



California Affordable
Housing Initiatives, Inc.

TO: Chair Anne Griffith
Vice-Chair Gregory D. Hartwig
Director Patricia Wells

NOTICE OF REGULAR BOARD MEETING

In accordance with Article III, Section 7, of the Bylaws of the California Affordable Housing Initiatives, Inc., NOTICE IS HEREBY GIVEN that a **Regular Meeting of the Board of Directors** will be held as follows:

BOARD OF DIRECTORS MEETING

Thursday, May 27, 2021 at 3:00 pm

NOTE: In accordance with Governor Newsom's issued Executive Order N-29-20, dated March 17, 2020, Suspending Brown Act Requirements for public meetings due to COVID-19, a local legislative body is authorized to hold public meetings via teleconferencing and make public meetings accessible "telephonically or electronically" to all members of the public seeking to observe and to address the legislative body.

Join Zoom Meeting

Phone one- US: +16692192599,,99771994962#,,,*334481#
tap: or +12133388477,,99771994962#,,,*334481#

Meeting URL: <https://oakha-org.zoom.us/j/99771994962?pwd=NEpJTDNIS05FRnVnRlg0U3ExbGtDdz09>

Meeting ID: 997 7199 4962

Passcode: 334481

Join by Telephone

For higher quality, dial a number based on your current location.

	US: +1 669 900 9128 US (San Jose)
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Dial:	Toll-free 833 548 0276 US Toll-free
	833 548 0282 US Toll-free
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Meeting ID: 997 7199 4962

Password: 334481

If you need special assistance to participate in the meeting, please contact CAHI at (510) 238-5300 (English TTY 800-735-2929 or Spanish TTY 800-855-3000). Notification at least 48 hours prior to the meeting will allow reasonable accommodations to ensure accessibility.



**Board of Directors Meeting
May 27, 2021
AGENDA**

- I. Roll Call
- II. Modifications to the Agenda
(Allows for any change in the order of business or the announcement of the postponement or continuation of agenda items.) The Board can only take action on items listed on this agenda unless a finding is made that an emergency exists or a need arose after agenda posting.
- III. Approval of Minutes
 - A. Regular Meeting of January 28, 2021
- IV. New Business
 - A. Designation of Audit Committee to Review Annual Audit and Prepare Report
 - B. Presentation of Audit Committee Report for FY2020 Audit
 - C. Presentation of Unaudited Comparative Financial Statements Dated March 31, 2021 and June 30, 2020
 - D. Consideration of a Resolution to Increase the Maximum Contract Value for the Demolition of All Structures at 2530 9th Avenue
- V. Recognition of persons wishing to address the Board
- VI. Written Communications
- VII. Announcements
- VIII. Adjournment

CALIFORNIA AFFORDABLE HOUSING INITIATIVES, INC.

By: Patricia Wells
Patricia Wells, Chief Executive Officer



DRAFT
Board of Directors Meeting Minutes
January 28, 2021

I. Roll Call

Chair Anne Griffith, Vice Chair Gregory Hartwig and Director Patricia Wells were all present on the conference call.

II. Modifications to the Agenda

Director Wells moved to modify the agenda to include the consideration of a resolution to approve a one-year contract extension for 1540 Webster janitorial services. Director Hartwig seconded the motion. All Directors voted to approve the modification to the agenda.

III. Approval of Minutes

A. Regular Meeting of November 02, 2020

Director Hartwig moved to approve the minutes of the regular meeting of November 02, 2020. Director Griffith seconded the motion. All Directors voted to approve the minutes as submitted.

IV. New Business

A. Briefing on Service Agreement between Performance-Based Contract Administrators and the National Association of Housing and Redevelopment Officials (NAHRO)

Joyce O'Shea, Acting Assistant Director of CAHI, presented the Services Agreement executed between the NAHRO and a group of performance-based contract administrators (PBCA Group), which included CAHI as the PBCA for Northern California. She stated that the PBCA group entered into a service agreement with NAHRO to perform government relations and advocacy services on the federal, state, and local levels. She also state that the agreement is for a one-year term with option for an extended two-year term and that staff will provide additional updates as necessary.

CAHI Board Meeting Minutes

January 28, 2021

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B. Briefing on FY2021 2nd Quarter Financials

Treasurer Madamba presented the financials for the period ending December 31, 2020. He stated that overall before depreciation, CAHI ended the 2nd quarter with a positive \$3.5M in net surplus.

Treasure Madamba responded to a question from Director Hartwig regarding the increase in HAP admin fees earned. He stated that the discrepancy from prior year can be attributed to CAHI's increased portfolio in Q2 and fees earned for assisting HUD with processing the COVID-19 Supplement Payment claims.

C. Status Update on 2530 9th Avenue, Oakland

Deni Adaniya, Acting Assistant Director of OHA's Office of Real Estate Development, provided an update on the status of CAHI's 2530 9th Avenue site. She outlined community outreach efforts by staff to communicate the planned demolition, and provided an update on the city permit required prior to demolition. She also stated the CAHI is working with a consultant to provide project management services for the 2530 9th Avenue demolition, and that CAHI plans to release a request for proposals for the demolition contractors after further consultation with the City.

Deni Adaniya also responded to questions from Director Hartwig and Director Griffith regarding the timing for demolition. She stated that the Authority's Real Estate Department is currently dual tracking items and prevent delays and that staff is ready to release the request for proposal as soon the a confirmation from the City is received.

D. Consideration of a Resolution to Approve a One-Year contract Extension with Able Building Maintenance, Inc. for 1540 Webster Janitorial Services

Andre Manriquez, Chief Operating Officer for the Oakland Housing Authority, provided an overview of the janitorial contract with between CAHI and Able Building Maintenance, Inc. He stated that the a three (3) month interim contract was put in place while the Authority's Contract Compliance and General Services (CCGS) department worked to issue a new procurement for janitorial services for 1540 Webster. He also stated that soliciting proposals is not feasible at this time due to the COVID-19 pandemic and that staff recommends that the board approve a one-year extension with Able Building Maintenance, Inc.

CAHI Board Meeting Minutes

January 28, 2021

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Director Hartwig motioned to approve the one-year contract extension. Director Griffith seconded the motion. All Directors voted to approve the one-year contract extension for Able Building Maintenance Inc.

V. Recognition of persons wishing to address the Board

There were no persons wishing to address the Board.

VI. Written Communications

Joyce O'Shea provided an updated on CAHI's fiscal year 2020 annual compliance review close-out letter. She stated that HUD completed it's review of CAHI's work and accomplishments related to the annual contributions contract, and that HUD determines there are zero findings and that CAHI's performance exceeds the ACC requirements.

VII. Announcements

There were no announcements.

VIII. Adjournment

Director Griffith motioned to adjourn. Director Hartwig seconded the motion. All Directors voted to adjourn the regular meeting at 1:37 pm.

CALIFORNIA AFFORDABLE HOUSING INITIATIVES, INC.

By: _____
Bridget Galka, Secretary



ITEM: IV.A

California Affordable Housing Initiatives MEMORANDUM

To: Board of Directors

From: Patricia Wells, Chief Executive Officer

^{DS}
PW

Subject: Designation of Audit Committee to Review Annual Audit and Prepare Report

Date: May 27, 2021

According to the CAHI Bylaws Article IV, Section 2, "There shall be an Audit Committee of the Board of Directors consisting of two (2) Directors designated by the Board. Officers of the Corporation shall be ineligible to serve on the Audit Committee. The Audit Committee shall have no powers of the Board but shall serve in an advisory capacity by reviewing the corporation's annual audit and preparing a report for the Board of Directors."

The FY2020 annual audit of CAHI has been completed and is ready to be reviewed.

The Board must designate an Audit Committee for the FY2020 annual audit. According to the bylaws (Article IV, Section 2), officers of the corporation are ineligible to serve on the audit committee. Therefore, since Director Wells is an officer (Chief Executive Officer), it is recommended that the Board designate Chair Anne Griffith and Vice-Chair Gregory D. Hartwig to serve on this committee to prepare a report on the audit.



ITEM: IV.B

California Affordable Housing Initiatives MEMORANDUM

To: Board of Directors

From: Patricia Wells, Chief Executive Officer

^{DS}
PW

Subject: Presentation of Audit Committee Report for FY2020 Audit

Date: May 27, 2021

Staff will present information on the FY2020 audit at the CAHI Board of Directors meeting. Staff will also be available to answer any questions regarding the FY2020 audit.

According to the CAHI Bylaws Article IV, Section 2, "...The Audit Committee shall have no powers of the Board but shall serve in an advisory capacity by reviewing the corporation's annual audit and preparing a report for the Board of Directors." The Audit Committee will complete their review of the FY2020 Audit, which contains no material weaknesses or significant deficiencies identified, and present their oral report to the Board of Directors at the meeting.

**CALIFORNIA AFFORDABLE
HOUSING INITIATIVES, INC.**
**(A Component Unit of the Housing Authority of the
City of Oakland)**

Independent Auditor's Reports,
Basic Financial Statements and
Schedule of Expenditures of Federal Awards

For the Year Ended June 30, 2020



Certified
Public
Accountants

CALIFORNIA AFFORDABLE HOUSING INITIATIVES, INC.
(A Component Unit of the Housing Authority of the City of Oakland)
For the Year Ended June 30, 2020

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Certified
Public
Accountants

Independent Auditor's Report

Board of Directors
California Affordable Housing Initiatives, Inc.
Oakland, California

Report on the Financial Statements

We have audited the accompanying financial statements of the California Affordable Housing Initiatives, Inc. (CAHI), a component unit of the Housing Authority of the City of Oakland, as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise CAHI's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit 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. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of CAHI as of June 30, 2020, and the changes in its financial position and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters***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.

Other Information

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise CAHI's basic financial statements. The accompanying schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, is presented for purposes of additional analysis and is not a required part of the basic financial statements.

The schedule of expenditures of federal awards 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 schedule of expenditures of federal awards 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 March 8, 2021, on our consideration of CAHI'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 CAHI'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 CAHI's internal control over financial reporting and compliance.



Sacramento, California
March 8, 2021

CALIFORNIA AFFORDABLE HOUSING INITIATIVES, INC.

Statement of Net Position

June 30, 2020

Assets:

Current assets:

Unrestricted cash	\$ 58,110,704
Accounts receivable	1,704,108
Restricted cash	26,357
Prepaid expenses	65,495
Total current assets	<u>59,906,664</u>

Noncurrent assets:

Other assets	194,643
Capital assets:	
Nondepreciable	4,757,019
Depreciable, net	8,726,878
Total noncurrent assets	<u>13,678,540</u>
Total assets	<u>73,585,204</u>

Liabilities:

Current liabilities:

Accounts payable	1,147,562
Due to the U.S. Department of Housing and Urban Development	26,357
Due to the Oakland Housing Authority	155,544
Other accrued liabilities	131,660
Total liabilities	<u>1,461,123</u>

Net position:

Net investment in capital assets	13,483,897
Unrestricted	58,640,184
Total net position	<u>\$ 72,124,081</u>

See accompanying notes to the basic financial statements.

CALIFORNIA AFFORDABLE HOUSING INITIATIVES, INC.

Statement of Revenues, Expenses and Change in Net Position

For the Year Ended June 30, 2020

Operating revenues:	
Housing assistance payment revenues and fees	\$ 676,340,932
Administrative fees	21,318,271
Non-dwelling rental	759,985
Other	643,286
Total operating revenues	<u>699,062,474</u>
Operating expenses:	
Program:	
Housing assistance payments	676,340,932
Supporting services:	
Management and general:	
Salaries and benefits	356,994
Other expenses	3,500
Administrative	15,161,870
Depreciation	396,333
Total operating expenses	<u>692,259,629</u>
Change in net position	6,802,845
Net position, beginning of year	<u>65,321,236</u>
Net position, end of year	<u><u>\$ 72,124,081</u></u>

See accompanying notes to the basic financial statements.

CALIFORNIA AFFORDABLE HOUSING INITIATIVES, INC.Statement of Cash Flows
For the Year Ended June 30, 2020

Cash flows from operating activities:	
Receipts from housing assistance payments and administrative fees	\$ 697,787,546
Receipts from customers and others	1,403,271
Payments to vendors and suppliers for goods and services	(15,596,843)
Housing assistance payments on behalf of tenants	<u>(677,579,476)</u>
Net cash provided by operating activities	<u>6,014,498</u>
Cash flows from capital and related financing activities:	
Acquisition of capital assets	<u>(83,598)</u>
Net increase in cash	5,930,900
Cash, beginning of year	<u>52,206,161</u>
Cash, end of year	<u><u>\$ 58,137,061</u></u>
Reconciliation to the statement of net position:	
Unrestricted cash	\$ 58,110,704
Restricted cash	<u>26,357</u>
Cash, end of year	<u><u>\$ 58,137,061</u></u>
Reconciliation of operating income to net cash provided by operating activities	
Operating income	\$ 6,802,845
Adjustments to reconcile operating income to net cash provided by operating activities:	
Depreciation	396,333
Decrease in:	
Accounts receivables	102,266
Other assets	61,522
Accounts payable	(1,238,544)
Due to Oakland Housing Authority	(175,525)
Increase in:	
Prepaid expenses	(5,245)
Due to U.S. Department of Housing and Urban Development	26,077
Other accrued liabilities	<u>44,769</u>
Net cash provided by operating activities	<u><u>\$ 6,014,498</u></u>

See accompanying notes to the basic financial statements.

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CALIFORNIA AFFORDABLE HOUSING INITIATIVES, INC.

Notes to the Basic Financial Statements

For the Year Ended June 30, 2020

NOTE 1 – ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES**(a) Organization**

California Affordable Housing Initiatives, Inc. (CAHI) was established in March 2001 as a non-profit public benefit corporation. The purpose of CAHI is to perform the functions of Project-Based Section 8 Program contract administration (Program) for the Northern California area under contract with the U.S. Department of Housing and Urban Development (HUD). CAHI has contracted with CGI-AMS (CGI), a third-party, to assist in administering the day-to-day operations of the Program.

CAHI is a component unit of the Housing Authority of City of Oakland (OHA) reporting entity and is included in OHA's basic financial statements.

The major tasks of CAHI include, but are not limited to the following:

- Monitor compliance of Section 8 project owners with their obligation to provide decent, safe and sanitary housing to assisted residents.
- Pay Section 8 project owners accurately and timely.
- Submit required documents accurately and timely to HUD.
- Comply with HUD regulations and requirements, both current and as amended in the future, governing administration of Section 8 Housing Assistance Payment (HAP) contracts.

CAHI submits HAP and Administrative Fee requests to HUD. Upon receipt of funds from HUD, CAHI transmits housing assistance payments to property owners by way of direct bank transfers or Automated Clearing House (ACH) transactions. Administrative fees paid by CAHI to CGI are made by wire transfers. The administrative fees received from HUD less payments made to CGI and other CAHI operating expenses are considered CAHI's earned incentive fees, or profits, which are shared equally with CGI under the contractual arrangement.

CAHI's financial records are maintained by OHA. CAHI's Treasurer works closely with the OHA staff members to monitor accounting activities.

(b) Basis of Accounting

The accompanying financial statements are prepared on the accrual basis of accounting. Revenues from administrative fees and housing assistance payments are recognized when earned and when all eligibility requirements have been satisfied, and expenses are recognized when incurred which is in accordance with accounting principles generally accepted in the United States of America (GAAP).

(c) Capital Assets

CAHI capitalizes assets with an individual cost of more than \$5,000 and estimated useful life in excess of one year. Costs of repairs and maintenance are expensed as incurred. Depreciation has been provided over estimated useful lives of the capital assets using the straight-line method. The estimated useful life of the building is 27.5 years.

CALIFORNIA AFFORDABLE HOUSING INITIATIVES, INC.

Notes to the Basic Financial Statements

For the Year Ended June 30, 2020

NOTE 1 – ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES (Continued)**(d) Net Position**

Net position comprises the various net earnings from operating income, non-operating revenues and expenses and capital contributions. Net position is classified in the following two components:

Net investment in capital assets - This component of net position consists of capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes or other borrowings that are attributable to the acquisition, construction or improvement of those assets. If there are significant unspent related debt proceeds at year-end, the portion of the debt attributable to the unspent proceeds are not included in the calculation of net investment in capital assets. Rather, that portion of the debt is included in the same net position component as the unspent proceeds.

Unrestricted - This component of net position consists of amounts that do not meet the definition of “net investment in capital assets.”

CAHI’s net position results from accumulated contract fee revenues earned in excess of cumulative fees and other administrative expenses incurred. Since there are no restrictions imposed on these funds once the fee revenues are released by HUD, management considers the net position as unrestricted.

(e) Compensated Absences

Under the current organizational structure, CAHI does not have compensated employees and all required tasks are performed by personnel retained under contractual arrangements. Accordingly, no accrued vacation or compensated absences are recognized in the accompanying financial statements.

(f) Income Taxes

CAHI is a public charity under Internal Revenue Code (IRC) Section 509(a)(2) and is exempt from taxation under Section 501(c)(3) of the IRC and 23701d of the California Revenue and Taxation Code and is generally not subject to federal or state income taxes. However, CAHI is subject to income taxes on any net income that is derived from a trade or business carried on, and not in furtherance of the purposes for which it was granted exemption. No income tax provision has been recorded as the net income, if any, from any unrelated trade or business, in the opinion of management, is not material to the accompanying financial statements taken as a whole.

CALIFORNIA AFFORDABLE HOUSING INITIATIVES, INC.

Notes to the Basic Financial Statements

For the Year Ended June 30, 2020

NOTE 1 – ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

CAHI follows the accounting for uncertainty in income taxes recognized in a nonpublic entity's financial statements. It details how entities should recognize, measure, present, and disclose uncertain tax positions that have been or are expected to be taken. As such, the financial statements will reflect expected future tax consequences of uncertain tax positions presuming the taxing authorities' full knowledge of the position and all relevant facts. There was no impact to CAHI's financial statements as a result of these provisions. CAHI is subject to routine audits by taxing jurisdictions; however, there are currently no audits for any tax periods in progress. CAHI believes it is no longer subject to income tax examinations for years prior to 2012.

(g) Use of Estimates

Management of CAHI has made certain estimates and assumptions relating to the reporting of assets and liabilities and revenues and expenses to prepare these financial statements in conformity with GAAP. Actual results may differ from those estimates.

NOTE 2 – CASH

CAHI's cash consist of three accounts maintained with a financial institution, and petty cash used for minor operating expenses. At June 30, 2020, CAHI's cash is as follows:

Interest bearing checking account	\$ 45,537,077
Administrative fee account	12,573,527
Housing assistance payment (HAP) account (restricted)	26,357
Petty cash	<u>100</u>
Total restricted and unrestricted cash	<u>\$ 58,137,061</u>

Under HUD's Project-Based Section 8 Program contract administration requirements, CAHI has an established bank account with MUFG Union Bank, N.A. (Union Bank) that is restricted to receiving and disbursing Housing Assistance Payments (HAP) each month. The amount of HAP approved and received from HUD in this account is immediately disbursed to Section 8 property owners under an arrangement with Union Bank, and would normally have no carrying balance. Any income earned in the account is required to be reported and returned to HUD periodically as program income. The HAP account is restricted to payments made for HAP. Any excess cash in this account will be refunded to HUD at termination of the contract.

All bank accounts are maintained with one financial institution and insured up to \$250,000 by the Federal Depositary Insurance Corporation (FDIC). In accordance with the California Government Code, the financial institution has to secure deposits made by state or local governmental units by pledging securities in an undivided collateral pool held by a depository regulated under state law (unless so waived by the governmental unit). The fair value of the pledged securities in the collateral pool must equal at least 110% of the total amount deposited by the public agencies. Although CAHI is a not a governmental entity, its agreement with Union Bank is established as part of an agreement with Union Bank under OHA. Therefore, its deposits are subject to collateralization as required by the California Government Code. California law also allows financial institutions to secure the CAHI deposits by pledging first trust deed mortgage notes having a value of 150% of the secured public deposits.

CALIFORNIA AFFORDABLE HOUSING INITIATIVES, INC.

Notes to the Basic Financial Statements

For the Year Ended June 30, 2020

NOTE 3 – CAPITAL ASSETS

CAHI's capital assets activities for the year ended June 30, 2020, are as follows:

	Balance July 1, 2019	Additions	Deletions	Transfers	Balance June 30, 2020
<i>Capital assets being depreciated:</i>					
Land	\$ 4,697,712	\$ -	\$ -	\$ -	\$ 4,697,712
Construction in progress	59,307	-	-	-	59,307
Total capital assets, not being depreciated	4,757,019	-	-	-	4,757,019
<i>Capital assets being depreciated:</i>					
Building and improvements	10,718,106	83,598	-	-	10,801,704
Less accumulated depreciation	(1,678,493)	(396,333)	-	-	(2,074,826)
Total depreciated capital asset, net	9,039,613	(312,735)	-	-	8,726,878
Total capital assets, net	\$ 13,796,632	\$ (312,735)	\$ -	\$ -	\$ 13,483,897

NOTE 4 – ADMINISTRATIVE FEES EXPENSES/LIABILITIES

These liabilities consist of administrative fees and CGI's portion of earned incentive fees due to CGI that have not been paid by CAHI as of June 30, 2020. In September 2019, CAHI extended its contract with CGI for administrative services to January 31, 2021, which is consistent with the extensions provided by HUD as its renewals with CAHI under the amended Annual Contribution Contract (ACC). The amount owed for the year ended June 30, 2020 was \$1,147,562.

NOTE 5 – RELATED PARTY TRANSACTIONS

Certain costs charged to CAHI consist of OHA accounting and administrative services. OHA is reimbursed for these charges and also for certain non-payroll expenses it pays on CAHI's behalf. At June 30, 2020, CAHI owes OHA \$155,544 for accounting and administrative services.

On September 1, 2015, CAHI and OHA entered into a twenty year operating lease agreement for office space for its Leased Housing Department and for its main computer server room, in which OHA agreed to pay base lease payments to CAHI as follows:

	Unit A 24,954	Unit B 663	7 Parking	
Fiscal Year	Gross Rentable Square Feet	Gross Rentable Square Feet	Spaces	Total
2021	\$ 738,657	\$ 19,625	\$ 13,814	\$ 772,096
2022	753,430	20,018	14,090	787,538
2023	768,498	20,418	14,372	803,288
2024	783,868	20,827	14,659	819,354
2025	799,546	21,243	14,952	835,741
2026 - 2030	4,244,085	112,761	79,369	4,436,215
2031 - 2035	4,685,813	124,497	87,630	4,897,940
2036	212,667	5,650	3,977	222,294
Total	\$ 12,986,564	\$ 345,039	\$ 242,863	\$ 13,574,466

The lease commenced on September 19, 2015, and ends on September 18, 2035. Rental income from OHA totaled \$759,985 in fiscal year 2020. OHA has two subsequent options to extend the initial term of the lease, each for a term of five years.

CALIFORNIA AFFORDABLE HOUSING INITIATIVES, INC.

Notes to the Basic Financial Statements

For the Year Ended June 30, 2020

NOTE 6 – INSURANCE

CAHI maintains two insurance policies as required by HUD. The Crime Policy, related to employee dishonesty actions, covers incidences of up to \$35 million in losses with a \$500,000 deductible per incident. The Directors and Officers Liability and Employment Practices Liability Policy covers up to \$1 million in losses with a \$10,000 deductible per incident. No losses have been incurred or claimed by CAHI under these policies during the past fiscal year.

NOTE 7 – ECONOMIC DEPENDENCY

CAHI is dependent on HUD's appropriation of funds for the Program. In November 2012, a second amendment was made with HUD to renew the ACC until December 31, 2014. On May 15, 2014, HUD exercised the sixth and seventh three-month renewal terms under the ACC, as amended by the second amendment, to extend its contract with CAHI until December 31, 2014. On December 5, 2014, HUD approved a third amendment of the ACC to extend its contract for six months from January 1, 2015, and ending on June 30, 2015. On April 14, 2016, HUD elected to exercise the remaining renewals through a fourth amendment extending the contract until December 31, 2017, effective May 1, 2016. On December 7, 2017, HUD and CAHI entered into a fifth amendment which extended the contract through December 31, 2018. On January 1, 2019, a sixth amendment extended the contract through June 30, 2019. On July 1, 2019 the ACC was extended for a subsequent term of three months beginning on July 1, 2019 to September 30, 2019. The agreement was amended and extended through January 31, 2021 starting on October 1, 2019 which includes an additional 6 month extension term until July 31, 2021, and provided for up to two six-month extension terms. On November 3, 2020, the agreement was extended by HUD through January 31, 2022.

NOTE 8 – COVID-19

In March 2020, the World Health Organization declared coronavirus COVID-19 a global pandemic. This contagious disease outbreak, which has continued to spread, and any related adverse public health developments, has adversely affected workforces, customers, economies, and financial markets globally. Due to the nature of CAHI's operations, there was minimal impact of COVID-19 on this year's financial statements of CAHI. At this time, CAHI cannot estimate the impact of COVID-19 on future year's financial statements.

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**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
California Affordable Housing Initiatives, Inc.
Oakland, 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 California Affordable Housing Initiatives, Inc. (CAHI), a component unit of the Housing Authority of the City of Oakland, as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise CAHI's basic financial statements, and have issued our report thereon dated March 8, 2021.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered CAHI'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 CAHI's internal control. Accordingly, we do not express an opinion on the effectiveness of CAHI'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 may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether CAHI'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.

A handwritten signature in black ink that reads "Macias Gini E O'Connell LPA". The signature is written in a cursive, flowing style.

Sacramento, California

March 8, 2021



Certified
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Accountants

Independent Auditor's Report on Compliance for the Major Federal Program and Report on Internal Control Over Compliance Required by the Uniform Guidance

Board of Directors
California Affordable Housing Initiatives, Inc.
Oakland, California

Report on Compliance for the Major Federal Program

We have audited California Affordable Housing Initiatives, Inc.'s (CAHI) compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on CAHI's major federal program for the year ended June 30, 2020. CAHI's major federal program is identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for CAHI's major federal program based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about CAHI's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for the major federal program. However, our audit does not provide a legal determination of CAHI's compliance.

Opinion on the Major Federal Program

In our opinion, CAHI complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on its major federal program for the year ended June 30, 2020.

Report on Internal Control Over Compliance

Management of CAHI is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered CAHI's internal control over compliance with the types of requirements that could have a direct and material effect on the major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for the major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of CAHI's internal control over compliance.

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

Our consideration of internal control over compliance 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 compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that were not identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.



Sacramento, California

March 8, 2021

CALIFORNIA AFFORDABLE HOUSING INITIATIVES, INC.

Schedule of Expenditures of Federal Awards

For the Year Ended June 30, 2020

<u>Federal Grantor Program Title</u>	<u>Federal CFDA Number</u>	<u>Federal Expenditures</u>	<u>Passed Through to Subrecipients</u>
U.S. Department of Housing and Urban Development			
<i>Direct Program</i>			
Section 8 Project-Based Cluster:			
Section 8 Housing Assistance Payments Program	14.195	<u>\$691,863,296</u>	<u>\$ -</u>

See accompanying notes to the schedule of expenditures of federal awards.

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CALIFORNIA AFFORDABLE HOUSING INITIATIVES, INC.

Notes to the Schedule of Expenditures of Federal Awards

For the Year Ended June 30, 2020

NOTE 1 – GENERAL

The Schedule of Expenditures of Federal Awards (the Schedule) presents the activity of all federal programs of California Affordable Housing Initiatives, Inc. (CAHI).

NOTE 2 – BASIS OF ACCOUNTING

The Schedule is presented using the accrual basis of accounting. CAHI did not elect to use the 10% de minimus indirect cost rate pursuant to §200.414 Indirect (F&A) Costs of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*.

NOTE 3 - RELATIONSHIP TO FINANCIAL STATEMENTS

Federal award revenues and expenditures agree to or can be reconciled with the amounts reported in CAHI's financial statements.

CALIFORNIA AFFORDABLE HOUSING INITIATIVES, INC.

Schedule of Findings and Questioned Costs

For the Year Ended June 30, 2020

Section I – Summary of Auditor’s Results***Financial Statements***

Type of report the auditor issued on whether the financial statements audited were prepared in accordance with GAAP:

Unmodified

Internal control over financial reporting:

◆ Material weakness(es) identified?

No

◆ Significant deficiency(ies) identified?

None reported.

Noncompliance material to the financial statements noted?

No

Federal Awards

Internal control over major federal program:

◆ Material weakness(es) identified?

No

◆ Significant deficiency(ies) identified?

None reported.

Type of auditor’s report issued on compliance for the major federal program:

Unmodified

Any audit findings disclosed that are required to be reported in accordance with the 2 CFR 200.516(a)?

No

Identification of major federal program:

 CFDA Number

14.195

 Name of Federal Program

 Section 8 Housing Assistance
 Payments Program

Dollar threshold used to distinguish between Type A and Type B programs:

\$3,000,000

Auditee qualified as a low-risk auditee?

Yes

Section II - Financial Statement Findings

None reported.

Section III - Federal Award Findings and Questioned Costs

None reported.

CALIFORNIA AFFORDABLE HOUSING INITIATIVES, INC.

Summary Schedule of Prior Audit Findings

For the Year Ended June 30, 2020

There were no audit findings noted for the year ended June 30, 2019.



ITEM: IV.C

California Affordable Housing Initiatives MEMORANDUM

To: Board of Directors

From: Patricia Wells, Chief Executive Officer

DS
PW

Subject: Presentation of the Unaudited Comparative Financial Statements dated
March 31, 2021 and June 30, 2020

Date: May 27, 2021

This memorandum forwards to the Board supplemental information to the California Affordable Housing Initiatives, Inc. (CAHI) unaudited financial statements dated March 31, 2021 and June 30, 2020. Staff will also be available to answer any questions regarding the financials.

Financial Highlights are as follows:

Statement of Financial Position: March 31, 2021 and June 30, 2020

Assets:

- Total Current Assets increase by 9% primarily due to net admin fees (cash) received for the nine months from HUD.
- Total Non-Current Assets decreased slightly due to depreciation of Capital Assets.

Liabilities:

- Total Liabilities of \$2.1M represent payables incurred in the normal course of operations. The Total Liabilities slightly increase related to timing of recording of accruals for the quarter resulting in a current ratio of 30.97, which is extremely healthy.
- CAHI does not have any debt.

Briefing on FY21 Q3 Financials
Page 2 of 2

Statement of Activities: Comparing 3rd Quarter Actuals vs Budget

Revenue:

- Housing Assistance Payment Revenue and Administrative Fee Revenue increased based on higher HUD Budget Authority (ACC).
- Interest Income decreased to lower interest rates. Previous year's interest resulted from higher negotiated interest from the bank for money market funds. These rates were lower in the current year due to COVID-19 Pandemic.

Expenses:

- Total direct expenses were higher by 5%.
 - HAP payments pass through from HUD to the property owners. The expenses equal the revenue for HAP. Both revenue and expenses were higher.
 - Administrative expenses to pay CGI contract costs for administering the program were higher.
- Total Indirect expenses representing a decreased of 9%.
 - Insurance expense for Fidelity and Liability coverage increase due to higher premiums.
 - Lower bank fees reflect normal cost for the current year. Higher bank fees recognize in the prior year to reimburse OHA for unbilled fees.
 - Depreciation expense is a noncash item and represents 31% of Total Indirect Expenses.

Overall, CAHI continues to realize a change in net assets (surplus) of about \$4.8M per year. Cash continues to remain the primary asset of the organization and results in over 80% of the equity position of the organization.

**Management
Use
Only**

CALIFORNIA AFFORDABLE HOUSING INITIATIVES, INC.

FINANCIAL STATEMENTS

March 31, 2021 and June 30, 2020

UNAUDITED

CALIFORNIA AFFORDABLE HOUSING INITIATIVES, INC.

Statement of Financial Position

March 31, 2021 and June 30, 2020

	FY21	FY20	\$ Change	% Change
Current Assets				
Cash Account - Admin Fee	17,287,850	12,573,527	4,714,323	27%
Cash Account - HAP	62,006	26,357	35,649	57%
Cash Account - IOC	45,544,009	45,537,077	6,932	0%
Petty Cash Fund	100	100	-	0%
Accounts Receivable - Other	-	13,995	(13,995)	-100%
Accounts Receivable - HUD	2,754,881	1,690,113	1,064,768	39%
Prepaid Insurance	142,759	65,495	77,264	54%
Total Current Assets	65,791,606	59,906,664	5,884,942	9%
Non Current Assets				
Net Pension & OPEB Assets	148,773	148,773	-	0%
Nondepreciable:				
Land	4,697,712	4,697,712	-	0%
Depreciable :				
Buildings	10,801,703	10,801,703	-	0%
Less: Accumulated Depreciation	(2,372,076)	(2,074,826)	(297,250)	13%
Depreciable, Net	8,429,627	8,726,877	(297,250)	-4%
Construction In Process	59,307	59,307	-	0%
Total Non Current Assets	13,335,419	13,632,668	(297,250)	-2%
Deferred Outflow of Resources	61,710	61,710	-	0%
Total Assets	79,188,735	73,601,043	5,587,692	7%
Liabilities				
Current Liabilities				
Accounts Payable - Other	1,936,098	1,199,276	736,822	38%
Accounts Payable - HUD	62,006	26,357	35,649	57%
Accounts Payable - OHA	81,727	155,543	(73,816)	-90%
Net pension liability	44,720	44,720	-	0%
Total Current Liabilities	2,124,552	1,425,896	698,656	33%
Total Liabilities	2,124,552	1,425,896	698,656	33%
Deferred Inflow of Resources	51,065	51,065	-	0%
Total Liabilities and Deferred Inflows	2,175,617	1,476,961	698,656	32%
Net Assets				
Net investment in capital assets	13,483,895	13,483,895	-	0%
Unrestricted	63,529,223	58,640,186	4,889,037	8%
Total Net Assets	77,013,118	72,124,081	4,889,037	6%
Total Liabilities and Equity	79,188,735	73,601,043	5,587,692	7%

CALIFORNIA AFFORDABLE HOUSING INITIATIVES, INC.

Statement of Activities

For the nine months ended March, 31, 2021

REVENUE				Last Year	Annual
	Actuals	Budget	% Change	Actuals	Budget
HAP and Admin Income					
HAP Earned	537,703,713	511,255,170	4.9%	501,243,736	681,673,538
Admin Fee Earned	15,906,018	15,530,391	2.4%	14,361,613	20,707,188
Total HAP and Admin	\$ 553,609,731	\$ 526,785,561	4.8%	515,605,349	702,380,726
Interest Income and Other					
Interest Income	8,098	669,338	-8165.8%	599,553	892,451
Rental Income	580,628	636,569	-9.6%	569,406	848,759
Total Interest Income and Other	588,726	1,305,908	-121.8%	1,168,960	1,741,210
Total Revenue	\$554,198,457	\$528,091,469	4.7%	\$516,774,309	\$704,121,936
EXPENSES					
Direct Expenses :					
HAP Payments	537,703,713	511,255,170	4.9%	501,243,736	681,673,538
Admin Fees - CGI	10,692,532	10,921,320	-2.1%	9,617,534	14,561,760
Total Direct Expense	548,396,246	522,176,490	4.8%	510,861,270	696,235,298
Indirect Expenses:					
Salary	129,853	252,954	-94.8%	110,300	337,273
Fringe Benefits	27,884	65,625	-135.4%	55,681	89,319
Admin expenses	7,768	15,075	-94.1%	4,046	20,100
Fidelity & Liability Insurance	208,643	213,750	-2.4%	192,987	284,999
Bank Fees	51,027	72,991	-43.0%	153,521	97,321
Maintenance expenses	27,883	65,062	-133.3%	44,145	86,750
Legal Fees	15,588	75,000	-381.2%	70,788	100,000
Auditing Fee	34,442	33,750	2.0%	39,500	45,000
Capital Outlay	36,429	142,500	-291.2%	5,990	190,000
Allocated Overhead Exp.*	93,409	75,000	19.7%	76,537	100,000
Miscellaneous Exp.	22,500	22,500	0.0%	22,500	30,000
Depreciation Exp.*	297,250	-	100.0%	292,916	-
Total Indirect Expenses	952,675	1,034,207	-8.6%	1,068,912	1,380,762
Total Expenses	549,348,921	523,210,697	-3.8%	511,930,182	697,616,060
Net Surplus/(Deficit)	4,849,537	4,880,771	(31,235)	4,844,127	6,505,876



ITEM: IV.D

California Affordable Housing Initiatives MEMORANDUM

To: Board of Directors

From: Patricia Wells, Chief Executive Officer

DS
PW

Subject: Authorization to increase the maximum contract value for the demolition of all structures at 2530 9th Avenue, Oakland

Date: May 27, 2021

Staff recommends that the Chief Executive Officer be authorized to negotiate and enter into an abatement and demolition agreement with the contractor selected through the upcoming procurement for 2530 9th Avenue in a maximum amount, not to exceed, \$750,000.

Background

2530 9th Avenue is a vacant 15-unit apartment building in the Bella Vista neighborhood of Oakland. In 2015, CAHI issued a request for proposals for development plans for the site. CAHI selected a joint proposal from Resources for Community Development (RCD) and the Oakland Community Land Trust (OakCLT). Between 2015 and 2019, RCD and OakCLT developed plans to rehabilitate the building and attempted to secure financing for the project. They were unable to secure enough financing to make the project feasible, and the RCD/OakCLT redevelopment efforts were formally terminated in October 2019.

Because rehabilitating the existing building was infeasible, staff recommended that the structures be demolished and the property held until a suitable affordable developer can be identified to redevelop the site. On April 23, 2020, the CAHI Board of Directors approved a resolution authorizing CAHI to proceed with the demolition of the structures on the 2530 9th Avenue site. At the same meeting, the Board authorized the Chief Executive Officer to procure and hire a contractor, or contractors necessary to complete the demolition, and enter into any and all agreements necessary to complete the demolition in an amount not to exceed \$250,000.

Demolition – 2530 9th Avenue, Oakland

Page 2 of 2

On January 12, 2021, staff presented an update to this Board. Since then, additional progress has been achieved in the following areas.

Permitting

As of April 27th, CAHI's application for a demolition permit has been approved by both the city's Planning and Zoning Division and the Building Department.

Contracting

The Request for Proposals for an abatement and demolition contractor has been drafted and is set for release on Wednesday, May 19th with proposals due on Friday, June 18th. The RFP includes detailed work plans for the proper abatement, handling and disposal of the identified lead, asbestos and PCBs pursuant to all applicable local, state and federal requirements prepared by the environmental consultant, Forensic Analytical Consulting Services.

In preparation for the release of this RFP, staff approached Nibbi Brothers, a reputable general contracting company that is not interested in submitting a proposal, for a high level conceptual cost estimate to perform the proposed abatement and demolition scope of work. Based on their review, they estimated that the work could range between \$450,000 and \$550,000 however actual costs may be higher depending on contractors' actual cost projections included as part of their proposals to complete the work.

The RFP will be circulated to contractors who have previously registered as a vendor with the Oakland Housing Authority, to the West Oakland Job Resource Center, to the following local chambers of commerce (Oakland Chamber of Commerce, Oakland Vietnamese Chamber of Commerce, Oakland African American Chamber of Commerce, Oakland Chinatown Chamber of Commerce), and to Councilperson Fortunato Bas' office.

Community Outreach

Staff have remained in contact with Councilperson Fortunato Bas, including a recent meeting on May 5th. Staff have also provided a recent demolition update to the Bella Vista Neighborhood Coalition for Peace and Community (NCPC) that included various ways members could refer locally based contractors to receive the RFP. Once the contractor is selected and a start date established, staff will distribute notifications to all residents who live within a 300' – 500' radius, including residents on both 9th Avenue and 10th Avenue.

Recommendation

Based on costing feedback from Nibbi Brothers, staff recommend an increase to the maximum, not to exceed, contract value from \$250,000 to \$750,000 contingent upon the outcome of the Request for Proposals, detailed evaluation of the proposals received by both the review panel and separately, by administrative staff overseeing the work, and subsequent negotiations with the awardee.

**THE BOARD OF DIRECTORS OF THE
CALIFORNIA AFFORDABLE HOUSING INITIATIVES, INC.**

**RESOLUTION INCREASING THE MAXIMUM CONTRACT VALUE FOR THE
DEMOLITION OF ALL STRUCTURES AT 2530 9TH AVENUE**

WHEREAS, the California Affordable Housing Initiatives, Inc. issued a Request for Proposals for development plans for 2530 9th Avenue on June 10, 2015; and

WHEREAS, four (4) organizations submitted proposals by the August 21, 2015 deadline; and

WHEREAS, the evaluation panel scored the joint proposal from Resources for Community Development and the Oakland Community Land Trust ("RCD/Land Trust") as the highest of the four proposals; and

WHEREAS, the panel's conditional recommendation to approve the RCD/Land Trust proposal was brought to the Board in closed session on January 14, 2016; and

WHEREAS, at its meeting on March 3, 2016, the Board authorized the Chief Executive Officer to negotiate and execute a Development and Disposition Agreement; and

WHEREAS, the Chief Executive Officer, on behalf of the California Affordable Housing Initiatives, Inc., entered into the Disposition, Development and Loan Agreement (DDLA) by and between California Affordable Housing Initiatives, Inc. and Oakland Community Land Trust and Resources for Community Development on October 3, 2016; and

WHEREAS, after three and a half years of pursuing the project, RCD/Land Trust determined that the project is no longer viable and will not be exercising their option to extend the DDLA to December 31, 2019; and

WHEREAS, CAHI and RCD/Land Trust came to an agreement of all terms and entered into the Termination and Release Agreement dated October 19, 2019 thereby terminating the DDLA; and

WHEREAS, the structures have continued to deteriorate and pose a safety hazard to maintenance staff as well as the community at large; and

WHEREAS, at its April 27, 2020 meeting, the Board approved the demolition of all structures and authorized the Chief Executive Officer to procure and hire a contractor, or contractors, as necessary to complete the abatement and demolition of the structures; and

WHEREAS, at its April 27, 2020, the Board authorized the Chief Executive Officer to enter into any and all agreements necessary to complete the demolition in an amount not to exceed \$250,000.

**NOW, THEREFORE, BE IT RESOLVED BY THE BOARD OF DIRECTORS OF THE
CALIFORNIA AFFORDABLE HOUSING INITIATIVES, INC.:**

THAT, the Chief Executive Officer is authorized to enter into any and all agreements necessary to complete the abatement and demolition in a maximum contract, whose value shall not to exceed, \$750,000; and

THAT, the Chief Executive Officer is authorized to take any and all actions necessary to implement the foregoing resolution.

*I certify that the foregoing resolution is a full, true and correct copy
of a resolution passed by the Directors of the California Affordable Housing Initiatives,
Inc. on May 27, 2021.*

Bridget Galka, Secretary