

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

DATE: Thursday, November 17, 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 of Approval of October 31, 2016 Financial Statements.
- b. Discussion- audit, tax returns, Harbor District rent and Chase loans interest payments.
- c. Draft operating budget.

- 7. Adjournment**

Nov 14, 2016

TO: Jack Crider, HBDA

HBDA Board of Directors

FROM: Suzanne Dockal, Dockal & Associates *smc*

UPDATE ON FINANCIAL STATEMENTS

Attached are HBDA's current financial statements. They include all activity through October 31, 2016. The balance sheet includes draw #6 which was paid out in Oct. As of 10/31/16, all of the construction funds have been requested, but we are waiting funding on draw #7.

The profit and loss statement presents Oct 2016, as well as the 4 months ending 10/31/2016. As noted in previous months, the only activity is amortization, and this is not cash expenditure.

All of the bank accounts are reconciled through Oct 31, 2016, and reconciliations are available for review if you want to see them. Just let me know.

UPDATE ON DRAWS/ NEW MARKET REQUIREMENTS

Draw #7 was submitted on 10/21/16 and completes the drawdown of funds for the hard and soft costs of the construction project. As of today, we are still awaiting word on the final funding for construction, and I have sent follow up email to Chase.

There are also still funds in the "Fee Reserve" account as held by Chase. These funds are shown on the balance sheet and will be used to pay interest on the Chase portion of the loan(s). These will be quarterly be automatically deducted by Chase. These funds are the interest on the smaller of the two Chase loans.

With regards to New Market Tax credit requirements/reporting, we did request an extension for all of the currently due compliance reports (audits/tax returns/ community benefit report). Telacu did grant an extension until Dec 15. We also formally requested a waiver of the audit for the fiscal year ending 6/30/16, and this waiver was approved by Chase Bank and Telacu. This represents a major savings to HBDA as the auditor must be approved by Telacu and they strongly suggest Novogradac, LLP due to their understanding of the New Market Tax Credit. For now though, no audit needed.

We will also be discussing the expenses for Redwood Marine Terminal II and HBDA that have been paid by the Harbor District and having them be capitalized as part of the districts investment/contribution to HBDA. I will be contact the District Treasurer to determine how to best facilitate this financial activity/recording.

For the Community Benefits Report, we have requested the wording needed for the tenant leases from Telacu. They have also asked to see a copy of the lease being used with tenants, and it is undergoing a review by their attorney to insure that all of the wording needed for the NMTC is included.

And lastly, we have started on an operating budget and cash flow for the next 12-24 months, now that construction is complete. Jack and I are still in the process of trying to determine some of the expenses (insurance/utilities) and we do have a draft started. We should have something to discuss at our meeting on the 17th, and I will be available to answer any questions you have.

Humboldt Bay Development Association, Inc.

Balance Sheet

As of October 31, 2016

11/14/16

Accrual Basis

	Oct 31, 16
ASSETS	
Current Assets	
Checking/Savings	
BBVA Compass (HBDA operating)	826.41
Cash in Fee Reserve	400,088.22
Chase Constr Disb (ending 2331)	233,498.67
Total Checking/Savings	634,413.30
Total Current Assets	634,413.30
Fixed Assets	
Construction In Progress	
Hard Costs	
12 kV Connection	69,018.63
Door Replacement	293,846.20
Electrical Power Supply	632,673.00
NatGas/WaterSupply/Restroom Exp	157,576.00
Roof Repairs	912,500.00
Siding & Window Replacement	883,086.00
Hard Costs - Other	565,000.00
Total Hard Costs	3,513,699.83
Soft Costs	
Capitalized Construction Int	121,878.05
HBHRCD Mgmt Fee	133,333.32
Intangible Assets	
Advisory Fee	345,924.00
Financing Cost	424,039.80
Intangible Assets Amortization	-73,329.84
Total Intangible Assets	696,633.96
Total Soft Costs	951,845.33
Total Construction In Progress	4,465,545.16
Total Fixed Assets	4,465,545.16
Other Assets	
Prepaid Lease	3,906,000.00
Total Other Assets	3,906,000.00
TOTAL ASSETS	9,005,958.46
LIABILITIES & EQUITY	
Liabilities	
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	8,680,000.00
Equity	
Gov't Contribution Revenue	399,057.00
Retained Earnings	-36,550.10
Net Income	-36,548.44
Total Equity	325,958.46
TOTAL LIABILITIES & EQUITY	9,005,958.46

3:18 PM

11/14/16

Accrual Basis

Humboldt Bay Development Association, Inc.

Profit & Loss

October 2016

	<u>Oct 16</u>	<u>Jul - Oct 16</u>
Ordinary Income/Expense		
Expense		
NMTC Transaction Cost		
Amortization - Advisory Fees	4,118.14	16,472.56
Amortization - Financing Costs	5,048.09	20,192.36
Total NMTC Transaction Cost	<u>9,166.23</u>	<u>36,664.92</u>
Total Expense	<u>9,166.23</u>	<u>36,664.92</u>
Net Ordinary Income	-9,166.23	-36,664.92
Other Income/Expense		
Other Income		
Interest Income	<u>50.84</u>	<u>205.19</u>
Total Other Income	<u>50.84</u>	<u>205.19</u>
Other Expense		
Bank Charges/Fees	<u>19.17</u>	<u>88.71</u>
Total Other Expense	<u>19.17</u>	<u>88.71</u>
Net Other Income	<u>31.67</u>	<u>116.48</u>
Net Income	<u><u>-9,134.56</u></u>	<u><u>-36,548.44</u></u>