

**Board of Directors**

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

**CADA Administration**

Danielle Foster, Executive Director  
Marc de la Vergne, Deputy Executive Director  
Noelle Mussen, Finance Director  
Todd Leon, Development Director

**Legal Counsel**

Jeff Mitchell  
Kronick, Moskovitz, Tiedemann & Girard

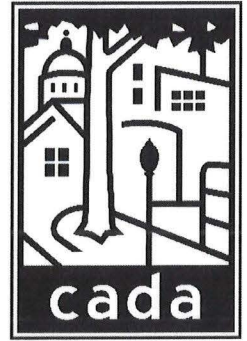
Phone: (916) 322-2114  
Web: [www.cadanet.org](http://www.cadanet.org)

**AGENDA REGULAR MEETING**

**THE CAPITOL AREA DEVELOPMENT  
AUTHORITY  
BOARD OF DIRECTORS**

**FRIDAY, JANUARY 26, 2024  
10:00 A.M.**

**CADA ADMINISTRATIVE OFFICE  
1522 14<sup>TH</sup> STREET, SACRAMENTO, CA 95814**



**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:** 812 3416 6261  
**Request Password (prior to start of meeting):**  
[tgandara@cadanet.org](mailto:tgandara@cadanet.org)

- 1. Roll Call and Just Cause/Emergency Teleconference Information (if applicable)**
- 2. Approval of Minutes: December 8, 2023**
- 3. Chair’s Oral Report**
- 4. Executive Director’s Oral Report**
- 5. Audited Financial Reports – Fiscal Year 2022/2023**

*Recommended Action:* Adopt resolutions accepting and releasing financial reports audited by Cohn Reznick LLP.

Contact: Noelle Mussen, Finance Director

- 6. Mid-Year Capital Improvements Program (CIP) Update**

*Recommended Action:* Review and Comment.

Contact: Frank Czajka, Construction Manager

- 7. Window Replacement Project FY24 (1201 P, 1521 12th, 1517 12th, & 1420 O Streets)**

*Recommended Action:* Adopt a resolution authorizing the Executive Director to enter into a construction contract for the Window Replacement Project FY24 with August – Jaye Construction for the buildings at 1201 P, 1521 12th, 1517 12th, and 1420 O Street, in the amount of \$165,500.

Contact: Frank Czajka, Construction Manager  
Russ Juneau, Facilities Maintenance Manager

## 8. HVAC Upgrade Project at 1317 O Street

*Recommended Action:* Adopt a resolution authorizing the Executive Director to enter into a construction contract for the HVAC Upgrade Project at 1317 O Street with Air Cool Heating and Cooling, Inc. in the amount of \$88,940.

Contact: Frank Czajka, Construction Manager  
Russ Juneau, Facilities Maintenance Manager

## 9. 2024 Employee Handbook

*Recommended Action:* Adopt a resolution approving the 2024 Employee Handbook.

Contact: Jill Azevedo, Human Resources Manager

## 10. Oral Staff Reports/Updates

- A. Downtown Sacramento Partnership
- B. Downtown Sacramento Revitalization Corporation
- C. Midtown Association
- 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 16<sup>th</sup> Street/16<sup>th</sup> & T Streets
- L. 805 R Street
- M. R Street Partnership

## 11. Transmittals

- A. CADA Mid-Year Business Plan Update
- B. Ombudsman Report: October, November, and December 2023
- C. Apartment Status Report: November and December 2023
- D. Affordable Housing Report: November and December 2023
- E. Commercial Leases/Vacancies: January 2024
- F. CADA Neighborhood Incident Report: December 2023
- G. Contracts Log: December 2023 and January 2024
- H. Financial Report: None
- I. City Treasurer Monthly Investment Report: December 2023

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

## 13. Adjournment

Approved for Transmittal:



**Danielle Foster, 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**

**December 8, 2023**

**ITEM 1 – ROLL CALL AND JUST CAUSE/EMERGENCY TELECONFERENCE INFORMATION (if applicable)**

Chair Bailey called the Board Meeting of the CADA Board of Directors to order at 10:03 a.m. at 1522 14<sup>th</sup> Street, Sacramento, CA 95814 and via public video conference.

Present: Avdis, Baime Michaels, Bodipo-Memba, Lagomarsino, Bailey  
Absent: None

**ITEM 2 – APPROVAL OF MINUTES: October 6, 2023 and October 27, 2023**

Member Avdis moved approval of the October 6, 2023 and October 27, 2023 CADA Board Meeting minutes. Member Baime Michaels seconded the motion.

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

**ITEM 3 – CHAIR’S ORAL REPORT**

Nothing to report.

**ITEM 4 – EXECUTIVE DIRECTOR’S ORAL REPORT**

Danielle Foster reported the following:

- Next Friday the 15<sup>th</sup> is our employee appreciation lunch where we will announce our employee of the year. Staff nominate each other and vote. The voting closes today.
- We continue to work on the ownership transfer of the Terraces. We have received the approval from SHRA for the assignment of the loan and are finalizing the language of the loan assignment agreement. We are also working on getting approval from TCAC (Tax Credit Allocation Committee) because they have a regulatory agreement on the property also. We are aiming to close the deal by the end of December, if possible.
- Leasing continues to occur at the KIND Project Downtown. If there is anyone looking for 80% AMI or below units or if any referrals can be made, their website is [www.KindDowntown.com](http://www.KindDowntown.com).
- Our offices will be closed December 22<sup>nd</sup>, 25<sup>th</sup>, and 29<sup>th</sup> and January 1<sup>st</sup> for the holidays.

**ITEM 5 – ELECTION OF VICE-CHAIR**

Chair Bailey recommendation Member Baime Michaels continue as the Vice-Chair. The Board concurred and supported Chair Bailey’s recommendation.

**ITEM 6 - 2024 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 7 – FY 2023-2024 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 the fiscal year 23-24 mid-year revisions to the general operations budget and capital investment program budgets, including assessment of fund balances.

Contact: Noelle Mussen, Finance Director

Member Lagomarsino inquired about the source of the TI (Tax Increment) revenue. Ms. Mussen explained that sometimes there is additional funding that we receive and it is not budgeted, or we did not need to use it. In the R Street budget, the funds go to the reserve, in the capitol area, the funding is used to fund adjustments for the year. It helps because if there is any tax increment that has to be used for affordable housing, Ms. Mussen can show exactly how it is being used. Member Lagomarsino asked if the increased amount is money that we have not anticipated. Ms. Mussen replied that, as best she can recall without having the numbers in front of her, approximately a million of it is funding that we thought we would need in our operations in the prior year that we did not, and the other portion, around \$400,000, is extra TI that we did not anticipate.

No public comments.

Member Lagomarsino moved approval of Resolution 23-49 attached hereto and incorporated herein. Member Bodipo-Memba seconded the motion.

AYES: Avdis, Baime Michaels, Bodipo-Memba, Lagomarsino, Bailey  
NOES: None  
ABATAIN: Lagomarsino

**ITEM 8 – FY 2023-2024 BATHTUB AND SINK REFINISHING MAINTENANCE CONTRACT**

*Recommended Action:* Adopt a resolution to award the FY 2023-2024 Bathtub and Sink Refinishing Maintenance Contract.

Contacts: Russ Juneau, Facilities Manager  
Frank Czajka, Construction Manager  
Tara Gandara, Contracts & Office Manager/ Board Secretary

No Board comments.  
No public comments.

Member Avdis moved approval of Resolution 23-50 attached hereto and incorporated herein. Member Baime Michaels seconded the motion.

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

**ITEM 9 – AUTHORIZATION OF CHANGE ORDER TO CONTRACT C23-028 WITH ATI RESTORATION, LLC**

*Recommended Action:* Adopt a resolution authorizing the Executive Director to approve a change order to the FY Toxic Abatement contract C23-028 with ATI Restoration, LLC in the amount of \$42,000.

Contacts: Russ Juneau, Facilities Manager  
Frank Czajka, Construction Manager

No Board comments.  
No public comments.

Member Avdis moved approval of Resolution 23-51 attached hereto and incorporated herein. Member Bodipo-Memba seconded the motion.

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

**ITEM 10 – STRATEGIC PLAN UPDATE AND DISCUSSION**

*Recommended Action:* For Board review and discussion.



Contact: Danielle Foster, Executive Director  
Kim Tucker, Facilitator/Consultant, Impact Foundry

There was a detailed discussion regarding the Strategic Plan.

No public comments.

### **ITEM 11 – 2024 BOARD MEETING AND COMMITTEE MEETING SCHEDULES**

*Recommended Action:* Adopt a resolution setting the 2024 meeting schedule of the CADA Board of Directors and a separate resolution setting the meeting schedule of the Operations, Neighborhood Development, and the Development and Construction Committees.

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

Ms. Gandara advised that there was an error in the staff report. The Board Meeting scheduled for April 2024 is on the 26<sup>th</sup>, not the 12<sup>th</sup>. The resolution contains the correct date, only the staff report was incorrect.

No Board comments.

No public comments.

Member Avdis moved approval of Resolutions 23-52 and 23-53 attached hereto and incorporated herein. Member Baime Michaels seconded the motion.

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

### **ITEM 12 – CLOSED SESSION**

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

APN: 006-0206-023-0000

Agency negotiators: Danielle Foster, Marc de la Vergne, Todd Leon, Noelle Mussen

Negotiating parties: Rick Bowles

Under negotiation: price and terms of sale

Chair Bailey reported that there was Board discussion. No action to report.

### **ITEM 13 – ORAL STAFF REPORTS/UPDATES**

A. Downtown Sacramento Partnership: Danielle Foster reported that we are continuing to work with the DSP on strategizing how to bring more housing downtown.

Member Bodipo-Memba commented that he was on a call before the meeting about a technical advisory panel being brought forward to the DSP through ULI (Urban Land Institute). Ms. Foster stated that she would love to be a part of that conversation. She has been on some of their panels related specifically to housing, but does not know about the committee through ULI. Member Bodipo-Memba advised that ULI would be bringing in three experts from outside of the area, specifically looking at Capital Mall, to formulate ideas on how to address the loss of a government job presence downtown and the impacts on the downtown Sacramento area. He believes that this will happen at some point in the second quarter of next year. He will get Ms. Foster connected to the group.

B. Downtown Sacramento Revitalization Corporation: Nothing to report.

C. Midtown Association: Danielle Foster reported the following:

- CADA completed our sponsorship for next year for the Second Saturday and such. She added that we were part of a raffle and CADA won.
- CADA will be raffling those prizes off amongst our staff, which includes dinner at Waterboy and a stay at Fort Sutter Hotel.

- With Midtown and DSP, we have been engaging in their conversations on the mixed income housing ordinance and trying to provide information on affordability, incentives, options, and what all that entails, because some of our development community does not have all of that information.
- D. O Street Streetscape (7<sup>th</sup> – 17<sup>th</sup> Streets): Marc de la Vergne reported that, as previously reported, CalTrans did not select CADA for funding the O Street Streetscape Program; however, they did not fund any projects in the Sacramento region. The closest was in Yuba City and Modesto. Their focus appeared to be on very distressed communities in the state and a fair number of rural communities. The CalTrans scope covered the 900 block and the 14<sup>th</sup> and O intersection. Staff is working with our design team to initiate the 14<sup>th</sup> and O intersection by obtaining the necessary permits from the city to do the work.
- E. Energy Conservation: Marc de la Vergne reported the following:
- Mr. Juneau and our team held job walks for 1317 O St replacement of the HVAC system in order to move to electric hot water. There are four window replacement projects that also went out to bid. The job walks had a very robust amount of interest for both projects.
  - Staff has been in touch with SMUD to find out how we can get funding for the window replacement projects. In order to get funding for window projects, they must be packaged with upgrades to the HVAC system. Possibly other items, but at least HVAC.
    - Mr. Juneau commented that they are working on the 1317 O Street split unit package to get the funding for the hot water heater. The split unit project is an energy conservation, so that is still going forward.
    - The window package part was to help eliminate the gas usage of boilers that we have at two of the units, but the window packages had to be at a certain level in order to obtain rebate funds. We are not going to get to that level since it would mean three times more cost for the windows.
    - Mr. de la Vergne added that he and Russ have started to take a look at buildings where they know there is a combination of needs, windows and heating and air conditioning. They have identified three buildings on the 1600 block of P Street, and they are looking into putting together a project that would be eligible for rebates to help offset the costs.
- F. Other Neighborhood Improvements: Nothing to report.
- G. 10<sup>th</sup> Street Commercial: Nothing to report.
- H. 1322 O Street - Sonrisa: Todd Leon reported the following:
- Staff continues to work on closing the permanent loans for Sonrisa.
  - Sonrisa has had a few move outs. One surprise move-out and one where one of our first tenants was disqualified because they are full time student.
  - Sonrisa has been nominated for a Vision award in the spring.
    - Miss Foster added that Sonrisa is one of four nominees in this Visionary award for Affordable Housing projects.
- I. 14<sup>th</sup> & N – The Cypress: Todd Leon reported that the project continues to move on with construction. There is one large concrete pour left, which will be January.
- J. 1717 S Street – ARY Place: Todd Leon reported that CADA and CFY had the opening event, which went very well. There are some odds and ends that are still being taken care of in terms of the community spaces and others, but things are moving along. TI (Tenant Improvement) work has begun for two out of the three signed leases for the commercial spaces, so we are hoping to see those completed in the next six months. The one other tenant’s TI for the Chu Mai restaurant should start in the next month or so. Staff is finalizing the lease with another tenant along 17<sup>th</sup> Street. We hope they will move in sometime in spring.
- K. 805 R Street: Todd Leon reported that we are continuing to tweak the proforma. CADA and Mutual have reduced the height of the building to make the project more competitive for the mixed income program through CalHFA. We plan to submit that application next year. Between the two projects (805 R Street and 2000 16<sup>th</sup> Street) we are building almost 400 units of housing.
- L. 2000 16<sup>th</sup> Street: Todd Leon reported the following:
- We submitted the entitlements application.

- There was a very hastily done Business Journal article that was fairly accurate in terms of the units of 134 and the ground floor retail at about 2,500 square feet. At the next meeting I will provide all of the details for the entitlement package schematics.
- Staff is gearing up for an AHSC (Affordable Housing and Sustainable Communities) application in March, so we are working with a number of our partners including Regional transit and city Sacramento to put together agreements that are necessary to submit to AHSC. These include improvements to bus stations for instance and some pedestrian improvements we are planning on S Street. Those agreements will come before the Board probably next month to be reviewed and approved.

M. R Street Partnership: Todd Leon reported that they are continuing to focus on clean and safe. CADA sponsored the snowflake lighting that is on the light poles along R Street. That was a purchase that the partnership wanted to make for this and future holiday seasons.

**ITEM 14 – TRANSMITTALS**

Received as transmitted.

**ITEM 15 – OPPORTUNITY FOR THE PUBLIC TO ADDRESS THE BOARD REGARDING MATTERS NOT ON THE AGENDA**

**ITEM 16 – ADJOURNMENT**

The meeting adjourned at 11:41 a.m.

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Tara Gandara  
Secretary to the Board of Directors

**RESOLUTION NO. 23 - 49**

Adopted by the Capitol Area Development Authority

December 8, 2023

**RESOLUTION ADOPTING THE FISCAL YEAR 2023 -2024  
MID-YEAR REVISION TO THE GENERAL OPERATIONS BUDGET AND  
CAPITAL INVESTMENT PROGRAM (CIP) BUDGETS**

**WHEREAS**, the FY 2023-2024 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 2023-2024 and were adopted at the June 2021 Board Meeting; and

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

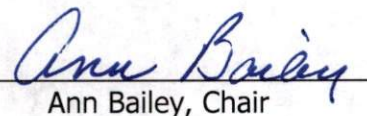
**NOW, THEREFORE, BE IT RESOLVED**, by the Board of Directors of the Capitol Area Development Authority that the Mid-Year Revisions that affect the following changes, as presented at this meeting, are hereby adopted:

- Revise the FY 2023-2024 General Operations Budget to affect a net increase of \$2,432,100. This net increase is the result of tax increment received but not utilized in the prior year, adjustments to revenue, drawdown on reserves and additional interest income on bond proceeds. This revision is proposed to fund increases for CIP budgets and general expense accounts.
- Revise Major Construction CIP Budgets to
  - Increase the FY 21-22 Budget by \$100,000
- Revise Reserves to
  - Decrease the Acquisition Reserve by \$125,648

ATTEST:



Tara Gandara  
Secretary to the Board of Directors

  
Ann Bailey, Chair



**RESOLUTION NO. 23 - 50**

Adopted by the Capitol Area Development Authority

December 8, 2023

**RESOLUTION AWARDING A  
FY 2023-2024 BATHTUB AND SINK REFINISHING CONTRACT  
TO MIRACLE METHOD**

**WHEREAS**, in May 2023, CADA issued a request for bids for "Fiscal Year 2023-2024 Bathtub & Sink Refinishing - Various Locations";

**WHEREAS**, after contractors submitted bids, staff determined that the incorrect contractor license classification was listed in the bid package and that it was necessary to reject all bids, extend the existing Miracle Method contract until the revised bidding process could be completed;

**WHEREAS**, the Board authorized staff to reject all bids, extend the Miracle Method contract, revise the bid package and re-issue it;

**WHEREAS**, the FY Bathtub & Sink Refinishing contract was re-advertised on July 14, 2023 in accordance with CADA's formal bid procedures using a revised Project Checklist with the corrected required contractor's license included;

**WHEREAS**, on July 27, 2023, staff opened bids and determined that Rebuildit, Inc. was the lowest responsible responsive bidder and entered into a contract with Rebuildit, Inc. on October 1, 2023;

**WHEREAS**, on October 24, 2023, staff notified Rebuildit, Inc. of significant quality issues with their work, worked with the contractor to try to correct the issues, and was unable to secure the desired result;

**WHEREAS**, on November 7, 2023, staff notified Rebuildit, Inc. that CADA was terminating its contract;

**WHEREAS**, the FY Bathtub & Sink Refinishing contract was re-advertised on November 21, 2023 in accordance with CADA's formal bid procedures; and

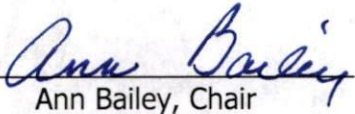
**WHEREAS**, on December 5, 2023, staff opened bids and determined that Miracle Method was the lowest responsible responsive bidder.

**NOW, THEREFORE, BE IT RESOLVED** by the Capitol Area Development Authority that:

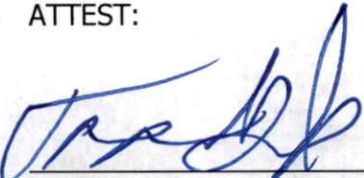
The Executive Director is hereby authorized on behalf of the Authority to enter into a FY 2023-2024 Bathtub & Sink Refinishing contract for six (6) months with Miracle Method with the option to extend the contract for two (2) one-year terms.



The total prorated compensation payable under the first six (6) month period of the contract shall not exceed Fifty Thousand Dollars (\$50,000) with the option for two (2) one-year renewals for One Hundred Thousand Dollars (\$100,000) per year.

  
Ann Bailey, Chair

ATTEST:

  
Tara Gandara  
Secretary to the Board of Directors

**RESOLUTION NO. 23 - 51**

Adopted by the Capitol Area Development Authority

December 8, 2023

**RESOLUTION AUTHORIZING THE EXECUTIVE DIRECTOR TO ENTER INTO A CHANGE ORDER FOR CONTRACT C23-028 WITH ATI RESTORATION, LLC**

**WHEREAS**, in July 2022 the Executive Director entered into a \$21,926.80 contract with ATI RESTORATION, LLC for FY Toxic Abatement;


**WHEREAS**, in July 2023 the Executive Director entered into an annual extension to the original contract with an increase to \$30,000;

**WHEREAS**, a change order to the ATI RESTORATION, LLC contract totaling \$42,000 is necessary in order to accommodate the unexpected volume of asbestos abatement needed to date and additional work needed through January 31, 2024; and

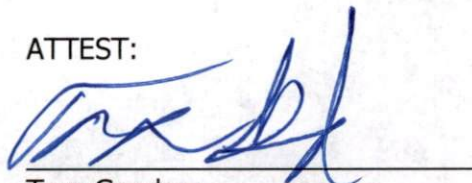
**WHEREAS**, the new contract amount will total \$72,000, which exceeds the Executive Director's \$50,000 contract approval authority.

**NOW, THEREFORE, BE IT RESOLVED**, by the Capitol Area Development Authority

1. That the Executive Director is authorized to enter into Change Order #1 with ATI RESTORATION, LLC in the amount of \$42,000.

  
Ann Bailey, Chair

ATTEST:



Tara Gandara  
Secretary to the Board of Directors

**RESOLUTION NO. 23 – 52**

Adopted by the Capitol Area Development Authority

December 8, 2023

**RESOLUTION ADOPTING THE 2024 COMMITTEES MEETING SCHEDULES**

**WHEREAS**, the Board of Directors for the Capitol Area Development Authority will hold regular committee meetings during the calendar year 2024; and

**WHEREAS**, the meeting schedules have 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 Committees Meeting Schedules for 2024 are as follows:

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


Tuesday, January 23<sup>rd</sup>  
Tuesday, February 20<sup>th</sup>  
Tuesday, March 19<sup>th</sup>  
Tuesday, April 23<sup>rd</sup>  
Tuesday, May 14<sup>th</sup>  
Tuesday, June 17<sup>th</sup>  
July --- NO MEETING  
Tuesday, August 13<sup>th</sup>  
Tuesday, September 24<sup>th</sup>  
Tuesday, October 15<sup>th</sup>  
November --- NO MEETING  
Tuesday, December 10<sup>th</sup>

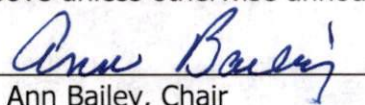
Development and Construction Committee: 9:30 a.m.

Wednesday, January 24<sup>th</sup>  
Wednesday, February 21<sup>st</sup>  
Wednesday, March 20<sup>th</sup>  
Wednesday, April 24<sup>th</sup>  
Wednesday, May 15<sup>th</sup>  
Wednesday, June 18<sup>th</sup>  
July --- NO MEETING  
Wednesday, August 14<sup>th</sup>  
Wednesday, September 25<sup>th</sup>  
Wednesday, October 16<sup>th</sup>  
November --- NO MEETING  
Wednesday, December 11<sup>th</sup>

All meetings of the CADA Board of Directors Committees 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 14<sup>th</sup> 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. 23 - 53**

Adopted by the Capitol Area Development Authority

December 8, 2023

**RESOLUTION ADOPTING THE 2024 BOARD MEETINGS SCHEDULES**

**WHEREAS**, the Board of Directors for the Capitol Area Development Authority will hold regular Board meetings during the calendar year 2024; and

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

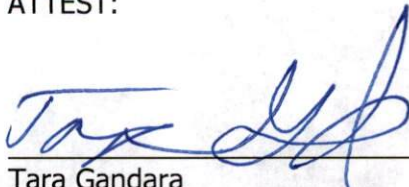
**NOW, THEREFORE, BE IT RESOLVED**, by the Capitol Area Development Authority, that the Regular Board Meeting Schedule for 2024 is as follows:

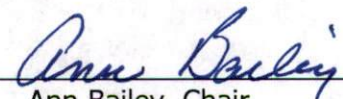
Friday, January 26<sup>th</sup>  
Friday, February 23<sup>rd</sup>  
Friday, March 22<sup>nd</sup>  
Friday, April 26<sup>th</sup>  
Friday, May 17<sup>th</sup>  
Friday, June 21<sup>st</sup>  
July---NO MEETING  
Friday, August 16<sup>th</sup>  
Friday, September 27<sup>th</sup>  
Friday, October 18<sup>th</sup>  
November ---NO MEETING  
Friday, December 13<sup>th</sup>

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 14<sup>th</sup> Street, Sacramento, CA beginning at 10:00 a.m. unless otherwise announced.

ATTEST:

  
\_\_\_\_\_  
Tara Gandara  
Secretary to the Board of Directors

  
\_\_\_\_\_  
Ann Bailey, Chair



January 19, 2022

**TO:** CADA Board of Directors

**SUBJECT:** **January 26, 2023, Board Meeting**  
**AGENDA ITEM 5**  
**AUDITED FINANCIAL STATEMENTS – FISCAL YEAR 2022-2023**

**CONTACT:** Noelle Mussen, Finance Director

**RECOMMENDED ACTION:**

Staff recommends that the Board, by separate resolutions (Attachments 4, 5, 6, 7), accept the following four audited financial reports as prepared and released by CohnReznick:

- ◆ Capitol Area Development Authority  
Independent Auditor's Reports FY 2022-2023 (**Attachment 1a**)
- ◆ Somerset Parkside Apartments (Contract Number 80-RHC-007)  
Independent Auditor's Reports FY 2022-2023 (**Attachment 1b**)
- ◆ Biele Place Apartments (Contract Number 80-RHC-032)  
Independent Auditor's Reports FY 2022-2023 (**Attachment 1c**)
- ◆ Seventeenth Street Commons (Contract Number 99-024-N)  
Independent Auditor's Reports FY 2022-2023 (**Attachment 1d**)

**BACKGROUND**

The attached audited financial reports for Fiscal Year 2022-23 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 17<sup>th</sup> 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 with the Operations Committee 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 2022 -2023, 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 17<sup>th</sup> 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 (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 (Attachment 1a):*

CADA's audited financials reflect positive results for the year, with an increase of \$5,516,242 in its Net Position. This is a \$2,576,862 increase in Net Position compared to last year. Last year, CADA experienced a \$2,937,852 increase in its Net Position compared to the prior year.

The \$5,516,242 increase in CADA's Net Position reflects Non-Operating Net Revenues of \$7,369,661 less an operating loss of \$1,853,419 from rental and development activities. The primary reason for the increased positive results in FY 2022-23 compared to FY 2021-222 is due to net income increases in Rental and Grant Revenue, decreases in Employee Services, and decreases to Development project expenses.

Non-Operating Revenues totaled \$7,369,661, which is a net increase of \$1,308,915 over last year's revenue of \$6,060,746. This reflects a net increase in Intergovernmental Revenue (including Tax Increment) of \$336,112; a gain on the sale of Site 21, the Cypress, of \$400,000; and Interest Income of \$510,915.

CADA's Operating Loss was \$1,853,419, which is \$1,267,947 less than last year's \$3,121,366 loss. The change is primarily due to net decreases in total Operating Expense of \$552,447, and an increase in Operating Revenue of \$715,500. The decreases in Operating Expenses were in development project expenses due to having less Site Improvements and Offsite Infrastructure expenses as

compared to the prior year, along with decreases in Employee Services expenses due to the reduction of overtime, retirement of staff, and other vacated positions through part of the fiscal year. The increase in Operating Revenue reflects a \$537,491 net increase in Rental Revenue and an increase in development project grant revenue of \$150,000.

*Statements of Cash Flow (Attachment 1a):*

Total Cash and Cash Equivalents increased by \$2,800,501 compared to the prior year's decrease of \$3,356,617.

The positive change in cash flow was mostly due to a net increase in cash inflow from proceeds from the sale of property Site 21, the Cypress, with the cash outflow for the purchase of 2000 16<sup>th</sup> recognized in the prior year. Cash outflow from operating activities and increased cash inflow from rental receipts and interest income are also part of the positive cash flow. This was offset by an increase in cash outflow of \$1,926,994 for the issuance of notes receivable from CADA to 1717 S Street of \$400,000 and Sonrisa of \$1,526,997 to cover additional construction costs.

*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 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 change in lease accounting, because government lessees are required to recognize a lease liability and an intangible asset, and government lessors recognize a lease receivable and a deferred inflow of resources while continuing to report the lease asset in the financial statements. Leased asset will be recognized as an amortization expense and lessor revenue will be recognized over the term of the lease corresponding with the reduction of the deferred inflow.

- The change in software and other subscription accounting, as these are required to be accounted for as a prepaid subscription asset and amortized over the life of the subscription.
- 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 2022-2023 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 2022-2023
  - a. Capitol Area Development Authority **(TO BE RELEASED UNDER SEPARATE COVER)**
  - 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 2022-2023, Budget to Actual
4. Resolution 24-01 – Acceptance of Auditor's Reports – CADA
5. Resolution 24-02 – Acceptance of Auditor's Reports – Somerset Parkside
6. Resolution 24-03 – Acceptance of Auditor's Reports – Biele Place
7. Resolution 24-04 – Acceptance of Auditor's Reports – Seventeenth Street Commons

Attachment 1a

**Capitol Area Development Authority**

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

**June 30, 2023 and 2022**

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# Capitol Area Development Authority

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**Capitol Area Development Authority**

**Board of Directors of the Capitol Area Development Authority**

Ann Bailey  
Chair

Emily Baime Michaels  
Vice-Chair

Nicholas Avdis

Robert Lagomarsino

Jose Bodipo-Memba

Danielle Foster  
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 business-type activities of the Capitol Area Development Authority ("Authority") as of and for the years ended June 30, 2023 and 2022, 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 business-type activities of the Capitol Area Development Authority as of June 30, 2023 and 2022, 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.

### *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 Information*

Management is responsible for the other information included in the financial statements. The other information comprises of the list of the Board of Directors but does not include the financial statements and our auditor's report thereon. Our opinion on the basic financial statements does not cover the other information, and we do not express an opinion or any form of assurance thereon. In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

*Other Reporting Required by Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated January 23, 2024 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.

*CohnReznick LLP*

Sacramento, California  
January 23, 2024

## Capitol Area Development Authority

### Management's Discussion and Analysis (Unaudited) Years Ended June 30, 2023 and 2022

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, 2023 and 2022.

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 and supports through other Authority activities. 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 in order to further understand the numbers presented.

#### Financial Highlights

##### Financial Highlights for the Year Ended June 30, 2023

- During the year, the Authority had revenues of approximately \$17.8 million consisting primarily of \$8.9 million in rental and other revenues, \$7.5 million in tax increment revenue, \$1 million in interest income, and a \$400,000 gain for the sale of property.
- The Authority had expenses totaling approximately \$12.3 million consisting primarily of \$3.5 million in employee services and benefits, \$5.8 million related to property management operations, \$1.4 million of interest expense on the Authority's debt, \$613,000 for development projects, and \$1 million in depreciation expense.
- The Authority expended \$451,200 during the year on major construction projects budgeted for the structures that the Authority manages in the Capitol Area, of which \$360,790 was capitalized.
- The net other post-employment benefits (OPEB) liability required under Governmental Accounting Standards Board ("GASB") No. 75 (GASB No. 75) has increased by \$802,450, removing the prior year OPEB asset and creating a liability of \$451,348 as of June 30, 2023
- The net pension liability required under GASB No. 68 has increased by \$3.1 million to \$6 million as of June 30, 2023. This increase in liability reflected the California Public Employees' Retirement System (CalPERS) investment losses from the prior two years.
- The net commercial and ground lease activity required under GASB No. 87 has resulted in a net decrease of \$338,170 in lease receivables, with a total lease receivable of \$1.2 million, a decrease of \$62,220 in lease liabilities, and a reduction of \$68,857 in right of use asset, for a total lease liability of \$468,305. These changes were a result of an increase in four commercial tenants and their resulting leases.
- For Site 21, The Cypress at 14th and N Streets, the Authority sold the property to the developer D&S Development for \$2,400,000 for a gain of \$400,000, with the Authority agreeing to provide the developer with a \$400,000 grant for infrastructure improvements at the site.



## Capitol Area Development Authority

### Management's Discussion and Analysis (Unaudited) Years Ended June 30, 2023 and 2022

- The Authority purchased the property at 2000 16th Street for \$3.3 million for a possible affordable housing project.
- The Authority closed on Financing through the California Debt Limit Allocation Committee (CDLAC) tax credit program to fund construction of a low-income housing project at the CADA Courtyard Site 16A at 1322 O Street. Construction started in the summer of 2020; the building was completed and the project was placed in service in March 2023.
- 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 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 \$27.4 million in net position, as of June 30, 2023, meets this objective.

#### 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 No. 75) has decreased by \$1.8 million creating an 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 of commercial and ground leases, resulting in increases of \$1.5 million in lease receivables, \$.5 million in right of use asset, \$.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 16<sup>th</sup> Street; \$3.3 million was 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 that 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 \$21.9 million in net position, as of June 30, 2022, meets this objective.

## Capitol Area Development Authority

### Management's Discussion and Analysis (Unaudited) Years Ended June 30, 2023 and 2022

#### 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 OPEB) 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 \$27.4 as of June 30, 2023.

**Capitol Area Development Authority**

**Management's Discussion and Analysis (Unaudited)  
Years Ended June 30, 2023 and 2022**

**Condensed Statements of  
Net Position at June 30, 2023 and 2022**

	2023	2022	Change	
			\$	%
<b>Assets</b>				
Current and other assets	\$ 65,497,179	\$ 64,141,420	\$ 1,355,759	2%
Capital assets, net	<u>12,388,812</u>	<u>11,123,420</u>	<u>1,265,392</u>	<u>11%</u>
Total assets	<u>\$ 77,885,991</u>	<u>\$ 75,264,840</u>	<u>\$ 2,621,151</u>	<u>3%</u>
<b>Deferred outflows of resources (DOR)</b>				
DOR - Pensions and OPEB	<u>\$ 3,296,895</u>	<u>\$ 1,644,845</u>	<u>\$ 1,652,050</u>	<u>100%</u>
<b>Liabilities</b>				
Current liabilities	\$ 3,448,366	\$ 2,883,087	\$ 565,279	20%
Non-current liabilities	<u>48,184,697</u>	<u>46,190,606</u>	<u>1,994,091</u>	<u>4%</u>
Total liabilities	<u>\$ 51,633,063</u>	<u>\$ 49,073,693</u>	<u>\$ 2,559,370</u>	<u>5%</u>
<b>Deferred inflows of resources (DIR)</b>				
DIR - Pensions, OPEB and Leases	<u>\$ 2,140,426</u>	<u>\$ 5,942,837</u>	<u>\$ (3,802,411)</u>	<u>-64%</u>
<b>Net position</b>				
Net investment in capital assets	\$ (4,312,065)	\$ (3,048,551)	\$ (1,263,514)	-41%
Restricted for insurance and reserves	1,797,998	1,757,108	40,890	2%
Unrestricted	<u>29,923,464</u>	<u>23,184,598</u>	<u>6,738,866</u>	<u>29%</u>
Total net position	<u>\$ 27,409,397</u>	<u>\$ 21,893,155</u>	<u>\$ 5,516,242</u>	<u>25%</u>

**Analysis of Net Position - June 30, 2023:**

The Authority's net position increased during the current year by \$5.5 million, as a result of consistent rental revenue, intergovernmental revenue and interest income, a one-time gain in the sale of property with reductions in development activity and interest expense, offset by minimal increasing expenses within maintenance and repairs.

A portion of the Authority's net position is invested in capital assets. This category, which decreased by \$1.26 million, consists of the cost basis of assets acquired, less depreciation and related debt, net of unspent proceeds. The decrease in the net investment in capital assets category of \$1.26 million is the net effect of an increase of \$1.27 million from additions in capital assets, and a decrease in the related debt due to \$2.53 million in debt repayments.

The historical cost of capital assets increased by \$2.28 million as a result of acquisitions of land, equipment and improvements to buildings, and software arrangements. Depreciation expenses reduced the carrying value of the total capital assets by \$1,022,992, for a net increase in the net value of capital assets of \$1.27 million. Additional information on the Authority's capital assets can be found in Note 6 to the Financial Statements.

Liabilities increased by \$2.56 million following the annual bond payment with increases to both the pension and OPEB liabilities due to decreases in net plan assets.

**Capitol Area Development Authority**

**Management's Discussion and Analysis (Unaudited)  
Years Ended June 30, 2023 and 2022**

**Condensed Statements of Revenue, Expenses and Changes in Net Position  
For the Years Ended June 30, 2023 and 2022**

	2023	2022	Change	
			\$	%
<b>Revenue</b>				
Operating revenue				
Rental revenue, net	\$ 8,854,804	\$ 8,317,313	\$ 537,491	6%
Other revenue	210,475	32,466	178,009	548%
Non-operating revenue				
Interest income	941,607	430,692	510,915	119%
Gain on sale of property	400,000	-	400,000	100%
Intergovernmental	7,445,407	7,109,295	336,112	5%
<b>Total revenue</b>	<b>\$ 17,852,293</b>	<b>\$ 15,889,766</b>	<b>\$ 1,962,527</b>	<b>12%</b>
<b>Expenses</b>				
Operating expenses				
Employee services and benefits	\$ 3,504,747	\$ 4,399,105	\$ (894,358)	-20%
Development projects	613,775	861,739	(247,964)	-29%
Other	6,800,176	6,210,301	589,875	9%
Non-operating expenses				
Interest expense	1,417,353	1,452,787	(35,434)	-2%
Other	-	26,454	(26,454)	-100%
<b>Total expenses</b>	<b>12,336,051</b>	<b>12,950,386</b>	<b>(614,335)</b>	<b>-5%</b>
Change in net position	5,516,242	2,939,380	2,576,862	88%
Net position, beginning of year	21,893,155	18,953,775	2,939,380	16%
Net position, end of year	<b>\$ 27,409,397</b>	<b>\$ 21,893,155</b>	<b>\$ 5,516,242</b>	<b>25%</b>

The Authority's net position in the current year increased by \$5.5 million as a result of fiscal year ended June 30, 2023 operations. This represents a \$2.6 million 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 \$336,112 and reflects a continued increase in property taxes within the Authority's boundaries. Rental revenue increased by \$537,491, with gross rental revenue increasing by \$1.2 million. This net increase is due to increase within commercial revenue category and rental revenue, along with increases of \$683,171 in vacancy losses and loss to lease, and a decrease in low-income subsidies of \$34,777. Interest income increased as a result of higher investment earnings compared to the prior year on funds held with the City Treasurer. The overall impact on revenue was an increase of \$1.96 million in total revenue.

Expenses decreased by \$614,335 during the fiscal year ended June 30, 2023, largely due to decreases in development activities, employee services and interest expense, along with increases in maintenance categories, bad debt and amortization expense. Decreases for development projects of \$247,964 were due to more site improvements and offsite infrastructure expenses in the prior year, as compared to the current year. The decrease in employee services expenses of \$894,358 was due to the reduction of overtime, retirement of staff and other vacated positions through parts of the year.

**Capitol Area Development Authority**

**Management's Discussion and Analysis (Unaudited)  
Years Ended June 30, 2023 and 2022**

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

	2022	2021	Change	
			\$	%
<b>Assets</b>				
Current and other assets	\$ 64,141,420	\$ 63,862,693	\$ 278,727	0%
Capital assets, net	11,123,420	10,984,467	138,953	1%
<b>Total assets</b>	<b>\$ 75,264,840</b>	<b>\$ 74,847,160</b>	<b>\$ 417,680</b>	<b>1%</b>
<b>Deferred outflows of resources (DOR)</b>				
DOR - Pensions and OPEB	\$ 1,644,845	\$ 1,563,524	\$ 81,321	100%
<b>Liabilities</b>				
Current liabilities	\$ 2,883,087	\$ 3,759,977	\$ (876,890)	-23%
Non-current liabilities	46,190,606	51,391,128	(5,200,522)	-10%
<b>Total liabilities</b>	<b>\$ 49,073,693</b>	<b>\$ 55,151,105</b>	<b>\$ (6,077,412)</b>	<b>-11%</b>
<b>Deferred inflows of resources (DIR)</b>				
DIR - Pensions, OPEB and Leases	\$ 5,942,837	\$ 2,305,804	\$ 3,637,033	100%
<b>Net position</b>				
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%
<b>Total net position</b>	<b>\$ 21,893,155</b>	<b>\$ 18,953,775</b>	<b>\$ 2,939,380</b>	<b>16%</b>

**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 \$110,978 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 \$949,817, for a net increase in the net value of capital assets of \$110,978. Additional information on the Authority's capital assets can be found in Note 6 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, 2023 and 2022**

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

	2022	2021	Change	
			\$	%
<b>Revenue</b>				
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%
<b>Total revenue</b>	<b>\$ 15,889,766</b>	<b>\$ 15,201,103</b>	<b>\$ 688,663</b>	<b>5%</b>
<b>Expenses</b>				
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	-239%
<b>Total expenses</b>	<b>12,950,386</b>	<b>15,199,575</b>	<b>(2,249,189)</b>	<b>-15%</b>
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	<b>\$ 21,893,155</b>	<b>\$ 18,953,775</b>	<b>\$ 2,939,380</b>	<b>16%</b>

The Authority's net position in the current year increased by \$2,939,380 as a result of operations in the fiscal year ended June 30, 2022. 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 the 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, including a 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, 2023 and 2022

#### Capital Asset and Debt Administration

**Capital assets:** As reflected in the Statements of Net Position above, the Authority's investments in capital assets were \$12,388,812 and \$11,123,420 (net of accumulated depreciation) at June 30, 2023 and 2022, 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 assets. Additions during the years ended June 30, 2023 and 2022, totaled \$2.3 million and \$1.1 million, respectively. The 2023 additions included; land of \$1.3 million, building improvements of \$882,148, machinery and equipment costs of \$53,367, software lease costs of \$26,214 and a reduction in construction in progress of \$374,722. 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. Depreciation on capital assets totaled \$1,022,992 and \$949,817, respectively, for the years ended June 30, 2023 and 2022.

Additional information on the Authority's capital assets can be found in Note 6 to the Financial Statements.

**Lease liability:** The Authority has a lease liability of \$468,305 and \$530,525 as of June 30, 2023 and 2022, respectively. During the years ended June 30, 2023 and 2022, lease liability was reduced by \$62,220 and \$60,496, respectively.

Additional information on the Authority's lease liability can be found in Notes 5 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 \$42,287,472 and \$43,828,377 as of June 30, 2023 and 2022, respectively. During the years ended June 30, 2023 and 2022, principal payments reduced notes payable by \$238,948 and \$233,210, respectively, and bonds payable by \$1,301,957 and \$1,454,553, respectively.

Additional information on the Authority's Long-Term Debt can be found in Notes 7 and 8 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, 2023:

- An increase to the Capitol Area tax increment revenue was budgeted due to the 2021-2022 fiscal 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 property sales 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, 2023 and 2022

- An increase was budgeted for rental revenue to reflect FY 2021-22 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 ended 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

- For Site 21, The Cypress at 14<sup>th</sup> and N Streets, the Authority entered into a Disposition and Development Agreement (DDA) with a new developer, D&S Development to complete a housing project at this site with the Authority selling the property to the developer in August 2022. The Project is a market rate building with 98 units; this is currently under construction and is anticipated to be completed in 2025.
- The Authority is looking to work in partnership with Mutual Housing to propose and build a new affordable housing project at 805 R Street, which will be our second State Excess Site development.
- With the purchase of 2000 16<sup>th</sup> Street, the Authority through the CACDC has started planning a possible future affordable housing project at this site.
- 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 for an affordable housing project at 1717 S Street. With construction completed the project was placed in service late 2023 and enter permanent financing in 2024.
- 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, 2023 and 2022**

- 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 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.
- The Authority has initiated a Middle-Income Housing Program to address local workforce housing needs that will be used in partnership with for-profit and non-profit developers.
- The Authority continues to work on ways to creatively activate vacant and underutilized spaces with arts, small business, community activities and other opportunities that support area vibrancy.
- As the Authority continues to proceed with preparations for future development projects, there will be a high demand to fund pre-development activities, grant-matching funds, toxic remediation and other site preparation activities.

#### **Request for Information**

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

## Capitol Area Development Authority

### Statements of Net Position June 30, 2023 and 2022

	<u>Assets</u>	
	2023	2022
<b>Current assets</b>		
Cash and cash equivalents	\$ 54,734,905	\$ 51,963,435
Accounts receivable, net	120,542	170,691
Lease receivable, current portion	209,230	75,090
Prepaid expenses and other assets	747,765	97,592
Note receivable, current portion	1,526,994	-
Escrow deposits	-	3,282,488
Restricted cash and cash equivalents		
Tenant and event security deposits	413,054	421,912
Letter of credit reserve	308,153	308,052
Debt covenant reserves	385,977	385,705
Insurance impounds	39,780	32,555
Employee benefits	23,573	26,847
Funds held for others	55,341	55,340
	1,225,878	1,230,411
Total restricted cash and cash equivalents		
	58,565,314	56,819,707
<b>Noncurrent assets</b>		
Advance to affiliate, long-term	1,101,517	701,517
Investment in joint venture	100	100
Lease receivable, net of current portion	980,183	1,452,493
Subscription Asset		-
Restricted cash and cash equivalents		
Replacements and operating reserves	775,065	741,501
Insurance risk reserve	675,000	675,000
	1,450,065	1,416,501
Total restricted cash and cash equivalents		
Notes receivable, net of current portion	3,400,000	3,400,000
Net OPEBI asset	-	351,102
Right of use asset		
<b>Capital assets</b>		
Non-depreciable	4,782,684	3,830,751
Depreciable, net	7,606,128	7,292,669
	12,388,812	11,123,420
Total capital assets		
	19,320,677	18,445,133
Total noncurrent assets		
	\$ 77,885,991	\$ 75,264,840
Total assets		
<b>Deferred Outflows of Resources</b>		
Deferred outflows related to pensions	\$ 2,544,000	\$ 1,014,829
Deferred outflows related to OPEBI	752,895	630,016
	\$ 3,296,895	\$ 1,644,845
Total deferred outflows of resources		

## Capitol Area Development Authority

### Statements of Net Position June 30, 2023 and 2022

<u>Liabilities</u>	<u>2023</u>	<u>2022</u>
Current liabilities		
Accounts payable	\$ 708,255	\$ 171,297
Lease liability, current portion	63,993	62,220
Prepaid rent	46,870	38,927
Due to state - HCD	130,412	88,497
Accrued benefits payable	93,599	94,720
Accrued interest payable	315,074	322,363
Tenant security deposits	413,054	421,912
Developer deposits	70,000	95,000
Funds held for others	47,247	47,246
Notes payable, current portion	219,898	238,948
Bonds payable, current portion	1,339,964	1,301,957
	<u>3,448,366</u>	<u>2,883,087</u>
Total current liabilities		
Noncurrent liabilities		
Accrued interest payable	360,815	294,128
Notes payable, net of current portion	3,975,695	4,195,593
Bonds payable, net of current portion	36,751,915	38,091,879
Lease liability, net of current portion	404,312	468,305
Net pension liability	6,026,716	2,925,314
Net OPEB liability	451,348	-
Compensated absences payable	213,896	215,387
	<u>48,184,697</u>	<u>46,190,606</u>
Total noncurrent liabilities		
Total liabilities	<u>\$ 51,633,063</u>	<u>\$ 49,073,693</u>
Deferred Inflows of Resources		
Deferred inflows related to pensions	\$ 81,061	\$ 2,553,628
Deferred inflows related to OPEB	903,715	1,899,189
Deferred inflows related to leases	1,155,650	1,490,020
	<u>\$ 2,140,426</u>	<u>\$ 5,942,837</u>
Total deferred inflows of resources		
Net Position		
Net investment in capital assets	\$ (4,312,065)	\$ (3,048,551)
Restricted for insurance and reserves	1,797,998	1,757,108
Unrestricted	29,923,464	23,184,598
	<u>\$ 27,409,397</u>	<u>\$ 21,893,155</u>
Total net position		

**Capitol Area Development Authority**

**Statements of Revenues, Expenses and Changes in Net Position  
Years Ended June 30, 2023 and 2022**

	2023	2022
Operating revenue		
Rental revenue, net	\$ 8,854,804	\$ 8,317,313
Other revenue		
Grant revenue	150,000	-
Miscellaneous	60,475	32,466
Total operating revenue	9,065,279	8,349,779
Operating expense		
Employee services and benefits	3,504,747	4,399,105
Services and supplies	2,962,320	2,986,466
Development projects	613,775	861,739
Repairs and maintenance	2,558,098	2,189,839
Bad debt expense	256,766	84,179
Depreciation and amortization	1,022,992	949,817
Total operating expense	10,918,698	11,471,145
Operating loss	(1,853,419)	(3,121,366)
Non-operating revenue (expense)		
Interest income	941,607	430,692
Gain on sale of property	400,000	-
Interest and financing expense	(1,417,353)	(1,452,787)
HCD annuity	-	(26,454)
Intergovernmental	7,445,407	7,109,295
Total non-operating revenue	7,369,661	6,060,746
Change in net position	5,516,242	2,939,380
Net position, beginning of year	21,893,155	18,953,775
Net position, end of year	\$ 27,409,397	\$ 21,893,155

**Capitol Area Development Authority**

**Statements of Cash Flows  
Years Ended June 30, 2023 and 2022**

	2023	2022
Cash flows from operating activities		
Rental receipts	\$ 8,659,930	8,095,680
Other operating receipts	185,475	57,466
Tenant security deposits received	105,583	97,791
Payroll and related costs paid	(4,723,598)	(4,757,232)
Services and supplies expenses paid	(3,258,793)	(3,083,706)
Development project expenses paid	(639,165)	(916,515)
Operating and maintenance expenses paid	(2,385,231)	(2,495,683)
Tenant security deposits paid	(114,441)	(76,510)
Funds held for others	1	(160,022)
	(2,170,239)	(3,238,731)
Net cash used in operating activities		
Cash flows from noncapital financing activities		
Intergovernmental	7,487,322	7,106,928
	7,487,322	7,106,928
Net cash provided by noncapital financing activities		
Cash flows from capital and related financing activities		
Principal payments on bonds and notes payable	(1,540,905)	(1,687,763)
Interest paid on bonds and notes payable	(1,357,955)	(1,393,556)
Proceeds from sale of property	2,400,000	-
Funds released from (deposited into) escrow	3,282,488	(3,282,488)
Principal payments on lease liability	(62,220)	(60,496)
Payments for capital assets	(4,252,603)	(1,231,203)
	(1,531,195)	(7,655,506)
Net cash used in capital and related financing activities		
Cash flows from investing activities		
Issuance of notes receivable and advances to affiliates	(1,926,994)	-
Interest receipts	941,607	430,692
	(985,387)	430,692
Net cash (used in) provided by investing activities		
Net increase (decrease) in cash and cash equivalents	2,800,501	(3,356,617)
Cash and cash equivalents, beginning of year	54,610,347	57,966,964
Cash and cash equivalents, end of year	\$ 57,410,848	\$ 54,610,347

**Capitol Area Development Authority**

**Statements of Cash Flows  
Years Ended June 30, 2023 and 2022**

	2023	2022
Reconciliation of cash and cash equivalents to the statement of net position		
Cash and cash equivalents	\$ 54,734,905	\$ 51,963,435
Restricted cash and cash equivalents		
Tenant and event security deposits	413,054	421,912
Letter of credit reserve	308,153	308,052
Debt covenant reserves	385,977	385,705
Insurance impounds	39,780	32,555
Employee benefits	23,573	26,847
Funds held for others	55,341	55,340
Replacements and operating reserves	775,065	741,501
Insurance risk reserve	675,000	675,000
	<u>\$ 57,410,848</u>	<u>\$ 54,610,347</u>
Reconciliation of operating loss to net cash used in operating activities		
Operating loss	\$ (1,853,419)	\$ (3,121,366)
Adjustments to reconcile operating loss to net cash used in operating activities		
Depreciation and amortization	1,022,992	949,817
Pension	(900,336)	237,401
OPEB	(667,005)	(248,409)
Changes in assets and liabilities		
Accounts receivable	50,149	(98,698)
Prepaid expenses and other current assets	(650,173)	16,420
Lease receivable	3,800	(37,563)
Net OPEB asset	351,102	(351,102)
Accounts payable	501,177	(474,280)
Prepaid rent	7,943	(1,193)
Accrued benefits payable	(1,121)	11,232
Tenant security deposits payable	(8,858)	21,281
Developer deposits payable	(25,000)	25,000
Funds held for others	1	(160,022)
Compensated absences payable	(1,491)	(7,249)
	<u>\$ (2,170,239)</u>	<u>\$ (3,238,731)</u>
Significant noncash capital and related financing activities		
Capital asset additions through accounts payable	<u>\$ 76,235</u>	<u>\$ 40,454</u>

See Notes to Financial Statements.

## Capitol Area Development Authority

### Notes to Financial Statements June 30, 2023 and 2022

#### 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 30<sup>th</sup> 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, 2023 and 2022

#### **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, 2023 and 2022, the allowance for doubtful accounts is \$745,348 and \$500,099, 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, 2023 and 2022, 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, 2023 and 2022

#### 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
Software arrangements	3 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, 2023, 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 \$213,896 and \$215,387 as of June 30, 2023 and 2022, 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, 2023 and 2022

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, 2021
Measurement Date:	June 30, 2022
Measurement Period:	July 1, 2021 to June 30, 2022

#### **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, 2023 and 2022**

**New accounting pronouncements**

During the fiscal year ended June 30, 2023, the Authority has adopted the following new accounting standards issued by the GASB:

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 adoption of this Statement had no impact on the Authority's financial statements for the period ended 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 adoption of this Statement had no impact on the Authority's financial statements for the period ended 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 Authority's 2022 financial statements include a prior period adjustment to reflect the right of use subscription asset and decrease prepaid asset. The adoption of this Statement had the following effect on net position as reported as of June 30, 2021:

Net Position, June 30, 2021	\$ 18,953,775
Adjustments	
Intangible right of use asset	27,975
Prepaid asset	<u>(27,975)</u>
Restated Net Position, June 30, 2021	<u>\$ 18,953,775</u>

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

- 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.
- 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.

## Capitol Area Development Authority

### Notes to Financial Statements June 30, 2023 and 2022

- 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.
- Statement No. 102, "Certain Risk Disclosures". Statement No. 102 requires a government to assess whether a concentration or constraint makes the primary government reporting unit or other reporting units that report a liability for revenue debt vulnerable to the risk of a substantial impact. The requirements of this Statement are effective for the Authority's year ending June 30, 2025.

#### 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 - 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.

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 \$177,439 and \$155,858 as of June 30, 2023 and 2022, 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, 2023 and 2022, the carrying amounts of the Authority's deposits with financial institutions were \$5,572,176 and \$2,403,347, 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. \$250,000 is insured with FDIC and remaining \$5,322,176 is uninsured but collateralized as of June 30, 2023.

## Capitol Area Development Authority

### Notes to Financial Statements June 30, 2023 and 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 1.78 years and .97 years as of June 30, 2023 and 2022, 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, 2023, 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	\$ -	\$ 51,397,354	\$ 51,397,354
Money market mutual funds	AAA/Aaa	441,318	-	441,318
Deposits	N/A	-	-	5,572,176
<b>Total</b>		<b>\$ 441,318</b>	<b>\$ 51,397,354</b>	<b>\$ 57,410,848</b>

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
<b>Total</b>		<b>\$ 441,045</b>	<b>\$ 51,765,955</b>	<b>\$ 54,610,347</b>

#### 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.

**Capitol Area Development Authority**

**Notes to Financial Statements  
June 30, 2023 and 2022**

**Note 3 - Notes receivable**

Notes receivable consist of the following at June 30:

	<u>2023</u>	<u>2022</u>
<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
Short term promissory note for an amount up to \$1,825,000, of this \$425,000 was made available for electrical construction costs and \$1.4 million was made available as an advance to the partnership for additional construction costs. This note is to be paid off with Tax Credit Investor equity pay-in at conversion.	1,526,994	-
<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.	<u>3,300,000</u>	<u>3,300,000</u>
Total	<u>\$ 4,926,994</u>	<u>\$ 3,400,000</u>

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

## Capitol Area Development Authority

### Notes to Financial Statements June 30, 2023 and 2022

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 1322 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, 2023:

#### 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. \$ 3,996,000

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. 1,080,030

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. 1,332,000

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. 859,140

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

#### 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. 286,000

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. 551,000



**Capitol Area Development Authority**

**Notes to Financial Statements  
June 30, 2023 and 2022**

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.

	1,660,000
Total	\$ <u>14,710,250</u>

**Note 4 - 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 5 - Leases and SBITA Agreements**

**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.

	Lease Liability Current Portion	Lease Liability Noncurrent Portion	Right of Use Asset, net	Lease Amortization Expense	Lease Interest Expense
Administrative Office	\$ 63,993	\$ 404,312	\$ 453,307	\$ 68,857	\$ 15,120

**Capitol Area Development Authority**

**Notes to Financial Statements  
June 30, 2023 and 2022**

The following is a summary of the lease payable transactions for the fiscal years ended June 30, 2023 and 2022:

<u>Balance June 30, 2022</u>	<u>Additions</u>	<u>Reduction</u>	<u>Balance June 30, 2023</u>	<u>Amounts due within one year</u>
\$ 530,525	\$ -	\$ (62,220)	\$ 468,305	\$ 63,993
<u>Balance June 30, 2021</u>	<u>Additions</u>	<u>Reduction</u>	<u>Balance June 30, 2022</u>	<u>Amounts due within one year</u>
\$ 591,021	\$ -	\$ (60,496)	\$ 530,525	\$ 62,220

The following is a schedule of future minimum lease payment requirements through the term of the lease agreement noted above subsequent to June 30, 2023:

	<u>Total future required payments</u>	<u>Less amount representing interest</u>	<u>Present value of future minimum lease payments</u>
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	79,656	(5,571)	74,085
2029-2030	<u>126,124</u>	<u>(4,747)</u>	<u>121,377</u>
Total	<u>\$ 520,737</u>	<u>\$ (52,432)</u>	<u>\$ 468,305</u>
		Curent portion	\$ 63,993
		Noncurent portion	<u>404,312</u>
		Total lease liability	<u>\$ 468,305</u>

## Capitol Area Development Authority

### Notes to Financial Statements June 30, 2023 and 2022

#### 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 rates of 2.85% and 3.22% based on the lease expiration date. For fiscal years 2023 and 2022, the Authority held the following leases:

		2023				
		Lease Receivable Current Portion	Lease Receivable Noncurrent Portion	Deferred Inflows of Resources	Lease Revenue	Lease Interest Revenue
<u>Ground lease</u>						
The Terrace	\$	25,803	-	25,165	53,268	2,467
<u>Commercial lease</u>						
Sam's Market	\$	23,146	234,424	242,484	31,440	9,016
Cap City Squeeze		5,546	35,639	39,035	6,720	1,327
University of Beer		7,189	-	5,538	16,921	668
Karma Brew		13,086	54,928	59,983	15,024	2,301
Ace's Gyro Shack		21,256	546,560	563,559	9,735	4,599
Café Xocolatl		16,561	100,474	116,223	4,884	853
Warren Brake		52,016	4,391	55,794	48,400	1,802
Smog Diagnostic		44,627	3,767	47,869	41,525	1,546
Total	\$	209,230	980,183	1,155,650	227,917	24,579

		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

## Capitol Area Development Authority

### Notes to Financial Statements June 30, 2023 and 2022

#### **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. The Authority terminated the lease in December 2023.

#### **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.

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 14<sup>th</sup> Street, Suite D, Sacramento, CA. The lease has two 5-year options to extend, the tenant exercised the first 5-year extension on 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 16<sup>th</sup> Street, Suite D, Sacramento, CA. The lease has two 5-year options to extend, the tenant exercised the first 5-year extension on May 1, 2019, with the Authority receiving monthly payments through 2024. The Authority granted the tenant termination of lease in November 2023.

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

Ace's Gyro Shack - On October 1, 2022, the Authority entered into a 10-year lease agreement with Ace's Gyro Shack for real property located at 1603 10<sup>th</sup> Street, Sacramento, CA. The lease has one 5-year options to extend, with the Authority receiving monthly payments through 2032.

Café Xocolatl - On April 1, 2023, the Authority entered into a 3-year lease agreement with Café Xocolatl for real property located at 1607 10<sup>th</sup> Street, Sacramento, CA. The lease has one 3-year options to extend, with the Authority receiving monthly payments through 2026.

Warren Brake - On August 1, 2022, the Authority entered into a 1-year lease agreement with Warren Brake for real property located at 2000 16<sup>th</sup> Street, Suite B and C, Sacramento, CA. The lease has one 1-year option to extend, the tenant exercised the 1-year extension on July 1, 2023, with the Authority receiving monthly payments through 2024.

Smog Diagnostic - On August 1, 2022, the Authority entered into a 1-year lease agreement with Smog Diagnostic for real property located at 2000 16<sup>th</sup> Street, Suite A, Sacramento, CA. The lease has one 1-year option to extend, the tenant exercised the 1-year extension on July 1, 2023, with the Authority receiving monthly payments through 2024.

**Capitol Area Development Authority**

**Notes to Financial Statements  
June 30, 2023 and 2022**

Following is a schedule of future lease payments expected through the terms of the lease agreements noted above subsequent to June 30, 2023:

	<u>Total future rental payments</u>	<u>Less amount representing interest</u>	<u>Present value of future lease payments receivable</u>
2024	\$ 244,226	\$ (34,996)	\$ 209,230
2025	122,037	(30,045)	91,992
2026	115,677	(27,422)	88,255
2027	117,552	(24,677)	92,875
2028	118,232	(21,787)	96,445
2029-2033	423,781	(70,848)	352,933
2034-2038	<u>279,885</u>	<u>(22,202)</u>	<u>257,683</u>
 Total	 <u>\$ 1,421,390</u>	 <u>\$ (231,977)</u>	 <u>\$ 1,189,413</u>
		Curent portion	\$ 209,230
		Noncurent portion	<u>980,183</u>
		Total lease receivable	<u>\$ 1,189,413</u>

**Subscription-Based Information Technology Arrangement**

In fiscal year 2023, the Authority implemented GASB No. 96. The Authority identified two software arrangements that require recognition under GASB No. 96. These SBITA were prepaid by the Authority and are recorded as intangible right of use software arrangements in capital assets. For fiscal years 2023 and 2022, the Authority held the following leases:

Goinvest - In October 2020, the Authority entered into a 3-year agreement with Goinvest for the total amount of \$37,300 for their pension module and labor costing module. There is no option to purchase this software.

Softchoice - In March 2023, the Authority entered into a 3-year agreement with Softchoice for the total amount of \$26,214 for Microsoft licensing renewal. There is no option to purchase this software.

The amortization schedule for SBITA agreements subsequent to June 30, 2023 are as follows:

	<u>Subscription assets - amortization</u>		
	<u>Beginning balance</u>	<u>Amortization expense</u>	<u>Ending balance</u>
2024	\$ 25,682	\$ 11,847	\$ 13,835
2025	13,835	8,738	5,097
2026	<u>5,097</u>	<u>5,097</u>	<u>-</u>
 Total	 <u>\$ 44,614</u>	 <u>\$ 25,682</u>	 <u>\$ 18,932</u>

**Capitol Area Development Authority**

**Notes to Financial Statements  
June 30, 2023 and 2022**

**Note 6 - Capital assets**

Information on changes in capital assets is presented below:

	Balance June 30, 2022	Increases	Disposition and Transfers	Balance June 30, 2023
Capital assets not being depreciated				
Land	\$ 3,282,385	\$ 3,280,000	\$ (2,000,000)	\$ 4,562,385
Construction in progress	548,366	46,655	(374,722)	220,299
<b>Total</b>	<b>3,830,751</b>	<b>3,326,655</b>	<b>(2,374,722)</b>	<b>4,782,684</b>
Capital assets being depreciated				
Buildings and improvements	27,047,939	882,148	374,722	28,304,809
Machinery and equipment	749,775	53,367	-	803,142
Intangible right of use lease - admin office	649,840	-	-	649,840
Intangible right of use lease asset - software	27,975	26,214	-	54,189
	<b>28,475,529</b>	<b>961,729</b>	<b>374,722</b>	<b>29,811,980</b>
Less accumulated depreciation				
Buildings and improvements	(20,551,097)	(849,638)	-	(21,400,735)
Machinery and equipment	(491,654)	(88,423)	-	(580,077)
Intangible right of use lease - admin office	(127,676)	(68,857)	-	(196,533)
Intangible right of use lease asset - software	(12,433)	(16,074)	-	(28,507)
	<b>(21,182,860)</b>	<b>(1,022,992)</b>	<b>-</b>	<b>(22,205,852)</b>
<b>Total capital assets being depreciated, net</b>	<b>7,292,669</b>	<b>(61,263)</b>	<b>374,722</b>	<b>7,606,128</b>
<b>Capital assets, net</b>	<b>\$ 11,123,420</b>	<b>\$ 3,265,392</b>	<b>\$ (2,000,000)</b>	<b>\$ 12,388,812</b>

**Capitol Area Development Authority**

**Notes to Financial Statements  
June 30, 2023 and 2022**

	<u>Balance June 30, 2021</u>	<u>Increases</u>	<u>Disposition and 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	649,840	-	-	649,840
Intangible right of use lease asset - software	<u>27,975</u>	<u>-</u>	<u>-</u>	<u>27,975</u>
	<u>27,586,155</u>	<u>860,913</u>	<u>28,461</u>	<u>28,475,529</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	(58,819)	(68,857)	-	(127,676)
Intangible right of use lease asset - software	<u>-</u>	<u>(12,433)</u>	<u>-</u>	<u>(12,433)</u>
	<u>(20,233,043)</u>	<u>(949,817)</u>	<u>-</u>	<u>(21,182,860)</u>
Total capital assets being depreciated, net	<u>7,353,112</u>	<u>(88,904)</u>	<u>28,461</u>	<u>7,292,669</u>
Capital assets, net	<u>\$ 11,012,442</u>	<u>\$ 110,978</u>	<u>\$ -</u>	<u>\$ 11,123,420</u>

**Note 7 - Notes payable**

Notes payable consists of the following at June 30:

	<u>2023</u>	<u>2022</u>	<u>GASB No. 88 Disclosures</u>
<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.	\$ 410,639	\$ 474,504	A1, B1, C1, D1, E1



**Capitol Area Development Authority**

**Notes to Financial Statements  
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	<u>2023</u>	<u>2022</u>	<u>GASB No. 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 \$23,033. Secured by pledge of tax increment revenue.	129,107	149,187	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 \$36,307. Secured by pledge of tax increment revenue.	203,515	235,166	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.	744,125	797,556	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.	115,380	131,861	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 in 2023.	-	25,000	A1, B3, C3, D3, E3
<u>California Department of Housing and Community Development (HCD)</u>			
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

**Capitol Area Development Authority**

**Notes to Financial Statements  
June 30, 2023 and 2022**

	<u>2023</u>	<u>2022</u>	GASB No. 88 Disclosures
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
<u>California Infrastructure &amp; Economic Development Bank</u>			
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.	369,961	398,402	A1, B1, C5, D5, E5
<b>Total</b>	<u><u>\$ 4,195,593</u></u>	<u><u>\$ 4,434,541</u></u>	

Future maturities on notes payable for years subsequent to June 30, 2023 are as follows:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
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	246,016	36,119	282,135
2029-2033	2,970,301	657,890	3,628,191
2034	61,716	736	62,452
	<u><u>\$ 4,195,593</u></u>	<u><u>\$ 905,846</u></u>	<u><u>\$ 5,101,439</u></u>

**Capitol Area Development Authority**

**Notes to Financial Statements  
June 30, 2023 and 2022**

The following is a summary of the notes payable transactions for the fiscal years ended June 30, 2023 and 2022:

<u>Balance June 30, 2022</u>	<u>Additions</u>	<u>Retirements</u>	<u>Balance June 30, 2023</u>	<u>Amounts due within one year</u>
<u>\$ 4,434,541</u>	<u>\$ -</u>	<u>\$ (238,948)</u>	<u>\$ 4,195,593</u>	<u>\$ 219,898</u>
<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>
<u>\$ 4,667,751</u>	<u>\$ -</u>	<u>\$ (233,210)</u>	<u>\$ 4,434,541</u>	<u>\$ 238,948</u>

## Capitol Area Development Authority

### Notes to Financial Statements June 30, 2023 and 2022

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

### Note 8 - 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

**Capitol Area Development Authority**

**Notes to Financial Statements  
June 30, 2023 and 2022**

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%
10/1/2024	730,000	1.451%
10/1/2025	745,000	1.621%
10/1/2026	755,000	1.967%
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>	

Future debt service requirements for years subsequent to June 30, 2023 are as follows:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2024	\$ 1,339,964	\$ 1,245,703	\$ 2,585,667
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	1,448,008	1,106,328	2,554,336
2029-2033	7,830,433	4,855,053	12,685,486
2034-2038	6,110,678	3,689,000	9,799,678
2039-2043	5,680,000	2,719,334	8,399,334
2044-2048	6,810,000	1,564,829	8,374,829
2049-2051	4,730,000	275,061	5,005,061
	<u>\$ 38,091,879</u>	<u>\$ 18,996,043</u>	<u>\$ 57,087,922</u>

**Capitol Area Development Authority**

**Notes to Financial Statements  
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The following is a summary of the bonds payable transactions for the fiscal years ended June 30, 2023 and 2022:

	<u>Balance June 30, 2022</u>	<u>Additions</u>	<u>Retirements</u>	<u>Balance June 30, 2023</u>	<u>Amounts due within one year</u>
TAB payable	\$ 39,393,836	\$ -	\$ (1,301,957)	\$ 38,091,879	\$ 1,339,964

	<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

**Note 9 - Compensated absences**

The following is a summary of the compensated absences payable for the fiscal years ended June 30, 2023 and 2022:

	<u>Balance June 30, 2022</u>	<u>Additions</u>	<u>Retirements</u>	<u>Balance June 30, 2023</u>
	\$ 215,387	\$ 163,875	\$ (165,366)	\$ 213,896

	<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

**Note 10 - 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.

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, 2023 and 2022, the receipt and disbursement of the levied assessment was netted within Intergovernmental Revenue.

**Note 11 - 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

## Capitol Area Development Authority

### Notes to Financial Statements June 30, 2023 and 2022

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. During the year ended June 30, 2023, the CACDC forwarded an additional \$400,000 advance for additional construction costs on the project.

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. During the year ended June 30, 2023, the Board approved an additional loan of \$1,825,000, of this \$425,000 was made available for electrical construction costs and \$1.4 million was made available as an advance to the partnership for additional construction costs. This note is to be paid off with Tax Credit Investor equity pay-in at conversion.

#### **Note 12 - Funds held for others**

The Authority acts as fiscal agent for the 17R Orchard Partners, LP trust. Funds for this trust are disbursed in accordance with the trusts' instructions and funds are reported as restricted cash and cash equivalents. The restricted cash balance for the 17 R Orchard Partners, LP is \$55,341 and \$55,340 as of June 30, 2023 and 2022, respectively.

#### **Note 13 - 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 annual comprehensive 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.



## Capitol Area Development Authority

### Notes to Financial Statements June 30, 2023 and 2022

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:

	<u>Current Members*</u>	<u>New Members**</u>
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 2023 is 7.76%.

#### 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 Board of Administration. The required employer contribution rates for classic members were 11.61% and 11.60% and for PEPRA members were 7.76% and 7.73% for the years ended June 30, 2023 and 2022, respectively. The Authority has been notified that the required employer contribution rate for classic members will be 13.26% and PEPRA members will be 8.00% for the year ending June 30, 2024 and an annual payment on the Authority's unfunded liability of \$414,075 for classic member and \$0 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, 2023, the Authority reported net pension liability for its proportionate share of the net pension liability of \$6,026,716.

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, 2022 (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, 2021 rolled forward to June 30, 2022 using standard update procedures. GASB No. 68 requires cost sharing employers to establish

**Capitol Area Development Authority**

**Notes to Financial Statements  
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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, 2023 for all members was .12880% which decreased as compared to the percentage as of June 30, 2022 of .15406%.

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

For the year ended June 30, 2023, the Authority recognized pension revenue of \$198,901. At June 30, 2022, the Authority reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of resources	Deferred Inflows of resources
	<u>                    </u>	<u>                    </u>
Differences between expected and actual experience	\$ 121,031	\$ 81,061
Net difference between projected and actual earnings on pension plan investments	1,103,958	-
Change in assumptions	617,576	-
Contributions made subsequent to the measurement date	<u>701,435</u>	<u>-</u>
 Total	 <u>\$ 2,544,000</u>	 <u>\$ 81,061</u>

The \$701,435 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, 2024. Other amounts reported as deferred outflows and deferred inflows of resources related to pensions will be recognized as pension expense (revenue) as follows:

Years ending June 30,	Amounts
<u>                    </u>	<u>                    </u>
2024	\$ 459,408
2025	402,548
2026	224,329
2027	<u>675,219</u>
	 <u>\$ 1,761,504</u>

**Capitol Area Development Authority**

**Notes to Financial Statements  
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**Actuarial assumptions**

For the measurement period ended June 30, 2022 (measurement date), the total pension liability was determined by rolling forward the June 30, 2021 total pension liability. The June 30, 2022 and the June 30, 2023 total pension liability was based on the following actuarial method and assumptions:

Actuarial Cost Method	Entry-Age Normal
Actuarial Assumptions:	
Discount Rate	6.90%
Inflation	2.30%
Salary Increases	Varies by Entry Age and Service <sup>(1)</sup>
Payroll Growth	3.00%
Investment Rate of Return	6.90% <sup>(2)</sup>
Mortality Rate <sup>(3)</sup>	CalPERS' Membership Data
Post Retirement Benefit Increase	Up to 2.30% <sup>(4)</sup>

<sup>(1)</sup> Depending on entry age and service

<sup>(2)</sup> Net of pension plan investment and administrative expenses, including inflation

<sup>(3)</sup> The mortality table used was developed based on CalPERS-specific data. The probabilities of mortality are based on the 2021 CalPERS Experience Study for the period from 2001 to 2019. Pre-retirement and Post-retirement mortality rates include generational mortality improvement using 80% of Scale MP-2020 published by the Society of Actuaries. For more details on this table, please refer to the CalPERS Experience Study and Review of Actuarial Assumptions report from November 2021 that can be found on the CalPERS website.

<sup>(4)</sup> The lesser of contract COLA or 2.30% until Purchasing Power Protection Allowance Floor on Purchasing Power applies, 2.30% 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 6.90%. 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.

**Capitol Area Development Authority**

**Notes to Financial Statements  
June 30, 2023 and 2022**

In determining the long-term expected rate of return, CalPERS took into account both short-term and long-term market return expectations. Using historical returns of all of the funds' asset classes, expected compound (geometric) returns were calculated over the next 20 years using a building-block approach. The expected rate of return was then adjusted to account for assumed administrative expenses of 10 basis points. The table below reflects the expected real rates of return by asset class:

Asset class <sup>(a)</sup>	Assumed asset allocation	Real return <sup>(a)(b)</sup>
Global Equity - Cap-weighted	30.00%	4.54%
Global Equity - Non-Cap-weighted	12.00%	3.84%
Private Equity	13.00%	7.28%
Treasury	5.00%	0.27%
Mortgage-backed Securities	5.00%	0.50%
Investment Grade Corporates	10.00%	1.56%
High Yield	5.00%	2.27%
Emerging Market Debt	5.00%	2.48%
Private Debt	5.00%	3.57%
Real Assets	15.00%	3.21%
Leverage	(5.00%)	(0.59%)
	<u>100%</u>	

(a) An expected inflation of 2.30% used for this period.

(b) Figures are based on the 2021 Asset Liability Management study.

**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 6.90%, as well as what the net pension liability would be if it were calculated using a discount rate that is 1 percentage-point lower (5.90%) or 1 percentage-point higher (7.90%) than the current rate:

	Discount rate - 1% (5.90%)	Current discount rate (6.90%)	Discount rate + 1% (7.90%)
Net pension liability	\$ 9,792,758	\$ 6,026,716	\$ 2,928,198

**Note 14 - 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.

## Capitol Area Development Authority

### Notes to Financial Statements June 30, 2023 and 2022

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.

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 \$151 per month for calendar year 2023.

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, 2022, 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, 2023, the Authority's cash contributions were \$206,020, in payments to the trust and the estimated implied subsidy was \$12,609 resulting in total payments of \$218,629. 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, 2022 and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation dated June 30, 2022 based on the following actuarial methods and assumptions:

## Capitol Area Development Authority

### Notes to Financial Statements June 30, 2023 and 2022

#### Actuarial assumptions

For the measurement period ended June 30, 2022 (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, 2023 and 2022**

**Changes in the OPEB (asset) liability**

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

	<u>Total OPEB liability</u>	<u>Fiduciary net position</u>	<u>Net OPEB (asset) liability</u>
Balance at June 30, 2022	\$ 4,800,019	\$ 5,151,121	\$ (351,102)
Changes recognized for the measurement period			
Service cost	225,519	-	225,519
Interest cost	300,243	-	300,243
Expected investment income	-	320,595	(320,595)
Employer contributions	-	417,416	(417,416)
Benefit payments	(207,049)	(207,049)	-
Investment expenses	-	(1,306)	1,306
Unexpected changes			
Plan experience	-	-	-
Assumption changes	-	-	-
Investment income	-	(1,013,393)	1,013,393
Net changes during the year	<u>318,713</u>	<u>(483,737)</u>	<u>802,450</u>
Balance at June 30, 2023	<u>\$ 5,118,732</u>	<u>\$ 4,667,384</u>	<u>\$ 451,348</u>

**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:

<u>Changes in discount rate</u>	<u>Net OPEB (asset) liability</u>
1% Decrease (5.10%)	\$ 1,102,430
Current Discount Rate (6.10%)	451,348
1% Increase (7.10%)	(93,791)

**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	\$ (169,318)
Current Trend	451,348
1% Increase	1,205,092

**Capitol Area Development Authority**

**Notes to Financial Statements  
June 30, 2023 and 2022**

**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.

For the fiscal year ended June 30, 2023, the Authority recognized OPEB expense (income) of (\$97,274). As of June 30, 2023, the Authority reported deferred outflows/inflows of resources related to OPEB from the following sources:

	Deferred outflows of resources	Deferred inflows of resources
Changes of assumptions	\$ 142,895	\$ 30,915
Difference between expected and actual experience	-	872,800
Net differences between projected and actual earnings on plan investments	391,371	-
Contributions made subsequent to the measurement date	218,629	-
Total	<u>\$ 752,895</u>	<u>\$ 903,715</u>



**Capitol Area Development Authority**

**Notes to Financial Statements  
June 30, 2023 and 2022**

The \$218,629 reported as deferred outflows of resources related to contributions made subsequent to the June 30, 2022 measurement date will be recognized as a reduction of the net OPEB liability during the Authority's fiscal year ending June 30, 2024. Other amounts reported as deferred outflows/inflows of resources related to OPEB will be recognized as expense (revenue) as follows:

<u>Fiscal year ending June 30</u>	<u>Deferred outflows/ (inflows) of resources</u>
2024	\$ (236,194)
2025	(160,143)
2026	(139,188)
2027	166,076
	<u>\$ (369,449)</u>

**Note 15 - 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.

**Note 16 - 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 January 23, 2024, the date the financial statements were available to be issued, and concluded that except for the event noted below, no additional subsequent events have occurred that would require disclosure in the notes to the financial statements.

In December 2023, the Authority closed on the purchase of the Terraces at 1609 O Street for \$825,000 and the assumption of the Sacramento Housing and Redevelopment Agency (SHRA) loan on the property.

## 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, 2023 Last 10 Years\***

	2023	2022	2021	2020	2019	2018	2017	2016	2015
Authority's proportion of the collective net pension liability	0.12880%	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	\$ 6,026,716	\$ 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	\$ 2,704,600	\$ 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	223%	113%	208%	207%	194%	212%	188%	144%	141%
Plan's fiduciary net position as a percentage of the Plan's total pension liability	78.18532%	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	\$ 701,435	\$ 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, 2022 and 2023, there were no changes to the benefit terms.

**Changes in assumptions.** In 2023 the discount rate was reduced from 7.15% to 6.90%; also, the demographic assumptions and the inflation rate assumption were changed in accordance with the 2021 CalPERS Experience Study and Review of Actuarial 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 No. 68, therefore only nine years are shown.

**Capitol Area Development Authority**  
**Cost-Sharing Defined Benefit Pension Plan**  
**Schedule of the Authority's Contributions**  
**As of June 30, 2023 Last 10 Fiscal Years\***

	2023	2022	2021	2020	2019	2018	2017	2016	2015
Contractually required contribution	\$ 701,435	\$ 686,789	\$ 616,274	\$ 556,243	\$ 462,994	\$ 433,748	\$ 356,976	\$ 283,507	\$ 238,682
Contributions in relation to the contractually required contribution	(701,435)	(686,789)	(616,274)	(556,243)	(462,994)	(433,748)	(356,976)	(283,507)	(238,682)
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Authority's covered payroll	\$ 2,704,600	\$ 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	25.93%	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	2.3%
Salary Increases	Varies <sup>(1)</sup>
Payroll Growth	3.0%
Investment Rate of Return	6.90% <sup>(2)</sup>
Retirement Age	2021 Experience Study <sup>(3)</sup>
Mortality <sup>(3)</sup>	2021 Experience Study <sup>(4)</sup>

<sup>(1)</sup> Depending on age, service and type of employment

<sup>(2)</sup> Net of pension plan investment and administrative expenses, including inflation

<sup>(3)</sup> The probabilities of Retirement are based on the 2021 CalPERS Experience Study based on CalPERS demographic data from 2001 to 2019.

<sup>(4)</sup> The probabilities of Mortality are based on the 2021 CalPERS Experience Study which was developed based on CalPERS-specific data from 2001 to 2019. Pre-retirement and Post-retirement mortality rates include generational mortality improvements using 80% of Scale MP-2020 published by the Society of Actuaries.

\* Fiscal year 2015 was the 1st year of implementation of GASB No. 68, therefore only nine years are shown.

## Capitol Area Development Authority

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

As of June 30, 2023 Last 10 Years\*

	2023	2022	2021	2020	2019	2018
Total OPEB liability						
Service cost	\$ 225,519	\$ 230,884	\$ 224,159	\$ 197,834	\$ 191,607	\$ 188,788
Interest on total OPEB liability	300,243	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	(207,049)	(194,828)	(219,240)	(211,494)	(189,969)	(190,888)
Net change in total OPEB liability	318,713	(537,997)	356,544	(326,276)	355,088	(295,325)
Total OPEB liability - beginning	4,800,019	5,338,016	4,981,472	5,307,748	4,952,660	5,247,985
Total OPEB liability - ending (a)	<u>\$ 5,118,732</u>	<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	\$ 417,416	\$ 395,530	\$ 425,066	\$ 406,132	\$ 396,403	\$ 649,631
Net investment income	(692,798)	1,069,137	125,084	196,181	218,384	163,421
Benefit payments	(207,049)	(194,828)	(219,240)	(211,494)	(189,969)	(190,888)
Administrative expenses	(1,306)	(1,471)	(1,739)	(678)	(5,092)	(1,217)
Investment expenses	-	-	-	-	-	72,294
Net change in plan fiduciary net position	(483,737)	1,268,368	329,171	390,141	419,726	693,241
Plan fiduciary net position - beginning	5,151,121	3,882,753	3,553,582	3,163,441	2,743,715	2,050,474
Plan fiduciary net position - ending (b)	<u>\$ 4,667,384</u>	<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>\$ 451,348</u>	<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	91.18%	107.31%	72.74%	71.34%	59.60%	55.40%
Covered-employee payroll	\$2,600,204	\$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	17.36%	-14.22%	63.79%	66.51%	102.57%	111.83%

### Notes to Schedule

\* Fiscal year 2018 was the first year of implementation of GASB No. 75, therefore only six years are shown.

**Changes in assumptions.** In 2023, there were no 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, 2023 Last 10 Years\***

	2023	2022	2021	2020	2019	2018
Actuarially Determined Contributions (ADC)	\$ 206,020	\$ 366,359	\$ 356,557	\$ 372,138	\$ 361,651	\$ 352,468
Contributions in relation to the ADC	(218,629)	(417,416)	(395,530)	(425,066)	(406,132)	(352,468)
Contributions deficiency (excess)	\$ (12,609)	\$ (51,057)	\$ (38,973)	\$ (52,928)	\$ (44,481)	\$ -
Covered-employee payroll	\$ 2,704,600	\$ 2,600,204	\$ 2,469,638	\$ 2,281,221	\$ 2,146,924	\$ 1,975,245
Contributions as a percentage of covered employee payroll	8.08%	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 2023 contribution rates are as follows:

Actuarial Cost Method	Entry Age Actuarial 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 No. 75, therefore only six years are shown.

**Changes in assumptions.** In 2023, there were no 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 the business-type activities of the Capitol Area Development Authority ("Authority") as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements, and have issued our report thereon dated January 23, 2024.

#### 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  
January 23, 2024





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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, 2023 and 2022**

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**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, 2023 and 2022, 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, 2023 and 2022, 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, 2023 and 2022 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 22 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. 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 January 11, 2024, 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  
January 11, 2024

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

**Statements of Net Position  
June 30, 2023 and 2022**

<u>Assets</u>	<u>2023</u>	<u>2022</u>
Current assets		
Residential accounts receivable, net	\$ 30,096	\$ 27,650
Restricted cash - tenant security deposits	6,465	6,705
Total current assets	36,561	34,355
Noncurrent assets		
Restricted cash and cash equivalents - replacement reserve	266,424	236,379
Restricted cash and cash equivalents - operating reserve	55,329	55,303
Capital assets		
Construction in progress	30,230	16,841
Building and improvements	1,829,309	1,829,309
Less accumulated depreciation	(1,651,560)	(1,616,879)
Total capital assets	207,979	229,271
Total noncurrent assets	529,732	520,953
Total assets	\$ 566,293	\$ 555,308
<u>Liabilities</u>		
Current liabilities		
Accounts payable	\$ 4,531	\$ 440
HCD monitoring fees payable	81,857	53,267
Due to CADA	422,375	348,602
Unearned revenue - prepaid rent	4,126	2,755
Due to HCD - annuity payable	3,374	3,374
Tenant security deposits	6,465	6,705
Total current liabilities	522,728	415,143
Noncurrent liabilities		
Accrued interest	245,429	209,512
Note payable long term	1,197,213	1,197,213
Total noncurrent liabilities	1,442,642	1,406,725
Total liabilities	\$ 1,965,370	\$ 1,821,868
<u>Net Position</u>		
Net investment in capital assets	\$ (989,234)	\$ (967,942)
Restricted for operating and replacement reserves	321,753	291,682
Unrestricted	(731,596)	(590,300)
Total net position	\$ (1,399,077)	\$ (1,266,560)

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, 2023 and 2022**

	2023	2022
Operating revenue		
Rental revenue, net	\$ 151,915	\$ 172,494
Other revenue		
Coin-operated laundry	711	-
Miscellaneous	1,692	2,184
	154,318	174,678
Operating expenses		
Payroll		
Salaries and benefits	46,498	104,367
	46,498	104,367
Administrative		
Legal and accounting services	5,200	4,700
Management fee	20,880	20,270
Media	1,050	960
	27,130	25,930
Utilities	50,199	53,441
	50,199	53,441
Operating and maintenance		
Services and supplies	11,902	13,450
Courtesy patrol	4,500	4,284
Maintenance contract	28,555	69,558
Decorating and painting	540	2,640
	45,497	89,932
Insurance and taxes		
Insurance	16,523	14,824
Property taxes	1,935	1,804
	18,458	16,628
Depreciation	34,681	34,681
	34,681	34,681
Total operating expenses	222,463	324,979
Operating loss	(68,145)	(150,301)



**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, 2023 and 2022**

	2023	2022
Nonoperating revenue (expenses)		
HCD annuity revenue (expense)	-	(26,454)
Interest income	135	124
HCD monitoring fee	(28,590)	(11,545)
Interest expense	(35,917)	(35,916)
Total nonoperating revenue (expenses), net	(64,372)	(73,791)
Change in net position	(132,517)	(224,092)
Net position, beginning	(1,266,560)	(1,042,468)
Net position, end	\$ (1,399,077)	\$ (1,266,560)

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, 2023 and 2022**

	2023	2022
Cash flows from operating activities		
Rental receipts	\$ 150,840	\$ 170,136
HCD annuity received (paid)	-	(26,454)
Other receipts	2,403	2,184
Tenant security deposits paid	(240)	(500)
Payroll and related costs	(46,498)	(104,367)
Administrative expenses	(27,131)	(25,931)
Utilities	(50,199)	(53,441)
Operating and maintenance	(41,405)	(106,299)
Insurance and taxes	(18,458)	(16,628)
	<u>(30,688)</u>	<u>(161,300)</u>
Cash flows from capital and related financing activities		
Acquisition of capital assets	(13,389)	(16,841)
	<u>(13,389)</u>	<u>(16,841)</u>
Cash flows from noncapital financing activities		
CADA advances received	73,773	220,939
	<u>73,773</u>	<u>220,939</u>
Cash flows from investing activities		
Interest income received	135	124
	<u>135</u>	<u>124</u>
Net increase in cash and cash equivalents	29,831	42,922
Cash and cash equivalents, beginning	298,387	255,465
Cash and cash equivalents, end	<u>\$ 328,218</u>	<u>\$ 298,387</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, 2023 and 2022**

	2023	2022
Reconciliation to the statements of net position		
Restricted cash and cash equivalents		
Tenant security deposits	\$ 6,465	\$ 6,705
Replacement reserve	266,424	236,379
Operating reserve	55,329	55,303
Total cash and cash equivalents	\$ 328,218	\$ 298,387
Reconciliation of operating loss to net cash used in operating activities		
Operating loss	\$ (68,145)	\$ (150,301)
Adjustments to reconcile operating loss to net cash used in operating activities		
Depreciation	34,681	34,681
Changes in assets and liabilities		
Residential accounts receivable	(2,446)	(2,360)
Due from HCD	-	(26,454)
Accounts payable	4,092	(16,367)
Unearned revenue - prepaid rent	1,370	1
Tenant security deposits	(240)	(500)
Net cash used in operating activities	\$ (30,688)	\$ (161,300)

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, 2023 and 2022**

**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 Capitol Area Development Authority ("Authority" or "CADA") 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, 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 1.78 years and .97 years at June 30, 2023 and 2022, respectively. At June 30, 2023 and 2022, 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, 2023 and 2022**

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 operating and 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, 2023 and 2022, 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, 2023, 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, 2023 and 2022 amounted to \$6,465 and \$6,705 respectively.

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

**Notes to Financial Statements  
June 30, 2023 and 2022**

**Note 3 - Capital assets**

Information on additions and disposals of capital assets as of June 30, 2023 and 2022 are as follows:

	<u>June 30, 2022</u>	<u>Increases</u>	<u>Decreases</u>	<u>June 30, 2023</u>
Capital assets not being depreciated				
Construction in progress	\$ 16,841	\$ 13,389	\$ -	\$ 30,230
Capital assets being depreciated				
Buildings and improvements	1,829,309	-	-	1,829,309
Less accumulated depreciation for Buildings and improvements	<u>(1,616,879)</u>	<u>(34,681)</u>	<u>-</u>	<u>(1,651,560)</u>
Capital assets being depreciated, net	<u>\$ 229,271</u>	<u>\$ (21,292)</u>	<u>\$ -</u>	<u>\$ 207,979</u>
	<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>

**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>2023</u>	<u>2022</u>
Beginning balance	\$ 236,379	\$ 192,984
Interest earned	109	96
Required deposits	43,299	43,299
Withdrawals	<u>(13,363)</u>	<u>-</u>
Ending balance	<u>\$ 266,424</u>	<u>\$ 236,379</u>

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

**Notes to Financial Statements  
June 30, 2023 and 2022**

**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:

	2023	2022
Beginning balance	\$ 55,303	\$ 55,276
Interest earned	26	27
Ending balance	\$ 55,329	\$ 55,303

**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, 2023 and 2022, interest expense was \$35,917 and \$35,916, respectively. Outstanding principal and accrued interest are \$1,197,213 and \$245,429 at June 30, 2023, and \$1,197,213 and \$209,512 at June 30, 2022, 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, 2023 and 2022**

For the fiscal years ended June 30, 2023 and 2022, the Project had a net annuity income (expense) of \$0 and \$(26,454), respectively. Net unexpended program payments are reported as due to (from) HCD on the Project's statements of net position. As of June 30, 2023 and 2022, the Authority has HCD project annuities payable 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:

	2023	2022
Due to (from) HCD, beginning	\$ 3,374	\$ 3,374
Excess program payments for the year	-	(26,454)
Excess program payment received	-	-
Excess program payment cash flow	-	-
HCD corrections and adjustments	-	26,454
	<u>\$ 3,374</u>	<u>\$ 3,374</u>
Due to (from) HCD, end	<u>\$ 3,374</u>	<u>\$ 3,374</u>

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, 2023 and 2022, the Project incurred annual monitoring fees of \$28,590 and \$11,545, which are included in the statements of revenue, expenses and changes in net position. As of June 30, 2023 and 2022, the Project owes HCD monitoring fees payable of \$81,857 and \$53,267, 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, 2023, 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, 2023 and 2022, \$422,375 and \$348,602, 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, 2023 and 2022**

**Note 10 - 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 January 11, 2024 (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 (HCD)**

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

**Supplementary Information Required by HCD  
Years Ended June 30, 2023 and 2022**

**Schedules of operating revenues**

<u>Account No.</u>		<u>2023</u>	<u>2022</u>
	Operating revenues		
5120	Rent revenue	\$ 151,915	\$ 172,494
	Rental revenues	151,915	172,494
	Other revenues		
5910	Laundry and vending revenue	711	-
5190	Miscellaneous revenue (if over \$1,500, detail is required)	1,692	2,184
	Total other revenues	2,403	2,184
	Total operating revenues	154,318	174,678

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

**Supplementary Information Required by HCD  
Years Ended June 30, 2023 and 2022**

**Schedules of operating expenses**

<u>Account No.</u>	<u>2023</u>	<u>2022</u>
Operating expenses		
Payroll		
6330    Manager salaries	24,450	35,070
6331    Manager rent fee unit	15,420	14,352
6510    Janitor payroll	6,628	54,945
Total payroll	<u>46,498</u>	<u>104,367</u>
Administrative expenses		
6210    Advertising and marketing	1,050	960
6320    Management fee	20,880	20,270
6350    Accounting services	5,200	4,700
Total administrative expenses	<u>27,130</u>	<u>25,930</u>
Utilities		
6450    Electricity	6,361	5,174
6452    Gas	526	540
6453    Water/Sewer	36,816	43,384
6525    Garbage	6,496	4,343
Total utilities	<u>50,199</u>	<u>53,441</u>
Operating and maintenance		
6515    Services and supplies	11,902	13,450
6517    Janitor and cleaning contracts	6,504	7,657
6530    Courtesy patrol	4,500	4,284
6537    Grounds contract	7,150	33,472
6560    Decorating and painting	540	2,640
6590    Miscellaneous operating and maintenance. expenses (if over \$1,500, detail is required)	14,901	28,429
Total operating and maintenance	<u>45,497</u>	<u>89,932</u>

**Somerset Parkside Apartments  
(Contract Number 15-LPR-005)  
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**Supplementary Information Required by HCD  
Years Ended June 30, 2023 and 2022**

<u>Account No.</u>		<u>2023</u>	<u>2022</u>
	Insurance and taxes		
6710	Real estate taxes	1,935	1,804
6729	Insurance	16,523	14,824
	Total insurance and taxes	<u>18,458</u>	<u>16,628</u>
6600	Depreciation	<u>34,681</u>	<u>34,681</u>
	Total operating expenses	<u>222,463</u>	<u>324,979</u>
	Operating loss	<u>(68,145)</u>	<u>(150,301)</u>
	Non-operating revenues (expense)		
5990	HCD annuity	-	(26,454)
5410	Interest income	135	124
5415	HCD monitoring fee	(28,590)	(11,545)
5420	Interest expense	(35,917)	(35,916)
	Total non-operating revenues (expense)	<u>(64,372)</u>	<u>(73,791)</u>
	Change in net position	<u>(132,517)</u>	<u>(224,092)</u>
	Net position, beginning	<u>(1,266,560)</u>	<u>(1,042,468)</u>
	Net position, end	<u>\$ (1,399,077)</u>	<u>\$ (1,266,560)</u>

**Detail of Accounts - Schedule of Activities**

	<u>2023</u>	<u>2022</u>
Miscellaneous (Accounts No. 5190)		
Miscellaneous income - other tenant fees	\$ 1,692	\$ 2,184
	<u>\$ 1,692</u>	<u>\$ 2,184</u>
Misc. Ops. And Maint. Expense (Accounts No. 6590)		
Flooring	\$ 14,901	\$ 23,455
Countertops/cabinets	-	4,974
	<u>\$ 14,901</u>	<u>\$ 28,429</u>

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

**Supplementary Information Required by HCD  
Year Ended June 30, 2023**

**Cash and cash equivalents**

Cash and cash equivalents		
Unrestricted account		
Operating account	\$	-
Restricted accounts		
Operating reserve		55,329
Tenant security deposits		6,465
Reserve for replacements		266,424
Total restricted accounts		328,218
Total cash and cash equivalents	\$	328,218

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, 2022	\$ 236,379	\$ 55,303
Deposits	43,299	-
Interest income	109	26
Approved withdrawals	(13,363)	-
Balance, June 30, 2023	\$ 266,424	\$ 55,329

**Capital assets**

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

	Construction in progress	Building and improvements	Total
Balance, June 30, 2022	\$ 16,841	\$ 1,829,309	\$ 1,846,150
Additions	13,389	-	13,389
Balance, June 30, 2023	\$ 30,230	\$ 1,829,309	\$ 1,859,539

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

**Supplementary Information Required by HCD  
Year Ended June 30, 2023**

**Accounts payable**

Accounts payable in the amount of \$4,531 represents amounts due to suppliers. All accounts payable are current.

**Gross potential rents**

Qualified tenant rental income	\$	450,405
Other tenant rental income		-
		450,405
Total gross potential rents		450,405
Less		
Vacancy loss		(215,278)
Loss to lease		(1,680)
Low income subsidy		(81,532)
		151,915
Rental revenues, net	\$	151,915

**Management fee**

A property management fee of \$20,880 was incurred during the fiscal year ended June 30, 2023 for the property management services provided by the Authority.

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

**Supplementary Information Required by HCD  
Years Ended June 30, 2023 and 2022**

**Operating cash flow/surplus cash computation**

The operating cash flow/surplus cash generated by the Project during the years ended June 30, 2023 and 2022 is as follows:

	2023	2022
Operation income		
Total income	\$ 154,453	\$ 174,802
Interest earned on restricted reserve accounts	(135)	(96)
Adjusted operating income	154,318	174,706
Operating expenses less depreciation	(187,782)	(290,298)
Adjusted net income (loss)	(33,464)	(115,592)
Other activity		
Debt service	-	-
Purchases of capital assets	(13,389)	(16,841)
Withdrawals from replacement reserve account	13,363	-
Deposits into replacement reserve account	(43,299)	(43,299)
Total other activity	(43,325)	(60,140)
Operating cash flow/surplus cash (deficit)	\$ (76,789)	\$ (175,732)

**Accumulated limited distributions**

At inception, there were no allocable accumulated limited distributions unpaid. Also, there were no accumulated limited distributions paid during the fiscal years ended June 30, 2023 and 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 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, 2023, 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 January 11, 2024, 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 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 Project's internal control over financial reporting and compliance. Accordingly, this communication is not suitable for any other purpose.

*CohnReznick LLP*

Sacramento, California  
January 11, 2024

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

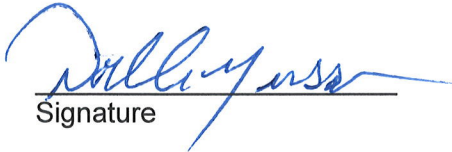
**Certification of Officers  
Years Ended June 30, 2023 and 2022**

We, as officers of Capitol Area Development Authority (Joint Powers Authority), hereby certify that we have examined the accompanying financial statements and supplementary information of Somerset Parkside Apartments as of and for the years ended June 30, 2023 and 2022, and to the best of our knowledge and belief, these financial statements and supplementary information are complete and accurate.

  
Signature

Executive Director  
Title

1/11/24  
Date

  
Signature

Finance Director  
Title

1-11-24  
Date



**Independent Member of Nexia International**

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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, 2023 and 2022**

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**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, 2023 and 2022, 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, 2023 and 2022, 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, 2023 and 2022, 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 16 to 21 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. 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 statements as a whole.

*Other Reporting Required by Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated January 11, 2024, 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  
January 11, 2024

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

**Statements of Net Position  
June 30, 2023 and 2022**

	<u>2023</u>	<u>2022</u>
<u>Assets</u>		
Current assets		
Residential accounts receivable	\$ 6,807	\$ 9,922
Restricted cash and cash equivalents - tenant security deposits	14,157	12,802
Total current assets	<u>20,964</u>	<u>22,724</u>
Noncurrent assets		
Restricted cash and cash equivalents - replacement reserve	264,303	275,190
Restricted cash and cash equivalents - operating reserve	51,350	51,326
	<u>315,653</u>	<u>326,516</u>
Capital assets		
Construction in progress	62,000	62,000
Building and Improvements	1,456,872	1,456,872
Less accumulated depreciation	<u>(1,305,839)</u>	<u>(1,290,252)</u>
Total capital assets	<u>213,033</u>	<u>228,620</u>
Total noncurrent assets	<u>528,686</u>	<u>555,136</u>
Total assets	<u>\$ 549,650</u>	<u>\$ 577,860</u>
<u>Liabilities</u>		
Current liabilities		
Accounts payable	\$ 5,802	\$ 998
Unearned revenue - prepaid rent	1,758	1,402
HCD monitoring fees payable	45,181	31,856
Due to CADA	224,371	244,283
Tenant security deposits	14,157	12,802
Total current liabilities	<u>291,269</u>	<u>291,341</u>
Non current liabilities		
Mortgage note payable	1,025,653	1,025,653
Accrued interest - mortgage note payable	115,386	84,616
Total non current liabilities	<u>1,141,039</u>	<u>1,110,269</u>
Total liabilities	<u>\$ 1,432,308</u>	<u>\$ 1,401,610</u>
<u>Net Position</u>		
Net investment in capital assets	\$ (812,620)	\$ (797,033)
Restricted for replacement and operating reserves	315,653	326,516
Unrestricted	<u>(385,691)</u>	<u>(353,233)</u>
Total net position	<u>\$ (882,658)</u>	<u>\$ (823,750)</u>

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, 2023 and 2022**

	2023	2022
Operating revenue		
Rental revenue, net	\$ 197,289	\$ 155,342
Coin-operated laundry	2,287	2,043
Miscellaneous	645	623
Total operating revenue	200,221	158,008
Operating expenses		
Payroll		
Salaries and benefits	50,507	55,663
Administrative		
Legal and accounting services	6,000	4,700
Management fee	27,510	25,730
Resident relations	-	280
Media	2,384	1,035
Total administrative	35,894	31,745
Utilities	33,080	34,513
Operating and maintenance		
Supplies	2,464	1,649
Service contracts	37,184	69,156
Courtesy patrol	3,360	3,200
Operating budget for major repairs	16,430	11,505
Decorating and painting	2,580	3,600
Total operating and maintenance	62,018	89,110
Insurance and taxes		
Insurance	16,904	15,165
Property taxes	1,182	1,060
Total insurance and taxes	18,086	16,225
Depreciation	15,587	15,587
Total operating expenses	215,172	242,843
Operating loss	(14,951)	(84,835)

**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, 2023 and 2022**

	2023	2022
Nonoperating revenue (expenses)		
Interest expense	(30,770)	(30,769)
HCD monitoring fee	(13,325)	(12,543)
Interest income	138	137
	<u>(43,957)</u>	<u>(43,175)</u>
Total nonoperating revenue (expenses), net		
Change in net position	(58,908)	(128,010)
Net position, beginning	<u>(823,750)</u>	<u>(695,740)</u>
Net position, end	<u>\$ (882,658)</u>	<u>\$ (823,750)</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, 2023 and 2022**

	2023	2022
Cash flows from operating activities		
Rental receipts	\$ 200,760	\$ 153,830
Other receipts	2,932	2,666
Tenant security deposits received	1,355	1,732
Payroll and related costs	(50,507)	(55,663)
Administrative	(35,894)	(31,745)
Utilities	(33,080)	(34,513)
Operating and maintenance	(57,214)	(90,047)
Insurance and taxes	(18,086)	(16,225)
	10,266	(69,965)
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		
Advances (paid to) received from CADA	(19,912)	184,698
	(19,912)	184,698
Net (used in) cash provided by noncapital financing activities		
Cash flows from investing activities		
Interest receipts	138	137
	138	137
Net cash provided by investing activities		
Net (decrease) increase in cash and cash equivalents	(9,508)	52,870
Cash and cash equivalents, beginning	339,318	286,448
Cash and cash equivalents, end	\$ 329,810	\$ 339,318

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

**Statements of Cash Flows**  
**Years Ended June 30, 2023 and 2022**

	2023	2022
Reconciliation to the statements of net position		
Restricted cash and cash equivalents		
Tenant security deposits	\$ 14,157	\$ 12,802
Replacement reserve	264,303	275,190
Operating reserve	51,350	51,326
Total cash and cash equivalents	\$ 329,810	\$ 339,318
Reconciliation of operating loss to net cash used in operating activities		
Operating loss	\$ (14,951)	\$ (84,835)
Adjustments to reconcile operating loss to net cash provided by (used in) operating activities		
Depreciation	15,587	15,587
Changes in assets and liabilities		
Residential accounts receivable	3,115	(2,147)
Accounts payable	4,804	(937)
Unearned revenue - prepaid rent	356	635
Tenant security deposits	1,355	1,732
Net cash provided by (used in) operating activities	\$ 10,266	\$ (69,965)

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, 2023 and 2022**

**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 Capitol Area Development Authority ("Authority" or "CADA") 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 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 1.78 years and .97 years as of June 30, 2023 and 2022, respectively. At June 30, 2023 and 2022, 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, 2023 and 2022**

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, 2023 and 2022, there was 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, 2023, 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, 2023 and 2022 amounted to \$14,157 and \$12,802, respectively.



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

**Notes to Financial Statements  
June 30, 2023 and 2022**

**Note 3 - Capital assets**

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

	<u>June 30, 2022</u>	<u>Increases</u>	<u>Decreases</u>	<u>June 30, 2023</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>(1,290,252)</u>	<u>(15,587)</u>	<u>-</u>	<u>(1,305,839)</u>
Capital assets being depreciated, net	<u>166,620</u>	<u>(15,587)</u>	<u>-</u>	<u>151,033</u>
Capital assets, net	<u>\$ 228,620</u>	<u>\$ (15,587)</u>	<u>\$ -</u>	<u>\$ 213,033</u>
	<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>

**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>2023</u>	<u>2022</u>
Beginning balance	\$ 275,190	\$ 224,078
Interest earned	113	112
Required deposits	51,000	51,000
Authorized expenses	<u>(62,000)</u>	<u>-</u>
Ending balance	<u>\$ 264,303</u>	<u>\$ 275,190</u>

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

**Notes to Financial Statements  
June 30, 2023 and 2022**

**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:

	2023	2022
Beginning balance	\$ 51,326	\$ 51,300
Interest earned	24	26
Authorized expenses	-	-
Ending balance	\$ 51,350	\$ 51,326

**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, 2023 and 2022, interest expense was \$30,770 and \$30,769, respectively. Outstanding principal and accrued interest are \$1,025,653 and \$115,386 at June 30, 2023, and \$1,025,653 and \$84,616 at June 30, 2022, 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, 2023 and 2022**

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, 2023 and 2022, HCD monitoring fees expensed were \$13,325 and \$12,543, respectively, and as of June 30, 2023 and 2022, \$45,181 and \$31,856 are payable and are included in HCD monitoring fees payable on the statements of net position. The account activities are as follows at June 30:

	2023	2022
Due to HCD, beginning	\$ 31,856	\$ 19,314
Excess cash deposited to operating reserve	-	-
Current year monitoring fee	13,325	12,542
Payments to HCD	-	-
Due to HCD, end	\$ 45,181	\$ 31,856

**Note 8 - Assistance from the Authority**

The Authority 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, 2023 and 2022, \$224,371 and \$244,283, 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 - 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 January 11, 2024, (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 (HCD)**

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

**Supplementary Information Required by HCD  
Years Ended June 30, 2023 and 2022**

**Schedules of operating revenues**

<u>Account No.</u>		<u>2023</u>	<u>2022</u>
	Operating revenues		
5120	Rent revenue	<u>\$ 197,289</u>	<u>\$ 155,342</u>
	Rental revenue	<u>197,289</u>	<u>155,342</u>
	Other revenues		
5910	Coin-operated laundry	2,287	2,043
5190	Miscellaneous revenue (if over \$1,500, detail is required)	<u>645</u>	<u>623</u>
	Total operating revenues	<u>200,221</u>	<u>158,008</u>

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

**Supplementary Information Required by HCD**  
**Years Ended June 30, 2023 and 2022**

**Schedules of operating expenses**

<u>Account No.</u>		<u>2023</u>	<u>2022</u>
	Operating expenses		
	Payroll		
6330	Manager salaries	29,910	34,617
6331	Manager rent fee unit	11,412	9,472
6510	Janitor payroll	9,185	11,574
	Total payroll	<u>50,507</u>	<u>55,663</u>
	Administrative expenses		
6340	Legal	800	-
6350	Accounting services	5,200	4,700
6320	Management fee	26,510	25,730
4331	Resident relations	-	280
6210	Marketing and advertisements	2,384	1,035
6390	Miscellaneous administrative expenses (if over \$1,500, detail is required)	1,000	-
	Total administrative expenses	<u>35,894</u>	<u>31,745</u>
	Utilities		
6450	Electricity	4,086	5,056
6452	Gas	6,667	4,200
6453	Water/Sewer	19,628	23,485
6525	Garbage	2,699	1,772
	Total utilities	<u>33,080</u>	<u>34,513</u>
	Operating and maintenance		
6515	Services and supplies	2,464	1,649
6517	Janitor and cleaning contracts	4,664	6,181
6530	Courtesy patrol	3,360	3,200
6541	Repairs material	32,520	62,975
6560	Decorating and painting	2,580	3,600
6821	Operating budget for major repairs	16,430	11,505
	Total operating and maintenance	<u>62,018</u>	<u>89,110</u>

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

**Supplementary Information Required by HCD**  
**Years Ended June 30, 2023 and 2022**

<u>Account No.</u>		<u>2023</u>	<u>2022</u>
	Insurance and taxes		
6710	Real estate taxes	1,182	1,060
6729	Insurance	16,904	15,165
	Total insurance and taxes	<u>18,086</u>	<u>16,225</u>
	Depreciation	<u>15,587</u>	<u>15,587</u>
	Total operating expenses	<u>215,172</u>	<u>242,843</u>
	Operating loss	<u>(14,951)</u>	<u>(84,835)</u>
	Non-operating revenues (expenses)		
6820	Interest expense	(30,770)	(30,769)
6890	HCD monitoring fee	(13,325)	(12,543)
5410	Interest income	138	137
	Total non-operating revenues (expenses)	<u>(43,957)</u>	<u>(43,175)</u>
	Change in net position	<u>(58,908)</u>	<u>(128,010)</u>
	Net position, beginning	<u>(823,750)</u>	<u>(695,740)</u>
	Net position, end	<u><u>\$ (882,658)</u></u>	<u><u>\$ (823,750)</u></u>

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

**Supplementary Information Required by HCD  
Year Ended June 30, 2023**

**Cash and cash equivalents**

Cash and cash equivalents	
Unrestricted account	
Operating account	\$ <u>          -</u>
Restricted accounts	
Tenant security deposits	14,157
Reserve for replacements	264,303
Operating reserve	<u>51,350</u>
Total restricted accounts	<u>329,810</u>
Total cash, cash equivalents and restricted accounts	<u><u>\$ 329,810</u></u>

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, 2022	\$ 275,190	\$ 51,326
Required deposits	51,000	-
Drawdown on reserve	(62,000)	-
Interest income	<u>113</u>	<u>24</u>
Balance, June 30, 2023	<u><u>\$ 264,303</u></u>	<u><u>\$ 51,350</u></u>

**Capital assets**

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

	Construction in progress	Building and improvements	Total
Balance, June 30, 2022	\$ 62,000	\$ 1,456,872	\$ 1,518,872
Additions	<u>-</u>	<u>-</u>	<u>-</u>
Balance, June 30, 2023	<u><u>\$ 62,000</u></u>	<u><u>\$ 1,456,872</u></u>	<u><u>\$ 1,518,872</u></u>



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

**Supplementary Information Required by HCD  
Year Ended June 30, 2023**

**Accounts payable**

Accounts payable in the amount of \$5,802 represents amounts due to suppliers. All accounts payable are current.

**Gross potential rents**

Qualified tenant rental income	\$ 470,031
Other tenant rental income	<u>-</u>
Total gross potential rents	470,031
Less	
Vacancy loss	(52,550)
Gain (loss) to lease	(2,557)
Low income subsidy	<u>(217,635)</u>
Rental revenues, net	<u><u>\$ 197,289</u></u>

**Management fee**

A property management fee of \$26,510 was incurred during the fiscal year ended June 30, 2023 for the property management services provided by the Authority.

**Insurance**

Insurance premiums are current as of June 30, 2023. The annual renewal policy was paid before the due date.

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

**Supplementary Information Required by HCD  
Years Ended June 30, 2023 and 2022**

**Operating cash flow/surplus cash computation**

The operating cash flow/surplus cash generated by the Project during the years ended June 30, 2023 and 2022 is as follows:

	<u>2023</u>	<u>2022</u>
Operation income		
Total income	\$ 200,359	\$ 158,145
Interest earned on restricted reserve accounts	<u>(138)</u>	<u>(137)</u>
Adjusted operation income	<u>200,221</u>	<u>158,008</u>
Operating expenses less depreciation	<u>(199,585)</u>	<u>(227,256)</u>
Adjusted net income (loss)	<u>636</u>	<u>(69,248)</u>
Other activity		
Debt service	-	-
Deposits into replacement reserve account	(51,000)	(51,000)
Deposits into operating reserve account	<u>-</u>	<u>-</u>
Total other activity	<u>(51,000)</u>	<u>(51,000)</u>
Operating cash flow/surplus cash (deficit)	<u>\$ (50,364)</u>	<u>\$ (120,248)</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 years ended June 30, 2023 and 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 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, 2023, 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 January 11, 2024 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 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 Project's internal control over financial reporting and compliance. Accordingly, this communication is not suitable for any other purpose.

*CohnReznick LLP*

Sacramento, California  
January 11, 2024

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

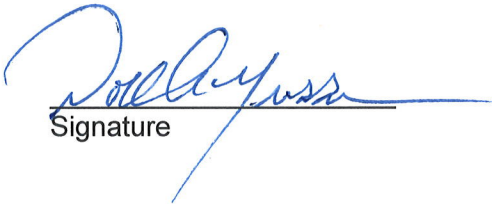
**Certification of Officers  
Years Ended June 30, 2023 and 2022**

We, as officers of Capitol Area Development Authority (Joint Powers Authority), hereby certify that we have examined the accompanying financial statements and supplementary information of Biele Place Apartments, as of and for the years ended June 30, 2023 and 2022, and to the best of our knowledge and belief, these financial statements and supplementary information are complete and accurate.

  
Signature

Executive Director  
Title

1/11/24  
Date

  
Signature

Finance Director  
Title

1-11-24  
Date



Independent Member of Nexia International

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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, 2023 and 2022**

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**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, 2023 and 2022, 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, 2023 and 2022, 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, 2023 and 2022 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 19, 2023 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 19, 2023

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

**Statements of Net Position  
June 30, 2023 and 2022**

	<u>Assets</u>	
	2023	2022
Current assets		
Cash and cash equivalents	\$ 618,922	\$ 550,901
Accounts receivable	17,482	9,701
Prepaid expenses	10,892	11,069
Restricted cash and cash equivalents		
Insurance impounds	39,780	32,555
Tenant security deposits	20,434	20,269
Total restricted cash and cash equivalents	60,214	52,824
Total current assets	707,510	624,495
Noncurrent assets		
Restricted cash - replacement reserve	137,659	123,303
Capital assets		
Construction in progress	-	300,363
Building and Improvements	2,591,546	2,291,183
Less accumulated depreciation	(1,943,173)	(1,870,017)
Total capital assets	648,373	721,529
Total noncurrent assets	786,032	844,832
Total assets	\$ 1,493,542	\$ 1,469,327
	<u>Liabilities</u>	
Current liabilities		
Accounts payable	\$ 7,974	\$ 844
Prepaid rent	1,572	2,321
Tenant security deposits	20,434	20,269
Notes payable, current portion	72,786	69,912
Total current liabilities	102,766	93,346
Noncurrent liabilities		
Notes payable, net of current portion	786,719	859,505
Total liabilities	\$ 889,485	\$ 952,851
	<u>Net Position</u>	
Net investment in capital assets	\$ (211,132)	\$ (207,888)
Restricted for impounds and replacement reserve	177,439	155,858
Unrestricted	637,750	568,506
Total net position	\$ 604,057	\$ 516,476

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, 2023 and 2022**

	2023	2022
Operating revenue		
Rental revenue, net	\$ 391,524	\$ 369,920
Other revenue		
Parking	11,760	10,825
Coin-operated laundry	533	346
Miscellaneous	2,507	195
	406,324	381,286
 Operating expenses		
Payroll		
Salaries and benefits	37,948	55,191
	37,948	55,191
 Administrative		
Management fee	33,130	31,810
Audit	5,557	5,749
Media	790	3,573
	39,477	41,132
 Utilities		
Electricity	4,757	7,543
Water and garbage	38,867	42,914
Gas	2,978	3,657
	46,602	54,114
 Operating and maintenance		
Services and supplies	1,850	2,556
Maintenance and repairs	55,219	49,401
Courtesy patrol	7,680	7,320
Decorating and painting	720	720
	65,469	59,997
 Insurance and taxes		
Insurance	26,203	24,440
Property taxes	4,921	2,949
	31,124	27,389

**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, 2023 and 2022**

	2023	2022
Depreciation	73,156	62,173
Total operating expenses	293,776	299,996
Operating income	112,548	81,290
Nonoperating revenue (expense)		
Interest income	15,631	4,974
Interest expense	(40,598)	(43,325)
Total nonoperating revenue (expense), net	(24,967)	(38,351)
Change in net position	87,581	42,939
Net position, beginning	516,476	473,537
Net position, end	\$ 604,057	\$ 516,476

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, 2023 and 2022**

	2023	2022
Cash flows from operating activities		
Rental receipts	\$ 382,994	\$ 378,030
Other receipts	14,800	11,366
Tenant security deposits received	165	915
Payroll and related costs	(37,948)	(55,191)
Administrative	(39,477)	(41,132)
Utilities	(46,602)	(54,114)
Operating and maintenance	(58,162)	(70,255)
Insurance and taxes	(31,124)	(27,389)
	<u>184,646</u>	<u>142,230</u>
Net cash provided by operating activities		
Cash flows from capital and related financing activities		
Payments for acquisition of capital assets	-	(176,193)
Principal payment on debt	(69,912)	(67,185)
Interest paid on debt	(40,598)	(43,325)
	<u>(110,510)</u>	<u>(286,703)</u>
Net cash used in capital and related financing activities		
Cash flows from investing activities		
Interest receipts	15,631	4,974
	<u>15,631</u>	<u>4,974</u>
Net cash provided by investing activities		
Net increase (decrease) in cash and cash equivalents	89,767	(139,499)
Cash and cash equivalents, beginning	<u>727,028</u>	<u>866,527</u>
Cash and cash equivalents, end	<u>\$ 816,795</u>	<u>\$ 727,028</u>
Reconciliation to the statements of net position		
Cash and cash equivalents	\$ 618,922	\$ 550,901
Restricted cash and cash equivalents		
Insurance impounds	39,780	32,555
Tenant security deposits	20,434	20,269
Reserve for replacements	137,659	123,303
	<u>137,659</u>	<u>123,303</u>
Total cash and cash equivalents	<u>\$ 816,795</u>	<u>\$ 727,028</u>

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

**Statements of Cash Flows  
Years Ended June 30, 2023 and 2022**

	2023	2022
Reconciliation of operating income to net cash provided by operating activities		
Operating income	\$ 112,548	\$ 81,290
Adjustments to reconcile operating income to net cash provided by operating activities		
Depreciation	73,156	62,173
Changes in assets and liabilities		
Accounts receivable	(7,781)	7,880
Prepaid expense	177	(11,069)
Accounts payable	7,130	811
Prepaid rent	(749)	230
Tenant security deposits	165	915
	<u>\$ 184,646</u>	<u>\$ 142,230</u>
Net cash provided by operating activities	<u>\$ 184,646</u>	<u>\$ 142,230</u>

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, 2023 and 2022**

**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 1.78 years and 0.97 years as of June 30, 2023 and 2022, respectively. At June 30, 2023 and 2022 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, 2023 and 2022**

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 mortgage 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, 2023 and 2022, 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, 2023, 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, 2023 and 2022**

**Note 2 - Cash, cash equivalents, and restricted cash**

The Project's cash and cash equivalents are as follows at June 30:

	2023	2022
City investment pool	\$ 639,356	\$ 571,170
Deposits with CalHFA	177,439	155,858
Total	\$ 816,795	\$ 727,028

**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, 2023 and 2022 amounted to \$20,434 and \$20,269, respectively.

**Note 4 - Capital assets**

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

	June 30, 2022	Increases	Decreases	June 30, 2023
Capital assets not being depreciated				
Construction in progress	\$ 300,363	\$ -	\$ (300,363)	\$ -
Capital assets being depreciated				
Buildings and improvements	2,291,183	300,363	-	2,591,546
Less accumulated depreciation for Buildings and improvements	(1,870,017)	(73,156)	-	(1,943,173)
Capital assets, net	\$ 721,529	\$ 227,207	\$ (300,363)	\$ 648,373
	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

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

**Notes to Financial Statements  
June 30, 2023 and 2022**

**Note 5 - Notes payable**

Notes payable secured by the Project consist of the following at June 30:

	2023	2022
<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.	\$ 744,125	\$ 797,556
 <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.	115,380	131,861
 Total	\$ 859,505	\$ 929,417

Future maturities on the notes payable are as follows:

Years ending June 30	Principal	Interest	Total
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	85,911	24,599	110,510
2029 - 2033	440,318	62,803	503,121
2034	23,303	204	23,507
	\$ 859,505	\$ 219,675	\$ 1,079,180

The following is a summary of the notes payable transactions for the years ended June 30, 2023 and 2022:

Balance June 30, 2022	Additions	Retirements	Balance June 30, 2023	Amounts due within one year
\$ 929,417	\$ -	\$ (69,912)	\$ 859,505	\$ 72,786
Balance June 30, 2021	Additions	Retirements	Balance June 30, 2022	Amounts due within one year
\$ 996,602	\$ -	\$ (67,185)	\$ 929,417	\$ 69,912

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

**Notes to Financial Statements  
June 30, 2023 and 2022**

**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, 2023 and 2022, the Project realized an excess of revenue over expenses (excluding depreciation) of \$160,737 and \$105,112, respectively. During the years ended June 30, 2023 and 2022, 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 - 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 19, 2023 (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 (CalHFA)**

**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, 2023 and 2022**

**Schedules of operating revenues**

<u>Account No.</u>	<u>2023</u>	<u>2022</u>
Operating revenues		
5120 Rent revenue	\$ 391,524	\$ 369,920
5121 Tenant assistance payments	-	-
5170 Rent revenue - garage and parking	11,760	10,825
	<hr/>	<hr/>
Rental revenue	403,284	380,745
	<hr/>	<hr/>
Other revenues		
5910 Laundry and vending revenue	533	346
5190 Miscellaneous revenue (if over \$1,500, detail is required)	2,507	195
	<hr/>	<hr/>
Total operating revenues	406,324	381,286
	<hr/>	<hr/>

**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, 2023 and 2022**

**Schedules of operating expenses**

<u>Account No.</u>	<u>2023</u>	<u>2022</u>
Operating expenses		
Payroll		
6330    Manager salaries	37,948	55,191
6331    Manager rent fee unit	-	-
6510    Janitor payroll	-	-
	<u>37,948</u>	<u>55,191</u>
Total payroll		
Administrative expenses		
6210    Advertising and marketing	790	3,573
6340    Legal	-	-
6350    Accounting services	5,557	5,749
6320    Management fee	33,130	31,810
	<u>39,477</u>	<u>41,132</u>
Total administrative expenses		
Utilities		
6450    Electricity	4,757	7,543
6452    Gas	2,978	3,657
6453    Water/Sewer	31,182	35,725
6525    Garbage	7,685	7,189
	<u>46,602</u>	<u>54,114</u>
Total utilities		
Operating and maintenance		
6515    Services and supplies	1,690	2,396
6530    Courtesy patrol	7,680	7,320
6517    Janitor and cleaning contracts	160	160
6537    Grounds contract	38,949	42,811
6560    Decorating and painting	720	720
6545    Elevator maintenance	-	-
6541    Repairs material	-	-
6590    Miscellaneous operating and maintenance expenses (if over \$1,500, detail is required)	16,270	6,590
6591    Major construction expense	-	-
	<u>65,469</u>	<u>59,997</u>
Total operating and maintenance		



**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, 2023 and 2022**

Account No.		2023	2022
	Insurance and taxes		
6710	Real estate taxes	4,921	2,949
6729	Insurance	26,203	24,440
	Total insurance and taxes	31,124	27,389
6600	Depreciation	73,156	62,173
	Total operating expenses	293,776	299,996
	Operating income	112,548	81,290
	Non-operating revenues (expenses)		
5400	CADA annuity	-	-
6820	Interest on first mortgage (or bonds) payable	(40,598)	(43,325)
5410	Interest income	15,631	4,974
	Change in net position	87,581	42,939
	Net position, beginning	516,476	473,537
	Net position, end	\$ 604,057	\$ 516,476

**Detail of Accounts - Schedule of Activities**

	2023	2022
Miscellaneous Other Expense (Accounts No. 5190)		
Miscellaneous income - other tenant fees	\$ 2,507	\$ 195
	\$ 2,507	\$ 195
Miscellaneous Other Expense (Accounts No. 6590)		
Flooring	\$ 16,270	\$ 6,590
	\$ 16,270	\$ 6,590

**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, 2023**

**Cash and cash equivalents**

Cash and cash equivalents	
Unrestricted account	
Operating account	<u>\$ 618,922</u>
Restricted accounts	
Insurance and tax impounds	39,780
Tenant security deposits	20,434
Reserve for replacements	<u>137,659</u>
Total restricted accounts	<u>197,873</u>
Total cash and cash equivalents	<u><u>\$ 816,795</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, 2023 was as follows:

Balance, June 30, 2022	\$ 123,303
Deposits:	
Twelve months at \$883	10,584
Interest income	3,772
Approved withdrawals	<u>-</u>
Balance, June 30, 2023	<u><u>\$ 137,659</u></u>

**Impound accounts**

	Hazard insurance	Earthquake insurance	Total
Balance, June 30, 2022	\$ 27,183	\$ 5,372	\$ 32,555
Deposits	6,909	9,575	16,484
Interest earned	901	184	1,085
CalHFA adjustment	(901)	(1,601)	(2,502)
Payments applied	<u>-</u>	<u>(7,842)</u>	<u>(7,842)</u>
Balance, June 30, 2023	<u><u>\$ 34,092</u></u>	<u><u>\$ 5,688</u></u>	<u><u>\$ 39,780</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, 2023**

**Capital assets**

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

<u>Capital assets</u>	<u>Construction in progress</u>	<u>Building and improvements</u>	<u>Total</u>
Balance, June 30, 2022	\$ 300,363	\$ 2,291,183	\$ 2,591,546
Additions	<u>(300,363)</u>	<u>300,363</u>	<u>-</u>
Balance, June 30, 2023	<u>\$ -</u>	<u>\$ 2,591,546</u>	<u>\$ 2,591,546</u>

**Accounts payable**

Accounts payable in the amount of \$7,974 represents amounts due to suppliers. All accounts payable are current.

**Gross potential rents**

Qualified tenant rental income	\$ 653,675
Other tenant rental income	<u>-</u>
Total gross potential rents	653,675
Less	
Vacancy loss	(83,393)
Loss to lease	(92,447)
Low income subsidy	<u>(86,311)</u>
Rental revenues, net	<u>\$ 391,524</u>

**Management fee**

A property management fee of \$33,130 was incurred during the fiscal year ended June 30, 2023 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  
Years Ended June 30, 2023 and 2022**

**Operating cash flow/Surplus cash computation**

The operating cash flow/surplus cash generated by the Project during the years ended June 30, 2023 and 2022 is as follows:

	2023	2022
Operation income		
Total income	\$ 421,955	\$ 386,260
Interest earned on restricted reserve accounts	(4,857)	(670)
Adjusted operation income	417,098	385,590
Operating expenses less depreciation	(220,620)	(237,823)
Adjusted net income	196,478	147,767
Other activity		
Debt service	(110,510)	(110,510)
Deposits into replacement reserve account	(10,584)	(10,584)
Total other activity	(121,094)	(121,094)
Operating cash flow/surplus cash	\$ 75,384	\$ 26,673

**Accumulated limited distributions**

At inception, there were no allowable accumulated limited distributions unpaid. Also, there were no accumulated limited distributions paid during the fiscal years ended June 30, 2023 and 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, 2023, 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 19, 2023 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 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.

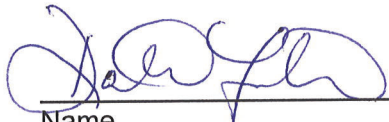
*CohnReznick LLP*

Sacramento, California  
December 19, 2023

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

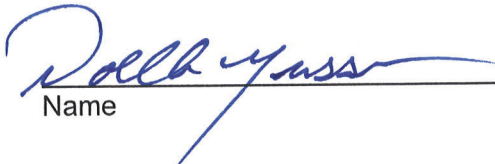
**Certification of Officers  
Years Ended June 30, 2023 and 2022**

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, 2023 and 2022, and, to the best of our knowledge and belief, these financial statements and data are complete and accurate.

  
Name

Executive Director  
Title

12/19/23  
Date

  
Name

Finance Director  
Title

12-19-23  
Date



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Capitol Area Development Authority (CADA)  
 Summary Statement of Revenues and Expenditures  
 From 7/1/2022 Through 6/30/2023

	Annual Budget	YTD Actual	YTD Variance
<b>FUNDING SOURCES</b>			
Rental Income			
Parking	276,700.00	314,747.00	38,047.00
Ground Lease Revenue	156,000.00	236,124.00	80,124.00
Residential Rental Revenue	10,629,000.00	11,400,695.00	771,695.00
Commercial Rental Revenue	515,000.00	603,444.00	88,444.00
Rental Vacancy Loss	(894,000.00)	(1,383,931.00)	(489,931.00)
Low Income Subsidy	(795,000.00)	(762,455.00)	32,545.00
Loss to Lease	(1,269,100.00)	(1,549,742.00)	(280,642.00)
Other	38,400.00	24,300.00	(14,100.00)
Total Rental Income	8,657,000.00	8,883,182.00	226,182.00
Tax Increment Revenue			
Tax Increment Revenue	7,125,000.00	7,487,321.00	362,321.00
Total Tax Increment Revenue	7,125,000.00	7,487,321.00	362,321.00
Financial Income			
General Operations Investment Funding			
Interest Income on Investments with City	207,500.00	382,845.00	175,345.00
Other	208,000.00	558,762.00	350,762.00
Total General Operations Investment Funding	415,500.00	941,607.00	526,107.00
Total Financial Income	415,500.00	941,607.00	526,107.00
Development Project Revenue			
D&A Grant Proceeds	150,000.00	150,000.00	-
Total Development Project Revenue	150,000.00	150,000.00	-
Drawdowns from Reserves			
Equipment Replace Reserve Drawdown	217,000.00	75,363.00	(141,637.00)
Afford Housing Reserve Drawdown for D&A	100,000.00	100,000.00	-
Total Drawdowns from Reserves	317,000.00	175,363.00	(141,637.00)
Miscellaneous Funding Sources			
Gain/Loss-Sale of Hard Assets	-	400,000.00	400,000.00
Other	33,100.00	60,475.00	27,375.00
Total Miscellaneous Funding Sources	33,100.00	460,475.00	427,375.00
Total FUNDING SOURCES	16,697,600.00	18,097,948.00	1,400,348.00
<b>OPERATING EXPENSES</b>			
Employee Services & Benefits			
Salaries	3,056,000.00	3,158,223.00	(102,223.00)
Cafeteria Plan	522,000.00	489,785.00	32,215.00
Workers Compensation	86,500.00	56,087.00	30,413.00
PERS Retirement	745,000.00	(198,901.00)	943,901.00
Post Retirement Health Benefit Contributions	210,000.00	23,294.00	186,706.00
Retiree Health Benefits	160,000.00	180,726.00	(20,726.00)
Other	167,282.00	(204,468.00)	371,750.00
Total Employee Services & Benefits	4,946,782.00	3,504,746.00	1,442,036.00
Outside Services			
Legal Services	184,980.00	214,672.00	(29,692.00)
Insurance	510,000.00	434,635.00	75,365.00
Other	1,093,650.00	975,712.00	117,938.00
Total Outside Services	1,788,630.00	1,625,019.00	163,611.00
Maintenance & Repair			
Service Contracts	453,650.00	333,234.00	120,416.00
Flooring	305,000.00	457,574.00	(152,574.00)
Landscaping	265,003.00	327,099.00	(62,096.00)
Other	1,539,036.00	1,083,609.00	455,427.00
Total Maintenance & Repair	2,562,689.00	2,201,516.00	361,173.00

Capitol Area Development Authority (CADA)  
 Summary Statement of Revenues and Expenditures  
 From 7/1/2022 Through 6/30/2023

Attachment 2

Utilities			
Utilities-Garbage	150,000.00	119,607.00	30,393.00
Utilities-SMUD/Electricity	152,000.00	152,284.00	(284.00)
Utilities-PG&E/Gas	316,300.00	383,012.00	(66,712.00)
Utilities-Water/Sewer	639,000.00	596,413.00	42,587.00
Other	<u>75,000.00</u>	<u>80,970.00</u>	<u>(5,970.00)</u>
Total Utilities	1,332,300.00	1,332,286.00	14.00
Overhead			
	646,170.00	564,169.00	82,001.00
Debt Service			
Notes Payable Debt Service	608,530.00	664,228.00	(55,698.00)
Bond Debt Service	<u>2,576,950.00</u>	<u>2,576,547.00</u>	<u>403.00</u>
Total Debt Service	3,185,480.00	3,240,775.00	(55,295.00)
Contributions to Reserves			
	<u>1,755,834.00</u>	<u>1,943,962.00</u>	<u>(188,128.00)</u>
Total Contributions to Reserves	<u>1,755,834.00</u>	<u>1,943,962.00</u>	<u>(188,128.00)</u>
Total OPERATING EXPENSES	<u>16,217,885.00</u>	<u>14,412,473.00</u>	<u>1,805,412.00</u>
CAPITAL INVESTMENT PROGRAM			
Major Construction			
	<u>1,204,453.00</u>	<u>451,251.00</u>	<u>753,202.00</u>
Total Major Construction	1,204,453.00	451,251.00	753,202.00
Development			
	<u>860,550.00</u>	<u>2,663,513.00</u>	<u>(1,802,963.00)</u>
Total Development	<u>860,550.00</u>	<u>2,663,513.00</u>	<u>(1,802,963.00)</u>
Total CAPITAL INVESTMENT PROGRAM	<u>2,065,003.00</u>	<u>3,114,764.00</u>	<u>(1,049,761.00)</u>
CASH FLOW, Before Resources Utilization	(1,585,288.00)	570,711.00	2,155,999.00
UTILIZATION OF FINANCIAL RESOURCES			
Utilization of Available Fund Balance	1,585,862.00	1,435,111.00	(150,751.00)
Utilization-Released CIP Budget	1,129,907.00	1,129,907.00	-
Contribution to Available Fund Balance	(574.00)	-	574.00
Cash Flow Adj-CIP Carryforward	<u>(1,129,907.00)</u>	<u>(1,129,907.00)</u>	<u>-</u>
Total UTILIZATION OF FINANCIAL RESOURCES	1,585,288.00	1,435,111.00	(150,177.00)
NET CASH FLOW	-	2,005,822.00	2,005,822.00
Audit Reconciliations			
Change in Encumbrances		(175,697.00)	
Reduction in Outstanding Debt Service			
Reductions in Outstanding Debt Service			
Debt Service-Liability Reduction		238,948.00	
Interest Expense-Accrual Adjustment		(65,370.00)	
Bond Debt Svc-Liability Reduction		1,301,957.00	
Bond Interest-Accrual Adjustment		<u>5,972.00</u>	
Total Reduction in Outstanding Debt Service		1,481,507.00	
Change in Leases & Subscriptions			
Subscription Asset, Long Term		(41,756.00)	
Accumulated Amortization - Right of Use Lease		68,857.00	
Lease Liability, Current		1,773.00	
Lease Liability, Long Term		(63,993.00)	
B/S Adj - Lease Revenue		(28,378.00)	
B/S Adj - Leases Rent Exp		77,340.00	
Amortization Lease Expense		(68,857.00)	
Amortization Subscription Expense		<u>(16,074.00)</u>	
Total Change in Leases & Subscriptions		(71,088.00)	

Capitol Area Development Authority (CADA)  
 Summary Statement of Revenues and Expenditures  
 From 7/1/2022 Through 6/30/2023

Change in Net Pension Liability	
Net Pension Liability	3,101,402.00
Net OPEB liability	802,450.00
Total Change in Net Pension Liability	3,903,852.00
 Change in Deferred Inflows of Resources	
Deferred Inflows related to Pension	(2,472,567.00)
Deferred Inflow Related to OPEB	(995,474.00)
Deferred Inflow related to Leases	(334,370.00)
Total Change in Deferred Inflows of Resources	(3,802,411.00)
 Impact of Changes in Notes Receivable	
B/S Adj - Developer Loan Funding	1,926,994.00
Allowance for Uncollectibles	(256,766.00)
Total Impact of Changes in Notes Receivable	1,670,228.00
 Impact of Changes in Investment	
Advance to Affiliates	(1,101,517.00)
Total Impact of Changes in Investment	(1,101,517.00)
 Impact of Net Changes in Fixed Assets	
Capitalized Acquisitions	
Computer Hdwe - Capitalized	20,797.00
Admin Furn Mach & Eq-Cap'd	4,405.00
Acquisitions Capitalized	3,280,000.00
Gain on Sale of property	(400,000.00)
D&A - Site Impr Capitalized	503,211.00
Capitalized Expenses - Various	64,800.00
Maint Furn, Mach & Eq-Cap'd	28,165.00
Capitalized Major Construction	360,791.00
Total Capitalized Acquisitions	3,862,169.00
Depreciation Expense	(938,061.00)
Total Impact of Net Changes in Fixed Assets	2,924,108.00
 Reduction of deferred Outflows of Resources	
Deferred Outflows Related to Pension	(1,529,171.00)
Deferred Outflow Related to OPEB	(122,879.00)
Total Reduction of deferred Outflows of Resources	(1,652,050.00)
 Impact of Changes in Other Balance Sheet Sections	
Net Increase (Decline) in Reserves	
Reserve Drawdowns-Equity Adjustment	(175,363.00)
Reserve Contributions-Equity Adjustment	1,943,962.00
Total Net Increase (Decline) in Reserves	1,768,599.00
Net Contribution to (Utilization of) Fund Balance	
BS Adj - Fund Bal Util or Contrib	(1,435,111.00)
Total Net Contribution to (Utilization of) Fund Balance	(1,435,111.00)
Total Impact of Changes in Other Balance Sheet Sections	333,488.00
 Total Audit Reconciliations	3,510,420.00
 AUDITED, CHANGE IN NET ASSETS	5,516,242.00

Capitol Area Development Authority (CADA)  
 General Operations - Consolidated  
 From 7/1/2022 Through 6/30/2023

Attachment 3 - General Operation

(In Whole Numbers)

	<u>Budget-Annual</u>	<u>YTD Budget</u>	<u>YTD Year Actual</u>	<u>YTD Variance</u>
<b>FUNDING SOURCES of General Operations</b>				
Rental Income				
Parking	276,700.00	276,700.00	314,747.00	38,047.00
Ground Lease Revenue	156,000.00	156,000.00	236,124.00	80,124.00
Residential Rental Revenue	10,629,000.00	10,629,000.00	11,400,695.00	771,695.00
Commercial Rental Revenue	515,000.00	515,000.00	603,444.00	88,444.00
Coin Op Laundry Revenue	35,800.00	35,800.00	24,300.00	(11,500.00)
Rental Vacancy Loss	(894,000.00)	(894,000.00)	(1,383,931.00)	(489,931.00)
Low Income Subsidy	(795,000.00)	(795,000.00)	(762,455.00)	32,545.00
Loss to Lease	(1,269,100.00)	(1,269,100.00)	(1,549,742.00)	(280,642.00)
Forfeited Security Deposits	2,100.00	2,100.00	-	(2,100.00)
Bad Debt Recovery	500.00	500.00	-	(500.00)
Misc Current Svcs - Mgmt Fees	105,000.00	105,000.00	113,700.00	8,700.00
Misc Current Svcs - Salaries	152,850.00	152,850.00	220,536.00	67,686.00
Misc Current Svcs - Mait	-	-	1,820.00	1,820.00
<b>Total Rental Income</b>	<b>8,914,850.00</b>	<b>8,914,850.00</b>	<b>9,219,239.00</b>	<b>304,389.00</b>
Tax Increment Revenue				
Tax Increment Revenue	7,125,000.00	7,125,000.00	7,487,321.00	362,321.00
<b>Total Tax Increment Revenue</b>	<b>7,125,000.00</b>	<b>7,125,000.00</b>	<b>7,487,321.00</b>	<b>362,321.00</b>
Interest and Other Investment Income				
Interest Income on Investments with City	207,500.00	207,500.00	382,845.00	175,345.00
Interest Income Received	-	-	6,308.00	6,308.00
Interest Income-Reserve Allocation	(2,000.00)	(2,000.00)	-	2,000.00
Interest Income - Pool A Tax Exempt	-	-	720.00	720.00
Interest Income - Pool A Taxable Bond	210,000.00	210,000.00	527,156.00	317,156.00
Lease Interest Revenue	-	-	24,578.00	24,578.00
<b>Total Interest and Other Investment Income</b>	<b>415,500.00</b>	<b>415,500.00</b>	<b>941,607.00</b>	<b>526,107.00</b>
Miscellaneous Revenue				
Gain/Loss-Sale of Hard Assets	-	-	400,000.00	400,000.00
Miscellaneous Income	33,100.00	33,100.00	60,475.00	27,375.00
Allowance for Uncollectibles	-	-	(256,766.00)	(256,766.00)
<b>Total Miscellaneous Revenue</b>	<b>33,100.00</b>	<b>33,100.00</b>	<b>203,709.00</b>	<b>170,609.00</b>
Drawdowns from Reserves				
Afford Housing Reserve Drawdown for D&A	100,000.00	100,000.00	100,000.00	-
<b>Total Drawdowns from Reserves</b>	<b>100,000.00</b>	<b>100,000.00</b>	<b>100,000.00</b>	<b>-</b>
<b>Total FUNDING SOURCES of General Operations</b>	<b>16,588,450.00</b>	<b>16,588,450.00</b>	<b>17,951,875.00</b>	<b>1,363,425.00</b>
<b>General Operations EXPENSE</b>				
Employee Services & Benefits				
Special Management Salaries	(179,682.00)	(179,682.00)	(167,175.00)	12,508.00
Salaries	(3,056,000.00)	(3,056,000.00)	(3,158,223.00)	(102,223.00)
Employee Recognition	(37,000.00)	(37,000.00)	(63,267.00)	(26,267.00)
Social Security/Medicare	(44,600.00)	(44,600.00)	(50,551.00)	(5,951.00)
Cafeteria Plan	(522,000.00)	(522,000.00)	(489,785.00)	32,215.00
Long Term Disability	(33,000.00)	(33,000.00)	(30,094.00)	2,906.00
State Unemployment	(11,000.00)	(11,000.00)	(8,012.00)	2,988.00
Workers Compensation	(86,500.00)	(86,500.00)	(56,087.00)	30,413.00
Life & AD&D Insurance	(12,500.00)	(12,500.00)	(13,467.00)	(967.00)
PERS Retirement	(745,000.00)	(745,000.00)	198,901.00	943,901.00
Post Retirement Health Benefit Contributions	(210,000.00)	(210,000.00)	(23,294.00)	186,706.00
Retiree Health Benefits	(160,000.00)	(160,000.00)	(180,726.00)	(20,726.00)
OPEB Expense	-	-	315,903.00	315,903.00
Employee Assist Program (EAP)	(2,350.00)	(2,350.00)	(1,226.00)	1,124.00
<b>Total Employee Services &amp; Benefits</b>	<b>(5,099,632.00)</b>	<b>(5,099,632.00)</b>	<b>(3,727,103.00)</b>	<b>1,372,529.00</b>

Capitol Area Development Authority (CADA)  
 General Operations - Consolidated  
 From 7/1/2022 Through 6/30/2023

Attachment 3 - General Operation

Outside Services

Prop Mgmt Marketing - Sp Mgmt Credit	3,634.00	3,634.00	3,634.00	-
Marketing & Media	(25,000.00)	(25,000.00)	(20,253.00)	4,747.00
Property Management Marketing	(16,634.00)	(16,634.00)	(3,734.00)	12,900.00
Printing and Binding	(2,000.00)	(2,000.00)	(669.00)	1,331.00
Employment Recruitment & Notices	(2,000.00)	(2,000.00)	(30,077.00)	(28,077.00)
Legal Services	(184,980.00)	(184,980.00)	(214,672.00)	(29,692.00)
Accounting and Auditing	(52,850.00)	(52,850.00)	(62,900.00)	(10,050.00)
Community Activities	(35,000.00)	(35,000.00)	(35,287.00)	(287.00)
Document Storage & Destruction	(2,000.00)	(2,000.00)	(902.00)	1,098.00
Network Administration Services	(106,000.00)	(106,000.00)	(118,444.00)	(12,444.00)
Payroll Services	(10,000.00)	(10,000.00)	(13,152.00)	(3,152.00)
Banking & Investment Fees	(13,300.00)	(13,300.00)	(11,432.00)	1,868.00
Admin Other Professional Services	(67,500.00)	(67,500.00)	(1,955.00)	65,545.00
Prop Mgmt Other Professional Services	(60,000.00)	(60,000.00)	(32,783.00)	27,217.00
Asset Mgmt Other Professional Services	(72,000.00)	(72,000.00)	(42,609.00)	29,391.00
Courtesy Patrol	(141,596.00)	(141,596.00)	(151,601.00)	(10,005.00)
Courtesy Patrol-Sp Mgmt Credit	16,596.00	16,596.00	16,596.00	-
Insurance - Special Management	(113,000.00)	(113,000.00)	(102,087.00)	10,913.00
Insurance	(510,000.00)	(510,000.00)	(434,635.00)	75,365.00
Self-Insured Losses	(75,000.00)	(75,000.00)	(9,744.00)	65,256.00
Insurance - Sp Mgmt Reimb.	-	-	(16,500.00)	(16,500.00)
Project Banking Fees	(21,000.00)	(21,000.00)	(16,049.00)	4,951.00
Admin Temporary Outside Svcs	(20,000.00)	(20,000.00)	(69,347.00)	(49,347.00)
Temporary Outside Services	(240,000.00)	(240,000.00)	(240,827.00)	(827.00)
Eng/Arch-Miscellaneous	(39,000.00)	(39,000.00)	(3,825.00)	35,175.00
Legal - Dev Project Related	(30,000.00)	(30,000.00)	(21,148.00)	8,853.00
D&A Other Professional Services	(14,000.00)	(14,000.00)	(8,700.00)	5,300.00
<b>Total Outside Services</b>	<b>(1,832,630.00)</b>	<b>(1,832,630.00)</b>	<b>(1,643,101.00)</b>	<b>189,529.00</b>

Maintenance & Repair

Emerg Relocation-Ops Related	(10,500.00)	(10,500.00)	(48,773.00)	(38,273.00)
Operation Location Improvements	(55,000.00)	(55,000.00)	(3,073.00)	51,927.00
Admin Office - General Maintenance	(27,800.00)	(27,800.00)	(42,076.00)	(14,276.00)
Maint Office Janitorial	(10,000.00)	(10,000.00)	(11,016.00)	(1,016.00)
Maint Office - General Maintenance	(10,000.00)	(10,000.00)	(10,232.00)	(232.00)
Equipment Rental Expense	(5,000.00)	(5,000.00)	(1,292.00)	3,708.00
Construction Mitigation Expense	(15,000.00)	(15,000.00)	(61.00)	14,940.00
Repair & Maint - Misc	(177,000.00)	(177,000.00)	(210,150.00)	(33,150.00)
Landscape-Sp Mgmt Credit	19,432.00	19,432.00	19,432.00	-
Travel-Fuel on CADA Vehicles	(19,000.00)	(19,000.00)	(20,778.00)	(1,778.00)
Travel-Maint Staff Reimburse	(14,000.00)	(14,000.00)	(9,267.00)	4,733.00
Travel-RSR Reimbursement	(2,000.00)	(2,000.00)	(368.00)	1,632.00
Elevator/Bldg Phone & Monitor Service	(6,000.00)	(6,000.00)	(5,511.00)	489.00
Service Contracts	(453,650.00)	(453,650.00)	(333,234.00)	120,416.00
State Fire Marshal	(50,000.00)	(50,000.00)	(12,720.00)	37,280.00
Flooring	(305,000.00)	(305,000.00)	(457,574.00)	(152,574.00)
Plumbing	(9,568.00)	(9,568.00)	(5,025.00)	4,543.00
Countertops/Cabinets	(57,500.00)	(57,500.00)	(8,418.00)	49,082.00
Landscaping	(265,003.00)	(265,003.00)	(327,099.00)	(62,096.00)
Pest Services	(56,200.00)	(56,200.00)	(38,740.00)	17,460.00
Permits and Fees	(4,500.00)	(4,500.00)	(3,397.00)	1,103.00
Painting & Decorating	(64,900.00)	(64,900.00)	(15,387.00)	49,513.00
Supplies	(27,000.00)	(27,000.00)	(7,909.00)	19,091.00
Vehicle Repair and Maint	(10,000.00)	(10,000.00)	(12,200.00)	(2,200.00)
Prop Mgmt Furn & Appliances	(101,500.00)	(101,500.00)	(136,071.00)	(34,571.00)
Building Supplies - Misc	(311,500.00)	(311,500.00)	(377,113.00)	(65,613.00)
Clothing and Uniforms	(5,500.00)	(5,500.00)	(5,284.00)	216.00
Maintenance Mach & Equip	(88,000.00)	(88,000.00)	(58,932.00)	29,068.00
Operating Budget Major Repairs	(15,000.00)	(15,000.00)	(10,445.00)	4,555.00
<b>Total Maintenance &amp; Repair</b>	<b>(2,156,689.00)</b>	<b>(2,156,689.00)</b>	<b>(2,152,713.00)</b>	<b>3,976.00</b>

Capitol Area Development Authority (CADA)  
 General Operations - Consolidated  
 From 7/1/2022 Through 6/30/2023

Attachment 3 - General Operation

Utilities				
Admin Office Utilities	(28,000.00)	(28,000.00)	(25,827.00)	2,173.00
Maint Office Utilities	(47,000.00)	(47,000.00)	(55,142.00)	(8,142.00)
Utilities-Garbage	(150,000.00)	(150,000.00)	(119,607.00)	30,393.00
Utilities-SMUD/Electricity	(152,000.00)	(152,000.00)	(152,284.00)	(284.00)
Utilities-PG&E/Gas	(316,300.00)	(316,300.00)	(383,012.00)	(66,712.00)
Utilities-Water/Sewer	(639,000.00)	(639,000.00)	(596,413.00)	42,587.00
<b>Total Utilities</b>	<b>(1,332,300.00)</b>	<b>(1,332,300.00)</b>	<b>(1,332,285.00)</b>	<b>15.00</b>
Overhead				
Postage and Deliveries	(3,000.00)	(3,000.00)	(5,588.00)	(2,588.00)
Telephone and Wireless Svcs	(30,000.00)	(30,000.00)	(12,784.00)	17,216.00
Cellular Phone Service	(40,000.00)	(40,000.00)	(43,946.00)	(3,946.00)
Internet Services	(26,000.00)	(26,000.00)	(6,740.00)	19,260.00
Admin Bldg Rent	(103,000.00)	(103,000.00)	(105,050.00)	(2,050.00)
Maint. Bldg Rent	(14,200.00)	(14,200.00)	-	14,200.00
Leased Facilities Rent	(24,000.00)	(24,000.00)	(39,000.00)	(15,000.00)
Equipment Rental Expense	(2,500.00)	(2,500.00)	(1,309.00)	1,191.00
Parking Program	(1,500.00)	(1,500.00)	-	1,500.00
JPA Board Expenses	(7,000.00)	(7,000.00)	(3,272.00)	3,728.00
Professional Organizations	(15,000.00)	(15,000.00)	(11,540.00)	3,460.00
Subscriptions	(2,000.00)	(2,000.00)	(669.00)	1,331.00
Education and Training	(24,000.00)	(24,000.00)	(20,826.00)	3,174.00
Management Fee	(104,220.00)	(104,220.00)	(105,000.00)	(780.00)
Transportation-Admin Staff	(2,000.00)	(2,000.00)	(2,452.00)	(452.00)
Resident Relations	(9,900.00)	(9,900.00)	(6,649.00)	3,251.00
Sp Mgmt Prop Taxes & Assessments	(10,750.00)	(10,750.00)	(11,117.00)	(367.00)
Property Taxes & Assessments	(122,100.00)	(122,100.00)	(115,378.00)	6,722.00
Hospitality	(1,500.00)	(1,500.00)	(52.00)	1,449.00
Office Supplies - General	(15,000.00)	(15,000.00)	(10,434.00)	4,566.00
Software	(80,000.00)	(80,000.00)	(101,880.00)	(21,880.00)
Computer Hardware	(50,000.00)	(50,000.00)	(29,656.00)	20,344.00
Admin Furn Mach & Equip	(16,000.00)	(16,000.00)	(4,916.00)	11,084.00
Safety - General Admin	(20,500.00)	(20,500.00)	(15,191.00)	5,309.00
Office Equipment leases	(27,000.00)	(27,000.00)	(24,420.00)	2,580.00
<b>Total Overhead</b>	<b>(751,170.00)</b>	<b>(751,170.00)</b>	<b>(677,869.00)</b>	<b>73,301.00</b>
Debt Service				
Debt Service Principal Paid	(239,007.00)	(239,007.00)	(238,948.00)	59.00
Debt Interest Paid	(69,523.00)	(69,523.00)	(68,245.00)	1,278.00
Bond Debt Svc-Principal Pd	(1,301,970.00)	(1,301,970.00)	(1,301,957.00)	13.00
Bond Interest Paid	(1,274,980.00)	(1,274,980.00)	(1,274,590.00)	390.00
Tax Increment Pledge	(300,000.00)	(300,000.00)	(300,000.00)	-
HCD Monitoring Fee	-	-	(41,915.00)	(41,915.00)
Lease Interest Expense	-	-	(15,120.00)	(15,120.00)
<b>Total Debt Service</b>	<b>(3,185,480.00)</b>	<b>(3,185,480.00)</b>	<b>(3,240,775.00)</b>	<b>(55,295.00)</b>
Contributions to Reserves				
Development Reserve Contribution	(1,000,321.00)	(1,000,321.00)	(1,151,582.00)	(151,261.00)
Affordable Housing Reserve Contribution	(326,630.00)	(326,630.00)	(363,496.00)	(36,866.00)
Equipment Replace Reserve Contribution	(104,883.00)	(104,883.00)	(104,883.00)	-
Debt Retirement Reserve Contribution	(324,000.00)	(324,000.00)	(324,000.00)	-
<b>Total Contributions to Reserves</b>	<b>(1,755,834.00)</b>	<b>(1,755,834.00)</b>	<b>(1,943,962.00)</b>	<b>(188,128.00)</b>
<b>Total General Operations EXPENSE</b>	<b>(16,113,735.00)</b>	<b>(16,113,735.00)</b>	<b>(14,717,808.00)</b>	<b>1,395,927.00</b>
Inter-Fund Operation TRANSFERS				
Inter-Fund Operating TRANSFERS IN				
Operations Transfer from F 50-CAP Tax Incr	2,784,435.00	2,784,435.00	1,083,558.00	(1,700,877.00)
Operations Transfer from F 51-CAP Set-Aside	437,853.00	437,853.00	437,853.00	-
Operations Transfer from F60-RSt TI	217,000.00	217,000.00	217,000.00	-
Operations Transfer from F67 - Bond Interest	210,000.00	210,000.00	-	(210,000.00)
<b>Total Inter-Fund Operating TRANSFERS IN</b>	<b>3,649,288.00</b>	<b>3,649,288.00</b>	<b>1,738,411.00</b>	<b>(1,910,877.00)</b>

Capitol Area Development Authority (CADA)  
 General Operations - Consolidated  
 From 7/1/2022 Through 6/30/2023

Attachment 3 - General Operation

Inter-Fund Operating TRANSFERS OUT				
Operations Transfer to F10-General	<u>(3,649,288.00)</u>	<u>(3,649,288.00)</u>	<u>(1,738,411.00)</u>	<u>1,910,877.00</u>
Total Inter-Fund Operating TRANSFERS OUT	<u>(3,649,288.00)</u>	<u>(3,649,288.00)</u>	<u>(1,738,411.00)</u>	<u>1,910,877.00</u>
Total Inter-Fund Operation TRANSFERS	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
OPERATING RESULTS, before Capital Investment Program	<u>474,715.00</u>	<u>474,715.00</u>	<u>3,234,068.00</u>	<u>2,759,352.00</u>
CAPITAL INVESTMENT PROGRAM				
Investment in MAJOR CONSTRUCTION Program				
CIP Transfer to F10-General	(948,453.00)	(948,453.00)	(948,453.00)	-
CIP Transfer to F38 - 17th St. Commons	<u>(15,000.00)</u>	<u>(15,000.00)</u>	<u>-</u>	<u>15,000.00</u>
Total Investment in MAJOR CONSTRUCTION Program	<u>(963,453.00)</u>	<u>(963,453.00)</u>	<u>(948,453.00)</u>	<u>15,000.00</u>
Investment in DEVELOPMENT Program				
Dev Program TF to F 10 - General	(696,550.00)	(696,550.00)	(696,550.00)	-
Deve Program TF to F20 - CACDC	<u>(400,000.00)</u>	<u>(400,000.00)</u>	<u>(400,000.00)</u>	<u>-</u>
Total Investment in DEVELOPMENT Program	<u>(1,096,550.00)</u>	<u>(1,096,550.00)</u>	<u>(1,096,550.00)</u>	<u>-</u>
Total CAPITAL INVESTMENT PROGRAM	<u>(2,060,003.00)</u>	<u>(2,060,003.00)</u>	<u>(2,045,003.00)</u>	<u>15,000.00</u>
UTILIZATION OF FINANCIAL RESOURCES				
Utilization of Available Fund Balance	1,585,862.00	1,585,862.00	1,435,111.00	(150,751.00)
Contribution to Available Fund Balance	<u>(574.00)</u>	<u>(574.00)</u>	<u>-</u>	<u>574.00</u>
Total UTILIZATION OF FINANCIAL RESOURCES	<u>1,585,288.00</u>	<u>1,585,288.00</u>	<u>1,435,111.00</u>	<u>(150,177.00)</u>
NET RESULTS OF GENERAL OPERATIONS	<u>-</u>	<u>-</u>	<u>2,624,176.00</u>	<u>2,624,176.00</u>

**RESOLUTION NO. 24 - 01**

Adopted by the Capitol Area Development Authority

January 26, 2024

**RESOLUTION ACCEPTING AND AUTHORIZING RELEASE OF  
INDEPENDENT AUDITOR'S REPORTS – FISCAL YEAR 2022-2023**

**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 2022-2023; 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 2022-2023 audited by CohnReznick are hereby accepted and authorized for release.

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Ann Bailey, Chair

ATTEST:

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Tara Gandara  
Secretary to the Board of Directors



**RESOLUTION NO. 24 - 02**

Adopted by the Capitol Area Development Authority

January 26, 2024

**RESOLUTION ACCEPTING AND AUTHORIZING RELEASE OF  
INDEPENDENT AUDITOR'S REPORTS – FISCAL YEAR 2022-2023  
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 2022-2023 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 2022-2023 for Somerset Parkside Apartments audited CohnReznick is hereby accepted and authorized for release.

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Ann Bailey, Chair

ATTEST:

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Tara Gandara  
Secretary to the Board of Directors

**RESOLUTION NO. 24 - 03**

Adopted by the Capitol Area Development Authority

January 26, 2024

**RESOLUTION ACCEPTING AND AUTHORIZING RELEASE OF  
INDEPENDENT AUDITOR'S REPORTS – FISCAL YEAR 2022-2023  
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 2022-2023 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 2022-2023 for Biele Place Apartments audited by CohnReznick is hereby accepted and authorized for release.

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Ann Bailey, Chair

ATTEST:

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Tara Gandara  
Secretary to the Board of Directors

**RESOLUTION NO. 24 - 04**

Adopted by the Capitol Area Development Authority

January 26, 2024

**RESOLUTION ACCEPTING AND AUTHORIZING RELEASE OF  
INDEPENDENT AUDITOR'S REPORTS – FISCAL YEAR 2022-2023  
FOR SEVENTEENTH STREET COMMONS  
(Contract Number 99-024-N)**

**WHEREAS**, the certified public accounting firm of CohnReznick has completed its audit of the Authority's Independent Auditor's Reports for Fiscal Year 2022-2023 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 2022-2023 for Seventeenth Street Commons (Contract Number 99-024-N) audited by CohnReznick is hereby accepted and authorized for release.

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Ann Bailey, Chair

ATTEST:

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Tara Gandara  
Secretary to the Board of Directors



January 19, 2024

**TO:** CADA Board of Directors

**SUBJECT: January 26, 2024 Board Meeting  
AGENDA ITEM 6  
MID-YEAR CAPITAL IMPROVEMENTS PROGRAM (CIP) UPDATE**

**CONTACT PERSON:** Russ Juneau, Facilities Manager  
Frank Czajka, Construction Manager

**RECOMMENDATION: For review and information only.**

### **CIP STATUS REPORT**

Twice each year, in May and December, CADA staff prepares a Capital Improvement Program (CIP) Status Report and presents it to the Board. Staff delayed this report to January due to a heavy agenda in December.

The Mid-year CIP Program Status Report contains completed, current, and major maintenance, rehabilitation and construction improvements to CADA-managed properties. Work typically consists of improvements to residential, commercial, parking, landscape and infrastructure that CADA staff's field assessments and CADA strategic planning have identified as being necessary.

The report can be found in **Attachment 1**. The report is summarized below.

### **Status of Budgeted CIP Projects**

Budgeted projects are shown in the first three shaded columns of **Attachment 1**, labeled "Current Budget 2021/22, Current Budget 2022/23, and Current Budget 2023/24." CADA's multi-year capital budgeting process provides for fiscal year budgets to remain open for 3 years so, at any given time, the CIP Status Report and Needs Assessment includes fiscal year budgets for 3 years. The CIP Status Report is a working tool that enables staff to keep track of the status of the various projects and is presented to the Board to report on project status and to show the level of investment in individual buildings during those three fiscal years.

In the columns marked "Completed," the completed projects for each fiscal year starting in FY 21/22 are shown with the expenditures to date. Projects to be finished are shown in the "Open" columns. The report presents the following information about each budgeted project:

- Project Address
- Scope of Work
- Budget Spent ("Completed")
- Budget Remaining ("Open")

CADA’s current CIP priorities include window replacement, roof replacement, repairing dry-rot, electrical service upgrades, exterior painting and general carpentry. These repair priorities reflect the continued aging of CADA’s 51 apartment buildings and 21 commercial spaces and CADA’s efforts to modernize building systems and make them more energy and water efficient.

As illustrated in Table 1 below, to date CADA has completed \$696,653.05 in CIP projects budgeted within fiscal years 21/22 through 23/24 out of a budget of \$4,909,487.00, leaving \$4,212,833.95 in open projects. As Attachment 1 shows, the three largest projects completed using FY 21/22 funds included an HVAC project at Park Mansion, dry rot repairs at 1201 P Street, and upgrades to the commercial space at 1607<sup>th</sup> Street. The largest projects using FY 22/23 funds included tenant improvements at the forthcoming Society Bistro space at 1329 O Street, tenant improvements at the Silver Lining space and the adjacent Anchor & Tree Coffee Community space, and flooring and painting at Brannan Court, a new roof at 1615 P Street and 1220 P Street and a new roof at 1619 Q Street. The largest projects using FY 23/24 funding included asbestos abatement at various apartments as part of CADA’s new effort to upgrade flooring in CADA apartments as part of the turn process so that the apartments are more sustainable, have a longer life on their finishes, and are more competitive in the current rental market. Prioritizing these commercial projects had to be prioritized because the spaces became vacant and needed to be upgraded and modified for the new commercial tenants so that CADA could lease them as soon as possible and resume collecting commercial rental income.

**Table 1 – Budgeted\_CIP Projects Status Report Summary for FY 21/22 through FY 23/24\***

	FY 21/22 CIP Budget		FY 22/23 CIP Budget		FY 23/24 CIP Budget		Grand Total
	Completed	Open	Completed	Open	Completed	Open	
<b>General Fund</b>	\$230,150.08	\$794,349.92	\$376,871.97	\$1,260,628.03	\$77,428.00	\$1,631,172.00	\$4,370,600.00
<b>Special Mgt.</b>	-	-	-	-	\$12,203.00	\$526,684.00	\$538,887.00
<b>TOTAL COMPLETED</b>	\$230,150.08		\$376,871.97		\$89,631.00		\$696,653.05
<b>TOTAL OPEN</b>	-	\$794,349.92	-	\$1,260,628.03	-	\$2,157,856.00	\$4,212,833.95
<b>GRAND TOTAL (COMPLETED AND OPEN)</b>	\$1,024,500.00		\$1,637,500.00		\$2,247,487.00		\$4,909,487.00

*\*Note: Expenses are indicated as projects are initiated, rather than invoiced, and therefore the project budgets may not match the financial reports due to timing differences from the start of project to invoicing.*

CADA’s Facility Maintenance Manager, Russ Juneau, Construction Manager, Frank Czajka, and the Maintenance Department are focusing on routine maintenance, and time-critical CIP projects.

In addition, staff continues to work with Tremco Roofing, who have helped us identify many leaking or aging roofs and to prioritize roofs that should be replaced in the next 5 years. CADA’s top priority roofing projects currently include 1330 P, 1316 N, 1212-1214 P and 1506 13<sup>th</sup> Street, which will require approximately \$500,000 to complete. This will help reduce the Table 1 open items balances in a meaningful way.

Another area of focus is replacing all single pane windows with modern dual pane glass windows that also have UV blocking. These efforts will reduce our carbon footprint by increasing heating and cooling efficiency. As discussed in the Window Replacement FY 23/24 staff report presented elsewhere in the January Board packet, the four priority window replacement projects

include 1201 P, 1521 12<sup>TH</sup>, 1517 12<sup>TH</sup>, and 1420 O Street. These will cost approximately \$165,000 to complete, further reducing the open items balance shown in Table 1.

CADA staff is also working to identify boilers in our buildings which are nearing the end of their useful life and/or are grossly energy inefficient. An upcoming project will address this by installing energy efficient ductless mini split HVAC heat pumps which will both heat and cool the apartments, eliminating the need for the inefficient boiler system. As discussed in the HVAC replacement staff report presented elsewhere in the January Board packet, CADA will start with HVAC replacement at 1317 O Street, which will cost approximately \$89,000 to complete. We will then turn our attention to other buildings with outdated heating systems and single pane windows and plan a combined approach to those buildings that will include both window replacement and HVAC replacement. An example of where this could happen would at 1615-17 P Street. CADA will receive a SMUD rebate for a portion of its work at 1317 O Street.

In addition to the usual water and energy conservation upgrades that are made when units are vacated and turned, CADA is also utilizing this time to modernize our portfolio by installing Laminated Vinyl Plank (LVP) flooring, upgraded cabinetry, countertops and baseboards. To do this work, staff is reprioritizing selected budgeted projects to direct approximately \$400,000 to these efforts.

## **POLICY**

Staff presents the Five-Year CIP Needs Assessment to the Board bi-annually for information and discussion to ensure that these needs are appropriately and adequately addressed during the annual and mid-year budgeting processes. The Board approves the CIP budget for the upcoming fiscal year in June. This budget remains open for 3 years to allow sufficient time to prepare scopes of work, prepare and issue bid packages, obtain bids, and complete the work.

The overarching CIP strategy is to preserve, maintain, and enhance existing structures unless building obsolescence or development strategies dictate otherwise. Reinvestment decisions should be consistent with the State Capitol Area Plan and the CADA Strategic Plan. Preventative maintenance and preservation of existing structures through appropriate maintenance are also consistent with state and general public policy regarding sustainable development. To the extent possible, this type of preservation of materials and avoidance of demolition of structures reduces landfill and material waste. All CIP projects are designed and constructed in compliance with current building codes and regulations, including California energy efficiency standards and regulations.

## **FINANCIAL IMPACTS**

Current financial impacts are shown in Table 1 above.

## **STRATEGIC PLAN**

Preparation of the CIP Status Report and the CIP Needs Assessment advances the Strategic Plan goal of “Providing Mixed-Income housing with Superior Property Management” and the Key Priorities of Improving Environmentally Sustainable Practices, Community Stewardship and Fiscal Responsibility

Attachments:

1. CIP Mid-year Report (Jan 2024) - Status Report

Attachment 1

PROPERTY CODE	CONSTR CODE	Project Address   Building Name * = Future Development Site	PROP TYPE	SCOPE OF WORK	Current Budget C22 FY 21/22		Current Budget C22 FY 22/23		Current Budget C23 FY 23/24	
					Completed	Open	Completed	Open	Completed	Open
<b>GL Acct 5820</b>										
C172-14	015.7	1325 15th St, Park Mansion	Res	HVAC Equipment	19,960.12	5,039.88				
C222-09	010.30	1228 O St, Gibson Arms	Res	Stairways/Decking/Walkways	8,700.25	-				
C222-22	006.3	1201 P St, Del Capri	Res	Wood-Dry Rot	49,900.00	-				
C223-09A	019.6	1428 - 14th St., Metropol	Res	Structural Rehabilitation	-	25,500.00				
C223-12	009.5	1327/1317 O St	Res	Finishes-Ceilings	-	17,000.00				
C173-15A	013.3	1327/1317 O St	Res	Sp Constr - Boiler	-	130,000.00				
C226-07	008.5	1420 O St	Res	Windows	4,902.00	33,098.00				
C232-18B	006.3	1506 O St, Johnston House	Res	Wood-Dry Rot	1,818.31	(1,818.31)				
C232-18B	010.30	1506 O St, Johnston House	Res	Stairways/Decking/Walkways	-	10,000.00				
C233-14	006.3	1625 O St	Res	Wood-Dry Rot	591.44	11,908.56				
C234-24	019.6	1615 P St, Lanai	Res	Structural Rehabilitation	-	4,000.00				
C330-07	019.5	Bagel Time - 1607 10th St.	Com	Commercial Tenant Improvements	110,876.22	-				
C330-14	019.5	OB 2000 - 1603 10th St.	Com	Commercial Tenant Improvements	-	17,000.00				
C172-14	002.8	1325 - 15th St., Park Mansion	Res	Sitework-Improvements/Amenities				4,000.00		
C172-15A	002.8	1317 - 15th St., Lombard	Res	Sitework-Improvements/Amenities				8,000.00		
C172-15A	009.6	1317 - 15th St., Lombard	Res	Finishes-Flooring				6,000.00		
C222-09	019.6	1228 O St, Gibson Arms	Res	Structural Rehabilitation				7,000.00		
C222-20A	002.9	1209 P St., Wing Manor	Res	Sitework-Planting/Rehab, etc.			287.54	7,712.46		
C222-22	008.5	1201 P St., Del Capri	Res	Windows			6,278.00	(6,278.00)		
C222-23	008.5	1521 12th St	Res	Windows				45,000.00		
	010.10	1521 12th St	Res	Awnings				12,000.00		
C222-24	008.50	1517 - 12th St.	Res	Windows				80,000.00		
C223-02	007.3	1316 N. St., Le Chateau	Res	Shingles, Roof Tiles, etc				40,000.00		
C223-09B	002.1	Mud Pie Stand - 1329/1331 O St	Res	Sitework - Site remediation			37,319.74	(34,684.74)		
	019.2	Mud Pie Stand - 1329/1331 O St	Res	Accessibility				59,365.00		
C226-08	009.6	1500 15th St-Auslander	Res	Finishes-Flooring				10,000.00		
C226-09	010.30	1510 15th St.	Res	Stairways/Decking/Walkways				32,000.00		
C226-24	010.30	1400-04 O St, Greentree/Carr Path	Res	Stairways/Decking/Walkways				7,000.00		
C231-07	008.5	1522 N St, Judith Manor	Res	Windows				90,000.00		
	009.6	1522 N St, Judith Manor	Res	Finishes-Flooring				27,000.00		
	009.9	1522 N St, Judith Manor	Res	Finishes-Paint/Coatings				21,000.00		
C231-23B	002.1	Luna's - 1414 16th St.	Com	Sitework - Site remediation			65,692.47	(3,692.47)		
C231-23C	019.6	1412 16th - Urban Yoga	Com	Structural Rehabilitation			31,030.00	(11,030.00)		
C231-24	009.6	1500 N St., Brannan Court	Res	Finishes-Flooring			48,375.00	58,625.00		
	009.9	1500 N St., Brannan Court	Res	Finishes-Paint/Coatings			9,700.00	1,300.00		
C232-16	002.9	16th Street Commerical	Com	Sitework-Planting/Rehab, etc.			3,667.50	37,332.50		
	009.5	16th Street Commerical	Com	Finishes-Ceilings				23,000.00		
C232-18B	006.3	1506 O, Johnston House	Res	Wood-Dry Rot				127,000.00		
	009.9	1506 O, Johnston House	Res	Finishes-Paint/Coatings				56,000.00		
	010.30	1506 O, Johnston House	Res	Stairways/Decking/Walkways				10,000.00		
C233-27	002.10	Enterprise 1401 16th	Com	Sitework - Site remediation			391.46	14,608.54		
C234-24	006.3	1615 P St, Lanai	Res	Wood-Dry Rot				17,000.00		
	007.3	1615 P St, Lanai	Res	Shingles, Roof Tiles, etc			72,882.61	2,117.39		
	010.10	1615 P St, Lanai	Res	Awnings				12,000.00		
C281-07	007.3	1220 P St, Deus	Res	Shingles, Roof Tiles, etc			9,500.00	17,500.00		
	008.5	1220 P St, Deus	Res	Windows				26,000.00		
	010.30	1220 P St, Deus	Res	Stairways/Decking/Walkways				17,500.00		
C284-10	007.3	1330 P St, Palm Manor	Res	Shingles, Roof Tiles, etc				220,000.00		
C293-18	007.3	1619 Q-Rooming House	Res	Shingles, Roof Tiles, etc			61,998.78	12,001.22		
	009.9	1619 Q-Rooming House	Res	Finishes-Paint/Coatings				21,000.00		
C333-11	002.1	Le Croissant - 1036 P St.	Com	Sitework - Site remediation				5,000.00		

C172-14	002.8	1325 - 15th St., Park Mansion	Res	Sitework-Improvements/Amenities						-	55,000.00
C222-09	009.9	1228 O St, Gibson Arms	Res	Finishes-Paint/Coatings						-	85,000.00
C222-10	008.50	1506 13th St, McCafferty	Res	Windows						-	186,000.00
	009.6	1506 13th St, McCafferty	Res	Finishes-Flooring						-	22,500.00
C222-22	002.9	1201 P St., Del Capri	Res	Sitework-Planting/Rehab, etc.						-	135,000.00
	009.6	1201 P St., Del Capri	Res	Finishes-Flooring						-	23,000.00
C222-23	013.3	1521 12th St	Res	Sp Constr - Boilers						-	160,000.00
C223-10	008.50	1327 O St., Capri	Res	Windows						-	106,000.00
C225-01	010.1	1400 N St, The Dean	Res	Awnings						-	12,000.00
C226-07	002.9	1420 O St	Res	Sitework-Planting/Rehab, etc.						-	95,000.00
	008.5	1420 O St	Res	Windows						-	106,000.00
C226-08	008.5	1500 15th St-Auslander	Res	Windows						-	155,000.00
C226-10	010.3	1514 - 15th St.	Res	Stairways/Decking/Walkways						-	11,600.00
C232-18C	010.30	1510 O St, Don Carlos Apts	Res	Stairways/Decking/Walkways						-	80,000.00
C233-14	008.50	1625 O St	Res	Windows						-	158,000.00
C233-27	007.0	Enterprise 1401 16th	Com	Thermal & Moisture Protection - Roof						-	25,000.00
C281-06	002.9	1216-18 P St.	Res	Sitework-Planting/Rehab, etc.						-	27,000.00
C360-01	002.1	701 S Street - Maintenance		Sitework - Site remediation						4,925.00	118,575.00
<b>Various Address Budget Line Items</b>				<b>C888-88</b>	<b>General Major Construction</b>	<b>Completed</b>	<b>Open</b>	<b>Completed</b>	<b>Open</b>	<b>Completed</b>	<b>Open</b>
Various	001.6	Various		Energy Reduction/Sustainability	-	15,000.00	-	15,000.00	-	15,000.00	
Various	002.7	Various		Sitework-Pavement, Bases, etc	-	20,000.00	-	20,000.00	-	20,000.00	
Various	009.6	Various		Finishes-Flooring	-	408,000.00	-		-		
Various	019.1	Various		Contingency	-	3,023.53	-	106,000.00	-	50,000.00	
Various	019.2	Various		Accessibility	-	10,000.00	-	10,000.00	-	10,000.00	
Various	019.3	Various		Fire & Safety	-	-	-	21,000.00	-	8,000.00	
Various	019.4	Various		Toxic Abatement	19,992.74	100,007.26	19,729.86	270.14	72,503.00	(52,503.00)	
Various	019.5	Various		Commercial Tenant Improvements	13,409.00	(13,409.00)	10,019.01	9,980.99	-	20,000.00	
<b>GRAND TOTAL MAJOR CONSTRUCTION - GENERAL FUND:</b>						<b>\$ 230,150.08</b>	<b>\$ 794,349.92</b>	<b>\$ 376,871.97</b>	<b>\$ 1,260,628.03</b>	<b>\$ 77,428.00</b>	<b>\$ 1,631,172.00</b>
						<b>C21 GF Total</b>	<b>\$ 1,024,500.00</b>	<b>C22 GF Total</b>	<b>\$ 1,637,500.00</b>	<b>C23 GF Total</b>	<b>\$ 1,708,600.00</b>
<b>Special Management Properties</b>											
										<b>C23 - FY 22/23</b>	
										<b>Completed</b>	<b>Open</b>
<b>36 Somerset Parkside</b>											
<b>Special Management Account</b>											
C330-00	010.8	Somerset	Res	Bath, kitchen & Laundry							66,500.00
<b>SUBTOTAL:</b>											<b>66,500.00</b>
<b>37 Biele Place</b>											
<b>Special Management Account</b>											
C231-19	002.9	Biele Place	Res	Sitework-Planting/Rehab, etc.						12,203.00	38,797.00
<b>SUBTOTAL:</b>										<b>12,203.00</b>	<b>38,797.00</b>
<b>38 17th Street Commons</b>											
<b>Special Management Account</b>											
C234-27	006.3	17th Street Commons	Res	Awnings							50,000.00
<b>SUBTOTAL:</b>											<b>50,000.00</b>
<b>41 Fremont/Wilshire Apts</b>											
<b>Special Management Account</b>											
C-286-00	007.3	Fremont/Wilshire Apts	Res	Shingles, Roof Tiles, etc						-	104,227.00
C-286-00	009.9	Fremont/Wilshire Apts	Res	Finishes-Paint/Coatings						-	82,160.00
C-286-00	001.30	Fremont/Wilshire Apts	Res	Stairways/Decking/Walkways						-	185,000.00
<b>SUBTOTAL:</b>											<b>371,387.00</b>
<b>TOTAL SPECIAL MANAGEMENT FUNDS:</b>										<b>12,203.00</b>	<b>526,684.00</b>



<b>GRAND TOTAL ALL FUNDS (GENERAL + SPECIAL MGMT)*:</b>	<b>230,150.08</b>	<b>794,349.92</b>	<b>376,871.97</b>	<b>1,260,628.03</b>	<b>89,631.00</b>	<b>2,157,856.00</b>
---------------------------------------------------------	-------------------	-------------------	-------------------	---------------------	------------------	---------------------

4,909,487.00

Completed	1,024,500.00 22%	Completed	1,637,500.00 23%	Completed	2,247,487.00 4%
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January 19, 2024

**TO:** CADA Board of Directors

**SUBJECT:** **January 26, 2024 Board Meeting**  
**AGENDA ITEM 7**  
**WINDOW REPLACEMENT PROJECT FY24 (1201 P, 1521 12TH, 1517 12TH,**  
**& 1420 O STREETS)**

**CONTACT PERSON:** Frank Czajka, Construction Manager  
Russ Juneau, Facility Maintenance Manager

**RECOMMENDED ACTION:**

Staff recommends that the Board adopt a resolution (Attachment 3) authorizing the Executive Director to enter into a construction contract for the Window Replacement Project FY24 with August – Jaye Construction for the buildings at 1201 P, 1521 12<sup>TH</sup>, 1517 12<sup>TH</sup>, and 1420 O Streets, in the amount of \$165,500.

**BACKGROUND**

Many of the properties in CADA's current portfolio were built at a time when single pane windows were the only option. In an effort to reduce the carbon footprint of these buildings and reduce the loss of warmed and cooled air through the single pane windows, CADA is now prioritizing replacement of these windows with high-efficiency dual-pane windows.

Staff solicited bids for the Window Replacement Project FY24 through CADA's formal bidding process. The bid package was released on Monday, November 6, 2023. The project scope of work calls for contractors to replace existing single pane windows with new energy efficient windows. The contractor will install new windows using an approach that will minimize inconvenience to tenants.

The mandatory Pre-Bid Job Walk was held on Wednesday, November 29, 2023 at 10:00 a.m., and was attended by eleven contractors (See Attachment 1, Job Walk Sign-in Sheet). Six bid submissions were received on the due time/date of 2:00 p.m. Thursday, December 14, 2023 (See Attachment 2, Bid Tabulation Form).

August – Jaye Construction submitted a bid of \$165,500., which was determined to be the lowest responsive, responsible bid following staff review of the bid submissions. Accordingly, staff recommends the Board authorize the Executive Director to enter into a construction contract with August - Jaye for the amount of \$165,500.

If the Board approves this recommendation, staff will issue a notice of award to August - Jaye immediately. The work should commence by March 2024 and take approximately 60 days to complete.

## **POLICY**

This item comes before the Board because the contract award amount exceeds the \$50,000 contract approval authority of the Executive Director. Construction contracts in excess of \$50,000 must be formally bid in accordance with CADA Contract Policy, and authorization for a contract award must be granted by the Board of Directors.

## **FINANCIAL IMPACTS**

Work under this contract will be performed using funds allocated in the Capital Investment Program (CIP) budget. The C22- FY 21/22 Major Construction CIP budget, which was adopted by the Board in June 2021, contains a total of \$130,000 for these window upgrades. The remaining \$35,500 of funding will be used accessing CIP contingency funding from FY 21/22.

## **ENVIRONMENTAL REVIEW**

Not applicable. This project falls under the categorical exemption for existing facilities in class 1, section 15301. Class 1 consists of the operation, repair, maintenance, permitting, leasing, licensing, or minor alteration of existing public or private structures, facilities, mechanical equipment, or topographical features, involving negligible or no expansion of existing or former use.

## **STRATEGIC PLAN**

The proposed action addresses the following 2016-2021 CADA Strategic Plan goal: "Provide Superior Property Management."

## **CONTRACT AWARD CONSIDERATIONS**

Construction contracts that will be executed to carry out work under the Capital Investment Program are bid and awarded in accordance with CADA's Contract Policy and Outreach Procedures. If construction contract change orders are needed, CADA's contract policy allows the Executive Director to approve them in the cumulative amount of \$25,000 or 20% of the base contract amount, whichever is greater.

Attachments:

1. Job Walk Sign-in Sheet
2. Bid Tabulation Form
3. Resolution 24-06



**PLEASE COMPLETE THE INFORMATION REQUESTED BELOW.**



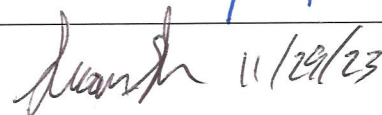


The preferred method of contact is email, so be sure to include the email contact information and provide a business card.

**CAPITOL AREA DEVELOPMENT AUTHORITY - JOB WALK SIGN IN SHEET**

**Window Replacement Project – 1201 P, 1517 12<sup>th</sup>, 1521 12<sup>th</sup>, & 1420 O Street, Sacramento**

**Job Walk Date: Wednesday, November 29 @ 10:00am @ 1201 P Street, Sacramento**

**Bid Due Date: Thursday, December 14, 2023 @ 2:00 p.m. @ 1522 14th Street, Sacramento [tgandara@cadanet.org](mailto:tgandara@cadanet.org)**

	Name and Address of Company	License Type and Number	Phone	Email	Signature/Date
1.	M3 Integrated Services 3355 Regional Parkway Santa Rosa, CA 95403	A-B	(707) 483-4575	Kai@m3-ca.com	 11-29-23
2.	Paine Construction Inc 7212 8th St Rio Linda, CA, 95673	B	916-829-3840	Paine construction@gmail.com	 11/29/23
3.	AUGUST-JAYE-CONSTRUCTION 3595 GROENSTEIN HWY SEBASTOPOL CA-- 95472	B	707 217-9341	INFO@AUGUSTJAYE.COM	 11/29/23
4.	PRO BUILDERS 7030 DRYWOOD WAY, ORANGEVALE CA, 95662	A,B,C33,C34  884897	(916) <del>225</del> 225-0373	SEBASTIAN@SACPROBUILDERS.COM	 11/29/23
5.	Dos Amigos Construction 2737 eastern ave Sacramento CA 95821	B 107681	916 4718110	dosamigos916@gmail.com	 11.29.23
6.					
7.					



**PLEASE COMPLETE THE INFORMATION REQUESTED BELOW.**

The preferred method of contact is email, so be sure to include the email contact information and provide a business card.

**CAPITOL AREA DEVELOPMENT AUTHORITY - JOB WALK SIGN IN SHEET**

**Window Replacement Project – 1201 P, 1517 12<sup>th</sup>, 1521 12<sup>th</sup>, & 1420 O Street, Sacramento**

**Job Walk Date: Wednesday, November 29 @ 10:00am @ 1201 P Street, Sacramento**

**Bid Due Date: Thursday, December 14, 2023 @ 2:00 p.m. @ 1522 14th Street, Sacramento [tgandara@cadanet.org](mailto:tgandara@cadanet.org)**

	Name and Address of Company	License Type and Number	Phone	Email	Signature/Date
6 8.	Southgate Glass 6852 Franklin Blvd Sacto Ca 95823	B	916 421-1723	Jim@Southgateglass.com	
7 9.	Castle House Distributors 4751 Pell Dr Sae CA 95838	B/C17	916-262-5068	nich@castlehouse.w	
8 10.	GR Home Renovation, Inc. 4751 Pell Dr Ste 1 Sacramento, CA 95838	B	<del>916-517-5504</del> 916-517-5504	joseph@grhome renovation.com	
9 11.	pro quick builder 7814 River Otter way	B	916 272 9330	proquickbuilders@ ymail.com	
10 12.	PRO-EX CONSTRUCTION 3223 LUYUNG DR Rancho Cordova CA 95742	B	916 868 2137	PAVEL@PROEXCONSTRUCTION.COM	
11 13.	Kingsley Builders Inc 3726 Taylor Rd Loomis CA 95650	B	916-320-2785	Joe@Kingsleybuilders com	
14.					





CAPITOL AREA DEVELOPMENT AUTHORITY — Bids Received

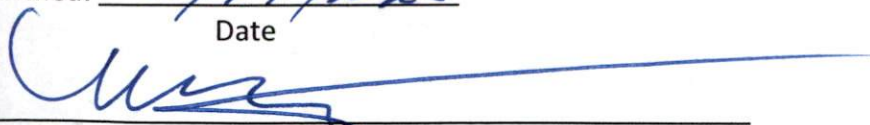
Project: Window Replacement Project – 1201 P, 1517 12th, 1521 12th, & 1420 O Street, Sacramento

Job Walk: Wednesday, November 29, 2023 @ 10:00 a.m. @ 1201 P Street, Sacramento

Bid Opening: Thursday, December 14, 2023 @ 2:00 p.m. @ 1522 14<sup>th</sup> Street, Sacramento

	Name of Company	Bid
1.	DOS AMIGOS	\$298,876.50 NR
2.	SOUTH GATE T	\$202,212.00 NR
3.	PAINE CONSTRUCTION INC	\$295,000.00
4.	PRO-EX CONSTRUCTION INC	\$271,400.00 NR
5.	AUGUST-JAYE CONSTRUCTION	\$165,500.00
6.	PRO-QUICK BUILDING, INC	\$214,300.00 NR
7.		
8.		
9.		
10.		

Verified: 12/14/2023  
Date

  
Signature

  
Signature

NR = Non-Responsive

Attachment 3

**RESOLUTION NO. 24 - 06**

Adopted by the Capitol Area Development Authority

January 26, 2024

**RESOLUTION AUTHORIZING THE EXECUTIVE DIRECTOR TO  
ENTER INTO A CONSTRUCTION CONTRACT FOR THE WINDOW REPLACEMENT  
PROJECT FY24 (1201 P, 1521 12<sup>TH</sup>, 1517 12<sup>TH</sup>, & 1420 O STREETS)**

**WHEREAS**, CADA conducted a formal bid process for the Window Replacement Project FY24 for buildings at 1201 P, 1521 12<sup>TH</sup>, 1517 12<sup>TH</sup>, and 1420 O Streets; and

**WHEREAS**, August – Jaye Construction was the lowest responsive, responsible bidder with a bid of \$165,500, and has confirmed with CADA its interest in being awarded the contract and completing the work.

**NOW, THEREFORE, BE IT RESOLVED**, by the Capitol Area Development Authority Board of Directors that the Executive Director is hereby authorized, on behalf of the Authority, to enter into a contract with August – Jaye Construction in the amount of \$165,500.

---

Ann Bailey, Chair

ATTEST:

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Tara Gandara  
Secretary to the Board of Directors



January 19, 2024

**TO:** CADA Board of Directors

**SUBJECT: January 26, 2024 Board Meeting  
AGENDA ITEM 8  
HVAC UPGRADE PROJECT AT 1317 O STREET**

**CONTACT PERSON:** Frank Czajka, Construction Manager  
Russ Juneau, Facility Maintenance Manager

### **RECOMMENDED ACTION**

Staff recommends the Board adopt a resolution (Attachment 3) authorizing the Executive Director to enter into a construction contract for the HVAC Upgrade Project at 1317 O Street with Air Cool Heating and Cooling, Inc. in the amount of \$88,940.

### **BACKGROUND**

The Valencia at 1317 O Street was built in 1927. The building's heat is currently being provided by an aging and inefficient cast iron steam boiler that distributes steam to individual radiators in each apartment, and which is rapidly approaching the end of its useful life. Cooling in the summer is currently provided by wall-mounted air conditioning units inside each apartment. Staff has determined that the best approach to address the building's heating and cooling needs will be to utilize ductless mini split heat pumps that will serve each apartment individually. CADA has successfully employed ductless mini split heat pumps in a previous project at 1316 O Street.

Staff solicited bids for the 1317 O Street HVAC Upgrade Project through CADA's formal bidding process. The bid package was released on Monday, November 6, 2023. The project scope of work calls for contractors to replace existing inefficient wall-mounted HVAC systems with new high efficiency HVAC split unit heat pump systems. The contractor will install the new HVAC systems using an approach that will minimize inconvenience to tenants. The March project start will preclude the need for AC during installation and heat will still be provided by the building's existing boiler until the project is completed.

The mandatory Pre-Bid Job Walk was held on Friday, December 1, 2023 at 10:00 a.m., and was attended by fourteen contractors (See Attachment 1, Job Walk Sign-in Sheet). Eleven bid submissions were received on the due time/date of 2:15 p.m. Thursday, December 14, 2023 (See Attachment 2, Bid Tabulation Form).

Air Cool Heating and Cooling, Inc. submitted a bid of \$88,940, which was determined to be the lowest responsive, responsible bid following staff review of the bid submissions. Accordingly, staff recommends the Board authorize the Executive Director to enter into a construction contract with Air Cool for the amount of \$88,940.



If the Board approves this recommendation, staff will immediately issue a notice of award to Air Cool. The work should commence by March 2024 and take approximately 45 days to complete.

The approval will allow CADA to move forward with the HVAC Upgrade Project for our building at 1317 O Street and allow our tenants to live in upgraded buildings where their HVAC units are safe, functioning well, and performing reliably.

### **POLICY**

This item comes before the Board because the contract award amount exceeds the \$50,000 contract approval authority of the Executive Director. Construction contracts in excess of \$50,000 must be formally bid in accordance with CADA Contract Policy, and authorization for a contract award must be granted by the Board of Directors.

### **FINANCIAL IMPACTS**

Work under this contract will be performed using funds allocated in the Capital Investment Program (CIP) budget. The C22- FY 21/22 Major Construction CIP budget, which was adopted by the Board in June 2021, contains a total of \$130,000 for these HVAC upgrades. CADA has also applied for a SMUD rebate in the amount of \$43,200 which will be issued following SMUD's installation inspection after completion of the project.

### **ENVIRONMENTAL REVIEW**

Not applicable. This project falls under the categorical exemption for existing facilities in class 1, section 15301. Class 1 consists of the operation, repair, maintenance, permitting, leasing, licensing, or minor alteration of existing public or private structures, facilities, mechanical equipment, or topographical features, involving negligible or no expansion of existing or former use.

### **STRATEGIC PLAN**

The proposed action addresses the following 2016-2021 CADA Strategic Plan goal: "Provide Superior Property Management."

### **CONTRACT AWARD CONSIDERATIONS**

Construction contracts that will be executed to carry out work under the Capital Investment Program are bid and awarded in accordance with CADA's Contract Policy and Outreach Procedures. If construction contract change orders are needed, CADA's contract policy allows the Executive Director to approve them in the cumulative amount of \$25,000 or 20% of the base contract amount, whichever is greater.

Attachments:








1. Job Walk Sign-in Sheet
2. Bid Tabulation Form
3. Resolution 24-07



## PLEASE COMPLETE THE INFORMATION REQUESTED BELOW.

The preferred method of contact is email, so be sure to include the email contact information and provide a business card.

**CAPITOL AREA DEVELOPMENT AUTHORITY - JOB WALK SIGN IN SHEET****HVAC UPDATE PROJECT – 1317 O Street, Sacramento****Job Walk Date: Friday, December 1, 2023 @ 10:00 a.m. @ 1317 O Street, Sacramento****Bid Due Date: Thursday, December 14, 2023 @ 2:15 p.m. @ 1522 14th Street, Sacramento – [tgandara@cadanet.org](mailto:tgandara@cadanet.org)**

	Name and Address of Company	License Type and Number	Phone	Email	Signature/Date
1.	Farshad Arman Air 9 5150 Fair oaks Blvd 101 #385 Carmichael CA, 95608	1042708	916-617 7477	air.9@yahoo.com air_nine@yahoo.com	 12/1/23
2.	RPM HVAC Service 6841 Verbena Ct Citrus Heights CA 95621	995282	916-870- 2311	Nick @ rpm hvac service.com	 12/1
3.	CN O'Neill Electric 908 Oxford Way Stockton CA 95204	1023311 C10	209-407-0615	agiac agiacovoni@cnoneill. com	 12/1/23
4.	Pro Ex Construction Inc. 3223 Lugung Dr. Rancho Cordova CA 95670	B.	916 9300087	bids @ pro ex construction.com	 12.1.
5.	Central Valley Air Conditioning 3600 Atwater Blvd Atwater, CA 95301	C20 837012	(209) 676-2890	andrea @ centralvalleyac.com	
6.	UNITED MECHANICAL SACRAMENTO, CA	828335	(916) 250-1353	RRUPE@UMI1.COM	 12.1.23
7.	Air cool Heating & cooling Inc 8255 ALPINE AVE. SOG CA, 95826	899203	916-834 2921	Aircool Inc @ Gmail.com	 9:10





PLEASE COMPLETE THE INFORMATION REQUESTED BELOW.

The preferred method of contact is email, so be sure to include the email contact information and provide a business card.

**CAPITOL AREA DEVELOPMENT AUTHORITY - JOB WALK SIGN IN SHEET**

**HVAC UPDATE PROJECT – 1317 O Street, Sacramento**

**Job Walk Date: Friday, December 1, 2023 @ 10:00 a.m. @ 1317 O Street, Sacramento**

**Bid Due Date: Thursday, December 14, 2023 @ 2:15 p.m. @ 1522 14th Street, Sacramento – [tgandara@cadanet.org](mailto:tgandara@cadanet.org)**

	Name and Address of Company	License Type and Number	Phone	Email	Signature/Date
8.	4 Winds Mechanical Inc. 7015 Chris Ave. Sacramento, CA 95828	C-20 1056588	(916) 667-4112	4winds.air@gmail.com	
9.	AK Mechanical Inc. 1040 Pajo Diablo Ct. Placerville, CA 95677	C20 973241	(916) 640-4138	azepeda@gmail.com	
10.	Comfort Air Inc 1406 Fernpike Rd Stockton, CA 95206	C-20-B 85495	209-466-4601	swenrle@comfortairinc	
11.	SqH Construction Inc	786358 A+B	925-917-3160	maria;shca@yahoo.com	
12.	Grimes Heating + Air 6210 miners ranch rd Orville CA 95966	C-20-B 950254	530 923 6298	Bryan@grimesac.com	 12-1-23
13.	B+M Builders 11330 Sunrise Park Rancho Cordova	861848 B	(916) 758-5060	HVAC@bm-builders.com	 12-1-23
14.	Dos Amigos Const. 2737 eastern ave Sacramento CA 95821	B 1072681	(916) 471 8110	dosamigos916@gmail.com	 12-1-23





CAPITOL AREA DEVELOPMENT AUTHORITY — Bids Received

Project: HVAC Upgrade Project – 1317 O Street, Sacramento

Job Walk: Friday, December 1, 2023 @ 10:00 a.m. @ 1317 O Street, Sacramento

Bid Opening: Thursday, December 14, 2023 @ 2:15 p.m. @ 1522 14<sup>th</sup> Street, Sacramento

	Name of Company	Bid
1.	RPH HVAC SERVICE INC.	\$140,000.00 NR
2.	DOS AIRBOS	\$219,585.27 NR
3.	GRIMES HEATING AND AIR INC	\$114,800.00 NR
4.	AK MECHANICAL INC	\$96,470.00 NR
5.	AIR 9	\$89,100.00 NR
6.	AIR COOL HEATING AND COOLING INC	\$88,940.00
7.	CENTRAL VALLEY AIR CONDITIONING INC	\$177,210.00 NR
8.	COMFORT AIR INC	\$89,795.00 NR
9.	4 WINDS MECHANICAL INC	\$113,000.00
10.	B AND H BROS INC.	\$142,069.00 NR

Verified: 12/14/2023  
Date

\_\_\_\_\_  
Signature

\_\_\_\_\_  
Signature

NR=Non-Responsive

CAPITOL AREA DEVELOPMENT AUTHORITY — Bids Received

Project: HVAC Upgrade Project – 1317 O Street, Sacramento


Job Walk: Friday, December 1, 2023 @ 10:00 a.m. @ 1317 O Street, Sacramento

Bid Opening: Thursday, December 14, 2023 @ 2:15 p.m. @ 1522 14<sup>th</sup> Street, Sacramento



	Name of Company	Bid
11. 1.	PRO EX CONSTRUCTION INC	\$117,530.00 NR
2.		
3.		
4.		
5.		
6.		
7.		
8.		
9.		
10.		

Verified: 12/14/2023  
Date

  
Signature

  
Signature

NR = Non-Responsive

Attachment 3

**RESOLUTION NO. 24 - 07**

Adopted by the Capitol Area Development Authority

January 26, 2024

**RESOLUTION AUTHORIZING THE EXECUTIVE DIRECTOR  
TO ENTER INTO A CONSTRUCTION CONTRACT FOR THE HVAC  
UPGRADE PROJECT AT 1317 O STREET**

**WHEREAS**, CADA conducted a formal bid process for the 1317 O St. HVAC Upgrade Project; and

**WHEREAS**, Air Cool Heating & Cooling Inc. was the lowest responsive, responsible bidder with a bid of \$88,940 and has confirmed with CADA of its interest in being awarded the contract and completing the work.

**NOW, THEREFORE, BE IT RESOLVED**, by the Capitol Area Development Authority Board of Directors that the Executive Director is hereby authorized, on behalf of the Authority, to enter into a contract with Air Cool Heating & Cooling Inc. in the amount of \$88,940.

---

Ann Bailey, Chair

ATTEST:

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Tara Gandara  
Secretary to the Board of Directors



January 19, 2024

**TO:** CADA Board of Directors

**SUBJECT:** **January 26, 2024 Board Meeting**  
**AGENDA ITEM 9**  
**EMPLOYEE HANDBOOK**

**CONTACT:** Jill Azevedo, Human Resources Manager

**RECOMMENDED ACTION:**

Staff recommends the Board adopt a resolution (Attachment 2) revising the CADA Employee Handbook.

**BACKGROUND**

CADA issues its CADA Employee Handbook (“Handbook”) to all full-time and part-time employees when they are hired and annually thereafter. Staff reviews the Handbook annually to ensure CADA remains current with employment law, labor practices and CADA’s operational needs.

**POLICY ISSUES**

Changes to the Handbook are either clarifying in nature or are being made to conform to changes in applicable law or related to CADA’s operational needs.

In addition to these changes, staff has made typographical and grammatical corrections.

A complete copy of the Employee Handbook effective January 1, 2024 (pending Board action at this meeting), highlighting all changes to the handbook currently in effect, is provided as Attachment 1.

All of the proposed revisions have been reviewed by CADA’s legal counsel.

**STRATEGIC PLAN**

The Employee Handbook has proven to be an effective internal communication tool that supports CADA’s ability to achieve its strategic plan goals. The policies set forth in the Handbook help CADA to retain a high-performing staff and to sustain a professional work culture.

**FINANCIAL IMPACT**

While there may be some operational impacts, staff anticipates no financial impacts.

## **ENVIRONMENTAL REVIEW**

None. The proposed action is an administrative action and is not a project as defined by the California Environmental Quality Act (CEQA).

## **CONTRACT AWARD CONSIDERATIONS**

This action does not involve contract awards.

Attachments:

1. CADA Employee Handbook proposed to be effective January 1, 2024 (with edits showing proposed revisions to the handbook currently in effect)
2. Resolution 24-08





# Employee Handbook

January 20243

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This handbook is meant to serve as a useful reference document throughout your employment with CADA. It is not, however, intended to be a contract (express or implied), nor is it intended to otherwise create any legally enforceable obligations on the part of CADA or its employees. This handbook supersedes and replaces all previous personnel policies, practices, and guidelines.

To obtain information regarding specific employment policies or procedures, whether or not they are referred to in this handbook, contact Human Resources. As CADA is a growing and changing organization, it reserves full discretion to add to, modify or delete provisions of this handbook, or the policies or procedures upon which it is based, at any time, with or without prior notice. Only the Executive Director or the Board of Directors has the authority to enter into an employment or other agreement that modifies CADA policy. Any such modification must be in writing.

This handbook is the property of CADA, and is intended for your personal use and reference as an employee of CADA. Circulation of this handbook outside of CADA requires prior written approval of the Executive Director.

It is your responsibility to know the policies set forth in this handbook and any subsequently released policy memoranda. Following review and study of this handbook, please sign the Employee Acknowledgement Form and return it to Human Resources. This will provide CADA with a record that you read and received the handbook.

January 1, 2024<sup>3</sup>

Dear CADA Employee:

We are happy to have you as part of the CADA team. The purpose of this Employee Handbook is to ensure that we share a common understanding of employment policies and procedures. All employees are expected to be familiar with this handbook in order for CADA to function as a cohesive and supportive team.

CADA is somewhat unique in that it is an at-will public agency. Employees are not civil servants. All employees serve at the will of the Executive Director, who, in turn, serves at the will and discretion of our five-member Board of Directors. Employee growth and advancement are based on the merit of an employee's performance.

CADA was created in 1978 by a joint powers agreement between the State of California and the City of Sacramento as a vehicle to implement the plans and objectives of the Capitol Area Plan- ... a mixed-use plan for the management, development, and disposition of state-owned property located directly south and east of the State Capitol in the City of Sacramento.

CADA's vision is the creation of sustainable neighborhoods that captivate city dwellers and inspires the people of California, providing a range of housing options and community experiences. This is accomplished through the construction of quality urban housing infill developments, art, events, and the excellent management of mixed-use properties.

CADA is an independent public agency that manages its own budget and does not rely upon the State or the City for operational funding. We are responsible for generating revenue through our property management and land development activities necessary to achieve the public mandates set forth in our legislation. We do partner with the State, City, and other community partners to accomplish our community development goals.

We have found that our values of teamwork, accountability, integrity, customer service, and reliability are essential to meeting this rewarding challenge. The opportunity to see the results of our daily actions positively impact so many people's lives is an especially rewarding aspect of working at CADA.

I hope that you find your employment at CADA to be fulfilling.

Sincerely,

Danielle Foster, Executive Director

| 2447806.2 10080.005

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## I. Employment Basics

### A. Open Door Policy

At some time, you may have a complaint, suggestion, or question about your job, your working conditions, or the treatment you are receiving. Suggestions for improving CADA are always welcome. Your good faith complaints, questions, and suggestions are of concern to CADA.

Open communication functions best in an atmosphere of trust. In such an environment, most problems can readily be solved and do not evolve into serious conflicts. CADA is committed to responding effectively to employee concerns. Our experience has shown that when employees deal openly and directly with their supervisors, the work environment can be excellent.

Employees are encouraged to see their immediate supervisors with questions or problems relating to their jobs or interactions. Because one supervisor may not always be an appropriate outlet for communication, CADA believes that it is important to provide its employees with other avenues of communication. If you deem it appropriate and useful, you may address your concerns to Human Resources or any other supervisor.

Please remember — don't internalize a problem! Because no solution is possible without candid discussion, employees are encouraged to speak openly and are assured that they may use CADA's open door policy without fear of reprisal.

### B. Equal Employment Opportunity

It is the policy of CADA to afford equal employment opportunity to all qualified individuals regardless of

- Race and/or color, including traits historically associated with race, including but not limited to hair texture and hairstyles such as afros, braids, locks, and twists.
- (included in national origin)
- Age ( 40 and over)
- Sex
- Sexual orientation
- Gender
- Gender identity and expression
- Religion, creed, and religious observance, including dress and grooming practices
- Ancestry, National Origin, including language use restrictions
- Pregnancy, childbirth, or breastfeeding and related medical conditions
- Reproductive health decision-making includes, but is not limited to, a decision to use or access a particular drug, device, product, or medical service for reproductive health.
- Marital status
- Registered domestic partner status
- Genetic information, including family medical history
- Physical or mental disability
- Military or veteran status
- Civil Air Patrol
- Political activities or affiliations
- Citizenship and/or immigration status
- Domestic violence, assault, or stalking victim status
- Medical conditions, including cancer and AIDS/HIV
- Family or medical care leave

Any other applicable protected class, in accordance with applicable federal, state, and local laws

-Equal employment opportunity is not only the law, but our working policy, and is an integral part of CADA's philosophy. CADA provides equal employment opportunity in all phases of

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employment including, but not limited to, recruitment, selection, placement, transfers, training and development, promotions, demotions, compensation, benefits, layoff and terminations and other conditions or privileges of employment.

CADA is committed to providing a work environment that is free from discrimination and harassment. In keeping with its commitment, CADA maintains a strict policy prohibiting discrimination and harassment, including sexual harassment, on the basis of any of the protected classes listed above.

CADA will seek to make employment opportunities available to qualified individuals with disabilities. CADA will not unlawfully discriminate against any employee on the basis of their disability. Where appropriate, CADA will make reasonable accommodation to permit an otherwise qualified individual with a known disability to perform the essential functions of the job. Employees who become disabled and wish accommodation to perform their job duties must contact Human Resources. CADA reserves the right to require an employee to have a mental or physical examination, at CADA's cost, to determine disability status, ability to perform job functions ("fitness for duty examinations") or potential reasonable accommodations.-

Employees who believe they need an accommodation must specify, preferably in writing, what barriers or limitations prompted the request. CADA will evaluate information obtained from the employee, and possibly their health care provider or another appropriate health care provider, regarding any reported or apparent barriers or limitations and will then work with the employee to identify possible accommodations, if any, that will help to eliminate or otherwise address the barrier(s) or limitation(s). If an identified accommodation is reasonable and will not impose an undue hardship on CADA and/or a direct threat to the health and/or safety of the individual or others, CADA will generally make the accommodation.

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CADA may require or grant unpaid disability leave to an employee who is unable to perform an essential job function because of illness or injury or whose condition endangers the health of others.

Further information on state and federal regulations and guidelines on all employment issues, including those of discrimination, harassment, and reasonable accommodation in the workplace, is available in the Human Resources Office.

### **Procedures**

An employee who feels that ~~he or she has~~ they have not been afforded equal employment opportunity should immediately contact ~~his or her~~ their supervisor or Human Resources. CADA will promptly undertake an effective, thorough, and objective investigation of the employee's complaint. To the extent appropriate, effort will be made to maintain confidentiality throughout and following the investigation. This investigation will be completed, and a determination will be made by CADA and communicated to you as soon as practical.

If CADA determines that there has been a violation of its equal employment opportunity policy, appropriate action will be taken. CADA will not retaliate against you for filing a good-faith report and will not permit retaliation by management, employees, or co-workers.

### **C. At-Will Employment**

All CADA employees serve at the discretion of the Executive Director. Accordingly, employment by CADA is employment "at will." No supervisor, client, or representative of CADA has any authority to enter into any agreement for employment for any specific period of time or to make any agreement for employment other than at will.

Employment at CADA is also by mutual consent. CADA reserves and retains the right to terminate any employment relationship with any employee, at any time, for any reason, or for no reason, with or without advance notice. The employee also retains the right to terminate ~~his or~~

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hertheir employment at any time, for any reason, or for no reason, with or without advance notice.

Any separate, individual, or written employment contract with CADA for a specific, fixed period of time must be approved, in writing, by the Executive Director or his/her designee.

**D. Drug and Alcohol Policy**

It is the responsibility of CADA to maintain a safe and effective working environment. Employees who work while impaired by the use of drugs or alcohol present a safety hazard to themselves, their coworkers, and the public. Moreover, the presence of drugs and alcohol in the workplace limits our ability to produce high-quality work. Employees with alcohol or drug dependencies are encouraged to seek assistance.

The following conduct is considered unacceptable behavior:

- Use, possession, manufacture, distribution, transfer, sale, or solicitation of illegal drugs on CADA property, including CADA vehicles, or while conducting CADA business;
- Use, possession, manufacture, distribution, transfer, or sale of alcohol on CADA property, including CADA vehicles or while conducting CADA business (including CADA business lunches or attendance at CADA sponsored events);
- Reporting to work, conducting CADA business, or being on CADA property while impaired by the use of alcohol or drugs, including
- ~~Reporting usage of prescription drugs, prescription drugs which that~~ may impair the employee's ability to ~~safely perform essential functions of their job, function properly.~~

CADA reserves the right to investigate any possible violations of this Drug and Alcohol Policy. An investigation may involve medical testing of employees, upon reasonable suspicion, for drug and/or alcohol use. Supervisors will receive training on the detection of drug and/or alcohol use. If an employee refuses to participate in such an investigation, CADA may take such disciplinary action as it deems appropriate, up to and including termination.

**E. Policy Against Discrimination/Harassment**

CADA is committed to providing a work environment that is free from discrimination/harassment. In keeping with this commitment, CADA strictly prohibits discrimination/harassment (including sexual harassment) on the basis of

- ~~Race and/or color, including traits historically associated with race, including but not limited to hair texture and hairstyles such as afros, braids, locks, and twists.~~
- (included in national origin)
- Age ( 40 and over)
- Sex
- Sexual orientation
- Gender
- Gender identity and expression
- Religion, creed and religious observance, including dress and grooming practices
- Ancestry, National Origin, including language use restrictions
- Pregnancy, childbirth, or breastfeeding and related medical conditions
- Reproductive health decision-making includes, but is not limited to, a decision to use or access a particular drug, device, product, or medical service for reproductive health.
- Marital status
- Registered domestic partner status
- Genetic information, including family medical history

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- Physical or mental disability
- Military or veteran status
- Civil Air Patrol
- Political activities or affiliations
- Citizenship and/or immigration status
- Domestic violence, assault, or stalking victim status
- Medical conditions, including cancer and AIDS/HIV
- Family or medical care leave

Any other applicable protected class, in accordance with applicable federal, state, and local laws

Discrimination/harassment/retaliation of anyone in or from CADA, on any of these bases, is strictly prohibited whether it be committed by supervisors, managers, co-workers or third parties such as suppliers or customers. Employees should note that conduct need not be unlawful to violate CADA's policy against harassment/discrimination.

This policy prohibits harassment in any form, including:

- Verbal and/or written harassment such as epithets, jokes, derogatory comments or slurs based on the person's race and/or color including traits historically associated with race, including but not limited to hair texture and hairstyles such as afros, braids, locks, and twists.
- Age ( 40 and over)
- Sex
- Sexual orientation
- Gender
- Gender identity and expression
- Religion, creed and religious observance, including dress and grooming practices
- Ancestry, National Origin, including language use restrictions
- Pregnancy, childbirth, or breastfeeding and related medical conditions
- Reproductive health decision-making includes, but is not limited to, a decision to use or access a particular drug, device, product, or medical service for reproductive health.
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- Military or veteran status
- Civil Air Patrol
- Political activities or affiliations
- Citizenship and/or immigration status
- Domestic violence, assault, or stalking victim status
- Medical conditions, including cancer and AIDS/HIV
- Family or medical care leave
- Any other applicable protected class, in accordance with applicable federal, state, and local laws
- Physical harassment such as assault, impeding or blocking movement, or any physical interference with normal work or movement when directed at an individual based on one of the categories above; and
- Visual harassment such as derogatory posters, cartoons or drawings, based on one of the categories above.

Such harassment includes conduct that has the purpose or effect of unreasonably interfering with the individual's work performance; creating an intimidating, hostile, threatening or offensive

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working environment; or adversely affecting the employee's performance, performance evaluation, assigned duties, or any other condition of employment or career development.

Supervisors will receive harassment prevention training consistent with State law. Other employees may be required to attend educational seminars on harassment prevention.

### **Sexual Harassment**

Sexual harassment of CADA employees or its independent contractors, by supervisors, managers, co-workers or third parties such as suppliers or customers, is strictly prohibited. Sexual harassment includes, but is not limited to, unwelcome sexual advances, requests for sexual favors, or other verbal, visual, or physical conduct of a sexual nature when:

- Submission to such conduct is made either expressly or by implication a term or condition of an individual's employment;
- Submission to or rejection of such conduct by an individual is used as the basis for employment decisions affecting the individual; or when
- Such conduct has the purpose or effect of unreasonably interfering with an individual's work performance; creating an intimidating, hostile, threatening or offensive working environment; or adversely affecting the employee's performance, evaluation, assigned duties, or any other condition of employment or career development.
- Sexual harassment also includes any act of retaliation against an employee for reports of violations of this policy or for participating in the investigation of a sexual harassment complaint.

Other examples of sexual harassment include unwelcome sexual flirtations or propositions, verbal abuse of a sexual nature, graphic verbal comments about an individual's body, sexually degrading words used to describe an individual, and the display in the work environment of sexually suggestive objects or pictures, posters, jokes, cartoons, or calendar illustrations.

Employees may be required to attend educational seminars on sexual harassment. In accordance with current state law, all supervisors receive at least two (2) hours of sexual harassment training every two years, and within six months of assumption of a supervisory position. All nonsupervisory employees must receive at least one (1) hour of sexual harassment training, and once every two (2) years thereafter. New nonsupervisory employees shall be provided sexual harassment training within six months of hire.

### **Procedures**

An employee ~~or independent contractor~~ who feels that ~~he or she has~~they have been or ~~is~~are being harassed/discriminated against based on one of the above protected categories, or who is aware of or suspects the occurrence of such harassment/discrimination, or who desires counseling on coping with harassment/discrimination, should immediately contact ~~his or her~~their supervisor or any other neutral member of management whom they feel comfortable speaking with.

CADA will promptly undertake a fair, thorough, timely and objective investigation of the harassment/discrimination allegations that provides all parties appropriate due process and reaches reasonable conclusions based on the evidence collected. This investigation will be conducted by qualified personnel or an outside investigator. Substantial effort will be made to maintain confidentiality throughout and following the investigation to the extent appropriate. This investigation will be completed and a determination will be made by CADA and communicated to you as soon as practical.

If CADA determines that a violation of this policy has occurred, CADA will take appropriate

remedial action (e.g. training, discipline up to and including termination) commensurate with the severity of the offense. Appropriate action will also be taken to deter any future harassment/discrimination. CADA will not retaliate against you for filing a good faith report or participating in a workplace investigation and will not knowingly permit retaliation by management, employees, or co-workers.

CADA encourages employees to report immediately any incidents of harassment forbidden by this policy so that complaints can be quickly and fairly resolved. Supervisors must report all complaints of harassing, discriminatory or retaliatory misconduct immediately to the Executive Director or Human Resources Manager. Employees should also be aware that the-California Civil Rights Department (CDR) and the federal Equal Employment Opportunity Commission investigate and may prosecute complaints of prohibited harassment in employment. If an employee thinks that ~~he or she has~~they have been harassed or retaliated against for resisting or complaining, ~~he or she~~ they may file a complaint with either of these organizations. The nearest offices are listed in the telephone book and available on-line. Additional information on sexual harassment is contained in a brochure on the subject, available to all CADA employees through Human Resources.

CADA also strictly prohibits harassment/discrimination, on the bases stated above, of any member of the general public by any person conducting CADA business or otherwise representing CADA.

#### **F. Personnel Information**

All CADA personnel files are the property of CADA. An employee's permanent personnel file contains application materials, payroll records, performance appraisals, supervisory notes and records, and any administrative action related to the employee's employment. With the approval of their supervisor and Human Resources, employees may request materials be placed in their files.

This file is maintained under the supervision of Human Resources. It is confidential, to the extent prescribed by state and federal law, and only those with the responsibility and the need to know will have access to it.

Employees, both current and former, may inspect their personnel file in the presence of a CADA representative at reasonable intervals and during reasonable times (office hours). Employees should contact the Human Resources Department to schedule the time. Written requests to inspect personnel files will be honored no later than 30 days from the date CADA receives the written request. Employees may also request copies of any document that they have previously signed.

All employees are required to notify Human Resources as changes in their personal information occur. Notification of changes of address, telephone number, marital status, number of dependents, insurance beneficiaries, educational accomplishments, or emergency information should be submitted as soon as possible in order to keep payroll, insurance, benefits, and personnel information accurate and as up-to-date as possible.

#### **G. Customer Service**

Employees are expected to be polite, courteous, prompt, and attentive to every customer. When an employee encounters an uncomfortable situation that ~~he or she does~~they do not feel capable of handling, a supervisor or manager should be called immediately.

Never regard a customer's question or concern as an interruption or an annoyance. We are a service business and must remember that the customer comes first. Our customers are to be treated courteously and given proper attention and respect at all times.

**H. Employee Rent of CADA Units Prohibited**

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Effective January 1, 2022, no CADA employee may lease any CADA unit. Specifically, current employees are not eligible to apply to lease a CADA unit.

Current CADA tenants are not eligible for employment with CADA. A current tenant may apply to a CADA position but, if successful, the tenant will be required to immediately vacate ~~his or her~~ their unit or else decline CADA's offer for employment. CADA may terminate such an employee who fails to vacate ~~his or her~~ their unit prior to the employee's first day of work. Should an employee who vacated ~~his or her~~ their unit to be employed by CADA in accordance with this policy be terminated, ~~he or she is~~ they are not guaranteed return of the unit.

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A CADA employee who leased a CADA unit on or before January 1, 2022, will be exempt from this policy prohibiting current CADA employees from leasing a CADA unit. This exemption only applies so long as the employee remains continuously employed by CADA.

This policy shall not apply to CADA Resident Services Representatives ("RSRs"). For conditions regarding RSRs' occupancy of CADA units as part of their job duties, please see the Resident Services Representative Addendum available from Human Resources. RSRs who wish to have a pet must sign and comply with the terms and conditions of the CADA Lease Pet Addendum, including payment of a pet deposit at a rate of half the monthly market rate rent of ~~his or her~~ their unit

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**II. The Selection Process**

**A. Recruitment**

Employment searches for all open positions within CADA, with the exception of the Executive Director, are coordinated through Human Resources.

The recruitment and selection techniques utilized shall be impartial, of a practical nature, and shall relate to those subjects which, in the opinion of the Executive Director and Human Resource Manager, fairly measure the capabilities of applicants. Salary offers that are made to prospective applicants must be authorized by the Executive Director.

**B. Employment Applications/Requirements**

CADA relies upon the accuracy of information contained in the employment application, as well as the accuracy of other data presented throughout the hiring process and employment. Any misrepresentations, falsifications, or material omissions in any of this information or data may result in the disqualification of an applicant from further consideration for employment or in the termination of employment of a current employee.

CADA reserves the right to condition offers of employment upon results of certain tests that include, but are not limited to, a prospective employee's DMV report, credit report, educational record, ~~a~~-drug and alcohol test, ~~a~~-criminal history check, and a medical examination.

**C. Employment Reference/Background Checks**

To ensure that individuals who join CADA are well qualified and have a strong potential to be productive and successful, it is CADA's policy to check the employment references and work history of candidates who apply for position(s) as appropriate and consistent with the law. For candidates with a conditional job offer, background checks and additional verification processes will be conducted in accordance with the law. Verification processes may include, but will not necessarily be limited to the following: physical, drug/alcohol testing, review of credit history,

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educational records, and criminal or DMV reports. Specific verification processes may differ on the basis of the job responsibilities for which the applicant is being considered. Background checks will be made in compliance with the California Fair Chance Act. CADA complies with California legal protection for off-duty cannabis use including testing and prior use.

#### D. Employment of Relatives

CADA will reassign or prevent the assignment of employees where there is or would be an immediate supervisory/subordinate relationship, and the employees have a potential employment conflict of interest due to the family relationship.

In addition, CADA will reassign or prevent the management of any consultant or contractor's work assignments by an employee having a family relationship to said consultant or contractor.

#### E. Promotions and Transfers

A willingness to learn new skills and to apply them where they are most critically needed can enhance your opportunities at CADA. Advancement opportunities at CADA are based upon individual initiative, ability, and accomplishment, as well as budgetary guidelines and availability of position(s). CADA tries to give its employees ample opportunity through programs of continuing education and training, to broaden their skills and prepare them for more responsible jobs.

Promotion occurs when an employee is placed in a new position that reflects increased responsibility and a higher salary range. The promotion may or may not warrant an increase in salary. Factors taken into consideration with promotions and with regard to salary increases include, but are not limited to, the background and skills of the employee, the current market value for the position, and the employee's current salary.

A transfer is defined as a change in position. Typically, the new position is of the same level of responsibility and salary as the former position.

### III. Hours and Pay

#### A. Workweek

The normal workweek for most CADA employees is eight hours per day, Monday through Friday. The public hours of operation of the Administration Office, located at 1522 14<sup>th</sup> Street, are 8:00 a.m. through 5:00 p.m. The public hours of operation of the Maintenance Office, located at 701 S Street, are 8:15 a.m. through 12:00 p.m. and 1:00 p.m. through 4:15 p.m. Employee work schedules, however, are set by the employee's immediate supervisor. Any work schedule that is more than one hour outside of the above limits will be reviewed on a case-by-case basis and must be approved by the Executive Director.

For purposes of computing overtime pay, each workweek begins at 12:01 a.m. on Monday. Staffing needs and operational demands may necessitate variations in starting and ending times, as well as variations in the total hours that may be scheduled each day and week.

Non-exempt employees should report to work no more than 10 minutes prior to their scheduled starting time and must not stay more than 10 minutes after their scheduled stop time without express, prior authorization from their supervisor. Employees must clock in and out as precisely as possible at their approved and scheduled start and end times unless otherwise approved by their supervisor. These arrival and departure times will be rounded to the nearest quarter hour for payroll purposes. Non-exempt employees of the Administrative Office are provided one hour for meal times. Non-exempt employees of the Maintenance Office are provided one-half hour for meal times. Non-exempt employees will not return from their lunch periods early unless specifically requested to do so in advance by their supervisor. Lunch break should be taken. Non-exempt employees are also entitled to rest breaks. Details regarding lunch and rest breaks for non-exempt employees are specified below.

Employees must call their supervisors for each day of absence unless other arrangements have been made with their supervisors. Failure to notify a supervisor in advance of an absence will constitute an unauthorized absence. In addition to contacting their supervisor, for coordination purposes, employees working out of the Administrative Office must also inform the receptionist if they are not going to be at work. Similarly, employees working out of the Maintenance Office should so inform the Maintenance dispatchers of an absence.

Any employee who is on an excused absence for more than three days due to illness or injury must contact Human Resources prior to returning to the workplace and may be required to submit a doctor's release in order to return to work. Unless otherwise stated, any employee who is absent for two days without notifying ~~his or her~~their supervisor is considered to have voluntarily resigned without notice at the close of the second day.

## **B. Classification and Categories of Employment**

CADA is governed by the provisions of the Fair Labor Standards Act, and employees will be compensated accordingly. All employees will be classified as either exempt or non-exempt, as defined by the provisions of the federal Wage and Hour Law. To determine eligibility for various benefits, the following classifications and categories of employment have been established:

### **Employment Classifications**

**Exempt Employees** -- This classification includes employees who have met the requirements of a professional, administrative, executive, or an outside salesperson, and are therefore exempt from the overtime provisions of the federal Fair Labor Standards Act. Exempt employees are paid on a salary basis; however, exempt employees are required to use vacation, management, or sick leave (if sick leave is appropriate) when they are absent for four (4) or more hours in a day.

**Nonexempt Employees** -- This classification includes employees who are covered by the overtime provisions of the federal Fair Labor Standards Act. This classification of employees is paid hourly and must receive additional pay for overtime work as legally required by federal statute. Overtime pay is calculated in accordance with applicable laws.

### **Employment Categories**

**Full-time Employees** -- Unless otherwise noted, an employee who is ordinarily and regularly scheduled to work at least 20 or more hours in a work week is considered full-time and is eligible for CADA's benefit package, subject to the terms, conditions, and limitations of each benefit program.

**Temporary Employees** -- Temporary employees are defined as those employees holding jobs of limited duration arising out of special projects, abnormal workloads, or emergencies. Retired Annuitants are a kind of temporary employee who, subject to CalPERS statutes and regulations, may not work more than 960 hours in a fiscal year. An employee will not change from a temporary status to another status unless specifically informed, in writing, of such a change by Human Resources. Temporary employees are not eligible for CADA-sponsored benefits.

**Fractional Employees** -- An employee who works less than full-time, in fractional increments and is paid on a prorated basis according to the employee's fractional time worked, is considered a fractional employee. Unless otherwise stated herein, if a fractional employee works more than 20 hours per workweek, ~~he or she~~they will be eligible for CADA's benefit package.

## **C. Timekeeping and Overtime**

### **Timekeeping**

Accurately recording time worked is the responsibility of every non-exempt employee. Federal and state laws require CADA to keep an accurate record of time worked in order to calculate employee pay and benefits. Time worked is defined as the time actually spent on the job performing assigned responsibilities.

Non-exempt employees are required to accurately record the time they begin and end their work as well as the beginning and ending time of any split shift or departure from work for personal reasons on a daily basis. Altering, falsifying, tampering with time records, and destroying or recording time on another employee's time record may result in disciplinary action, up to and including immediate termination of employment.

It is the employee's responsibility to sign approve and submit his or her their time records to certify the accuracy of all time recorded and to attach all support documents. The supervisor will review and then initial approve the time record before submitting it for payroll processing. In addition, if corrections or modifications are made to the time record, both the employee and the supervisor must verify the accuracy of the changes by initialing approving the time record.

### **Breaks**

During each workday, non-exempt employees are entitled to two (2) paid rest periods of 15 minutes each. To the extent possible, employees should, at their discretion, take rest periods as close to the middle of each four-hour work period as possible. Since rest periods are counted as hours worked, employees must not be absent from their workstations beyond the allotted rest period. If employees need to arrange their breaks differently, they should make arrangements with their supervisor.

Employees who work outdoors will be allowed and encouraged, on an as need basis, to take a cool-down rest (or recovery period) in the shade for a period of no less than five (5) minutes at a time when they feel the need to do so to protect themselves from overheating. When taking a cool-down rest in a shaded area, employees must be monitored for symptoms of heat illness and will not be required to resume work until all signs or symptoms of heat illness have abated, but in any event, no less than 5 minutes plus the time needed to initially access the shaded area.

Although CADA is a public agency not subject to California's meal break requirements, we ask that Non-exempt employees must receive take a minimum 30-minute meal period for every 5 hours of work. The employee may waive this meal period if the day's work will be completed in no more than six hours, provided the employer and employee mutually consent. The majority of administrative employees take their meal periods from 12:00 p.m. to 1:00 p.m. The majority of the maintenance employees take their meal periods from 12:00 p.m. to 12:30 p.m. Supervisors will try to accommodate requested scheduling variations based on operating requirements. During the meal period, employees will be relieved of all active responsibilities and restrictions and will not be compensated for that time.

### **Overtime**

When operating requirements or other needs cannot be met during regular working hours, employees may be scheduled to work overtime hours. Advance notification of these mandatory assignments will be provided whenever possible. Overtime assignments will be distributed as equitably as practical to all employees qualified to perform the required work.

Overtime is rounded to the next highest quarter hour (fifteen minute increment).

**Non-exempt overtime work must be approved before it is performed.** The employee must complete a written request to work additional hours and submit it to the appropriate supervisor for his or her their signature. Approved written requests should be attached to the employee's monthly time sheet. Because CADA is a public agency, non-exempt employees' overtime work is only compensated at the rate of one and one-half the employee's regular rate for hours worked more than 40 hours in one workweek. Failure or refusal to work scheduled overtime or working overtime without prior authorization from the supervisor may result in disciplinary action, up to and including termination of employment.

Paid time off for vacation, sick leave, bereavement leave, compensatory time off, jury duty, or



time off to vote will not be counted as hours worked for the purposes of determining overtime for nonexempt employees.

Paid time off for holidays will be counted as hours worked for the purposes of determining overtime for nonexempt employees.

#### **Out-of-Class Pay**

Employees who are assigned to work in a higher classification and work in such classification for two (2) or more consecutive weeks shall be compensated at five percent (5) above the employees' normal pay. Out-of-class assignments will be made on an as-needed basis and in accordance with past practice.

#### **D. "On-Call" Employee Requirements**

Designated non-exempt and certain exempt employees may be required to remain available after normal work hours with an electronic paging or telephone system, to respond to emergencies. Non-exempt employees assigned to "on-call" duty will be compensated for standby time at the rate of 1 hour's pay for each weekday, 3 hours' pay for Saturdays and Sundays, and 4 hours' pay for each holiday, in addition to the time actually worked. While on "on-call" duty, assigned employees must be available to contact the answering service within 15 minutes and must be available to work on-site, in a safe and sober manner, within forty-five minutes. No additional compensation will be paid to exempt employees who are required to remain available after normal work hours with an electronic paging or telephone system.

In the event an on-call Resident Services Representative or other CADA personnel need to use a CADA vehicle to perform an after-hours task, ~~he or she~~ they must contact ~~his or her~~ their supervisor first.

Emergency maintenance work performed by non-exempt employees who are assigned to be on-call is deemed pre-approved by the supervisor who assigns the employee to be on-call. Emergency work by other employees called by the on-call employee is deemed pre-approved.

#### **E. "Call-back" Employee Requirements**

Any employee who answers a call for service after ~~his or her~~ their regular work day or on a weekend (other than a Resident Services Representative as they receive on-call pay) will receive a minimum 2 hours of pay per day.

#### **~~F. Compensatory Time Off~~**

~~For each pay period in which a non-exempt employee, who is regularly scheduled to work no less than 40 hours in a week, works authorized overtime, he or she may choose whether to be paid or to receive compensatory time off (CTO). This election is made each pay period, and must be included on the employee time sheet. CTO must be provided at a rate of one and one-half hours for each overtime hour worked. Employees may accrue compensatory time off up to 60 hours, with the exception of Resident Services Representatives and Maintenance employees, who may accrue up to 80 hours.~~

~~The request for CTO must be in writing and must be agreed on before applicable overtime work begins. At the employee's request, CADA may will pay out overtime in lieu of earned CTO for at least two pay period.~~

~~Upon separation, the employee will be paid for any outstanding CTO. CADA retains the right to require employees to use compensatory time off within 12 months of its accrual.~~

#### **G. Wage and Salary Administration**

##### **Payroll**

Employees are paid on a monthly basis. Paychecks are normally available by 9 a.m. on the last

working day of the month. If there is an error or issue with your paycheck, employees should notify Human Resources as soon as possible so the error can be corrected or the issue can be resolved.

Human Resources will distribute the time sheet deadline, payday schedule, and list of holidays to all employees.

### **Payroll Deductions**

The law requires that CADA make certain deductions from an employee's compensation. Among these are applicable federal withholding, state withholding, and State Disability Insurance (SDI), Social Security, Medicare taxes, and court-ordered garnishments. Social Security is not deducted from paychecks of full-time or fractional employees consistently working more than 20 hours per week or who are participants in the CalPERS Retirement Program.

CADA offers programs and benefits beyond those required by law. Eligible employees may voluntarily authorize deductions from their paychecks to cover the costs of participation in these programs.

Employees must notify Human Resources of changes to their deductions/withholdings by the 20<sup>th</sup> of each month for those changes to be included in that month's payroll. If you have any questions concerning deductions made from your paycheck, please contact Human Resources.

### **H. Outside Employment**

"Outside employment" is any employment or self-employment, regardless of hours involved for which pay is received, whether by salary, wages, commission, or sale, if such employment is carried on in addition to the employee's work for CADA.

CADA expects full commitment from its employees and discourages outside employment; however, employees may hold outside jobs that do not constitute a conflict of interest as long as they meet the performance standards of their job with CADA. Employees should consider the impact that outside employment may have on their health and physical endurance. All employees will be judged by the same performance standards and will be subject to CADA's scheduling demands, regardless of any existing outside work requirements.

If CADA determines that an employee's outside work is interfering with job performance or the ability to meet CADA's requirements as they are modified from time to time, the employee may be asked to terminate the outside employment if ~~he or she~~ they wishes to remain with CADA. A full-time or fractional CADA employee may engage in outside employment if, and only if, all of the following conditions are met:

- a. The employee has received written approval by ~~his or her~~ their supervisor, and the Executive Director, which will not be unreasonably denied. If a problem develops at any time subsequent to the written approval, the approval may be withdrawn by the Executive Director. Human Resources will maintain the approval form for each employee engaging in outside employment.
- b. The outside employment is compatible with the employee's CADA employment or CADA's activities, and the outside employment does not constitute a conflict of interest. "Incompatible employment" is outside employment that is incompatible, inconsistent or in conflict with employee's duties for CADA or any duty or function of CADA. Incompatible employment includes, but is not limited to, outside employment which:
  - Involves the use for private gain of an employee's time while engaged in CADA work or of CADA property, records, equipment, or facilities;

- Involves the personal receipt of money or gratuities in return for an act performed by the employee in the course of ~~his or her~~their CADA work;
  - Involves an act subject to review by CADA or CADA personnel;
  - Involves time demands that reduce the employee's efficiency in ~~his or her~~their CADA work;
  - Involves services or goods that directly or indirectly relate to contracts with CADA; or
  - Involves the personal receipt of money or gratuities specifically from any CADA employees, contractors, consultants, tenants, or homeowners of condominiums located on land leased from CADA.
- c. The employee's outside employment or any product of such employment, including, for example, consultation or services relating to plans, proposals, studies, artwork, or construction, is not subject to review and approval by CADA or any personnel acting for CADA. The Executive Director may, nevertheless, establish regulations which permit outside employment which is subject to CADA review, if, and only if, such regulations can assure that the employee will receive no special consideration, and no additional benefit or advantage as a result of ~~his or her~~their CADA employment.
- d. The outside employment is in accordance with rules and regulations, if any, established by the Executive Director.

#### **I. Compensation Philosophy**

In an effort to attract and retain qualified employees, it is CADA's policy to establish competitive salaries and merit increase programs. The Human Resources Manager is responsible for administering the wage and salary program and for recommending necessary salary ranges and position reclassifications. All salary adjustments or increases will be implemented at the recommendation of the employee's direct supervisor and the approval of the Executive Director or ~~his or her~~their designee.

The salary range limits by job classification will be determined by the Board of Directors. Salaries are included in CADA's annual operating budget, which is reviewed and acted upon by the Board of Directors.

#### **J. Performance Evaluation**

Supervisors and employees are strongly encouraged to discuss job performance and goals on an informal, day-to-day basis. Performance evaluations are conducted for those employed with CADA as of February 1. The evaluation review period is July 1 through June 30. Those hired after February 1 may receive an evaluation at the discretion of their supervisor and in consultation with Human Resources. Evaluations may be conducted more frequently at the discretion of the employee's supervisor.

Performance evaluations provide both supervisors and employees the opportunity to discuss job tasks and expected levels of performance, identify and correct weaknesses, encourage and recognize strengths, and discuss positive, purposeful approaches for meeting goals. The evaluation is used as an aid to reach fair and equitable decisions regarding rewards, work assignments, training, retention, and termination.

Merit increases, if awarded, are generally effective on July 1. Any merit increases awarded will be based upon a performance evaluation. A favorable evaluation does not guarantee a merit increase. Employees are encouraged to give their views and state their concerns or disagreement with the content of the performance review. Written performance evaluations and

any written response to the review will be included in the employee's personnel file.

#### **K. Employee Performance Incentive Program**

The Performance Incentive Program (PIP) is designed to recognize and reward employees who have exhibited outstanding performance on a task/duty, whether that be individually or as a member of the team.

Employee participation is vital to this program. If you have any questions or would like to make a recommendation, please contact Human Resources. The recommendation form can be obtained from Human Resources.

### **IV. Benefits**

#### **A. Benefits Eligibility**

Eligible employees of CADA are provided a wide range of benefits. A number of the programs (workers' compensation, state disability, and unemployment insurance) cover all employees in the manner prescribed by law.

Benefits eligibility is dependent upon a variety of factors, including employee classification and the number of hours an employee works. Human Resources will identify the programs for which you are eligible. Details of many of these programs can be found elsewhere in this handbook and/or in the summary plan descriptions made available for most benefits.

In order for a full-time employee to accrue vacation and paid holidays an employee must physically work eleven (11), eight (8) hour days in the month or use accrued vacation, sick leave, compensatory time, or other paid leave available to them to equal eleven (11) days in the month. If an employee does not physically work eleven (11) eight (8) hour days in the month or does not use paid accrued leave equivalent to at least eleven (11) days, ~~he or she~~ they will not accrue vacation or be paid for any holidays in that period.

The following benefit programs are available to eligible employees:

- Cafeteria Plan
- Medical Insurance through the California Public Employees' Retirement System (CalPERS)
- Dental Insurance
- Vision Insurance
- Retirement Plan (CalPERS)
- 457 Deferred Compensation Program (CalPERS)
- Long-term Disability Insurance
- Life and Accidental Death and Dismemberment Insurance
- Holidays
- Vacation
- Sick Leave
- Leaves of Absence
- Direct Deposit of Paychecks
- Employee Assistance Program
- Employee Apartment Rent Discount
- Parking - as available

#### **B. Insurance Benefits**

##### **Cafeteria Plan**

CADA provides a monthly health allowance that may be applied to premiums for medical, dental and vision, as well as a flex spending account for unreimbursed medical and dependent care, and/or other optional insurance plans. Eligible employees (Full Time, and fractional employees consistently working more than 50% of the month) must be on paid status for at least 50% of the month in order to receive their Cafeteria Allowance for that month. Those employees who work or are on paid status at least 50% of a month and have monies remaining in their cafeteria

allowance can receive the balance in cash or direct it towards the deferred compensation plan.

**Medical:** All full-time employees and their family members are eligible for medical coverage. Family Members are defined as:

- A spouse or domestic partner who is not currently enrolled in ~~his or her~~their own right in a CalPERS health plan.
- A child under 26 years of age who has never been married, including an adopted child, a step-child, or a child who lives with the employee in a parent-child relationship and who is economically dependent (requires an Affidavit of Eligibility Form).

All fractional employees consistently working more than 50% of the month or are on paid status 50% of the month also receive this benefit. Employees have a choice of several medical plans from which to choose. Employer contribution amounts and the amounts, if any, available for those who "opt out" are set annually by the Board of Directors. Once hired, an employee will meet with Human Resources for in-depth information regarding the various insurance plans.

In 2005, CADA's Board adopted a resolution implementing the provisions of Government Code 22893, which provides for postretirement health benefits. The principal tenets of Government Code Section 22893 are:

- Retired employees with a minimum of 10 years of service credit (five of those 10 years of service must be performed at CADA) receive 50% of CADA's contribution payable for postretirement health benefits. Each additional service credit year after 10 years increases CADA's contribution by 5%.
- At 20 years of service, the retiring employee is eligible for 100% of CADA's contribution payable for postretirement health benefits.
- For annuitants enrolling alone, the amount of CADA's health care contribution shall be at least 100% of the weighted average of the four health benefit plans that have the largest number of CalPERS "self-alone" enrollments during the previous year.
- For annuitants enrolling family members, CADA shall contribute an additional 90% of the weighted average of the additional premiums required for enrollment of those family members in the four health benefit plans that had the largest CalPERS enrollment, excluding family members, during the previous year.

All employees hired after May 1, 2005, are subject to the provisions of Government Code 22893. Employees hired prior to May 1, 2005, may elect to be subject to the provisions of Government Code 22893 or may continue to have postretirement health benefits in accordance with Government Code 22892. Once an employee elects to be bound by the provisions of 22893, it cannot be withdrawn.

**Dental:** All full-time and fractional employees who consistently work or are on paid status more than 50% of the month are eligible for dental coverage for themselves and their dependents.

**Vision:** All full-time and fractional employees who consistently work or are on paid status more than 50% of the month are eligible for vision coverage for themselves and their dependents.

#### **Retirement Plan (CalPERS)**

Full-time employees make contributions to the California Public Employees Retirement System (CalPERS). Current Members contribute 7 percent of their annual salary. New Members hired after January 1, 2013, contribute 50% of the Normal Cost, which is actuarially determined by CalPERS. In addition, CADA makes an employer contribution necessary to fund the benefits for its members, as established by PERS. Upon termination of employment, employees may either

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receive a refund of their employee contributions, or they may choose to keep these contributions invested with PERS. With the exception of Medicare contributions for employees hired after 1986, full time employees do not contribute to Social Security. Summary plan descriptions are available from Human Resources. In addition, employees are encouraged to contact PERS directly to receive estimates of their retirement benefits for their personal financial planning.

**Deferred Compensation (CalPERS)**

All full-time and fractional employees consistently working more than 20 hours per workweek are eligible to participate in the PERS 457 Deferred Compensation Program. This innovative savings plan provides employees the ability to take an amount of their pay before paying taxes and invest it in their choice of investment funds offered by this plan. The money employees put into this plan reduces their taxable income dollar for dollar, which lowers both their federal and state income tax. Summary plan descriptions are available from Human Resources. In addition, employees are encouraged to contact PERS directly to receive estimates on their retirement benefits for their personal financial planning.

**Long-term Disability Insurance**

All full-time employees are eligible for long-term disability insurance, which is paid for by CADA. All fractional employees consistently working at least 30 hours per week are also eligible for this benefit.

**Life and Accidental Death and Dismemberment Insurance**

All full-time employees are eligible to receive life and accidental death and dismemberment insurance, which is paid for by CADA. All fractional employees consistently working at least 30 hours per week are also eligible for this benefit.

**C. Holidays**

All full-time employees and fractional employees who work more than or are on paid status 50% of the month in which the holiday occurs are eligible to receive holiday benefits at their normal hourly rate for:

- New Year's Day
- Martin Luther King Day (third Monday in January)
- Lincoln's Birthday
- Washington's Birthday (third Monday in February)
- Cesar Chavez Day
- Memorial Day (last Monday in May)
- Juneteenth
- Independence Day
- Labor Day (first Monday in September)
- Indigenous Peoples' Day (second Monday in October)
- Veteran's Day
- Thanksgiving and the day after
- Christmas Eve - ½ day
- Christmas Day
- New Years Eve - ½ day

Fractional employees who work less than 50% of the month or are on paid status less than 50% of the month in which the holiday occurs are ineligible for holiday benefits. Fractional employees who work more than or are on paid status 50% of the month accrue pro-rata according to the percentage of the month they work during the holiday month.

If a holiday falls on a weekend, the observed holiday will be published on the CADA Holiday Calendar.

**Religious Observances**

CADA will make every effort to allow reasonable accommodations for employees who need to take time off for religious observances. Approval will depend on whether the request would impose an undue hardship on CADA and its ability to meet its workload

**D. Vacation**

Paid vacation is available to eligible employees to provide opportunities for rest, relaxation, and personal pursuits. Full-time employees are eligible to earn and use vacation time as described in this policy. Fractional employees working more than or are on paid status 50% of a month are eligible to earn and use vacation time at their pro-rata rate (according to the percentage of the month they work). Fractional employees who work less than or are on paid status less than 50% of a month are ineligible for vacation benefits. Vacation cannot be substituted for insufficient sick leave accruals without Human Resource approval.

Employees must ~~complete~~submit a Request for Time Off ~~form~~ at least two weeks in advance, and approval will depend on whether the request can be accommodated within CADA's workload requirements.

The amount of paid vacation time and maximum vacation accrual amounts increase with the length of service.

**Vacation Accrual for Full-time Employees\***

Years of Eligible Service	Vacation Earned per Year (Weeks)	Monthly Accrual (Hours)	Maximum Accrual (Hours)
3 years or less	2 weeks	6.66 hours	160 hours
3+ to 10 years	3 weeks	10.0 hours	240 hours
10 years or more	4 weeks	13.3 hours	320 hours

\*Employees working or on paid status more than 50% of the month but less than 100% will earn a pro-rata amount of vacation according to the percentage of the month they work.

If an employee reaches his/her maximum accrual for vacation leave, the employee will not accrue any additional vacation until his/her accrued leave drops below the maximum (unless authorized to exceed their maximum accrual by the Executive Director).

Employees may request to cash out up to a maximum of 40 hours of unused, accrued Vacation time once per year, unless the requested amount would deplete their total unused, accrued Vacation. All such requests must be approved by the Executive Director.;

Upon separation, employees will be paid for unused vacation time ~~and compensatory time.~~

**E. Sick Leave**

Sick leave is a form of insurance that employees accumulate in order to provide a cushion for incapacitation due to illness and other situations protected by law. It is intended to be used in the situations described below, only when actually required to recover from illness or injury; sick leave is not for "personal" absences. An employee may use sick leave:

- Sick leave may be used for an employee's personal ~~diagnosis, care, or treatment of an existing health condition of, or preventive care illness, mental health, well care, and medical and dental appointments.~~ Sick leave may also be used for illness and well care of a member of an employee's family (including the employee's spouse or registered domestic partner, child, parent, parent of the employee's spouse or registered domestic partner, grandparent, grandchild, or sibling) or any "designated person", which is defined as any individual identified by an employee. An employee is limited to designating one person per 12-month period. Such designation must be done in -writing per CADA policy.

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- For certain other types of leaves as identified in this handbook- Including for an employee who is a victim of domestic violence, sexual assault, or stalking as described by law.

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In each calendar year, an employee may use up to half of the sick leave ~~he or she~~ they would accrue in that calendar year for the diagnosis, care, or treatment of an existing health condition of, or preventive care for the employee's child, parent, grandparent, grandchild, sibling, spouse, or domestic partner or designated person. The employee may designate which type of leave ~~he or she is~~ they are using.

CADA provides paid sick leave to all employees.

- ~~Full-time employees who physically work eleven (11) eight (8) hour days in the month or use paid accrued leave equivalent to at least eleven (11) days will accrue sick leave at the rate of eight hours (8) per month. If they do not physically work eleven (11) eight (8) hour days in the month or do not use paid accrued leave equivalent to at least eleven (11) days, they will accrue sick time at a rate of one (1) hour for every thirty (30) hours worked. Accrued sick time is available for use by a new hire during the first pay period on the 90<sup>th</sup> day of their employment.~~
- ~~The accrual amount will result in- no less than 24 hours of accrued sick leave by the 120th calendar day of employment or each calendar year and no less than 40 hours of accrued sick leave or paid time off by the 200th calendar day of employment or each calendar year.~~

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- ~~Part-time employees will receive forty twenty-four (40/24) hours or 5 days of sick leave upon hire their 91<sup>st</sup>, 90<sup>th</sup> day of employment with CADA and will receive forty twenty-four (40/24) hours or 5 days of sick leave on an annual basis on January 1<sup>st</sup> of each subsequent year. There is no year to year accrual of sick leave for Part-time employees.~~

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If the need for paid sick leave is foreseeable, the employee shall provide reasonable advance notification. If the need for paid sick leave is unforeseeable, the employee shall provide notice of the need for the leave as soon as practicable. Employees who are unable to report to work due to illness or injury are to notify their supervisor before the scheduled start of their workday. If the employee fails to notify their supervisor of the absence within one hour of the employee's start time, Human Resources will be notified and will attempt to contact the employee through ~~his or her~~ their emergency contact information. Their supervisor must also be contacted on each additional day of absence, unless other arrangements have been made with the supervisor. In addition to contacting their supervisor, for coordination purposes, employees working out of the administrative office must also inform the receptionist if they are not going to be at work. Similarly, employees working out of the maintenance office must so inform the maintenance dispatchers.

CADA may require a physician's health care provider's statement verifying the need for three or

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more consecutive days of sick leave, including, medical appointments, illness, injury and beginning and expected ending dates. Any employee who is on an excused absence for more than three days, due to illness or injury, must contact Human Resources prior to returning to the workplace.

Sick leave is intended solely to provide income protection in the events protected by law of illness or injury, and may not be used for any other absence unless specifically approved by the employee's supervisor.

Employees will not be paid for unused sick leave benefits while they are employed, nor at separation from employment. An employee who retires from PERS service, however, will receive additional service credit for any unused sick leave.

If an employee separates from an employer and is rehired by the employer within one year from the date of separation, previously accrued and unused paid sick days shall be reinstated.

Paid sick leave is used in 2 hour minimum increments and compensated at the regular rate of pay.

#### **F. School Activities**

An employee may take off time from work to participate in school activities if all the following conditions are met:

- The employee is a parent, guardian, or grandparent having custody of one or more children in kindergarten or grades one to 12;
- The employee takes off no more than 40 hours each school year and does not exceed eight hours in any calendar month of the school year;
- The employee's absence is related to participation in activities of the school of any dependent children; and
- Before taking off, the employee gives reasonable notice to the employer of the planned absence.

Employees must use vacation or compensatory leave in order to receive compensation for this time off. Employees who do not have paid time off available will take the time off without pay.

#### **G. Catastrophic Leave**

Employees may donate, if they so desire, their vacation leave to another employee with the approval of their supervisor and the supervisor of the employee to whom they wish to donate their hours. Vacation leave should be donated and used by the recipient employee only when there are extraordinary circumstances of need as determined by Human Resources (and in accordance with this policy). Catastrophic leave is not intended to be used for reoccurring minor illnesses, and may not exceed 6 work weeks in a 12-month period from when the first Catastrophic leave hour was used by the recipient employee. If an employee is receiving some form of other compensation during this period (e.g. AFLAC, SDI), the employee must inform Human Resources. Such other compensation will be included when determining their Leave eligibility.

A recipient employee must exhaust the majority of ~~his or her~~their leave accruals but may retain up to a combined total of forty (40) hours of vacation and sick time and still receive donated time. Recipient employees will not accrue vacation or sick leave during this period.

Donated hours will be placed in a "Catastrophic Leave Bank" for use by the recipient employee; the recipient employee will use the hours according to the date of the donation (i.e., those hours donated first will be used first). Any hours remaining in the "Catastrophic Leave Bank" after Human Resources indicates the catastrophic event has concluded shall be returned to the

employee who donated the hours.

Donations of accrued vacation leave by an employee to other employees upon termination of their employment are prohibited.

#### **H. Management Leave**

In recognition of the need to devote more than forty (40) hours per week to their duties, management leave in the amount of forty (40) hours per calendar year shall be granted to those in the manager classification and above each January 1. Managers hired after January 1 will receive 3.33 hours for each full month worked through December 31 of that year.

Management leave must be used in the year given; there are no carryover provisions in regard to management leave unless specifically authorized by the Executive Director.

#### **I. Leaves of Absence**

It is CADA's policy to grant leaves of absence, as described in the following "Types of Leave" section, to all eligible employees on a nondiscriminatory basis. Except as otherwise indicated, all leaves of absence are available on an unpaid basis. All leaves of absence are reviewed and granted or denied at the discretion of the Executive Director.

Subject to any applicable legal restrictions, requests for leaves of absence will be considered on the basis of the employee's length of service, performance, level of responsibility, the reason for the request, and CADA's ability to obtain a satisfactory replacement during the time the employee is away from work.

#### **Returning from a Leave of Absence/Abandonment of Employment**

When an employee is granted a leave of absence, an effort will be made to hold the employee's position open for the period of the approved leave. Due to business needs, however, (unless otherwise required by law) there will be times when the position cannot be held open. Under such conditions, it will not be possible to guarantee reinstatement. Subject to any applicable legal restrictions, an employee's reinstatement rights are as follows: If an employee's former position is unavailable when the employee is ready to return from an approved leave, CADA will make every effort to place the employee in a comparable position for which the employee is qualified. If such a position is not available, the employee will be offered the next suitable position for which the employee is qualified, if such a position exists. An employee who does not accept a position offered by CADA will be considered to have voluntarily terminated employment, effective the day such refusal is made.

An employee who accepts other employment, without prior approval, during a leave of absence, or who fails to return on the next regularly scheduled work day following the expiration of an approved leave, will be considered to have abandoned their employment and may be terminated. Exceptions will be made for those employees who have obtained an authorized extension prior to the leave of absence expiration date.

#### **Status of Benefits During Leave**

No CADA-sponsored benefits are earned or accrued during an unpaid leave of absence. When an employee returns from a leave of absence, eligibility and accrual dates will be adjusted forward to account for the period of the leave.

During an employee's leave, CADA will continue to pay for the employee's participation in CADA's health plans, to the same extent and under the same terms and conditions as would apply had the employee not taken leave, meaning employees will continue to be responsible for all employee and any dependent health insurance costs. For any unpaid period during a leave of absence, CADA will pay for the employee's participation in CADA's health plans on the employee's behalf. However, the employee will be required to reimburse CADA for such health premiums paid during their unpaid leave. When paid leave is being substituted for unpaid leave

for at least 50% of the month, through use of time off accruals, the employee will earn their Cafeteria Allowance, and health premiums will continue to be deducted as usual during that pay period.

**Misrepresentations**

Any employee who misrepresents ~~his or her~~their reasons for applying for a leave of absence may face disciplinary action, including termination.

**Types of Leaves of Absence**

**1. Family Care and Medical Leaves**

Although CADA does not have any employees who are eligible for the federal Family Medical Leave Act ("FMLA"), CADA employees may qualify for leave under the California Family Rights Act ("CFRA"). CADA has implemented this Family Care and Medical Leave policy in order to provide the rights and responsibilities included in the CFRA, as well as many, but not all, of the rights and responsibilities included in the FMLA, as detailed below.

~~CADA is subject to the New Parent Leave Act which provides unpaid leave for parental leave to bond with a new child within one year of the child's birth, adoption, or foster care placement.~~

~~The purpose of this policy is to establish conditions under which an eligible employee may request time off without pay for a limited period with job protection consistent with CADA's Family Care and Medical Leave policy and the state's New Parent Leave Act.~~

~~An eligible employee is one with at least 12 months of service who has worked at least 1,250 hours during the 12 month period prior to the taking of family care or medical leave. Such an employee will be entitled to a leave of absence not to exceed 12 workweeks in any 12 month period.~~

**California Family Rights Act Leave** may be requested for the following situations:

- An eligible employee may take job-protected leave:
- for reason of the birth of a child of the employee or the placement of a child with an employee in connection with the adoption or foster care of the child by the employee.
- care for a child of any age, spouse, domestic partner, parent, grandparent, grandchild, or sibling with a serious health condition. "Child" means a biological, adopted, or foster child, a stepchild, a legal ward, or a child of an employee or the employee's domestic partner, or a person to whom the employee stands in loco parentis. "Parent" includes a biological, foster, or adoptive parent, a parent-in-law, a stepparent, a legal guardian, or other person who stood in loco parentis to the employee when the employee was a child.
- Additionally, an employee may take leave to care to include a "designated person." A designated person means any individual related by blood or whose association with the employee is the equivalent of a family relationship. The designated person may be identified by the employee at the time the employee requests the leave. As allowed by the law, CADA limits an employee to one designated person per 12-month period for CFRA leave.
- because of an employee's own serious health condition that makes the employee unable to perform the functions of the position of that employee, except for leave taken for disability on account of pregnancy, childbirth, or related medical conditions.
- because of a qualifying exigency related to the covered active duty or call to covered active duty of an employee's spouse, domestic partner, child, or parent in the Armed Forces of the United States, as specified in Section 3302.2 of the Unemployment Insurance Code.
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- **A serious health condition** is an illness, injury, impairment, or physical or mental condition that involves either (A) inpatient care in a hospital, hospice, or residential health care facility; or (B) continuing treatment or continuing supervision by a health care provider

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The 12-month period during which the 12 workweeks of leave may be taken under this section shall be the 12-month period measured forward from the date upon which the employee's first family care or medical leave begins.

Leave Requests. Written requests for a family care or medical leave of absence must be submitted in writing at least 30 days before the leave is to commence or as soon as the reasons for leave become known to the employee if such prior 30-day notice is not possible. All written leave requests must include the anticipated date(s) and duration of the leave. Written requests for extension of such leave must be received by CADA at least five working days before the date on which the employee was originally scheduled to return to work and must state the revised anticipated date(s) and duration of the leave.

Terms of Family Care and Medical Leave. Family care leave taken for the birth, adoption, or foster care placement of a child must be concluded within one year of the birth, adoption, or placement, and may be taken intermittently in periods of at least two weeks. Family care, medical leave for the serious health condition of the employee's child, parent, parent-in-law, grandparent, grandchild, sibling, spouse, or registered domestic partner, designated person or for the employee's own serious health condition, may also be taken intermittently or on a reduced work schedule when medically necessary. If leave is taken intermittently or on a reduced schedule in order to accommodate planned medical treatment of the employee or family member, CADA retains the discretion to transfer the employee temporarily to an alternative position, with equivalent pay and benefits, which better accommodates the employee's leave schedule.

If the leave is requested in connection with a planned, non-emergency medical treatment, the employee must make a reasonable effort to schedule the treatment so as to minimize the disruption of CADA's operations.

Effect of Family Care and Medical Leave on Health Benefits. During an employee's family care or medical leave, CADA will continue to pay for the employee's participation in CADA's health plans, to the same extent and under the same terms and conditions as would apply had the employee not taken leave.

For any unpaid period during a leave of absence, CADA will pay for the employee's participation in CADA's health plans on the employee's behalf. However, the employee will be required to reimburse CADA for such health premiums paid during their unpaid leave. When paid leave is being substituted for unpaid leave for at least 50% of the month, through use of time off accruals, the employee will earn their Cafeteria Allowance, and health premiums will continue to be deducted as usual during that pay period.

The employee also may, at CADA's option, be required to reimburse CADA for such health premiums paid during the employee's unpaid leave if, upon the employee's return, the employee requests and is granted a reduced work schedule for which such benefits would not be paid by CADA.

Employees on family care or medical leave accrue employment benefits, such as sick leave or vacation benefits, only when paid leave is being substituted for unpaid leave and only if the employee would otherwise be entitled to such accrual.

Certification of Eligibility. Employees must consult with Human Resources to determine

their eligibility for the leave, the length and terms of the leave, and reinstatement.

Medical Certification. Any request for medical leave for an employee's own serious health condition or for family care leave to care for a child, spouse, or parent with a serious health condition must be supported by medical certification from a health care provider. The employee must provide the required medical certification within 15 calendar days after CADA's request for certification, unless it is not practicable under the circumstances to do so. Failure to provide the required medical certification may result in the denial of foreseeable leaves until such certification is provided. In the case of unforeseeable leaves, failure to provide the required medical certification within 15 days of being asked to do so may result in a denial of the employee's continued leave. Any request for an extension of the leave also must be supported by an updated medical certification.

Return to Work. Employees returning from family care or medical leave are entitled to reinstatement to the same or comparable position consistent with applicable law. If the employee has been on leave for their own serious health condition, before permitting the employee to return to work, the employee must provide medical certification that ~~he or she~~ they are able to return to work.

Non-Discrimination. CADA recognizes the value of family care and medical leave and will not discriminate against any employee who chooses to exercise ~~his or her~~ their right to such leave. Details concerning the applicability of the Family Medical Leave Act and California's Family Rights Act to a particular situation are available from Human Resources.

Substitution of Paid Leave. For qualifying family care or medical leaves of absence, employees are required to substitute vacation for all family care and medical leaves. Sick leave must be used for an employee's own serious health condition and may be used if the leave is for the birth, adoption, or foster care of the employee's child or for the illness of a family member. Employees, however, are not required to exhaust their leave balances and may, at their option, retain up to a maximum of forty (40) hours of combined vacation and/or sick leave. The substitution of paid leave for family care or medical leave does not extend the total duration of family care and medical leave to which an employee is entitled to beyond twelve (12) weeks in a twelve- (12-) month period.

## 2. **Pregnancy Disability Leave**

An employee disabled by pregnancy, childbirth, or a related medical condition may request a pregnancy disability leave. This leave may be for the period the employee's ~~doctor~~ health care provider verifies that the employee is disabled by pregnancy, childbirth, or a related medical condition, and that the employee is unable to perform her job, up to a maximum of four (4) months. This leave may run concurrently with any other applicable leave. The employee must consult with CADA and make a reasonable effort to schedule any planned medical treatment or supervision so as to minimize disruption to CADA's operations. Any scheduling, however, shall be subject to the approval of the employee's health care provider.

CADA will provide reasonable accommodation to an employee disabled by pregnancy, childbirth, or related medical condition, if ~~she~~ they so requests, on the advice of ~~her~~ their health care provider. Such reasonable accommodation may include a temporary transfer to a less strenuous or hazardous position, if the employee so requests and is qualified to perform the job, on the advice of her physician. However, CADA will not create an additional position for such an accommodation, nor will CADA discharge any employee or transfer an employee with more seniority.

Leave Requests. For foreseeable events, if possible, the employee must provide 30 days' advance notice of the need for such leave. For events that are unforeseeable 30 days in

advance, the employee must notify CADA as soon as practicable.

All leave requests must include the anticipated date(s) and duration of the leave. Any requests for an extension of such leave must be received by CADA at least five working days before the date on which the employee was originally scheduled to return to work and must state the revised anticipated date(s) and duration of the leave.

Terms of Pregnancy Disability Leave. Pregnancy disability leave may be taken intermittently or on a reduced work schedule, when medically advisable, as determined by the employee's health care provider. If it is medically advisable for an employee to take intermittent leave or leave on a reduced work schedule, and it is foreseeable based on planned medical treatment because of pregnancy, CADA may require the employee to transfer to an available alternative position. This alternative position will have the equivalent rate of pay and benefits; the employee must be qualified for the position, and it must better accommodate recurring periods of leave than the employee's regular job. The alternative position does not have to have equivalent duties. Transfers to an alternative position may include altering an existing job to accommodate better the employee's need for intermittent leave or a reduced work schedule.

Certification of Eligibility. Employees must consult with Human Resources to determine their eligibility for the leave, the length and terms of the leave, and reinstatement.

Medical Certification. Any request for pregnancy disability leave must be supported by medical certification from a health care provider. The employee must provide the required medical certification within 15 calendar days after CADA's request for certification, unless it is not practicable under the circumstances to do so. Failure to provide the required medical certification may result in the denial of foreseeable leaves until such certification is provided. In the case of unforeseeable leaves, failure to provide the required medical certification within 15 days of being asked to do so may result in a denial of the employee's continued leave. Any request for an extension of the leave also must be supported by an updated medical certification from their health care provider.

Effect of Pregnancy Disability Leave on Health Benefits. During an employee's pregnancy disability leave, CADA will continue to pay for the employee's participation in CADA's health plans, up to a maximum of four (4) months in a 12-month period, to the same extent and under the same terms and conditions as would apply had the employee not taken leave.

If the employee fails to return from the leave for a reason other than the recurrence, continuation, or onset of a health condition that brought about the need or qualifies for family care or medical leave or other circumstances beyond the employee's control, the employee may, at CADA's option, be required to reimburse CADA for any health premiums paid by CADA on the employee's behalf during any unpaid periods of the leave.

Paid Leave. Pregnancy disability leave will be unpaid. CADA, however, requires employees to substitute accrued and available sick leave. Employees may elect to use all available paid leave. The substitution of paid leave for pregnancy disability leave does not extend the total duration of leave to which an employee is entitled.

Return to Work. Employees returning from pregnancy-related disability leave are entitled to reinstatement to the same or comparable position consistent with applicable law. CADA retains the right to deny reinstatement when such reinstatement would substantially undermine CADA's ability to operate its business safely and efficiently. An employee who returns to work after a pregnancy disability leave must have a written release from her health care provider. This release must verify that the employee is able to return to work.

Non-Discrimination. CADA recognizes the value of pregnancy disability leave and will not discriminate against any employee who exercises her right to such leave. Details concerning the applicability of the pregnancy-related disability leave provisions in California's Fair Employment and Housing Act to a particular situation are available from Human Resources.

#### **4. Paid Family Leave**

Paid Family Leave ("PFL"), which is administered by the Employment Development Department ("EDD"), not CADA, is a partial wage replacement benefit paid to workers who suffer a wage loss when they take time off work to (1) care for a seriously ill family member, including a child, parent/parent-in-law, spouse, sibling, grandparent, grandchildren, domestic partner, or domestic partner's child, (2) bond with a new child during the first year after the birth or placement of the child in connection with foster care or adoption, or (3) participate in approved activities related to the active duty or call to duty of a spouse, domestic partner, child, or parent in the Armed Forces of the United States. Qualified employees are eligible for a maximum of six (6) weeks of benefits in a twelve- (12-) month period.

PFL does not create any rights to a leave of absence or reinstatement, but simply provides partial wage replacement for qualified employees. Employees must meet all EDD eligibility requirements to qualify for PFL benefits. The PFL program is funded by withholdings from employee paychecks.

If you are absent for a reason that qualifies you for PFL payments, CADA requires that you use any accrued and unused vacation, up to a maximum of two weeks in a 12-month period. The first week of vacation will be applied to the seven (7)- day State mandated waiting period before the PFL benefits begin. Employees are permitted, however, to elect to retain a minimum accrued leave balance of 40 hours.

An employee who is entitled to leave under the Family Care and Medical Leave policy must take PFL concurrently with leave taken under those rights.

#### **5. Organ and Bone Marrow Donation Leave**

Consistent with State law, CADA will permit an employee to take a paid leave of absence:

(1) not exceeding 30 work days to an employee who is an organ donor in any one-year period, for the purpose of donating ~~his or her~~their organ to another person. An additional unpaid leave of absence, not exceeding 30 work days in a one-year period, may be granted to an employee who is an organ donor for the purpose of donating the employee's organ to another person. The one-year period is measured from the date the employee's leave begins and shall consist of 12 consecutive months; and

(2) not exceeding five (5) work days to an employee who is a bone marrow donor in any one-year period, for the purpose of donating ~~his or her~~their bone marrow to another person.

This leave may be taken in one or more periods. In order to receive this type of leave of absence, an employee must provide written verification to CADA that s/he is an organ or bone marrow donor and that there is a medical necessity for the donation of the organ or bone marrow.

This leave does not run concurrently with Family Care and Medical Leave. During the leave, CADA will continue to maintain the employee's group health coverage on the same terms as when the employee is not on leave.

CADA requires as a condition of an employee's initial receipt of organ or bone marrow

donation leave that the employee take five (5) days of earned but unused sick or vacation leave for bone marrow donation and two (2) weeks of earned but unused sick or vacation leave for organ donation.

Time off for this leave will not be considered a break in service. When the employee returns to work, CADA will restore him/her to the same or an equivalent position s/he held when the leave commenced, unless CADA declines to restore the employee because of conditions unrelated to the taking of the leave.

#### **6. Medical Leave of Absence -- Work Related**

A leave of absence will be granted to any full-time or fractional employee who sustains a work-related (occupational) illness or injury for the duration of the work-related illness or injury until one of the following situations occurs:

- The employee is released for full or partial duty;
- CADA receives satisfactory medical evidence stating that the employee will be permanently unable to return to work;
- The employee informs CADA, directly or indirectly, by accepting other employment, by moving out of state, or by other means, that ~~he or she does~~they do not intend to return to work.

Notification requirements for a work-related medical leave are the same as for medical leaves of absence that are not work related. Please see below re: Workers' Compensation Insurance.

#### **7. Personal Leave of Absence**

An unpaid Personal Leave of absence may be granted to an employee in cases where an extended period of time away from the job will be in the best interests of the employee and/or CADA. This policy is intended to outline unpaid Leaves of Absence for reasons other than those covered elsewhere in this Handbook and/or for employees who are not yet eligible for any other leaves outlined in this Handbook.

Written requests for such leave must specify the purpose, start date, and return to work date of the requested leave. Such request should also include any relevant backup documentation to support the request for a Personal Leave of Absence. All such requests should be submitted to the Human Resources Manager at least 30 days before the leave commences, or as soon as possible if the need for the leave was not foreseeable. Such leaves may be granted or denied at the sole discretion of the Executive Director and/or ~~their~~his/her designee in compliance with applicable laws.

A leave may be granted for a period not to exceed 30 days in a calendar year and may be extended only with the written approval of the Executive Director and/or his/her designee. The procedure for granting extensions shall be the same as that in granting the original leave, provided that the request for extension must be made not later than 5 days prior to the expiration of the original leave.

Whenever an employee who has been granted a Personal Leave of Absence desires to return work before expiration of such leave, the employee shall notify Human Resources at least two (2) working days in advance of the return.

No benefits shall accrue during a Personal Leave of Absence, unless eligible paid leave is substituted. During the periods for which the employee will be absent, arrangements for any benefit premium payments must be made on or before each scheduled payday by the employee in order to maintain insurance coverage.



An employee's failure to return timely from a Personal Leave of absence will be considered a voluntary separation.

### 8. Drugs and Alcohol Rehabilitation Leave

CADA wishes to assist employees who recognize that they have a problem with drugs or alcohol. Employees who have a problem with drugs and alcohol and who decide to enroll voluntarily in a drug and/or alcohol rehabilitation program may be given unpaid time off to participate in the program. If an employee requests time off to participate in such a program, CADA will also make a reasonable effort to keep the fact that the employee is enrolled in a program confidential.

The employee may use any accrued sick leave, vacation, or compensatory time while on drug and alcohol leave. However, additional benefits will not be earned during any unpaid leave of absence.

### 9. Sabbatical Leave

After 10 years of employment, an employee may request an unpaid sabbatical leave of up to six months. The Executive Director and the CADA Board of Directors will consider each request on a case-by-case basis.

### 10. Bereavement Leave

This leave of absence may be granted to any employee who requires time off due to a death of a loved one. The employee must notify their supervisor immediately, who will then notify Human Resources as to the estimated duration of the leave and estimated return date. All ~~full time employees and fractional employees consistently working more than 50% of the month or are on paid status 50% of a month (pro-rata at their fractional rate) employees working for at least 30 days before taking the leave~~ will be granted up to five days' paid time off per calendar year. Requests for leaves of a longer duration will be considered on a case-by-case basis and require the approval of the Executive Director. Upon separation, employees will not be paid for unused bereavement time.

Bereavement leave may be taken intermediately within three months of the death.

### Reproductive Loss Leave

All employees who have worked for CADA for 30 days or more before the start of the leave are eligible for reproductive loss leave.

Employees who experience a reproductive loss event as defined by law will be provided with up to five days of time off from work within three months of the event. Notwithstanding the foregoing, if prior to or immediately following a reproductive loss event, an employee is on or chooses to go on leave under another leave entitlement, such as the California Family Rights Act or PDL, the Reproductive Loss Leave will be available for use during the three months following the end date of the Other Leave. The days do not need to be used consecutively. Employees who experience more than one reproductive loss event within a 12-month period, are limited to 20 days of Reproductive Loss Leave during that a 12-month period.

In order to be paid while using Reproductive Loss Leave, accrued sick leave shall be used for all employees who have such time available. At the employee's option, unused vacation or compensatory time entitlement (if eligible) may be used instead of sick leave. Employees who have no available sick time or choose not to use vacation or compensatory time will not be paid during their Reproductive Loss Leave.

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An employee who wishes to take Reproductive Loss Leave should notify their supervisor or Human Resources as soon as possible. CADA will maintain the confidentiality of any employee requesting reproductive loss leave and will not terminate, discriminate, or retaliate against employees for exercising their rights under the law.

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## 11. Military Leaves of Absence

Any eligible employee will be granted a leave of absence for military duty in accordance with federal and state laws governing such leaves. Qualified spouses of members of the Armed Forces, National Guard, or Reserves may also be eligible for unpaid leave in accordance with state law.

## 12. Jury/Witness Duty

If an employee is requested to serve for jury or witness duty, ~~he or she~~they must bring the summons or subpoena to ~~his or her~~their supervisor within three working days of receipt. If called to jury or witness duty, employees will receive their regular pay for the working hours lost while on such duty, up to a maximum of 10 working days per year, provided the employee submits written verification from the court. The written verification must show the actual days served. Employees on jury or witness duty for more than 10 working days per year may be placed on unpaid leave for the remainder of time they are absent. At the Executive Director's discretion, paid jury duty may be extended on a case-by-case basis, considering CADA's operating needs. An employee is to inform ~~his or her~~their supervisor of any time not served as a juror or witness during the normal work schedule. The supervisor will determine if the employee must return to work for the remainder of the day. The salary of an exempt employee will not be reduced for any week in which the employee works and also misses time to serve on a jury or as a witness.

This policy does not apply to employees who elect to serve as expert witnesses. If an employee elects to do so, ~~he or she~~they may request to use accrued vacation or compensatory time.

## 13. Time Off to Vote

Employees are encouraged to fulfill their civic responsibilities by voting. If an employee is unable to vote in a statewide election during ~~his or her~~their non-working hours, CADA will grant up to two hours of paid time off to vote. Employees must request time off to vote by submitting the Request for Time Off form to their immediate supervisor at least two working days before the Election Day, including the reason that they cannot vote during non-working hours. Employees must submit a voter's receipt on the first working day following the election.

## 14. Leaves Related to Domestic Violence, Stalking or Crime Victim

Consistent with state law, an employee who has been the victim of domestic violence, stalking, or whose child has been the victim of domestic violence or stalking, or who has been the victim of a crime, or whose immediate family member has been the victim of a crime, may take unpaid time off to attend court proceedings, attend to their own, or their family member's safety, or to receive medical care or counseling. To the extent possible, employees must provide advance notice of absences/leaves associated with this policy. An employee who takes unpaid time off for any of the purposes stated in this paragraph may elect to use accrued unused vacation, sick, management, or comp time leave time in lieu of taking unpaid time off.

## 15. Lactation

CADA provides a reasonable amount of break time to accommodate an employee's need to express breast milk for the employee's infant child each time the employee has need to

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express breast milk during the workday. CADA will make a reasonable effort to provide the employee with the use of a room or other location in close proximity to the employee's work area for the employee to express milk in private. Such space will meet the requirements of the California Labor Code, including a surface to place a breast pump and personal items, a place to sit, access to electricity, a sink with running water, and a refrigerator for storing breast milk.

#### **Procedures**

An employee may request an accommodation for lactation breaks by submitting a lactation accommodation request form to Human Resources. Human Resources must respond to the employee's accommodation request form submitted by indicating the approval or denial of the break request. The completed request form must be returned to the employee, and a copy sent to Human Resources.

The requested break time should, if possible, be taken concurrently with other scheduled break periods. Nonexempt employees must clock out for any lactation breaks that do not run concurrently with normally scheduled rest periods. Any such breaks will be unpaid.

CADA reserves the right to deny, in writing, an employee's request for a lactation break if the additional break time will seriously disrupt operations.

Employees have the right to file a complaint with the labor commissioner for any violation of rights provided under Chapter 3.8 of the California Labor Code regarding lactation accommodations.

#### **J. Employee Assistance Program**

CADA is concerned about the welfare of our employees. To this end, we provide our employees with access to an Employee Assistance Program (EAP). CADA acknowledges that an employee who recognizes ~~his or her~~their need for help and takes positive action is likely to be healthier and better able to address the variety of stresses we all inevitably face in life.

All counseling provided in this program is completely confidential. The CADA EAP program provides assistance and counseling for:

- Tax Consultation
- Legal Issues and General Questions
- Child care and elder care advice and planning
- Marital, family, and relationship problems
- Financial and credit concerns
- Substance abuse
- Emotional, personal, and stress-related concerns

The EAP program is part of CADA's commitment to a healthy, productive work environment. Information regarding this program is available from Human Resources.

#### **K. Parking and Transportation**

Employees are provided one free parking space (as inventory allows) or a free Regional Transit pass. This is a benefit for use by CADA employees only. Employees submitting for reimbursement of a transit pass must submit a copy of the transit pass to Human Resources.

Free parking spaces for Maintenance staff are located in the secure parking lot at the Maintenance Warehouse for use during work hours. Free parking spots for RSR's will be at or as close as possible to the building they live in. Free parking spots for Administrative Office staff will be in any available spots within the agency's parking inventory.

Non-RSR employees who are CADA residents may rent a CADA parking space at the regular market rate and can complete the rental process through Leasing. There is no employee discount for rental of parking spaces.

If an employee needs a parking space or wants to relinquish a parking space, they should contact Leasing.

CADA assumes no responsibility or liability regarding any loss or damages to any employee's vehicle or its contents. The employee is also responsible for their own safety and well-being when in the parking areas. Caution should be taken by the employee when entering and leaving the premises.

CADA reserves the right to modify or cancel parking and transportation privileges.

#### **L. Direct Deposit of Paychecks**

As a convenience to our employees, direct deposit of paychecks is available which allows employees to direct deposit their checks to several accounts. In addition to being a timesaving feature for employees, this process assures employees of the timely availability of their funds and allows employees to reserve funds for saving or other personal purposes.

### **V. Employee Requirements**

#### **A. Employee Conduct and Work Rules**

CADA strives to operate efficiently while providing a safe and pleasant working environment for its employees. To this end, it is necessary to set certain standards of conduct and provide employees with guidance concerning unacceptable behavior. Infractions of these rules will result in disciplinary action, up to and including termination. It must be noted, however, that this list is not exhaustive and merely contains examples of the types of conduct that can lead to the imposition of disciplinary action.

The following conduct is unacceptable:

- Falsification of any CADA document, including information on an application, a physical examination questionnaire, time record, and personnel records, including falsification by omission;
- Operating machinery or equipment in an unsafe manner such that it might endanger the safety of oneself or others;
- Unauthorized possession of or intentional damage to CADA, state, or staff property;
- Altering, falsifying, tampering, removing, or destroying records without permission;
- Discourtesy to anyone;
- Possession of weapons;
- Threats of violence, either implicit or explicit, toward officers, clients, contractors, consultants, or other employees;
- Defamatory remarks or gossip about CADA, other employees, or CADA residents;
- Insubordination;
- Dishonesty;
- Excessive absences or tardiness;
- Failure to observe working schedules, including rest and lunch periods;
- Failure to report personal injury, accident, or damage to CADA equipment;
- Conduct which reflects unfavorably on CADA;
- Unsatisfactory work performance, including, but not limited to, unsatisfactory quantity or quality of work;
- Violation of fire or safety regulations;

- Smoking in unauthorized areas;
- Failure to report having a communicable disease that could endanger other employees or clients;
- Impairment by the use, possession, manufacture, distribution, transfer, or sale or solicitation of illegal drugs during work hours on CADA property, including CADA vehicles, or while conducting CADA business;
- Impairment by the use, possession, manufacture, distribution, transfer, sale of alcohol on CADA property, including CADA vehicles or while conducting CADA business;
- Being under the influence of alcohol or illegal drugs on CADA property, including CADA vehicles, or while conducting CADA business;
- Misuse of CADA funds or property for personal gain or for other unauthorized purposes;
- Committing or involvement in any act of unlawful harassment of another individual.

**B. Discipline**

When an employee engages in misconduct or an employee’s job performance is unsatisfactory, CADA may initiate disciplinary procedures. The possible disciplinary actions that may be taken include oral reprimand, written reprimand, suspension without pay, demotions and/or termination. A notation or copy of all disciplinary actions will be placed in the employee’s personnel file.

Employees are reminded, however, that CADA employment is at-will, and therefore, an employee who has not been disciplined may still be terminated at any time without cause or notice. Stated differently, employees should have no expectation of progressive discipline.

**C. Dispute Resolution**

Note: This policy does not apply to complaints involving harassment, discrimination, or retaliation, which are specifically addressed in CADA’s harassment prohibition policy.

CADA is committed to on-going, open communication with employees regarding performance, goals, objectives, policies, benefits, and all other issues which have an impact on employees. CADA understands that during the course of agency business, questions, issues, and disputes may arise. CADA urges employees to resolve these issues/disputes through communication and compromise.

Employees who have any such questions, issues, or disputes are encouraged to bring them to the attention of their immediate supervisor. If an employee is unable to resolve the situation with the immediate supervisor, s/he may contact Human Resources for assistance in answering the question or resolving the issue/dispute. If the employee still has questions or concerns, s/he may request a meeting with the CADA Executive Director or his/her designee. The Executive Director or his/her designee will review the question, issue, or dispute and determine the appropriate action. The Executive Director or his/her designee’s decision will be considered final and binding. Employees may raise their questions, issues, and disputes without fear of reprisal or discrimination. CADA strives to resolve employee concerns in a fair and equitable manner.

**D. Attendance and Punctuality**

To maintain a safe and productive work environment, CADA expects employees to be reliable and punctual in reporting for work. Absenteeism and tardiness place a burden on other employees and on CADA. In the rare instance when an employee cannot avoid being late to work or is unable to work as scheduled, s/he must notify the supervisor as far in advance as possible of normal business hours and/or the employee’s shift. If the employee is unable to notify their supervisor, they must contact Human Resources. In addition to contacting their supervisor, administrative staff are also required to inform the reception desk, and maintenance staff are required to inform the maintenance dispatcher. With the Executive Director’s approval, supervisors may institute additional requirements.

Poor attendance and excessive tardiness are disruptive and unacceptable and may lead to

disciplinary action, including termination of employment.

**E. Safety**

Establishment and maintenance of a safe work environment are the shared responsibility of CADA and all employees of the organization. CADA will take all reasonable steps to assure a safe environment and compliance with federal, state, and local safety regulations. Employees are expected to comply with safety rules and to exercise caution in all their work activities. They must immediately report any unsafe conditions to their supervisor. Not only supervisors, but all employees of the organization are expected to correct unsafe conditions as promptly and as safely as possible.

All accidents that result in injury must be reported to the affected employee's supervisor and to Human Resources, regardless of how insignificant the injury may appear. Such reports are necessary to comply with laws and, if deemed appropriate, to initiate applicable insurance and workers' compensation procedures.

CADA will train employees and provide periodic updates in accordance with CADA's Injury and Illness Prevention Program and Safety Rules. A copy of CADA's Injury and Illness Prevention Program and Safety Rules is available from either the Human Resources Manager or Risk Manager.

Each employee is responsible, once trained, to:

- Be constantly aware of potential problems within the work environment which may cause injury, and report any problems noted to his or her supervisor;
- Continually familiarize himself or herself with the safe operation of equipment and the safe use of chemicals;
- Obey all safety rules and regulations established by CADA and practice them to the best of his or her ability; and
- Report immediately to his or her supervisor all hazards that could cause or have caused injury.

All employees are responsible for complying with the safety procedures as outlined in the written CADA Injury and Illness Prevention Program and Safety Rules. Violations of safe working procedures are cause for disciplinary action, up to and including termination of employment.

**Workplace Violence Prevention Program**

Pending forthcoming guidance from the Cal-OSHA Standards Board, effective July 1, 2024, all employers are required to institute a Workplace Violence Prevention Program, including a model plan.

Generally, the law stipulates that, among other requirements:

- Workplace Violence Prevention Plans must be in writing and easily accessible by employees.
- Plan must involve employees in the development and implementation of the Plan
- Procedure for responding to potential actual violence emergencies
- Identifying and evaluating workplace hazards
- Provide training
- Record and report requirements.

**F. Workers' Compensation Insurance**

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CADA provides a comprehensive workers' compensation insurance program. This program covers any injury or illness sustained in the course of employment that requires medical, surgical, or hospital treatment. Subject to the applicable legal requirements, workers' compensation insurance provides benefits after a short waiting period. If hospitalization is required, benefits are provided immediately.

Any employee who sustains a work-related injury or illness is required to inform ~~his or her~~their supervisor immediately, regardless of severity. This will enable an employee to receive appropriate treatment, if necessary, as quickly as possible. When, on the advice of their health care provider, an injured employee continues to work ~~his or her~~their regular duties or is assigned modified duty, the employee is required to schedule the workers' compensation-related time off with ~~his or her~~their supervisors and to schedule such appointments or time off at times that are the least disruptive to their normal work schedule (early morning, around the lunch hour, late afternoon).

Neither CADA nor the insurance carrier will be liable for the payment of workers' compensation benefits for injuries or illnesses that occur during an employee's voluntary participation in any off-duty recreational, social, or athletic activity.

Employees who wish to use their own health care provider for workers' compensation-related injuries, rather than CADA's workers' compensation health care provider, must complete the predesignation form from Human Resources (the form must be completed BEFORE any injury occurs). This predesignation form must also be signed by the employee's health care provider.

For additional information regarding workers' compensation, please refer to the informational guide provided to employees during the hiring process. Additional copies of these documents are available from Human Resources.

#### **G. Dress Standards and Personal Hygiene**

In the interest of presenting a professional image to the public, employees are expected to dress in a businesslike manner. The supervisor is responsible for enforcing proper dress and personal hygiene standards. If an employee's dress and/or grooming are determined to be inappropriate, the employee will be counseled by ~~his or her~~their supervisor. In some cases, the employee's supervisor may send the employee home to change, without pay. Violation of this policy by an employee may result in disciplinary action.

All clothing must be modest, neat, clean, and pressed. The following are examples of inappropriate dress:

- Administrative personnel - Blue jeans that have less than a new appearance. (Note: Blue jeans are only allowed in the Administrative Office on Fridays and if the employee is not participating in board or other formal meetings.)
- Bib overalls;
- Undershirts, tank tops, halter tops, midriff or tube tops;
- Clothing that is torn, has holes, or has any offensive graphics;
- Sweat suits or athletic apparel Thongs, slippers, or flip-flops

Hair is to be clean, combed, and neatly trimmed. Sideburns, moustaches, and beards should also be clean and neatly trimmed. Protective hairstyles, including braids, locks, ~~and twists, and natural hair~~twists, and natural hair, are permitted.

Any exceptions to the dress standards must be approved by the employee's supervisor based on job requirements.

#### Religious accommodation

An applicant or employee who requires an accommodation of a sincerely held religious belief or practice (including religious dress and grooming practices, such as religious clothing or hairstyles) should also contact the HR Manager to discuss the need for an accommodation. If the accommodation is reasonable and will not impose an undue hardship, CADA will make the accommodation.

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#### **H. Maintenance and Resident Services Representative Dress Requirements**

For reasons of safety and security, staff members who perform building and grounds maintenance must wear CADA-provided uniforms while performing these job functions and follow the guidelines established by their supervisors.

#### **I. Telephone, Cell Phone, and Mail Usage**

To assure effective telephone communications, employees should always speak in a courteous and professional manner. Please confirm information received from the caller, and hang up only after the caller has done so.

Cellular telephones will be provided to appropriate employees as designated by the Executive Director. The decision to supply a cellular telephone will be based on the resulting increase in efficiency, as well as the need for and absence of alternative telephones in the physical area(s) in which an employee's job is being performed. Employees are responsible for safeguarding CADA provided cell phones and may, subject to applicable laws, be required to reimburse CADA for damage/co-pays resulting from grossly negligent behavior. Employees eligible to receive a cellular phone can instead request that CADA provide a monthly monetary allowance so they may purchase their own cellular telephone and service contract. As such, CADA is not responsible for any portion of the monthly bill for those employees who choose to purchase their own cellular telephone and service contract.

To ensure that CADA meets the needs of its residents when a Resident Services Representative is away from the workplace, CADA may need to access the Resident Services Representative's cellular telephone voice mailbox. When Resident Services Representatives utilize CADA-provided cellular telephones, they are doing so knowing that these systems belong to CADA and the contents of communications are accessible at all times by CADA management for any business purpose without prior notice. As such, RSRs have no reasonable expectation of privacy with respect to their cell-phones.

CADA phones are for CADA use. Telephone bills are reviewed by Human Resources and the employee's supervisor to confirm that usage is appropriate. Use of telephones for personal calls, including local calls, is to be kept to a minimum and shall not interfere with an employee's work. Employees may be required to reimburse CADA for any charges resulting from inappropriate use of phones. Consistent with state law, it is unlawful and employees are not permitted to use hand-held cell phones while driving a motor vehicle to write, read or send text-based communications while operating a motor vehicle. Inappropriate or illegal use of phones/electronic devices may also lead to disciplinary action up to, and including, termination of employment.

Additional information regarding the use of cell phones by Resident Services Representatives is included in the Resident Services Representative Addendum.

The use of the postage machine for personal correspondence is not permitted and may be grounds for disciplinary action.

#### **J. Information Technology, Internet, and Email Usage**

**Privacy and Usage.** Usage of Information Technology, the Internet, and email services are provided to employees to assist them with their CADA work. Unless specifically authorized by

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their supervisor, non-exempt employees are prohibited from using their CADA email or CADA-provided cell phones in order to conduct CADA-related business when they are away from work and may be disciplined for doing so. Employee privacy does not extend to the employee's work-related conduct or to the use of CADA's equipment or supplies, including, but not limited to, computers, servers, files, emails, phones, cell phones, Personal Digital Assistants, or to any messages, texts, pictures, videos stored on any such CADA property. When employees utilize any such technology, they are doing so knowing that the technology and anything stored thereon, belong to CADA and the contents and information about usage are accessible at all times by CADA management for any business purpose without prior notice. As such, employees have no reasonable expectation of privacy with respect to such technology. These systems may be subject to periodic unannounced inspections and should be treated like other shared filing systems. Employees must check with their supervisor before any program is downloaded from an Internet site.

All email messages and files saved on the server are CADA records. The contents of any email or file may be disclosed within CADA without an employee's permission. Therefore, employees should not assume that messages are confidential.

**Social Media.** Personal social networking and blogging on CADA owned property, such as computers and cell phones, is prohibited during work time. Checking Facebook, Twitter, or other similar social networking sites, blogging, shopping online, personal surfing of the web or playing on-line games also should not occur during work time.

Employees may not post defamatory comments or reveal CADA's confidential or trade secret information on any social media site. [All CADA policies regarding anti-discrimination and anti-harassment are applicable to employees' use of social media.](#) Misuse of social media and violation of this policy may result in disciplinary action up to and including termination.

**Forbidden Content of Email Communications.** Employees are not permitted to use CADA's Internet or email systems in any way that may be seen as insulting, disruptive, offensive by other persons, or harmful to morale. Examples of forbidden transmissions include sexually-explicit messages, cartoons, or jokes, unwelcome propositions or love letters, ethnic or racial slurs, or any other message that can be construed to be harassment or disparagement of others based on their sex, race, sexual orientation, age, national origin, or religious or political beliefs.

Use of CADA's Information Technology, Internet, and email systems in violation of this policy will result in disciplinary action, up to and including termination of employment.

**Passwords.** Employees may not use passwords that have not been shared with the Controller. Email logins and passwords should remain strictly confidential to the person assigned them. Employees are prohibited from the unauthorized use of the passwords of other employees to gain access to the other employee's email messages and electronic information. Each time a password is changed or updated, the Controller must be informed of the new password. Employees are not permitted to access the electronic communications or data of other employees unless directed to do so by the Controller or Network Administrator, or his/her designee. The fact that a password has been created does not alter the fact that CADA has the right to access and monitor any CADA system or technology. Passwords do not create a reasonable expectation of privacy.

#### **K. Smoking**

In keeping with state law and CADA's intent to provide a safe and healthy work environment, smoking, including the use of electronic cigarettes, is prohibited inside the workplace. For the purposes of this policy, the workplace is defined as CADA buildings, CADA vehicles, or privately owned vehicles while performing CADA work, if a non-smoking employee is in the vehicle on a

work assignment.

On standard breaks, smoking is permitted outside of any CADA building in areas where the smoke will not enter the building.

#### **L. Conflict of Interest**

Employees have an obligation to conduct business within guidelines that prohibit actual or potential conflicts of interest.

An actual or potential conflict of interest occurs when an employee is in a position to influence a decision that may result in a personal gain for that employee or for a relative as a result of CADA's business dealings. For the purposes of this policy, a relative is defined to include the employee's spouse, domestic partner, children, parents, siblings, grandparents, aunts, uncles, nieces, and nephews who have this relationship with the employee either by blood or by marriage.

No "presumption of guilt" is created by the mere existence of a relationship with outside firms. However, if an employee has any influence on transactions involving purchases, contracts, or leases, it is imperative that s/he disclose to an officer of CADA as soon as possible the existence of any actual or potential conflict of interest so that safeguards can be established to protect all parties.

Personal gain may result not only in cases where the employee or relative has a significant ownership in a firm with which CADA does business but also when an employee or relative receives any monetary compensation, gift, or special consideration as a result of any transaction or business dealings involving CADA. To avoid the appearance of such special consideration, staff are specifically directed to distance themselves if the performance of their job benefits them or their relatives. Examples: 1. Accounting staff who process payments must have another staff member approve reimbursements to themselves; 2. Resident Services Representative who may have relatives residing in their buildings may not be involved in management issues regarding their tenancy; and 3. Marketing agents should have other staff members process relatives' rental applications.

Additionally, no employee may accept a gift, gratuity or discount from any customer, vendor, suppliers or other person doing business with CADA if doing so gives the appearance of influencing business decisions, transactions, or service. There are two exceptions: First, an employee may accept the occasional meal of a reasonable and normal value provided in connection with CADA business. (In this instance, the employee must notify ~~his or her~~their supervisor in a timely manner). Second, as a government entity, CADA may accept gifts of a nominal value that are received for the enjoyment of its employees. Examples would include fruits and candies that are received over the Winter Holidays, as well as game tickets provided to CADA staff by the agency in recognition of their work and to promote staff morale.

All Directors, members of the Executive staff, and other designated employees of CADA must execute the required Conflicts of Interest Disclosure Statement required by the Fair Political Practices Commission, as may be amended from time to time, upon assuming their respective positions with CADA and annually thereafter, and must agree to be bound by its provisions.

CADA employees are prohibited from threatening or discriminating against consultants or contractors for arbitrary or capricious reasons, or particularly for reasons of personal gain.

State law establishes separate and distinct policies regarding the prohibition of certain defined conflicts of interest, as well as the disclosure of income, assets, and business positions. It is the employee's responsibility to comply with these laws and policies and to contact Human Resources regarding these requirements.

### M. Solicitation & Distribution

Consistent with this policy, Employees will refrain from non-CADA related solicitation/distribution during working hours and/or on CADA premises. Employees may engage in such solicitation/distribution only during non-working hours during meal or break periods and only in the Break Room, provided all employees involved are on an approved break. Employees are not permitted directly or indirectly to pressure or coerce other employees to engage in such activities. Use of CADA equipment, including but not limited to phones, copiers, printers, and/or email, is strictly prohibited for purposes of such solicitation/distribution.

Nothing in this handbook will be interpreted, applied or enforced to interfere with, restrain or coerce employees in the exercise of their rights under Section 7 of the National Labor Relations Act.

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### N. Proprietary & Confidential Information

The materials, products, designs, plans, ideas, and data of CADA are the property of CADA and should never be given to an outside firm or individual except through normal channels and with appropriate authorization. CADA employees are also responsible for the safekeeping and securing of confidential information pertaining to CADA employees, prospective employees, tenants, prospective tenants, clients, and contractors. Any improper transfer of material or disclosure of information, even though it is not apparent that an employee has personally gained by such action, constitutes unacceptable conduct. Any employee who participates in such a practice will be subject to disciplinary action, up to and including termination of employment.

### O. Use of Equipment and Vehicles

Equipment and vehicles essential in accomplishing job responsibilities are expensive and may be difficult to replace. When using CADA property, employees are expected to exercise care, ensure that the equipment is maintained, and follow all operating instructions, safety standards, and guidelines.

Employees are required to notify their supervisors if any equipment, machines, tools, or vehicles appear to be damaged, defective, or in need of repair. Prompt reporting of damages, defects, and the need for repairs could prevent deterioration of equipment and possible injury to employees and others. A supervisor can answer any questions about an employee's responsibility for maintenance and care of equipment or vehicles used on the job.

Personal use of CADA property is prohibited. Any CADA equipment assigned to an employee must be returned immediately upon CADA's demand and at its sole discretion.

The loss of, and improper, careless, negligent, destructive, or unsafe use or operation of equipment or vehicles, as well as excessive or avoidable traffic and parking violations, may result in disciplinary action, up to, and including, termination of employment.

#### Use of Vehicles

When available, the Facilities Maintenance Manager or his/her designee, assigns CADA-owned vehicles to maintenance employees for use in the performance of CADA work during normal business hours. In the event an on-call Resident Services Representative or other CADA personnel need to use a CADA vehicle to perform an after-hours task, ~~he or she~~ they must contact ~~his or her~~ their supervisor first. If CADA-owned vehicles are not available, employees are responsible for providing their own work vehicles.

All CADA employees driving a CADA-owned vehicle or a privately-owned vehicle in the conduct of CADA business must have a valid unexpired California driver's license and proof of appropriate insurance coverage. CADA employees who drive a CADA-owned vehicle or a privately-owned vehicle in the conduct of CADA business must also provide written authorization on a form provided by CADA releasing information on their driving record to CADA.

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CADA participates in a system that regularly checks Department of Motor Vehicle records for all employees who drive as part of their job. Additionally, CADA annually requires those employees who drive as part of their job to provide Human Resources with a valid copy of their insurance coverage.

Based on an employee's driving record, including a record that indicates an employee has been convicted of, or pleaded no contest to, reckless driving or driving under the influence of drugs or alcohol within the past five years, CADA may prohibit an employee from driving a CADA-owned vehicle. Such an employee may also be prohibited from driving a privately-owned vehicle in the conduct of CADA business.

Employees are responsible for immediately reporting such incidents or any other incidents which may result in the loss or suspension of ~~his or her~~their driver's license to Human Resources. Failure to do so may result in disciplinary action up to and including termination of employment. An employee for whom driving is an essential job function and who loses ~~his or her~~their driver's license, and/or is convicted of, or pleaded no contest to, reckless driving or driving under the influence of alcohol or drugs, or becomes uninsurable as a driver may be terminated.

When traveling on CADA business, whether in a CADA-vehicle or a privately owned vehicle, all employees shall use safety belts and observe all traffic laws. CADA shall not assume financial responsibility for traffic citations received by employees driving either CADA owned vehicles or privately owned vehicles on CADA business. Employees shall not use hand-held cell phones while driving a motor vehicle on CADA business. Appropriate hands-free equipment issued by CADA at the written discretion of the Executive Director may be used while driving when appropriate and necessary.

Employees who are assigned CADA owned vehicles are responsible for attending to routine maintenance, including, but not limited to, gas, tires, and regular safety checks. These routine maintenance expenses will be paid by CADA.

Employees who may be required to use their personal vehicles on CADA business will be reimbursed on a set mileage rate basis once per month. Employees are also required to keep their personal vehicle in safe working condition if they use their personal vehicle when conducting CADA business. If their vehicle is not in a safe working condition, they may request the use of a CADA vehicle (according to availability and conformance to this Handbook). Any questions pertaining to mileage reimbursement should be addressed to the employee's supervisor or Human Resources.

#### **Use of CADA Computer Equipment - Off-site**

Full-time exempt employees interested in accomplishing certain portions of their work from home may request the use of a CADA laptop computer or a standard computer. Such requests may be granted and will continue subject to the supervisor's recommendation, the availability of funds, and the Executive Director's approval.

When the use of a CADA computer for home use is approved, CADA will cite the employee's home address as an additional insured location for the limited coverage of property damage to its computer equipment. CADA will not, however, provide maintenance support for the equipment at these locations. For maintenance purposes, the employee must bring the computer back to CADA. In addition, CADA may require the employee to execute an agreement which sets forth the conditions (i.e., security and care) under which the equipment is being located at ~~his or~~ ~~her~~their home.

CADA will review this agreement on at least an annual basis. A copy of this agreement will be forwarded to Human Resources for placement in the employee's personnel file.

Any CADA equipment assigned to an employee must be returned immediately upon CADA's

demand and at its sole discretion. See CADA's remote work policy for more details.

**P. Emergency Closing**

Emergency conditions, such as severe weather, fire, flood, or earthquake, can disrupt CADA operations and interfere with work schedules, as well as endanger employees' well being. These extreme circumstances may require the closing of the work facility.

When operations are required to close, the resulting time off from scheduled work will be paid. If, however, CADA is open for business and an employee is unable to return to work due to an emergency condition, the employee may ask to use available paid accrued leave time such as vacation, personal holiday, sick leave, or compensatory time.

**Emergency Condition**

In the event of emergency situation, CADA will not take or threaten adverse action against any employee for refusing to report to, or leaving, a workplace or worksite within the affected area because the employee has a reasonable belief that the workplace or worksite is unsafe, except as specified. CADA will also not prevent any employee from accessing the employee's mobile device or other communications device for seeking emergency assistance, assessing the safety of the situation, or communicating with a person to confirm their safety.

**"Emergency condition"** means the existence of either of the following:

- Conditions of disaster or extreme peril to the safety of persons or property at the workplace or worksite caused by natural forces or a criminal act.
- An order to evacuate a workplace, a worksite, a worker's home, or the school of a worker's child due to natural disaster or a criminal act
- "Emergency condition" does not include a health pandemic.

**"A reasonable belief that workplace or worksite is unsafe"** means that a reasonable person, under the circumstances known to the employee at the time, would conclude there is a real danger of death or serious injury if that person enters or remains on the premises. The existence of any health and safety regulations specific to the emergency condition and an employer's compliance or noncompliance with those regulations shall be a relevant factor if this information is known to the employee at the time of the emergency condition or the employee received training on the health and safety regulations mandated by law specific to the emergency condition.

When feasible, an employee shall notify the employer of the emergency condition requiring the employee to leave or refuse to report to the workplace or worksite prior to leaving or refusing to report. When prior notice is not feasible – after leaving or refusing to report as soon as possible.

**Q. After-Hours Access**

After-hours access to the Administrative and Maintenance Offices is for official purposes only and is restricted to staff who have been instructed in the security systems in effect.

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**R. Resident Services Representatives Addendum**

On an annual basis, Resident Services Representatives are required to sign an updated Resident Services Representative Addendum to the CADA Employee Handbook.

**S. Remote Work Arrangements**

From time to time, CADA management may approve, at its sole discretion, a remote work arrangement for an employee that allows the employee to work a designated portion of the employee's work schedule from home or another remote location. Such remote work arrangements will be governed by CADA's Remote Work Policy. CADA's Remote Work Policy will be made available to employees upon request.

**VI. General Administrative Policies**

**A. Mileage Reimbursement**

With supervisory approval, CADA will reimburse an employee for mileage incurred while driving ~~his or her~~their personal vehicle on CADA business. This reimbursement does not include traveling between home and work unless the employee is responding to an after-hours "on-call" message or is otherwise approved by the Executive Director or his/her designee.

Reimbursement rates may be obtained from Human Resources.

**B. Expense Reimbursement**

CADA will reimburse employees for business expenses directly related to authorized activity of the organization. Employees must receive prior authorization from the appropriate supervisory personnel before incurring any reimbursable expense. Unauthorized or inappropriate expenditures by employees will not be reimbursed by CADA.

CADA will not reimburse employees on CADA business for parking tickets or other traffic violations. With appropriate receipts, CADA will reimburse employees on CADA business for parking charges paid to parking lots/garages.

**C. Credit Card Usage**

CADA maintains a restricted number of CADA credit cards for use, as authorized by the Executive Director, in instances where such usage may reduce costs and accounting delays associated with such activities as the purchase of supplies and the ordering of materials or conference registration by mail.

**D. Personal Property**

CADA will not reimburse employees for damages or loss of employee's personal property which may occur when they are on CADA property or conducting CADA business.

**E. Expenditure of CADA Funds for Political Purposes**

It is unlawful for CADA to expend any CADA funds on political fundraisers or contributions or for CADA equipment or property to be utilized for political purposes. Accordingly, such expenditures are against CADA policy and are strictly prohibited.

**F. Advocacy**

CADA limits its advocacy of legislation or positions on local matters to issues materially affecting its operations.

Legislation affecting CADA, as well as proposed positions taken by CADA regarding legislation, must be brought before the CADA Board by the Executive Director or ~~his or her~~their designee for direction and approval. While CADA employees may advocate for or against any legislation on

their own behalf, no CADA employee may advocate any position on behalf of CADA or purport to represent CADA in any such advocacy, unless the Board has granted its approval.

**G. Media Contact**

Employees will refer all media requests to the Executive Director. As a general rule, the Executive Director or ~~his or her~~their designee will handle all CADA contacts with the media. Employees are not permitted to communicate with the media on CADA's behalf unless they receive specific prior authorization, in writing, by the Executive Director.

**H. Years of Service Award**

In recognition of the contribution made by employees as a result of their length of service, CADA will annually award each applicable employee a service award following 5 years of service, and for every 5 years of service thereafter. The awards will be determined by CADA.

**I. Additional Policies**

The Executive Director may issue additional policies which will remain in effect unless revoked by the CADA Board of Directors or the Executive Director. Copies of such policies, when issued, will be distributed to employees and the CADA Board of Directors.

**J. Requests for References and Verification of Employment**

Employees must refer all requests, written and verbal, for references and verifications of employment to Human Resources. No other manager, supervisor, or employee is authorized to release references for current or former employees.

CADA discloses only the dates of employment and the title of the last position held of the former employee.

**VII. Separations**

**A. Separation from Employment**

There will be times when the employment relationship will be terminated, whether by CADA, the employee, or by mutual agreement. Below are examples of the most common circumstances under which an employee is separated:

- Resignation -- Separation initiated by an employee who chooses to leave CADA voluntarily.
- Discharge -- Employment termination initiated by CADA.
- Layoff -- Involuntary employment termination, initiated by CADA, due to a required reduction in force.
- Retirement -- Voluntary retirement from active employment status initiated by the employee.

Although advance notice is not required, CADA requests at least two weeks' written notice of resignation from all employees.

CADA will generally schedule an exit interview for separating employees. The exit interview will provide an opportunity to discuss such issues as employee benefits, COBRA (Title X of the Consolidated Omnibus Reconciliation Act of 1985) benefits, repayment of any outstanding debts to CADA, and return of CADA-owned property. If the employee is occupying a CADA apartment, the rent for this apartment will be adjusted back to the market rate, on a pro-rata basis, effective on the date of separation. Suggestions, complaints, and questions about CADA and an employee's employment with CADA are welcome at this time. All accrued vacation and compensatory time will be paid to the employee in compliance with applicable laws.

**B. Return of CADA Property**

Employees are responsible for all CADA property, materials, or written information issued to them or in their possession or control. Employees must return all CADA property that is in their possession or control in the event of separation of employment or immediately upon request.

Resident Services Representatives who are provided a CADA apartment as a condition of their employment are required to execute a Resident Services Representative Addendum, which addresses the terms and procedures under which this apartment will be vacated upon termination of their employment.



**CAPITOL AREA DEVELOPMENT AUTHORITY  
At-Will Statement and Employee Acknowledgment**

**A. At-Will Statement**

All CADA employees serve at the discretion of the Executive Director. Accordingly, employment by CADA is employment "at will." No manager, supervisor, client, or representative of CADA has any authority to enter into any agreement for employment for any specific period of time or to make any agreement for employment other than at will.

Employment at CADA is also by mutual consent. CADA reserves and retains the right to terminate any employment relationship with any employee, at any time, for any reason, or no reason, with or without advance notice. The employee also retains the right to terminate ~~his or her~~ their employment at any time, for any reason, or no reason, with or without notice.

This handbook is not a contract of employment and is subject to change. It may be revoked, altered, amended, or modified at any time by the Board of Directors.

**B. Acknowledgment**

This is to acknowledge that I have received a copy of CADA's Employee Handbook. I understand that it contains important information on CADA's general personnel policies and on my privileges and obligations as an employee. I further understand that I should contact Human Resources to obtain more comprehensive information on CADA's personnel policies.

I understand that I am governed by its contents, and that those contents may be subject to change. Changes to this document are implemented at the sole and absolute discretion of CADA's Board of Directors, and may occur with or without prior notification. I further understand that my employment with CADA is for no fixed term and is by mutual consent. Consequently, either CADA or I may terminate the employment relationship at will, at any time, for any reason, or for no reason, with or without advance notice.

\_\_\_\_\_  
Employee Signature

\_\_\_\_\_  
Date

\_\_\_\_\_  
Employee Name (Print)

**Employee copy to be retained in Handbook.**

**RESOLUTION NO. 24 - 08**

Adopted by the Capitol Area Development Authority

January 26, 2024

**RESOLUTION ADOPTING THE 2024 CADA EMPLOYEE HANDBOOK**

**WHEREAS**, at the January 26, 2024 Board Meeting, staff presented the CADA Board of Directors ("Board") with proposed revisions to the CADA Employee Handbook ("the Handbook") for Board approval in order to remain current with employment law and labor practices and in order to address CADA's operational needs; and

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

**WHEREAS**, on January 26, 2024, 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, 2024, is hereby adopted as the Employee Handbook.
2. That the draft Handbook dated January 1, 2024, supersedes all previous Handbooks adopted by the Board.
3. That the draft Handbook dated January 1, 2024, shall be effective January 1, 2024.

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Ann Bailey, Chair

**ATTEST:**

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Tara Gandara  
Secretary to the Board of Directors

**FY 2023-24 CADA BUSINESS PLAN: YEAR-SPECIFIC PRIORITIES**  
**Midyear Update**

Administration	
<b>1</b>	<p><b>Build and Implement Organizational Strategic Plan (Foster, de la Vergne, Azevedo):</b> With input from staff, Board, and CADA Stakeholders, continue to update the Strategic Plan, including CADA’s mission, values, and priorities to further a cohesive vision and organizational culture that supports CADA’s Business Plan and Brand Management.</p> <p><b>Midyear Status:</b> The Strategic Plan process is well underway. A meeting was held with CADA partners in August and written feedback was received as well. Staff voted on organizational values and met with the consultant to provide organizational insight and feedback. Board members also met with the consultant to discuss CADA objectives and goals. A draft plan is anticipated in early 2024, as well as the completion of a survey of residential and commercial tenants.</p>
<b>2</b>	<p><b>Electronic Media Retention (Gandara, Mussen):</b> Continue to transition the preservation of archival records electronically using SmartSearch. Implement plans to archive Legal, Human Resources, Property Management and Maintenance documents. Resume scanning move-out files into SmartSearch and plan (and provide training to staff) to transition to digital leases and cloud lease file storage. Meet with department heads to prioritize departments and coach them on preparation of materials for this purpose.</p> <p><b>Midyear Status:</b> We will be focusing on archiving the legal documents into our SmartSearch program through the remainder of the year.</p>
<b>3</b>	<p><b>Human Resources Information System (Azevedo):</b> Implement CADA’s new HR platform, Bamboo, and train staff to use it. Initiate use of the timecard and vacation functions within Bamboo imminently. Implement post-Covid teambuilding and inclusion training activities as staff transitions back to pre-Covid operations.</p> <p><b>Midyear Status:</b> Vacation functions currently being used by exempt staff within BambooHR and was rolled out to hourly staff in early 2024. The timekeeping module was activated in January 2024 for all staff. Staff received training prior to the launch of the timekeeping module.</p>
<b>4</b>	<p><b>Staffing and Space Needs (Azevedo, Foster):</b> Continue to monitor departmental staffing levels and space needs, and reassess needs upon retirement of aging staff and general attrition. Monitor employee morale and continue to administer programs and activities that promote retention, further organizational values, and enhanced teamwork, as COVID restrictions permit. Discuss an alternate setup of the Leasing area for better serving the public/residents and providing a secure and convenient location for the resident files. Work with Maintenance to inventory all available resources and needs for maintenance in order to facilitate future space planning needs.</p> <p><b>Midyear Status:</b> An alternate setup of the Leasing area is currently underway and will be used to house affordable housing programs income recertification functions. Staff is also working on space options with Maintenance staff and will be returning to the Board in February or March with an update.</p>
<b>5</b>	<p><b>Employee Recognition Program (Azevedo, Foster, de la Vergne):</b> Update CADA’s Employee Recognition Program to align it with organizational values and goals, including CADA’s updated Strategic Plan and its Business Plan.</p> <p><b>Midyear Status:</b> Leadership is moving toward an employee recognition program that will reward those employees who go beyond their regular duties and have achievements that advance the goals of the organization as expressed in the Business Plan and the Strategic Plan, or actions that demonstrate and further CADA’s statement of values. This program will be updated with the completion of the Strategic Plan.</p>
<b>6</b>	<p><b>CADA Connections (Ulep):</b> Continue regular electronic publication of the CADA Connections newsletter and limited print distribution, as well as presence on social media and other creative ways to communicate CADA’s work.</p> <p><b>Midyear Status:</b> Explore property management software as part of the CADA team’s software system search for an integrated system in order to ensure newsletter scheduling and distribution integration.</p>
<b>7</b>	<p><b>Accounting (Mussen, Harville):</b> Plan transition from Boston Post to MRI’s replacement (or other) leasing software as the current version is not being upgraded but is still being supported by MRI. Secure updates on MRI and process/cost for migration, and researching other platforms. Complete all research by the end of 2023 and identify the replacement software, cost to acquire it, needed coordination among CADA departments, and an implementation timeline. Ensure new software can accommodate online rent payments.</p> <p><b>Midyear Status:</b> Accounting, Leasing and Maintenance staff have been working together with the ED and the Deputy ED to evaluate software systems that will meet the needs of these three departments and integrate their information for better organizational coordination and communication. If all goes well, a new system could potentially be in place in the 3<sup>rd</sup> quarter of calendar 2024.</p>
<b>8</b>	<p><b>CADA and CACDC Brand Management (Ulep, Foster):</b> Update CADA and CACDC’s new brand management program to include logos, URL, website, event calendar/community engagement, videography, and public art.</p> <p><b>Midyear Status:</b> Staff is researching website development teams to reach out to for proposals and is waiting to see how a website update could include the new Strategic Plan work and the integration software system. Local partners, including the Midtown Association and Councilmember Valenzuela’s office would like to continue and expand co-management of events, including Second Saturdays and Movies in the Park in 2024. Continuing to identify opportunities for murals and possible temporary art installations in the neighborhood.</p>

Property Management (Commercial, Market Rate and Affordable Housing Leasing and Management)	
<b>9</b>	<p><b>Affordable Housing Rental Assistance Program (Harville):</b> Streamline CADA’s process for recertifying tenant incomes and getting annual contracts signed by residents of affordable housing. Develop and implement an ongoing program to train all permanent and temporary Leasing Staff in policies and procedures for CADA’s regulated and unrelated affordable housing units. Develop a training manual, improve file accessibility and streamline file set-up.</p> <p><b>Midyear Status:</b> CADA has hired a second, full-time Affordable Leasing Agent and the Leasing team has implemented a new process for recertifying tenant incomes. Leasing staff has set up a new recert processing area and has updated and streamlined the recertification process, including using detailed checklists and requiring peer document review to ensure accuracy. Leasing cross-training has begun and will continue through January and February so that all leasing staff can work with market rate and affordable units.</p>
<b>10</b>	<p><b>Sonrisa Affordable Programs Compliance (Harville):</b> Create structure for ongoing tax credit compliance with the 1322 O Street Limited Partnership (Sonrisa project) that is now fully occupied. Establish a good working relationship with WNC and the CFY audit team. Ensure necessary tax credit compliance training, certification, and training updates for the Leasing Staff.</p> <p><b>Midyear Status:</b> Leasing staff is provided ongoing Tax Credit training and are or will be required to also become certified. CADA has established a good working relationship with WNC, the tax credit investors at Sonrisa, as well as RPCS (Real Page Compliance Service) to ensure timely and accurate reporting. CADA is maintaining a waitlist, working in partnership with local non-profit agencies for direct referrals, and quickly leasing up newly vacant units.</p>
<b>11</b>	<p><b>Commercial Leasing – Tenant Support (de la Vergne, Foster, Leon):</b> Lease the vacant commercial spaces at 1329-31 O Street and 1412 and 1414 16<sup>th</sup> Street. Extend expiring commercial leases for Legado de Ravel and Karma Brew. Monitor the performance of the CLTRE Club business incubator project, which will be leasing the former Enterprise site, and provide advice and counsel. Participate in and promote the Midtown Association’s Second Saturday program. Manage ARY Place commercial spaces and leases.</p> <p><b>Midyear Status:</b> These three spaces have all been leased since the beginning of the fiscal year. Anchor &amp; Tree Coffee Collective and Silver Lining are open and operational. Society Bistro will open in early 2024. CLTRE Club is reformatting and bringing in the second cohort of local small businesses with a scheduled reopening in early February. Staff is working with potential tenants on three other commercial spaces, with more details coming in early 2024.</p>
<b>12</b>	<p><b>Residential Leasing (Harville, Ulep, de la Vergne, Foster):</b> Create an updated Marketing and Leasing Plan that increases leasing office availability and interaction with potential renters, cross-trains leasing staff to work across programs, and more efficiently releases available units in an effort to increase occupancy and revenue for both CADA and community benefit. Resume internships focusing on the calculation of square footages for all CADA apartments and prepare digital apartment and building plans. Encourage tenants and new applicants to use CADA’s lobby kiosk for rent re-certifications, new applications, and other requests. Start using Boston Post to prepare and issue 3-day notices for lease violations and for failure to pay rent.</p> <p><b>Midyear Status:</b> The Leasing team has improved CADA’s reach and quality of advertising, showcasing newly updated units. Staff is readily available to provide unit and property tours and provide additional assistance as needed. Staff is undergoing cross-training and working as a team to support both the Market Rate and Affordable rentals. Staff is planning on replacing the existing Leasing/Maintenance software system with an improved version. Staff would like any new system to integrate seamlessly with the functions of the maintenance department and finance. Staff is exploring use of a consultant to help CADA select a software provider and will begin software evaluation work in February 2024.</p>

	Leasing, Accounting and Maintenance staff have updated and agreed on an updated improved program to guide CADA's processing of tenant move-outs and return of any security deposit monies owed.
<b>13</b>	<b>Residential Leasing Manual and Training (Harville):</b> Create and maintain a Leasing master manual for all CADA market and affordable housing programs, policies and procedures. Train staff on two features added to Boston Post (e-sign and CALLMAX), as well as other existing features on Boston Post, such as use of 3-day notices and Tax Credit recertifications. Staff will build the policies and procedures manual utilizing some preliminary work completed last year. Reach out to the non-profit and for-profit property management sectors to ensure alignment with industry best practices for the manual. <b>Midyear Status:</b> To improve our process, Leasing is creating and updating leasing forms used for Market Rate leasing, resident transfers, processing recertifications and conducting unit inspections for improvements, etc. Over the past few months, a consultant has been utilized to support leasing and provide additional training on affordable housing leasing and monitoring. Leasing is seeking a new software system, and once implemented, a new procedure and process manual will be created and training provided.
<b>14</b>	<b>Resident Communication – (Stutes, Harville, Juneau):</b> Begin to use email and CALLMAX (targeted voicemail and text messages through the new call system) to communicate more quickly and directly with all CADA tenants (including those with accommodation needs) on key issues such as security, health and safety issues, repairs, etc. Resident Services Manager and Maintenance office staff will receive CALLMAX training. <b>Midyear Status:</b> Staff is waiting for additional training on the CallMax system, but this may become moot if a new Leasing software system turns out to have this functionality built-in. Staff is planning to hire a consultant in February to help us identify a suitable leasing/maintenance/accounting software package.
<b>15</b>	<b>Resident Services – Common Area Building Aesthetics (Stutes):</b> – Continue CADA's program of upgrading the aesthetics of CADA's laundry and community rooms. Continue assessing buildings for needed upgrades, including needed paint and repairs, laundry and community room upgrades. 1327 O Street will be the next property. <b>Midyear Status:</b> Staff is looking into redoing the lobby and landings of 1400 N, upgrading the hallway lighting at 1616 N, repainting interior hallways at multiple locations, and installing more modern baseboard in multiple building public hallways. Staff is working to identify small and moderate changes that will improve the quality and competitiveness of the renting experience.
<b>16</b>	<b>Resident Services – Tenant Support Services (Stutes):</b> Ramp up collaboration on CADA's new case management and supportive services program. This collaboration will be with Step Up for tenants living in buildings other than Sonrisa, and will be with Community Resource Services for tenants living in Sonrisa. Staff will promote and suggest that residents use this service through community outreach and events. Staff will advertise among CADA tenants seeking employment or improved job-seeking skills regarding the availability of the Sacramento Employment and Training Agency (SETA), which will be housed in the Sonrisa commercial space and available to all. Resume all-resident events such as bingo nights and the annual holiday party using the SETA space at Sonrisa. <b>Midyear Status:</b> Step-Up has started working under contract with CADA providing social services to a maximum of 20 tenants at a time per month in order to support resident housing stability and address issues that otherwise fall to Resident Services staff. The contract expires on June 30. CADA is also partnering with nonprofit agencies in a pilot program offering direct referrals for housing units in exchange for their commitment to supporting client households for at least one year to address any unexpected needs or issues. These agreements also expire in June 2024 at which time staff will review program results.
<b>17</b>	<b>Resident Services – Exterior Landscaping Upgrades (Stutes):</b> Refresh interior courtyard landscaping at 1201-19 P Street, 1420 O Street, 1316 O Street and 17 <sup>th</sup> Street Commons. Convert turf to climate-appropriate native plantings at 1506 13 <sup>th</sup> Street, 1228 O Street, 1317 O Street and 1327 O Street. <b>Midyear Status:</b> Waiting for 1327 O and 1201-1209 P to begin.
<b>18</b>	<b>Apartment Inspections (Stutes):</b> Continue to boost CADA's capacity to use its Health Fire Safety inspections to identify developing issues in the apartments where a tenant could benefit from supportive services and/or that could lead to significant vacancy loss if allowed to persist to the end of the tenancy. Continue ongoing Health, Fire, and Safety inspections and include a leasing agent whenever regulated units are inspected. <b>Midyear Status:</b> Ongoing. The Maintenance Department has implemented a new system to ensure turned apartments meet agreed-upon standards before they are leased. Leasing staff inspect the apartments once they are turned to verify that the standards have been met. If not, they are returned to Maintenance for further work or discussion if needed.
<b>19</b>	<b>Vacancy Loss – (Harville, Dodson, Juneau):</b> Identify ways to decrease CADA's vacancy loss number and expedite the turnover of housing for new tenants, including through enhanced Health Fire Safety inspections by Resident Services staff and further efficiencies for unit preparation tasks. Continue to use the apartment turn checklist for use with staff and subcontractors to track required tasks to be performed with each apartment turnover. Leasing Services Manager and the Leasing staff will walk newly vacant units to determine the need for upgrades and/or changes to increase value and desirability of the units and walk apartments following each turn to ensure quality. CADA staff will also proactively review current unit finishes and work to bring apartment finishes to a standard that reduces replacement and waste over time and becomes more competitive with the local market. Maintenance staff will identify tasks to be performed in-house and by contracted staff to ensure timely turnover of housing units, with the goal of a 2-4 week turnover of most units. <b>Midyear Status:</b> Staff have made a series of improvements to the Leasing Status Report they use to track vacancies including tracking days apartment are vacant, identifying repair issues that apply to apartments on maintenance hold, and focusing on those apartments during the bi-weekly Leasing/Maintenance/Admin meetings. Staff have also been making specific unit life-extending sustainable upgrades to apartments to update them and make them more competitive in the current market, which is seeing rental rate declines. The upgrades include improved countertops; luxury vinyl plank flooring in lieu of carpeting; improved baseboards; improved cabinets; improved lighting; attention to exterior curb appeal; and attention to lighting, carpeting and paint in common area hallways.

<b>Asset Management</b>	
<b>20</b>	<b>Energy and Water Efficiency Program (de la Vergne, Juneau):</b> Continue to practice environmental sustainability in all CADA operations by implementing energy and water efficiency, and waste reduction measures. Continue to use City of Sacramento and WegoWise utility tracking software to identify energy and water efficiency problems and opportunities for conservation. Convert the existing gas-fired heating system at 1317 O Street to electric heat pumps and a central electric hot water heating system. Continue to plan the conversions of the heating and hot water systems at 1400 N Street and 1517 12 <sup>th</sup> Street. Begin Phase II analysis of additional CADA buildings with high per apartment gas consumption. Secure consulting assistance from SMUD to evaluate additional buildings that have higher-than-average carbon footprints. Continue to replace traditional roofs with UV-reflecting cool roofs. On a pilot basis, replace the existing residential single-pane window panes at 1412 16 <sup>th</sup> Street with high-efficiency dual panes while preserving this historic steel window frames and monitor the results. Prepare a strategic plan to guide CADA's sustainability efforts. Update CADA's inventory of all heating and cooling systems and all water heaters. Prepare a complete inventory of CADA's window types and quantities by building. Prepare an inventory of all remaining properties with turf. Investigate how to install electric vehicle charging stations at all CADA parking locations to enable CADA's apartment portfolio to be competitive as EV's move toward dominance in the market. Annually, present to the Board a report on each building's water, gas and electricity consumption and on CADA's sustainability accomplishments. <b>Midyear Status:</b> Staff is preparing to submit to DGS a biennial report on CADA's energy and water consumption. Maintenance is seeking bids to replace the gas-fired heating and hot water systems at 1317 O Street; planning the replacement of the steam heating system at 1521 12 <sup>th</sup> Street, and replacement of the gas-fired water heating system at 1400 N Street. Maintenance has bid out and will be replacing the roofs at 1619 Q, 1615 P and 1219 P with Title-24 complaint cool roofs. Maintenance is also planning for a second half of FY 23-24 replacement of the windows at 1420 O Street, 1521 12 <sup>th</sup> Street, 1201 P Street and 1517 12 <sup>th</sup> . These projects will reduce CADA's and our tenants' energy costs and make the buildings more resistant to increasing summertime temperatures.
<b>21</b>	<b>Capital Improvement Program (Juneau, Czajka):</b> Address high-priority CIP projects set forth in the May 2022 CIP Needs Assessment and the FY 22-23 budget. Priorities will include dry rot repairs, window replacements, electrical systems upgrades and inspections, and replacements of wooden balconies and stairwells. Prepare a Standard Operating Procedures Manual for designing and preparing permit applications to be submitted to the State Fire Marshal for permit review and construction inspections. Priorities for FY 23-24 will include completing the windows replacement at 1228 O Street and repainting of the building; window replacements at 1201 P Street; and stairs and outdoor decking replacement at 1606 15 <sup>th</sup> Street and 1228 O Street. Landscape priorities will include re-landscaping the rear courtyards at 1201-09 P Street and at 1420 O Street and, upon completion of the new outdoor decking and stairs at 1606 15 <sup>th</sup> Street, re-landscaping the 15 <sup>th</sup> Street frontage. <b>Midyear Status:</b> See Item 6 on the January 2024 agenda for a discussion of windows, roofs, and HVAC upgrades.
<b>22</b>	<b>Maintenance and Equipment Inventory Tracking (Juneau, Czajka):</b> Continue to implement the Maintenance Connection computerized maintenance management system software package for use in tracking Maintenance Department work orders, including CIP construction projects, and tools and equipment inventory management. Prioritize implementation of system modules that will allow the Vacancy Prep coordinator to submit work orders for a vacancy more efficiently. Add capacity to identify apartment upgrades that Leasing needs to be able to



	<p>track. Implement Preventative Maintenance tracking functionality and improved Maintenance dashboard functionality. Add commercial lease maintenance terms to the CMMS system so maintenance responsibilities can quickly be determined when needed.</p> <p><b>Midyear Status:</b> This item is on hold pending replacement of the existing Leasing/Maintenance software system with an improved version. Staff would like any new system to include this functionality. Staff have identified a consultant to help CADA select a software provider and plan to begin work in February.</p>
<b>23</b>	<p><b>Maintenance Department Repair Work Notifications (Juneau, Paladino, Harville):</b> Train dispatchers in the Maintenance Department to use the MRI CALLMAX messaging system to notify residents by email, text and phone of upcoming maintenance activities, power/water service shutdowns, etc., starting with residents who need accommodations.</p> <p><b>Midyear Status:</b> This item is on hold pending replacement of the existing Leasing/Maintenance software system with an improved version. Staff would like any new system to include this functionality. Staff have identified a consultant to help CADA select a software provider and plan to begin work in February.</p>
<b>24</b>	<p><b>Maintenance Department Equipment Storage (Juneau):</b> Assess the need for additional storage for Maintenance materials and equipment with completion of the materials inventory and to offset storage lost due to development project construction and to better meet current and projected future storage needs as CADA's inventory of apartment buildings increases with the addition of Sonrisa and other planned buildings. Identify additional parking. Occupy the new supplemental rental warehouse space at 712 R Street in July 2023. Inventory all available resources and needs for maintenance in order to facilitate future space planning needs.</p> <p><b>Midyear Status:</b> CADA staff have been working to purchase a warehouse property in or near the CADA area. If the sale proceeds, the above work will proceed.</p>

<b>Neighborhood Development</b>	
<b>25</b>	<p><b>O Street Streetscape (de la Vergne):</b> Continue implementation of the O Street Streetscape Concept Plan. If grant funding from Caltrans and/or DGS (or others) is secured, commence construction on the 900 block and at the 14<sup>th</sup> &amp; O Street intersection. Solidify plans for art additions at 11<sup>th</sup> &amp; O with SacRT using awarded HCD transit-oriented development funds, including restoration of the Posey's sign and a mural on the western-facing wall of 1108 O St. Continue conversion from turf to climate-appropriate landscape fronting CADA apartments on the 1200 and 1300 blocks. Engage a designer to design Envision O street improvements on the RT blocks once RT finishes its installation of mini-high platforms in 2023. Encourage Caltrans to commit to implementing Envision O Street recommendations for the 1100 block and DGS to commit to the same on the 700 south block face and the 800 north and south block faces. Encourage the City to implement further pedestrian improvements at the 15<sup>th</sup> and 16<sup>th</sup> Street intersections. Hire a design team to prepare concept to 30%-level plans for the south side of 800 block, the south side of the 1000 block, and the north and south sides of the 1100 block.</p> <p><b>Midyear Status:</b> CADA was not selected to receive highly-competitive funding for the 900 block and 14<sup>th</sup> &amp; O projects, but staff is moving forward with construction planning for the 14<sup>th</sup> &amp; O intersection.</p>
<b>26</b>	<p><b>10<sup>th</sup> Street Commercial Streetscape Upgrades (de la Vergne):</b> Complete installation of a new outdoor seating enclosure at 11<sup>th</sup> &amp; P Streets.</p> <p><b>Midyear Status:</b> This project has been completed. Public patronage of the businesses has increased and this seating is greatly enjoyed.</p>
<b>27</b>	<p><b>Fremont Park – Restroom and Landscape Planning (de la Vergne):</b> Work with Midtown Association and Friends of Fremont Park (FOFP) to plan for the replacement and future exterior treatment of the park's restroom. Support efforts to secure CIP funding in the City budget to fund the work, together with CADA and Midtown Association (MA) contributions. Work with the City, FOFP and MA to plan corner flower gardens at the four entrances to the park and to better maintain the storm water planters on the 16<sup>th</sup> Street frontage. Redesign &amp; replant the storm water planters along 16<sup>th</sup> Street.</p> <p><b>Midyear Status:</b> CADA, the City and the Midtown Association continue to work together to plan for the upgrades, with CADA's \$150,000 continuing to be available as matching funds.</p>
<b>28</b>	<p><b>Fremont Park – Activation (Ulep, Foster):</b> Host a Second Saturday movie event in October that supports the Second Saturday efforts of the Midtown Association and furthers CADA goals of neighborhood development and community building while furthering the CADA Brand.</p> <p><b>Midyear Status:</b> In partnership with Councilmember Valenzuela's office and the Midtown Association, CADA hosted Back to the Future in October 2023, including a costume contest and fun features that were well-received. Staff will coordinate with partners on shared costs again and to select a movie/theme for a future event.</p>
<b>29</b>	<p><b>Roosevelt Park – Perimeter Fencing (de la Vergne):</b> Encourage the City to replace the older chain link fencing around the park's perimeter. Create a plan for highlighting the park's Depression-era history. Resume work with the City to plan Phase III priorities including replacing the perimeter fencing where needed, re-landscaping between the sidewalk and the fencing, and widening the sidewalks to a minimum width of 8 feet. Consider creating a new entrance at the southeast corner of the park.</p> <p><b>Midyear Status:</b> No activity on this project has occurred during the first half of this year. Now that work on the 10<sup>th</sup> Street Commercial frontage has been completed, this will free up staff time to focus on determining the level of City interest in addressing deferred maintenance in the park that overlaps with CADA and City plans for park improvements.</p>
<b>30</b>	<p><b>16<sup>th</sup> Street – Outdoor Activation (de la Vergne):</b> Explore and design outdoor seating for Karma Brew to replace the Covid-era seating on P Street. In-lieu of outdoor seating on 16<sup>th</sup> Street, re-landscape with climate-appropriate plantings and install a set of steps to make travel to and from parked vehicles easier. Explore feasibility of outdoor seating on 16<sup>th</sup> Street in front of the Luna's space.</p> <p><b>Midyear Status:</b> This project is in the hands of the business owner, who is responsible for applying to the City for approval of upgrades. CADA funding remains available as a contribution to this project, once City approvals have been received.</p>
<b>31</b>	<p><b>10<sup>th</sup> &amp; R Streetscape (Leon):</b> Complete the design, obtain the permits, and start construction of streetscape improvements on a portion of the R St Corridor frontage in September, pending Board review and approval.</p> <p><b>Midyear Status:</b> The City is reviewing project plans. Staff will present the project in spring and construction will be in summer 2024.</p>
<b>32</b>	<p><b>Art Installations and Utility Box Wraps (Ulep):</b> Continue rotating art installations with the State and identify additional opportunities for CADA-initiated art that furthers its goals of cultivating community and creating a sense of place. Replace and expand utility box wraps to provide an accessible opportunity to both beautify space and distribute art throughout the community.</p> <p><b>Midyear Status:</b> Several boxes need to be re-installed. Staff is waiting for adequate weather conditions.</p>
<b>33</b>	<p><b>Capitol Mall Redesign (de la Vergne):</b> Continue to serve on the City of Sacramento's steering committee which is advising the City as it oversees planning for a Capitol Mall redesign, in further alignment with the surplus and reuse of former state office buildings.</p> <p><b>Midyear Status:</b> City planning efforts have continued during the first half of this fiscal year.</p>
<b>34</b>	<p><b>Community Development Efforts (Foster, de la Vergne, Ulep):</b> Implement projects that further community development goals of small business incubation, community-building and education, place-making activities, and neighborhood development.</p> <p><b>Midyear Status:</b> CADA has invested considerable time and also funding in preparing three vacant commercial spaces for occupancy (Silver Lining, Anchor &amp; Tree Coffee Collective and Society Bistro), continued to provide limited important repairs and maintenance at Ace's Gyro Shack, Yummy Choice and Café Xocolatl, installed outdoor seating at Le Croissant, and has held exploratory conversations with the operator of a restaurant business incubator community development corporation to discuss a possible arrangement to tenant the Simon's Café &amp; Bar space with up to three soon-to-graduate businesses that are being incubated currently. CLTRE Club is currently reformatting and bringing in the second cohort of small businesses after graduation of the first group and plans to reopen in early February.</p>

<b>Development</b>	
<b>35</b>	<p><b>805 R St (Leon) - CADA/CACDC:</b> Identify and obtain financing for project, in collaboration with Mutual Housing.</p> <p><b>Midyear Status:</b> Project will apply for tax credit and gap funding in 2<sup>nd</sup> Quarter 2024</p>
<b>36</b>	<p><b>EEG Sites 5, 6 and 7 (SE corner of 16<sup>th</sup> &amp; N) (Foster, Leon,) - CADA:</b> Continue communication with DGS to work towards development of a mixed-use affordable housing project.</p> <p><b>Midyear Status:</b> Simon's Bar and Café has vacated the site, freeing up the last of the legacy tenant-occupied spaces on this site. CADA recently purchased the Terraces site, which lies immediately to the east of EEG Site 7 (former Mercury Cleaners site). This acquisition may assist CADA's efforts to redevelop EEG 5-6-7 because it increases CADA's site control over an adjacent property and offers the possibility to develop a larger, phased project that could significantly boost utilization and vibrancy of these properties, as well as CADA's supply of affordable housing in this location.</p>
<b>37</b>	<p><b>Sonrisa (1322 O Street) (Harville, Stutes, Mussen) - CADA/CACDC:</b> Stabilize the building and achieve a debt-service-coverage ratio of 1.15 for three consecutive months. Convert to the permanent mortgage loan. Manage asset in coordination with Finance, Leasing and Resident Services, including budget, investor reporting, welfare tax exemption status, and property management.</p> <p><b>Midyear Status:</b> Continuing to manage project. Permanent loan financing to close in 1<sup>st</sup> quarter 2024.</p>

<b>38</b>	<p><b>2000 16<sup>th</sup> Street (Foster, Leon) CADA/CACDC:</b> Continue pre-development work, including design, community outreach, and City entitlements. Initiate funding applications in partnership with Mutual Housing.</p> <p><b>Midyear Status:</b> Entitlements under review and to be approved by February. Successfully submitted the SB 330 application to freeze the development impact fee amounts on this project. AHSC funding application will be submitted in March.</p>
<b>39</b>	<p><b>Cypress (14<sup>th</sup> and N) (Leon):</b> Continue assisting with and monitoring construction by D&amp;S Development, with the goal of completing the building by mid-2025.</p> <p><b>Midyear Status:</b> The basement and first floor concrete floors and support columns have been installed.</p>
<b>40</b>	<p><b>Middle Income Housing Program (Foster, Leon) – CADA:</b> Continue Middle Income Housing Program and initiate a Request for Proposals (RFP) process to inform developers of the program and notify them of available CADA funds to support development of middle-income housing (80 to 120% AMI) projects.</p> <p><b>Midyear Status:</b> 8<sup>th</sup> and S, Kind Project Downtown, is open and leasing up as the first Middle-Income Housing Project. Staff issued the RFP and is processing the first round of middle-income project applications. Awards to be made in 1<sup>st</sup> Quarter 2024.</p>
<b>41</b>	<p><b>Catalyst Site Acquisitions (Foster, de la Vergne, Leon) – CADA:</b> Continue to monitor local real estate for opportunities to acquire catalyst sites and other property that aligns with CADA's goals and Strategic Plan.</p> <p><b>Midyear Status:</b> No Update</p>
<b>42</b>	<p><b>Seek Opportunities for Furthering Ownership Housing and Housing Serving a Range of Income Levels (Foster, de la Vergne, Leon):</b> Continue to take steps to identify opportunities that will further ownership housing and other types of housing that is able to serve a range of incomes in order to further strengthen the local workforce and economy and create diverse and inclusive neighborhoods.</p> <p><b>Midyear Status:</b> In addition to the Missing Middle Program work that the City has adopted and CADA participated in community discussions on, staff is also seeking an opportunity for first-time homebuyer funding as part of an upcoming gap funding application for the 2000 16<sup>th</sup> Street project that would offer outside funding to a non-profit partner for homeownership education and loans within the area as a neighborhood stabilization effort.</p>

<b>Institutional Partner-Driven</b>	
<b>43</b>	<p>Continue strong partnerships with the City and State, as well as the Downtown Sacramento Partnership, Midtown Association, R Street Partnership, SMUD, DWR and other public and nonprofit agencies to further the CADA Strategic Plan and objectives, including sustainability and the vitality and recovery of the downtown and midtown areas.</p> <p><b>Midyear Status:</b> Staff stays well connected to all of the partners listed above and actively participates in initiatives that impact the Central City. In addition to policy conversations, staff is working with the above partners on underutilized sites and opportunities for programming and development partnerships.</p>

## CADA OMBUDSMAN REPORT – October 2023

DATE	RESIDENT/ OTHER CONTACT INFO	PROBLEM/OUTCOME/STAFF INVOLVED	TIME/ MINUTES
9/21/2023	<p>██████████ Regarding CADA tenant ██████████, 1522 N St., ██████████</p>	<p>Ms. ██████████ contacted me by a text message regarding an agreement to be a guarantor for her brother, ██████████ since his income did not meet CADA's requirement. She agreed to the contract CADA required which made it quite clear that she was not on the lease contract but would be responsible for any unpaid rent/damages etc. ██████████ lease ends in December and after that date she no longer wanted to be his guarantor for rent etc.</p> <p>There were exchanges of information including her intent to seek legal help and to inform various agencies of CADA's intent to 'rip off' tenants etc. I attempted to reach Tama and discuss this situation with her but she was out of the office at that time.</p> <p>Numerous text messages were received from Ms. ██████████ including her appointment to meet with an attorney. In the meanwhile, I had no contact with her brother, the CADA resident.</p> <p>Upon the return of Tama I received documents of questions and responses and my role as CADA Ombudsman did not include entering this dispute. I felt CADA was answering her concerns fairly and clearly. Ms. ██████████ was not happy with the situation and her brother must make the decision to move or obtain another guarantor. He has until December. I have never spoken to him.</p>	<p>15</p> <p>15</p> <p>15</p> <p>45</p>
9/25/2023	<p>██████████ Former Tenant</p>	<p>Ms. ██████████ vacated her apartment and moved out of state. She had high praises for CADA while she was a resident but was very unhappy with a notice from CADA saying that she owed money when she felt she had left the apartment in perfect condition. She admitted in her text that she had packed the move out instructions when she was leaving. CADA responded that she had neglected to turn in the keys and</p>	30

		therefore she was still in possession of the unit and CADA could not go into the apartment for 'turn over' work for 2 weeks. The tenant protested this but also accepted the fact that she had been advised of the move out process which included the return of the keys.	
		Time (minutes)	120
		Write up of Issues	45
		Total Time (minutes)	165
		Total Hours	2 3/4
		Hours x \$150 /hr	412.50



CADA OMBUDSMAN REPORT – November 2023

DATE	RESIDENT/ OTHER CONTACT INFO	PROBLEM/OUTCOME/STAFF INVOLVED	TIME/ MINUTES
11/6/23	██████████ 1500 N. Braman Ct, # ██████ ██████ years old Phone ██████████	Left a voicemail that she had received a 3 day pay/quit and seriously contends it. Has lived there since February 20, 2016, and claims she has been harassed by staff and tenant disputes. Does not believe the complaints rise to level of eviction.	15
11/8/23	██████████	Left another voicemail to request a staff meeting and review of her documents.	15
11/22/23	██████████	Received an email from ██████████, Legal Services of CA, who is now representing Ms. ██████████ with attachments of complaints and document signed by Ms. ██████████ to allow Legal Services to represent her.	30
		Time (minutes)	60
		Write up of Issues	15
		Total Time (minutes)	75
		Total Hours	1.15
		Hours x \$150 /hr	172.50

CADA OMBUDSMAN REPORT – December 2023

DATE	RESIDENT/ OTHER CONTACT INFO	PROBLEM/OUTCOME/STAFF INVOLVED	TIME/ MINUTES
12/3/23	<p>██████████                      1500 N. Brannan Ct,                      #██████████                      ████ years old                      Phone ██████████</p>	Spoke with Merri regarding CADA’s position on the eviction and she informed me CADA intends to proceed with eviction.	15
12/3/23	██████████	Placed call to ██████████ to advise her of CADA’s intent to proceed with eviction and that all future communications regarding Ms. ██████████ be directed to CADA.	15
12/7/23	██████████	Received a call from Merri requesting ██████████ /Legal Services contact information. Returned call with her direct line ██████████	15
12/29/23	<p>██████████                      CADA resident</p>	Received voicemail from Mr. ██████████ friend/personal assistant, ██████████, that he was in the hospital and she was reaching out on his behalf. She stated she had questions and needed advice – did not provide specifics regarding her questions. Left her phone # ██████████. Waiting for more information and will provide in January 2024 report	15
		Time (minutes)	60
		Write up of Issues	30
		Total Time (minutes)	90
		Total Hours	1.30
		Hours x \$150 /hour	225.00

APARTMENT STATUS REPORT (Month-ending November 30, 2023)	Current Month-End	Previous Month-End	Previous Month-End	Current Year	Previous Year	Previous Year
<b>CURRENT MONTH STATUS - OCCUPIED UNITS</b>	<b>11/24/23</b>	<b>10/27/23</b>	<b>11/25/22</b>	<b>2023 Monthly Average</b>	<b>2022 Monthly Average</b>	<b>2021 Monthly Average</b>
Total Units	779	779	721	768	721	721
Occupied	712	718	655	707	668	665
Percentage Occupied*	91%	92%	91%	92%	93%	92%
Percentage Leased*	95%	95%	95%	96%	96%	96%
* adjusted for Unrentable units						
<b>CURRENT MONTH STATUS - VACANT UNITS</b>	<b>11/24/23</b>	<b>10/27/23</b>	<b>11/25/22</b>	<b>2023 Monthly Average</b>	<b>2022 Monthly Average</b>	<b>2021 Monthly Average</b>
Vacant	67	61	66	62	54	56
Vacant: Pre-leased Units	3	4	10	8	10	12
Vacant: Unrentable Units (repairs, temp tsf's,etc.)	24	19	23	21	14	12
Vacant: Units Available to Rent	40	38	33	32	29	32
<b>CURRENT MONTH STATUS - ON NOTICE UNITS</b>	<b>11/24/23</b>	<b>10/27/23</b>	<b>11/25/22</b>	<b>2023 Monthly Average</b>	<b>2022 Monthly Average</b>	<b>2021 Monthly Average</b>
On-Notice: Units to vacate within 30 days	3	8	5	5	10	9
On-Notice: Pre-leased Units	0	0	0	0	0	0
On-Notice: Unrentable Units (repairs, etc.)	0	0	0	0	1	1
On Notice: Units Available to Rent	3	8	5	5	9	8
Total Units Available to rent (Vacant & On Notice)	43	46	38	38	38	41
<b>CURRENT MONTH ACTIVITY - TOTAL</b>	<b>11/24/23</b>	<b>10/27/23</b>	<b>11/25/22</b>	<b>2023 YTD</b>	<b>2022 YTD</b>	<b>2021 YTD</b>
# of Move-Outs / % of Total Units	12	9	12	14%	16%	19%
# of Move-Ins / % of Total Units	6	6	4	23%	16%	18%
# of New Rentals	6	8	11	183	170	168
# of 30-Day Notices Received / % of Total Units	7	12	6	15%	18%	19%
# of Units brought to market / % of Move-Outs	7	5	3	97%	94%	85%
# of Rentals Canceled or Denied / % of Rentals	1	5	4	16%	38%	30%
# of Notices Canceled / % of Notices Received	0	0	0	4%	5%	6%
<b>CURRENT MONTH ACTIVITY - MOVE OUT REASONS</b>	<b>11/24/23</b>	<b>10/27/23</b>	<b>11/25/22</b>	<b>2023 YTD %</b>	<b>2022 YTD %</b>	<b>2021 YTD %</b>
Asked to move by CADA	0	0	1	4%	9%	2%
Bought a house	2	0	1	5%	6%	7%
Deceased	2	0	1	4%	10%	3%
Dissatisfied (unable to resolve)	0	0	0	4%	1%	6%
Employment/education related	0	0	0	5%	2%	15%
Financial	1	1	0	6%	4%	11%
Illness/ health/ personal	2	2	1	13%	14%	6%
Moving out of the area	2	0	3	11%	18%	14%
Desire larger/smaller apt or house (incl. change in hh size)	2	3	0	10%	8%	9%
Need amenity not offered / not currently available	0	0	0	0%	1%	2%
Moved with no notice/Unknown	0	0	2	17%	14%	1%
Transferred to another CADA apartment	1	3	3	22%	14%	21%
Other / ("Covid-related" as of Aug 2020)	0	0	0	0%	0%	2%
Unaccounted for (Not incl. in occupancy length) - Adj.	0	0	0	1%	0%	0%
<b>TOTAL</b>	<b><u>12</u></b>	<b><u>9</u></b>	<b><u>12</u></b>	<b><u>100%</u></b>	<b><u>100%</u></b>	<b><u>100%</u></b>
<b>Average length (years) of Occupancy (YTD):</b>				<b>4.7</b>	<b>5.0</b>	<b>4.9</b>

APARTMENT STATUS REPORT (Month-ending December 31, 2023)	Current Month-End	Previous Month-End	Previous Year Month-End	Current Year	Previous Year	Previous Year
<b>CURRENT MONTH STATUS - OCCUPIED UNITS</b>	<b>12/29/23</b>	<b>11/24/23</b>	<b>12/30/22</b>	<b>2023 Monthly Average</b>	<b>2022 Monthly Average</b>	<b>2021 Monthly Average</b>
Total Units	779	779	721	769	721	721
Occupied	712	712	658	707	668	665
Percentage Occupied*	91%	91%	91%	92%	93%	92%
Percentage Leased*	95%	95%	96%	96%	96%	96%
* adjusted for Unrentable units						
<b>CURRENT MONTH STATUS - VACANT UNITS</b>	<b>12/29/23</b>	<b>11/24/23</b>	<b>12/30/22</b>	<b>2023 Monthly Average</b>	<b>2022 Monthly Average</b>	<b>2021 Monthly Average</b>
Vacant	67	67	63	62	54	56
Vacant: Pre-leased Units	9	3	14	8	10	12
Vacant: Unrentable Units (repairs, temp tsf's,etc.)	22	24	17	21	14	12
Vacant: Units Available to Rent	36	40	32	33	29	32
<b>CURRENT MONTH STATUS - ON NOTICE UNITS</b>	<b>12/29/23</b>	<b>11/24/23</b>	<b>12/30/22</b>	<b>2023 Monthly Average</b>	<b>2022 Monthly Average</b>	<b>2021 Monthly Average</b>
On-Notice: Units to vacate within 30 days	7	3	9	6	10	9
On-Notice: Pre-leased Units	0	0	0	0	0	0
On-Notice: Unrentable Units (repairs, etc.)	0	0	0	0	1	1
On Notice: Units Available to Rent	7	3	9	6	9	8
Total Units Available to rent (Vacant & On Notice)	43	43	41	38	38	41
<b>CURRENT MONTH ACTIVITY - TOTAL</b>	<b>12/29/23</b>	<b>11/24/23</b>	<b>12/30/22</b>	<b>2023 YTD</b>	<b>2022 YTD</b>	<b>2021 YTD</b>
# of Move-Outs / % of Total Units	9	12	7	16%	16%	19%
# of Move-Ins / % of Total Units	9	6	10	25%	16%	18%
# of New Rentals	21	6	18	204	170	168
# of 30-Day Notices Received / % of Total Units	13	7	11	17%	18%	19%
# of Units brought to market / % of Move-Outs	8	7	5	97%	94%	85%
# of Rentals Canceled or Denied / % of Rentals	4	1	6	17%	38%	30%
# of Notices Canceled / % of Notices Received	0	0	0	3%	5%	6%
<b>CURRENT MONTH ACTIVITY - MOVE OUT REASONS</b>	<b>12/29/23</b>	<b>11/24/23</b>	<b>12/30/22</b>	<b>2023 YTD %</b>	<b>2022 YTD %</b>	<b>2021 YTD %</b>
Asked to move by CADA	1	0	2	4%	9%	2%
Bought a house	0	2	0	5%	6%	7%
Deceased	1	2	0	4%	10%	3%
Dissatisfied (unable to resolve)	0	0	0	3%	1%	6%
Employment/education related	0	0	0	4%	2%	15%
Financial	1	1	0	7%	4%	11%
Illness/ health/ personal	0	2	0	12%	14%	6%
Moving out of the area	1	2	2	11%	18%	14%
Desire larger/smaller apt or house (incl. change in hh size)	1	2	2	10%	8%	9%
Need amenity not offered / not currently available	0	0	0	0%	1%	2%
Moved with no notice/Unknown	0	0	1	16%	14%	1%
Transferred to another CADA apartment	4	1	0	23%	14%	21%
Other / ("Covid-related" as of Aug 2020)	0	0	0	0%	0%	2%
Unaccounted for (Not incl. in occupancy length) - Adj.	0	0	0	1%	0%	0%
<b>TOTAL</b>	<b>9</b>	<b>12</b>	<b>7</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>
<b>Average length (years) of Occupancy (YTD):</b>				<b>4.6</b>	<b>5.0</b>	<b>4.9</b>

<b>CADA AFFORDABLE HOUSING STATISTICS: November 30, 2023</b>	<b>CADA Rent-Assisted</b>	<b>Other / Additional Assisted Units</b>	<b>Total Assisted Units</b>	<b>Market-Rate Units</b>	<b>Total Units</b>
<b>Scattered Site Units:</b>	<b>33</b>	<b>51</b>	<b>84</b>	<b>499</b>	<b>583</b>
<b>Special Management Units:</b>	<b>156</b>	<b>0</b>	<b>156</b>	<b>40</b>	<b>196</b>
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
Sonrisa/1322 O St Investors LP	57	0	57	1	58
<b>TOTAL CADA-MANAGED UNITS:</b>	<b>189</b>	<b>51</b>	<b>240</b>	<b>539</b>	<b>779</b>
<b>MANAGED AFFORDABLE/MARKET %:</b>			<b>31%</b>		
<b>CADA-DEVELOPED RENT ASSISTED UNITS</b>	<b>Tax Credit</b>	<b>Other</b>	<b>Total Affordable Units</b>	<b>Market Units</b>	<b>Total Units</b>
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
<b>TOTAL CADA-DEVELOPED UNITS:</b>	<b>49</b>	<b>168</b>	<b>217</b>	<b>715</b>	<b>932</b>
<b>DEVELOPED AFFORDABLE/MARKET%</b>			<b>23%</b>	<b>77%</b>	<b>100%</b>
<b>TOTAL CADA-MANAGED &amp; DEVELOPED AFFORDABLE HOUSING UNITS</b>					
<b>CADA-MANAGED UNITS:</b>	<b>189</b>	<b>51</b>	<b>240</b>	<b>539</b>	<b>779</b>
<b>CADA-DEVELOPED UNITS:</b>	<b>49</b>	<b>168</b>	<b>217</b>	<b>715</b>	<b>932</b>
<b>TOTAL CADA UNITS:</b>	<b>238</b>	<b>219</b>	<b>457</b>	<b>1254</b>	<b>1711</b>
<b>TOTAL AFFORDABLE/MARKET%</b>			<b>26.71%</b>	<b>73%</b>	<b>100%</b>

<b>CADA AFFORDABLE HOUSING STATISTICS: December 31, 2023</b>	<b>CADA Rent-Assisted</b>	<b>Other / Additional Assisted Units</b>	<b>Total Assisted Units</b>	<b>Market-Rate Units</b>	<b>Total Units</b>
<b>Scattered Site Units:</b>	<b>32</b>	<b>51</b>	<b>83</b>	<b>500</b>	<b>583</b>
<b>Special Management Units:</b>	<b>156</b>	<b>0</b>	<b>156</b>	<b>40</b>	<b>196</b>
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
Sonrisa/1322 O St Investors LP	57	0	57	1	58
<b>TOTAL CADA-MANAGED UNITS:</b>	<b>188</b>	<b>51</b>	<b>239</b>	<b>540</b>	<b>779</b>
<b>MANAGED AFFORDABLE/MARKET %:</b>			<b>31%</b>		
<b>CADA-DEVELOPED RENT ASSISTED UNITS</b>	<b>Tax Credit</b>	<b>Other</b>	<b>Total Affordable Units</b>	<b>Market Units</b>	<b>Total Units</b>
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
<b>TOTAL CADA-DEVELOPED UNITS:</b>	<b>49</b>	<b>168</b>	<b>217</b>	<b>715</b>	<b>932</b>
<b>DEVELOPED AFFORDABLE/MARKET%</b>			<b>23%</b>	<b>77%</b>	<b>100%</b>
<b>TOTAL CADA-MANAGED &amp; DEVELOPED AFFORDABLE HOUSING UNITS</b>					
<b>CADA-MANAGED UNITS:</b>	<b>188</b>	<b>51</b>	<b>239</b>	<b>540</b>	<b>779</b>
<b>CADA-DEVELOPED UNITS:</b>	<b>49</b>	<b>168</b>	<b>217</b>	<b>715</b>	<b>932</b>
<b>TOTAL CADA UNITS:</b>	<b>237</b>	<b>219</b>	<b>456</b>	<b>1255</b>	<b>1711</b>
<b>TOTAL AFFORDABLE/MARKET%</b>			<b>26.65%</b>	<b>73%</b>	<b>100%</b>

**CAPITOL AREA DEVELOPMENT AUTHORITY**

**Commercial Listings (Current Vacancies)**

**January 2024**

**Address:** **1329-31 O Street**  
 Current Tenant: Society Bistro  
 Square Feet: 1,842

Demolition, framing, rough electrical and rough plumbing have been completed. Preparation for installation of a new roll-up door/window is underway. The tenant's tenant improvements are underway.

**Address:** **1412 16<sup>th</sup> Street**  
 Current Tenant: Anchor & Tree Coffee Community

The tenant has received the County Environmental Health Department's approval to commence operations, which it has done.

**Address:** **1414 16<sup>th</sup> Street**  
 Current Tenant: Silver Lining

The tenant has received the County Environmental Health Department's approval to commence operations, which it has done.

**Address:** **1401-09 16<sup>th</sup> Street**  
 Current Tenant: CLTRE Club

The first cohort of local businesses has graduated the business launchpad program. CLTRE Club is reorganizing to a central point of service store, more like Display, that will be selling goods from a second cohort of businesses. The store will reopen in early February.

**Address:** **1413-15 16<sup>th</sup> Street**  
 Current Tenant: Simon's Bar and Grill

Simon's concluded its operations on November 30, 2023 and vacated the space by January 15, consistent with its agreement with CADA. Staff continues to explore options for this space, which is adjacent to the CLTRE Club operation and part of the CADA East End Gateway Site 5-6-7 development site. Staff is exploring an option to lease the space to a new business that has been incubated by The Alchemist Community Development Corporation that is ready to start operations on its own. Lease discussions have started. While this is underway, staff is taking steps to secure the property.

**Address:** **1520 16<sup>th</sup> Street, Suite D**  
Current Tenant: Former University of Beer Business Office

University of Beer's business office ceased operations and vacated its space at the end of November. The space is approximately 700 square feet in size and is located on the second floor of the building, above the Legado de Ravel leasing offices. It is accessible by stairway. Its restroom is located across an outdoor bridge, directly above Karma Brew. The space is suitable for use as a small office. Staff have begun efforts to find a new tenant and is gaining some interest.



**Capitol Area Development Authority  
CADA Neighborhood Incident Report  
December 2023:**

**Residential break-ins, vandalism, theft, disturbances:**

- **12/02/23:** 1414 O St: Courtesy patrol received a call regarding someone loitering on the property. Patrol arrived and asked the individual to leave the property. The man became agitated and began yelling and cussing at the guard. The guard advised he would need to contact the police and the man left the property.
- **12/6/23:** 1317 O St: Courtesy patrol received a call regarding an individual using the water at the building. Patrol arrived and found two people using the water. Patrol informed them that this was not allowed and asked them to leave the property, which they did without incident.
- **12/6/23:** 1421 15<sup>th</sup> St: Courtesy patrol received a call regarding individuals camping in front of the building. Patrol arrived and asked them to leave the property which they did without incident. The same individuals came back later in the morning and CADA staff had them leave the property again.
- **12/09/23:** 1317 15<sup>th</sup> St: Courtesy patrol was called due to an attempted break-in. Apparently three men dressed in black somehow were able to get someone in the building to buzz them in and were headed for the mailboxes to break in. A resident opened her door and scared them off. Police have been notified.
- **12/11/23:** 1322 O St: Courtesy patrol found an individual loitering inside the building. Patrol requested the individual leave the building, which she did without incident.
- **12/17/23:** 1325 15<sup>th</sup> St: Courtesy patrol found an individual sleeping on the property. Patrol requested the individual leave the property, which he did without incident.
- **12/27/23:** 17<sup>th</sup> St Commons: Courtesy patrol found an individual going through the dumpster. Patrol requested the individual leave the property, which he did without incident.

**Commercial break in's, vandalism, theft, disturbances:**

- **12/31/23:** 1522 14<sup>th</sup> St: Courtesy patrol found an individual sleeping just outside the CADA office. Patrol asked the individual to leave the property which she did without incident

**Recap of Phone Calls to Lyons Security Service during the month of December 2023:**

There were 31 calls during the month of December, as follows:

- 16 calls were to report noise.
- 7 calls were to report someone loitering on a property.
- 1 call was to report a suspicious person on a property.
- 1 call was to report someone sleeping on a property.
- 1 call was to report a locked gate.
- 1 call was to report someone going through a dumpster.
- 1 call was to report a suspicious person trying to enter building.
- 1 call was to report an attempted break in.
- 1 call was to report a mailbox had been broken into.
- 1 call was to report someone buzzing apartment doors.

**CAPITOL AREA DEVELOPMENT AUTHORITY**  
**FY 2023 - 2024**  
**Contract Log as of 1/19/2024**

Item 11 (G)



DATE	CONTRACT NUMBER	Type of Service	CONTRACTOR	PROJECT	LOCATION	AMOUNT	ACCOUNT
10/4/2023	C23-093.1	Major Const	Clark Roofing, Inc.	Roof Replacements - Change Order #1	1615 P Street	\$2,184.14	10-C23-5820-C234-24-007.3
10/11/2023	C23-093.2	Major Const	Clark Roofing, Inc.	Roof Replacements - Change Order #2	1619 Q Street	\$496.80	10-C23-5820-C293-18-007.3
10/12/2023	C23-093.3	Major Const	Clark Roofing, Inc.	Roof Replacements - Change Order #3	1615 P Street	\$1,698.47	10-C23-5820-C234-24-007.3
10/16/2023	C23-093.4	Major Const	Clark Roofing, Inc.	Roof Replacements - Change Order #4	1619 Q Street	\$501.98	10-C23-5820-C293-18-007.3
12/20/2023	C24-064.1	Maintenance	Southgate Glass & Screen, Inc.	Window Replacements - Change Order #1	1420 O Street	\$3,133.00	10-C22-5820-C226-07-008.5 & 10-C24-5820-C226-07-008.5
1/1/2024	C24-075	Maintenance	Miracle Method	FY Bathtub & Sink Refinishing (1/1/2024-6/30/2024)	Various Locations - No Sonrisa	\$50,000.00	10-003-5240
12/14/2023	C24-069	Maintenance	Dos Amigos Construction (Dos Amigos Design Industries/Jacob Senna)	Emergency Exterior Stucco Repair	1428 14th Street	\$21,900.00	10-C22-5820-C223-09A-019.6
12/14/2023	C24-076	Consulting	CLTRE	CLTRE Club Programming & Staffing	1409 16th Street	\$32,000.00	10-002-4266-B333-401
12/14/2023	C24-079	Consulting	Diysl (Isaac Gonzalez)	FY 23-24 Strategic Plan Tenant Survey	Various Locations	\$12,450.00	10-001-4246
12/15/2023	C24-080	Consulting	Tiffany Wilson	FY 23-24 Strategic Plan CLTRE Club Analysis	1409 16th Street	\$5,000.00	10-001-4246
1/1/2024	C24-051.1	Consulting	Jeni Rios	Affordable Housing Leasing Consultant (Change Order #1)	Various Locations	\$20,000.00	10-002-4266
1/12/2024	C24-081	Consulting	Chris Oliveira	Building Structural Review	1500 15th Street	\$6,000.00	10-003-4505



# Investment Report DECEMBER 2023



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 25, 2024

10:00AM-11:00AM

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# INVESTMENT COMMITTEE MEETING

January 25, 2024  
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: Peter Coletto, Finance Director  
Mirthala Santizo, Budget Manager  
Susana Jackson (Sacramento Housing & Redevelopment Agency- SHRA)  
Tim Kerr (American River Flood Control District - ARFCD)  
Noelle Mussen (Capitol Area Development Authority- 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 26, 2023 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: 2024.01.17 17:08:28 -08'00'

City Treasurer

**TO:** Investment Committee Members  
**FROM:** Patrick Zalasky  
**RE:** **Minutes of Quarterly Investment Meeting held via Zoom on October 26, 2023**

**Attendees Present:** Stacy Hussey, Shirley Tupaz, Katy Nguyen, Osvaldo Lopez, Johnny Ea, Peter Coyl, Noelle Mussen, Pete Colletto, 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 \$391 million in excess cash for the next 6-months and an approximate \$425 million for the next 12-month period. Hence, cash availability to all pool participants is 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 liability 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 2024.

**2) Performance of the Pools**

Investment staff updated the attendees on the performance of Pool A during the first quarter of fiscal year 2023/2024. The earned interest yield of Pool A for July, August, and September was 2.67%, 2.57% and 2.64%, respectively. Monthly Pool A yields currently trail the 3.53% yield earned by the State Treasurer's Local Agency Investment Fund (LAIF) and the 3.35% yield earned by the Medium-Term Fund managed by the Investment Trust of California (CalTRUST). This is due mainly to the fact that those funds are able to maintain a much shorter duration than Pool A, which invested large amounts of excess cash (mainly COVID stimulus funds) in assets maturing in 2025 and 2026 while market yields were at historic lows. At the time these investments were made, rates across the Yield Curve were near zero and there was some discussion that very short-term yields could go negative. Yields were also affected in part by the \$267 million distributed from the pool during the quarter to cover payroll and debt service (this quarter annually sees the largest debt service payments), along with the annual lump sum payment to CalPERS (\$91 million) and a payment to acquire property along the K Street corridor (\$18.5 million). Cash outflows are expected to revert to normal over the next few months, giving investment staff more excess cash that can be used to make investments that help boost the yield of the portfolio.

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, 2023.

Pool A investments in cash and other short-term liquid issues represented 32% of the pool at the end of the quarter, down slightly from normal pool construction and due to the large cash outflows during the quarter. Since the Yield Curve is severely inverted, most value is on the short end and in liquid investments. An effort will be made to allocate funds to these short-term liquid investments to not only meet the City's cash needs, but to also add yield to the pool.

Some longer-term issues with high coupons (in excess of 5.50%) and call features have been purchased recently, matching the call dates to City cash obligations. Should the issue(s) be called, the cash will go toward paying the obligation. If not called, then the pool will retain a high coupon asset for a longer period of time. In doing so, staff fortifies the structure of Pool A with assets that meet the liquidity needs for all pool participants, while using high quality names to add yield when opportunities present themselves. Staff is still shying away from investing in banks as current economic and market conditions could lead to stress in the banking sector.

Staff monitors 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. The largest impact on markets currently is action taken by The Fed. Their policies and guidance are analyzed when planning for both current and future investment strategies. This analysis is influential when action is taken to accomplish 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**

Economic data for the quarter was once again conflicting. GDP (4.9%) for the quarter exceeded all expectations boosted, as usual, by consumer spending, with some help from government spending focused largely on the military. Inflation, though, also exceeded expectations. The increased spending with higher prices ate into personal savings along with increasing the federal government's budget deficit. Neither of these are very good signs for economic growth, but could portend a slowing of inflation. If consumers have less money to spend, then demand for goods and services will wane and help to lower prices. The same can be accomplished if the government lowers spending in an attempt to reign in the deficit (something that newly elected Speaker of the House of Representatives Mike Johnson said would be a major goal of his). Fed board members who will be voting on policy in early November are hinting that the body will hold steady at the current Federal Funds Rate of 5.50%. It will be interesting to see what happens as the country approaches the holidays, which normally are characterized by a lot of consumer spending.

Short-term yields on Treasuries (less than 12-months until maturity) exceeded 5.50%. Yields further out on the curve also moved upward (5-year Treasury yields advanced to levels not seen since 2007), as investors seem to believe interest rates will have to stay higher for longer in order to get the economy back to its normal equilibrium marked by inflation of 2% coupled with an unemployment rate just below 4% (it is currently 3.8%). An inverted Yield Curve signals a recession on the horizon. When yields begin to accelerate on the long end of the curve, it usually means that economic contraction is imminent. That is leading some prominent economists to predict the U.S. will be in recession by late spring 2024.

Higher interest rates may have had a noticeable impact on businesses, as corporate investment was lower than expected for the quarter. The largest corporate investment is in payroll, so this could be a sign of a contracting job market. Should that be the case, then it is another indication that a

recession is near. It would also accelerate the decline of consumer confidence in the economy. Recent surveys have been at historic lows, with Americans expressing dissatisfaction with high prices and the feeling that their personal spending power is eroding by the day. Recent polls show that over three-quarters of Americans think the economy is headed down the wrong path and that current leadership is mostly to blame for that. Should this feeling persist, it could lead to a change in governmental leadership next November, back to the Republicans who lost the White House and Senate back in 2020.

Eroding consumer confidence, paired with recent economic data has led to falling equity markets. All major indexes experienced losses during the quarter. This continues the roller coaster ride since the middle of 2020, where there have been many ups and downs because nobody has a clear idea of exactly where the economy is headed.

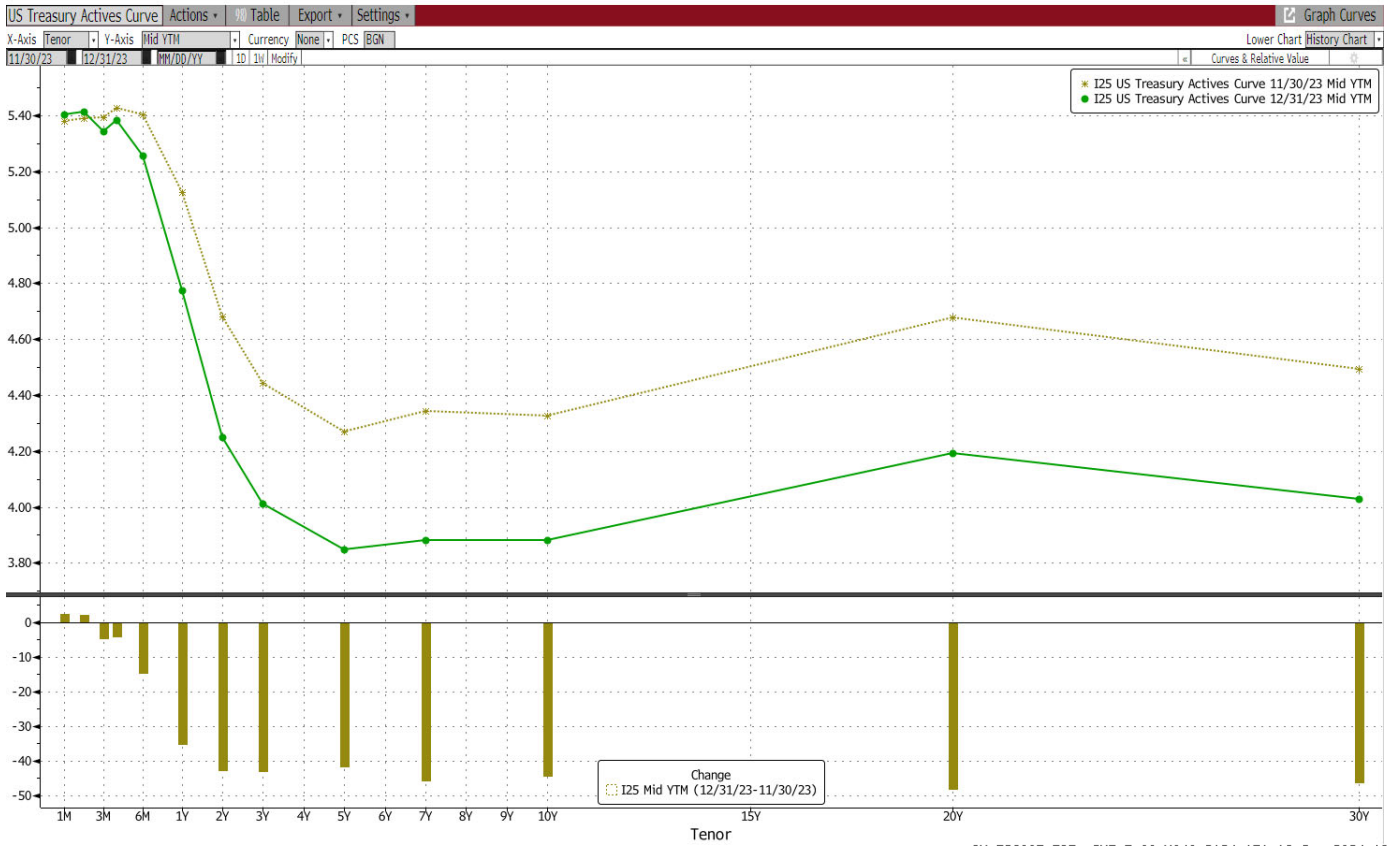
Global economies remain in turmoil, particularly with the recent return of hostilities between Israel and their neighbors in Gaza. In Europe, the European Central Bank held interest rates steady, albeit at levels not seen in decades. Ukraine and Russia are still far from peace. In fact, Ukraine continued their offensive efforts, as President Biden pushed Congress to allocate more funds to support them. Every global conflict draws interest from the United States, so these two conflicts, along with simmering tension between China and Taiwan, have American leaders and diplomats working overtime in efforts to keep the world from entirely getting out of control. It will be very interesting to see how much additional U.S. support, or even military intervention, will be needed to stamp out these conflicts. Every dollar spent is going to have an impact on both our domestic economy and the global economy.

All of that being said, even through the uncertainty, Pool A has outperformed both LAIF and its municipal peers in California over the last five years. Weighted yield for the portfolio has been 1.85% since 2018, compared to 1.61% for LAIF and an average of 1.72% for other comparable jurisdictions.

**4) Other business:** None

**Next Meeting:** The next quarterly meeting is scheduled for **Thursday, January 25, 2024, at 10:00 a.m.** via Zoom.





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125 Mid YTM US Treasury Actives Curve 12/29/23		125 Mid YTM US Treasury Actives Curve 11/30/23		125 Mid YTM (Change) 12/29/23-11/30/23	
Tenor	Description	Price	Yield	Price	Yield
10	1MB 0 01/30/24 Govt	5.293	5.403B 0 12/26/23 Govt	5.271	5.379
10	2MB 0 02/27/24 Govt	5.280	5.412B 0 01/23/24 Govt	5.261	5.391
10	3MB 0 03/28/24 Govt	5.191	5.344B 0 02/29/24 Govt	5.236	5.394
10	4MB 0 04/30/24 Govt	5.203	5.382B 0 04/02/24 Govt	5.245	5.427
10	6MB 0 06/27/24 Govt	5.041	5.256B 0 05/30/24 Govt	5.178	5.404
10	1YB 0 12/26/24 Govt	4.535	4.773B 0 11/29/24 Govt	4.856	5.127
10	2YT 4 1/4 12/31/25 Govt	99-31%	4.251T 4 7/8 11/30/25 Govt	100-11%	4.682
10	3YT 4 3/8 12/15/26 Govt	101-00%	4.010T 4 5/8 11/15/26 Govt	100-15%	4.443
10	5YT 3 3/4 12/31/28 Govt	99-17%	3.848T 4 3/8 11/30/28 Govt	100-15%	4.268
10	7YT 3 3/4 12/31/30 Govt	99-06%	3.882T 4 3/8 11/30/30 Govt	100-06%	4.342
10	10YT 4 1/2 11/15/33 Govt	105-01%	3.880Same	101-12%	4.327
10	20YT 4 3/4 11/15/43 Govt	107-14%	4.193Same	100-29%	4.678
10	30YT 4 3/4 11/15/53 Govt	112-14%	4.029Same	104-05%	4.495

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**CITY OF SACRAMENTO - INVESTMENT POOL A**  
**6-MONTH CASH FLOW ANALYSIS**  
**January 1, 2024 - June 30, 2024**

*In millions*

<b>Cash Balances:</b>	
CalTRUST	136.984
Fidelity Fund	31.104
Five Star Bank Community Fund	30.128
JP Morgan Chase	1.107
LAIF	0.354
Overnight Sweep	1.489
River City Bank Community Fund	25.071
Less: Required bank balance by policy	(0.500)
<b><i>Cash available at beginning of period:</i></b>	<b>225.737</b>
<b>Projected net cash flow:</b>	
January-24	101.065
February-24	25.401
March-24	29.180
April-24	58.442
May-24	112.522
June-24	30.423
<b><i>Net cash flow during period:</i></b>	<b>357.033</b>
<b><i>Cash in excess of policy: <sub>1</sub></i></b>	<b>582.770</b>
<b>Cash Balances of non-City and/or Pool A Participants:</b>	
<b>SCERS Cash:</b>	
Fixed Bonds	(0.017)
Large Cap Growth	(0.012)
International	(0.008)
Equity Income	(0.002)
Retirement Trust Operating Fund	(2.889)
Ann Land/Bertha Henschel Endowment Fund	(0.034)
Ethel Hart Mutual Endowment Fund	(0.461)
George H. Clark Memorial Scholarship Fund	(0.103)
Capitol Area Development Authority (CADA)	(50.336)
American River Flood Control District (ARFCD)	(9.202)
The Natomas Basin Conservancy (TNBC)	(0.189)
Sacramento Public Library Authority (SPLA)	(39.572)
Reclamation District No. 1000	(2.251)
SPLA Hurst Trust	(0.156)
Gifts to Share	(0.701)
Visit Sacramento	(9.400)
Other Misc Non-City Funds (CARES Act, ARP, CalEPA, City/County Office-Water Planning, etc)	2.721
<b><i>Total cash balances of non-City and/or Pool A participants: <sub>2</sub></i></b>	<b>(112.612)</b>
<b><i>Excess or (Shortfall) if all Pool A participants withdraw all funds within 6 months: <sub>3</sub></i></b>	<b>470.158</b>

<sup>1</sup>The City will be able to meet its cash flow needs for the next six months, with \$583 mm to cover on going expenditures

<sup>2</sup> Non-City and/or Pool A participants have \$113 mm invested in Pool A

<sup>3</sup> If all non-City and/or Pool A participants withdraw the entire \$113 mm within the next twelve months, the City will have \$470 mm to cover on going expenditures

**CITY OF SACRAMENTO - INVESTMENT POOL A**  
**12-MONTH CASH FLOW ANALYSIS**  
**January 1, 2024 - December 31, 2024**

*In millions*

<b>Cash Balances:</b>	
CalTRUST	136.984
Fidelity Fund	31.104
Five Star Bank Community Fund	30.128
JP Morgan Chase	1.107
LAIF	0.354
Overnight Sweep	1.489
River City Bank Community Fund	25.071
Less: Required bank balance by policy	(0.500)
<b><i>Cash available at beginning of period:</i></b>	<b>225.737</b>
<b>Projected net cash flow:</b>	
January-24	101.065
February-24	25.401
March-24	29.180
April-24	58.442
May-24	112.522
June-24	30.423
July-24	(1.030)
August-24	(23.774)
September-24	6.088
October-24	(13.102)
November-24	(41.201)
December-24	88.027
<b><i>Net cash flow during period:</i></b>	<b>372.041</b>
<b><i>Cash in excess of policy: <sub>1</sub></i></b>	<b>597.778</b>
<b>Cash Balances of non-City and/or Pool A Participants:</b>	
SCERS Cash:	
Fixed Bonds	(0.017)
Large Cap Growth	(0.012)
International	(0.008)
Equity Income	(0.002)
Retirement Trust Operating Fund	(2.889)
Ann Land/Bertha Henschel Endowment Fund	(0.034)
Ethel Hart Mutual Endowment Fund	(0.461)
George H. Clark Memorial Scholarship Fund	(0.103)
Capitol Area Development Authority (CADA)	(50.336)
American River Flood Control District (ARFCD)	(9.202)
The Natomas Basin Conservancy (TNBC)	(0.189)
Sacramento Public Library Authority (SPLA)	(39.572)
Reclamation District No. 1000	(2.251)
SPLA Hurst Trust	(0.156)
Gifts to Share	(0.701)
Visit Sacramento	(9.400)
Other Misc Non-City Funds (CARES Act, ARP, CalEPA, City/County Office-Water Planning, etc)	2.721
<b><i>Total cash balances of non-City and/or Pool A participants: <sub>2</sub></i></b>	<b>(112.612)</b>
<b><i>Excess or (Shortfall) if all Pool A participants withdraw all funds within 12 months: <sub>3</sub></i></b>	<b>485.166</b>

<sup>1</sup>The City will be able to meet its cash flow needs for the next twelve months, with \$598 mm to cover on going expenditures

<sup>2</sup> Non-City and/or Pool A participants have \$113 mm invested in Pool A

<sup>3</sup> If all non-City and/or Pool A participants withdraw the entire \$113 mm within the next twelve months, the City will have \$485 mm to cover on going expenditures

**City of Sacramento**  
**Investment**  
**Pool A**

# CITY OF SACRAMENTO INVESTMENT POOL A

## MONTHLY REVIEW – DECEMBER 2023

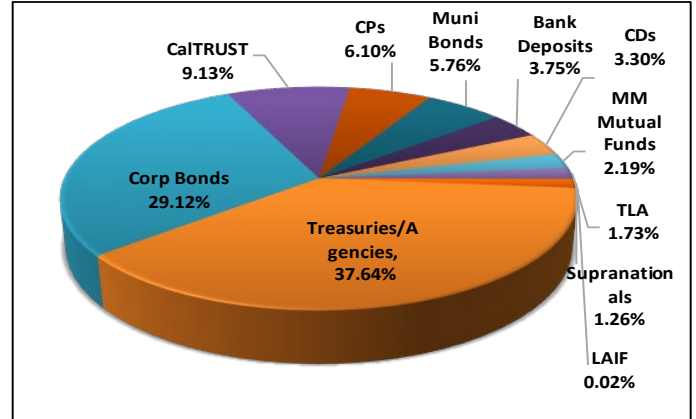
### STRATEGY

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	1,432,527,737
Month's Yield or RoR	2.60%
Weighted Average Maturity (Yrs)	1.69
Weighted Average Duration (Yrs)	1.61
Ending Book Value	1,561,982,908
Ending Market Value	1,506,522,108
Percent of Market to Book Value	96.45%
Month's Investment Earnings	3,316,181
Fiscal YTD Investment Earnings	20,892,759

### PORTFOLIO COMPOSITION



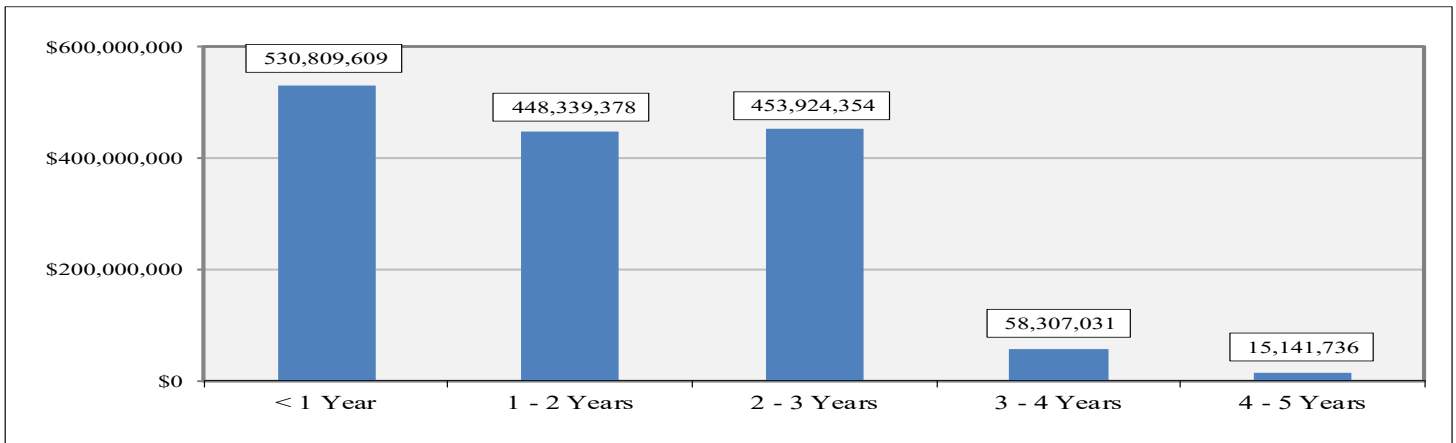
#### External Third-Party Investment Manager

CalTRUST	136,984,486
LAIF	353,743

Asset Type	Pct. Assets	YTM
Treasuries/Agencies	37.64%	2.16%
Corp Bonds	29.12%	2.27%
CalTRUST	9.13%	12.25%
CPs	6.10%	5.71%
Muni Bonds	5.76%	2.32%
Bank Deposits	3.75%	4.40%
CDs	3.30%	2.32%
MM Mutual Funds	2.19%	5.00%
TLA	1.73%	5.13%
Supranationals	1.26%	1.82%
LAIF	0.02%	3.93%

### MATURITY SCHEDULE

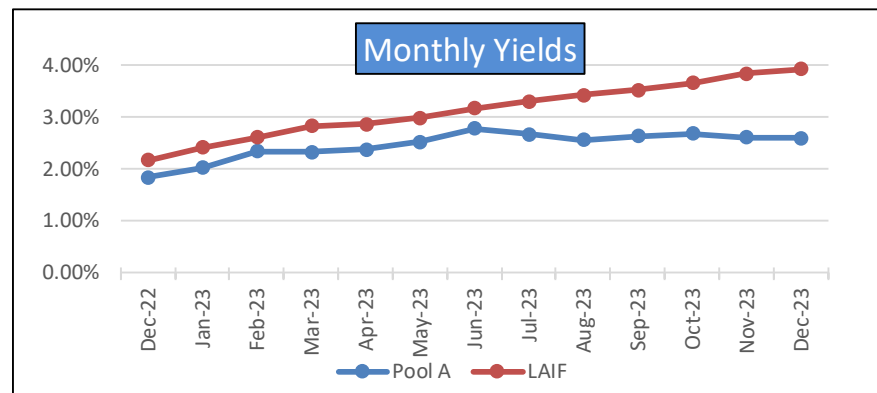
Maturity	Market Value	Pct. Holdings
< 1 Year	530,809,609	35.23%
1 - 2 Years	448,339,378	29.76%
2 - 3 Years	453,924,354	30.13%
3 - 4 Years	58,307,031	3.87%
4 - 5 Years	15,141,736	1.01%
Total	1,506,522,108	100.00%



## INTEREST RATE ENVIRONMENT

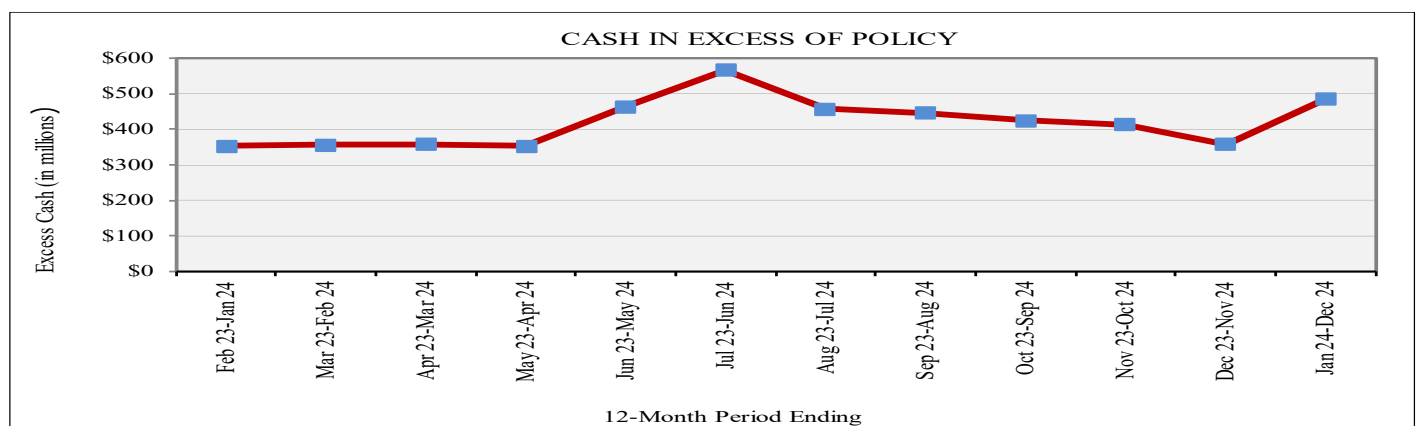
The rate of inflation increased in December, while employment numbers remained strong, as the United States exited the holiday season and entered a new year. Prices rose year-over-year by 3.5%, well above estimates and the rate of the prior month. The labor market, meanwhile, added 216,000 jobs, with the unemployment rate holding steady at 3.7%. These numbers show that the economy has not recovered as much as many had hoped. Where the Fed had been hinting at cuts to the Federal Funds Rate as early as spring, there is consensus that they will now pause and hold the rate steady at 5.50% until at least early summer. Consumer spending was strong, as usual during the holidays, but a higher percentage of purchases were made with credit cards, which is not a healthy phenomenon. Americans went into the holidays feeling better about the economy than they have in over a year, as over 18% of those surveyed believed their economic condition would improve over the next 12 months. This is a boost over prior months, but still close to historic lows. The University of Michigan survey of consumer sentiment saw a similar boost to 67.4, a double-digit gain over the prior month, but still close to historic, pre-2020 lows. The economy remains in very uncertain territory and will likely face more complications in what is surely to be a very contentious election year. President Biden's strongest criticisms stem from his administration's handling of the economy. Meanwhile, former president Trump, who polls much better with regard to the economy, is very likely to be the Republican nominee. Needless to say, any and all economic movement will have a major impact on the election in November. Yields on Treasuries fell sharply in the middle of December on positive November inflation numbers, then held steady through the end of the calendar year. Yields on 5-year treasuries began the month at 4.26% and ended at 3.85%. Shorter-term Treasuries remained elevated due to the inverted yield curve, with the 6-month yield beginning December at 5.40% and ending it at 5.25%. The optimism that permeated markets heading into the holidays has likely faded, as December data is revealing that a recession may impact Americans during 2024. Therefore, the investment team will remain focused on maintaining a portfolio built with high level names that will be stable no matter what domestic and global markets do over the next couple of years. As usual, extra emphasis will be placed on investing only in those that have the infrastructure and leadership to navigate through even the most unstable economic environments.

Monthly Yields		
Month	Pool A	LAIF
Dec-22	1.84%	2.17%
Jan-23	2.03%	2.43%
Feb-23	2.35%	2.62%
Mar-23	2.33%	2.83%
Apr-23	2.38%	2.87%
May-23	2.53%	2.99%
Jun-23	2.79%	3.17%
Jul-23	2.67%	3.31%
Aug-23	2.57%	3.43%
Sep-23	2.64%	3.53%
Oct-23	2.69%	3.67%
Nov-23	2.61%	3.84%
Dec-23	2.60%	3.93%
FYTD	2.63%	3.62%



## CASH IN EXCESS OF POLICY (IN MILLIONS)

12 Months Cash Flow	Feb 23-Jan 24	Mar 23-Feb 24	Apr 23-Mar 24	May 23-Apr 24	Jun 23-May 24	Jul 23-Jun 24	Aug 23-Jul 24	Sep 23-Aug 24	Oct 23-Sep 24	Nov 23-Oct 24	Dec 23-Nov 24	Jan 24-Dec 24
Excess Cash	\$ 353	\$ 357	\$ 358	\$ 354	\$ 464	\$ 568	\$ 458	\$ 446	\$ 426	\$ 414	\$ 359	\$ 485



City of Sacramento  
**PORTFOLIO APPRAISAL**  
*City Investment Pool A*  
 December 31, 2023

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
<b>CASH AND EQUIVALENTS</b>															
	caltrust-lf	Caltrust Liquidity Fund		43,167,147		43,167,147		43,167,147	2.88	5.550	2,395,777	5.55			
	caltrust-mt	Caltrust Medium-Term		59,534,288		59,534,288		59,534,288	3.97	3.870	2,303,977	3.87			
	caltrust-st	Caltrust Short-Term		34,283,051		34,283,051		34,283,051	2.28	4.900	1,679,869	4.90			
	fidfund	Fidelity Fund		31,103,677		31,103,677		31,103,677	2.07	4.990	1,552,073	4.99			
	fivestar	Five Star Bank Community Fund		30,127,659		30,127,659		30,127,659	2.01	5.000	1,506,383	5.00			
	cashjpm	JP Morgan Chase Cash		1,107,292		1,107,292		1,107,292	0.07	1.850	20,485	1.85			
	laifa	Local Agency Investment Fund, Pool A		353,743		353,743		353,743	0.02	3.929	13,899	3.93			
	miscintrec	Misc Interest Receivable		352,464		352,464		352,464	0.02	5.000	17,623	5.00			
	sweep	Overnight Sweep		1,488,945		1,488,945		1,488,945	0.10	5.130	76,383	5.13			
	rivercity	River City Bank Community Fund		25,070,911		25,070,911		25,070,911	1.67	3.790	950,188	3.79			
				226,589,177		226,589,177		226,589,177	15.09		10,516,657	4.64			
<b>TARGETED LADDER ASSETS</b>															
9,000,000	313384zw2	Federal Home Loan Bank Disc 4.930% Due 07-26-24	97.08	8,737,477	97.11	8,739,758	0	8,739,758	0.58	4.930	443,700	5.14	AA+		
9,000,000	62479jl0	MUFG Bank Ltd/NY CP 5.170% Due 09-20-24	96.15	8,653,610	96.26	8,662,951	0	8,662,951	0.58	5.170	465,300	5.45	A-1		
9,000,000	912796zv4	U. S. Treasury Bill 4.548% Due 12-26-24	95.40	8,586,102	95.48	8,592,879	0	8,592,879	0.57	4.548	409,350	4.79	AA+		
				25,977,189		25,995,588	0	25,995,588	1.73		1,318,350	5.13			
<b>NON-NEGOTIABLE CERTIFICATES OF DEPOSIT</b>															
30,000,000	3420042541902	Safe Credit Union CD 2.974% Due 06-24-25	100.00	30,000,000	100.00	30,000,000	75,776	30,075,776	2.00	2.974	892,200	2.99			
<b>CERTIFICATES OF DEPOSIT</b>															
5,000,000	90348j3m0	US Bank CD 3.000% Due 11-25-24	100.00	5,000,000	98.10	4,905,144	2,877	4,908,021	0.33	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	91.73	5,504,065	493	5,504,558	0.37	0.600	36,000	0.60	AA-		01-27-24
5,000,000	05600xcf5	BMO Harris Bank 0.750% Due 02-26-26	100.00	5,000,000	91.78	4,588,835	13,151	4,601,986	0.31	0.750	37,500	0.75			02-26-24
5,000,000	90348jm72	UBS Bank CD 0.850% Due 06-16-26	100.00	5,000,000	90.76	4,537,941	1,863	4,539,804	0.30	0.850	42,500	0.85	AA-		06-16-24
				21,000,000		19,535,985	18,384	19,554,369	1.30		266,000	1.30			
<b>COMMERCIAL PAPER</b>															
10,000,000	55078ta98	Lvmh Moet Hennessy Lou Vuitton 5.440% Due 01-09-24	96.83	9,682,667	99.84	9,983,764	0	9,983,764	0.67	5.440	544,000	5.72	A1+		
10,000,000	59157tc50	Metlife Short Term Fund 5.440% Due 03-05-24	97.14	9,714,400	99.01	9,900,890	0	9,900,890	0.66	5.440	544,000	5.69	A1+		
11,000,000	71344tk6	Pepsico Inc 5.400% Due 03-19-24	96.86	10,655,150	98.83	10,871,721	0	10,871,721	0.72	5.400	594,000	5.64	A1		
10,000,000	63763pe11	Natl Sec Clearing Corp 5.450% Due 03-20-24	97.12	9,712,361	98.76	9,875,990	0	9,875,990	0.66	5.450	545,000	5.67	A1+		
10,000,000	89232ld11	Toyota Industries Comm 5.540% Due 04-01-24	97.20	9,719,922	98.60	9,860,445	0	9,860,445	0.66	5.540	554,000	5.80	A1+		
5,000,000	63763pdg1	Natl Sec Clearing Corp 5.450% Due 04-16-24	97.06	4,853,153	98.38	4,919,038	0	4,919,038	0.33	5.450	272,500	5.70	A1+		
10,000,000	89233gdg8	Toyota Motor Credit Corp 5.630% Due 04-16-24	96.37	9,637,178	98.39	9,838,781	0	9,838,781	0.66	5.630	563,000	5.92	A1+		
5,000,000	59157teu3	Metlife Short Term Fund 5.520% Due 05-28-24	96.70	4,835,167	97.83	4,891,485	0	4,891,485	0.33	5.520	276,000	5.77	A1+		

City of Sacramento  
**PORTFOLIO APPRAISAL**  
*City Investment Pool A*  
 December 31, 2023

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	89233geu6	Toyota Motor Credit Corp 5.520% Due 05-28-24	96.89	4,844,367	97.79	4,889,532	0	4,889,532	0.33	5.520	276,000	5.74	A1+		
7,000,000	71708efa8	Pfizer Inc 5.350% Due 06-10-24	97.31	6,811,710	97.64	6,834,952	0	6,834,952	0.46	5.350	374,500	5.59	A1		
10,000,000	59515mfb6	Microsoft Corp 5.340% Due 06-11-24	97.21	9,721,133	97.64	9,763,798	0	9,763,798	0.65	5.340	534,000	5.58	A-1+		
				90,187,207		91,630,395	0	91,630,395	6.10		5,077,000	5.71			
<b>U.S. GOVERNMENT BONDS</b>															
10,000,000	91282cbe0	U.S. Treasury Note 0.125% Due 01-15-24	97.37	9,737,300	99.82	9,981,611	5,774	9,987,386	0.66	0.125	12,500	5.27	AA+		
5,000,000	91282cbh3	U.S. Treasury Note 0.375% Due 01-31-26	98.83	4,941,406	92.41	4,620,508	7,846	4,628,354	0.31	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	92.44	13,866,211	25,343	13,891,554	0.92	0.500	75,000	0.75	AA+		
				29,491,597		28,468,330	38,964	28,507,294	1.90		106,250	2.31			
<b>FEDERAL HOME LOAN BANK</b>															
5,000,000	3130aur71	Federal Home Loan Bank 5.000% Due 02-26-24	100.00	5,000,000	99.93	4,996,660	86,806	5,083,465	0.33	5.000	250,000	5.00	AA+		
5,000,000	3130avlm2	Federal Home Loan Bank 5.050% Due 02-27-24	100.00	5,000,000	99.93	4,996,307	44,889	5,041,195	0.33	5.050	252,500	5.06	AA+		01-27-24
5,000,000	3130avll4	Federal Home Loan Bank 5.050% Due 10-21-24	100.00	5,000,000	99.74	4,986,958	49,097	5,036,055	0.33	5.050	252,500	5.05	AA+		01-21-24
5,000,000	3130ajla5	Federal Home Loan Bank 0.750% Due 05-19-25	100.00	5,000,000	95.20	4,759,766	4,375	4,764,141	0.32	0.750	37,500	0.75	AA+		01-07-24
5,000,000	3130asm97	Federal Home Loan Bank 4.000% Due 07-24-25	100.00	5,000,000	99.37	4,968,446	87,222	5,055,668	0.33	4.000	200,000	4.00	AA+		01-24-24
5,000,000	3130ak6h4	Federal Home Loan Bank 0.500% Due 09-22-25	99.90	4,995,000	93.48	4,674,060	6,875	4,680,935	0.31	0.500	25,000	0.52	AA+		01-07-24
5,000,000	3130akjw7	Federal Home Loan Bank 0.600% Due 12-15-25	100.00	5,000,000	92.67	4,633,573	1,333	4,634,906	0.31	0.600	30,000	0.60	AA+		01-07-24
5,000,000	3130akje7	Federal Home Loan Bank 0.560% Due 12-30-25	99.97	4,998,750	92.45	4,622,299	78	4,622,377	0.31	0.560	28,000	0.57	AA+		01-07-24
5,000,000	3130akn85	Federal Home Loan Bank 0.550% Due 01-20-26	99.80	4,990,000	92.64	4,631,960	12,299	4,644,259	0.31	0.550	27,500	0.59	AA+		01-20-24
10,000,000	3130akq74	Federal Home Loan Bank 0.625% Due 01-22-26	100.00	10,000,000	92.77	9,276,601	27,604	9,304,205	0.62	0.625	62,500	0.62	AA+		01-22-24
5,000,000	3130akng7	Federal Home Loan Bank 0.550% Due 01-28-26	100.00	5,000,000	92.56	4,628,132	11,687	4,639,820	0.31	0.550	27,500	0.55	AA+		01-28-24
5,000,000	3130akpc4	Federal Home Loan Bank 0.600% Due 01-28-26	100.00	5,000,000	92.66	4,633,035	12,750	4,645,785	0.31	0.600	30,000	0.60	AA+		01-28-24
5,000,000	3130akpq3	Federal Home Loan Bank 0.580% Due 01-28-26	100.00	5,000,000	92.62	4,631,074	12,325	4,643,399	0.31	0.580	29,000	0.58	AA+		01-28-24
5,000,000	3130akvr4	Federal Home Loan Bank 0.550% Due 02-12-26	100.00	5,000,000	92.39	4,619,259	10,618	4,629,877	0.31	0.550	27,500	0.55	AA+		02-12-24
5,000,000	3130al5x8	Federal Home Loan Bank 0.650% Due 02-24-26	100.00	5,000,000	92.47	4,623,629	11,465	4,635,095	0.31	0.650	32,500	0.65	AA+		02-24-24
5,000,000	3130al6j8	Federal Home Loan Bank 0.625% Due 02-24-26	100.00	5,000,000	92.42	4,621,098	11,024	4,632,122	0.31	0.625	31,250	0.62	AA+		02-24-24
5,000,000	3130al7m0	Federal Home Loan Bank 0.625% Due 02-24-26	100.00	5,000,000	92.42	4,621,098	11,024	4,632,122	0.31	0.625	31,250	0.62	AA+		02-24-24
5,000,000	3130alae4	Federal Home Loan Bank 0.580% Due 02-25-26	100.00	5,000,000	92.32	4,616,066	10,150	4,626,216	0.31	0.580	29,000	0.58	AA+		02-25-24
5,000,000	3130algs7	Federal Home Loan Bank 0.850% Due 03-10-26	100.00	5,000,000	92.71	4,635,531	13,104	4,648,635	0.31	0.850	42,500	0.85	AA+		03-10-24



City of Sacramento  
**PORTFOLIO APPRAISAL**  
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 December 31, 2023

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	3130aleh3	Federal Home Loan Bank 0.700% Due 03-16-26	100.00	5,000,000	92.35	4,617,282	10,208	4,627,491	0.31	0.700	35,000	0.70	AA+		03-16-24
5,000,000	3130almv3	Federal Home Loan Bank 1.000% Due 03-30-26	100.00	5,000,000	92.85	4,642,555	12,639	4,655,193	0.31	1.000	50,000	1.00	AA+		03-30-24
5,000,000	3130alxp4	Federal Home Loan Bank 1.200% Due 04-28-26	100.00	5,000,000	93.14	4,656,926	10,500	4,667,426	0.31	1.200	60,000	1.20	AA+		01-28-24
5,000,000	3130am2f8	Federal Home Loan Bank 1.125% Due 04-29-26	100.00	5,000,000	92.97	4,648,345	9,687	4,658,033	0.31	1.125	56,250	1.12	AA+		01-29-24
5,000,000	3130amcl4	Federal Home Loan Bank 1.020% Due 05-19-26	100.00	5,000,000	92.54	4,627,206	5,950	4,633,156	0.31	1.020	51,000	1.02	AA+		02-19-24
1,750,000	3130amcb6	Federal Home Loan Bank 1.000% Due 05-22-26	100.00	1,750,000	92.47	1,618,302	1,896	1,620,198	0.11	1.000	17,500	1.00	AA+		02-22-24
5,000,000	3130amjc7	Federal Home Loan Bank 1.000% Due 05-26-26	100.00	5,000,000	92.44	4,622,060	4,861	4,626,921	0.31	1.000	50,000	1.00	AA+		02-26-24
5,000,000	3130amjn3	Federal Home Loan Bank 1.030% Due 05-26-26	100.00	5,000,000	92.51	4,625,441	5,007	4,630,448	0.31	1.030	51,500	1.03	AA+		02-26-24
3,000,000	3130ampt3	Federal Home Loan Bank 1.030% Due 06-23-26	100.00	3,000,000	92.30	2,769,147	687	2,769,834	0.18	1.030	30,900	1.03	AA+		03-23-24
5,000,000	3130anynd4	Federal Home Loan Bank 1.000% Due 09-30-26	100.00	5,000,000	91.43	4,571,626	12,639	4,584,265	0.30	1.000	50,000	1.00	AA+		03-30-24
5,000,000	3130appr2	Federal Home Loan Bank 1.570% Due 11-23-26	100.00	5,000,000	92.50	4,625,245	8,286	4,633,531	0.31	1.570	78,500	1.57	AA+		01-23-24
5,000,000	3130ash44	Federal Home Loan Bank 4.700% Due 06-30-27	100.00	5,000,000	99.50	4,974,999	653	4,975,651	0.33	4.700	235,000	4.70	AA+		03-30-24
				154,733,750		145,174,686	507,739	145,682,425	9.67		2,211,650	1.47			
<b>FEDERAL NATIONAL MORTGAGE ASSN. (FNMA)</b>															
5,000,000	3135g07b3	Fannie Mae 5.220% Due 05-03-24	100.00	5,000,000	99.91	4,995,647	42,050	5,037,697	0.33	5.220	261,000	5.22	AA+		02-03-24
5,000,000	3135gaae7	Fannie Mae 5.060% Due 02-07-25	100.00	5,000,000	100.06	5,003,169	101,200	5,104,369	0.33	5.060	253,000	5.06	AA+		02-07-24
5,000,000	3136g4d75	Fannie Mae 0.600% Due 07-29-25	100.00	5,000,000	94.26	4,713,151	12,667	4,725,818	0.31	0.600	30,000	0.60	AA+		01-29-24
5,000,000	3136g4g23	Fannie Mae 0.600% Due 07-29-25	100.00	5,000,000	94.26	4,713,151	12,667	4,725,818	0.31	0.600	30,000	0.60	AA+		01-29-24
5,000,000	3136g4c76	Fannie Mae 0.700% Due 08-12-25	100.00	5,000,000	94.26	4,712,935	13,514	4,726,449	0.31	0.700	35,000	0.70	AA+		02-12-24
5,000,000	3136g4c43	Fannie Mae 0.650% Due 08-14-25	100.00	5,000,000	94.16	4,708,116	12,368	4,720,484	0.31	0.650	32,500	0.65	AA+		02-14-24
5,000,000	3136g4x40	Fannie Mae 0.600% Due 08-26-25	99.96	4,998,000	93.97	4,698,339	10,417	4,708,756	0.31	0.600	30,000	0.61	AA+		02-26-24
5,000,000	3135g06v0	Fannie Mae 4.125% Due 08-28-25	100.00	5,000,000	99.49	4,974,254	70,469	5,044,723	0.33	4.125	206,250	4.13	AA+		02-28-24
3,000,000	3136g43q4	Fannie Mae 0.600% Due 09-16-25	100.00	3,000,000	93.70	2,811,140	5,250	2,816,390	0.19	0.600	18,000	0.60	AA+		03-16-24
5,000,000	3135g06a6	Fannie Mae 0.580% Due 10-20-25	100.00	5,000,000	93.24	4,661,820	5,719	4,667,539	0.31	0.580	29,000	0.58	AA+		01-20-24
4,000,000	3136g45c3	Fannie Mae 0.540% Due 10-27-25	99.81	3,992,280	93.09	3,723,736	3,840	3,727,576	0.25	0.540	21,600	0.58	AA+		10-27-24
5,000,000	3136g45p4	Fannie Mae 0.550% Due 10-27-25	100.00	5,000,000	93.11	4,655,533	4,889	4,660,422	0.31	0.550	27,500	0.55	AA+		01-27-24
3,000,000	3136g46s7	Fannie Mae 0.560% Due 10-28-25	100.00	3,000,000	93.12	2,793,534	2,940	2,796,474	0.19	0.560	16,800	0.56	AA+		10-28-24
5,000,000	3136g45h2	Fannie Mae 0.500% Due 10-29-25	99.90	4,995,000	93.40	4,670,048	4,306	4,674,354	0.31	0.500	25,000	0.52	AA+		

City of Sacramento  
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5,000,000	3135ga4v0	Fannie Mae 0.625% Due 11-25-25	100.00	5,000,000	92.94	4,646,971	3,125	4,650,096	0.31	0.625	31,250	0.62	AA+		02-25-24
5,000,000	3135g06n8	Fannie Mae 0.650% Due 12-17-25	100.00	5,000,000	92.74	4,637,203	1,264	4,638,467	0.31	0.650	32,500	0.65	AA+		03-17-24
5,000,000	3135g06r9	Fannie Mae 0.550% Due 01-28-26	100.00	5,000,000	92.56	4,628,132	11,687	4,639,820	0.31	0.550	27,500	0.55	AA+		01-28-24
				79,985,280		75,746,879	318,371	76,065,250	5.05		1,106,900	1.43			
<b>FEDERAL HOME LOAN MORTGAGE CORP. (FHLMC)</b>															
5,000,000	3134gxuw2	Freddie Mac 3.000% Due 06-14-24	100.00	5,000,000	98.92	4,946,040	7,083	4,953,124	0.33	3.000	150,000	3.00	AA+		01-14-24
5,000,000	3134gyc34	Freddie Mac 5.100% Due 12-30-24	100.00	5,000,000	99.86	4,993,150	708	4,993,858	0.33	5.100	255,000	5.10	AA+		03-30-24
5,000,000	3134gxmh4	Freddie Mac 2.050% Due 03-24-25	100.00	5,000,000	96.73	4,836,702	27,618	4,864,320	0.32	2.050	102,500	2.05	AA+		03-24-24
5,000,000	3134gxrs5	Freddie Mac 3.100% Due 04-29-25	100.00	5,000,000	97.85	4,892,493	26,694	4,919,187	0.33	3.100	155,000	3.10	AA+		01-29-24
5,000,000	3134gysa1	Freddie Mac 5.200% Due 05-16-25	99.82	4,991,250	99.66	4,982,835	32,500	5,015,335	0.33	5.200	260,000	5.29	AA+		02-16-24
3,000,000	3134gvrv2	Freddie Mac 0.750% Due 05-27-25	100.00	3,000,000	95.12	2,853,601	2,125	2,855,726	0.19	0.750	22,500	0.75	AA+		02-27-24
5,000,000	3134gvb31	Freddie Mac 0.750% Due 05-28-25	99.76	4,987,900	95.11	4,755,531	3,437	4,758,969	0.32	0.750	37,500	0.80	AA+		02-28-24
5,000,000	3134gvz68	Freddie Mac 0.700% Due 06-23-25	99.95	4,997,500	94.77	4,738,337	778	4,739,115	0.32	0.700	35,000	0.71	AA+		03-23-24
3,000,000	3134gwkr6	Freddie Mac 0.625% Due 08-12-25	100.00	3,000,000	94.14	2,824,301	7,240	2,831,541	0.19	0.625	18,750	0.62	AA+		02-12-24
5,000,000	3134gwh82	Freddie Mac 0.625% Due 09-08-25	100.00	5,000,000	93.82	4,691,212	9,809	4,701,021	0.31	0.625	31,250	0.62	AA+		03-08-24
5,000,000	3134gwa55	Freddie Mac 0.650% Due 09-09-25	100.00	5,000,000	93.85	4,692,725	10,111	4,702,836	0.31	0.650	32,500	0.65	AA+		03-09-24
5,000,000	3134gwwt9	Freddie Mac 0.550% Due 09-30-25	100.00	5,000,000	93.48	4,674,137	6,951	4,681,088	0.31	0.550	27,500	0.55	AA+		03-30-24
5,000,000	3134gwy26	Freddie Mac 0.570% Due 10-08-25	100.00	5,000,000	93.34	4,666,867	6,571	4,673,438	0.31	0.570	28,500	0.57	AA+		01-08-24
5,000,000	3134gwys9	Freddie Mac 0.600% Due 10-15-25	100.00	5,000,000	93.32	4,665,869	6,333	4,672,203	0.31	0.600	30,000	0.60	AA+		01-15-24
10,000,000	3134gxbm5	Freddie Mac 0.600% Due 11-12-25	99.98	9,998,500	93.02	9,302,484	8,167	9,310,651	0.62	0.600	60,000	0.60	AA+		02-12-24
5,000,000	3134gxfv1	Freddie Mac 0.625% Due 12-17-25	100.00	5,000,000	92.70	4,634,887	1,215	4,636,102	0.31	0.625	31,250	0.62	AA+		03-17-24
5,000,000	3134gxlf9	Freddie Mac 0.550% Due 02-12-26	100.00	5,000,000	92.39	4,619,259	10,618	4,629,877	0.31	0.550	27,500	0.55	AA+		02-12-24
5,000,000	3134gyjc7	Freddie Mac 5.400% Due 02-24-26	100.00	5,000,000	99.75	4,987,258	95,250	5,082,508	0.33	5.400	270,000	5.40	AA+		02-24-24
5,000,000	3134gyjb9	Freddie Mac 5.300% Due 02-27-26	100.00	5,000,000	99.65	4,982,399	91,278	5,073,677	0.33	5.300	265,000	5.29	AA+		02-27-24
5,000,000	3134gyp55	Freddie Mac 5.200% Due 04-27-26	100.00	5,000,000	99.79	4,989,629	46,222	5,035,851	0.33	5.200	260,000	5.20	AA+		01-27-24
5,000,000	3134h1mk6	Freddie Mac 5.400% Due 12-21-26	100.00	5,000,000	100.00	5,000,027	7,500	5,007,527	0.33	5.400	270,000	5.40	AA+		06-21-24
5,000,000	3134gx2x1	Freddie Mac 5.000% Due 09-30-27	100.00	5,000,000	99.64	4,982,195	63,194	5,045,390	0.33	5.000	250,000	5.00	AA+		03-30-24
6,000,000	3134h1ga5	Freddie Mac 6.060% Due 10-26-27	100.00	6,000,000	100.00	5,999,763	64,640	6,064,403	0.40	6.060	363,600	6.06	AA+		04-26-24

City of Sacramento  
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5,000,000	3134h1ea7	Freddie Mac 6.250% Due 10-24-28	100.00	5,000,000	99.97	4,998,507	58,160	5,056,667	0.33	6.250	312,500	6.25	AA+		01-24-24
5,000,000	3134h1kc6	Freddie Mac 6.000% Due 11-27-28	99.95	4,997,500	99.79	4,989,706	25,833	5,015,540	0.33	6.000	300,000	6.01	AA+		02-27-24
				126,972,650		122,699,916	620,037	123,319,953	8.17		3,595,850	2.91			
<b>FEDERAL AGRICULTURAL MORTGAGE CORP.</b>															
Not Classified															
5,000,000	31422x7f3	Farmer Mac 5.720% Due 09-18-25	100.00	5,000,000	99.93	4,996,633	81,828	5,078,461	0.33	5.720	286,000	5.72			03-18-24
3,000,000	31422xbt8	Farmer Mac 0.700% Due 12-17-25	100.00	3,000,000	93.12	2,793,717	817	2,794,534	0.19	0.700	21,000	0.70			
3,000,000	31422xbn1	Farmer Mac 0.690% Due 02-25-26	100.00	3,000,000	92.54	2,776,331	7,245	2,783,576	0.18	0.690	20,700	0.69			02-25-24
5,000,000	31422xpe6	Farmer Mac 1.300% Due 11-23-26	100.00	5,000,000	91.78	4,588,956	6,861	4,595,817	0.31	1.300	65,000	1.30			02-23-24
				16,000,000		15,155,637	96,751	15,252,388	1.01		392,700	2.53			
				16,000,000		15,155,637	96,751	15,252,388	1.01		392,700	2.53			
<b>FEDERAL FARM CREDIT BANK - FRMMT</b>															
Not Classified															
5,000,000	3133enne6	Federal Farm Credit Bank 1.230% Due 02-09-24	100.00	5,000,000	99.49	4,974,684	24,258	4,998,942	0.33	1.230	61,500	1.23	AA+		01-07-24
5,000,000	3133en5y2	Federal Farm Credit Bank 5.070% Due 01-17-25	100.00	5,000,000	99.67	4,983,303	115,483	5,098,786	0.33	5.070	253,500	5.07	AA+		01-17-24
5,000,000	3133ele28	Federal Farm Credit Bank 0.730% Due 05-27-25	100.00	5,000,000	94.61	4,730,564	3,447	4,734,011	0.32	0.730	36,500	0.73	AA+		01-07-24
5,000,000	3133el2s2	Federal Farm Credit Bank 0.670% Due 08-04-25	100.00	5,000,000	93.98	4,698,889	13,679	4,712,568	0.31	0.670	33,500	0.67	AA+		01-07-24
5,000,000	3133el4w1	Federal Farm Credit Bank 0.610% Due 08-25-25	99.92	4,996,250	93.99	4,699,617	10,675	4,710,292	0.31	0.610	30,500	0.63	AA+		01-07-24
5,000,000	3133epuk9	Federal Farm Credit Bank 5.540% Due 08-28-25	100.00	5,000,000	100.26	5,012,928	94,642	5,107,570	0.33	5.540	277,000	5.54	AA+		08-28-24
5,000,000	3133embh4	Federal Farm Credit Bank 0.530% Due 09-29-25	100.00	5,000,000	93.46	4,672,983	6,772	4,679,755	0.31	0.530	26,500	0.53	AA+		01-07-24
5,000,000	3133enuz1	Federal Farm Credit Bank 3.090% Due 10-20-25	100.00	5,000,000	97.52	4,876,047	30,471	4,906,518	0.32	3.090	154,500	3.09	AA+		01-07-24
5,000,000	3133emd22	Federal Farm Credit Bank 0.520% Due 10-21-25	99.76	4,987,950	93.12	4,656,182	5,056	4,661,238	0.31	0.520	26,000	0.57	AA+		01-07-24
5,000,000	3133emfr8	Federal Farm Credit Bank 0.540% Due 11-03-25	99.94	4,997,000	93.01	4,650,709	4,350	4,655,059	0.31	0.540	27,000	0.55	AA+		01-07-24
5,000,000	3133epc86	Federal Farm Credit Bank 5.620% Due 11-13-25	100.00	5,000,000	100.08	5,003,797	37,467	5,041,263	0.33	5.620	281,000	5.62	AA+		02-13-24
5,000,000	3133emqx3	Federal Farm Credit Bank 0.590% Due 02-17-26	100.00	5,000,000	92.42	4,620,874	10,981	4,631,855	0.31	0.590	29,500	0.59	AA+		01-07-24
5,000,000	3133emsk9	Federal Farm Credit Bank 0.840% Due 03-02-26	99.92	4,996,250	92.76	4,638,050	13,883	4,651,933	0.31	0.840	42,000	0.86	AA+		01-07-24
5,000,000	3133emsh6	Federal Farm Credit Bank 0.790% Due 03-03-26	100.00	5,000,000	92.65	4,632,488	12,947	4,645,436	0.31	0.790	39,500	0.79	AA+		01-07-24
5,000,000	3133emu7	Federal Farm Credit Bank 0.800% Due 03-09-26	100.00	5,000,000	92.62	4,630,818	12,444	4,643,263	0.31	0.800	40,000	0.80	AA+		01-07-24
5,000,000	3133emuk6	Federal Farm Credit Bank 1.050% Due 03-25-26	100.00	5,000,000	93.00	4,649,923	14,000	4,663,923	0.31	1.050	52,500	1.05	AA+		01-07-24
5,000,000	3133epgl3	Federal Farm Credit Bank 5.290% Due 04-21-26	99.90	4,995,000	99.69	4,984,601	51,431	5,036,032	0.33	5.290	264,500	5.33	AA+		01-07-24

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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	3133emh21	Federal Farm Credit Bank 0.900% Due 06-15-26	100.00	5,000,000	92.07	4,603,553	2,000	4,605,553	0.31	0.900	45,000	0.90	AA+		01-07-24
5,000,000	3133emh54	Federal Farm Credit Bank 0.960% Due 06-15-26	100.00	5,000,000	92.21	4,610,461	2,133	4,612,594	0.31	0.960	48,000	0.96	AA+		01-07-24
3,000,000	3133eml67	Federal Farm Credit Bank 0.800% Due 06-22-26	100.00	3,000,000	91.78	2,753,384	600	2,753,984	0.18	0.800	24,000	0.80	AA+		01-07-24
3,000,000	3133enzf0	Federal Farm Credit Bank 4.400% Due 06-22-26	100.00	3,000,000	99.00	2,970,105	3,300	2,973,405	0.20	4.400	132,000	4.40	AA+		01-07-24
5,000,000	3133emq62	Federal Farm Credit Bank 0.990% Due 07-13-26	100.00	5,000,000	92.04	4,602,206	23,100	4,625,306	0.31	0.990	49,500	0.99	AA+		01-07-24
5,000,000	3133em4s8	Federal Farm Credit Bank 0.870% Due 09-08-26	99.82	4,991,250	91.29	4,564,366	13,654	4,578,020	0.30	0.870	43,500	0.91	AA+		01-07-24
5,000,000	3133em6e7	Federal Farm Credit Bank 0.940% Due 09-28-26	100.00	5,000,000	91.30	4,564,781	12,142	4,576,923	0.30	0.940	47,000	0.94	AA+		01-07-24
3,000,000	3133endc1	Federal Farm Credit Bank 1.330% Due 11-03-26	100.00	3,000,000	92.01	2,760,210	6,428	2,766,638	0.18	1.330	39,900	1.33	AA+		01-07-24
5,000,000	3133epkz7	Federal Farm Credit Bank 5.540% Due 12-01-26	100.00	5,000,000	99.80	4,990,120	23,083	5,013,203	0.33	5.540	277,000	5.54	AA+		01-07-24
3,000,000	3133enjv3	Federal Farm Credit Bank 1.390% Due 12-29-26	100.00	3,000,000	91.79	2,753,728	232	2,753,959	0.18	1.390	41,700	1.39	AA+		01-07-24
5,000,000	3133envv9	Federal Farm Credit Bank 3.630% Due 05-03-27	100.00	5,000,000	97.17	4,858,747	29,242	4,887,989	0.32	3.630	181,500	3.63	AA+		01-07-24
5,000,000	3133en411	Federal Farm Credit Bank 5.500% Due 12-20-27	100.00	5,000,000	99.60	4,979,867	8,403	4,988,270	0.33	5.500	275,000	5.50	AA+		01-07-24
5,000,000	3133epxa8	Federal Farm Credit Bank 6.000% Due 10-02-28	100.00	5,000,000	99.91	4,995,363	74,167	5,069,530	0.33	6.000	300,000	6.00	AA+		04-02-24
				141,963,700		135,123,351	660,470	135,783,821	9.00		3,179,600	2.31			
				141,963,700		135,123,351	660,470	135,783,821	9.00		3,179,600	2.31			

**MUNICIPAL BONDS**

Not Classified															
520,000.00	13080szk3	California Statewide Cmntyts De 0.514% Due 02-01-24	100.00	520,000	99.65	518,168	1,114	519,282	0.03	0.514	2,673	0.51	A+		
2,970,000.00	92778vllh9	Virginia College Bldg Auth Va 2.910% Due 02-01-24	100.00	2,970,000	99.81	2,964,353	36,011	3,000,364	0.20	2.910	86,427	2.91	AA+		
2,500,000.00	13063d3m8	California St 5.222% Due 03-01-24	100.00	2,500,000	99.96	2,499,071	43,517	2,542,588	0.17	5.222	130,550	5.22	AA-		
5,000,000.00	64985tay7	New York St Urban Dev Corp Sales Tax Rev 2.020% Due 03-15-24	100.00	5,000,000	99.29	4,964,658	29,739	4,994,397	0.33	2.020	101,000	2.02			
2,000,000.00	92812vb70	Virginia Housing Development Authority 1.906% Due 04-01-24	100.00	2,000,000	99.27	1,985,344	9,530	1,994,874	0.13	1.906	38,120	1.91	AA+		
250,000.00	91412hfl2	University Calif Revenue Bonds 0.833% Due 05-15-24	100.00	250,000	98.43	246,067	266	246,333	0.02	0.833	2,082	0.83	AA		
1,500,000.00	91412hjk0	University Calif Revenue Bonds 0.367% Due 05-15-24	100.00	1,500,000	98.26	1,473,903	703	1,474,607	0.10	0.367	5,505	0.37	AA		
2,500,000.00	13032uvb1	California Health Facs Fing Auth Revenue 2.020% Due 06-01-24	100.00	2,500,000	98.70	2,467,412	4,208	2,471,620	0.16	2.020	50,500	2.02	AA-		
750,000.00	13032uxl7	California Health Facs Fing Auth Revenue 0.752% Due 06-01-24	100.00	750,000	98.19	736,414	470	736,884	0.05	0.752	5,640	0.75	AA-		
5,000,000.00	13017han6	California Earthquake Auth Rev 5.493% Due 07-01-24	99.98	4,998,900	100.00	4,999,797	137,325	5,137,122	0.33	5.493	274,650	5.51			

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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
1,000,000.00	365298y51	Garden Grove California Unified School District 1.966% Due 08-01-24	100.00	1,000,000	98.29	982,916	8,192	991,107	0.07	1.966	19,660	1.97	AA-		
850,000.00	13034al57	California Infrastructure & Ec 0.645% Due 10-01-24	100.00	850,000	96.83	823,089	1,371	824,460	0.05	0.645	5,482	0.65	AAA		
5,000,000.00	419792179	Hawaii St 5.101% Due 10-01-24	100.00	5,000,000	100.05	5,002,537	8,502	5,011,039	0.33	5.101	255,050	5.11	AA+		
4,000,000.00	882724v38	Texas St 5.616% Due 10-01-24	100.00	4,000,000	100.55	4,021,923	28,704	4,050,627	0.27	5.616	224,640	5.62	AAA		
1,150,000.00	605581mz7	Mississippi St 0.565% Due 11-01-24	100.00	1,150,000	96.59	1,110,747	1,083	1,111,830	0.07	0.565	6,497	0.57	AA		
3,000,000.00	576004gy5	Massachusetts St Spl Oblig Rev 3.660% Due 01-15-25	100.00	3,000,000	98.86	2,965,807	50,630	3,016,437	0.20	3.660	109,800	3.66			
750,000.00	13080sz11	California Statewide Cmnty De 0.732% Due 02-01-25	100.00	750,000	95.56	716,689	2,287	718,977	0.05	0.732	5,490	0.73	A+		
1,250,000.00	64990fa95	New York St Dorm Auth St Pers 1.062% Due 03-15-25	100.00	1,250,000	95.71	1,196,324	3,909	1,200,232	0.08	1.062	13,275	1.06	AA+		
1,650,000.00	64990fd43	New York St Dorm Auth St Pers 0.887% Due 03-15-25	100.00	1,650,000	95.50	1,575,823	4,309	1,580,132	0.10	0.887	14,635	0.89	AA+		
1,000,000.00	68607v3j2	Oregon St Dept of Admin Svcs Lottery Rev 2.915% Due 04-01-25	100.00	1,000,000	97.78	977,762	7,287	985,049	0.07	2.915	29,150	2.92	AAA		
3,000,000.00	92812vb88	Virginia Housing Development Authority 2.056% Due 04-01-25	100.00	3,000,000	96.54	2,896,057	15,420	2,911,477	0.19	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	94.87	664,096	835	664,930	0.04	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	94.87	3,320,399	3,949	3,324,348	0.22	0.883	30,905	0.70	AA		04-15-25
1,000,000.00	91412hjl8	University Calif Revenue Bonds 0.670% Due 05-15-25	100.00	1,000,000	94.53	945,274	856	946,130	0.06	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	94.69	1,183,645	992	1,184,637	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	94.34	4,716,860	2,292	4,719,152	0.31	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	94.75	947,487	700	948,187	0.06	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	94.13	470,630	155	470,785	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	94.88	4,744,151	31,450	4,775,601	0.32	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	97.58	3,903,247	61,260	3,964,507	0.26	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	93.41	878,065	1,798	879,863	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	93.38	3,735,182	5,747	3,740,928	0.25	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	92.94	1,733,325	1,949	1,735,274	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	93.46	4,673,072	18,579	4,691,651	0.31	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	93.31	933,059	3,495	936,554	0.06	1.187	11,870	1.19	AA+		

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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
1,000,000.00	68607v3k9	Oregon St Dept of Admin Svcs Lottery Rev 3.131% Due 04-01-26	100.00	1,000,000	97.21	972,096	7,827	979,923	0.06	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	91.82	918,205	4,296	922,500	0.06	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	93.06	2,791,857	23,262	2,815,119	0.19	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	92.00	1,817,019	9,883	1,826,902	0.12	1.201	23,720	2.13			
2,000,000.00	20772kqk8	Connecticut State 3.631% Due 06-15-27	99.57	1,991,480	97.86	1,957,203	3,228	1,960,430	0.13	3.631	72,620	3.73	AA-		
				89,419,494		86,429,732	577,130	87,006,862	5.76		2,045,473	2.32			
				89,419,494		86,429,732	577,130	87,006,862	5.76		2,045,473	2.32			
<b>CORPORATE BONDS</b>															
<b>INDUSTRIALS</b>															
4,245,000	88579ybh3	3M Company 2.000% Due 02-14-25	100.58	4,269,791	96.42	4,093,047	32,309	4,125,356	0.27	2.000	84,900	1.88	BBB+		01-14-25
2,567,000	438516cb0	Honeywell Intl Inc 1.350% Due 06-01-25	101.90	2,615,773	95.48	2,451,012	2,888	2,453,900	0.16	1.350	34,654	0.96	A		05-01-25
10,000,000	24422evk2	John Deere Capital Corp 0.700% Due 01-15-26	99.06	9,905,536	92.72	9,271,644	32,278	9,303,922	0.62	0.700	70,000	0.90	A		
				16,791,100		15,815,704	67,475	15,883,178	1.05		189,554	1.16			
<b>COMMUNICATION SERVICES</b>															
3,000,000	254687fk7	Disney Walt Co 1.750% Due 08-30-24	99.11	2,973,300	97.66	2,929,822	17,937	2,947,759	0.20	1.750	52,500	1.95	A-		07-30-24
<b>CONSUMER DISCRETIONARY</b>															
4,000,000	233851ds0	Mercedes-Benz Finance NA 3.650% Due 02-22-24	98.83	3,953,040	99.77	3,990,700	52,317	4,043,016	0.27	3.650	146,000	5.61	A		
5,000,000	904764ax5	Unilever Cap Corp 2.600% Due 05-05-24	97.59	4,879,550	98.97	4,948,445	20,222	4,968,667	0.33	2.600	130,000	5.35	A+		03-05-24
3,015,000	233851dx9	Mercedes-Benz Finance NA 2.700% Due 06-14-24	98.17	2,959,886	98.69	2,975,391	3,844	2,979,236	0.20	2.700	81,405	5.81	A		
2,000,000	46849ltk7	Jackson National Life Global 2.650% Due 06-21-24	104.11	2,082,240	98.18	1,963,635	1,472	1,965,107	0.13	2.650	53,000	1.60	A		
5,000,000	57629wec3	Massmutual Global Funding 2.950% Due 01-11-25	99.16	4,958,250	97.77	4,888,390	69,653	4,958,043	0.33	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	96.53	4,826,606	34,944	4,861,551	0.32	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	98.28	2,457,055	16,771	2,473,826	0.16	3.500	87,500	4.07	A		12-31-23
5,000,000	023135bq8	Amazon Com Inc 0.800% Due 06-03-25	101.16	5,057,900	94.75	4,737,447	3,111	4,740,558	0.32	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	97.92	2,937,698	33,125	2,970,823	0.20	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	92.39	1,709,277	5,332	1,714,609	0.11	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	92.42	4,621,068	15,521	4,636,589	0.31	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	92.54	4,626,984	16,528	4,643,512	0.31	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	92.42	4,620,767	6,806	4,627,573	0.31	1.000	50,000	1.06	AA		04-12-26

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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	571676aj4	Mars Inc 0.875% Due 07-16-26	97.32	4,865,950	91.29	4,564,441	20,052	4,584,493	0.30	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	91.86	4,133,499	9,750	4,143,249	0.28	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	93.35	4,667,284	39,583	4,706,867	0.31	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	95.80	1,916,095	14,933	1,931,028	0.13	2.800	56,000	3.26	AA-		
				67,537,113		64,584,782	363,964	64,948,746	4.30		1,295,467	2.46			
CONSUMER STAPLES															
2,000,000	440452ag5	Hormel Foods Corp 0.650% Due 06-03-24	100.15	2,002,920	98.00	1,960,016	1,011	1,961,028	0.13	0.650	13,000	0.60	A-		01-17-24
5,000,000	37331naj0	Georgia Pacific Corp 1.750% Due 09-30-25	104.38	5,219,150	94.65	4,732,423	22,118	4,754,541	0.32	1.750	87,500	0.82	A+		08-30-25
				7,222,070		6,692,440	23,129	6,715,569	0.45		100,500	0.76			
ENERGY															
5,000,000	637432ng6	National Rural Utils Coop Fin 3.250% Due 11-01-25	99.15	4,957,600	97.12	4,856,187	27,083	4,883,270	0.32	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	91.55	3,662,156	1,778	3,663,934	0.24	1.000	40,000	1.51	A-		05-15-26
5,000,000	291011bp8	Emerson Elec Co 0.875% Due 10-15-26	96.04	4,802,200	90.75	4,537,630	9,236	4,546,866	0.30	0.875	43,750	1.74	A		09-15-26
				13,671,320		13,055,972	38,097	13,094,069	0.87		246,250	2.34			
FINANCIAL															
5,000,000	48133pdz3	JP Morgan Chase Financial Co LLC 5.000% Due 02-29-24	100.00	5,000,000	99.41	4,970,253	104,861	5,075,114	0.33	5.000	250,000	5.00	A-		01-31-24
5,000,000	89236tjx4	Toyota Motor Credit Corp 2.500% Due 03-22-24	98.81	4,940,690	99.35	4,967,268	34,375	5,001,643	0.33	2.500	125,000	5.69	A+		
5,000,000	48133de55	JP Morgan Chase Financial Co LLC 3.125% Due 04-29-24	100.00	5,000,000	98.87	4,943,693	26,910	4,970,603	0.33	3.125	156,250	3.12	A-		01-29-24
5,000,000	05971kam1	Banco Santander S.A. 3.892% Due 05-24-24	99.67	4,983,600	99.29	4,964,747	20,001	4,984,748	0.33	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	97.33	4,866,405	19,542	4,885,946	0.32	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	97.47	4,873,613	18,750	4,892,363	0.32	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	96.90	2,422,535	22,083	2,444,619	0.16	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	96.94	4,852,046	45,267	4,897,313	0.32	2.200	110,110	1.79	A-		
3,000,000	89236tjx7	Toyota Motor Credit Corp 3.000% Due 04-01-25	99.83	2,994,960	97.78	2,933,260	22,500	2,955,760	0.20	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	96.96	4,847,767	37,465	4,885,232	0.32	3.250	162,500	3.25	A+		04-08-24
4,000,000	06406ran7	Bank New York Mellon Corp 1.600% Due 04-24-25	102.41	4,096,520	95.99	3,839,719	11,911	3,851,631	0.26	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	97.95	4,897,456	19,125	4,916,581	0.33	4.050	202,500	4.05	A		02-27-24
3,000,000	78015k7h1	Royal Bank of Canada 1.150% Due 06-10-25	100.27	3,008,130	94.79	2,843,713	2,012	2,845,726	0.19	1.150	34,500	1.09	A		

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5,000,000	064159v17	Bank Nova Scotia B C 1.300% Due 06-11-25	100.96	5,048,100	94.77	4,738,630	3,611	4,742,242	0.32	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	93.31	2,799,288	667	2,799,954	0.19	1.000	30,000	1.00	A-		03-23-24
5,000,000	17330pfq7	Citigroup Global Markets 4.700% Due 07-21-25	100.00	5,000,000	97.65	4,882,651	104,444	4,987,096	0.33	4.700	235,000	4.70	A		01-21-24
5,000,000	00138can8	AIG Global Funding 0.900% Due 09-22-25	99.82	4,991,000	92.84	4,642,098	12,375	4,654,473	0.31	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	93.36	4,668,215	5,333	4,673,549	0.31	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	92.60	3,703,960	2,000	3,705,960	0.25	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	91.84	4,592,043	1,031	4,593,074	0.31	0.825	41,250	0.82	A-		03-22-24
5,000,000	064159f84	Bank Nova Scotia B C 0.800% Due 12-30-25	100.00	5,000,000	90.01	4,500,445	111	4,500,556	0.30	0.800	40,000	0.80	A-		03-30-24
5,000,000	14913r3b1	Caterpillar Financial Services Corp 4.800% Due 01-06-26	100.71	5,035,650	100.60	5,030,017	116,667	5,146,683	0.34	4.800	240,000	4.54	A		
3,000,000	89114qcp1	Toronto Dominion Bank 0.750% Due 01-06-26	99.85	2,995,590	92.41	2,772,401	10,937	2,783,339	0.18	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	92.75	4,637,519	19,566	4,657,085	0.31	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	90.75	2,722,544	12,000	2,734,544	0.18	0.900	27,000	0.90	A+		01-21-24
5,000,000	06749nfm9	Barclays Bank Plc 5.550% Due 01-23-26	100.00	5,000,000	98.81	4,940,251	121,792	5,062,043	0.33	5.550	277,500	5.55	A+		01-23-24
5,000,000	48128g2y5	JP Morgan Chase & Co 1.000% Due 02-26-26	100.00	5,000,000	90.87	4,543,617	17,361	4,560,978	0.30	1.000	50,000	1.00	A-		02-26-24
5,000,000	0641593u8	Bank Nova Scotia B C 1.050% Due 03-02-26	99.40	4,970,000	92.13	4,606,525	17,354	4,623,879	0.31	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	92.68	4,634,093	14,875	4,648,968	0.31	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	92.42	4,621,130	10,667	4,631,797	0.31	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	90.16	4,507,908	10,167	4,518,075	0.30	1.200	60,000	1.20	A-		04-30-24
5,000,000	06048wv56	Bank of America Corporation 4.000% Due 05-05-26	100.00	5,000,000	97.22	4,860,828	31,111	4,891,939	0.32	4.000	200,000	4.00	A-		05-05-24
5,000,000	808513br5	Charles Schwab Corp 1.150% Due 05-13-26	99.74	4,986,950	91.61	4,580,650	7,667	4,588,317	0.31	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	91.90	4,594,973	8,333	4,603,306	0.31	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	90.96	4,547,906	9,139	4,557,045	0.30	1.400	70,000	1.40	A-		05-14-24
5,000,000	06048wm31	Bank of America Corporation 1.250% Due 05-28-26	100.00	5,000,000	90.94	4,546,897	5,729	4,552,626	0.30	1.250	62,500	1.25	A-		05-28-24
5,000,000	902674zz6	UBS Ag London Branch 1.250% Due 06-01-26	99.80	4,990,200	91.88	4,594,146	5,208	4,599,354	0.31	1.250	62,500	1.30	A+		
10,000,000	89114tzd7	Toronto Dominion Bank 1.200% Due 06-03-26	100.17	10,016,850	91.84	9,184,167	9,333	9,193,501	0.61	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	92.38	4,618,841	2,031	4,620,872	0.31	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	94.14	4,706,835	2,198	4,709,034	0.31	1.319	65,950	1.12	A-		06-19-25



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5,000,000	78016e2t7	Royal Bank of Canada 1.150% Due 07-14-26	99.97	4,998,550	91.52	4,576,029	26,674	4,602,702	0.30	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	90.69	2,720,841	15,000	2,735,841	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	89.63	2,688,918	10,637	2,699,555	0.18	1.150	34,500	1.36	A-		03-10-24
5,000,000	0641598k5	Bank Nova Scotia B C 1.300% Due 09-15-26	97.99	4,899,650	91.11	4,555,360	19,139	4,574,499	0.30	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	90.74	2,722,151	1,500	2,723,651	0.18	2.000	60,000	2.00	A-		03-22-24
5,000,000	59217ger6	Metropolitan Life Global Fdg I 1.875% Due 01-11-27	98.68	4,934,000	91.37	4,568,566	44,271	4,612,837	0.30	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	92.15	4,607,566	40,354	4,647,920	0.31	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	93.14	5,122,817	44,168	5,166,985	0.34	2.450	134,750	2.45	A-		02-03-27
				225,049,938		211,563,304	1,148,255	212,711,559	14.09		4,399,160	2.05			
<b>HEALTHCARE</b>															
7,000,000	91324peb4	Unitedhealth Group Inc 0.550% Due 05-15-24	96.54	6,758,010	98.19	6,873,482	4,919	6,878,401	0.46	0.550	38,500	5.59	A+		01-12-24
5,000,000	717081ex7	Pfizer Inc 0.800% Due 05-28-25	99.85	4,992,700	94.62	4,731,087	3,667	4,734,754	0.32	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	97.30	4,864,827	11,458	4,876,286	0.32	2.750	137,500	3.10	A+		03-01-25
4,000,000	478160en2	Johnson & Johnson 0.550% Due 09-01-25	99.75	3,989,960	93.70	3,747,932	7,333	3,755,265	0.25	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	92.73	4,636,476	13,229	4,649,705	0.31	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	95.88	2,396,908	8,385	2,405,293	0.16	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	92.61	4,630,621	7,347	4,637,969	0.31	1.150	57,500	1.15	A+		04-15-26
				33,105,695		31,881,334	56,340	31,937,674	2.12		398,625	2.41			
<b>INFORMATION TECHNOLOGY</b>															
10,000,000	594918bx1	Microsoft Corp 2.875% Due 02-06-24	98.89	9,888,800	99.75	9,975,142	115,799	10,090,941	0.66	2.875	287,500	4.65	AAA		02-01-24
5,000,000	459200jy8	IBM Corporation 3.000% Due 05-15-24	97.80	4,890,050	99.10	4,954,781	19,167	4,973,948	0.33	3.000	150,000	5.42	A-		
4,000,000	67066gal8	Nvidia Corporation 0.584% Due 06-14-24	96.46	3,858,440	97.85	3,913,955	1,103	3,915,058	0.26	0.584	23,360	5.54	A+		01-12-24
5,000,000	037833dm9	Apple Inc 1.800% Due 09-11-24	99.50	4,975,150	97.89	4,894,313	27,500	4,921,813	0.33	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	96.18	3,847,190	16,653	3,863,843	0.26	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	95.37	4,768,596	7,812	4,776,408	0.32	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	92.65	4,632,456	13,903	4,646,359	0.31	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	93.15	4,657,547	43,389	4,700,936	0.31	2.200	110,000	2.41	A-		01-09-27
				42,659,500		41,643,980	245,325	41,889,305	2.77		807,110	3.06			

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<b>TRANSPORTATION</b>															
5,000,000	12189lat8	Burlington Northn Santa Fe 3.400% Due 09-01-24	98.02	4,900,800	98.74	4,937,163	56,667	4,993,829	0.33	3.400	170,000	5.66	AA-		06-01-24
4,000,000	911312bt2	United Parcel Service Inc 2.200% Due 09-01-24	100.93	4,037,080	97.89	3,915,720	29,333	3,945,053	0.26	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	98.22	4,911,024	60,833	4,971,858	0.33	3.650	182,500	3.70	AA-		06-01-25
				13,930,220		13,763,907	146,833	13,910,740	0.92		440,500	3.92			
				422,940,255		401,931,244	2,107,355	404,038,599	26.78		7,929,667	2.27			
<b>SUPRANATIONALS</b>															
Not Classified															
5,000,000	4581x0df2	Inter-American Devel Bank 2.625% Due 01-16-24	98.41	4,920,500	99.91	4,995,464	60,156	5,055,621	0.33	2.625	131,250	5.39	AAA		
5,000,000	459058je4	International Bk Recon & Develop 0.375% Due 07-28-25	99.37	4,968,615	93.77	4,688,572	7,969	4,696,541	0.31	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	93.15	4,657,516	4,375	4,661,891	0.31	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	92.23	4,611,265	11,083	4,622,348	0.31	0.600	30,000	0.60	AAA		
				19,883,465		18,952,817	83,583	19,036,401	1.26		205,000	1.82			
				19,883,465		18,952,817	83,583	19,036,401	1.26		205,000	1.82			
<b>TREASURY BILLS</b>															
Not Classified															
8,000,000	912797fw2	U. S. Treasury Bill 5.220% Due 01-04-24	97.36	7,788,880	99.97	7,997,675	0	7,997,675	0.53	5.220	417,600	5.36	AA+		
				7,788,880		7,997,675	0	7,997,675	0.53		417,600	5.36			
<b>VARIABLE RATE SECURITIES</b>															
Not Classified															
5,000,000	78014rch1	Royal Bank of Canada 2.050% Due 02-27-25	100.00	5,000,000	96.22	4,810,826	35,306	4,846,131	0.32	2.050	102,500	2.05	A		02-27-24
5,000,000	3134gxqr8	Freddie Mac 3.500% Due 04-28-25	100.00	5,000,000	98.80	4,940,168	30,625	4,970,793	0.33	3.500	175,000	3.43	AA+		01-28-24
6,500,000	3134gxm76	Freddie Mac 5.000% Due 08-25-25	99.67	6,478,550	99.80	6,487,023	113,750	6,600,773	0.43	5.000	325,000	6.74	AA+		02-25-24
5,000,000	3130akln4	Federal Home Loan Bank 0.450% Due 10-14-25	100.00	5,000,000	94.43	4,721,748	10,437	4,732,185	0.31	0.450	22,500	0.67	AA+		01-14-24
2,708,000	06048wk25	Bank of America Corp 1.000% Due 10-30-25	99.95	2,706,646	92.09	2,493,705	4,589	2,498,294	0.17	1.000	27,080	0.86	A-		01-30-24
5,000,000	06048wk41	Bank of America Corp 0.850% Due 11-25-25	99.85	4,992,500	92.15	4,607,585	4,250	4,611,835	0.31	0.850	42,500	0.83	A-		02-25-24
5,000,000	06048wk66	Bank of America Corp 0.850% Due 12-23-25	100.00	5,000,000	90.72	4,536,172	944	4,537,117	0.30	0.850	42,500	0.80	A-		03-23-24
5,000,000	06048wk82	Bank of America Corp 0.750% Due 01-26-26	99.42	4,971,250	90.25	4,512,311	6,771	4,519,082	0.30	0.750	37,500	0.86	A-		01-26-24
5,000,000	3130aktt3	Federal Home Loan Bank 0.500% Due 01-29-26	100.00	5,000,000	93.16	4,657,929	10,556	4,668,484	0.31	0.500	25,000	0.59	AA+		01-29-24
5,000,000	3130aljk1	Federal Home Loan Bank 1.000% Due 03-23-26	100.00	5,000,000	93.30	4,664,819	1,111	4,665,930	0.31	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	93.14	4,657,066	5,469	4,662,535	0.31	1.125	56,250	1.00	AA+		
5,000,000	3130anxc9	Federal Home Loan Bank 0.750% Due 09-29-26	100.00	5,000,000	92.78	4,638,897	9,583	4,648,480	0.31	0.750	37,500	1.14	AA+		03-29-24

City of Sacramento  
**PORTFOLIO APPRAISAL**  
*City Investment Pool A*  
 December 31, 2023

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	459058kb8	International Bk Recon & Develop 2.250% Due 11-06-26	99.95	4,997,450	95.02	4,750,882	17,187	4,768,070	0.32	2.250	112,500	1.63	AAA		
5,000,000	46647pbt2	JP Morgan Chase Bank Na 1.045% Due 11-19-26	95.03	4,751,600	92.64	4,632,005	6,096	4,638,101	0.31	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	91.94	4,597,090	21,233	4,618,324	0.31	1.040	52,000	1.94	A-		02-04-26
				73,667,796		69,708,227	277,907	69,986,135	4.64		1,160,080	1.87			
				73,667,796		69,708,227	277,907	69,986,135	4.64		1,160,080	1.87			
<b>TOTAL PORTFOLIO</b>				<b>1,556,600,441</b>		<b>1,501,139,641</b>	<b>5,382,467</b>	<b>1,506,522,108</b>	<b>100.00</b>		<b>40,420,976</b>	<b>2.82</b>			

City of Sacramento  
**PURCHASE AND SALE**  
*City Investment Pool A*  
From 12-01-23 To 12-31-23

Trade Date	Settle Date	Sec Type Code	Security Symbol	Cusip	Quantity	Security	S & P	Unit Price	Amount
<b>PURCHASES</b>									
12-05-23	12-06-23	cpus	59515mfb6	59515MFB6	10,000,000	Microsoft Corp 5.340% Due 06-11-24	A-1+	97	9,721,133
12-07-23	12-19-23	mbus	419792179	419792L79	5,000,000.00	Hawaii St 5.101% Due 10-01-24	AA+	100	5,000,000
12-11-23	12-12-23	cpus	71708efa8	71708EFA8	7,000,000	Pfizer Inc 5.350% Due 06-10-24	A1	97	6,811,710
12-22-23	12-26-23	fhus	3134h1mk6	3134H1MK6	5,000,000	Freddie Mac 5.400% Due 12-21-26	AA+	100	5,000,000
12-26-23	12-26-23	tlus	313384zw2	313384ZW2	9,000,000	Federal Home Loan Bank Disc 4.930% Due 07-26-24	AA+	97	8,737,477
12-27-23	12-28-23	tlus	912796zv4	912796ZV4	9,000,000	U. S. Treasury Bill 4.548% Due 12-26-24	AA+	95	8,586,102
12-27-23	12-27-23	tlus	62479ljl0	62479LJL0	9,000,000	MUFG Bank Ltd/NY CP 5.170% Due 09-20-24	A-1	96	8,653,610
									52,510,032
<b>SALES</b>									
12-01-23	12-01-23	cpus	37737qz15	37737QZ15	8,000,000	Glaxosmithkline LLC 5.200% Due 12-01-23	A1	97	7,780,444
12-03-23	12-05-23	flus	3130axb72	3130AXB72	1,739,130	Federal Home Loan Bank 6.500% Due 10-03-28	AA+	100	1,739,130
12-04-23	12-04-23	cdus	2254915r2	22549L5R2	10,000,000	Credit Suisse New York 0.490% Due 12-04-23	A1	100	10,000,000
12-13-23	12-13-23	dpus	313312ql7	313312QL7	10,000,000	Federal Farm Credit Bank 5.210% Due 12-13-23	AA+	97	9,716,344
12-15-23	12-15-23	cpus	02314qzf9	02314QZF9	5,000,000	Amazon.Com Inc 5.050% Due 12-15-23	A1+	97	4,861,125
12-22-23	12-22-23	dpus	313384qv4	313384QV4	7,000,000	Federal Home Loan Bank 5.070% Due 12-22-23	AA+	97	6,792,975
12-26-23	12-26-23	cpus	59157uzs2	59157UZS2	5,000,000	Metlife Short Term Fund 5.400% Due 12-26-23	A1+	97	4,850,000
12-27-23	12-27-23	flus	3130aue67	3130AUE67	5,000,000	Federal Home Loan Bank 4.750% Due 12-27-23	AA+	100	5,000,000
12-29-23	12-29-23	vrus	06368ec59	06368EC59	3,000,000	Bank of Montreal 0.450% Due 12-29-23		100	3,000,000
									53,740,019

**Capitol Area  
Development  
Authority**

# CAPITOL AREA DEVELOPMENT AUTHORITY

## MONTHLY REVIEW – DECEMBER 2023

### 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.

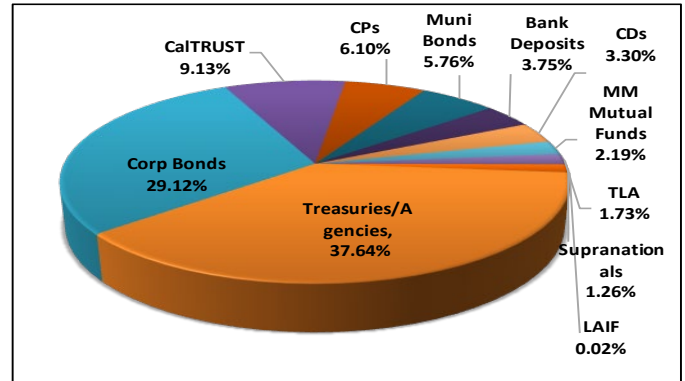
### PORTFOLIO STATISTICS

Beginning Balance	21,641,502
Contributions	0
Withdrawals	(1,065,000)
Interest Earned	46,786
Ending Balance	20,623,288

### PERFORMANCE COMPARISON

City Pool A	2.60%
LAIF	3.93%
90 Day T-Bill	5.37%
Federal Funds	5.33%

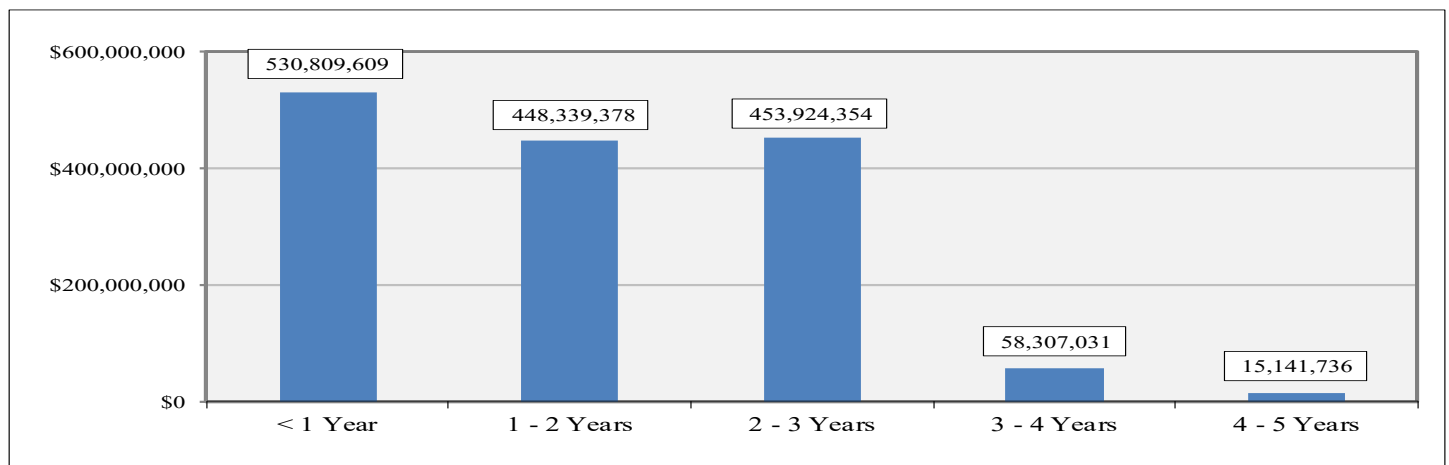
### CITY POOL A PORTFOLIO COMPOSITION



Asset Type	Pct. Assets	YTM
Treasuries/Agencies	37.64%	2.16%
Corp Bonds	29.12%	2.27%
CalTRUST	9.13%	12.25%
CPs	6.10%	5.71%
Muni Bonds	5.76%	2.32%
Bank Deposits	3.75%	4.40%
CDs	3.30%	2.32%
MM Mutual Funds	2.19%	5.00%
TLA	1.73%	5.13%
Supranationals	1.26%	1.82%
LAIF	0.02%	3.93%

### CITY POOL A MATURITY SCHEDULE

Maturity	Market Value	Pct. Holdings
< 1 Year	530,809,609	35.23%
1 - 2 Years	448,339,378	29.76%
2 - 3 Years	453,924,354	30.13%
3 - 4 Years	58,307,031	3.87%
4 - 5 Years	15,141,736	1.01%
Total	1,506,522,108	100.00%



City of Sacramento  
CASH LEDGER  
*Capitol Area Development Authority - Banking*  
From 12-01-23 To 12-31-23

**All Cash Accounts**

Trade Date	Settle Date	Tran Code	Quantity	Security	Amount	Cash Balance
<b>Pool A Cash</b>						
12-01-23				Beginning Balance		21,403,727.25
12-18-23	12-18-23	lo		Pool A Cash	-825,000.00	20,578,727.25
12-22-23	12-22-23	lo		Pool A Cash	-240,000.00	20,338,727.25
					-1,065,000.00	
<b>12-31-23</b>				<b>Ending Balance</b>		<b>20,338,727.25</b>
<b>Pool A Interest Receivable</b>						
12-01-23				Beginning Balance		237,775.19
12-31-23	12-31-23	in		Pool A Cash	46,786.14	284,561.33
				Dec 2023 estimated Pool A interest		
					46,786.14	
<b>12-31-23</b>				<b>Ending Balance</b>		<b>284,561.33</b>

# CAPITOL AREA DEVELOPMENT AUTHORITY – TAX EXEMPT

## MONTHLY REVIEW – DECEMBER 2023

### 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.

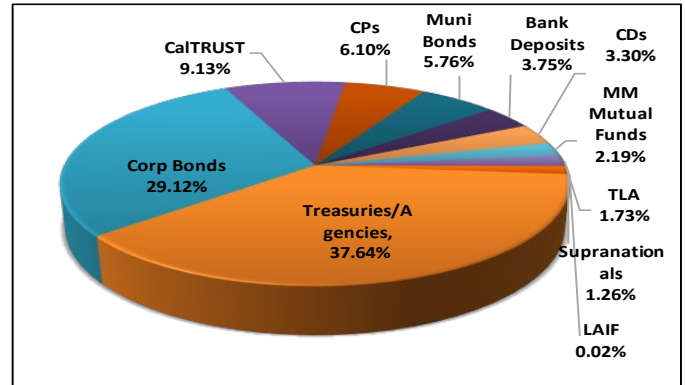
### PORTFOLIO STATISTICS

Beginning Balance	40,753
Contributions	0
Withdrawals	0
Interest Earned	90
Ending Balance	40,843

### PERFORMANCE COMPARISON

City Pool A	2.60%
LAIF	3.93%
90 Day T-Bill	5.37%
Federal Funds	5.33%

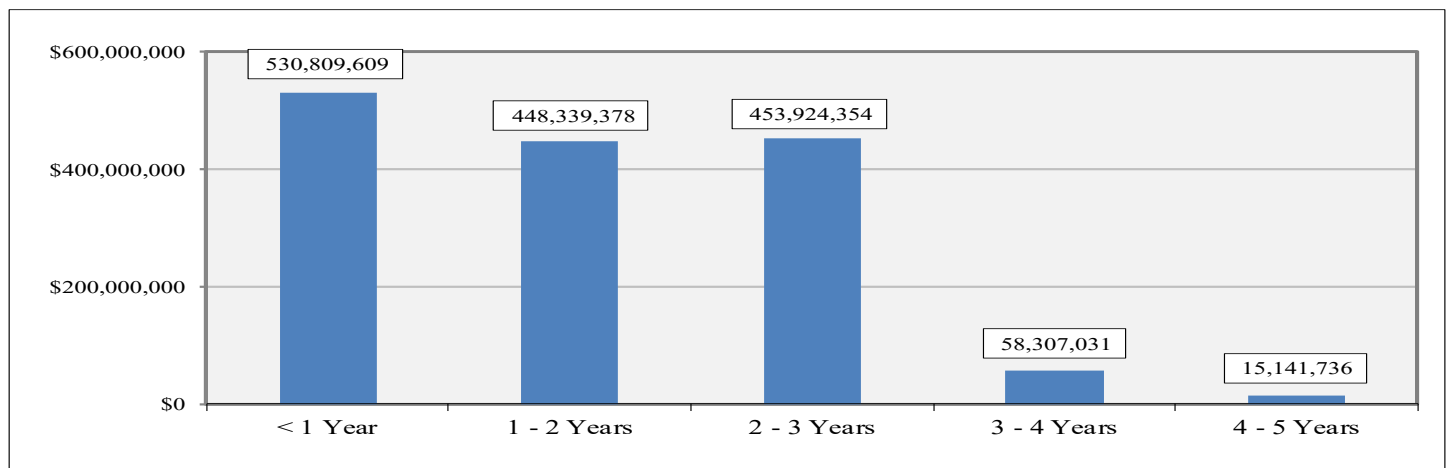
### CITY POOL A PORTFOLIO COMPOSITION



Asset Type	Pct. Assets	YTM
Treasuries/Agencies	37.64%	2.16%
Corp Bonds	29.12%	2.27%
CalTRUST	9.13%	12.25%
CPs	6.10%	5.71%
Muni Bonds	5.76%	2.32%
Bank Deposits	3.75%	4.40%
CDs	3.30%	2.32%
MM Mutual Funds	2.19%	5.00%
TLA	1.73%	5.13%
Supranationals	1.26%	1.82%
LAIF	0.02%	3.93%

### CITY POOL A MATURITY SCHEDULE

Maturity	Market Value	Pct. Holdings
< 1 Year	530,809,609	35.23%
1 - 2 Years	448,339,378	29.76%
2 - 3 Years	453,924,354	30.13%
3 - 4 Years	58,307,031	3.87%
4 - 5 Years	15,141,736	1.01%
Total	1,506,522,108	100.00%





City of Sacramento  
 CASH LEDGER  
*Capitol Area Development Authority - Tax Exempt*  
*From 12-01-23 To 12-31-23*

**All Cash Accounts**

Trade Date	Settle Date	Tran Code	Quantity	Security	Amount	Cash Balance
<b>Pool A Interest Receivable</b>						
12-01-23				Beginning Balance		447.76
12-31-23	12-31-23	in		Pool A Cash	89.97	537.73
				Dec 2023 estimated Pool A interest		
					89.97	
<b>12-31-23</b>				<b>Ending Balance</b>		<b>537.73</b>
<b>Pool A Cash</b>						
12-01-23				Beginning Balance		40,305.14
<b>12-31-23</b>				<b>Ending Balance</b>		<b>40,305.14</b>

# CAPITOL AREA DEVELOPMENT AUTHORITY – TAXABLE

## MONTHLY REVIEW – DECEMBER 2023

### 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.

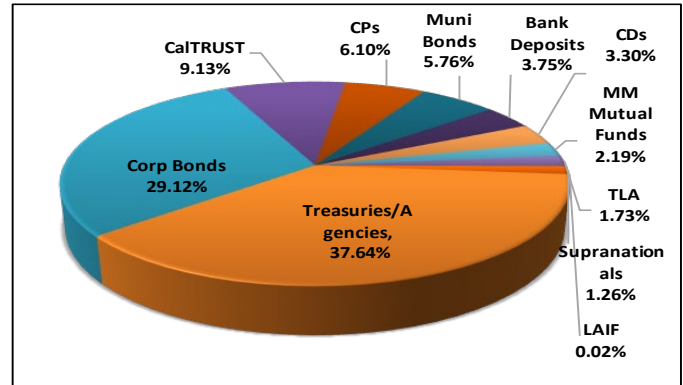
### PORTFOLIO STATISTICS

Beginning Balance	277,821
Contributions	0
Withdrawals	0
Interest Earned	613
Ending Balance	278,434

### PERFORMANCE COMPARISON

City Pool A	2.60%
LAIF	3.93%
90 Day T-Bill	5.37%
Federal Funds	5.33%

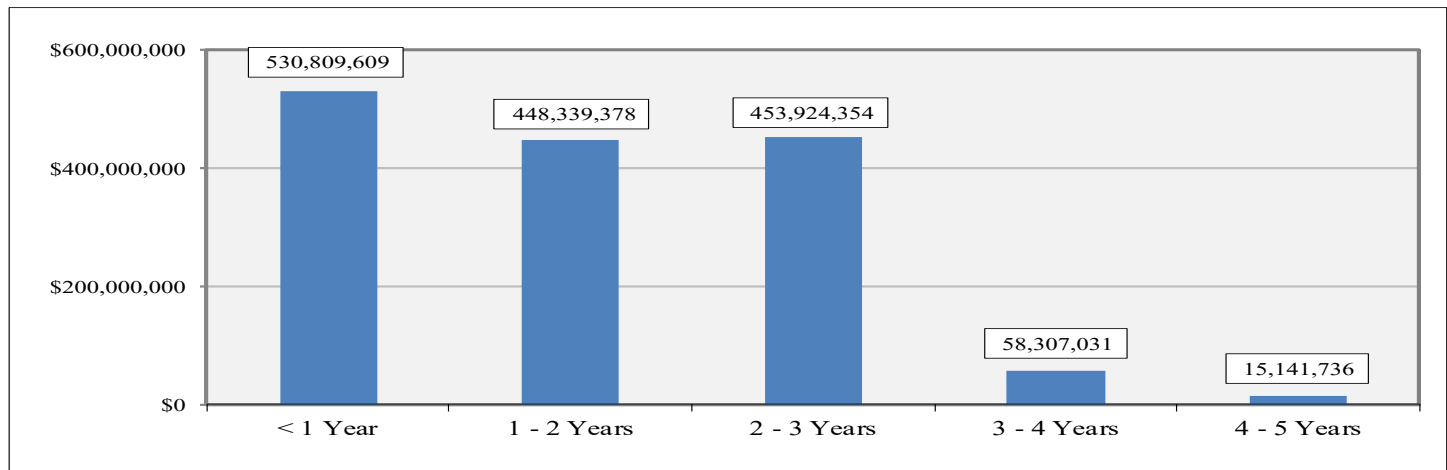
### CITY POOL A PORTFOLIO COMPOSITION



Asset Type	Pct. Assets	YTM
Treasuries/Agencies	37.64%	2.16%
Corp Bonds	29.12%	2.27%
CalTRUST	9.13%	12.25%
CPs	6.10%	5.71%
Muni Bonds	5.76%	2.32%
Bank Deposits	3.75%	4.40%
CDs	3.30%	2.32%
MM Mutual Funds	2.19%	5.00%
TLA	1.73%	5.13%
Supranationals	1.26%	1.82%
LAIF	0.02%	3.93%

### CITY POOL A MATURITY SCHEDULE

Maturity	Market Value	Pct. Holdings
< 1 Year	530,809,609	35.23%
1 - 2 Years	448,339,378	29.76%
2 - 3 Years	453,924,354	30.13%
3 - 4 Years	58,307,031	3.87%
4 - 5 Years	15,141,736	1.01%
Total	1,506,522,108	100.00%



City of Sacramento  
 CASH LEDGER  
*Capitol Area Development Authority - Taxable*  
*From 12-01-23 To 12-31-23*

**All Cash Accounts**

Trade Date	Settle Date	Tran Code	Quantity	Security	Amount	Cash Balance
<b>Pool A Interest Receivable</b>						
12-01-23				Beginning Balance		3,052.42
12-31-23	12-31-23	in		Pool A Cash	613.37	3,665.79
				Dec 2023 estimated Pool A interest		
					613.37	
<b>12-31-23</b>				<b>Ending Balance</b>		<b>3,665.79</b>
<b>Pool A Cash</b>						
12-01-23				Beginning Balance		274,768.83
<b>12-31-23</b>				<b>Ending Balance</b>		<b>274,768.83</b>

# CAPITOL AREA DEVELOPMENT AUTHORITY – 2020 TAXABLE BOND PROCEEDS

## MONTHLY REVIEW – DECEMBER 2023

### 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.

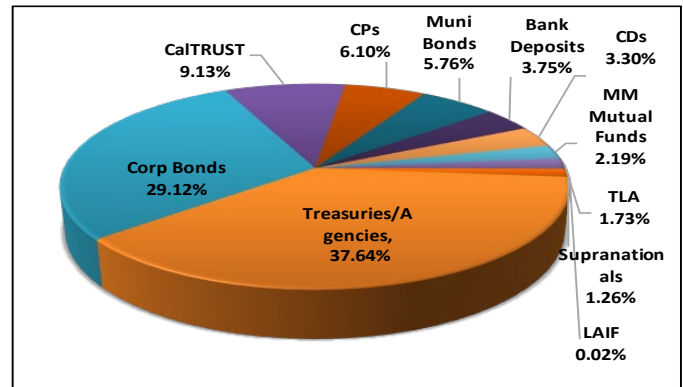
### PORTFOLIO STATISTICS

Beginning Balance	30,011,485
Contributions	0
Withdrawals	0
Interest Earned	66,259
Ending Balance	30,077,744

### PERFORMANCE COMPARISON

City Pool A	2.60%
LAIF	3.93%
90 Day T-Bill	5.37%
Federal Funds	5.33%

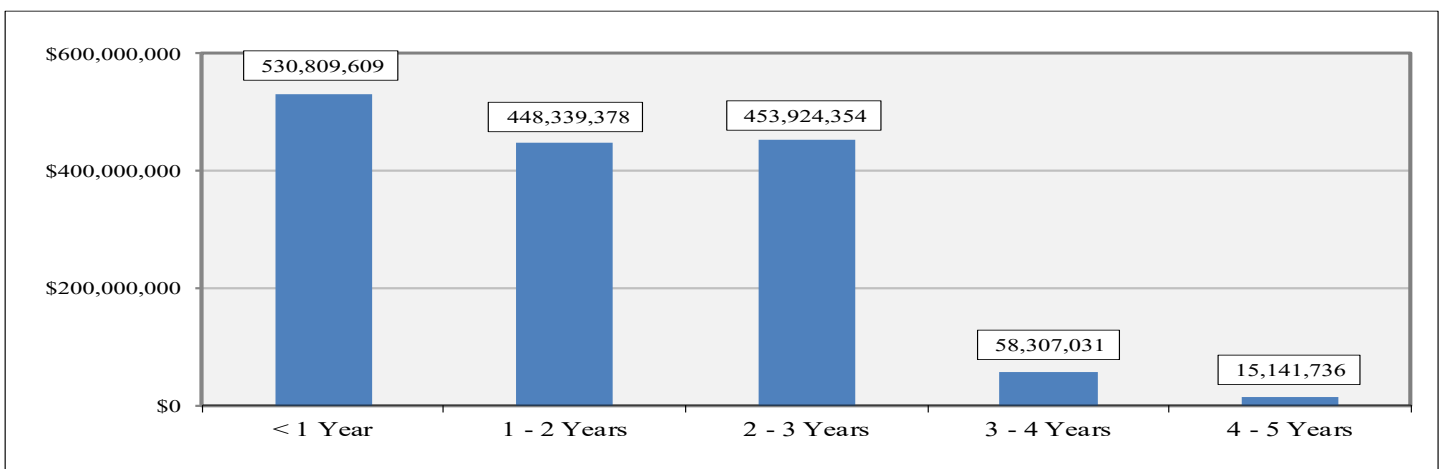
### CITY POOL A PORTFOLIO COMPOSITION



Asset Type	Pct. Assets	YTM
Treasuries/Agencies	37.64%	2.16%
Corp Bonds	29.12%	2.27%
CalTRUST	9.13%	12.25%
CPs	6.10%	5.71%
Muni Bonds	5.76%	2.32%
Bank Deposits	3.75%	4.40%
CDs	3.30%	2.32%
MM Mutual Funds	2.19%	5.00%
TLA	1.73%	5.13%
Supranationals	1.26%	1.82%
LAIF	0.02%	3.93%

### CITY POOL A MATURITY SCHEDULE

Maturity	Market Value	Pct. Holdings
< 1 Year	530,809,609	35.23%
1 - 2 Years	448,339,378	29.76%
2 - 3 Years	453,924,354	30.13%
3 - 4 Years	58,307,031	3.87%
4 - 5 Years	15,141,736	1.01%
Total	1,506,522,108	100.00%



City of Sacramento  
 CASH LEDGER  
**CADA 2020 Taxable Bond Proceeds**  
*From 12-01-23 To 12-31-23*

**All Cash Accounts**

Trade Date	Settle Date	Tran Code	Quantity	Security	Amount	Cash Balance
<b>Pool A Interest Receivable</b>						
12-01-23				Beginning Balance		329,736.07
12-31-23	12-31-23	in		Pool A Cash	66,258.71	395,994.78
				Dec 2023 estimated Pool A interest		
					66,258.71	
<b>12-31-23</b>				<b>Ending Balance</b>		<b>395,994.78</b>
<b>Pool A Cash</b>						
12-01-23				Beginning Balance		29,681,749.08
<b>12-31-23</b>				<b>Ending Balance</b>		<b>29,681,749.08</b>