

AGENDA
REGULAR MEETING OF THE BOARD OF DIRECTORS
HUMBOLDT BAY DEVELOPMENT ASSOCIATION, INC.

DATE: Thursday, August 25, 2016

TIME: 5:00 PM

PLACE: Woodley Island Marina Meeting Room

The Meeting Room is wheelchair accessible. Accommodations and access to Harbor District meetings for people with other handicaps must be requested of the Director of Administrative Services at 443-0801 at least 24 hours in advance of the meeting.

- 1. Call to Order Regular Meeting at 5:00 P.M. and Roll Call**
- 2. Pledge of Allegiance**
- 3. Public Comment**

Note: This portion of the Agenda allows the public to speak to the Board on the various issues not itemized on this Agenda. A member of the public may also request that a matter appearing on the Consent Calendar be pulled and discussed separately. Pursuant to the Brown Act, the Board may not take action on any item that does not appear on the Agenda. Each speaker is limited to speak for a period of three (3) minutes regarding each item on the Agenda. Each speaker is limited to speak for a period of three (3) minutes during the PUBLIC COMMENT portion of the Agenda regarding items of special interest to the public not appearing on the Agenda that are within the subject matter jurisdiction of the Board of Commissioners. The three (3) minute time limit may not be transferred to other speakers. The three (3) minute time limit for each speaker may be extended by the President of the Board of Commissioners or the Presiding Member of the Board of Commissioners at the regular meeting of the District. The three (3) minute time limit for each speaker may be enforced by the President of the Board of Commissioners or the Presiding Member of the Board of Commissioners at the regular meeting of the District.

- 4. Consent Calendar**
- 5. Unfinished Business**
 - a. Construction update.
 - b. CDI interim use.
- 6. New Business**
 - a. Consideration for Approval of June 30, 2016 Financial Statements.
 - b. Discussion Grand Opening event and date.
 - c. Discussion signage and logo.
- 7. Adjournment**

August 4, 2016

TO: Jack Crider, HBDA
HBDA Board of Directors
FROM: Suzanne Dockal, Dockal & Associates

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UPDATE ON FINANCIAL STATEMENTS

Attached are your financial statements. They include all activity through June 30, 2016. The balance sheet includes all activity through draw #4, with 70% of financing having been drawn down from Chase.

There are two new lines on the balance sheet under "Soft Costs". They are accounting related and are the interest being paid to Chase during the construction (Capitalized Construction Int), and, the amortization (write off) of the Advisory Fee and Financing Cost from starting your project. The interest was funded from the Chase Fee Reserve account and the Chase disbursement account. The amortizations of fees started in March, and were recorded in this period. The amortization, while a current period expense, is not a cash transaction.

The profit and loss presents both the quarter just ended, and the year to date. The loss on these statements is from the amortization expense. The amortization period is seven years, beginning in March 2016, so four months of "expense" are included in these statements.

All of the bank accounts are reconciled through June 30, 2016, and reconciliations are available for review if you want to see them. Just let me know.

Once you have reviewed these statements, and the Board has formally accepted them, they can be shared with Chase and NMCC.

UPDATE ON DRAW/ NEW MARKET REQUIREMENTS

Draw #5 was submitted to Chase on July 28, 2016 and brings total requested funds to 90%. Unconditional releases have been obtained for all payments through draw #4. Some contractors are now receiving their final payments and I am getting unconditional final releases from them. As soon as the draw is received all contractors will be paid.

I also met on July 20th with Jimmy Tran from TELACU. He gave me the short course in the New Market Tax Credit, including a general overview of the reporting/monitoring requirements and how the tax credit works. There are a number of unusual requirements for the tax credit that do restrict what your non-profit can do, and I am going to prepare an outline of them that I will give to you next month.

We also briefly reviewed the credit agreement you signed, as this lists all of the reporting requirements. While there are a lot of reporting requirements, once the system is set up to track the necessary data, it should not be overly burdensome. We also reviewed the accounting requirements for reporting, as well as the March 31, 2016 financial statements. Jimmy also explained some of the documents in the Novogradac report and the overall financial structure of the construction budget and the beginning operating budget once the construction is completed.

Next activities are to pay contractors as soon as funds rec'd; read the credit agreement so reporting obligations are clearly understood; gather documents required for meeting CDE 8/15/16 reporting requirements.

3:17 PM

08/03/16

Accrual Basis

Humboldt Bay Development Association, Inc.

Balance Sheet

As of June 30, 2016

	Jun 30, 16
ASSETS	
Current Assets	
Checking/Savings	
BBVA Compass (HBDA operating)	62,755.52
Cash in Fee Reserve	413,633.03
Chase Constr Disb (ending 2331)	1,869,523.69
Total Checking/Savings	2,345,912.24
Total Current Assets	2,345,912.24
Fixed Assets	
Construction In Progress	
Hard Costs	
Door Replacement	181,840.40
Electrical Power Supply	632,673.00
NatGas/WaterSupply/Restroom Exp	157,576.00
Roof Repairs	400,000.00
Siding & Window Replacement	650,000.00
Hard Costs - Other	565,000.00
Total Hard Costs	2,587,089.40
Soft Costs	
Capitalized Construction Int	67,575.95
HBHRCO Mgmt Fee	66,666.66
Intangible Assets	
Advisory Fee	345,924.00
Financing Cost	424,039.80
Intangible Assets Amortization	-36,664.92
Total Intangible Assets	733,298.88
Total Soft Costs	867,541.49
Total Construction In Progress	3,454,630.89
Total Fixed Assets	3,454,630.89
Other Assets	
Prepaid Lease	3,906,000.00
Total Other Assets	3,906,000.00
TOTAL ASSETS	9,706,543.13
LIABILITIES & EQUITY	
Liabilities	
Current Liabilities	
Accounts Payable	
Contractors Payable	664,036.23
Total Accounts Payable	664,036.23
Total Current Liabilities	664,036.23
Long Term Liabilities	
Notes Payable	
CNMCSub-CDE69,LLC	1,750,000.00
New Markets Community Cap	6,930,000.00
Total Notes Payable	8,680,000.00
Total Long Term Liabilities	8,680,000.00
Total Liabilities	9,344,036.23

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08/03/16

Accrual Basis

Humboldt Bay Development Association, Inc.

Balance Sheet

As of June 30, 2016

	Jun 30, 16
Equity	
Gov't Contribution Revenue	399,057.00
Net Income	-36,550.10
Total Equity	362,506.90
TOTAL LIABILITIES & EQUITY	9,706,543.13

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08/03/16

Accrual Basis

Humboldt Bay Development Association, Inc.

Profit & Loss

April through June 2016

	Apr - Jun 16	Jan - Jun 16
Ordinary Income/Expense		
Expense		
Bank Charges/Fees	84.88	84.88
NMTC Transaction Cost		
Amortization - Advisory Fees	16,472.56	16,472.56
Amortization - Financing Costs	20,192.36	20,192.36
Total NMTC Transaction Cost	36,664.92	36,664.92
Total Expense	36,749.80	36,749.80
Net Ordinary Income	-36,749.80	-36,749.80
Other Income/Expense		
Other Income		
Interest Income	159.07	199.70
Total Other Income	159.07	199.70
Net Other Income	159.07	199.70
Net Income	-36,590.73	-36,550.10

ATTACHMENT 1

COMPLIANCE CERTIFICATE

In order to ensure that each of the loan or loans made by CNMC SUB-CDE 69, LLC, a Delaware limited liability company ("CNMC CDE"), NEW MARKETS COMMUNITY CAPITAL XVII, LLC, a Delaware limited liability company ("NMCC CDE" and together with CNMC CDE, the "Lenders"), to HUMBOLDT BAY DEVELOPMENT ASSOCIATION, INC., a California nonprofit public benefit corporation ("Borrower"), on March 9, 2016 (the "Effective Date") qualify as a "qualified low-income community investment" (a "QLICI"), Borrower hereby certifies that it is a "qualified active low-income community business" (a "QALICB"), as such terms are defined by Section 45D of the Internal Revenue Code, as amended (the "Code"), and Section 1.45D-1(d)(4) of the Treasury Regulations.

1. Capitalized terms not otherwise defined in this Certificate have the meanings set forth in the New Markets Tax Credit Addendum to Credit Agreement attached as Exhibit A to that certain Credit Agreement, dated as of the Effective Date, by and between Lenders and Borrower.

2. Borrower acknowledges and agrees that it is and will remain a QALICB. Accordingly, Borrower hereby certifies that, as of the date hereof:

(a) The ratio of (i) the average value of the tangible property owned or leased by the Borrower and used by the Borrower during the current fiscal year of the Borrower to date within any "low-income community" as such term is defined in Section 45D of the Code and the related Regulations, to (ii) the total average value of the tangible property owned or leased by the Borrower and used by the Borrower in the current fiscal year to date, is no less than 85%. For purposes of the preceding sentence, tangible property owned by the Borrower has been valued at its cost basis as determined under Section 1012 of the Code and tangible property leased by the Borrower has been valued at a reasonable amount established by Borrower and reasonably acceptable to Lenders.

(b) Less than 5% of the average aggregate unadjusted bases of the Borrower's property is attributable to collectibles (as defined in Section 408(m)(2) of the Code). Borrower has provided Lenders a true, correct and complete listing of any collectibles owned by the Borrower, which listing includes the unadjusted bases of such property.

(c) Less than 5% of the average aggregate unadjusted bases of the Borrower's property is attributable to nonqualified financial property (as defined in Section 1397C(e) of the Code). Borrower has provided Lenders with a true, correct and complete listing of any non-qualified financial property owned by the Borrower, which includes the unadjusted bases of such property.

(d) The Borrower's business activities do not include operation of any Excluded Business.

(e) Additionally, no lessee or sublessee of Borrower is a business operating any Excluded Business as of the date hereof.

- (f) No portion of the Property constitutes Residential Rental Property.
- (g) Borrower currently has no employees and will not have any employees without the prior written consent of Lenders.
- (h) If applicable, at least 50% of the services performed for the Borrower by its employees (or employees of any Affiliate of Borrower that is primarily engaged in providing services to Borrower) is, will be and shall continue to be performed on the Property. The percentage of services performed is determined based on the total amount paid by the Borrower for employee services performed on the Property during the taxable year compared to the total amount paid by the Borrower for employee services during the taxable year.
- (i) Throughout the terms of the CDE Loans, Borrower shall be engaged in activities that further its exempt purpose and maintain its exempt nonprofit status under Section 501(a)(3) of the Code.
- (j) The Property is located in highly distressed census tract number 06023001300, and such census tract constitutes a "low-income community" as such term is defined in Section 45D of the Code and the related Regulations.
- (k) The nature of the Borrower, and Borrower's primary sources of revenue, is the development and use of the Property, and Borrower's primary expenditures are projected to be as set forth in the Projections. Borrower has no present plans or intentions to change the nature of or manner in which it conducts its business activities which would cause it not to be in accordance with the provisions of this subsection (k).

IN WITNESS WHEREOF, the Borrower has caused this Compliance Certificate to be duly executed on August 11, 2016.

BORROWER:

Humboldt Bay Development Association, Inc., a
California nonprofit public benefit corporation

By:


Name: Jack Crider
Title: Executive Director

EXHIBIT C

QALICB QUESTIONNAIRE

Entity Name: Humboldt Bay Development Association, Inc., a California nonprofit public benefit corporation ("Borrower")

Effective date of report: June 30, 2016

Date report prepared: 8/11/2016

Name of person preparing report: Jack Crider

Phone number: (707) 44 - 0801

Defined terms: Capitalized terms used herein and not otherwise defined herein have the meanings set forth in the Credit Agreement to which this Exhibit C is attached.

No.	Question	Explanation / Response
1.	Has there been any default, with or without notice, or conditions which if unchanged may lead to a default or an Event of Default under the Loan Documents, the Lease, or any other lease or sublease of the Land, or the Property? Describe:	No
2.	Are all required taxes currently paid? If not, how much is unpaid to whom and why?	Yes
3.	Is all required insurance bound and paid for through the date of this report? If not, explain:	Yes
4.	Is there any material fact which may substantially alter projected payments of interest and/or principal as set forth in the Projections? Explain:	No
5.	If applicable, has any member pledged or collateralized any of its interest in Borrower? Explain?	No
6.	Has any Affiliate of Borrower received any distributions, compensation, or reimbursed expenses during the quarter? If so, please provide detail:	Yes - HBHRCDC receiving project management fees
7.	Has Borrower borrowed any money this period (secured or unsecured) from any Person for any reason, including operating deficit loans? If so, please provide a detailed breakdown of all such	No

loans:

8. Was there any natural disaster or other incident creating property damage this period that might have an adverse impact on construction or operations? If so, please provide detail:
9. If applicable, during the period, did any member of Borrower or Guarantor die, dissolve, or go bankrupt? Provide details and an explanation of the impact on Borrower.
10. Were there any conditions or circumstances this period which reduced or might be expected to reduce below projected levels the amount of New Market Tax Credits available to any Lender's investor member? Explain:
11. Were there violations of any health, safety, building code, or other statutes or regulations by Borrower? Please explain and provide detail:
12. Are there any material lawsuits or other legal proceedings, threatened or actual, against Borrower or Guarantor which had or could reasonably be expected to have a Material Adverse Effect on Borrower or Guarantor? Provide copies of all court filings or description of any such action or threatened action.
13. Are there any operating or reserve accounts which were required to be funded that have not been funded to required levels?
14. Are there any limited liability company distributions that were required to be made that have not been made?
15. Are there any advances owed by any members or their Affiliates to Borrower?
16. Has the Internal Revenue Service made any claims against Borrower or Guarantor or are you aware of any upcoming audits of Borrower or Guarantor?

No
No
No
No
No
No
No
No
No

[REMAINDER OF PAGE BLANK; SIGNATURE PAGE TO FOLLOW.]

IN WITNESS WHEREOF, the Borrower has caused this QALICB Questionnaire to be
duly executed on August 11, 2016.

BORROWER:

Humboldt Bay Development Association, Inc., a
California nonprofit public benefit corporation

By:


Name: Jack Crider
Title: Executive Director

Jack Crider

From: Suzanne Dockal <dockal@suddenlink.net>
Sent: Sunday, August 14, 2016 11:07 AM
To: 'Jack Crider'
Cc: dockal@suddenlink.net
Subject: RE: Dockal report and Information for HBDA Board
Attachments: HBDA.6.30.16Financials.pdf

Hello Jack...

The attached file has the financial statements and a brief narrative on the statements and updates from me.

As further update, I would tell the board:

1. all contractors were paid on Friday 8/12 for the current draw. Over \$752K was paid out, and unconditional releases were obtained from all contractors.
2. The three required reports/certificates for the CDE (Telacq) were submitted on 8/14/16, along with the draft financial statements for HBDA, thus keeping HBDA in compliance with all reporting requirements. HBHRCD financial statements (guarantor) still need to be submitted.
3. The credit agreement was reviewed and I will be preparing a specific list of reporting requirements, and have also requested that Jimmy Tran update their list of filing requirements.
4. The community benefits report (due at the end of February 2017) needs to be reviewed and a plan put in place for how to gather the required reporting data. Year-end will come up fast and all of the tenants will have reporting requirements for HBDA to have the data needed for the community benefits report and the sooner they know this, and you insure that this requirement is included in all leases for Redwood Terminal 2, the easier the reporting process will be.

Let me know if you have any questions, and if this is what you were asking me for.

Thanks.

Suzanne

From: Jack Crider [mailto:jcrider@humboldtby.org]
Sent: Friday, August 12, 2016 10:14 AM
To: 'Suzanne Dockal'
Subject: RE: August 11, 2016 Development Association Board Meeting - CANCELLED

If you were there, what kind of report and handouts would you provide?? I can give your report...Jack