780.00</u>	<u>652,266.00</u>	<u>706,514.00</u>
Total Development	1,358,780.00	652,266.00	706,514.00
Total CAPITAL INVESTMENT PROGRAM	<u>2,293,375.00</u>	<u>1,463,155.00</u>	<u>830,220.00</u>
CASH FLOW, Before Resources Utilization	(1,674,281.00)	3,236,733.00	4,911,014.00
UTILIZATION OF FINANCIAL RESOURCES			
Utilization of Available Fund Balance	1,724,258.00	1,724,258.00	-
Utilization-Released CIP Budget	693,196.00	693,196.00	-
Contribution to Available Fund Balance	(573.00)	-	573.00
Cash Flow Adj-CIP Carryforward	<u>(742,600.00)</u>	<u>(693,196.00)</u>	<u>49,404.00</u>
Total UTILIZATION OF FINANCIAL RESOURCES	1,674,281.00	1,724,258.00	49,977.00
NET CASH FLOW	-	4,960,991.00	4,960,991.00
Audit Reconciliations			
Change in Encumbrances		345,116.00	
Reduction in Outstanding Debt Service			
Reductions in Outstanding Debt Service			
Debt Service-Liability Reduction		233,210.00	
Interest Expense-Accrual Adjustment		(65,393.00)	
Bond Debt Svc-Liability Reduction		1,454,552.00	
Bond Interest-Accrual Adjustment		<u>6,162.00</u>	
Total Reduction in Outstanding Debt Service		1,628,531.00	
Change in Leases			
B/S Adj - Lease Revenue		(12,340.00)	
B/S Adj - Leases Rent Exp		77,340.00	

Capitol Area Development Authority (CADA)
 Summary Statement of Revenues and Expenditures
 From 7/1/2021 Through 6/30/2022

Attachment 2

Amortization Lease Expense	(68,857.00)
Total Change in Leases	(3,857.00)
Change in Net Pension Liability	
Net Pension Liability	(2,201,569.00)
Net OPEB liability	(1,806,365.00)
Total Change in Net Pension Liability	(4,007,934.00)
Change in Deferred Inflows of Resources	
Deferred Inflows related to Pension	2,520,291.00
Deferred Inflow Related to OPEB	1,206,854.00
Deferred Inflow related to Leases	-
Total Change in Deferred Inflows of Resources	3,727,145.00
Impact of Changes in Notes Receivable	
Allowance for Uncollectibles	(84,179.00)
Total Impact of Changes in Notes Receivable	(84,179.00)
Impact of Net Changes in Fixed Assets	
Capitalized Acquisitions	
Software - Capitalized or Prepaid	(27,172.00)
Computer Hdwe - Capitalized	16,592.00
Admin Furn Mach & Eq-Cap'd	34,362.00
D&A - Site Impr Capitalized	65,409.00
Maint Furn, Mach & Eq-Cap'd	68,405.00
Capitalized Major Construction	876,027.00
Total Capitalized Acquisitions	1,033,623.00
Depreciation Expense	(868,527.00)
Total Impact of Net Changes in Fixed Assets	165,096.00
Reduction of deferred Outflows of Resources	
Deferred Outflows Related to Pension	(18,837.00)
Deferred Outflow Related to OPEB	(62,484.00)
Total Reduction of deferred Outflows of Resources	(81,321.00)
Impact of Changes in Other Balance Sheet Sections	
Net Increase (Decline) in Reserves	
Reserve Drawdowns-Equity Adjustment	(3,236,701.00)
Reserve Contributions-Equity Adjustment	1,250,751.00
Total Net Increase (Decline) in Reserves	(1,985,950.00)
Net Contribution to (Utilization of) Fund Balance	
BS Adj - Fund Bal Util or Contrib	(1,724,258.00)
Total Net Contribution to (Utilization of) Fund Balance	(1,724,258.00)
Total Impact of Changes in Other Balance Sheet Sections	(3,710,208.00)
Total Audit Reconciliations	(2,021,611.00)
AUDITED, CHANGE IN NET ASSETS	<u>2,939,380.00</u>

Capitol Area Development Authority (CADA)
GENERAL OPERATIONS - General Operations
From 7/1/2021 Through 6/30/2022

Attachment 3 - General Operation

	<u>Budget-Annual</u>	<u>YTD Budget</u>	<u>YTD Year Actual</u>	<u>YTD Variance</u>
FUNDING SOURCES of General Operations				
Rental Income				
Parking	244,700.00	244,700.00	276,664.00	31,964.00
Ground Lease Revenue	156,000.00	156,000.00	170,630.00	14,630.00
Residential Rental Revenue	9,658,100.00	9,658,100.00	10,408,231.00	750,131.00
Commercial Rental Revenue	275,000.00	275,000.00	496,131.00	221,131.00
Coin Op Laundry Revenue	35,300.00	35,300.00	24,731.00	(10,569.00)
B/S Adj - Lease Revenue	-	-	(12,340.00)	(12,340.00)
Rental Vacancy Loss	(936,000.00)	(936,000.00)	(1,064,135.00)	(128,135.00)
Low Income Subsidy	(752,500.00)	(752,500.00)	(796,232.00)	(43,732.00)
Loss to Lease	(1,132,100.00)	(1,132,100.00)	(1,186,367.00)	(54,267.00)
Forfeited Security Deposits	2,200.00	2,200.00	2,879.00	679.00
Bad Debt Recovery	500.00	500.00	-	(500.00)
Misc Current Svcs - Mgmt Fees	102,290.00	102,290.00	102,290.00	-
Misc Current Svcs - Salaries	148,510.00	148,510.00	236,734.00	88,224.00
Total Rental Income	7,802,000.00	7,802,000.00	8,659,215.00	857,215.00
Tax Increment Revenue				
Tax Increment Revenue	6,850,000.00	6,850,000.00	7,133,382.00	283,382.00
Total Tax Increment Revenue	6,850,000.00	6,850,000.00	7,133,382.00	283,382.00
Other Government Agency Revenue				
Annuity-Excess Program Pymts	-	-	(26,454.00)	(26,454.00)
Total Other Government Agency Revenue	-	-	(26,454.00)	(26,454.00)
Interest and Other Investment Income				
Interest Income on Investments with City	264,500.00	264,500.00	161,733.00	(102,767.00)
Interest Income Received	-	-	1,316.00	1,316.00
Interest Income-Reserve Allocation	(2,000.00)	(2,000.00)	-	2,000.00
Interest Income - Pool A Tax Exempt	-	-	303.00	303.00
Interest Income - Pool A Taxable Bond	220,000.00	220,000.00	217,437.00	(2,563.00)
Lease Interest Revenue	-	-	49,903.00	49,903.00
Total Interest and Other Investment Income	482,500.00	482,500.00	430,693.00	(51,807.00)
Miscellaneous Revenue				
Miscellaneous Income	43,100.00	43,100.00	29,587.00	(13,513.00)
Allowance for Uncollectibles	-	-	(84,179.00)	(84,179.00)
Total Miscellaneous Revenue	43,100.00	43,100.00	(54,592.00)	(97,692.00)
Drawdowns from Reserves				
Development Reserve Drawdown for D&A	3,280,000.00	3,280,000.00	3,280,000.00	-
Total Drawdowns from Reserves	3,280,000.00	3,280,000.00	3,280,000.00	-
Total FUNDING SOURCES of General Operations	18,457,600.00	18,457,600.00	19,422,243.00	964,643.00

General Operations EXPENSE

Employee Services & Benefits				
Special Management Salaries	(164,420.00)	(164,420.00)	(253,906.00)	(89,486.00)

(In Whole Numbers)

	<u>Budget-Annual</u>	<u>YTD Budget</u>	<u>YTD Year Actual</u>	<u>YTD Variance</u>
Salaries	(2,947,000.00)	(2,947,000.00)	(3,019,462.00)	(72,462.00)
Employee Recognition	(37,000.00)	(37,000.00)	(56,056.00)	(19,056.00)
Social Security/Medicare	(44,600.00)	(44,600.00)	(45,950.00)	(1,350.00)
Cafeteria Plan	(496,000.00)	(496,000.00)	(456,729.00)	39,271.00
Long Term Disability	(31,000.00)	(31,000.00)	(27,289.00)	3,712.00
State Unemployment	(11,000.00)	(11,000.00)	(10,652.00)	348.00
Workers Compensation	(121,900.00)	(121,900.00)	(60,549.00)	61,351.00
Life & AD&D Insurance	(12,500.00)	(12,500.00)	(12,356.00)	144.00
PERS Retirement	(717,000.00)	(717,000.00)	(986,674.00)	(269,674.00)
Post Retirement Health Benefit Contributions	(185,800.00)	(185,800.00)	(210,367.00)	(24,567.00)
Retiree Health Benefits	(170,800.00)	(170,800.00)	(156,292.00)	14,508.00
OPEB Expense	-	-	661,995.00	661,995.00
Employee Assist Program (EAP)	(2,350.00)	(2,350.00)	(1,552.00)	798.00
Total Employee Services & Benefits	(4,941,370.00)	(4,941,370.00)	(4,635,839.00)	305,531.00

Capitol Area Development Authority (CADA)
GENERAL OPERATIONS - General Operations
From 7/1/2021 Through 6/30/2022

Attachment 3 - General Operation

Outside Services

Prop Mgmt Marketing - Sp Mgmt Credit	3,374.00	3,374.00	3,374.00	-
Marketing & Media	(25,000.00)	(25,000.00)	(13,108.00)	11,892.00
Property Management Marketing	(16,374.00)	(16,374.00)	(3,374.00)	13,000.00
Printing and Binding	(4,250.00)	(4,250.00)	(863.00)	3,387.00
Employment Recruitment & Notices	(2,000.00)	(2,000.00)	(3,668.00)	(1,668.00)
Legal Services	(121,980.00)	(121,980.00)	(358,801.00)	(236,821.00)
Accounting and Auditing	(49,600.00)	(49,600.00)	(54,800.00)	(5,200.00)
Community Activities	(35,000.00)	(35,000.00)	(18,057.00)	16,943.00
Document Storage & Destruction	(3,000.00)	(3,000.00)	(1,037.00)	1,963.00
Network Administration Services	(85,000.00)	(85,000.00)	(83,108.00)	1,892.00
Payroll Services	(10,000.00)	(10,000.00)	(11,824.00)	(1,824.00)
Banking & Investment Fees	(13,278.00)	(13,278.00)	(15,546.00)	(2,268.00)
Admin Other Professional Services	(67,500.00)	(67,500.00)	(12,510.00)	54,990.00
Prop Mgmt Other Professional Services	(15,000.00)	(15,000.00)	(13,913.00)	1,088.00
Asset Mgmt Other Professional Services	(46,000.00)	(46,000.00)	(16,780.00)	29,220.00
Courtesy Patrol	(140,812.00)	(140,812.00)	(126,924.00)	13,888.00
Courtesy Patrol-Sp Mgmt Credit	15,812.00	15,812.00	15,812.00	-
Insurance - Special Management	(75,500.00)	(75,500.00)	(92,522.00)	(17,022.00)
Insurance	(413,600.00)	(413,600.00)	(402,859.00)	10,741.00
Self-Insured Losses	(77,500.00)	(77,500.00)	(5,014.00)	72,486.00
Project Banking Fees	(21,000.00)	(21,000.00)	(9,803.00)	11,198.00
Admin Temporary Outside Svcs	(20,000.00)	(20,000.00)	(48,742.00)	(28,742.00)
Temporary Outside Services	(230,000.00)	(230,000.00)	(229,708.00)	292.00
Eng/Arch-Miscellaneous	(39,000.00)	(39,000.00)	(3,455.00)	35,545.00
Legal - Dev Project Related	(20,000.00)	(20,000.00)	(26,891.00)	(6,891.00)
D&A Other Professional Services	(7,000.00)	(7,000.00)	-	7,000.00
D&A Miscellaneous Expense	(7,000.00)	(7,000.00)	-	7,000.00
Total Outside Services	(1,526,208.00)	(1,526,208.00)	(1,534,119.00)	(7,911.00)
Maintenance & Repair				
Emerg Relocation-Ops Related	(10,500.00)	(10,500.00)	(18,055.00)	(7,555.00)

(In Whole Numbers)

	Budget-Annual	YTD Budget	YTD Year Actual	YTD Variance
Operation Location Improvements	(55,000.00)	(55,000.00)	(31,201.00)	23,799.00
Admin Office - General Maintenance	(27,800.00)	(27,800.00)	(17,679.00)	10,121.00
Maint Office Janitorial	(6,000.00)	(6,000.00)	(8,560.00)	(2,560.00)
Maint Office - General Maintenance	(10,000.00)	(10,000.00)	(10,404.00)	(404.00)
Equipment Rental Expense	(5,000.00)	(5,000.00)	(4,587.00)	413.00
Construction Mitigation Expense	(15,000.00)	(15,000.00)	(23,298.00)	(8,298.00)
Repair & Maint - Misc	(136,600.00)	(136,600.00)	(171,628.00)	(35,028.00)
Repair & Maint - Commercial	-	-	(2,500.00)	(2,500.00)
Landscape-Sp Mgmt Credit	18,514.00	18,514.00	18,514.00	-
Travel-Fuel on CADA Vehicles	(15,000.00)	(15,000.00)	(19,163.00)	(4,163.00)
Travel-Maint Staff Reimburse	(10,000.00)	(10,000.00)	(12,799.00)	(2,799.00)
Travel-RSR Reimbursement	(2,000.00)	(2,000.00)	(485.00)	1,515.00
Elevator/Bldg Phone & Monitor Service	(4,900.00)	(4,900.00)	(5,262.00)	(362.00)
Service Contracts	(338,127.00)	(338,127.00)	(442,962.00)	(104,835.00)
State Fire Marshal	(8,000.00)	(8,000.00)	(26,754.00)	(18,754.00)
Flooring	(209,000.00)	(209,000.00)	(330,594.00)	(121,594.00)
Plumbing	(9,285.00)	(9,285.00)	(2,768.00)	6,518.00
Countertops/Cabinets	(56,500.00)	(56,500.00)	(40,436.00)	16,064.00
Landscaping	(244,189.00)	(244,189.00)	(264,868.00)	(20,679.00)
Pest Services	(56,200.00)	(56,200.00)	(33,820.00)	22,380.00
Permits and Fees	(4,500.00)	(4,500.00)	(3,322.00)	1,178.00
Painting & Decorating	(14,900.00)	(14,900.00)	(9,720.00)	5,180.00
Supplies	(35,000.00)	(35,000.00)	(24,174.00)	10,826.00
Vehicle Repair and Maint	(10,000.00)	(10,000.00)	(9,553.00)	447.00
Prop Mgmt Furn & Appliances	(61,500.00)	(61,500.00)	(101,934.00)	(40,434.00)
Building Supplies - Misc	(200,500.00)	(200,500.00)	(371,405.00)	(170,905.00)
Clothing and Uniforms	(5,500.00)	(5,500.00)	(4,963.00)	537.00
Maintenance Mach & Equip	(87,100.00)	(87,100.00)	(88,587.00)	(1,487.00)
Operating Budget Major Repairs	(12,000.00)	(12,000.00)	(16,479.00)	(4,479.00)
Total Maintenance & Repair	(1,631,587.00)	(1,631,587.00)	(2,079,445.00)	(447,858.00)

Capitol Area Development Authority (CADA)
GENERAL OPERATIONS - General Operations
From 7/1/2021 Through 6/30/2022

Attachment 3 - General Operation

Utilities				
Admin Office Utilities	(28,000.00)	(28,000.00)	(22,051.00)	5,949.00
Maint Office Utilities	(42,000.00)	(42,000.00)	(40,674.00)	1,326.00
Utilities-Garbage	(66,000.00)	(66,000.00)	(83,705.00)	(17,705.00)
Utilities-SMUD/Electricity	(143,500.00)	(143,500.00)	(143,487.00)	13.00
Utilities-PG&E/Gas	(250,500.00)	(250,500.00)	(270,851.00)	(20,351.00)
Utilities-Water/Sewer	(614,000.00)	(614,000.00)	(690,854.00)	(76,854.00)
Total Utilities	(1,144,000.00)	(1,144,000.00)	(1,251,621.00)	(107,621.00)
Overhead				
Postage and Deliveries	(6,000.00)	(6,000.00)	(844.00)	5,156.00
Telephone and Wireless Svcs	(30,000.00)	(30,000.00)	(35,367.00)	(5,367.00)
Cellular Phone Service	(35,000.00)	(35,000.00)	(42,570.00)	(7,570.00)
Internet Services	(26,000.00)	(26,000.00)	(9,681.00)	16,319.00
Admin Bldg Rent	(95,000.00)	(95,000.00)	(96,690.00)	(1,690.00)
Leased Facilities Rent	(60,000.00)	(60,000.00)	(24,000.00)	36,000.00
Equipment Rental Expense	(2,500.00)	(2,500.00)	(1,747.00)	753.00
B/S Adj - Leases Rent Exp	-	-	77,340.00	77,340.00

(In Whole Numbers)

	<u>Budget-Annual</u>	<u>YTD Budget</u>	<u>YTD Year Actual</u>	<u>YTD Variance</u>
Parking Program	(1,500.00)	(1,500.00)	-	1,500.00
JPA Board Expenses	(7,000.00)	(7,000.00)	(3,690.00)	3,310.00
Professional Organizations	(15,000.00)	(15,000.00)	(11,959.00)	3,041.00
Subscriptions	(2,000.00)	(2,000.00)	(2,285.00)	(285.00)
Education and Training	(20,000.00)	(20,000.00)	(24,093.00)	(4,093.00)
Management Fee	(102,290.00)	(102,290.00)	(102,290.00)	-
Transportation-Admin Staff	(2,000.00)	(2,000.00)	(2,037.00)	(37.00)
Resident Relations	(9,800.00)	(9,800.00)	(9,956.00)	(156.00)
Sp Mgmt Prop Taxes & Assessments	(10,750.00)	(10,750.00)	(7,844.00)	2,906.00
Property Taxes & Assessments	(122,100.00)	(122,100.00)	(77,524.00)	44,576.00
Hospitality	(1,500.00)	(1,500.00)	(625.00)	875.00
Office Supplies - General	(15,000.00)	(15,000.00)	(11,757.00)	3,243.00
Software	(80,000.00)	(80,000.00)	(70,430.00)	9,570.00
Computer Hardware	(50,000.00)	(50,000.00)	(23,898.00)	26,102.00
Admin Furn Mach & Equip	(16,000.00)	(16,000.00)	(6,602.00)	9,398.00
Safety - General Admin	(5,500.00)	(5,500.00)	(40,444.00)	(34,944.00)
Office Equipment leases	(26,000.00)	(26,000.00)	(22,909.00)	3,091.00
Total Overhead	(740,940.00)	(740,940.00)	(551,904.00)	189,036.00
Debt Service				
Debt Service Principal Paid	(225,836.00)	(225,836.00)	(233,210.00)	(7,374.00)
Debt Interest Paid	(81,369.00)	(81,369.00)	(73,994.00)	7,375.00
Bond Debt Svc-Principal Pd	(1,450,875.00)	(1,450,875.00)	(1,454,552.00)	(3,677.00)
Bond Interest Paid	(1,306,474.00)	(1,306,474.00)	(1,302,718.00)	3,756.00
Tax Increment Pledge	(300,000.00)	(300,000.00)	(300,000.00)	-
HCD Monitoring Fee	-	-	(24,087.00)	(24,087.00)
Lease Interest Expense	-	-	(16,844.00)	(16,844.00)
Total Debt Service	(3,364,554.00)	(3,364,554.00)	(3,405,404.00)	(40,850.00)
Contributions to Reserves				
Development Reserve Contribution	(428,754.00)	(428,754.00)	(503,897.00)	(75,143.00)
Affordable Housing Reserve Contribution	(280,085.00)	(280,085.00)	(298,270.00)	(18,185.00)
Capital Improve Reserve Contribution	(175,000.00)	(175,000.00)	(175,000.00)	-
Equipment Replace Reserve Contribution	(104,883.00)	(104,883.00)	(104,883.00)	-
Debt Retirement Reserve Contribution	(212,000.00)	(212,000.00)	(212,000.00)	-
Total Contributions to Reserves	(1,200,722.00)	(1,200,722.00)	(1,294,050.00)	(93,328.00)
Total General Operations EXPENSE	(14,549,381.00)	(14,549,381.00)	(14,752,382.00)	(203,001.00)
Inter-Fund Operation TRANSFERS				
Inter-Fund Operating TRANSFERS IN				
Operations Transfer from F 50-CAP Tax Incr	2,677,820.00	2,677,820.00	1,436,520.00	(1,241,300.00)
Operations Transfer from F 51-CAP Set-Aside	536,634.00	536,634.00	536,634.00	-
Operations Transfer from F60-RSt TI	121,300.00	121,300.00	121,300.00	-

(In Whole Numbers)

Capitol Area Development Authority (CADA)
GENERAL OPERATIONS - General Operations
From 7/1/2021 Through 6/30/2022

Attachment 3 - General Operation

	<u>Budget-Annual</u>	<u>YTD Budget</u>	<u>YTD Year Actual</u>	<u>YTD Variance</u>
Operations Transfer from F67 - Bond Interest	220,000.00	220,000.00	215,361.00	(4,639.00)
Total Inter-Fund Operating TRANSFERS IN	3,555,754.00	3,555,754.00	2,309,815.00	(1,245,939.00)
Inter-Fund Operating TRANSFERS OUT				
Operations Transfer to F10-General	(3,555,754.00)	(3,555,754.00)	(2,309,815.00)	1,245,939.00
Total Inter-Fund Operating TRANSFERS OUT	(3,555,754.00)	(3,555,754.00)	(2,309,815.00)	1,245,939.00
Total Inter-Fund Operation TRANSFERS	-	-	-	-
OPERATING RESULTS, before Capital Investment Program	<u>3,908,219.00</u>	<u>3,908,219.00</u>	<u>4,669,860.00</u>	<u>761,642.00</u>
CAPITAL INVESTMENT PROGRAM				
Investment in MAJOR CONSTRUCTION Program				
CIP Transfer to F10-General	(479,304.00)	(479,304.00)	(479,304.00)	-
CIP Transfer to F38 - 17th St. Commons	(7,600.00)	(7,600.00)	(7,600.00)	-
CIP Transfer to F41 - Fremont/Wilshire	(315,500.00)	(315,500.00)	(315,500.00)	-
Total Investment in MAJOR CONSTRUCTION Program	(802,404.00)	(802,404.00)	(802,404.00)	-
Investment in DEVELOPMENT Program				
Dev Program TF to F 10 - General	(4,829,500.00)	(4,829,500.00)	(4,829,500.00)	-
Total Investment in DEVELOPMENT Program	(4,829,500.00)	(4,829,500.00)	(4,829,500.00)	-
Total CAPITAL INVESTMENT PROGRAM	(5,631,904.00)	(5,631,904.00)	(5,631,904.00)	-
UTILIZATION OF FINANCIAL RESOURCES				
Utilization of Available Fund Balance	1,724,258.00	1,724,258.00	1,724,258.00	-
Contribution to Available Fund Balance	(573.00)	(573.00)	-	573.00
Total UTILIZATION OF FINANCIAL RESOURCES	<u>1,723,685.00</u>	<u>1,723,685.00</u>	<u>1,724,258.00</u>	<u>573.00</u>
NET RESULTS OF GENERAL OPERATIONS	<u>-</u>	<u>-</u>	<u>762,215.00</u>	<u>762,215.00</u>

RESOLUTION NO. 23 – 01

Adopted by the Capitol Area Development Authority

January 20, 2023

**RESOLUTION ACCEPTING AND AUTHORIZING RELEASE OF
INDEPENDENT AUDITOR’S REPORTS – FISCAL YEAR 2021-2022**

WHEREAS, the certified public accounting firm of CohnReznick has audited the Authority’s finances and prepared its Authority’s Independent Auditor’s Reports for Fiscal Year 2021-2022; and

WHEREAS, CohnReznick has prepared an unqualified opinion letter that is incorporated into this annual report.

NOW, THEREFORE, BE IT RESOLVED, by the Capitol Area Development Authority, that the Authority’s Independent Auditor’s Reports for Fiscal Year 2021-2022 audited by CohnReznick are hereby accepted and authorized for release.

Ann Bailey, Chair

ATTEST:

Tara Gandara
Secretary to the Board of Directors

RESOLUTION NO. 23 – 02

Adopted by the Capitol Area Development Authority

January 20, 2023

**RESOLUTION ACCEPTING AND AUTHORIZING RELEASE OF
INDEPENDENT AUDITOR'S REPORTS – FISCAL YEAR 2021-2022
FOR SOMERSET PARKSIDE APARTMENTS**

WHEREAS, the certified public accounting firm of CohnReznick has completed its audit of the Authority's Independent Auditor's Reports for Fiscal Year 2021-2022 for Somerset Parkside Apartments; and

WHEREAS, CohnReznick has prepared an unqualified opinion letter which is incorporated into this annual report.

NOW, THEREFORE, BE IT RESOLVED, by the Capitol Area Development Authority, that the Authority's Independent Auditor's Reports for Fiscal Year 2021-2022 for Somerset Parkside Apartments audited CohnReznick is hereby accepted and authorized for release.

Ann Bailey, Chair

ATTEST:

Tara Gandara
Secretary to the Board of Directors

RESOLUTION NO. 23 – 03

Adopted by the Capitol Area Development Authority

January 20, 2023

**RESOLUTION ACCEPTING AND AUTHORIZING RELEASE OF
INDEPENDENT AUDITOR’S REPORTS – FISCAL YEAR 2021-2022
FOR BIELE PLACE APARTMENTS**

WHEREAS, the certified public accounting firm of CohnReznick has completed its audit of the Authority’s Independent Auditor’s Reports for Fiscal Year 2021-2022 for Biele Place Apartments; and

WHEREAS CohnReznick has prepared an unqualified opinion letter which is incorporated into this annual report.

NOW, THEREFORE, BE IT RESOLVED by the Capitol Area Development Authority, that the Authority’s Independent Auditor’s Reports for Fiscal Year 2021-2022 for Biele Place Apartments audited by CohnReznick is hereby accepted and authorized for release.

Ann Bailey, Chair

ATTEST:

Tara Gandara
Secretary to the Board of Directors

RESOLUTION NO. 23 – 04

Adopted by the Capitol Area Development Authority

January 20, 2023

**RESOLUTION ACCEPTING AND AUTHORIZING RELEASE OF
INDEPENDENT AUDITOR’S REPORTS – FISCAL YEAR 2021-2022
FOR SEVENTEENTH STREET COMMONS**

WHEREAS, the certified public accounting firm of CohnReznick has completed its audit of the Authority’s Independent Auditor’s Reports for Fiscal Year 2021-2022 for Seventeenth Street Commons (Contract Number 99-024-N); and

WHEREAS, CohnReznick has prepared an unqualified opinion letter which is incorporated into this annual report.

NOW, THEREFORE, BE IT RESOLVED, by the Capitol Area Development Authority, that the Authority’s Independent Auditor’s Reports for Fiscal Year 2021-2022 for Seventeenth Street Commons (Contract Number 99-024-N) audited by CohnReznick is hereby accepted and authorized for release.

Ann Bailey, Chair

ATTEST:

Tara Gandara
Secretary to the Board of Directors



January 13, 2023

TO: Capitol Area Community Development Corporation (CACDC) Board of Directors

**SUBJECT: January 20, 2023, Board Meeting
AGENDA ITEM 6
RESOLUTION GRANTING CONTRACTING AUTHORITY TO CACDC
PRESIDENT**

CONTACT PERSON: Todd Leon, Development Director (CADA)
Marc de la Vergne, Interim President (CACDC)

RECOMMENDED ACTION:

Staff recommends the Board of Directors of the Capitol Area Community Development Corporation (CACDC) approve a resolution granting contracting authority to the President.

BACKGROUND

During the Great Recession, the State of California contemplated dissolving CADA as a part of various actions aimed at reducing the State budget deficit. In light of the State's intent, CADA established the CACDC as a part of the "Transition Plan" to be the successor entity to CADA upon CADA's dissolution. While the State ceased its efforts to dismantle CADA, the CACDC, as a 501(c)(3) nonprofit, has served as a vital instrument to CADA by functioning as the agency's development arm. Since its incorporation in 2014 as a nonprofit affordable housing development entity, the CACDC has developed, as a general partner, two housing projects (ARY Place and Sonrisa) that are nearing completion. Two additional affordable housing projects are currently in the pre-development stages.

ANALYSIS

During the predevelopment stage of a project it is necessary for the CACDC to enter into contracts with consultants for soil analysis, land surveys, financial analysis, and preliminary design. Staff needs the ability to sign small contracts in order for the CACDC to move projects forward in a timely and efficient manner. Currently, CACDC staff does not have direct authority from the Board of Directors to enter into contracts. Similar to the contract authority given to the CADA Executive Director, staff is requesting the Board approve a resolution granting the CACDC President the authority to approve contracts in amount not to exceed \$50,000.

FINANCIAL IMPACT

This action will have no current direct financial impact to the CACDC. Future CACDC consultant, contractor, and service contracts with will be funded from the available approved project budgets.

ENVIRONMENTAL CONSIDERATIONS

Not Applicable.



RESOLUTION NO. 23 – 01

Adopted by the Capitol Area Community Development Corporation

January 20, 2023

RESOLUTION OF THE BOARD OF DIRECTORS OF THE CAPITOL AREA COMMUNITY DEVELOPMENT CORPORATION GRANTING CONTRACTING AUTHORITY TO THE PRESIDENT

WHEREAS, Section 9.7 of the By-laws of the Capitol Area Community Development Corporation (“CACDC”) establishes the position of President of the CACDC and tasks the President with responsibility for the general supervision, direction and control of the CACDC; and

WHEREAS, pursuant to Section 15.1 of the By-laws, the Board may grant authority to an Officer of the CACDC to enter into contracts on the CACDC's behalf; and

WHEREAS, the CACDC Board desires to grant certain contracting authority to the President of the CACDC.

NOW, THEREFORE, BE IT RESOLVED by the Board of Directors of the Capitol Area Community Development Corporation as follows:

Section 1. Grant of Contracting Authority. The CACDC Board hereby grants authority to the President of the CACDC to approve contracts for services determined by the President to be necessary to the projects and operations of the CACDC in amounts of not more than Fifty Thousand Dollars (\$50,000).

Section 2. Effective Date. This Resolution shall be effective immediately upon its approval and adoption.

The foregoing Resolution was duly passed and adopted at a meeting of the Board of Directors of the Capitol Area Community Development Corporation held on January 20, 2023, by the following vote:

AYES:

NOES:

ABSENT:

ABSTAIN:

Ann Bailey, Chair

ATTEST:

Jill Azevedo, Secretary



January 19, 2023

TO: Capitol Area Development Authority (CADA) Board of Directors
Capitol Area Community Development Corporation (CACDC) Board of Directors

**SUBJECT: January 20, 2023 Board Meeting
AGENDA ITEM 7
SONRISA AFFORDABLE HOUSING PROJECT - LOAN**

CONTACT: Renée Funston, Development Manager [CADA]
Tom Kigar, Special Projects Director [CADA]
Marc de la Vergne, Interim Executive Director [CADA]/Interim President [CACDC]

RECOMMENDED ACTION

Staff recommends the CADA Board of Directors and the CACDC Board of Directors adopt resolutions authorizing a CADA loan.

[CADA]

1. Make a loan of \$425,000 to CACDC to fund further electrical construction related to the HVAC system.
2. Authorize an amendment to the CADA budget sufficient to fund the loan to the CACDC.
3. Take any and all actions on behalf of CADA to make the loan, including execution of all necessary documents, including a Promissory Note and Loan Agreement.

[CACDC]

1. Authorize the CACDC Interim President to accept the loan.

SUMMARY

The Sonrisa budget and management plan anticipated that Sonrisa tenants would, starting upon occupancy of the project, receive a monthly bill from SMUD for their apartment lighting, appliances and HVAC costs. On January 6, staff learned that the HVAC system is wired to the common area meter, rather than to the individual apartment meters. Unless corrected, this issue will mean that the costs of the heating and air conditioning will not be included in each individual tenant's SMUD bill. Instead, CADA staff would need to prepare 58 separate monthly invoices for heating and cooling for the life of the project, which is at least 55 years. Staff feels this is not acceptable because it would place an undue burden on CADA's accounting staff and because CADA's intent was to have a wiring system that would enable individual metering of HVAC costs. The recommended loan would fund the cost to re-wire the HVAC units to correct the problem before tenants start moving into their units as anticipated at the beginning of March.

BACKGROUND

The Board authorized a CADA Soft Gap Residual Financing Loan of \$1.5 million in May 2021 to address the shortage of funds remaining at completion of construction and after the project obtains the permanent sources of funding including Tax Credit Investor's Equity, Transit Oriented Development funding, deferred Developer Fees and permanent financing.

At the December 16, 2022 meeting, the Board approved a gap financing unsecured loan to the CACDC for the CACDC's use as an advance to the 1322 O St Investors LP ("the Partnership") for additional construction costs in an amount not to exceed \$1.4 million. The cost increases covered by this gap financing loan were due to supply chain issues, a short supply of labor, delays involved in design and approval of Cross Laminated Timber (CLT) as a result of it being new a concept, pushing the design team to meet aggressive funding deadlines and the result of limited time to fully coordinate among the contractor and the design team. WNC, the project's tax credit investor, is scheduled to pay in its \$3,650,434 equity investment between April to June 2023 upon receipt of a certificate of occupancy for the project. A portion of these funds is anticipated to be used by the Partnership to pay off the \$1.4 million Loan from CACDC to the Partnership at which time the CACDC will pay off the loan from CADA to the CACDC.

The intention of the above \$1.4 million gap financing loan was for it to cover all of the project's cost increases that exceeded the project's budget. Staff is now requesting the \$425,000 loan since learning of the need to re-wire the HVAC system subsequent to the above costs being incurred.

ANALYSIS

The recent heavy rain has delayed construction completion by fourteen days, pushing completion to February 17. Tricorp estimates it will be able to finish the additional electrical work by March 3. The Partnership is up against a deadline to finish the project as close as possible to the end of February so we have time to obtain signed leases for all units by March 31. This will ensure the Partnership is not in violation of its Partnership Agreement with WNC, which requires all leases to be signed by March 31. Once a tenant signs a lease, they are given keys to their unit and are allowed to move in. Tax Credit regulations allow residents to delay their move-in by 5 days from signing their lease. Thus, all tenants will need to be moved in by April 5.

To meet this deadline, the project's architect, 19Six Architects, has obtained a revised electrical design that routes the wiring correctly and has submitted the revised design to the City Building Department for approval. The project's general contractor, Tricorp has received several proposals to re-wire the HVAC units and selected one with an NTE (Not-to-Exceed) amount of \$334,900 that would result in completion of construction by March 3.

Because of the critical importance of completing construction as soon as possible, staff is requesting a loan of \$425,000, which is \$90,100 more than the NTE proposal amount. This will provide a contingency fund for unforeseen circumstances and, if staff determines that a faster schedule is necessary to fund payment of overtime wages necessary to speed-up the work to achieve an earlier completion date than March 3 should it be necessary to provide more time to obtain signed leases for all units by March 31.

FINANCIAL IMPACT

Included in the recommended action is a budget amendment to allocate \$425,000 from CADA 2020 Bond funds to fund the CADA loan to the CACDC. Currently, CADA has \$25,144,900 in remaining available bond funds.

ENVIRONMENTAL CONSIDERATIONS

At the November 13, 2019 Board meeting, the Board found the project to be exempt from CEQA based upon its consistency with the Central City Specific Plan and EIR and staff filed a Notice of Exemption.

POLICY

Developing 1322 O Street as a “micro-unit” affordable housing project; making use of a novel building method that has a lower carbon footprint; and building the project in collaboration with the State of California under Governor Newsom’s Executive Order regarding the California housing crisis is consistent with CADA’s 2016-2021 Strategic Plan that calls for urban development leadership, development of complex infill projects and collaboration with CADA’s State and City partners.

RESOLUTION NO. 23 - 06

January 20, 2023

RESOLUTION OF THE CAPITOL AREA DEVELOPMENT AUTHORITY BOARD OF DIRECTORS

Authorizing Actions as Follows:

[CADA]

1. Authorize CADA to make a loan of \$425,000 to CACDC to fund further electrical construction related to the Sonrisa HVAC system.
2. Authorize an amendment to the CADA budget sufficient to fund the loan to the CACDC.
3. Authorize the Interim Executive Director to take any and all actions on behalf of CADA to make the loan, including execution of all necessary documents, including a Promissory Note and Loan Agreement.

[CACDC]

1. Authorize the CACDC Interim President to accept the loan.

WHEREAS, the Sonrisa HVAC system has been incorrectly wired to the common area meter instead of to each tenant meter, and, if left uncorrected, will require CADA to prepare 58 separate monthly invoices for heating and cooling for the life of the project, which is at least 55 years; and

WHEREAS, requiring CADA to prepare such monthly invoices for heating and cooling would create an unnecessary burden; and

WHEREAS, Development costs are expected to increase by \$425,000 due to construction costs of \$334,900 to re-wire HVAC units the need for a contingency of \$90,100 to address unforeseen circumstances during construction and to speed up construction if necessary.

NOW, THEREFORE, BE IT RESOLVED, by the Board of Directors of the Capitol Area Development Authority that:

1. The FY 22-23 CADA budget is amended to include of \$425,000 in funds to provide a loan to the 1322 O St Investors LP limited partnership; and
2. The Interim Executive Director of CADA is authorized to take any and all actions on behalf of CADA to make a loan of \$425,000, including execution of all necessary documents and project loans.
3. The Interim President of the CACDC is authorized to accept the loan.

Ann Bailey, Chair

ATTEST:

Tara Gandara
Secretary to the Board of Directors



RESOLUTION NO. 23 – 02

January 20, 2023

RESOLUTION OF THE BOARD OF DIRECTORS OF THE CAPITOL AREA COMMUNITY DEVELOPMENT CORPORATION

Authorizing Actions as Follows:

[CADA]

1. Authorize CADA to make a loan of \$425,000 to CACDC to fund further electrical construction related to the Sonrisa HVAC system.
2. Authorize an amendment to the CADA budget sufficient to fund the loan to the CACDC.
3. Authorize the Interim Executive Director to take any and all actions on behalf of CADA to make the loan, including execution of all necessary documents, including a Promissory Note and Loan Agreement.

[CACDC]

1. Authorize the CACDC Interim President to accept the loan.

WHEREAS, the Sonrisa HVAC system has been incorrectly wired to the common area meter instead of to each tenant meter, and, if left uncorrected, will require CADA to prepare 58 separate monthly invoices for heating and cooling for the life of the project, which is at least 55 years; and

WHEREAS, requiring CADA to prepare such monthly invoices for heating and cooling would create an unnecessary burden; and

WHEREAS, Development costs are expected to increase by \$425,000 due to construction costs of \$334,900 to re-wire HVAC units the need for a contingency of \$90,100 to address unforeseen circumstances during construction and to speed up construction if necessary.

NOW, THEREFORE, BE IT RESOLVED, by the Board of Directors of the Capitol Area Development Authority that:

1. The FY 22-23 CADA budget is amended to include of \$425,000 in funds to provide a loan to the 1322 O St Investors LP limited partnership; and
2. The Interim Executive Director of CADA is authorized to take any and all actions on behalf of CADA to make a loan of \$425,000, including execution of all necessary documents and project loans.
3. The Interim President of the CACDC is authorized to accept the loan.

The foregoing Resolution was duly passed and adopted at a meeting of the Board of Directors of the Capitol Area Community Development Corporation held on January 20, 2023, by the following vote:

AYES:

NOES:

ABSENT:

ABSTAIN:

Ann Bailey, Chair

ATTEST:

Jill Azevedo, Secretary

RESOLUTION NO. 23 – 05

Adopted by the Capitol Area Development Authority

January 20, 2023

RESOLUTION RATIFYING THE PROCLAMATION OF A STATE OF EMERGENCY BY GOVERNOR GAVIN NEWSOM (MARCH 4, 2020) AS APPLICABLE IN CADA'S JURISDICTION AND AUTHORIZING TELECONFERENCE MEETINGS OF CADA LEGISLATIVE BODIES PURSUANT TO THE RALPH M. BROWN ACT

RECITALS

WHEREAS, the Capitol Area Development Authority ("CADA") is committed to preserving and nurturing public access and participation at meetings of CADA legislative bodies; and

WHEREAS, all meetings of CADA legislative bodies are open and public, as required by the Ralph M. Brown Act, Government Code section 54950 et seq. ("Brown Act"), so that any member of the public may attend, participate, and watch CADA's legislative bodies conduct their business; and

WHEREAS, on September 16, 2021, Governor Gavin Newsom signed Assembly Bill 361, which, effective immediately, added Government Code section 54953(e) to the Brown Act, providing a legislative body may meet via teleconference without complying with Section 54953(b)(3) if certain conditions exist and specified procedures are followed; and

WHEREAS, Section 54953(e)(1) provides a legislative body may meet via teleconference if the Governor has proclaimed a state of emergency pursuant to Government Code section 8625 and either (i) state or local officials have imposed or recommended measures to promote social distancing, (ii) the legislative body meets to determine by majority vote that, as a result of the emergency, meeting in person would present imminent risks to the health or safety of attendees, or (iii) the legislative body has voted as such and is meeting pursuant to that vote; and

WHEREAS, while a legislative body meets via teleconference pursuant to Section 54953(e), it must take actions to preserve public access and public participation and give notice of the meeting and post agendas as otherwise required, allow members of the public to access the meeting via call-in line or internet-based service line, provide details on the agenda on how to access the meeting and give public comment, give an opportunity to comment pursuant to Government Code section 54954.3 and allow a reasonable amount of time during public comment for a person to register, login, and comment, and monitor the call-in line and internet-based service line to ensure no disruption hinders access or ability to comment, if there is, take no action until public access is restored; and

WHEREAS, a legislative body's decision to meet pursuant to Section 54953(e) must be reevaluated and renewed at least every thirty (30) days, or else the body will be required to adopt new initial findings; and

WHEREAS, on March 4, 2020, Governor Gavin Newsom proclaimed a state of emergency pertaining to the threat to human health and safety posed by the COVID-19 virus pandemic and that proclamation remains in effect to this day in Sacramento County and statewide; and

WHEREAS, the virus has short- and long-term effects – fever and chills, cough, shortness of breath and difficulty breathing, fatigue, headache, nausea, vomiting, gastrointestinal issues, loss of taste and smell, death – and it's prolific spread is severely impacting the health care system, inhibiting access to care for COVID-19 symptoms and other ailments; and

WHEREAS, while being vaccinated significantly decreases the likelihood of contracting or dying from the virus, vaccinated and unvaccinated people alike can carry, transmit, and be affected by the virus; and

WHEREAS, the COVID-19 virus, and its variants, is spread through the air when a person who is carrying the virus, whether he or she is showing symptoms or not, is in close proximity to another person; and

WHEREAS, while the COVID-19 virus remains present in the community, allowing members of CADA's legislative bodies and members of the public to meet in person would present an imminent risk to attendee health and safety beyond the control of CADA services, personnel, equipment, and facilities; and

WHEREAS, pursuant to Government Code section 8635 et seq., the CADA Board of Directors has the authority during a state of emergency to take all actions necessary to perform its functions in the preservation of law and order, preservation of the furnishing of local services, and protection of life and property, which includes the authority to direct meetings of all CADA legislative bodies to be held via teleconference pursuant to this Resolution; and

WHEREAS, the CADA Board of Directors desires to ratify the Governor's March 4, 2020, proclamation of state of emergency related to the COVID-19 virus pandemic as it applies to the jurisdiction of CADA and authorize teleconference meetings of CADA legislative bodies pursuant to Section 54953(e) so long as all provisions of that section are followed to provide public access and opportunity for public comment; and

WHEREAS, CADA has taken and will continue to take measures to ensure access for the public, including by providing the public a call-in option and/or internet-based service option to access and comment for all meetings of CADA legislative bodies.

NOW, THEREFORE, THE CAPITOL AREA DEVELOPMENT AUTHORITY BOARD OF DIRECTORS HEREBY RESOLVES:

1. The recitals set forth above are true and correct and are incorporated herein by reference as if set forth in full.
2. The Governor's March 4, 2020 proclamation of state of emergency related to the COVID-19 virus pandemic applies to the jurisdiction of CADA and is ratified by the Board of Directors.

3. A state of emergency exists within CADA's jurisdiction related to the COVID-19 virus pandemic and the conditions of that emergency present an imminent risk to the health and safety of attendees at CADA legislative body meetings.
4. All meetings of CADA legislative bodies shall be conducted in accordance with Government Code section 54953(e) and staff are hereby authorized and directed to take all actions necessary to carry out the intent and purpose of this Resolution, including conducting open and public meetings in accordance with Section 54953(e) and other applicable provisions of the Brown Act.
5. This Resolution shall take effect immediately upon its adoption and be effective for thirty (30) days, unless the Board takes action to rescind the Resolution. On or before the 30th day since adoption, the Board may take action to extend the Resolution's permissions pursuant to Government Code section 54953(e)(3).

This Resolution shall be effective immediately upon its approval and adoption.

The foregoing Resolution was duly passed and adopted at a meeting of the Board of Directors of the Capitol Area Development Authority held on January 20, 2023, by the following

Ann Bailey, Chair

ATTEST:

Tara Gandara
Secretary to the Board of Directors

Monthly Ombudsman Report			
	MONTH:	December 2022	
		No calls received for the month:	X
<u>Date</u>	<u>Resident Contact Info</u>	<u>Problem/Outcome/Staff Involved</u>	<u>Mins</u>
		Case Time (Minutes)	0
		Write up of Issues (Minutes)	0
		Total Minutes	0
		Total Hours	0

APARTMENT STATUS REPORT (Month-ending DECEMBER 31, 2022)	Item 11 (B)	Current Month-End	Previous Month-End	Previous Year Month-End	Current Year	Previous Year	Previous Year
CURRENT MONTH STATUS - OCCUPIED UNITS		12/30/22	11/25/22	12/31/21	2022 Monthly Average	2021 Monthly Average	2020 Monthly Average
Total Units		721	721	721	721	721	720
Occupied (formula)		658	655	665	668	665	685
Percentage Occupied* (formula)		91%	91%	93%	93%	92%	96%
Percentage Leased* (formula)		96%	95%	95%	96%	96%	97%
* adjusted for Unrentable units							
CURRENT MONTH STATUS - VACANT UNITS		12/30/22	11/25/22	12/31/21	2022 Monthly Average	2021 Monthly Average	2020 Monthly Average
Vacant		63	66	56	54	56	35
Vacant: Pre-leased Units		14	10	13	10	12	6
Vacant: Unrentable Units (repairs, temp tsf's,etc.)		17	23	8	14	12	9
Vacant: Units Available to Rent (formula)		32	33	35	29	32	20
CURRENT MONTH STATUS - ON NOTICE UNITS		12/30/22	11/25/22	12/31/21	2022 Monthly Average	2021 Monthly Average	2020 Monthly Average
On-Notice: Units to vacate within 30 days		9	5	2	10	9	7
On-Notice: Pre-leased Units		0	0	0	0	0	1
On-Notice: Unrentable Units (repairs, etc.)		0	0	0	1	1	1
On Notice: Units Available to Rent (formula)		9	5	2	9	8	6
Total Units Available to rent (Vacant & On Notice) (formula)		41	38	37	38	41	26
CURRENT MONTH ACTIVITY - TOTAL		12/30/22	11/25/22	12/31/21	2022 YTD	2021 YTD	2020 YTD
# of Move-Outs / % of Total Units		7	12	13	16%	19%	16%
# of Move-Ins / % of Total Units		10	4	9	16%	18%	12%
# of New Rentals		18	11	11	170	168	98
# of 30-Day Notices Received / % of Total Units		11	6	7	18%	19%	17%
# of Units brought to market / % of Move-Outs		5	3	7	94%	85%	85%
# of Rentals Canceled or Denied / % of Rentals		6	4	2	38%	30%	44%
# of Notices Canceled / % of Notices Received		0	0	0	5%	6%	4%
CURRENT MONTH ACTIVITY - MOVE OUT REASONS		12/30/22	11/25/22	12/31/21	2022 YTD %	2021 YTD %	2020 YTD %
Asked to move by CADA		2	1	1	9%	2%	6%
Bought a house		0	1	0	6%	7%	9%
Deceased		0	1	1	10%	3%	3%
Dissatisfied (unable to resolve)		0	0	0	1%	6%	5%
Employment/education related		0	0	0	2%	15%	5%
Financial		0	0	0	4%	11%	2%
Illness/ health/ personal		0	1	3	14%	6%	10%
Moving out of the area		2	3	1	18%	14%	8%
Desire larger/smaller apt or house (incl. change in hh size)		2	0	2	8%	9%	3%
Need amenity not offered / not currently available		0	0	1	1%	2%	0%
Moved with no notice/Unknown		1	2	2	14%	1%	23%
Transferred to another CADA apartment		0	3	2	14%	21%	17%
Other / ("Covid-related" as of Aug 2020)		0	0	0	0%	2%	11%
Unaccounted for (Not incl. in occupancy length) - Adj.		0	0	0	0%	0%	0%
TOTAL		7	12	13	100%	100%	100%
Average length (years) of Occupancy (YTD):					4.3	4.9	5.0

CADA AFFORDABLE HOUSING STATISTICS: December 31, 2022	CADA Rent-Assisted	Other / Additional Assisted Units	Total Assisted Units	Market-Rate Units	Total Units
Scattered Site Units:	40	45	85	498	583
Undersubscribed:			13	-13	
Special Management Units:	99	0	99	39	138
17th Street Commons	12	0	12	17	29
Somerset Parkside	26	0	26	0	26
Biele Place	34	0	34	1	35
Fremont/Wilshire	12	0	12	20	32
1619 Q Rooming House	15	0	15	1	16
Undersubscribed:					
TOTAL CADA-MANAGED UNITS:	139	45	184	537	721
MANAGED AFFORDABLE/MARKET %:			26%		
CADA-DEVELOPED RENT ASSISTED UNITS	Tax Credit	Other	Total Affordable Units	Market Units	Total Units
Stanford Park Townhomes	0	0	0	50	50
1500 Q Street	0	2	2	4	6
17th & O Streets	0	0	0	3	3
The Terraces	0	60	60	0	60
17th and N Streets	0	0	0	18	18
Delta Victorians	0	0	0	8	8
Wiese Townhomes	0	0	0	3	3
Admail Express Building	0	0	0	7	7
Governor's Terrace	0	0	0	44	44
Somerset Parkside Condominiums	0	0	0	75	75
Saratoga Townhomes	0	0	0	36	36
Fremont Building	0	11	11	58	69
Capitol Park Homes	0	9	9	55	64
Fremont Mews	49	0	49	70	119
Legado de Ravel	0	0	0	84	84
Site 9B Duplex	0	0	0	2	2
Warehouse Artist Lofts (WAL)	0	86	86	30	116
16Powerhouse	0	0	0	50	50
The Eviva	0	0	0	118	118
TOTAL CADA-DEVELOPED UNITS:	49	168	217	715	932
DEVELOPED AFFORDABLE/MARKET%			23%	77%	100%
TOTAL CADA-MANAGED & DEVELOPED AFFORDABLE HOUSING UNITS					
CADA-MANAGED UNITS:	139	45	184	537	721
CADA-DEVELOPED UNITS:	49	168	217	715	932
TOTAL CADA UNITS:	188	213	401	1252	1653
TOTAL AFFORDABLE/MARKET%			24.26%	76%	100%

CAPITOL AREA DEVELOPMENT AUTHORITY**Commercial Listings (Current Vacancies)****January 2023**

Address: **1329-31 O Street**
Current Tenant: Mud Pie Stand
Square Feet: 1,842

This tenant ceased operations in late September and vacated by October 1. CADA is in discussions with Cap City Squeeze's owner about re-opening Toasted in the Mud Pie Stand location. CADA and the tenant are investigating the feasibility of opening up the wall between the two dining rooms to provide a more open and airy larger space. The next step will be to secure construction drawings for this improvement so CADA can bid out the work and to enter into a letter of interest with the prospective tenant.

Address: **1412 16th Street**
Current Tenant: Urban Yogi

This tenant was not able to continue operations with the low amount of foot traffic resulting from the remote work policies of the nearby State agencies. It vacated the space at the end of November. CADA will shortly have a broker under contract to market this space.

**Capitol Area Development Authority
CADA Neighborhood Incident Report
December, 2022**

Residential break-ins, vandalism, theft, disturbances:

- **12/04/22:** 17th St Commons: On-site staff phoned courtesy patrol to report two individuals loitering in the carport area. Patrol arrived and asked the two individuals to leave the property which they did without incident.
- **12/04/22:** 1001-35 Q St: Courtesy patrol found a wall in the carport burned from someone setting a fire. Patrol checked the surrounding area and did not find anyone.
- **12/04/22:** 1522 N St: Courtesy patrol found an individual on top of the SMUD electrical box. Patrol asked him to leave the area and the individual refused. Patrol phoned the police and the individual left on his own before they arrived.
- **12/06/22:** 1400 O St: Courtesy patrol received a call from on-site staff reporting a loud argument. Patrol arrived and the argument was over but one of the residents was outside phoning the police. Police arrived and spoke with both residents.

Commercial break in's, vandalism, theft, disturbances:

- **12/13/22:** 1413 16th St: Simon's Restaurant: Courtesy patrol received a call from Simon Chan reporting that two people starting fighting in the bar area. He told them to leave but they continued to fight outside. Patrol arrived but the individuals had just left the area. Before he left, the man said he would return to shoot and kill people in the bar. Patrol stayed on-site until after closing.

Recap of Phone Calls to Lyons Security Service during the month of December, 2022:

There were 27 calls during the month of December, as follows:

- 12 calls were to report a noise disturbance
- 1 call was to report someone loitering on a property
- 1 call was to report that a boiler was not working
- 1 call was to report someone knocking on multiple doors
- 1 call was to report a package theft
- 1 call was to report a garage door not working
- 3 calls were to request an escort
- 1 call was to report someone in the construction area
- 1 call was to report someone sleeping on the property
- 2 calls were to report someone refusing to pay and vandalizing a restaurant
- 1 call was to report smoke damage in a carport
- 2 calls were to report harassment claims between residents

CAPITOL AREA DEVELOPMENT AUTHORITY

FY 2022 - 2023

Contract Log as of 1/13/2023

Item 11 (F)



DATE	CONTRACT NUMBER	Type of Service	CONTRACTOR	PROJECT	LOCATION	AMOUNT	ACCOUNT
1/4/2023	C23-068	Consulting	Colliers International CA, Inc.	Lease-Up	1412 16th Street	\$13,409.00	10-C22-5820-C888.88-019.5
1/4/2023	C23-069	Maintenance	Elite Service Experts	Granite Countertops & Sinks	1400 N Street	\$5,250.00	10-003-5293-R533-20
1/5/2023	C23-070	Consulting	Corporate Design Group, Inc.	As-Built Drawings	1321-29 O Street	\$2,635.00	10-C23-5820-C223-09B-019.6
1/11/2023	C23-071	Misc	Beth Consetta Rubel Studios	CNRA 2nd Teporary Art Installation	715 P Street	\$9,900.00	10-D23-4775-D700-00
1/11/2023	C23-072	Misc	Louie Anthony Bizjak	CADA Annual Report – Development Update	1522 14th Street	\$960.00	10-001-4211
1/13/2023	C23-073	Consulting	MatriScope Engineering Laboratories, Inc.	10th St Commercial Lunch Counter Inspection	10th St between P & Q Sts	\$903.00	10-D19-4758-D810-00



January 13, 2023

TO: CADA Board of Directors

**SUBJECT: January 20, 2023 Board Meeting
AGENDA ITEM 11 - TRANSMITTALS
(G) FINANCIAL REPORT FOR THE QUARTER ENDING SEPTEMBER 30,
2022**

CONTACT PERSON: Noelle Mussen, Finance Director

Enclosed, for the quarter ending December 31, 2022, are the General Operations and Capital Investment Program (CIP) financial reports.

**Financial Results
For Quarter Ending September 31, 2022**

	<u>Annual Budget</u>	<u>YTD Budget</u>	<u>YTD Actual</u>	<u>Fav(Unfav) Variance</u>
GENERAL OPERATIONS (All Funds)				
Funding Sources	\$ 16,488,450	4,646,375	4,974,617	328,242
Operations Expenses	(15,411,624)	(7,805,572)	(7,137,717)	667,856
Operating results	1,076,826	(3,159,197)	(2,163,100)	996,098
Investment in Capital Investment Program	(1,247,003)	-	-	-
Utilization of Financial Resources				
- Available Fund Balance	170,751	-	-	-
- Contribution to Available Fund Balance	(574)	-	-	-
	170,177	-	-	-
Net Results	\$ -	\$ (3,159,197)	\$ (2,163,100)	\$ 996,098
CAPITAL INVESTMENT PROGRAM				
		<u>Budget</u>	<u>Actual</u>	<u>Remainder</u>
Development Program - General Fund Projects				
Funding Sources		28,076,536	21,863,349	(6,213,187)
Uses of Funds		(28,076,536)	(18,766,549)	9,309,987
Net Results		\$ -	\$ 3,096,800	\$ 3,096,800
Bond Projects Only - Uses of Funds				
2020 Tax Allocation Bond Issue		\$ 30,000,000	\$ 1,488,114	\$ 28,511,886
Major Construction Program - Uses of Funds				
FY 20-21 CIP - General Fund Only		\$ (1,190,060)	\$ (402,800)	\$ 787,260
FY 21-22 CIP - General Fund Only		\$ (1,024,500)	\$ (128,937)	\$ 895,563
FY 22-23 CIP				
- General Fund		(1,547,500)	(19,725)	1,527,775
- Somerset Parkside		(167,000)	-	167,000
- Biele Place		(50,000)	-	50,000
- 17th Street Commons		(72,759)	-	72,759
- Fremont/Wishire		(383,100)	(2,912)	380,188
		\$ (2,220,359)	\$ (22,637)	\$ 2,197,722

GENERAL OPERATIONS

The results of General Operations through December 31, 2022 (**Attachment A**) show favorable budget variances – a total of \$996,098 consisting of \$328,242 in favorable variances in funding sources and \$667,856 in favorable variances in operating expenses.

General Operations Funding Sources reflects a net favorable variance of \$328,242. All Rental Revenue accounts are over budget by \$446,000, the rental concession accounts for Vacancy Loss and Loss to Lease over budget by \$(365,000) for a total favorable variance with in the rental income accounts of \$81,000. Additionally, the overall favorable variance is increase by favorable variance in Investment Income of \$140,000, and a favorable variance of \$116,000 in Tax Increment following receipt of a supplement payment in August 2022. The remaining accounts offset the variance for smaller net unfavorable variance of \$(9,000).

General Operations Operating Expenses increased the overall favorable variance by \$667,856. All major categories reflect favorable variances. The overall favorable variance and individual account variances is mostly due to the timing of expenses within each category.

CAPITAL INVESTMENT PROGRAM (CIP)

As a reminder, CIP programs are multi-year budgets reflecting the status of projects that are originally budgeted in a given fiscal year, but may take more than one fiscal year to complete. Because of budget restrictions relating to CADA's Special Management Funds, only the FY 22-23 Major Construction CIP Program includes results for those funds, in addition to the General Fund.

Development Projects

Attachments B provides the detailed results of CADA's Development CIP program for the quarter ending on September 30, 2022. Attachment B provides significant detail for active projects, on a project-by-project basis. This program consists of development projects specifically identified and budgeted for during fiscal years FY 04-05, FY 06-07, FY 07-08, FY 08-09, FY 09-10, FY 12-13, FY 14-15, FY 16-17, FY 17-18, FY 18-19, FY 19-20, FY 20-21, FY 21-22 and FY 22-23.

\$6 million in budgeted Funding Sources has not yet been received. Of these funding sources, \$530,000 represents General Operations contributions which will be funded in January and May, following receipt of tax increment installments. The remaining budget for Funding Sources relates to timing of Development Reserve Drawdowns and budgeted bond proceed transfers from the 2020 bond issue.

Approximately \$7.9 million of the Uses of Funds remains unexpended. The majority of these uses of funds are budgeted for the following:

- For R Street Development, there is \$141,000 in remaining budget, for other professional services and miscellaneous expenses.
- For the East End Gateway Site 5/6, there is \$64,000 in remaining budget, for various project expenditures for general pre-development expenses.
- For the R Street Streetscape project there is \$175,000 in remaining budget for the completion of site improvements and other R Street improvements.

- For the O Street Streetscape project, there is \$1.8 million in remaining budget mostly for planning expenses and additional site improvements funding through bond proceeds.
- For the 16th Street Streetscape project there is \$9,000 in remaining budget for maintenance of infrastructure improvements.
- For the Roosevelt Park project, there is \$90,000 in remaining budget for additional site improvements.
- Courtyard – Sonrisa, there is \$2.2 million in remaining budget for possible additional funding to the project construction, along with \$1.4 million funding a short-term loan to the partnership.
- For the 10th Street Commercial project, there is \$120,000 in remaining budget for site improvements along the streetscape.
- For the Dean building project, there is \$198,000 in remaining budget for HVAC improvements to the building.
- For the R St 900 Block improvement projects, there is \$522,000 budget for site improvements to the streetscape.
- For Site 21, there is \$474,000 in remaining budget for planning expenses and offsite Infrastructure improvements of \$400,000 to the site.
- For the 805 R Street project, there is a budget for CADA expenses and a budget for CACDC expenses and investment. For the CADA budget there is \$99,000 available for maintenance and deposition of the property. For the CACDC budget there is \$894,000 available investment in to the partnership for a new affordable housing project on the site.
- For the 2000 16th Street project, is \$573,000 available for a new affordable housing project on the site.
- The remaining projects are either in the predevelopment phase or nearing completion.

Bond Projects

Attachments C reflect the status of the 2020 Tax Allocation Bond proceeds that were available for investment by CADA in its CIP program.

For the 2020 taxable proceeds there is remaining proceeds of \$24.14 million available. Currently, \$1.8 is budgeted for the O Streetscape project, \$1,000,000 budgeted for the 805 R Street project and \$3 million budgeted for the Sonrisa project, of which \$1.4 million is for a short loan.

Major Construction Projects

Attachment D reports the status of active Major Construction CIP programs.

The FY 20-21 Major Construction budget has \$787,260 remaining to be encumbered or expended out of the total \$1.2 million in budgeted projects. Of these remaining funds, the majority of funding is for windows, dry rot and various structural and stairway improvement projects. The FY 21 ~~213~~

Major Construction budget has \$895,500 remaining in open projects out of a total budget of \$1 million, with the majority for commercial tenant improvements, windows, stairways and structural improvements projects to be completed in the next two years. The FY 22-23 Major Construction budget remains unexpended for a total budget of \$2.2 million to be used over the next three years.

* * * *

Overall, CADA’s results of operations, both for General Operations and the multi-year project budgets, appear favorable.

Financial Report Enclosures:

- | | |
|--------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Attachment A | General Operations |
| Attachment B | CIP – Development Program by Project - Active FY 04-05, FY 06-07, FY 07-08, FY 08-09, FY 09-10, FY 12-13, FY 14-15, FY 15-16, FY 16-17, FY 17-18, FY 18-19, FY 19-20, FY 20-21, FY 21-22 and FY 22-23 |
| Attachment C | CIP – Bond Program by Project |
| Attachment D | CIP – Major Construction Program (including project type) |

GENERAL OPERATIONS

From 7/1/2022 Through 12/31/2022

	<u>Budget-Annual</u>	<u>YTD Budget</u>	<u>YTD Year Actual</u>	<u>YTD Variance</u>
FUNDING SOURCES of General Operations				
Rental Income				
Parking	276,700.00	138,348.00	142,214.00	3,866.00
Ground Lease Revenue	156,000.00	78,000.00	110,562.00	32,562.00
Residential Rental Revenue	10,629,000.00	5,314,494.00	5,685,691.00	371,197.00
Commercial Rental Revenue	515,000.00	257,502.00	296,490.00	38,988.00
Coin Op Laundry Revenue	35,800.00	17,904.00	10,554.00	(7,350.00)
Rental Vacancy Loss	(894,000.00)	(446,994.00)	(593,721.00)	(146,727.00)
Low Income Subsidy	(795,000.00)	(397,494.00)	(389,602.00)	7,892.00
Loss to Lease	(1,269,100.00)	(634,548.00)	(861,247.00)	(226,699.00)
Forfeited Security Deposits	2,100.00	1,050.00	-	(1,050.00)
Bad Debt Recovery	500.00	252.00	-	(252.00)
Misc Current Svcs - Mgmt Fees	105,000.00	52,500.00	52,500.00	-
Misc Current Svcs - Salaries	152,850.00	76,434.00	76,434.00	-
Total Rental Income	8,914,850.00	4,457,448.00	4,529,875.00	72,427.00
Tax Increment Revenue				
Tax Increment Revenue	7,125,000.00	-	116,692.00	116,692.00
Total Tax Increment Revenue	7,125,000.00	-	116,692.00	116,692.00
Interest and Other Investment Income				
Interest Income on Investments with City	207,500.00	84,879.00	128,391.00	43,512.00
Interest Income-Reserve Allocation	(2,000.00)	-	-	-
Interest Income - Pool A Tax Exempt	-	-	242.00	242.00
Interest Income - Pool A Taxable Bond	210,000.00	87,500.00	183,624.00	96,124.00
Total Interest and Other Investment Income	415,500.00	172,379.00	312,257.00	139,878.00
Miscellaneous Revenue				
Miscellaneous Income	33,100.00	16,548.00	25,498.00	8,950.00
Allowance for Uncollectibles	-	-	(9,705.00)	(9,705.00)
Total Miscellaneous Revenue	33,100.00	16,548.00	15,793.00	(755.00)
Total FUNDING SOURCES of General Operations	16,488,450.00	4,646,375.00	4,974,617.00	328,242.00
General Operations EXPENSE				
Employee Services & Benefits				
Special Management Salaries	(179,682.00)	(89,850.00)	(14,300.00)	75,550.00
Salaries	(3,011,000.00)	(1,550,496.00)	(1,609,272.00)	(58,776.00)
Employee Recognition	(37,000.00)	(18,498.00)	(31,853.00)	(13,355.00)
Social Security/Medicare	(44,600.00)	(22,302.00)	(23,543.00)	(1,241.00)
Cafeteria Plan	(522,000.00)	(261,006.00)	(239,718.00)	21,288.00
Long Term Disability	(33,000.00)	(16,494.00)	(15,233.00)	1,261.00
State Unemployment	(11,000.00)	(5,496.00)	(701.00)	4,795.00
Workers Compensation	(86,500.00)	(43,248.00)	(36,451.00)	6,797.00
Life & AD&D Insurance	(12,500.00)	(6,252.00)	(6,803.00)	(551.00)
PERS Retirement	(745,000.00)	(372,498.00)	(352,027.00)	20,471.00
Post Retirement Health Benefit Contributions	(210,000.00)	-	-	-
Retiree Health Benefits	(160,000.00)	(79,998.00)	(79,444.00)	554.00
Employee Assist Program (EAP)	(2,350.00)	(1,176.00)	(819.00)	357.00
Total Employee Services & Benefits	(5,054,632.00)	(2,467,314.00)	(2,410,164.00)	57,150.00
Outside Services				
Prop Mgmt Marketing - Sp Mgmt Credit	3,634.00	1,818.00	1,818.00	-
Marketing & Media	(25,000.00)	(12,498.00)	(14,111.00)	(1,613.00)
Property Management Marketing	(16,634.00)	(8,316.00)	(100.00)	8,216.00
Printing and Binding	(2,000.00)	(1,002.00)	(296.00)	706.00
Employment Recruitment & Notices	(2,000.00)	(1,002.00)	(17,743.00)	(16,741.00)
Legal Services	(184,980.00)	(77,318.00)	(116,059.00)	(38,741.00)
Accounting and Auditing	(52,850.00)	(47,854.00)	(42,000.00)	5,854.00
Community Activities	(35,000.00)	(17,502.00)	(6,661.00)	10,841.00
Document Storage & Destruction	(2,000.00)	(1,002.00)	(353.00)	649.00
Network Administration Services	(106,000.00)	(52,998.00)	(40,950.00)	12,048.00
Payroll Services	(10,000.00)	(4,998.00)	(7,031.00)	(2,033.00)

GENERAL OPERATIONS

From 7/1/2022 Through 12/31/2022

Banking & Investment Fees	(13,300.00)	(7,300.00)	(4,245.00)	3,055.00
Admin Other Professional Services	(67,500.00)	(33,750.00)	(7,650.00)	26,100.00
Prop Mgmt Other Professional Services	(15,000.00)	(7,500.00)	(5,250.00)	2,250.00
Asset Mgmt Other Professional Services	(72,000.00)	(36,000.00)	(22,420.00)	13,580.00
Courtesy Patrol	(141,596.00)	(70,800.00)	(44,158.00)	26,642.00
Courtesy Patrol-Sp Mgmt Credit	16,596.00	8,298.00	-	(8,298.00)
Insurance - Special Management	(113,000.00)	(93,996.00)	(94,245.00)	(249.00)
Insurance	(510,000.00)	(510,000.00)	(510,247.00)	(247.00)
Self-Insured Losses	(75,000.00)	(37,506.00)	(7,137.00)	30,369.00
Project Banking Fees	(21,000.00)	(11,000.00)	(5,900.00)	5,100.00
Admin Temporary Outside Svcs	(20,000.00)	(10,002.00)	(22,022.00)	(12,020.00)
Temporary Outside Services	(240,000.00)	(120,000.00)	(108,702.00)	11,298.00
Eng/Arch-Miscellaneous	(39,000.00)	(19,500.00)	(3,000.00)	16,500.00
Legal - Dev Project Related	(30,000.00)	(12,500.00)	(2,090.00)	10,410.00
D&A Other Professional Services	(7,000.00)	(3,498.00)	-	3,498.00
D&A Miscellaneous Expense	(7,000.00)	(3,498.00)	-	3,498.00
Total Outside Services	(1,787,630.00)	(1,191,224.00)	(1,080,552.00)	110,672.00
Maintenance & Repair				
Emerg Relocation-Ops Related	(10,500.00)	(5,250.00)	(9,868.00)	(4,618.00)
Operation Location Improvements	(55,000.00)	(2,502.00)	(1,825.00)	677.00
Admin Office - General Maintenance	(27,800.00)	(13,902.00)	(17,820.00)	(3,918.00)
Maint Office Janitorial	(10,000.00)	(4,998.00)	(5,444.00)	(446.00)
Maint Office - General Maintenance	(10,000.00)	(4,998.00)	(5,088.00)	(90.00)
Equipment Rental Expense	(5,000.00)	(2,502.00)	(629.00)	1,873.00
Construction Mitigation Expense	(15,000.00)	(7,500.00)	(61.00)	7,439.00
Repair & Maint - Misc	(177,000.00)	(88,494.00)	(86,855.00)	1,639.00
Landscape-Sp Mgmt Credit	19,432.00	9,720.00	9,720.00	-
Travel-Fuel on CADA Vehicles	(19,000.00)	(9,498.00)	(8,663.00)	835.00
Travel-Maint Staff Reimburse	(14,000.00)	(7,002.00)	(3,814.00)	3,188.00
Travel-RSR Reimbursement	(2,000.00)	(1,002.00)	(154.00)	848.00
Elevator/Bldg Phone & Monitor Service	(6,000.00)	(3,000.00)	(2,476.00)	524.00
Service Contracts	(453,650.00)	(226,824.00)	(164,727.00)	62,097.00
State Fire Marshal	(50,000.00)	(25,002.00)	(720.00)	24,282.00
Flooring	(305,000.00)	(152,502.00)	(165,414.00)	(12,912.00)
Plumbing	(9,568.00)	(4,782.00)	(1,902.00)	2,880.00
Countertops/Cabinets	(57,500.00)	(28,752.00)	(1,244.00)	27,508.00
Landscaping	(265,003.00)	(132,504.00)	(183,006.00)	(50,502.00)
Pest Services	(56,200.00)	(28,098.00)	(23,700.00)	4,398.00
Permits and Fees	(4,500.00)	(2,250.00)	(60.00)	2,190.00
Painting & Decorating	(14,900.00)	(7,446.00)	(1,920.00)	5,526.00
Supplies	(27,000.00)	(13,494.00)	(3,086.00)	10,408.00
Vehicle Repair and Maint	(10,000.00)	(4,998.00)	(8,495.00)	(3,497.00)
Prop Mgmt Furn & Appliances	(101,500.00)	(50,754.00)	(58,373.00)	(7,619.00)
Building Supplies - Misc	(311,500.00)	(155,748.00)	(158,934.00)	(3,186.00)
Clothing and Uniforms	(5,500.00)	(2,748.00)	(2,084.00)	664.00
Maintenance Mach & Equip	(88,000.00)	(56,500.00)	(35,084.00)	21,416.00
Operating Budget Major Repairs	(15,000.00)	(7,500.00)	(5,000.00)	2,500.00
Total Maintenance & Repair	(2,106,689.00)	(1,040,830.00)	(946,726.00)	94,104.00
Utilities				
Admin Office Utilities	(28,000.00)	(13,998.00)	(11,356.00)	2,642.00
Maint Office Utilities	(47,000.00)	(23,502.00)	(16,562.00)	6,940.00
Utilities-Garbage	(112,000.00)	(47,207.00)	(47,063.00)	144.00
Utilities-SMUD/Electricity	(152,000.00)	(64,246.00)	(64,479.00)	(233.00)
Utilities-PG&E/Gas	(316,300.00)	(132,290.00)	(87,619.00)	44,671.00
Utilities-Water/Sewer	(639,000.00)	(271,416.00)	(248,303.00)	23,113.00
Total Utilities	(1,294,300.00)	(552,659.00)	(475,382.00)	77,277.00
Overhead				
Postage and Deliveries	(3,000.00)	(1,500.00)	(5,408.00)	(3,908.00)
Telephone and Wireless Svcs	(30,000.00)	(15,000.00)	(5,468.00)	9,532.00
Cellular Phone Service	(40,000.00)	(19,998.00)	(21,116.00)	(1,118.00)
Internet Services	(26,000.00)	(13,002.00)	(4,038.00)	8,964.00

GENERAL OPERATIONS

From 7/1/2022 Through 12/31/2022

Admin Bldg Rent	(103,000.00)	(51,498.00)	(58,605.00)	(7,107.00)
Leased Facilities Rent	(24,000.00)	(12,000.00)	(10,000.00)	2,000.00
Equipment Rental Expense	(2,500.00)	(1,248.00)	(655.00)	593.00
Parking Program	(1,500.00)	(750.00)	-	750.00
JPA Board Expenses	(7,000.00)	(3,498.00)	(1,181.00)	2,317.00
Professional Organizations	(15,000.00)	(7,500.00)	(1,000.00)	6,500.00
Subscriptions	(2,000.00)	(1,002.00)	-	1,002.00
Education and Training	(24,000.00)	(12,000.00)	(6,977.00)	5,023.00
Management Fee	(104,220.00)	(52,110.00)	-	52,110.00
Transportation-Admin Staff	(2,000.00)	(1,002.00)	(1,126.00)	(124.00)
Resident Relations	(9,900.00)	(4,944.00)	(4,736.00)	208.00
Sp Mgmt Prop Taxes & Assessments	(10,750.00)	(5,382.00)	(4,677.00)	705.00
Property Taxes & Assessments	(122,100.00)	(122,100.00)	(121,818.00)	282.00
Hospitality	(1,500.00)	(750.00)	(52.00)	699.00
Office Supplies - General	(15,000.00)	(7,500.00)	(4,684.00)	2,816.00
Software	(80,000.00)	(40,002.00)	(40,398.00)	(396.00)
Computer Hardware	(50,000.00)	(25,002.00)	(18,544.00)	6,458.00
Admin Furn Mach & Equip	(16,000.00)	(7,998.00)	-	7,998.00
Safety - General Admin	(20,500.00)	(10,248.00)	(11,584.00)	(1,336.00)
Office Equipment leases	(27,000.00)	(13,500.00)	(11,905.00)	1,595.00
Total Overhead	(736,970.00)	(429,534.00)	(333,972.00)	95,563.00
Debt Service				
Debt Service Principal Paid	(239,007.00)	(204,051.00)	(79,807.00)	124,244.00
Debt Interest Paid	(69,523.00)	(42,821.00)	(26,167.00)	16,654.00
Bond Debt Svc-Principal Pd	(1,301,970.00)	(1,233,002.00)	(1,165,000.00)	68,002.00
Bond Interest Paid	(1,274,980.00)	(644,137.00)	(619,947.00)	24,190.00
Tax Increment Pledge	(300,000.00)	-	-	-
Total Debt Service	(3,185,480.00)	(2,124,011.00)	(1,890,921.00)	233,090.00
Contributions to Reserves				
Development Reserve Contribution	(814,410.00)	-	-	-
Affordable Housing Reserve Contribution	(326,630.00)	-	-	-
Equipment Replace Reserve Contribution	(104,883.00)	-	-	-
Total Contributions to Reserves	(1,245,923.00)	-	-	-
Total General Operations EXPENSE	(15,411,624.00)	(7,805,572.00)	(7,137,717.00)	667,856.00
Inter-Fund Operation TRANSFERS				
Inter-Fund Operating TRANSFERS IN				
Operations Transfer from F 50-CAP Tax Incr	1,700,877.00	-	-	-
Operations Transfer from F 51-CAP Set-Aside	399,300.00	199,650.00	-	(199,650.00)
Operations Transfer from F60-RSt TI	217,000.00	108,498.00	-	(108,498.00)
Operations Transfer from F67 - Bond Interest	210,000.00	-	-	-
Total Inter-Fund Operating TRANSFERS IN	2,527,177.00	308,148.00	-	(308,148.00)
Inter-Fund Operating TRANSFERS OUT				
Operations Transfer to F10-General	(2,527,177.00)	(308,148.00)	-	308,148.00
Total Inter-Fund Operating TRANSFERS OUT	(2,527,177.00)	(308,148.00)	-	308,148.00
Total Inter-Fund Operation TRANSFERS	-	-	-	-
OPERATING RESULTS, before Capital Investment Program	1,076,826.00	(3,159,197.00)	(2,163,100.00)	996,098.00
CAPITAL INVESTMENT PROGRAM				
Investment in MAJOR CONSTRUCTION Program				
CIP Transfer to F10-General	(704,453.00)	-	-	-
CIP Transfer to F38 - 17th St. Commons	(15,000.00)	-	-	-
Total Investment in MAJOR CONSTRUCTION Program	(719,453.00)	-	-	-
Investment in DEVELOPMENT Program				
Dev Program TF to F 10 - General	(527,550.00)	-	-	-
Total Investment in DEVELOPMENT Program	(527,550.00)	-	-	-
Total CAPITAL INVESTMENT PROGRAM	(1,247,003.00)	-	-	-

GENERAL OPERATIONS

From 7/1/2022 Through 12/31/2022

UTILIZATION OF FINANCIAL RESOURCES				
Utilization of Available Fund Balance	170,751.00	-	-	-
Contribution to Available Fund Balance	<u>(574.00)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total UTILIZATION OF FINANCIAL RESOURCES	<u>170,177.00</u>	<u>-</u>	<u>-</u>	<u>-</u>
NET RESULTS OF GENERAL OPERATIONS	<u>-</u>	<u>(3,159,197.00)</u>	<u>(2,163,100.00)</u>	<u>996,098.00</u>

Capitol Area Development Authority (CADA)
 CAPITAL INVESTMENT PROGRAM - Development by Project
 From 7/1/2004 Through 12/31/2022

10 - General Fund
D05 - Development - FY 04/05
D901-00 - R Street Development

		Budget	Actual	Variance
CAPITAL INVESTMENT PROGRAM - FUNDING SOURCES				
	General Operations Investment			
	For Development Program			
7560	Dev Program TF from F60-R St Tax Incr	750,146.00	750,146.00	-
7561	Dev Program TF from F61-R St Set Aside	40,854.00	40,854.00	-
7566	Dev Program TF from F66-Series B Taxable TAB	37,000.00	37,000.00	-
	Total For Development Program	828,000.00	828,000.00	-
	Total General Operations Investment	828,000.00	828,000.00	-
	Total CAPITAL INVESTMENT PROGRAM - FUNDING SOURCES	828,000.00	828,000.00	-
 CAPITAL INVESTMENT PROGRAM - USES OF FUNDS				
	Development Program			
4211	Marketing & Media	(84,928.89)	(49,028.67)	35,900.22
4703	D&A - Site Improvements	(132,970.59)	(57,985.98)	74,984.61
4711	D&A-Site Maintenance	(825.00)	(825.00)	-
4751	Legal - Dev Project Related	(38,651.90)	(35,691.40)	2,960.50
4752	D&A Project Financial Analysis	(21,530.00)	(16,530.00)	5,000.00
4758	D&A Other Professional Services	(313,320.61)	(303,320.61)	10,000.00
4775	D&A Miscellaneous Expense	(235,773.01)	(225,773.01)	10,000.00
	Total Development Program	(828,000.00)	(689,154.67)	138,845.33
	Total CAPITAL INVESTMENT PROGRAM - USES OF FUNDS	(828,000.00)	(689,154.67)	138,845.33
	 CAPITAL INVESTMENT PROGRAM - Funding Sources, net of Uses	-	138,845.33	138,845.33

Capitol Area Development Authority (CADA)
 CAPITAL INVESTMENT PROGRAM - Development by Project
 From 7/1/2004 Through 12/31/2022

10 - General Fund
D07 - Development - FY 0607
D233-02 - EEG Site 5/6

CAPITAL INVESTMENT PROGRAM - FUNDING SOURCES			
General Operations Investment			
For Development Program			
7550	Dev Program TF from F 50-CAP Tax Incr	222,440.95	222,440.95
	Total For Development Program	222,440.95	222,440.95
	Total General Operations Investment	222,440.95	222,440.95
Other Sources			
From Development Program			
3602	ENA Development Fees	64,700.00	64,700.00
	Total From Development Program	64,700.00	64,700.00
	Total Other Sources	64,700.00	64,700.00
	Total CAPITAL INVESTMENT PROGRAM - FUNDING SOURCES	287,140.95	287,140.95
CAPITAL INVESTMENT PROGRAM - USES OF FUNDS			
Development Program			
4706	D&A - DDA Prep	(10,657.00)	(10,657.00)
4709	D&A Funding Research & Application Costs	(4,000.00)	(3,750.08)
4710	D&A Engin/Architectural	(6,000.00)	(6,000.00)
4720	D&A Environmental Assessments	(63,739.95)	(41,864.95)
4751	Legal - Dev Project Related	(26,500.00)	(16,446.00)
4752	D&A Project Financial Analysis	(70,052.00)	(45,446.00)
4758	D&A Other Professional Services	(105,000.00)	(98,662.03)
4775	D&A Miscellaneous Expense	(1,192.00)	(269.49)
	Total Development Program	(287,140.95)	(223,095.55)
	Total CAPITAL INVESTMENT PROGRAM - USES OF FUNDS	(287,140.95)	(223,095.55)
	CAPITAL INVESTMENT PROGRAM - Funding Sources, net of Uses	-	64,045.40

Capitol Area Development Authority (CADA)
 CAPITAL INVESTMENT PROGRAM - Development by Project
 From 7/1/2004 Through 12/31/2022

Attachment B

10 - General Fund
D08 - Development - FY 0708
D901-01 - R Street Streetscape

CAPITAL INVESTMENT PROGRAM - FUNDING SOURCES			
General Operations Investment			
For Development Program			
7550	Dev Program TF from F 50-CAP Tax Incr	395,000.00	395,000.00
7560	Dev Program TF from F60-R St Tax Incr	4,293,217.14	4,160,667.18
7565	Dev Program TF from F65-Series A Tax Exempt TAB	61,000.00	59,320.00
		4,749,217.14	4,614,987.18
	Total For Development Program		(134,229.96)
	Total General Operations Investment	4,749,217.14	4,614,987.18
	Total CAPITAL INVESTMENT PROGRAM - FUNDING SOURCES	4,749,217.14	4,614,987.18
CAPITAL INVESTMENT PROGRAM - USES OF FUNDS			
Development Program			
4703	D&A - Site Improvements	(208,086.00)	(170,080.63)
4731	D&A-Offsite Infrastructure	(3,878,531.14)	(4,138,545.77)
4781	D&A Developer Loan Funding	(662,600.00)	(265,092.88)
		(4,749,217.14)	(4,573,719.28)
	Total Development Program		175,497.86
	Total CAPITAL INVESTMENT PROGRAM - USES OF FUNDS	(4,749,217.14)	(4,573,719.28)
	CAPITAL INVESTMENT PROGRAM - Funding Sources, net of Uses	-	41,267.90
			41,267.90

Capitol Area Development Authority (CADA)
 CAPITAL INVESTMENT PROGRAM - Development by Project
 From 7/1/2004 Through 12/31/2022

10 - General Fund
D09 - Development - FY 08/09
D801-00 - O Street Streetscape

CAPITAL INVESTMENT PROGRAM - FUNDING SOURCES			
General Operations Investment			
For Development Program			
7550	Dev Program TF from F 50-CAP Tax Incr	605,000.00	605,000.00
			-
7565	Dev Program TF from F65-Series A Tax Exempt TAB	39,539.04	39,539.04
			-
7566	Dev Program TF from F66-Series B Taxable TAB	45,172.00	45,172.00
			-
7567	Dev Program TF from F67 - 2020 Taxable TAB	1,767,000.00	615,000.00
			(1,152,000.00)
	Total For Development Program	2,456,711.04	1,304,711.04
	Total General Operations Investment	2,456,711.04	1,304,711.04
	Total CAPITAL INVESTMENT PROGRAM - FUNDING SOURCES	2,456,711.04	1,304,711.04
CAPITAL INVESTMENT PROGRAM - USES OF FUNDS			
Development Program			
4703	D&A - Site Improvements	(1,592,691.37)	(159,536.88)
			1,433,154.49
4709	D&A Funding Research & Application Costs	(9,800.00)	(5,377.00)
			4,423.00
4751	Legal - Dev Project Related	(6,000.00)	(929.13)
			5,070.87
4758	D&A Other Professional Services	(626,219.67)	(393,105.80)
			233,113.87
4775	D&A Miscellaneous Expense	(87,000.00)	(7,427.88)
			79,572.12
5343	Permits and Fees	(135,000.00)	-
			135,000.00
	Total Development Program	(2,456,711.04)	(566,376.69)
	Total CAPITAL INVESTMENT PROGRAM - USES OF FUNDS	(2,456,711.04)	(566,376.69)
	CAPITAL INVESTMENT PROGRAM - Funding Sources, net of Uses	-	738,334.35
			738,334.35

Capitol Area Development Authority (CADA)
 CAPITAL INVESTMENT PROGRAM - Development by Project
 From 7/1/2004 Through 12/31/2022

Attachment B

10 - General Fund
D10 - Development - FY 09/10
D804-00 - 16th Street Streetscape

CAPITAL INVESTMENT PROGRAM - FUNDING SOURCES			
General Operations Investment			
For Development Program			
7550	Dev Program TF from F 50-CAP Tax Incr	241,000.00	241,000.00
7566	Dev Program TF from F66-Series B Taxable TAB	11,000.00	11,000.00
	Total For Development Program	252,000.00	252,000.00
	Total General Operations Investment	252,000.00	252,000.00
Other Sources			
From Development Program			
3872	D&A Grant Proceeds	795,000.00	794,302.10
	Total From Development Program	795,000.00	794,302.10
	Total Other Sources	795,000.00	794,302.10
	Total CAPITAL INVESTMENT PROGRAM - FUNDING SOURCES	1,047,000.00	1,046,302.10
CAPITAL INVESTMENT PROGRAM - USES OF FUNDS			
Development Program			
4703	D&A - Site Improvements	(28,696.61)	(28,696.61)
4709	D&A Funding Research & Application Costs	(3,868.75)	(3,868.75)
4731	D&A-Offsite Infrastructure	(816,877.75)	(809,657.38)
4758	D&A Other Professional Services	(190,086.45)	(188,331.45)
4775	D&A Miscellaneous Expense	(7,470.44)	(7,470.44)
	Total Development Program	(1,047,000.00)	(1,038,024.63)
	Total CAPITAL INVESTMENT PROGRAM - USES OF FUNDS	(1,047,000.00)	(1,038,024.63)
	CAPITAL INVESTMENT PROGRAM - Funding Sources, net of Uses	-	8,277.47

Capitol Area Development Authority (CADA)
 CAPITAL INVESTMENT PROGRAM - Development by Project
 From 7/1/2004 Through 12/31/2022

Attachment B

10 - General Fund
D15 - Development - FY 14-15
D807-00 - Roosevelt Park

CAPITAL INVESTMENT PROGRAM - FUNDING SOURCES			
General Operations Investment			
For Development Program			
7550	Dev Program TF from F 50-CAP Tax Incr	1,030,000.00	1,030,000.00 -
	Total For Development Program	1,030,000.00	1,030,000.00 -
	Total General Operations Investment	1,030,000.00	1,030,000.00 -
	Total CAPITAL INVESTMENT PROGRAM - FUNDING SOURCES	1,030,000.00	1,030,000.00 -
CAPITAL INVESTMENT PROGRAM - USES OF FUNDS			
Development Program			
4703	D&A - Site Improvements	(795,000.00)	(739,374.00) 55,626.00
4709	D&A Funding Research & Application Costs	-	(577.00) (577.00)
4758	D&A Other Professional Services	(230,882.13)	(200,174.83) 30,707.30
4775	D&A Miscellaneous Expense	(4,117.87)	(117.87) 4,000.00
	Total Development Program	(1,030,000.00)	(940,243.70) 89,756.30
	Total CAPITAL INVESTMENT PROGRAM - USES OF FUNDS	(1,030,000.00)	(940,243.70) 89,756.30
	CAPITAL INVESTMENT PROGRAM - Funding Sources, net of Uses	-	89,756.30 89,756.30

Capitol Area Development Authority (CADA)
 CAPITAL INVESTMENT PROGRAM - Development by Project
 From 7/1/2004 Through 12/31/2022

Attachment B

10 - General Fund
D18 - Development FY 17-18
D915-00 - R Street Garage

CAPITAL INVESTMENT PROGRAM - FUNDING SOURCES			
Other Sources			
From Development Program			
3875	Reimbursement Revenue	<u>550,000.00</u>	<u>506,727.18</u> <u>(43,272.82)</u>
	Total From Development Program	<u>550,000.00</u>	<u>506,727.18</u> <u>(43,272.82)</u>
	Total Other Sources	<u>550,000.00</u>	<u>506,727.18</u> <u>(43,272.82)</u>
	Total CAPITAL INVESTMENT PROGRAM - FUNDING SOURCES	<u>550,000.00</u>	<u>506,727.18</u> <u>(43,272.82)</u>
CAPITAL INVESTMENT PROGRAM - USES OF FUNDS			
Development Program			
4722	D&A Environmental-CEQA related	(150,000.00)	(138,088.04) 11,911.96
4751	Legal - Dev Project Related	(84,000.00)	(109,984.35) (25,984.35)
4758	D&A Other Professional Services	(310,000.00)	(289,866.34) 20,133.66
4775	D&A Miscellaneous Expense	<u>(6,000.00)</u>	<u>-</u> <u>6,000.00</u>
	Total Development Program	<u>(550,000.00)</u>	<u>(537,938.73)</u> <u>12,061.27</u>
	Total CAPITAL INVESTMENT PROGRAM - USES OF FUNDS	<u>(550,000.00)</u>	<u>(537,938.73)</u> <u>12,061.27</u>
	CAPITAL INVESTMENT PROGRAM - Funding Sources, net of Uses	<u>-</u>	<u>(31,211.55)</u> <u>(31,211.55)</u>

Capitol Area Development Authority (CADA)
 CAPITAL INVESTMENT PROGRAM - Development by Project
 From 7/1/2004 Through 12/31/2022

10 - General Fund
D19 - Development - FY 18-19
D224-25 - Courtyard Site 16A

CAPITAL INVESTMENT PROGRAM - FUNDING SOURCES			
Reserve Drawdowns			
For Development Program			
6311	Development Reserve Drawdown for D&A	267,200.00	267,200.00
	Total For Development Program	267,200.00	267,200.00
	Total Reserve Drawdowns	267,200.00	267,200.00
General Operations Investment			
For Development Program			
7550	Dev Program TF from F 50-CAP Tax Incr	595,500.00	595,500.00
7551	Dev Program TF from F51-CAP Set-Aside	270,000.00	270,000.00
7567	Dev Program TF from F67 - 2020 Taxable TAB	1,688,100.00	808,100.00
7585	Dev Program TF from F85-Txble Cap LowMod	191,155.25	191,155.25
	Total For Development Program	2,744,755.25	1,864,755.25
	Total General Operations Investment	2,744,755.25	1,864,755.25
	Total CAPITAL INVESTMENT PROGRAM - FUNDING SOURCES	3,011,955.25	2,131,955.25
CAPITAL INVESTMENT PROGRAM - USES OF FUNDS			
Development Program			
4703	D&A - Site Improvements	(800,000.00)	-
4709	D&A Funding Research & Application Costs	(110,000.00)	(86,535.19)
4720	D&A Environmental Assessments	(66,000.00)	(39,058.03)
4751	Legal - Dev Project Related	(122,900.00)	(103,428.58)
4752	D&A Project Financial Analysis	(50,000.00)	(23,856.74)
4758	D&A Other Professional Services	(853,500.00)	(228,572.80)
4775	D&A Miscellaneous Expense	(53,255.25)	(14,513.41)
4781	D&A Developer Loan Funding	(906,300.00)	(1,600,000.00)
5343	Permits and Fees	(50,000.00)	29,622.33
	Total Development Program	(3,011,955.25)	(2,066,342.42)
	Total CAPITAL INVESTMENT PROGRAM - USES OF FUNDS	(3,011,955.25)	(2,066,342.42)
	CAPITAL INVESTMENT PROGRAM - Funding Sources, net of Uses	-	65,612.83

Capitol Area Development Authority (CADA)
 CAPITAL INVESTMENT PROGRAM - Development by Project
 From 7/1/2004 Through 12/31/2022

10 - General Fund
D19 - Development - FY 18-19
D810-00 - 10th Street Commerical

CAPITAL INVESTMENT PROGRAM - FUNDING SOURCES				
Reserve Drawdowns				
For Major Construction Program				
6113	Capital Improvement Reserve Drawdown	244,000.00	175,000.00	69,000.00
	Total For Major Construction Program	244,000.00	175,000.00	69,000.00
	Total Reserve Drawdowns	244,000.00	175,000.00	69,000.00
General Operations Investment				
For Development Program				
7550	Dev Program TF from F 50-CAP Tax Incr	376,500.00	281,500.00	(95,000.00)
7566	Dev Program TF from F66-Series B Taxable TAB	13,000.00	13,000.00	-
	Total For Development Program	389,500.00	294,500.00	(95,000.00)
	Total General Operations Investment	389,500.00	294,500.00	(95,000.00)
	Total CAPITAL INVESTMENT PROGRAM - FUNDING SOURCES	633,500.00	469,500.00	(95,000.00)
CAPITAL INVESTMENT PROGRAM - USES OF FUNDS				
Development Program				
4703	D&A - Site Improvements	(484,138.19)	(429,737.41)	54,400.78
4758	D&A Other Professional Services	(87,266.00)	(80,240.00)	7,026.00
4775	D&A Miscellaneous Expense	(1,495.81)	(1,430.00)	65.81
5343	Permits and Fees	(60,600.00)	(35,900.00)	24,700.00
	Total Development Program	(633,500.00)	(547,307.41)	17,192.59
	Total CAPITAL INVESTMENT PROGRAM - USES OF FUNDS	(633,500.00)	(547,307.41)	17,192.59
	CAPITAL INVESTMENT PROGRAM - Funding Sources, net of Uses	-	(77,807.41)	(77,807.41)

Capitol Area Development Authority (CADA)
 CAPITAL INVESTMENT PROGRAM - Development by Project
 From 7/1/2004 Through 12/31/2022

Attachment B

10 - General Fund
D20 - Development - FY 19-20
D225-01 - The Dean Building

CAPITAL INVESTMENT PROGRAM - FUNDING SOURCES				
Reserve Drawdowns				
For Development Program				
6311	Development Reserve Drawdown for D&A	557,512.00	557,512.00	-
	Total For Development Program	557,512.00	557,512.00	-
	Total Reserve Drawdowns	557,512.00	557,512.00	-
General Operations Investment				
For Development Program				
7550	Dev Program TF from F 50-CAP Tax Incr	600,000.00	300,000.00	(300,000.00)
	Total For Development Program	600,000.00	300,000.00	(300,000.00)
	Total General Operations Investment	600,000.00	300,000.00	(300,000.00)
	Total CAPITAL INVESTMENT PROGRAM - FUNDING SOURCES	1,157,512.00	857,512.00	(300,000.00)
CAPITAL INVESTMENT PROGRAM - USES OF FUNDS				
Major Construction Program				
5820	Major Construction/Improvements	(144,395.00)	(173,755.77)	(29,360.77)
	Total Major Construction Program	(144,395.00)	(173,755.77)	(29,360.77)
Development Program				
4703	D&A - Site Improvements	(843,037.00)	(669,720.37)	173,316.63
4711	D&A-Site Maintenance	(39,374.40)	(42,342.21)	(2,967.81)
4758	D&A Other Professional Services	(130,705.60)	(81,627.14)	49,078.46
	Total Development Program	(1,013,117.00)	(793,689.72)	219,427.28
	Total CAPITAL INVESTMENT PROGRAM - USES OF FUNDS	(1,157,512.00)	(967,445.49)	190,066.51
	CAPITAL INVESTMENT PROGRAM - Funding Sources, net of Uses	-	(109,933.49)	(109,933.49)

Capitol Area Development Authority (CADA)
 CAPITAL INVESTMENT PROGRAM - Development by Project
 From 7/1/2004 Through 12/31/2022

10 - General Fund
D20 - Development - FY 19-20
D900-10 - R St - 900 block Improvements

CAPITAL INVESTMENT PROGRAM - FUNDING SOURCES			
General Operations Investment			
For Development Program			
7560	Dev Program TF from F60-R St Tax Incr	550,000.00	550,000.00 -
	Total For Development Program	550,000.00	550,000.00 -
	Total General Operations Investment	550,000.00	550,000.00 -
	Total CAPITAL INVESTMENT PROGRAM - FUNDING SOURCES	550,000.00	550,000.00 -
CAPITAL INVESTMENT PROGRAM - USES OF FUNDS			
Development Program			
4703	D&A - Site Improvements	(450,000.00)	- 450,000.00
4758	D&A Other Professional Services	(100,000.00)	(27,022.50) 72,977.50
	Total Development Program	(550,000.00)	(27,022.50) 522,977.50
	Total CAPITAL INVESTMENT PROGRAM - USES OF FUNDS	(550,000.00)	(27,022.50) 522,977.50
	CAPITAL INVESTMENT PROGRAM - Funding Sources, net of Uses	-	522,977.50 522,977.50

Capitol Area Development Authority (CADA)
 CAPITAL INVESTMENT PROGRAM - Development by Project
 From 7/1/2004 Through 12/31/2022

Attachment B

10 - General Fund
D21 - Development - FY 20-21
D223-01A - Site 21 (14th & N)

CAPITAL INVESTMENT PROGRAM - FUNDING SOURCES			
General Operations Investment			
For Development Program			
7550	Dev Program TF from F 50-CAP Tax Incr	502,500.00	502,500.00
	Total For Development Program	502,500.00	502,500.00
	Total General Operations Investment	502,500.00	502,500.00
	Total CAPITAL INVESTMENT PROGRAM - FUNDING SOURCES	502,500.00	502,500.00
CAPITAL INVESTMENT PROGRAM - USES OF FUNDS			
Development Program			
4703	D&A - Site Improvements	(3,000.00)	(600.30)
4706	D&A - DDA Prep	(30,000.00)	-
4707	D&A - ENA Prep	(20,000.00)	-
4731	D&A-Offsite Infrastructure	(400,000.00)	-
4751	Legal - Dev Project Related	-	(13,540.00)
4758	D&A Other Professional Services	(9,500.00)	-
4775	D&A Miscellaneous Expense	(40,000.00)	(12,360.91)
	Total Development Program	(502,500.00)	(26,501.21)
	Total CAPITAL INVESTMENT PROGRAM - USES OF FUNDS	(502,500.00)	(26,501.21)
CAPITAL INVESTMENT PROGRAM - Funding Sources, net of Uses		-	475,998.79

Capitol Area Development Authority (CADA)
 CAPITAL INVESTMENT PROGRAM - Development by Project
 From 7/1/2004 Through 12/31/2022

10 - General Fund
D22 - Development - FY 21-22
D151-00 - 2000 16th Street

CAPITAL INVESTMENT PROGRAM - FUNDING SOURCES			
General Operations Investment			
For Development Program			
7560	Dev Program TF from F60-R St Tax Incr	<u>3,915,000.00</u>	<u>3,915,000.00</u> -
	Total For Development Program	<u>3,915,000.00</u>	<u>3,915,000.00</u> -
	Total General Operations Investment	<u>3,915,000.00</u>	<u>3,915,000.00</u> -
	Total CAPITAL INVESTMENT PROGRAM - FUNDING SOURCES	<u>3,915,000.00</u>	<u>3,915,000.00</u> -
CAPITAL INVESTMENT PROGRAM - USES OF FUNDS			
Development Program			
4601	Building/Land Acquisition	(3,280,000.00)	60.00 3,280,060.00
4709	D&A Funding Research & Application Costs	(10,000.00)	- 10,000.00
4710	D&A Engin/Architectural	(200,000.00)	- 200,000.00
4720	D&A Environmental Assessments	(100,000.00)	- 100,000.00
4751	Legal - Dev Project Related	(50,000.00)	(2,979.00) 47,021.00
4752	D&A Project Financial Analysis	(75,000.00)	- 75,000.00
4758	D&A Other Professional Services	(50,000.00)	(28,110.00) 21,890.00
4775	D&A Miscellaneous Expense	(50,000.00)	(3,831.38) 46,168.62
5343	Permits and Fees	(100,000.00)	- 100,000.00
	Total Development Program	<u>(3,915,000.00)</u>	<u>(34,860.38)</u> 3,880,139.62
	Total CAPITAL INVESTMENT PROGRAM - USES OF FUNDS	<u>(3,915,000.00)</u>	<u>(34,860.38)</u> 3,880,139.62
	CAPITAL INVESTMENT PROGRAM - Funding Sources, net of Uses	<u>-</u>	<u>3,880,139.62</u> <u>3,880,139.62</u>

Capitol Area Development Authority (CADA)
 CAPITAL INVESTMENT PROGRAM - Development by Project
 From 7/1/2004 Through 12/31/2022

10 - General Fund
D23 - Development - FY 22-23
D700-00 - Art Exhibit - 700 block of O St.

CAPITAL INVESTMENT PROGRAM - FUNDING SOURCES				
Other Sources				
From Development Program				
3872	D&A Grant Proceeds	150,000.00	-	(150,000.00)
	Total From Development Program	150,000.00	-	(150,000.00)
	Total Other Sources	150,000.00	-	(150,000.00)
	Total CAPITAL INVESTMENT PROGRAM - FUNDING SOURCES	150,000.00	-	(150,000.00)
CAPITAL INVESTMENT PROGRAM - USES OF FUNDS				
Development Program				
4775	D&A Miscellaneous Expense	(150,000.00)	(5,600.00)	144,400.00
	Total Development Program	(150,000.00)	(5,600.00)	144,400.00
	Total CAPITAL INVESTMENT PROGRAM - USES OF FUNDS	(150,000.00)	(5,600.00)	144,400.00
	CAPITAL INVESTMENT PROGRAM - Funding Sources, net of Uses	-	(5,600.00)	(5,600.00)

Capitol Area Development Authority (CADA)
 CAPITAL INVESTMENT PROGRAM - Development by Project
 From 7/1/2004 Through 12/31/2022

Attachment B

20 - Capitol Area Community Development Corporation
D16 - Development - FY 15-16
D095-00 - 1717 S Street

CAPITAL INVESTMENT PROGRAM - FUNDING SOURCES			
General Operations Investment			
For Development Program			
7560	Dev Program TF from F60-R St Tax Incr	2,190,767.00	2,190,767.00 -
7561	Dev Program TF from F61-R St Set Aside	2,398,233.00	2,398,233.00 -
7585	Dev Program TF from F85-Txble Cap LowMod	219,000.00	219,000.00 -
	Total For Development Program	4,808,000.00	4,808,000.00 -
	Total General Operations Investment	4,808,000.00	4,808,000.00 -
	Total CAPITAL INVESTMENT PROGRAM - FUNDING SOURCES	4,808,000.00	4,808,000.00 -
 CAPITAL INVESTMENT PROGRAM - USES OF FUNDS			
Development Program			
4601	Building/Land Acquisition	(1,750,000.00)	(1,562,000.00) 188,000.00
4710	D&A Engin/Architectural	(15,000.00)	- 15,000.00
4715	Joint Venture Investments	(2,700,000.00)	(1,369,561.25) 1,330,438.75
4720	D&A Environmental Assessments	(275,500.00)	(7,772.61) 267,727.39
4751	Legal - Dev Project Related	(60,000.00)	(83,494.33) (23,494.33)
4775	D&A Miscellaneous Expense	(7,500.00)	(10,392.59) (2,892.59)
	Total Development Program	(4,808,000.00)	(3,033,220.78) 1,774,779.22
	Total CAPITAL INVESTMENT PROGRAM - USES OF FUNDS	(4,808,000.00)	(3,033,220.78) 1,774,779.22
	 CAPITAL INVESTMENT PROGRAM - Funding Sources, net of Uses	-	1,774,779.22 1,774,779.22

Capitol Area Development Authority (CADA)
 CAPITAL INVESTMENT PROGRAM - Development by Project
 From 7/1/2004 Through 12/31/2022

20 - Capitol Area Community Development Corporation
D20 - Development - FY 20-21
D266-01 - 805 R Street

CAPITAL INVESTMENT PROGRAM - FUNDING SOURCES			
General Operations Investment			
For Development Program			
7567	Dev Program TF from F67 - 2020 Taxable TAB	1,000,000.00	-
		(1,000,000.00)	
	Total For Development Program	1,000,000.00	-
		(1,000,000.00)	
	Total General Operations Investment	1,000,000.00	-
		(1,000,000.00)	
	Total CAPITAL INVESTMENT PROGRAM - FUNDING SOURCES	1,000,000.00	-
		(1,000,000.00)	
CAPITAL INVESTMENT PROGRAM - USES OF FUNDS			
Development Program			
4703	D&A - Site Improvements	(365,000.00)	-
			365,000.00
4710	D&A Engin/Architectural	(300,000.00)	(31,500.00)
			268,500.00
4720	D&A Environmental Assessments	(10,000.00)	-
			10,000.00
4751	Legal - Dev Project Related	(50,000.00)	(6,871.00)
			43,129.00
4752	D&A Project Financial Analysis	(50,000.00)	-
			50,000.00
4758	D&A Other Professional Services	(25,000.00)	(5,347.50)
			19,652.50
4775	D&A Miscellaneous Expense	(50,000.00)	(415.21)
			49,584.79
5343	Permits and Fees	(150,000.00)	-
			150,000.00
	Total Development Program	(1,000,000.00)	(44,133.71)
			955,866.29
	Total CAPITAL INVESTMENT PROGRAM - USES OF FUNDS	(1,000,000.00)	(44,133.71)
			955,866.29
CAPITAL INVESTMENT PROGRAM - Funding Sources, net of Uses		-	(44,133.71)
			(44,133.71)

67 - Taxable 2020 TAB
B21 - 2020 Taxable Bond

	Budget	Actual	Remainder Available
CAPITAL INVESTMENT PROGRAM - FUNDING SOURCES			
Other Sources			
From Development Program			
Bond Proceeds			
Non Property	30,000,000.00	30,000,000.00	-
Total From Development Program	30,000,000.00	30,000,000.00	-
Total Other Sources	30,000,000.00	30,000,000.00	-
Total CAPITAL INVESTMENT PROGRAM - FUNDING SOURCES	30,000,000.00	30,000,000.00	-
CAPITAL INVESTMENT PROGRAM - USES OF FUNDS			
Development Program			
D&A Miscellaneous Expense			
Non Property	(24,144,900.00)	-	24,144,900.00
Dev Program TF to F 10 - General			
Courtyard Site 16A	(3,088,100.00)	(873,114.00)	2,214,986.00
805 R Street	(1,000,000.00)	-	1,000,000.00
O Street Streetscape	(1,767,000.00)	(615,000.00)	1,152,000.00
Total Development Program	(30,000,000.00)	(1,488,114.00)	28,511,886.00
Total CAPITAL INVESTMENT PROGRAM - USES OF FUNDS	(30,000,000.00)	(1,488,114.00)	28,511,886.00
CAPITAL INVESTMENT PROGRAM - Funding Sources, net of Uses	-	28,511,886.00	28,511,886.00

Capitol Area Development Authority (CADA)
 CAPITAL INVESTMENT PROGRAM - Major Const Consolidated
 From 7/1/2020 Through 12/31/2022

		<u>Annual Budget</u>	<u>YTD Actual</u>	<u>YTD Variance</u>
CAPITAL INVESTMENT PROGRAM - USES OF FUNDS				
Major Construction Program				
5820	Major Construction/Improvements			
10	General Fund			
C21	CIP - FY 20-21			
C172-15A	1317 - 15th St., Lombard			
007.00	Thermal & Moisture Protection - Roof	(50,901.00)	(50,901.00)	-
009.6	Finishes-Flooring	(6,000.00)	-	6,000.00
009.9	Finishes-Paint/Coatings	(6,000.00)	-	6,000.00
010.3	Fireplaces/Stoves/Ext Spec etc	(9,500.00)	-	9,500.00
010.30	Stairways/Decking/Walkways	(23,600.00)	-	23,600.00
019.6	Structural Rehabilitation	(7,000.00)	-	7,000.00
C222-09	1228 O St, Gibson Arms			
008.5	Windows	(139,500.00)	(75,584.00)	63,916.00
C222-11	1512 13th St			
008.5	Windows	(41,690.00)	-	41,690.00
C222-20A	1209 P St., Wing Manor			
002.10	Sitework-Fences, Gates	(14,000.00)	-	14,000.00
C222-23	1521 12th St			
013.3	Sp Constr - Boilers	(159,726.00)	-	159,726.00
C223-02	1316 N. St., Le Chateau			
010.30	Stairways/Decking/Walkways	(31,200.00)	-	31,200.00
C223-10	1327 O St., Capri			
002.5	Sitework-Utilities	(19,000.00)	(17,209.00)	1,791.00
C223-12	1327/1317 O St			
007.3	Shingles, Roof Tiles, etc	(10,000.00)	-	10,000.00
C225-01	1400 N St, The Dean			
010.30	Stairways/Decking/Walkways	(27,700.00)	-	27,700.00
C226-07	1420 O St			
006.3	Wood-Dry Rot	(10,500.00)	-	10,500.00
010.10	Awnings	(13,210.00)	(13,209.00)	1.00
C226-08	1500 15th St-Auslander			
002.2	Sitework-Site Prep	(10,000.00)	-	10,000.00
010.30	Stairways/Decking/Walkways	(31,700.00)	-	31,700.00
016.5	Lighting	(14,960.00)	-	14,960.00
C226-24	1400-04 O St, Greentree/Carr Path			
010.30	Stairways/Decking/Walkways	(16,500.00)	-	16,500.00
C231-07	1522 N St, Judith Manor			
010.30	Stairways/Decking/Walkways	(23,700.00)	-	23,700.00
C231-24	1500 N St., Brannan Court			
002.7	Sitework-Pavement, Bases, etc	(15,500.00)	(18,030.00)	(2,530.00)
007.00	Thermal & Moisture Protection - Roof	(193,574.00)	(193,574.00)	-
C232-01	1501 15th, Douger			
010.30	Stairways/Decking/Walkways	(36,900.00)	-	36,900.00
C232-18D	1510 O St., Don Carlos (2 units)			
006.3	Wood-Dry Rot	(18,800.00)	(1,083.00)	17,717.00
C233-06	1616 N St, Grantwood			
010.30	Stairways/Decking/Walkways	(24,900.00)	-	24,900.00
C234-24	1615 P St, Lanai			
009.9	Finishes-Paint/Coatings	(25,000.00)	-	25,000.00
010.10	Awnings	(11,500.00)	-	11,500.00
C234-27	17th Street Commons			
006.3	Wood-Dry Rot	-	(545.00)	(545.00)
C281-06	1216-18 P St.			
002.9	Sitework-Planting/Rehab, etc.	(11,735.00)	-	11,735.00
C293-18	1619 Q-Rooming House			
006.3	Wood-Dry Rot	(60,000.00)	(899.00)	59,101.00
C888-88	General Major Construction			
001.6	Energy Reduction/Sustainability	(15,000.00)	-	15,000.00
002.7	Sitework-Pavement, Bases, etc	(40,000.00)	-	40,000.00
019.1	Contingency	(9,165.00)	-	9,165.00
019.2	Accessibility	(10,000.00)	-	10,000.00
019.3	Fire & Life Safety	(11,600.00)	(11,400.00)	200.00

Capitol Area Development Authority (CADA)
 CAPITAL INVESTMENT PROGRAM - Major Const Consolidated
 From 7/1/2020 Through 12/31/2022

Attachment D

019.4	Toxic Abatement	(20,000.00)	(14,160.00)	5,840.00
019.5	Commercial Tenant Improvements	(20,000.00)	(6,206.00)	13,794.00
	Total General Fund	(1,190,060.00)	(402,800.00)	787,260.00
C22	CIP - FY 21-22			
C222-09	1228 O St, Gibson Arms			
010.30	Stairways/Decking/Walkways	(174,500.00)	(8,000.00)	166,500.00
019.6	Structural Rehabilitation	(17,500.00)	-	17,500.00
C222-11	1512 13th St			
008.5	Windows	(8,000.00)	-	8,000.00
019.6	Structural Rehabilitation	(175,000.00)	-	175,000.00
C222-22	1201 P St., Del Capri			
006.3	Wood-Dry Rot	(49,900.00)	(49,900.00)	-
008.5	Windows	(29,000.00)	(6,500.00)	22,500.00
C223-12	1327/1317 O St			
008.2	Wood & Plastic Doors	(25,500.00)	-	25,500.00
C226-07	1420 O St			
014.2	Elevators	(80,000.00)	-	80,000.00
C226-08	1500 15th St-Auslander			
008.5	Windows	(76,500.00)	-	76,500.00
C231-24	1500 N St., Brannan Court			
014.2	Elevators	(80,000.00)	-	80,000.00
C232-18B	1506 O, Johnston House			
006.3	Wood-Dry Rot	(25,000.00)	-	25,000.00
010.30	Stairways/Decking/Walkways	(10,000.00)	-	10,000.00
C233-07	1622 N St, Shelly Arms			
010.30	Stairways/Decking/Walkways	(20,000.00)	-	20,000.00
C233-14	1625 O St			
006.3	Wood-Dry Rot	(12,500.00)	-	12,500.00
C234-24	1615 P St, Lanai			
009.9	Finishes-Paint/Coatings	(24,000.00)	-	24,000.00
019.6	Structural Rehabilitation	(4,000.00)	-	4,000.00
C281-07	1220 P St, Deus			
008.5	Windows	(26,000.00)	-	26,000.00
C330-07	Bagel Time - 1607 10th St.			
019.5	Commercial Tenant Improvements	(55,000.00)	(44,537.00)	10,463.00
C330-14	OB 2000, 1603 10th St.			
019.5	Commercial Tenant Improvements	(17,000.00)	-	17,000.00
C888-88	General Major Construction			
001.6	Energy Reduction/Sustainability	(15,000.00)	-	15,000.00
002.7	Sitework-Pavement, Bases, etc	(20,000.00)	-	20,000.00
019.1	Contingency	(42,100.00)	-	42,100.00
019.2	Accessibility	(10,000.00)	-	10,000.00
019.3	Fire & Life Safety	(8,000.00)	-	8,000.00
019.4	Toxic Abatement	(20,000.00)	-	20,000.00
019.5	Commercial Tenant Improvements	-	(20,000.00)	(20,000.00)
	Total General Fund	(1,024,500.00)	(128,937.00)	895,563.00
C23	CIP - FY 22-23			
C172-14	1325 - 15th St., Park Mansion			
002.8	Sitework-Improvements/Amenities	(4,000.00)	-	4,000.00
C172-15A	1317 - 15th St., Lombard			
002.8	Sitework-Improvements/Amenities	(8,000.00)	-	8,000.00
009.6	Finishes-Flooring	(6,000.00)	-	6,000.00
C222-09	1228 O St, Gibson Arms			
019.6	Structural Rehabilitation	(7,000.00)	-	7,000.00
C222-20A	1209 P St., Wing Manor			
002.9	Sitework-Planting/Rehab, etc.	(8,000.00)	-	8,000.00
C222-23	1521 12th St			
008.5	Windows	(45,000.00)	-	45,000.00
010.10	Awnings	(12,000.00)	-	12,000.00
013.3	Sp Constr - Boilers	(61,000.00)	-	61,000.00
C223-02	1316 N. St., Le Chateau			
007.3	Shingles, Roof Tiles, etc	(40,000.00)	-	40,000.00

Capitol Area Development Authority (CADA)
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Attachment D

C223-09B	Mud Pie Stand - 1331 O St			
019.6	Structural Rehabilitation	(62,000.00)	-	62,000.00
C223-10	1327 O St., Capri			
009.9	Finishes-Paint/Coatings	(30,000.00)	-	30,000.00
C226-08	1500 15th St-Auslander			
009.6	Finishes-Flooring	(10,000.00)	-	10,000.00
C226-09	1510 15th St.			
010.30	Stairways/Decking/Walkways	(6,000.00)	-	6,000.00
C226-24	1400-04 O St, Greentree/Carr Path			
010.30	Stairways/Decking/Walkways	(7,000.00)	-	7,000.00
C231-07	1522 N St, Judith Manor			
008.5	Windows	(90,000.00)	-	90,000.00
009.6	Finishes-Flooring	(27,000.00)	-	27,000.00
009.9	Finishes-Paint/Coatings	(21,000.00)	-	21,000.00
C232-23B	Luna 14147 16th St			
019.6	Structural Rehabilitation	(62,000.00)	-	62,000.00
C231-24	1500 N St., Brannan Court			
009.6	Finishes-Flooring	(10,000.00)	-	10,000.00
009.9	Finishes-Paint/Coatings	(52,000.00)	-	52,000.00
010.10	Awnings	(57,000.00)	-	57,000.00
C232-16	16th Street Commerical			
002.9	Sitework-Planting/Rehab, etc.	(41,000.00)	(18,000.00)	23,000.00
C232-18B	1506 O, Johnston House			
006.3	Wood-Dry Rot	(127,000.00)	-	127,000.00
009.9	Finishes-Paint/Coatings	(56,000.00)	-	56,000.00
010.30	Stairways/Decking/Walkways	(10,000.00)	-	10,000.00
C234-24	1615 P St, Lanai			
006.3	Wood-Dry Rot	(17,000.00)	-	17,000.00
007.3	Shingles, Roof Tiles, etc	(75,000.00)	-	75,000.00
010.10	Awnings	(12,000.00)	-	12,000.00
C234-27	17th Street Commons			
007.3	Shingles, Roof Tiles, etc	(15,000.00)	-	15,000.00
010.30	Stairways/Decking/Walkways	(11,000.00)	-	11,000.00
C281-07	1220 P St, Deus			
007.3	Shingles, Roof Tiles, etc	(27,000.00)	-	27,000.00
008.5	Windows	(26,000.00)	-	26,000.00
010.30	Stairways/Decking/Walkways	(17,500.00)	-	17,500.00
C284-10	1330 P St, Palm Manor			
007.3	Shingles, Roof Tiles, etc	(220,000.00)	-	220,000.00
C293-18	1619 Q-Rooming House			
007.3	Shingles, Roof Tiles, etc	(74,000.00)	-	74,000.00
009.9	Finishes-Paint/Coatings	(21,000.00)	-	21,000.00
C232-23B	Bagel Time 1607 10th St			
019.6	Structural Rehabilitation	(30,000.00)	-	30,000.00
C888-88	General Major Construction			
001.6	Energy Reduction/Sustainability	(15,000.00)	-	15,000.00
002.7	Sitework-Pavement, Bases, etc	(20,000.00)	-	20,000.00
019.1	Contingency	(50,000.00)	-	50,000.00
019.2	Accessibility	(10,000.00)	-	10,000.00
019.3	Fire & Life Safety	(8,000.00)	-	8,000.00
019.4	Toxic Abatement	(20,000.00)	-	20,000.00
019.5	Commercial Tenant Improvements	(20,000.00)	(1,725.00)	18,275.00
	Total General Fund	(1,547,500.00)	(19,725.00)	1,527,775.00
36	Somerset Parkside			
C23	CIP - FY 22-23			
C330-00	1001-1035 Q, Somerset Parkside			
010.8	Bath, kitchen & Laundry	(67,000.00)	-	67,000.00
015.4	Plumbing	(100,000.00)	-	100,000.00
	Total Somerset Parkside	(167,000.00)	-	167,000.00
37	Biele Place			
C23	CIP - FY 22-23			
C231-19	1421 15th St, Biele Place			
003.9	Concrete-Restoration/Cleaning	(50,000.00)	-	50,000.00
	Total Biele Place	(50,000.00)	-	50,000.00

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38	17th Street Commons			
	C23	CIP - FY 22-23		
	C234-27	17th Street Commons		
	010.30	Stairways/Decking/Walkways	(72,759.00)	72,759.00
		Total 17th Street Commons	(72,759.00)	72,759.00
41	Fremont/Wilshire Apts			
	C23	CIP - FY 22-23		
	C286-00	Fremont/Wilshire Apt		
	006.3	Wood-Dry Rot	(31,000.00)	31,000.00
	008.5	Windows	(67,600.00)	67,600.00
	010.30	Stairways/Decking/Walkways	(25,000.00)	22,088.00
	010.8	Bath, kitchen & Laundry	(259,500.00)	259,500.00
		Total Fremont/Wilshire Apts	(383,100.00)	380,188.00
			(2,912.00)	
		Total General and Special Management Funds	(4,434,919.00)	3,880,545.00



Investment Report November 2022



John Colville, City Treasurer

Office of the City Treasurer - City of Sacramento

City of
SACRAMENTO
Office of the City Treasurer

Historic City Hall

915 I Street, 3rd Floor

Sacramento, CA 95814

916-808-5168

**Quarterly Investment
Committee Meeting**

Thursday, January 26, 2023

10:00AM-11:00AM

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INVESTMENT COMMITTEE MEETING

January 26, 2023
10:00 AM to 11:00 AM
City Treasurer's Office
915 I Street, HCH 3rd Floor
(916) 808-5168

Meeting called by: John Colville, City Treasurer
Stacy Hussey, Chief Investment Officer
Patrick Zalasky, Senior Investment Officer

Invitees: Emily A Combs (Department of Finance)
Susana Jackson (SHRA)
Tim Kerr (American River Flood Control District - ARFCD)
Noelle Mussen (CADA)
Kevin King (Reclamation District No. 1000)
Peter Coyl and Johnny Ea (Sacramento Public Library Authority- SPLA)
Kimberli S. Burns (The Natomas Basin Conservancy – TNBC)
Mike Testa, Daniel Santucci (Visit Sacramento)
City Treasurer's Office Staff

Please read: **October 27, 2022 Minutes of Meeting**

Agenda

Economic Commentary and Market Conditions	Patrick Zalasky
Monthly Yield Curve Analysis	Patrick Zalasky
Cash Flow Analysis	Patrick Zalasky
Pooled Funds Analysis - City Pool A and SHRA Investment Pool	Patrick Zalasky
Miscellaneous Topics	All

Additional Information

Special notes: If unable to attend, please feel free to call with any questions or comments.

This report has been reviewed and approved by:

John Colville
Digitally signed by John Colville
Date: 2022.12.14 09:33:48 -08'00'

City Treasurer

TO: Investment Committee Members
FROM: Patrick Zalasky
RE: **Minutes of Quarterly Investment Meeting held via Zoom on October 27, 2022**

Attendees Present: Stacy Hussey, Shirley Tupaz, Katy Nguyen, Osvaldo Lopez, Mirthala Santizo, Emily Combs, Johnny Ea, Peter Coyl, Noelle Mussen, John Colville, and Patrick Zalasky

This meeting was held via Zoom, as will all subsequent meetings until further notice.

1) Cash Positions/Liquidity

The projected Pool A cash flow is adequate to meet expected obligations over the next six and twelve-month periods. If all non-City Pool A participants withdraw funds, the analysis shows an approximate \$255 million in excess cash for the next 6-months and an approximate \$206 million for the next 12-month period. Hence, cash availability to all pool participants are adequately addressed for the coming six and twelve months.

In compliance with the City's Investment Policy, investment staff continues to maintain a great deal of liquidity to pay the City's bills, including payroll and debt service representing the bulk of the City's budget. Such liquidity is largely reflected in investments whose maturity dates match payroll and debt service liabilities due dates going 9 months into the future, plus the maintenance of substantial liquid reserves. The liability-matching strategy and liquid reserves provide a solid liquidity cushion to meet unexpected large expenditures and to provide the basis to make advantageous investments in longer term securities. As of the date of the investment committee meeting, the major payroll and debt service liabilities are funded with sufficient cash in pooled cash accounts, expected property and sales tax receipts, and cash generated by the maturity of specific investments through the end of June 2023.

2) Performance of the Pools

Investment staff updated the attendees on the performance of Pool A during the first quarter of fiscal year 2022/2023. The earned interest yield of Pool A for July, August, and September was 1.33%, 1.48% and 1.59%, respectively. All monthly Pool A yields exceed the 1.29% yield earned by the State Treasurer's Local Agency Investment Fund (LAIF) and rivaled the 1.90% yield earned by the Medium-Term Fund managed by the Investment Trust of California (CalTRUST).

Pool A performance compared favorably to the yields realized by the investment pools of various California Cities (See, Pool A -- Relative Performance), which reflects publicly available information as of October 25, 2022.

Pool A investments in cash and other short-term liquid issues dipped to 32% at the end of the quarter. This is below normal levels and is due to larger than normal outflows of cash, most notably for the City's lump sum annual payment to CalPERS in July (\$91 million) and large payments for debt service obligations made in August (~\$29 million). The summer and fall see much fewer inflows of cash for the Pool, as the largest deposits, attributable to property taxes, arrive between late December and May.

The Yield Curve maintained an inverted shape as interest rates rose across the curve in response to action from the Federal Reserve Board. The Fed increased The Federal Funds Rate by 0.75% during the quarter, with indications that they would hike rates by at least another 1.25% before the

end of 2022. To take advantage of the shape of the curve, investment staff is looking to add yield to Pool A by investing in quality issuers offering paper with maturities between 6-months and one year. Yields for one-year maturities were the peak of the curve, settling around 4.50% at the end of September. Five-year issues, conversely, were just under 4.25% and ten-year yields were just above 4.00% as the quarter came to a close.

Investment staff has been adapting to the movements of the yield curve by targeting investments with maturities falling mostly between 6-months and 3-years. Staff continues to base the structure of Pool A on effectively meeting the liquidity needs for the City and all other pool participants, while using high quality names to add yield to the pool when opportunities present themselves. Staff is always monitoring markets and news feeds to gather as much information as possible, primarily regarding the actions of The Federal Reserve Board and of Congress, whose policies and actions have the biggest impact on domestic fixed income markets. This awareness is used to meet all of the investment goals: Liquidity to meet the needs of all pool participants; Investment in highly rated issues that maintain a high level of safety; and, when available, healthy yields on issues that also meet one or both of the previous goals.

3) **Bond Market Report; Economic Considerations**

Inflation continued to impact all Americans, as the Consumer Price Index, which is the measure of the year-over-year change in prices for domestic goods, was 8.20% in September. The rate declined a bit from where it was at the beginning of the quarter, but still was as elevated as it has been since the early 1980s. Unemployment remained low, which empowered The Fed to aggressively raise rates with minimal worries about choking the economy too tightly. Heading into the November mid-term elections, Americans were mostly concerned about inflation and the overall state of the economy. Polls show that Americans trust Republicans more to handle the economy in a way that will help the country move forward on a more positive track. The current minority party in Washington, D.C. is also trusted more the deal with the surge in violent crime and border security, which are also at the top of the most important issues for voters. If these trends hold, power will switch hands in Congress, which could be a major positive for the economy. The gridlock brought on by different parties controlling the Legislative and Executive branches typically brings economic stability, as major legislation is very unlikely to be passed. Businesses, investors, and markets can act with some certainty over how the economy should behave over the next couple of years.

Consumers, who are the main drivers of the American economy, remain in a malaise as they continue to confront rising costs across the board, but particularly for energy and food. As winter approaches, costs are expected to stay elevated with there being no substantial plan to increase production of fossil fuels and not enough renewable energy capacity available to meet the demand of Americans keeping their homes warm.

The American economy did expand by 2.6% during the quarter, which came on the heels of two consecutive quarters of economic contraction. The expansion was mostly due to a large trade surplus, as exports far exceeded imports. Economists, therefore, were not overly enthusiastic over the increase in GDP, since the American economy is primarily driven by domestic consumption, which was down in comparison to previous quarters and was significantly less than pre-pandemic levels.

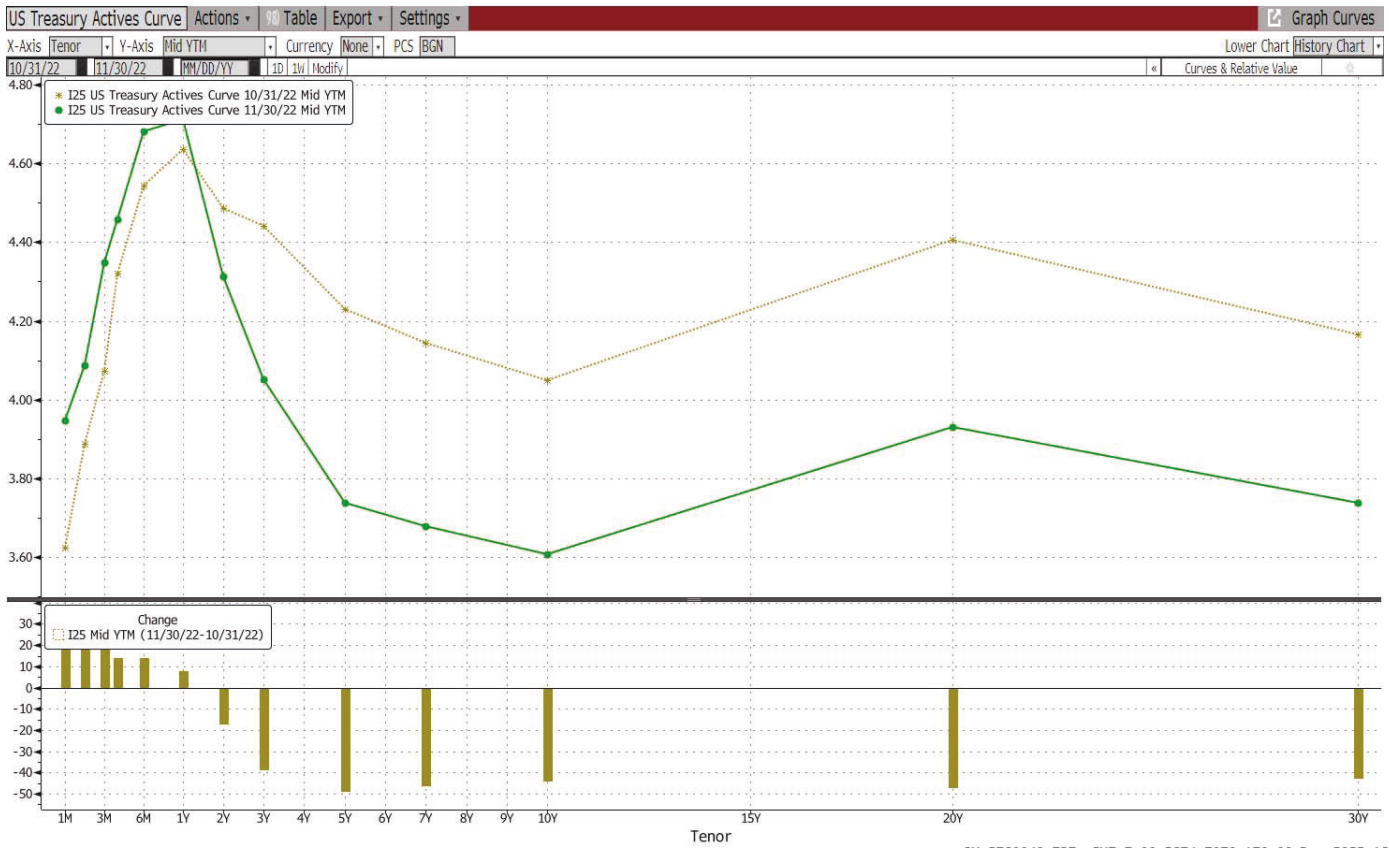
The trade surplus was achieved due mostly to the U.S.A. sending fuel and other supplies to Europe. Global economies, especially those in Europe, are still struggling mightily and the war in Ukraine

shows no signs of ending. It will be very difficult to coordinate land maneuvers during winter, so it appears that both sides will be digging in for the next few months with the intent of holding their ground and escalating fighting when the weather gets better in a few months. The prospect of most Europeans having to make it through the winter without their usual ability to heat their homes is becoming a harsh reality. Many countries (Germany and France among them) are trying to restart some of their own fossil fuel generation and are looking more to nuclear energy to solve their massive energy issues. That, along with help from the U.S.A. will hopefully be enough to avoid problems that could be catastrophic over the next few months.

Eastern economies, particularly in China, continue to show weakness, as well. The Chinese continue to shut down large populations for weeks at a time in their quest to completely eliminate Covid from their country. This constricts production that most of the world continues to be very dependent upon. Should the trend continue, proactive countries will take the initiative to find other means to get the goods that they need. Countries and/or regions could look to establish more domestic manufacturing, or increasingly look to the U.S.A. to help meet their needs. As always, American markets remain the strongest and most stable, even in times of global crisis. Foreign investors still see our markets as the best for their investments and our economy as the strongest and most reliable.

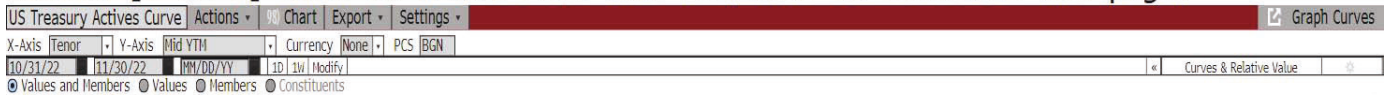
4) Other business: None

Next Meeting: The next quarterly meeting is scheduled for **Thursday, January 26, 2023, at 10:00 a.m.** via Zoom.



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125 Mid YTM US Treasury Actives Curve 11/30/22		125 Mid YTM US Treasury Actives Curve 10/31/22		125 Mid YTM (Change) 11/30/22-10/31/22				
Tenor	Description	Price	Yield	Description	Price	Yield	Price	Yield
11	1MB 0 12/27/22 Govt	3.883	3.947	B 0 11/29/22 Govt	3.564	3.623	0.319	32.4
12	2MB 0 01/24/23 Govt	4.006	4.086	B 0 12/27/22 Govt	3.813	3.889	0.194	19.8
13	3MB 0 03/02/23 Govt	4.244	4.349	B 0 01/26/23 Govt	3.980	4.074	0.264	27.5
14	4MB 0 03/28/23 Govt	4.334	4.457	B 0 02/28/23 Govt	4.201	4.320	0.133	13.7
15	6MB 0 06/01/23 Govt	4.511	4.681	B 0 04/27/23 Govt	4.385	4.544	0.126	13.7
16	1YB 0 11/30/23 Govt	4.489	4.712	B 0 10/05/23 Govt	4.429	4.636	0.060	7.6
17	2YT 4 1/2 11/30/24 Govt	100-11%	4.312	T 4 3/8 10/31/24 Govt	99-25%	4.485	0-18 1/8	-17.3
18	3YT 4 1/2 11/15/25 Govt	101-07%	4.051	T 4 1/4 10/15/25 Govt	99-15%	4.442	1-24+	-39.1
19	5YT 3 3/8 11/30/27 Govt	100-19%	3.738	T 4 1/8 10/31/27 Govt	99-17	4.230	1-02 3/4	-49.2
20	7YT 3 3/8 11/30/29 Govt	101-06%	3.680	T 4 10/31/29 Govt	99-04	4.145	2-02 1/2	-46.6
21	10YT 4 1/8 11/15/32 Govt	104-09+	3.607	T 2 3/4 08/15/32 Govt	89-18+	4.050	14-23	-44.3
22	20YT 4 11/15/42 Govt	100-30+	3.931	T 3 3/8 08/15/42 Govt	86-15	4.406	14-15+	-47.6
23	30YT 4 11/15/52 Govt	104-22 1/2	3.738	T 3 08/15/52 Govt	80-06 1/2	4.167	24-16	-42.8

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CITY OF SACRAMENTO - INVESTMENT POOL A
6-MONTH CASH FLOW ANALYSIS
December 1, 2022 - May 31, 2023

In millions

Cash Balances:	
CalTRUST	113.819
Fidelity Fund	19.301
Five Star Bank Community Fund	40.058
JP Morgan Chase	1.664
LAIF	7.300
Overnight Sweep	1.285
River City Bank Community Fund	25.033
Less: Required bank balance by policy	(0.500)
<i>Cash available at beginning of period:</i>	207.960
Projected net cash flow:	
December-22	80.740
January-23	77.834
February-23	(1.049)
March-23	11.757
April-23	59.022
May-23	80.663
<i>Net cash flow during period:</i>	308.967
<i>Cash in excess of policy: ₁</i>	516.927
Cash Balances of non-City and/or Pool A Participants:	
SCERS Cash:	
Fixed Bonds	(0.015)
Large Cap Growth	(0.088)
International	(0.007)
Equity Income	(0.016)
Retirement Trust Operating Fund	(8.938)
Ann Land/Bertha Henschel Endowment Fund	(0.006)
Ethel Hart Mutual Endowment Fund	(0.315)
George H. Clark Memorial Scholarship Fund	(0.015)
Capitol Area Development Authority (CADA)	(51.769)
American River Flood Control District (ARFCD)	(9.020)
The Natomas Basin Conservancy (TNBC)	(0.628)
Sacramento Public Library Authority (SPLA)	(38.017)
Reclamation District No. 1000	(2.206)
SPLA Hurst Trust	(0.123)
Gifts to Share	(0.690)
Visit Sacramento	(8.993)
Other Misc Non-City Funds (CARES Act, ARP, CalEPA, City/County Office-Water Planning, etc)	1.002
<i>Total cash balances of non-City and/or Pool A participants: ₂</i>	(119.844)
<i>Excess or (Shortfall) if all Pool A participants withdraw all funds within 6 months: ₃</i>	397.083

¹The City will be able to meet its cash flow needs for the next six months, with \$517 mm to cover on going expenditures

² Non-City and/or Pool A participants have \$120 mm invested in Pool A

³ If all non-City and/or Pool A participants withdraw the entire \$120 mm within the next twelve months, the City will have \$397 mm to cover on going expenditures

**CITY OF SACRAMENTO - INVESTMENT POOL A
12-MONTH CASH FLOW ANALYSIS
December 1, 2022 - November 30, 2023**

In millions

Cash Balances:	
CalTRUST	113.819
Fidelity Fund	19.301
Five Star Bank Community Fund	40.058
JP Morgan Chase	1.664
LAIF	7.300
Overnight Sweep	1.285
River City Bank Community Fund	25.033
Less: Required bank balance by policy	(0.500)
<i>Cash available at beginning of period:</i>	207.960
Projected net cash flow:	
December-22	80.740
January-23	77.834
February-23	(1.049)
March-23	11.757
April-23	59.022
May-23	80.663
June-23	(9.391)
July-23	(83.754)
August-23	(32.633)
September-23	(20.809)
October-23	(21.224)
November-23	(30.566)
<i>Net cash flow during period:</i>	110.589
<i>Cash in excess of policy: ₁</i>	318.549
Cash Balances of non-City and/or Pool A Participants:	
SCERS Cash:	
Fixed Bonds	(0.015)
Large Cap Growth	(0.088)
International	(0.007)
Equity Income	(0.016)
Retirement Trust Operating Fund	(8.938)
Ann Land/Bertha Henschel Endowment Fund	(0.006)
Ethel Hart Mutual Endowment Fund	(0.315)
George H. Clark Memorial Scholarship Fund	(0.015)
Capitol Area Development Authority (CADA)	(51.769)
American River Flood Control District (ARFCD)	(9.020)
The Natomas Basin Conservancy (TNBC)	(0.628)
Sacramento Public Library Authority (SPLA)	(38.017)
Reclamation District No. 1000	(2.206)
SPLA Hurst Trust	(0.123)
Gifts to Share	(0.690)
Visit Sacramento	(8.993)
Other Misc Non-City Funds (CARES Act, ARP, CalEPA, City/County Office-Water Planning, etc)	1.002
<i>Total cash balances of non-City and/or Pool A participants: ₂</i>	(119.844)
<i>Excess or (Shortfall) if all Pool A participants withdraw all funds within 12 months: ₃</i>	198.705

¹The City will be able to meet its cash flow needs for the next twelve months, with \$319 mm to cover on going expenditures

² Non-City and/or Pool A participants have \$120 mm invested in Pool A

³ If all non-City and/or Pool A participants withdraw the entire \$120 mm within the next twelve months, the City will have \$199 mm to cover on going expenditures

City of Sacramento
Investment
Pool A

CITY OF SACRAMENTO INVESTMENT POOL A

MONTHLY REVIEW – NOVEMBER 2022

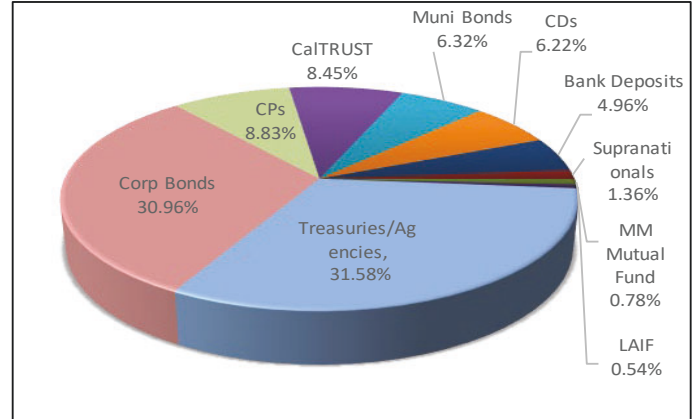
STRATEGY

The Fund is invested pursuant to the objectives and requirements set forth in the City’s investment policy. The three objectives of the investment policy, in order of priority, are (1) the preservation of capital by the investment in safe instruments, (2) the liquidity needs of the City and pool participants so such parties will have access to cash when they need it, and (3) the maximizing of current income while remaining consistent with the other more important objectives. The City’s investment policy incorporates applicable provisions of state law including, among other things, the prudent person standard and California Code Section 53601 pertaining to eligible investments.

PORTFOLIO STATISTICS

Beginning Market Value	1,375,080,835
Month's Yield or RoR	1.78%
Weighted Average Maturity (Yrs)	2.46
Weighted Average Duration (Yrs)	2.36
Ending Book Value	1,438,359,114
Ending Market Value	1,349,641,431
Percent of Market to Book Value	93.83%
Month's Investment Earnings	2,121,596
Fiscal YTD Investment Earnings	9,716,468

PORTFOLIO COMPOSITION



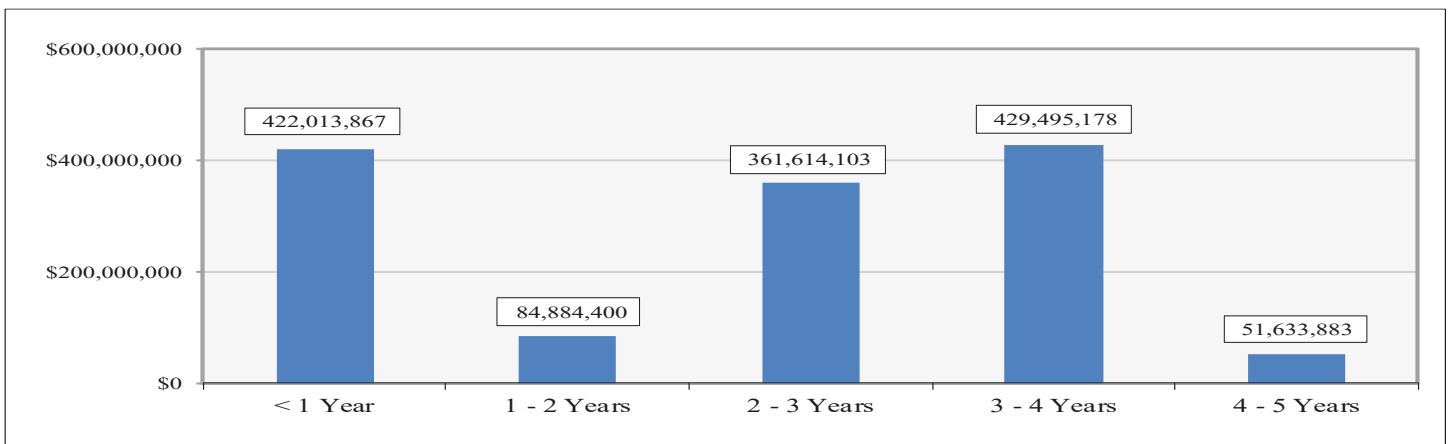
External Third-Party Investment Manager

CalTRUST	113,819,130
LAIF	7,300,000

Asset Type	Pct. Assets	YTM
Treasuries/Agencies	31.58%	1.15%
Corp Bonds	30.96%	1.77%
CPs	8.83%	3.39%
CalTRUST	8.45%	2.65%
Muni Bonds	6.32%	1.98%
CDs	6.22%	2.78%
Bank Deposits	4.96%	1.69%
Supranationals	1.36%	0.99%
MM Mutual Fund	0.78%	4.60%
LAIF	0.54%	2.01%

MATURITY SCHEDULE

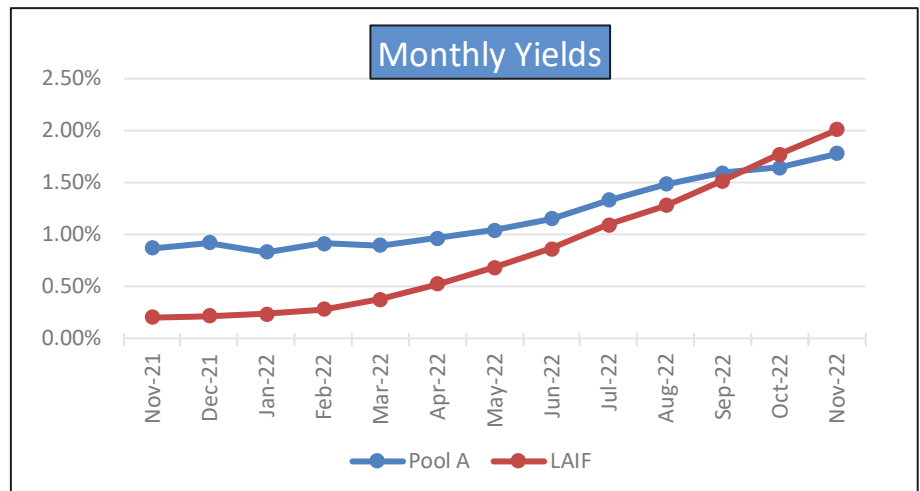
Maturity	Market Value	Pct. Holdings
< 1 Year	422,013,867	31.27%
1 - 2 Years	84,884,400	6.29%
2 - 3 Years	361,614,103	26.79%
3 - 4 Years	429,495,178	31.82%
4 - 5 Years	51,633,883	3.83%
Total	1,349,641,431	100.00%



INTEREST RATE ENVIRONMENT

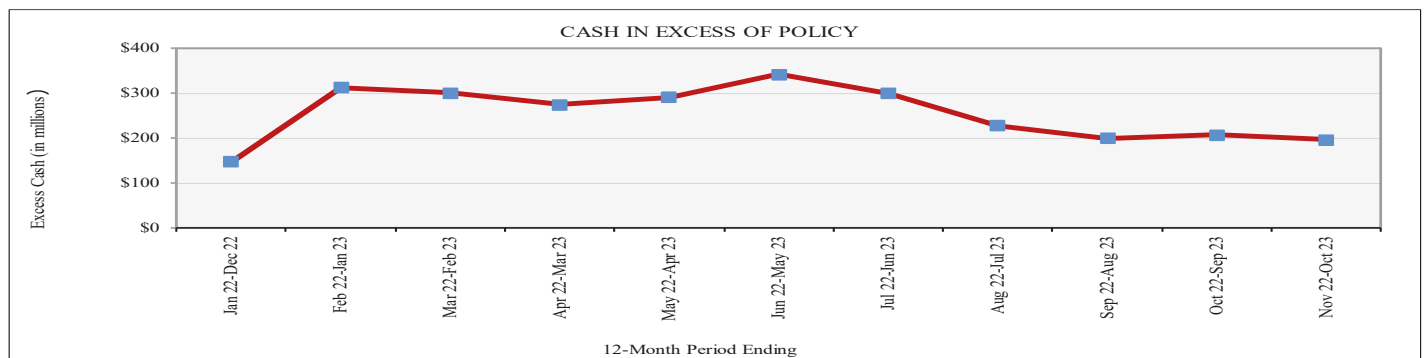
The American economy crept ever so slightly in the right direction during November. CPI (inflation) came in at 7.1%, which beat estimates, even though it is still hovering near levels last seen in the 1980s. The slight drop was driven mostly by energy prices, which are decreasing as the U.S. boosts domestic production of both oil and natural gas. The labor market was relatively unchanged as 268,000 jobs were added to the economy during the month, resulting in the unemployment rate holding steady at 3.7%. This data should encourage the Federal Reserve Board to stay the course with their current strategy and implement 0.50% boost in the Federal Funds Rate at their meeting in December. This will set the base rate at 4.50% as the country closes out 2022. Multiple smaller rate hikes are expected early in 2023, as it is believed that The Fed will take the rate to somewhere between 5.00% and 5.50% by the middle of next year, then analyze further data, assess the overall state of the economy, and determine whether a pivot in strategy would be prudent. Consumers are lacking optimism, as the University of Michigan Consumer Sentiment Index fell to 56.8, which tests the lows of the past 50 years. Although gas prices have dropped over the last 60 days, prices for food and other necessities remain at 40-year highs, putting a damper on the fiscal mindset of most Americans. One concern among economists is that the amount of credit Americans are using to do their holiday shopping is much higher than it has been in recent years. That could lead to protracted lethargy in the economy, as consumers strap themselves with robust interest payments in this environment of rising rates. The yield on 5-year treasuries actually declined in November, as markets acted on the glimmer of hope provided by the economic data. It began the month at 4.23% and steadily declined before ending November at 3.74%. The same was true for maturities between 7 and 30 years. Short-term rates, however, did not trend downward as quickly. The yield curve became more inverted, which is leading many analysts to fear a recession is inevitable at some point in the next 18-24 months. Market conditions will continue to be monitored closely by the investment team and strategy will be focused on maintaining a portfolio built with high level names that will remain stable no matter what global markets do over the next couple of years. It will continue to focus its bond buying around finding high quality issues that balance both duration and yield in the portfolio, thereby balancing risk and return as the markets react to the activities of The Fed, the adjustments to the markets caused by the policies adopted by the Federal government and its foreign peers, and the reactions of consumers to the news that comes out each day.

Monthly Yields		
Month	Pool A	LAIF
Nov-21	0.87%	0.20%
Dec-21	0.92%	0.21%
Jan-22	0.83%	0.23%
Feb-22	0.91%	0.28%
Mar-22	0.89%	0.37%
Apr-22	0.96%	0.52%
May-22	1.04%	0.68%
Jun-22	1.15%	0.86%
Jul-22	1.33%	1.09%
Aug-22	1.48%	1.28%
Sep-22	1.59%	1.51%
Oct-22	1.64%	1.77%
Nov-22	1.78%	2.01%
FYTD	1.56%	1.53%



CASH IN EXCESS OF POLICY (IN MILLIONS)

12 Months Cash Flow	Jan 22- Dec 22	Feb 22- Jan 23	Mar 22- Feb 23	Apr 22- Mar 23	May 22- Apr 23	Jun 22- May 23	Jul 22- Jun 23	Aug 22- Jul 23	Sep 22- Aug 23	Oct 22- Sep 23	Nov 22- Oct 23	Dec 22- Nov 23
Excess Cash	\$ 147	\$ 313	\$ 301	\$ 275	\$ 291	\$ 342	\$ 300	\$ 228	\$ 200	\$ 207	\$ 196	\$ 199



City of Sacramento
PORTFOLIO APPRAISAL
City Investment Pool A
 November 30, 2022

Quantity	Security Symbol	Security	Unit Cost	Total Cost	Price	Market Value	Accrued Interest	Market Value + Accrd. Int.	Pct. Assets	Unit Income	Annual Income	Cur. Yield	S & P	Bond Status	Call Put Date
CASH AND EQUIVALENTS															
	caltrust-bff	Caltrust BlackRock FedFund		10,792,477		10,792,477		10,792,477	0.80	2.830	305,427	2.83			
	caltrust-lf	Caltrust Liquidity Fund		12,792,749		12,792,749		12,792,749	0.95	3.660	468,215	3.66			
	caltrust-mt	Caltrust Medium-Term		57,490,806		57,490,806		57,490,806	4.27	2.300	1,322,289	2.30			
	caltrust-st	Caltrust Short-Term		32,743,098		32,743,098		32,743,098	2.43	2.800	916,807	2.80			
	fidfund	Fidelity Fund		19,301,037		19,301,037		19,301,037	1.43	3.060	590,612	3.06			
	fivestar	Five Star Bank Community Fund		40,057,775		40,057,775		40,057,775	2.98	1.780	713,028	1.78			
	cashjpm	JP Morgan Chase Cash		1,663,903		1,663,903		1,663,903	0.12	1.050	17,471	1.05			
	laifa	Local Agency Investment Fund, Pool A		7,300,000		7,300,000		7,300,000	0.54	2.010	146,730	2.01			
	miscintrec	Misc Interest Receivable		8,513		8,513		8,513	0.00	3.030	258	3.03			
	sweep	Overnight Sweep		1,284,659		1,284,659		1,284,659	0.10	3.530	45,348	3.53			
	payab	Payables (buy Trades)		-10,153,773		-10,153,773		-10,153,773	-0.75	3.060	-310,705	-3.06			
	rivercity	River City Bank Community Fund		25,032,651		25,032,651		25,032,651	1.86	1.600	400,522	1.60			
				198,313,893		198,313,893		198,313,893	14.73		4,616,001	2.33			
NON-NEGOTIABLE CERTIFICATES OF DEPOSIT															
30,000,000	3420042541902	Safe Credit Union CD 2.974% Due 06-24-25	100.00	30,000,000	100.00	30,000,000	73,332	30,073,332	2.23	2.974	892,200	2.99			
CERTIFICATES OF DEPOSIT															
5,000,000	63873qth7	Natixis NY 1.830% Due 12-13-22	100.00	5,000,000	99.92	4,996,211	57,442	5,053,653	0.37	1.830	91,500	1.83	A1		
10,000,000	53947cq92	Lloyds Bank Corp Mkts/NY 2.500% Due 02-07-23	100.00	10,000,000	99.60	9,960,061	132,639	10,092,700	0.74	2.500	250,000	2.50	A1		
10,000,000	2254912z7	Credit Suisse New York 0.540% Due 11-20-23	100.00	10,000,000	100.00	10,000,000	1,350	10,001,350	0.74	0.540	54,000	0.54	A1		
10,000,000	2254915r2	Credit Suisse New York 0.490% Due 12-04-23	100.00	10,000,000	100.00	10,000,000	49,272	10,049,272	0.74	0.490	49,000	0.49	A1		
5,000,000	90348j3m0	US Bank CD 3.000% Due 11-25-24	100.00	5,000,000	96.38	4,818,847	2,466	4,821,313	0.36	3.000	150,000	3.02	AA-		
6,000,000	90348jb66	US Bank CD 0.600% Due 01-27-26	100.00	6,000,000	87.46	5,247,825	395	5,248,219	0.39	0.600	36,000	0.60	AA-		01-27-23
5,000,000	05600xcf5	BMO Harris Bank 0.750% Due 02-26-26	100.00	5,000,000	87.72	4,386,199	9,966	4,396,165	0.33	0.750	37,500	0.75			02-26-23
5,000,000	90348jm72	UBS Bank CD 0.850% Due 06-16-26	100.00	5,000,000	86.93	4,346,466	1,747	4,348,212	0.32	0.850	42,500	0.85			12-16-22
				56,000,000		53,755,608	255,275	54,010,884	3.99		710,500	1.28			
COMMERCIAL PAPER															
10,000,000	22533umt7	Credit Agricole Corp 2.030% Due 12-27-22	98.71	9,871,433	99.71	9,970,862	0	9,970,862	0.74	2.030	203,000	2.09	A1		
5,000,000	4497w1mt0	ING (US) Funding LLC 2.670% Due 12-27-22	98.66	4,933,250	99.70	4,984,921	0	4,984,921	0.37	2.670	133,500	2.75	A1		
5,000,000	2254ebmu2	Credit Suisse NY 2.280% Due 12-28-22	98.59	4,929,700	99.68	4,983,958	0	4,983,958	0.37	2.280	114,000	2.35	A-2		
10,000,000	22533una7	Credit Agricole Corp 2.230% Due 01-10-23	98.53	9,852,572	99.54	9,953,693	0	9,953,693	0.74	2.230	223,000	2.30	A1		
10,000,000	05970unq7	Banco Santander SA 2.330% Due 01-24-23	98.38	9,838,194	99.34	9,934,458	0	9,934,458	0.74	2.330	233,000	2.41	A1		
10,000,000	83369cq72	Societe Generale 3.170% Due 03-07-23	97.78	9,778,100	98.79	9,878,696	0	9,878,696	0.73	3.170	317,000	3.27	A1		
5,000,000	4497w1q82	ING (US) Funding LLC 3.070% Due 03-08-23	97.86	4,892,976	98.72	4,936,205	0	4,936,205	0.37	3.070	153,500	3.17	A1		
10,000,000	63873kqm2	Natixis NY 3.300% Due 03-21-23	97.68	9,768,083	98.55	9,854,559	0	9,854,559	0.73	3.300	330,000	3.41	A1		

City of Sacramento
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Quantity	Security Symbol	Security	Unit Cost	Total Cost	Price	Market Value	Accrued Interest	Market Value + Accrd. Int.	Pct. Assets	Unit Income	Annual Income	Cur. Yield	S & P	Bond Status	Call Put Date
10,000,000	89119bqn9	Toronto Dominion Bank 3.420% Due 03-22-23	97.81	9,780,550	98.57	9,857,013	0	9,857,013	0.73	3.420	342,000	3.52	A1+		
5,000,000	62479mr47	MUFG Bank Ltd/NY 3.540% Due 04-04-23	97.73	4,886,425	98.33	4,916,337	0	4,916,337	0.37	3.540	177,000	3.66	A1		
5,000,000	63873kr41	Natixis NY 3.810% Due 04-04-23	97.84	4,892,050	98.34	4,917,240	0	4,917,240	0.37	3.810	190,500	3.93	A1		
10,000,000	22533urj4	Credit Agricole Corp 4.340% Due 04-18-23	97.67	9,766,693	98.18	9,817,871	0	9,817,871	0.73	4.340	434,000	4.32	A1		
5,000,000	02314qs26	Amazon.Com Inc 4.550% Due 05-02-23	97.61	4,880,562	97.99	4,899,254	0	4,899,254	0.36	4.550	227,500	4.71	A1+		
5,372,000	59157us27	Met Life 4.610% Due 05-02-23	98.05	5,267,437	97.89	5,258,827	0	5,258,827	0.39	4.610	247,649	4.73	A1+		
5,000,000	89119bs56	Toronto Dominion Bank 3.630% Due 05-05-23	97.28	4,863,875	97.90	4,894,852	0	4,894,852	0.36	3.630	181,500	3.76	A1+		
10,000,000	62479msg9	MUFG Bank Ltd/NY 4.930% Due 05-16-23	97.53	9,752,908	97.71	9,771,256	0	9,771,256	0.73	4.930	493,000	4.88	A1		
				117,954,811		118,830,003	0	118,830,003	8.83		4,000,149	3.39			
U.S. GOVERNMENT BONDS															
5,000,000	91282cbh3	U.S. Treasury Note 0.375% Due 01-31-26	98.83	4,941,406	89.17	4,458,398	6,267	4,464,665	0.33	0.375	18,750	0.62	AA+		
15,000,000	91282cbq3	U.S. Treasury Note 0.500% Due 02-28-26	98.75	14,812,891	89.29	13,392,773	19,061	13,411,834	1.00	0.500	75,000	0.75	AA+		
				19,754,297		17,851,172	25,328	17,876,500	1.33		93,750	0.72			
FEDERAL HOME LOAN BANK															
5,000,000	3130atln5	Federal Home Loan Bank 4.300% Due 07-27-23	100.00	5,000,000	99.87	4,993,660	20,306	5,013,966	0.37	4.300	215,000	4.31	AA+		01-27-23
5,000,000	3130ajla5	Federal Home Loan Bank 0.750% Due 05-19-25	100.00	5,000,000	91.17	4,558,564	1,250	4,559,814	0.34	0.750	37,500	0.75	AA+		12-06-22
5,000,000	3130asm97	Federal Home Loan Bank 4.000% Due 07-24-25	100.00	5,000,000	98.66	4,933,236	67,778	5,001,014	0.37	4.000	200,000	4.00	AA+		12-24-22
5,000,000	3130ak6h4	Federal Home Loan Bank 0.500% Due 09-22-25	99.90	4,995,000	89.23	4,461,583	4,792	4,466,375	0.33	0.500	25,000	0.52	AA+		12-06-22
5,000,000	3130akjw7	Federal Home Loan Bank 0.600% Due 12-15-25	100.00	5,000,000	89.20	4,460,019	13,833	4,473,852	0.33	0.600	30,000	0.60	AA+		12-06-22
5,000,000	3130akje7	Federal Home Loan Bank 0.560% Due 12-30-25	99.97	4,998,750	88.97	4,448,312	11,744	4,460,056	0.33	0.560	28,000	0.57	AA+		12-06-22
5,000,000	3130akn85	Federal Home Loan Bank 0.550% Due 01-20-26	99.80	4,990,000	88.77	4,438,332	10,007	4,448,338	0.33	0.550	27,500	0.59	AA+		01-20-23
10,000,000	3130akq74	Federal Home Loan Bank 0.625% Due 01-22-26	100.00	10,000,000	88.97	8,896,568	22,396	8,918,964	0.66	0.625	62,500	0.62	AA+		01-22-23
5,000,000	3130akng7	Federal Home Loan Bank 0.550% Due 01-28-26	100.00	5,000,000	88.70	4,435,003	9,396	4,444,399	0.33	0.550	27,500	0.55	AA+		01-28-23
5,000,000	3130akpc4	Federal Home Loan Bank 0.600% Due 01-28-26	100.00	5,000,000	88.84	4,442,227	10,250	4,452,477	0.33	0.600	30,000	0.60	AA+		01-28-23
5,000,000	3130akpq3	Federal Home Loan Bank 0.580% Due 01-28-26	100.00	5,000,000	88.79	4,439,342	9,908	4,449,251	0.33	0.580	29,000	0.58	AA+		01-28-23
5,000,000	3130akvr4	Federal Home Loan Bank 0.550% Due 02-12-26	100.00	5,000,000	88.60	4,429,958	8,326	4,438,285	0.33	0.550	27,500	0.55	AA+		02-12-23
5,000,000	3130al5x8	Federal Home Loan Bank 0.650% Due 02-24-26	100.00	5,000,000	88.78	4,438,970	8,757	4,447,727	0.33	0.650	32,500	0.65	AA+		02-24-23
5,000,000	3130al6j8	Federal Home Loan Bank 0.625% Due 02-24-26	100.00	5,000,000	88.71	4,435,283	8,420	4,443,703	0.33	0.625	31,250	0.62	AA+		02-24-23
5,000,000	3130al7m0	Federal Home Loan Bank 0.625% Due 02-24-26	100.00	5,000,000	88.71	4,435,283	8,420	4,443,703	0.33	0.625	31,250	0.62	AA+		02-24-23

City of Sacramento
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5,000,000	3130alae4	Federal Home Loan Bank 0.580% Due 02-25-26	100.00	5,000,000	88.57	4,428,375	7,733	4,436,109	0.33	0.580	29,000	0.58	AA+		02-25-23
5,000,000	3130algs7	Federal Home Loan Bank 0.850% Due 03-10-26	100.00	5,000,000	89.27	4,463,294	9,562	4,472,857	0.33	0.850	42,500	0.85	AA+		12-10-22
5,000,000	3130aleh3	Federal Home Loan Bank 0.700% Due 03-16-26	100.00	5,000,000	88.77	4,438,618	7,292	4,445,910	0.33	0.700	35,000	0.70	AA+		12-16-22
5,000,000	3130almv3	Federal Home Loan Bank 1.000% Due 03-30-26	100.00	5,000,000	89.57	4,478,582	8,472	4,487,055	0.33	1.000	50,000	1.00	AA+		12-30-22
5,000,000	3130alxp4	Federal Home Loan Bank 1.200% Due 04-28-26	100.00	5,000,000	89.98	4,498,955	5,500	4,504,455	0.33	1.200	60,000	1.20	AA+		01-28-23
5,000,000	3130am2f8	Federal Home Loan Bank 1.125% Due 04-29-26	100.00	5,000,000	89.74	4,487,197	5,000	4,492,197	0.33	1.125	56,250	1.12	AA+		01-29-23
5,000,000	3130amcl4	Federal Home Loan Bank 1.020% Due 05-19-26	100.00	5,000,000	89.05	4,452,320	1,700	4,454,020	0.33	1.020	51,000	1.02	AA+		02-19-23
1,750,000	3130amcb6	Federal Home Loan Bank 1.000% Due 05-22-26	100.00	1,750,000	89.20	1,561,071	437	1,561,508	0.12	1.000	17,500	1.00	AA+		02-22-23
5,000,000	3130amjc7	Federal Home Loan Bank 1.000% Due 05-26-26	100.00	5,000,000	89.18	4,459,001	694	4,459,695	0.33	1.000	50,000	1.00	AA+		02-26-23
5,000,000	3130amjn3	Federal Home Loan Bank 1.030% Due 05-26-26	100.00	5,000,000	89.39	4,469,562	715	4,470,277	0.33	1.030	51,500	1.03	AA+		02-26-23
3,000,000	3130ampt3	Federal Home Loan Bank 1.030% Due 06-23-26	100.00	3,000,000	89.08	2,672,397	13,562	2,685,959	0.20	1.030	30,900	1.03	AA+		12-23-22
5,000,000	3130anyn4	Federal Home Loan Bank 1.000% Due 09-30-26	100.00	5,000,000	88.32	4,416,157	8,472	4,424,630	0.33	1.000	50,000	1.00	AA+		12-30-22
5,000,000	3130aprp2	Federal Home Loan Bank 1.570% Due 11-23-26	100.00	5,000,000	89.93	4,496,694	1,744	4,498,438	0.33	1.570	78,500	1.57	AA+		12-23-22
5,000,000	3130ash44	Federal Home Loan Bank 4.700% Due 06-30-27	100.00	5,000,000	98.65	4,932,704	98,569	5,031,274	0.37	4.700	235,000	4.70	AA+		12-30-22
				144,733,750		130,501,270	385,038	130,886,308	9.70		1,671,650	1.19			
FEDERAL NATIONAL MORTGAGE ASSN. (FNMA)															
5,000,000	3136g4d75	Fannie Mae 0.600% Due 07-29-25	100.00	5,000,000	90.37	4,518,373	10,167	4,528,540	0.34	0.600	30,000	0.60	AA+		01-29-23
5,000,000	3136g4g23	Fannie Mae 0.600% Due 07-29-25	100.00	5,000,000	90.37	4,518,373	10,167	4,528,540	0.34	0.600	30,000	0.60	AA+		01-29-23
5,000,000	3136g4c76	Fannie Mae 0.700% Due 08-12-25	100.00	5,000,000	90.52	4,525,861	10,597	4,536,458	0.34	0.700	35,000	0.70	AA+		02-12-23
5,000,000	3136g4c43	Fannie Mae 0.650% Due 08-14-25	100.00	5,000,000	90.37	4,518,613	9,660	4,528,273	0.34	0.650	32,500	0.65	AA+		02-14-23
5,000,000	3136g4x40	Fannie Mae 0.600% Due 08-26-25	99.96	4,998,000	90.16	4,507,763	7,917	4,515,680	0.33	0.600	30,000	0.61	AA+		02-26-23
5,000,000	3135g06v0	Fannie Mae 4.125% Due 08-28-25	100.00	5,000,000	98.19	4,909,288	52,135	4,961,423	0.36	4.125	206,250	4.13	AA+		02-28-23
3,000,000	3136g43q4	Fannie Mae 0.600% Due 09-16-25	100.00	3,000,000	90.00	2,700,025	3,750	2,703,775	0.20	0.600	18,000	0.60	AA+		12-16-22
5,000,000	3135g06a6	Fannie Mae 0.580% Due 10-20-25	100.00	5,000,000	89.70	4,484,906	3,303	4,488,209	0.33	0.580	29,000	0.58	AA+		01-20-23
4,000,000	3136g45c3	Fannie Mae 0.540% Due 10-27-25	99.81	3,992,280	89.54	3,581,635	2,040	3,583,675	0.27	0.540	21,600	0.58	AA+		10-27-23
5,000,000	3136g45p4	Fannie Mae 0.550% Due 10-27-25	100.00	5,000,000	89.30	4,464,770	2,597	4,467,367	0.33	0.550	27,500	0.55	AA+		01-27-23
3,000,000	3136g46s7	Fannie Mae 0.560% Due 10-28-25	100.00	3,000,000	89.59	2,687,614	1,540	2,689,154	0.20	0.560	16,800	0.56	AA+		10-28-23
5,000,000	3136g45h2	Fannie Mae 0.500% Due 10-29-25	99.90	4,995,000	90.03	4,501,424	2,222	4,503,647	0.33	0.500	25,000	0.52	AA+		

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5,000,000	3135ga4v0	Fannie Mae 0.625% Due 11-25-25	100.00	5,000,000	89.56	4,477,945	521	4,478,466	0.33	0.625	31,250	0.62	AA+		02-25-23
5,000,000	3135g06n8	Fannie Mae 0.650% Due 12-17-25	100.00	5,000,000	89.46	4,472,899	14,806	4,487,705	0.33	0.650	32,500	0.65	AA+		12-17-22
5,000,000	3135g06r9	Fannie Mae 0.550% Due 01-28-26	100.00	5,000,000	88.84	4,441,932	9,396	4,451,328	0.33	0.550	27,500	0.55	AA+		01-28-23
				<u>69,985,280</u>		<u>63,311,421</u>	<u>140,817</u>	<u>63,452,237</u>	<u>4.70</u>		<u>592,900</u>	<u>0.87</u>			
FEDERAL HOME LOAN MORTGAGE CORP. (FHLMC)															
5,000,000	3134gxuw2	Freddie Mac 3.000% Due 06-14-24	100.00	5,000,000	97.78	4,889,227	69,583	4,958,811	0.36	3.000	150,000	3.00	AA+		12-14-22
5,000,000	3134gxmh4	Freddie Mac 2.050% Due 03-24-25	100.00	5,000,000	94.45	4,722,705	19,076	4,741,781	0.35	2.050	102,500	2.05	AA+		12-24-22
5,000,000	3134gxrs5	Freddie Mac 3.100% Due 04-29-25	100.00	5,000,000	97.24	4,861,839	13,778	4,875,617	0.36	3.100	155,000	3.10	AA+		01-29-23
3,000,000	3134gvr2	Freddie Mac 0.750% Due 05-27-25	100.00	3,000,000	91.11	2,733,275	250	2,733,525	0.20	0.750	22,500	0.75	AA+		02-27-23
5,000,000	3134gvb31	Freddie Mac 0.750% Due 05-28-25	99.76	4,987,900	91.35	4,567,639	312	4,567,952	0.34	0.750	37,500	0.80	AA+		02-28-23
5,000,000	3134gvz68	Freddie Mac 0.700% Due 06-23-25	99.95	4,997,500	90.78	4,539,180	15,361	4,554,542	0.34	0.700	35,000	0.71	AA+		12-23-22
3,000,000	3134gwkr6	Freddie Mac 0.625% Due 08-12-25	100.00	3,000,000	90.56	2,716,943	5,677	2,722,620	0.20	0.625	18,750	0.62	AA+		02-12-23
5,000,000	3134gwh82	Freddie Mac 0.625% Due 09-08-25	100.00	5,000,000	90.39	4,519,578	7,205	4,526,783	0.34	0.625	31,250	0.62	AA+		12-08-22
5,000,000	3134gwa55	Freddie Mac 0.650% Due 09-09-25	100.00	5,000,000	90.13	4,506,335	7,403	4,513,738	0.33	0.650	32,500	0.65	AA+		12-09-22
5,000,000	3134gwwt9	Freddie Mac 0.550% Due 09-30-25	100.00	5,000,000	90.01	4,500,498	4,660	4,505,157	0.33	0.550	27,500	0.55	AA+		12-30-22
5,000,000	3134gwy26	Freddie Mac 0.570% Due 10-08-25	100.00	5,000,000	90.00	4,500,171	4,196	4,504,367	0.33	0.570	28,500	0.57	AA+		01-08-23
5,000,000	3134gwys9	Freddie Mac 0.600% Due 10-15-25	100.00	5,000,000	89.08	4,454,148	3,833	4,457,982	0.33	0.600	30,000	0.60	AA+		01-15-23
10,000,000	3134gxbm5	Freddie Mac 0.600% Due 11-12-25	99.98	9,998,500	89.23	8,923,471	3,167	8,926,637	0.66	0.600	60,000	0.60	AA+		02-12-23
5,000,000	3134gxfv1	Freddie Mac 0.625% Due 12-17-25	100.00	5,000,000	89.39	4,469,412	14,236	4,483,648	0.33	0.625	31,250	0.62	AA+		12-17-22
5,000,000	3134gxlf9	Freddie Mac 0.550% Due 02-12-26	100.00	5,000,000	88.72	4,435,887	8,326	4,444,214	0.33	0.550	27,500	0.55	AA+		02-12-23
5,000,000	3134gx2x1	Freddie Mac 5.000% Due 09-30-27	100.00	5,000,000	99.66	4,982,987	42,361	5,025,348	0.37	5.000	250,000	5.00	AA+		12-30-22
				<u>80,983,900</u>		<u>74,323,297</u>	<u>219,425</u>	<u>74,542,722</u>	<u>5.52</u>		<u>1,039,750</u>	<u>1.33</u>			
FEDERAL AGRICULTURAL MORTGAGE CORP.															
Not Classified															
5,000,000	31422xux8	Farmer Mac 1.380% Due 07-28-23	100.00	5,000,000	97.85	4,892,553	17,825	4,910,378	0.36	1.380	69,000	1.38			
3,000,000	31422xbt8	Farmer Mac 0.700% Due 12-17-25	100.00	3,000,000	90.38	2,711,520	9,567	2,721,087	0.20	0.700	21,000	0.70			
3,000,000	31422xbn1	Farmer Mac 0.690% Due 02-25-26	100.00	3,000,000	89.03	2,670,981	5,520	2,676,501	0.20	0.690	20,700	0.69			02-25-23
5,000,000	31422xpe6	Farmer Mac 1.300% Due 11-23-26	100.00	5,000,000	89.18	4,459,044	1,444	4,460,489	0.33	1.300	65,000	1.30			02-23-23
				<u>16,000,000</u>		<u>14,734,099</u>	<u>34,356</u>	<u>14,768,455</u>	<u>1.09</u>		<u>175,700</u>	<u>1.11</u>			
				16,000,000		14,734,099	34,356	14,768,455	1.09		175,700	1.11			

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Quantity	Security Symbol	Security	Unit Cost	Total Cost	Price	Market Value	Accrued Interest	Market Value + Accrd. Int.	Pct. Assets	Unit Income	Annual Income	Cur. Yield	S & P	Bond Status	Call Put Date
FEDERAL FARM CREDIT BANK - FRMMT															
Not Classified															
5,000,000	3133enne6	Federal Farm Credit Bank 1.230% Due 02-09-24	100.00	5,000,000	95.71	4,785,378	19,133	4,804,511	0.36	1.230	61,500	1.23	AA+		12-06-22
5,000,000	3133elc28	Federal Farm Credit Bank 0.730% Due 05-27-25	100.00	5,000,000	91.38	4,568,914	406	4,569,320	0.34	0.730	36,500	0.73	AA+		12-06-22
5,000,000	3133el2s2	Federal Farm Credit Bank 0.670% Due 08-04-25	100.00	5,000,000	90.50	4,524,904	10,887	4,535,792	0.34	0.670	33,500	0.67	AA+		12-06-22
5,000,000	3133el4w1	Federal Farm Credit Bank 0.610% Due 08-25-25	99.92	4,996,250	90.19	4,509,398	8,133	4,517,532	0.34	0.610	30,500	0.63	AA+		12-06-22
5,000,000	3133embh4	Federal Farm Credit Bank 0.530% Due 09-29-25	100.00	5,000,000	89.60	4,479,875	4,564	4,484,439	0.33	0.530	26,500	0.53	AA+		12-06-22
5,000,000	3133enuz1	Federal Farm Credit Bank 3.090% Due 10-20-25	100.00	5,000,000	95.82	4,791,138	17,596	4,808,734	0.36	3.090	154,500	3.09	AA+		12-06-22
5,000,000	3133emd2z	Federal Farm Credit Bank 0.520% Due 10-21-25	99.76	4,987,950	89.53	4,476,529	2,889	4,479,418	0.33	0.520	26,000	0.57	AA+		12-06-22
5,000,000	3133emfr8	Federal Farm Credit Bank 0.540% Due 11-03-25	99.94	4,997,000	89.49	4,474,436	2,100	4,476,536	0.33	0.540	27,000	0.55	AA+		12-06-22
5,000,000	3133emqx3	Federal Farm Credit Bank 0.590% Due 02-17-26	100.00	5,000,000	88.79	4,439,701	8,522	4,448,223	0.33	0.590	29,500	0.59	AA+		12-06-22
5,000,000	3133emsk9	Federal Farm Credit Bank 0.840% Due 03-02-26	99.92	4,996,250	89.44	4,472,078	10,383	4,482,461	0.33	0.840	42,000	0.86	AA+		12-06-22
5,000,000	3133emsh6	Federal Farm Credit Bank 0.790% Due 03-03-26	100.00	5,000,000	89.29	4,464,344	9,656	4,473,999	0.33	0.790	39,500	0.79	AA+		12-06-22
5,000,000	3133emsu7	Federal Farm Credit Bank 0.800% Due 03-09-26	100.00	5,000,000	89.27	4,463,344	9,111	4,472,455	0.33	0.800	40,000	0.80	AA+		03-09-23
5,000,000	3133emuk6	Federal Farm Credit Bank 1.050% Due 03-25-26	100.00	5,000,000	89.90	4,494,934	9,625	4,504,559	0.33	1.050	52,500	1.05	AA+		12-06-22
5,000,000	3133emh21	Federal Farm Credit Bank 0.900% Due 06-15-26	100.00	5,000,000	88.87	4,443,672	20,750	4,464,422	0.33	0.900	45,000	0.90	AA+		12-06-22
5,000,000	3133emh54	Federal Farm Credit Bank 0.960% Due 06-15-26	100.00	5,000,000	89.06	4,453,194	22,133	4,475,327	0.33	0.960	48,000	0.96	AA+		12-06-22
3,000,000	3133eml67	Federal Farm Credit Bank 0.800% Due 06-22-26	100.00	3,000,000	88.50	2,655,125	10,600	2,665,725	0.20	0.800	24,000	0.80	AA+		06-22-23
3,000,000	3133enzf0	Federal Farm Credit Bank 4.400% Due 06-22-26	100.00	3,000,000	98.39	2,951,622	58,300	3,009,922	0.22	4.400	132,000	4.40	AA+		12-06-22
5,000,000	3133emq62	Federal Farm Credit Bank 0.990% Due 07-13-26	100.00	5,000,000	88.97	4,448,710	18,975	4,467,685	0.33	0.990	49,500	0.99	AA+		12-06-22
5,000,000	3133em4s8	Federal Farm Credit Bank 0.870% Due 09-08-26	99.82	4,991,250	88.20	4,409,793	10,029	4,419,822	0.33	0.870	43,500	0.91	AA+		12-06-22
5,000,000	3133em6e7	Federal Farm Credit Bank 0.940% Due 09-28-26	100.00	5,000,000	87.76	4,388,216	8,225	4,396,441	0.33	0.940	47,000	0.94	AA+		12-06-22
3,000,000	3133endc1	Federal Farm Credit Bank 1.330% Due 11-03-26	100.00	3,000,000	89.71	2,691,289	3,103	2,694,392	0.20	1.330	39,900	1.33	AA+		12-06-22
3,000,000	3133enjv3	Federal Farm Credit Bank 1.390% Due 12-29-26	100.00	3,000,000	89.27	2,678,148	17,607	2,695,755	0.20	1.390	41,700	1.39	AA+		12-29-22
5,000,000	3133envv9	Federal Farm Credit Bank 3.630% Due 05-03-27	100.00	5,000,000	95.69	4,784,749	14,117	4,798,866	0.36	3.630	181,500	3.63	AA+		12-06-22
				106,968,700			96,849,492	296,845	97,146,337	7.20	1,251,600		1.20		
				106,968,700			96,849,492	296,845	97,146,337	7.20	1,251,600		1.20		

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Quantity	Security Symbol	Security	Unit Cost	Total Cost	Price	Market Value	Accrued Interest	Market Value + Accrd. Int.	Pct. Assets	Unit Income	Annual Income	Cur. Yield	S & P	Bond Status	Call Put Date
MUNICIPAL BONDS															
Not Classified															
1,750,000.00	13032uva3	California Health Facs Fing Auth Revenue	100.00	1,750,000	98.58	1,725,167	17,237	1,742,405	0.13	1.970	34,475	1.97	AA-		
		1.970% Due 06-01-23													
1,000,000.00	13017hak2	California Earthquake Auth Rev	100.00	1,000,000	97.61	976,080	6,154	982,234	0.07	1.477	14,770	1.48			
		1.477% Due 07-01-23													
3,000,000.00	576004gv1	Massachusetts St Spl Oblig Rev	100.00	3,000,000	99.38	2,981,550	27,027	3,008,577	0.22	3.564	106,920	3.57			
		3.564% Due 07-15-23													
3,000,000.00	93974d5q7	Washington St	99.66	2,989,770	98.82	2,964,570	30,300	2,994,870	0.22	3.030	90,900	3.11	AA+		
		3.030% Due 08-01-23													
3,325,000.00	20772j3h3	Connecticut State	99.57	3,310,669	98.31	3,268,841	21,049	3,289,890	0.24	2.150	71,487	2.26	AA-		
		2.150% Due 08-15-23													
550,000.00	13077dkb7	California St Univ Rev	100.00	550,000	97.20	534,600	714	535,314	0.04	1.557	8,563	1.56	AA-		
		1.557% Due 11-01-23													
520,000.00	13080szk3	California Statewide Cmnty De	100.00	520,000	94.97	493,849	891	494,740	0.04	0.514	2,673	0.51	A+		
		0.514% Due 02-01-24													
2,970,000.00	92778vlnh9	Virginia College Bldg Auth Va	100.00	2,970,000	97.86	2,906,561	28,809	2,935,370	0.22	2.910	86,427	2.91	AA+		
		2.910% Due 02-01-24													
5,000,000.00	64985tay7	New York St Urban Dev Corp Sales Tax Rev	100.00	5,000,000	96.46	4,823,200	21,322	4,844,522	0.36	2.020	101,000	2.02			
		2.020% Due 03-15-24													
2,000,000.00	92812vb70	Virginia Housing Development Authority	100.00	2,000,000	96.09	1,921,740	6,353	1,928,093	0.14	1.906	38,120	1.91	AA+		
		1.906% Due 04-01-24													
250,000.00	91412hfl2	University Calif Revenue Bonds	100.00	250,000	94.44	236,107	93	236,200	0.02	0.833	2,082	0.83	AA		
		0.833% Due 05-15-24													
1,500,000.00	91412hjk0	University Calif Revenue Bonds	100.00	1,500,000	93.80	1,406,955	245	1,407,200	0.10	0.367	5,505	0.37	AA		
		0.367% Due 05-15-24													
2,500,000.00	13032uvb1	California Health Facs Fing Auth Revenue	100.00	2,500,000	95.97	2,399,250	25,250	2,424,500	0.18	2.020	50,500	2.02	AA-		
		2.020% Due 06-01-24													
750,000.00	13032uxl7	California Health Facs Fing Auth Revenue	100.00	750,000	94.16	706,200	2,820	709,020	0.05	0.752	5,640	0.75	AA-		
		0.752% Due 06-01-24													
5,000,000.00	13017han6	California Earthquake Auth Rev	99.98	4,998,900	99.67	4,983,600	36,620	5,020,220	0.37	5.493	274,650	5.51			
		5.493% Due 07-01-24													
1,000,000.00	365298y51	Garden Grove California Unified School District	100.00	1,000,000	95.46	954,610	6,553	961,163	0.07	1.966	19,660	1.97	AA-		
		1.966% Due 08-01-24													
850,000.00	13034al57	California Infrastructure & Ec	100.00	850,000	93.11	791,426	914	792,340	0.06	0.645	5,482	0.65	AAA		
		0.645% Due 10-01-24													
1,150,000.00	605581mz7	Mississippi St	100.00	1,150,000	93.34	1,073,433	541	1,073,974	0.08	0.565	6,497	0.57	AA		
		0.565% Due 11-01-24													
3,000,000.00	576004gy5	Massachusetts St Spl Oblig Rev	100.00	3,000,000	98.07	2,942,160	27,755	2,969,915	0.22	3.660	109,800	3.66			
		3.660% Due 01-15-25													
750,000.00	13080szl1	California Statewide Cmnty De	100.00	750,000	91.58	686,835	1,830	688,665	0.05	0.732	5,490	0.73	A+		
		0.732% Due 02-01-25													
1,250,000.00	64990fa95	New York St Dorm Auth St Pers	100.00	1,250,000	92.09	1,151,075	2,802	1,153,877	0.09	1.062	13,275	1.06	AA+		
		1.062% Due 03-15-25													
1,650,000.00	64990fd43	New York St Dorm Auth St Pers	100.00	1,650,000	91.71	1,513,231	3,090	1,516,321	0.11	0.887	14,635	0.89	AA+		
		0.887% Due 03-15-25													
1,000,000.00	68607v3j2	Oregon St Dept of Admin Svcs Lottery Rev	100.00	1,000,000	96.09	960,920	4,858	965,778	0.07	2.915	29,150	2.92	AAA		
		2.915% Due 04-01-25													

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3,000,000.00	92812vb88	Virginia Housing Development Authority 2.056% Due 04-01-25	100.00	3,000,000	94.18	2,825,280	10,280	2,835,560	0.21	2.056	61,680	2.06	AA+		
700,000.00	91412hfm0	University Calif Revenue Bonds 0.933% Due 05-15-25	100.00	700,000	91.15	638,057	290	638,347	0.05	0.933	6,531	0.93	AA		
3,500,000.00	91412hge7	University Calif Revenue Bonds 0.883% Due 05-15-25	100.88	3,530,660	91.36	3,197,635	1,374	3,199,009	0.24	0.883	30,905	0.70	AA		04-15-25
1,000,000.00	91412hj18	University Calif Revenue Bonds 0.670% Due 05-15-25	100.00	1,000,000	90.55	905,490	298	905,788	0.07	0.670	6,700	0.67	AA		
1,250,000.00	13032uxm5	California Health Facs Fing Auth Revenue 0.952% Due 06-01-25	100.00	1,250,000	91.02	1,137,812	5,950	1,143,762	0.08	0.952	11,900	0.95	AA-		
5,000,000.00	34153qud6	Florida State Board of Education Public Education 0.550% Due 06-01-25	99.68	4,984,150	90.64	4,531,900	13,750	4,545,650	0.34	0.550	27,500	0.62	AAA		
1,000,000.00	546417dq6	Louisiana State 0.840% Due 06-01-25	100.00	1,000,000	91.38	913,760	4,200	917,960	0.07	0.840	8,400	0.84	AA-		
500,000.00	546486bv2	Louisiana St Hwy Impt Rev 0.697% Due 06-15-25	100.00	500,000	89.82	449,095	1,607	450,702	0.03	0.697	3,485	0.70	AA		
5,000,000.00	341271ad6	Florida St Brd Admin Fin Corp 1.258% Due 07-01-25	101.66	5,083,250	91.20	4,560,250	26,208	4,586,458	0.34	1.258	62,900	0.90	AA		
4,000,000.00	91412gu94	University Calif Revs For Prev 3.063% Due 07-01-25	99.96	3,998,360	96.11	3,844,520	51,050	3,895,570	0.29	3.063	122,520	3.08	AA		04-01-25
940,000.00	13034al65	California Infrastructure & Ec 0.765% Due 10-01-25	100.00	940,000	89.85	844,618	1,198	845,817	0.06	0.765	7,191	0.77	AAA		
4,000,000.00	13077dq7	California St Univ Rev 0.862% Due 11-01-25	100.00	4,000,000	89.93	3,597,320	2,873	3,600,193	0.27	0.862	34,480	0.86	AA-		
1,865,000.00	880558nu1	Tennessee St Sch Bd Auth 0.627% Due 11-01-25	100.00	1,865,000	89.15	1,662,610	974	1,663,585	0.12	0.627	11,694	0.63	AA+		
5,000,000.00	64990fb29	New York St Dorm Auth St Pers 1.262% Due 03-15-26	100.00	5,000,000	89.62	4,481,100	13,321	4,494,421	0.33	1.262	63,100	1.26	AA+		
1,000,000.00	64990fd50	New York St Dorm Auth St Pers 1.187% Due 03-15-26	100.00	1,000,000	89.40	893,960	2,506	896,466	0.07	1.187	11,870	1.19	AA+		
1,000,000.00	68607v3k9	Oregon St Dept of Admin Svcs Lottery Rev 3.131% Due 04-01-26	100.00	1,000,000	95.01	950,070	5,218	955,288	0.07	3.131	31,310	3.13	AAA		
1,000,000.00	697511fu2	Palomar Calif Cmnty College Di 1.031% Due 08-01-26	100.00	1,000,000	87.63	876,310	3,437	879,747	0.07	1.031	10,310	1.03	AA		
3,000,000.00	79770gjc1	San Francisco Calif City & Cnt 1.861% Due 08-01-26	101.35	3,040,470	89.95	2,698,590	18,610	2,717,200	0.20	1.861	55,830	1.55	AA		
1,975,000.00	798306wq5	San Juan Calif Uni Sch Dist Sa 1.201% Due 08-01-26	96.06	1,897,224	87.92	1,736,400	7,907	1,744,307	0.13	1.201	23,720	2.13			
2,000,000.00	20772kqk8	Connecticut State 3.631% Due 06-15-27	99.57	1,991,480	95.50	1,909,940	32,074	1,942,014	0.14	3.631	72,620	3.73	AA-		
				90,519,934		85,056,680	476,354	85,533,034	6.32		1,762,349	1.98			
				90,519,934		85,056,680	476,354	85,533,034	6.32		1,762,349	1.98			
CORPORATE BONDS															
INDUSTRIALS															
4,245,000	88579ybh3	3M Company 2.000% Due 02-14-25	100.58	4,269,791	94.94	4,030,168	25,234	4,055,402	0.30	2.000	84,900	1.88	A+		01-14-25
2,567,000	438516cb0	Honeywell Intl Inc 1.350% Due 06-01-25	101.90	2,615,773	92.71	2,379,770	17,327	2,397,097	0.18	1.350	34,654	0.96	A		05-01-25

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10,000,000	24422evk2	John Deere Capital Corp 0.700% Due 01-15-26	99.06	9,905,536	89.08	8,908,196	26,444	8,934,641	0.66	0.700	70,000	0.90	A		
				16,791,100		15,318,134	69,006	15,387,140	1.14		189,554	1.16			
COMMUNICATION SERVICES															
3,000,000	254687fk7	Disney Walt Co 1.750% Due 08-30-24	99.11	2,973,300	95.01	2,850,307	13,562	2,863,870	0.21	1.750	52,500	1.95	BBB+		07-30-24
CONSUMER DISCRETIONARY															
5,000,000	023135aw6	Amazon Com Inc 2.400% Due 02-22-23	98.82	4,941,100	99.52	4,976,117	33,000	5,009,117	0.37	2.400	120,000	2.73	AA		01-22-23
2,000,000	46849ltk7	Jackson National Life Global 2.650% Due 06-21-24	104.11	2,082,240	95.47	1,909,303	23,556	1,932,858	0.14	2.650	53,000	1.60	A		
5,000,000	57629weg3	Massmutual Global Funding 2.950% Due 01-11-25	99.16	4,958,250	96.16	4,807,830	57,361	4,865,191	0.36	2.950	147,500	3.29	AA+		
5,000,000	384802ae4	WW Grainger Inc 1.850% Due 02-15-25	103.11	5,155,700	94.11	4,705,597	27,236	4,732,833	0.35	1.850	92,500	1.17	A+		01-15-25
2,500,000	141781bu7	Cargill Inc 3.500% Due 04-22-25	98.48	2,462,100	97.24	2,430,988	9,479	2,440,467	0.18	3.500	87,500	4.07	A		04-22-23
5,000,000	023135bq8	Amazon Com Inc 0.800% Due 06-03-25	101.16	5,057,900	91.80	4,589,844	19,778	4,609,622	0.34	0.800	40,000	0.53	AA		05-03-25
3,000,000	751212ac5	Ralph Lauren Corp 3.750% Due 09-15-25	99.68	2,990,280	97.72	2,931,468	23,750	2,955,218	0.22	3.750	112,500	3.86	A-		07-15-25
1,850,000	641062ar5	Nestle Holdings Inc 0.625% Due 01-15-26	99.41	1,839,122	88.63	1,639,603	4,368	1,643,971	0.12	0.625	11,562	0.75	AA-		12-15-25
5,000,000	141781bn3	Cargill Inc 0.750% Due 02-02-26	99.68	4,984,150	88.53	4,426,385	12,396	4,438,781	0.33	0.750	37,500	0.82	A		01-02-26
5,000,000	74460waa5	Public Storage 0.875% Due 02-15-26	100.27	5,013,300	88.46	4,422,792	12,882	4,435,674	0.33	0.875	43,750	0.82	A		01-15-26
5,000,000	023135bx3	Amazon Com Inc 1.000% Due 05-12-26	99.68	4,984,250	89.14	4,456,845	2,639	4,459,484	0.33	1.000	50,000	1.06	AA		04-12-26
5,000,000	571676aj4	Mars Inc 0.875% Due 07-16-26	97.32	4,865,950	87.60	4,380,060	16,406	4,396,466	0.33	0.875	43,750	1.49	A		06-16-26
4,500,000	74460dag4	Public Storage 1.500% Due 11-09-26	98.14	4,416,255	89.70	4,036,474	4,125	4,040,599	0.30	1.500	67,500	1.91	A		10-09-26
5,000,000	742718fv6	Procter & Gamble Co 1.900% Due 02-01-27	99.53	4,976,400	91.48	4,573,826	31,667	4,605,493	0.34	1.900	95,000	2.00	AA-		
2,000,000	742718fg9	Procter & Gamble Co 2.800% Due 03-25-27	97.94	1,958,740	94.24	1,884,728	10,267	1,894,995	0.14	2.800	56,000	3.26	AA-		
				60,685,737		56,171,860	288,909	56,460,769	4.17		1,058,062	1.86			
CONSUMER STAPLES															
3,000,000	427866at5	Hershey Co 2.625% Due 05-01-23	99.87	2,996,100	98.98	2,969,537	6,562	2,976,099	0.22	2.625	78,750	2.66	A		02-01-23
2,000,000	440452ag5	Hormel Foods Corp 0.650% Due 06-03-24	100.15	2,002,920	94.04	1,880,826	6,428	1,887,254	0.14	0.650	13,000	0.60	A		12-16-22
5,000,000	37331naj0	Georgia Pacific Corp 1.750% Due 09-30-25	104.38	5,219,150	91.50	4,575,174	14,826	4,590,000	0.34	1.750	87,500	0.82	A+		08-30-25
				10,218,170		9,425,537	27,817	9,453,354	0.70		179,250	1.36			
ENERGY															
5,000,000	637432ng6	National Rural Utils Coop Fin 3.250% Due 11-01-25	99.15	4,957,600	95.43	4,771,606	13,542	4,785,148	0.35	3.250	162,500	3.51	A-		08-01-25
4,000,000	63743hew8	National Rural Utils Coop Fin 1.000% Due 06-15-26	97.79	3,911,520	88.47	3,538,701	18,444	3,557,146	0.26	1.000	40,000	1.51	A-		05-15-26

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Quantity	Security Symbol	Security	Unit Cost	Total Cost	Price	Market Value	Accrued Interest	Market Value + Accrd. Int.	Pct. Assets	Unit Income	Annual Income	Cur. Yield	S & P	Bond Status	Call Put Date
5,000,000	291011bp8	Emerson Elec Co 0.875% Due 10-15-26	96.04	4,802,200	87.43	4,371,546	5,590	4,377,136	0.32	0.875	43,750	1.74	A		09-15-26
				13,671,320		12,681,853	37,576	12,719,430	0.94		246,250	2.35			
FINANCIAL															
7,000,000	63254abc1	National Australia Bk/NY 1.875% Due 12-13-22	100.83	7,058,250	99.93	6,994,760	61,250	7,056,010	0.52	1.875	131,250	1.57	AA-		
2,000,000	90331hp4	US Bank Assn Cincinnati Oh Mtn 1.950% Due 01-09-23	100.28	2,005,660	99.75	1,995,084	15,383	2,010,467	0.15	1.950	39,000	1.85	AA-		12-09-22
1,568,000	89788jab5	Truist Bank 1.250% Due 03-09-23	100.00	1,568,000	99.05	1,553,148	4,464	1,557,612	0.12	1.250	19,600	1.25	A		02-09-23
5,000,000	48133de71	JP Morgan Chase Financial Co LLC 2.500% Due 05-01-23	100.00	5,000,000	98.75	4,937,295	11,111	4,948,407	0.37	2.500	125,000	2.50	A-		01-29-23
5,000,000	17330psx8	Citigroup Global Markets 3.750% Due 07-20-23	100.00	5,000,000	98.42	4,921,211	5,729	4,926,940	0.37	3.750	187,500	3.78	A		
5,000,000	06747pml0	Barclays Bank Plc 3.000% Due 10-17-23	100.00	5,000,000	98.03	4,901,335	18,333	4,919,668	0.36	3.000	150,000	3.00	A		04-17-23
5,000,000	48133de55	JP Morgan Chase Financial Co LLC 3.125% Due 04-29-24	100.00	5,000,000	95.51	4,775,571	13,889	4,789,460	0.35	3.125	156,250	3.12	A-		04-29-23
5,000,000	05971kam1	Banco Santander S.A. 3.892% Due 05-24-24	99.67	4,983,600	97.98	4,898,789	3,784	4,902,573	0.36	3.892	194,600	4.07	A+		
5,000,000	06406ral1	Bank New York Mellon Corp 2.100% Due 10-24-24	101.18	5,059,100	95.27	4,763,513	10,792	4,774,305	0.35	2.100	105,000	1.84	A		
5,000,000	78015k7c2	Royal Bank of Canada 2.250% Due 11-01-24	102.36	5,118,100	95.22	4,761,124	9,375	4,770,499	0.35	2.250	112,500	1.70	A		
2,500,000	64952wdl4	New York Life Global 2.000% Due 01-22-25	100.73	2,518,225	94.09	2,352,349	17,917	2,370,266	0.17	2.000	50,000	1.85	AA+		
5,005,000	064159tf3	Bank Nova Scotia B C 2.200% Due 02-03-25	101.85	5,097,643	94.20	4,714,926	36,092	4,751,017	0.35	2.200	110,110	1.79	A-		
3,000,000	89236tgx7	Toyota Motor Credit Corp 3.000% Due 04-01-25	99.83	2,994,960	96.37	2,890,990	15,000	2,905,990	0.21	3.000	90,000	3.06	A+		
5,000,000	06747pkv0	Barclays Bank Plc 3.250% Due 04-08-25	100.00	5,000,000	93.28	4,664,173	23,924	4,688,097	0.35	3.250	162,500	3.25	A		04-08-23
4,000,000	06406ran7	Bank New York Mellon Corp 1.600% Due 04-24-25	102.41	4,096,520	92.85	3,714,082	6,578	3,720,659	0.28	1.600	64,000	1.10	A		03-24-25
5,000,000	17330fvu2	Citigroup Global Markets 4.050% Due 05-27-25	100.00	5,000,000	97.04	4,851,994	2,250	4,854,244	0.36	4.050	202,500	4.05	A		05-27-23
3,000,000	78015k7h1	Royal Bank of Canada 1.150% Due 06-10-25	100.27	3,008,130	91.60	2,748,012	16,387	2,764,400	0.20	1.150	34,500	1.09	A		
5,000,000	064159v17	Bank Nova Scotia B C 1.300% Due 06-11-25	100.96	5,048,100	91.42	4,570,861	30,694	4,601,555	0.34	1.300	65,000	1.10	A-		
3,000,000	48130uuq6	JP Morgan Chase Financial Co LLC 1.000% Due 06-23-25	100.00	3,000,000	90.33	2,709,923	13,167	2,723,089	0.20	1.000	30,000	1.00	A-		12-23-22
5,000,000	17330pfq7	Citigroup Global Markets 4.700% Due 07-21-25	100.00	5,000,000	97.70	4,885,200	84,861	4,970,061	0.36	4.700	235,000	4.70	A		07-21-23
5,000,000	00138can8	AIG Global Funding 0.900% Due 09-22-25	99.82	4,991,000	89.20	4,460,225	8,625	4,468,850	0.33	0.900	45,000	0.94	A+		
5,000,000	14913r2h9	Caterpillar Financial Services Corp 0.800% Due 11-13-25	100.27	5,013,700	89.93	4,496,643	2,000	4,498,643	0.33	0.800	40,000	0.74	A		
4,000,000	637639ae5	National Secs Clearing Corp 0.750% Due 12-07-25	100.34	4,013,460	88.69	3,547,428	14,500	3,561,928	0.26	0.750	30,000	0.68	AA+		11-07-25
5,000,000	48128gy53	JP Morgan Chase & Co 0.825% Due 12-22-25	100.00	5,000,000	86.87	4,343,595	18,219	4,361,814	0.32	0.825	41,250	0.82	A-		12-22-23

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5,000,000	064159f84	Bank Nova Scotia B C 0.800% Due 12-30-25	100.00	5,000,000	85.85	4,292,481	6,778	4,299,259	0.32	0.800	40,000	0.80	A-		12-30-22	
3,000,000	89114qcp1	Toronto Dominion Bank 0.750% Due 01-06-26	99.85	2,995,590	88.26	2,647,761	9,062	2,656,823	0.20	0.750	22,500	0.78	A			
5,000,000	78016ezm2	Royal Bank of Canada 0.875% Due 01-20-26	100.00	5,000,000	88.86	4,443,053	15,920	4,458,973	0.33	0.875	43,750	0.87	A			
3,000,000	22533ad53	Credit Agricole Cib Sa 0.900% Due 01-21-26	100.00	3,000,000	87.03	2,611,046	9,750	2,620,796	0.19	0.900	27,000	0.90	A+		01-21-23	
5,000,000	48128g2y5	JP Morgan Chase & Co 1.000% Due 02-26-26	100.00	5,000,000	87.31	4,365,580	13,194	4,378,775	0.32	1.000	50,000	1.00	A-		02-26-23	
5,000,000	0641593u8	Bank Nova Scotia B C 1.050% Due 03-02-26	99.40	4,970,000	88.61	4,430,748	12,979	4,443,727	0.33	1.050	52,500	1.18	A-			
5,000,000	14913r2k2	Caterpillar Financial Services Corp 0.900% Due 03-02-26	99.00	4,950,000	89.72	4,486,112	11,125	4,497,237	0.33	0.900	45,000	1.11	A			
5,000,000	78016ezq3	Royal Bank of Canada 1.200% Due 04-27-26	100.56	5,028,000	89.07	4,453,323	5,667	4,458,989	0.33	1.200	60,000	1.08	A			
5,000,000	48128g3g3	JP Morgan Chase & Co 1.200% Due 04-30-26	100.00	5,000,000	83.53	4,176,665	5,167	4,181,831	0.31	1.200	60,000	1.20	A-		04-30-23	
5,000,000	06048wv56	Bank of America Corporation 4.000% Due 05-05-26	100.00	5,000,000	95.41	4,770,582	14,444	4,785,027	0.35	4.000	200,000	4.00	A-		05-05-23	
5,000,000	808513br5	Charles Schwab Corp 1.150% Due 05-13-26	99.74	4,986,950	89.05	4,452,403	2,875	4,455,278	0.33	1.150	57,500	1.20	A		04-13-26	
5,000,000	40139lbd4	Guardian Life Global Funding 1.250% Due 05-13-26	99.98	4,999,050	88.45	4,422,312	3,125	4,425,437	0.33	1.250	62,500	1.25	AA+			
5,000,000	06048wl99	Bank of America Corporation 1.400% Due 05-14-26	100.00	5,000,000	84.78	4,238,804	3,306	4,242,110	0.31	1.400	70,000	1.40	A-		05-14-23	
5,000,000	06048wm31	Bank of America Corporation 1.250% Due 05-28-26	100.00	5,000,000	86.52	4,326,089	521	4,326,610	0.32	1.250	62,500	1.25	A-		05-28-23	
5,000,000	902674yh7	UBS Ag London Branch 1.250% Due 06-01-26	99.80	4,990,200	87.63	4,381,401	31,250	4,412,651	0.33	1.250	62,500	1.29	A+			
10,000,000	89114tzd7	Toronto Dominion Bank 1.200% Due 06-03-26	100.17	10,016,850	88.33	8,833,420	59,333	8,892,753	0.66	1.200	120,000	1.17	A			
5,000,000	89236tjk2	Toyota Motor Credit Corp 1.125% Due 06-18-26	99.80	4,990,050	88.89	4,444,521	25,469	4,469,989	0.33	1.125	56,250	1.17	A+			
5,000,000	06051gjd2	Bank of America Corp 1.319% Due 06-19-26	100.97	5,048,400	90.23	4,511,426	29,677	4,541,103	0.34	1.319	65,950	1.12	A-		06-19-25	
5,000,000	78016ezt7	Royal Bank of Canada 1.150% Due 07-14-26	99.97	4,998,550	87.86	4,393,115	21,882	4,414,997	0.33	1.150	57,500	1.16	A			
3,000,000	22550l2g5	Credit Suisse Ag New York 1.250% Due 08-07-26	97.69	2,930,670	79.27	2,378,168	11,875	2,390,043	0.18	1.250	37,500	1.77	A-			
3,000,000	06048wn63	Bank of America Corporation 1.150% Due 09-10-26	99.00	2,970,000	86.41	2,592,436	7,762	2,600,198	0.19	1.150	34,500	1.36	A-		03-10-23	
5,000,000	0641598k5	Bank Nova Scotia B C 1.300% Due 09-15-26	97.99	4,899,650	87.89	4,394,598	13,722	4,408,320	0.33	1.300	65,000	1.75	A-		06-15-26	
3,000,000	06368gc54	Bank Of Montreal 2.000% Due 12-22-26	100.00	3,000,000	87.94	2,638,187	26,500	2,664,687	0.20	2.000	60,000	2.00	A-		12-22-22	
5,000,000	59217ger6	Metropolitan Life Global Fdg I 1.875% Due 01-11-27	98.68	4,934,000	88.72	4,435,959	36,458	4,472,418	0.33	1.875	93,750	2.16	AA-			
5,000,000	06417xad3	Bank Nova Scotia B C 1.950% Due 02-02-27	98.46	4,923,100	89.08	4,454,085	32,229	4,486,315	0.33	1.950	97,500	2.28	A-			
5,500,000	808513by0	Schwab Charles Corp 2.450% Due 03-03-27	100.00	5,500,000	91.74	5,045,676	32,939	5,078,615	0.37	2.450	134,750	2.45	A		02-03-27	
				230,705,508			210,072,181	887,335	210,959,516	15.61			4,159,010	1.82		

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HEALTHCARE															
5,000,000	717081ex7	Pfizer Inc 0.800% Due 05-28-25	99.85	4,992,700	92.23	4,611,610	333	4,611,944	0.34	0.800	40,000	0.83	A+		04-28-25
5,000,000	532457bh0	Eli Lilly & Co 2.750% Due 06-01-25	98.97	4,948,400	95.93	4,796,541	68,750	4,865,291	0.36	2.750	137,500	3.10	A+		03-01-25
4,000,000	478160cn2	Johnson & Johnson 0.550% Due 09-01-25	99.75	3,989,960	90.89	3,635,434	5,500	3,640,934	0.27	0.550	22,000	0.61	AAA		08-01-25
5,000,000	58933yay1	Merck & Co. Inc 0.750% Due 02-24-26	99.75	4,987,750	89.54	4,476,840	10,104	4,486,944	0.33	0.750	37,500	0.80	A+		01-24-26
2,500,000	771196bk7	Roche Holdings Inc 2.625% Due 05-15-26	97.15	2,428,875	94.03	2,350,696	2,917	2,353,613	0.17	2.625	65,625	3.40	AA		02-15-26
5,000,000	91324pec2	Unitedhealth Group Inc 1.150% Due 05-15-26	100.00	5,000,000	90.00	4,500,018	2,556	4,502,573	0.33	1.150	57,500	1.15	A+		04-15-26
				<u>26,347,685</u>		<u>24,371,139</u>	<u>90,160</u>	<u>24,461,299</u>	<u>1.81</u>		<u>360,125</u>	<u>1.54</u>			
INFORMATION TECHNOLOGY															
5,000,000	037833dm9	Apple Inc 1.800% Due 09-11-24	99.50	4,975,150	95.58	4,778,866	20,000	4,798,866	0.36	1.800	90,000	1.91	AA+		08-11-24
4,000,000	882508bh6	Texas Instruments Inc 1.375% Due 03-12-25	101.15	4,046,080	93.40	3,736,075	12,069	3,748,145	0.28	1.375	55,000	1.13	A+		02-12-25
5,000,000	037833dt4	Apple Inc 1.125% Due 05-11-25	101.06	5,052,940	92.39	4,619,744	3,125	4,622,869	0.34	1.125	56,250	0.90	AA+		04-11-25
5,000,000	037833eb2	Apple Inc 0.700% Due 02-08-26	99.96	4,998,040	89.26	4,462,793	10,986	4,473,780	0.33	0.700	35,000	0.71	AA+		01-08-26
5,000,000	459200km2	IBM Corporation 2.200% Due 02-09-27	99.00	4,950,000	90.59	4,529,586	34,222	4,563,808	0.34	2.200	110,000	2.41	A-		01-09-27
				<u>24,022,210</u>		<u>22,127,065</u>	<u>80,403</u>	<u>22,207,468</u>	<u>1.64</u>		<u>346,250</u>	<u>1.43</u>			
TRANSPORTATION															
5,000,000	097023bq7	Boeing Co 1.875% Due 06-15-23	97.59	4,879,500	98.18	4,909,005	43,229	4,952,235	0.36	1.875	93,750	2.51	BBB-		04-15-23
4,000,000	911312bt2	United Parcel Service Inc 2.200% Due 09-01-24	100.93	4,037,080	96.00	3,840,152	22,000	3,862,152	0.29	2.200	88,000	2.00	A		08-01-24
5,000,000	12189lay7	Burlington Northn Santa Fe 3.650% Due 09-01-25	99.85	4,992,340	97.38	4,869,183	45,625	4,914,808	0.36	3.650	182,500	3.70	AA-		06-01-25
				<u>13,908,920</u>		<u>13,618,341</u>	<u>110,854</u>	<u>13,729,195</u>	<u>1.01</u>		<u>364,250</u>	<u>2.79</u>			
				399,323,949		366,636,417	1,605,622	368,242,039	27.24		6,955,252	1.80			
SUPRANATIONALS															
Not Classified															
5,000,000	459058ff5	International Bk Recon & Develop 1.750% Due 04-19-23	99.58	4,979,205	98.92	4,946,038	10,208	4,956,247	0.37	1.750	87,500	2.19	AAA		
5,000,000	459058je4	International Bk Recon & Develop 0.375% Due 07-28-25	99.37	4,968,615	90.02	4,501,096	6,406	4,507,503	0.33	0.375	18,750	0.51	AAA		
5,000,000	459058jl8	International Bk Recon & Develop 0.500% Due 10-28-25	99.89	4,994,350	89.38	4,468,854	2,292	4,471,146	0.33	0.500	25,000	0.52	AAA		
5,000,000	45905u5y6	International Bk Recon & Develop 0.600% Due 02-18-26	100.00	5,000,000	88.95	4,447,603	8,583	4,456,187	0.33	0.600	30,000	0.60	AAA		
				<u>19,942,170</u>		<u>18,363,592</u>	<u>27,490</u>	<u>18,391,082</u>	<u>1.36</u>		<u>161,250</u>	<u>0.99</u>			
				19,942,170		18,363,592	27,490	18,391,082	1.36		161,250	0.99			
VARIABLE RATE SECURITIES															
Not Classified															
5,000,000	89114qld8	Toronto Dominion Bank 4.000% Due 02-15-23	100.00	5,000,000	99.80	4,990,072	8,889	4,998,960	0.37	4.000	200,000	1.87	AA-		

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3,000,000	06746xan3	Barclays Bank Plc 3.759% Due 05-24-23	100.00	3,000,000	97.89	2,936,561	2,193	2,938,754	0.22	3.759	112,770	2.69	A		
3,000,000	06367wl84	Bank of Montreal 3.878% Due 06-02-23	100.00	3,000,000	99.22	2,976,690	28,439	3,005,129	0.22	3.878	116,340	2.09			
3,000,000	06746xfe8	Barclays Bank Plc 3.948% Due 06-29-23	100.00	3,000,000	98.95	2,968,594	20,398	2,988,992	0.22	3.948	118,440	2.94	A		
3,000,000	06368ec59	Bank of Montreal 0.450% Due 12-29-23	99.55	2,986,500	94.63	2,838,988	2,325	2,841,313	0.21	0.450	13,500	0.56			12-29-22
5,000,000	78014rch1	Royal Bank of Canada 2.000% Due 02-27-25	100.00	5,000,000	94.12	4,705,948	26,111	4,732,059	0.35	2.000	100,000	2.05	A		02-27-23
5,000,000	3134qxqr8	Freddie Mac 2.750% Due 04-28-25	100.00	5,000,000	97.37	4,868,506	12,604	4,881,110	0.36	2.750	137,500	3.43	AA+		01-28-23
5,000,000	3130akln4	Federal Home Loan Bank 0.350% Due 10-14-25	100.00	5,000,000	90.36	4,517,933	6,660	4,524,592	0.34	0.350	17,500	0.67	AA+		01-14-23
2,708,000	06048wk25	Bank of America Corp 0.750% Due 10-30-25	99.95	2,706,646	85.47	2,314,423	1,749	2,316,172	0.17	0.750	20,310	0.86	A-		01-30-23
5,000,000	06048wk41	Bank of America Corp 0.850% Due 11-25-25	99.85	4,992,500	87.80	4,389,803	708	4,390,511	0.33	0.850	42,500	0.83	A-		02-25-23
5,000,000	06048wk66	Bank of America Corp 0.650% Due 12-23-25	100.00	5,000,000	85.83	4,291,620	6,139	4,297,759	0.32	0.650	32,500	0.80	A-		12-23-22
5,000,000	06048wk82	Bank of America Corp 0.600% Due 01-26-26	99.42	4,971,250	86.62	4,330,762	2,917	4,333,678	0.32	0.600	30,000	0.86	A-		01-26-23
5,000,000	3130aktt3	Federal Home Loan Bank 0.400% Due 01-29-26	100.00	5,000,000	89.19	4,459,341	6,778	4,466,119	0.33	0.400	20,000	0.59	AA+		01-29-23
5,000,000	3130aljk1	Federal Home Loan Bank 1.000% Due 03-23-26	100.00	5,000,000	90.47	4,523,479	9,444	4,532,923	0.34	1.000	50,000	0.89	AA+		
5,000,000	3130amej7	Federal Home Loan Bank 1.125% Due 05-26-26	100.00	5,000,000	90.46	4,523,171	781	4,523,952	0.34	1.125	56,250	1.00	AA+		
5,000,000	3130anxc9	Federal Home Loan Bank 0.650% Due 09-29-26	100.00	5,000,000	89.01	4,450,272	5,597	4,455,870	0.33	0.650	32,500	1.14	AA+		12-29-22
5,000,000	459058kb8	International Bk Recon & Develop 0.700% Due 11-06-26	99.95	4,997,450	91.15	4,557,567	2,431	4,559,998	0.34	0.700	35,000	1.63	AAA		11-06-23
5,000,000	46647pb2	JP Morgan Chase Bank Na 1.045% Due 11-19-26	95.03	4,751,600	88.21	4,410,678	1,742	4,412,420	0.33	1.045	52,250	2.10	A-		11-19-25
5,000,000	46647pbw5	JP Morgan Chase Bank Na 1.040% Due 02-04-27	95.40	4,769,800	87.15	4,357,396	16,900	4,374,296	0.32	1.040	52,000	1.94	A-		02-04-26
				84,175,746		77,411,803	162,804	77,574,607	5.75		1,239,360	1.52			
				84,175,746		77,411,803	162,804	77,574,607	5.75		1,239,360	1.52			
TOTAL PORTFOLIO				1,434,656,429		1,345,938,747	3,702,685	1,349,641,431	100.00		25,162,412	1.82			

City of Sacramento
PURCHASE AND SALE
City Investment Pool A
From 11-01-22 To 11-30-22

Trade Date	Settle Date	Sec Type Code	Security Symbol	Cusip	Quantity	Security	S & P	Unit Price	Amount
PURCHASES									
11-08-22	11-09-22	cpus	62479msg9	62479MSG9	5,000,000	MUFG Bank Ltd/NY 4.930% Due 05-16-23	A1	97	4,866,572
11-29-22	12-01-22	cpus	59157us27	59157US27	5,372,000	Met Life 4.610% Due 05-02-23	A1+	98	5,267,437
11-30-22	12-01-22	cpus	62479msg9	62479MSG9	5,000,000	MUFG Bank Ltd/NY 4.930% Due 05-16-23	A1	98	4,886,336
									15,020,345
SALES									
11-01-22	11-01-22	cpus	21687bl17	21687BL17	10,000,000	Cooperatieve Rabobank NY 1.110% Due 11-01-22	A1	99	9,925,383
11-01-22	11-01-22	mbus	13077dhk1	13077DHK1	685,000.00	California St Univ Rev 2.020% Due 11-01-22	AA-	100	685,000
11-15-22	11-15-22	cbus	064159sh0	064159SH0	2,814,000	Bank Nova Scotia B C 2.000% Due 11-15-22	A-	100	2,814,000
11-15-22	11-15-22	cpus	05970ulf3	05970ULF3	10,000,000	Banco Santander SA 1.270% Due 11-15-22	A1	99	9,911,453
11-21-22	11-21-22	cbus	05253jaw1	05253JAW1	5,000,000	Australia & New Zeala Bkg Grp NY 2.050% Due 11-21-22	AA-	100	5,000,000
11-25-22	11-25-22	flus	3130atj73	3130ATJ73	5,000,000	Federal Home Loan Bank 6.000% Due 10-25-27	AA+	100	5,000,000
11-28-22	11-28-22	cpus	05970ulu0	05970ULU0	10,000,000	Banco Santander SA 1.860% Due 11-28-22	A1	99	9,885,817
11-28-22	11-28-22	cpus	45685rlu9	45685RLU9	10,000,000	Ing US Funding LLC 1.690% Due 11-28-22	A1	99	9,885,456
11-29-22	11-29-22	cbus	023135aj5	023135AJ5	5,000,000	Amazon Com Inc 2.500% Due 11-29-22	AA	100	5,000,000
									58,107,108

**Capitol Area
Development
Authority**

CAPITOL AREA DEVELOPMENT AUTHORITY

MONTHLY REVIEW – NOVEMBER 2022

STRATEGY

The CADA funds are invested in the City of Sacramento’s Pool A investment fund. The Fund is invested pursuant to the objectives and requirements set forth in the City’s investment policy. The three objectives of the investment policy, in order of priority, are (1) the preservation of capital by the investment in safe instruments, (2) the liquidity needs of the City and pool participants so such parties will have access to cash when they need it, and (3) the maximizing of current income while remaining consistent with the other more important objectives. The City’s investment policy incorporates applicable provisions of state law including, among other things, the prudent person standard and California Code Section 53601 pertaining to eligible investments.

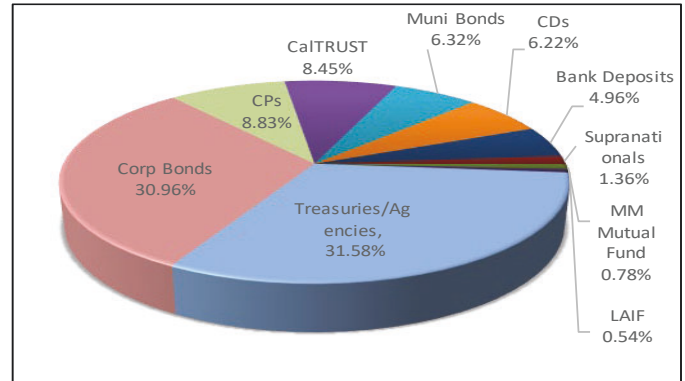
PORTFOLIO STATISTICS

Beginning Balance	21,085,438
Contributions	0
Withdrawals	0
Interest Earned	30,787
Ending Balance	21,116,225

PERFORMANCE COMPARISON

City Pool A	1.78%
LAIF	2.01%
90 Day T-Bill	4.18%
Federal Funds	3.72%

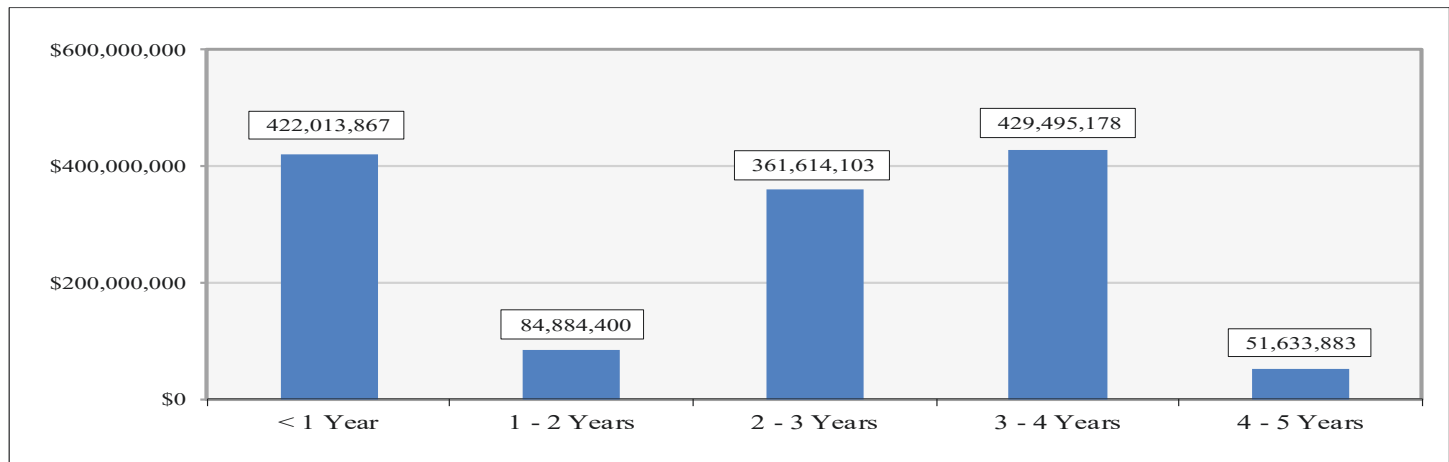
CITY POOL A PORTFOLIO COMPOSITION



Asset Type	Pct. Assets	YTM
Treasuries/Agencies	31.58%	1.15%
Corp Bonds	30.96%	1.77%
CPs	8.83%	3.39%
CalTRUST	8.45%	2.65%
Muni Bonds	6.32%	1.98%
CDs	6.22%	2.78%
Bank Deposits	4.96%	1.69%
Supranationals	1.36%	0.99%
MM Mutual Fund	0.78%	4.60%
LAIF	0.54%	2.01%

CITY POOL A MATURITY SCHEDULE

Maturity	Market Value	Pct. Holdings
< 1 Year	422,013,867	31.27%
1 - 2 Years	84,884,400	6.29%
2 - 3 Years	361,614,103	26.79%
3 - 4 Years	429,495,178	31.82%
4 - 5 Years	51,633,883	3.83%
Total	1,349,641,431	100.00%



City of Sacramento
 CASH LEDGER
Capitol Area Development Authority - Banking
From 11-01-22 To 11-30-22

All Cash Accounts

Trade Date	Settle Date	Tran Code	Quantity	Security	Amount	Cash Balance
Pool A Interest Receivable						
11-01-22				Beginning Balance		106,932.75
11-30-22	11-30-22	in		Pool A Cash	30,787.44	137,720.19
				Nov 2022 estimated Pool A interest		
					30,787.44	
11-30-22				Ending Balance		137,720.19
Pool A Cash						
11-01-22				Beginning Balance		20,978,505.65
11-30-22				Ending Balance		20,978,505.65

CAPITOL AREA DEVELOPMENT AUTHORITY – TAX EXEMPT

MONTHLY REVIEW – NOVEMBER 2022

STRATEGY

The CADA funds are invested in the City of Sacramento’s Pool A investment fund. The Fund is invested pursuant to the objectives and requirements set forth in the City’s investment policy. The three objectives of the investment policy, in order of priority, are (1) the preservation of capital by the investment in safe instruments, (2) the liquidity needs of the City and pool participants so such parties will have access to cash when they need it, and (3) the maximizing of current income while remaining consistent with the other more important objectives. The City’s investment policy incorporates applicable provisions of state law including, among other things, the prudent person standard and California Code Section 53601 pertaining to eligible investments.

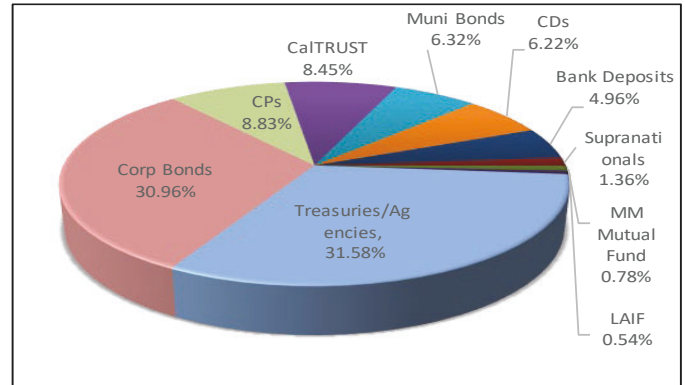
PORTFOLIO STATISTICS

Beginning Balance	39,706
Contributions	0
Withdrawals	0
Interest Earned	58
Ending Balance	39,764

PERFORMANCE COMPARISON

City Pool A	1.78%
LAIF	2.01%
90 Day T-Bill	4.18%
Federal Funds	3.72%

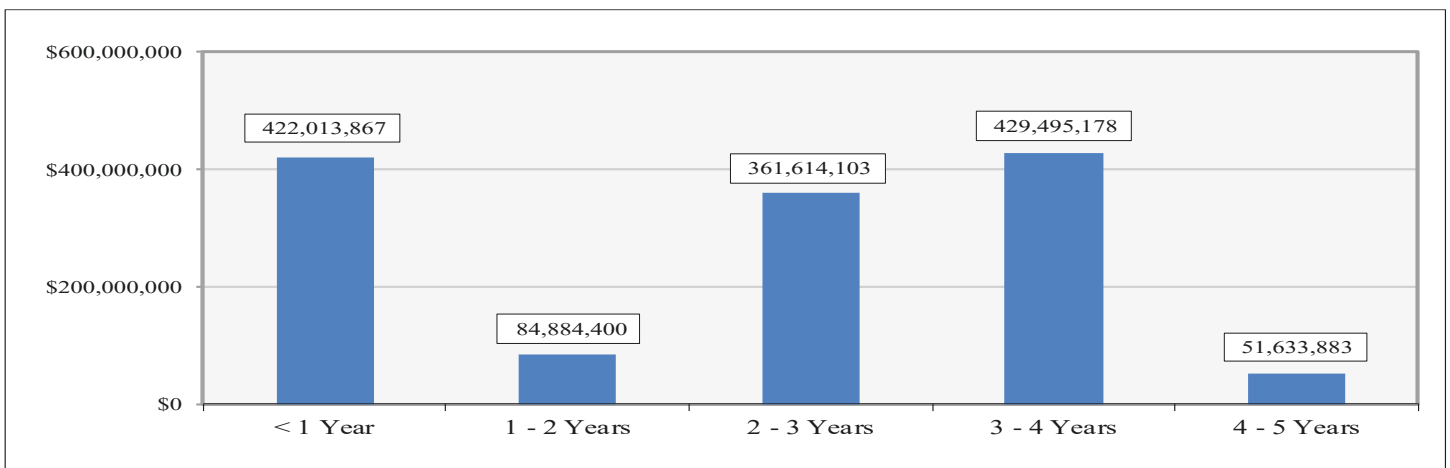
CITY POOL A PORTFOLIO COMPOSITION



Asset Type	Pct. Assets	YTM
Treasuries/Agencies	31.58%	1.15%
Corp Bonds	30.96%	1.77%
CPs	8.83%	3.39%
CalTRUST	8.45%	2.65%
Muni Bonds	6.32%	1.98%
CDs	6.22%	2.78%
Bank Deposits	4.96%	1.69%
Supranationals	1.36%	0.99%
MM Mutual Fund	0.78%	4.60%
LAIF	0.54%	2.01%

CITY POOL A MATURITY SCHEDULE

Maturity	Market Value	Pct. Holdings
< 1 Year	422,013,867	31.27%
1 - 2 Years	84,884,400	6.29%
2 - 3 Years	361,614,103	26.79%
3 - 4 Years	429,495,178	31.82%
4 - 5 Years	51,633,883	3.83%
Total	1,349,641,431	100.00%



City of Sacramento
 CASH LEDGER
Capitol Area Development Authority - Tax Exempt
 From 11-01-22 To 11-30-22

All Cash Accounts

Trade Date	Settle Date	Tran Code	Quantity	Security	Amount	Cash Balance
Pool A Interest Receivable						
11-01-22				Beginning Balance		201.36
11-30-22	11-30-22	in		Pool A Cash	57.98	259.34
				Nov 2022 estimated Pool A interest		
					57.98	
11-30-22				Ending Balance		259.34
Pool A Cash						
11-01-22				Beginning Balance		39,504.39
11-30-22				Ending Balance		39,504.39

CAPITOL AREA DEVELOPMENT AUTHORITY – TAXABLE

MONTHLY REVIEW – NOVEMBER 2022

STRATEGY

The CADA funds are invested in the City of Sacramento’s Pool A investment fund. The Fund is invested pursuant to the objectives and requirements set forth in the City’s investment policy. The three objectives of the investment policy, in order of priority, are (1) the preservation of capital by the investment in safe instruments, (2) the liquidity needs of the City and pool participants so such parties will have access to cash when they need it, and (3) the maximizing of current income while remaining consistent with the other more important objectives. The City’s investment policy incorporates applicable provisions of state law including, among other things, the prudent person standard and California Code Section 53601 pertaining to eligible investments.

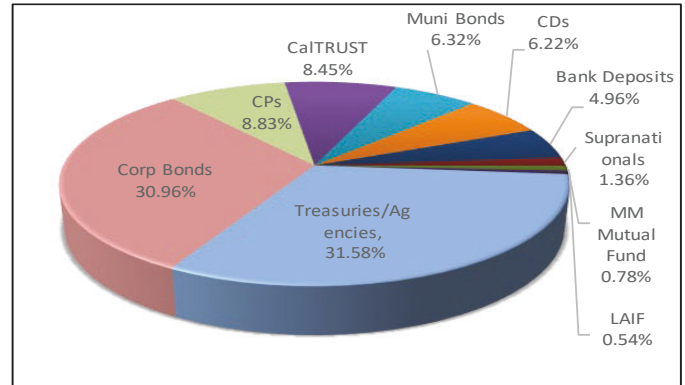
PORTFOLIO STATISTICS

Beginning Balance	270,683
Contributions	0
Withdrawals	0
Interest Earned	395
Ending Balance	271,078

PERFORMANCE COMPARISON

City Pool A	1.78%
LAIF	2.01%
90 Day T-Bill	4.18%
Federal Funds	3.72%

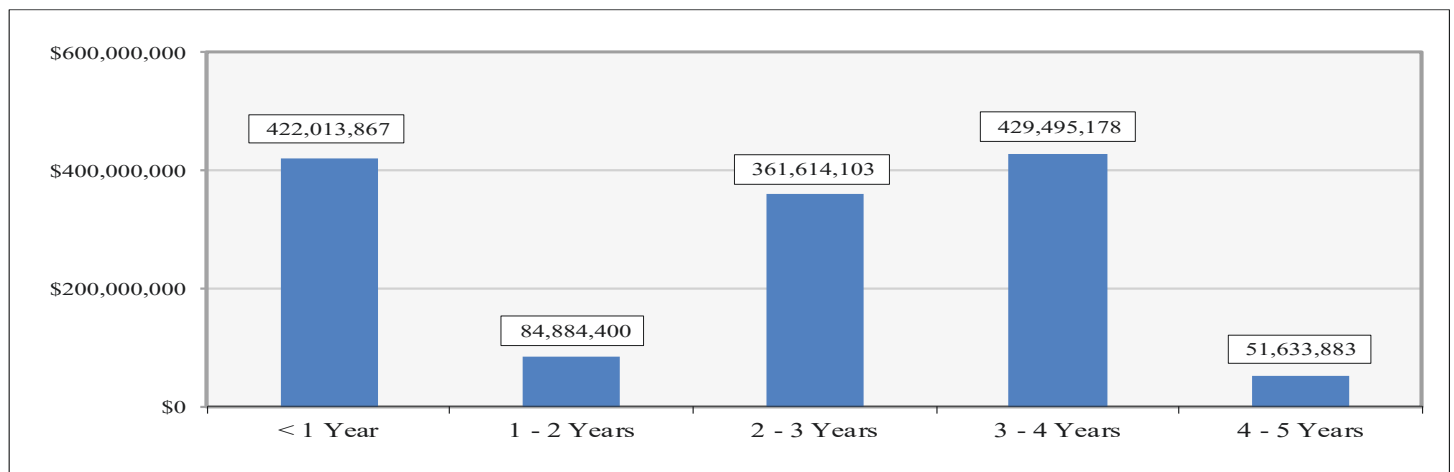
CITY POOL A PORTFOLIO COMPOSITION



Asset Type	Pct. Assets	YTM
Treasuries/Agencies	31.58%	1.15%
Corp Bonds	30.96%	1.77%
CPs	8.83%	3.39%
CalTRUST	8.45%	2.65%
Muni Bonds	6.32%	1.98%
CDs	6.22%	2.78%
Bank Deposits	4.96%	1.69%
Supranationals	1.36%	0.99%
MM Mutual Fund	0.78%	4.60%
LAIF	0.54%	2.01%

CITY POOL A MATURITY SCHEDULE

Maturity	Market Value	Pct. Holdings
< 1 Year	422,013,867	31.27%
1 - 2 Years	84,884,400	6.29%
2 - 3 Years	361,614,103	26.79%
3 - 4 Years	429,495,178	31.82%
4 - 5 Years	51,633,883	3.83%
Total	1,349,641,431	100.00%



City of Sacramento
 CASH LEDGER
Capitol Area Development Authority - Taxable
 From 11-01-22 To 11-30-22

All Cash Accounts

Trade Date	Settle Date	Tran Code	Quantity	Security	Amount	Cash Balance
Pool A Interest Receivable						
11-01-22				Beginning Balance		1,372.74
11-30-22	11-30-22	in		Pool A Cash	395.23	1,767.97
				Nov 2022 estimated Pool A interest		
					395.23	
11-30-22				Ending Balance		1,767.97
Pool A Cash						
11-01-22				Beginning Balance		269,310.06
11-30-22				Ending Balance		269,310.06

CAPITOL AREA DEVELOPMENT AUTHORITY – 2020 TAXABLE BOND PROCEEDS

MONTHLY REVIEW – NOVEMBER 2022

STRATEGY

The CADA funds are invested in the City of Sacramento’s Pool A investment fund. The Fund is invested pursuant to the objectives and requirements set forth in the City’s investment policy. The three objectives of the investment policy, in order of priority, are (1) the preservation of capital by the investment in safe instruments, (2) the liquidity needs of the City and pool participants so such parties will have access to cash when they need it, and (3) the maximizing of current income while remaining consistent with the other more important objectives. The City’s investment policy incorporates applicable provisions of state law including, among other things, the prudent person standard and California Code Section 53601 pertaining to eligible investments.

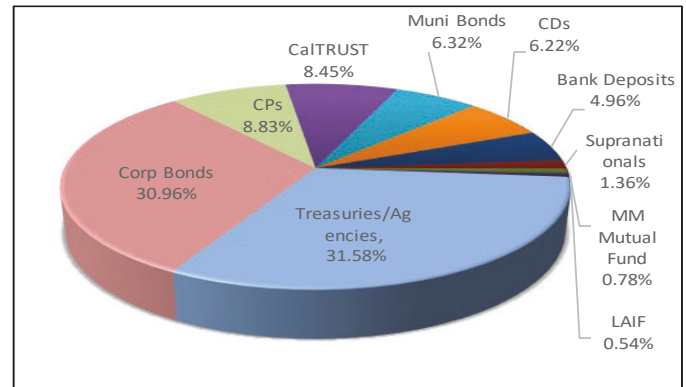
PORTFOLIO STATISTICS

Beginning Balance	30,636,867
Contributions	0
Withdrawals	0
Interest Earned	44,734
Ending Balance	30,681,601

PERFORMANCE COMPARISON

City Pool A	1.78%
LAIF	2.01%
90 Day T-Bill	4.18%
Federal Funds	3.72%

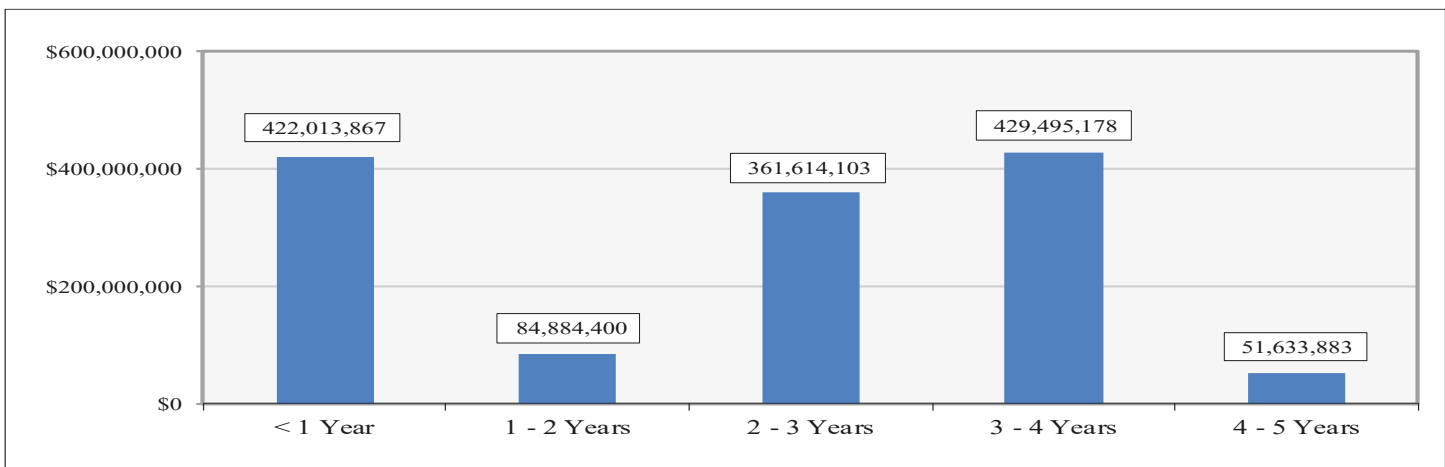
CITY POOL A PORTFOLIO COMPOSITION



Asset Type	Pct. Assets	YTM
Treasuries/Agencies	31.58%	1.15%
Corp Bonds	30.96%	1.77%
CPs	8.83%	3.39%
CalTRUST	8.45%	2.65%
Muni Bonds	6.32%	1.98%
CDs	6.22%	2.78%
Bank Deposits	4.96%	1.69%
Supranationals	1.36%	0.99%
MM Mutual Fund	0.78%	4.60%
LAIF	0.54%	2.01%

CITY POOL A MATURITY SCHEDULE

Maturity	Market Value	Pct. Holdings
< 1 Year	422,013,867	31.27%
1 - 2 Years	84,884,400	6.29%
2 - 3 Years	361,614,103	26.79%
3 - 4 Years	429,495,178	31.82%
4 - 5 Years	51,633,883	3.83%
Total	1,349,641,431	100.00%



City of Sacramento
 CASH LEDGER
CADA 2020 Taxable Bond Proceeds
From 11-01-22 To 11-30-22

All Cash Accounts

Trade Date	Settle Date	Tran Code	Quantity	Security	Amount	Cash Balance
Pool A Interest Receivable						
11-01-22				Beginning Balance		155,371.90
11-30-22	11-30-22	in		Pool A Cash	44,733.75	200,105.65
				Nov 2022 estimated Pool A interest		
					44,733.75	
11-30-22				Ending Balance		200,105.65
Pool A Cash						
11-01-22				Beginning Balance		30,481,495.09
11-30-22				Ending Balance		30,481,495.09