

**BANYARD MANAGEMENT
Board of Directors Meeting**

2039 Forest Avenue
Chico, CA 95928

MEETING AGENDA

August 19, 2021
2:00 p.m.

Members of the Board of Commissioners and HACB staff will be participating either in person or remotely. The Board of Commissioners welcomes and encourages public participation in the Board meetings either in person or remotely from a safe location.

Members of the public may be heard on any items on the Commissioners' agenda. A person addressing the Commissioners will be limited to 5 minutes unless the Chairperson grants a longer period of time. Comments by members of the public on any item on the agenda will only be allowed during consideration of the item by the Commissioners. Members of the public desiring to be heard on matters under jurisdiction of the Directors, but not on the agenda, may address the Commissioners during agenda item 6.

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Notification at least 24 hours prior to the meeting will enable the Housing Authority to make a reasonable attempt to assist you.

NEXT RESOLUTION NO. 21-3B

ITEMS OF BUSINESS

1. ROLL CALL
2. AGENDA AMENDMENTS
3. CONSENT CALENDAR

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- 3.1 Minutes for the meeting of May 20, 2021
- 3.2 Banyard Management – Financial Report
- 3.3 Chico Commons – HACB report/AWI Report
- 4. CORRESPONDENCE
- 5. REPORTS FROM PRESIDENT
 - 5.1 Banyard Management Budget – Adopt FY2022 Banyard Management Operating Budget.

Recommendation: Resolution No. 21-3B
 - 5.2 Strategic Asset Plan – Asset Repositioning Status Update.

Recommendation: Information/Discussion
- 6. MEETING OPEN FOR PUBLIC DISCUSSION
- 7. MATTERS CONTINUED FOR DISCUSSION
- 8. SPECIAL REPORTS
- 9. REPORTS FROM DIRECTORS
- 10. MATTERS INITIATED BY DIRECTORS
- 11. EXECUTIVE SESSION
- 12. DIRECTORS’ CALENDAR

Next meeting – November 18, 2021.
- 13. ADJOURNMENT

BANYARD MANAGEMENT

Board of Directors Meeting

2039 Forest Avenue
Chico, CA 95928

MEETING MINUTES

May 20, 2021

President Mayer called the meeting of Banyard Management to order at 2:04 p.m.

(Pursuant to current State Public Health directives to shelter-in-place and practice social distancing, and as authorized by Governor Gavin Newsom's Executive Orders N-25-20 and N-29-20, This Board of Directors meeting observed "social distancing" protocols, and was conducted via teleconference and web-conference. Meeting notice and public participation was addressed consistent with the State Governor's COVID-19 Executive Order, providing for Brown Act exceptions.)

1. ROLL CALL

Present for the Directors: Charles Alford, Theresa Ayers, Laura Moravec, and David Pittman. Director Ayers attended by means of web-conference. *Director Anderson arrived at 2:10 pm. via web-conference.*

Others Present: President Ed Mayer, Chief Financial Officer Sue Kemp, Secretary Marysol Perez, Larry Guanzon, Jerry Martin and Angie Little. Chief Financial Officer Kemp attended by means of web-conference.

2. AGENDA AMENDMENTS

President Mayer brought forward an agenda amendment relating to Agenda Item 5.1, regarding the Chico Commons Audit Report, as the recommendation for the agenda item was listed incorrectly, action only requires a motion, not resolution. Director Moravec moved to change recommendation from resolution to motion. Director Pittman seconded. The vote in favor was unanimous.

3. CONSENT CALENDAR

Director Moravec moved to accept the Consent Calendar as presented. Director Ayers seconded the motion. The vote in favor was unanimous.

4. CORRESPONDENCE

None.

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5. REPORTS FROM PRESIDENT

- 5.1 Chico Commons Audit Report – The Chico Commons audited financial statements for the year ended December 31, 2020 were presented. Chico Commons is a well-located family property that has been a consistently performing property with no debt. Chief Financial Officer Kemp gave some highlights from the report: operating expenses a little bit higher, but operating income was similar, the net income was almost \$115,000 for the year. There were no findings or questions by the auditors.

MOTION

Director Moravec moved to accept Chico Commons FY2020 Audit Report as presented. Director Ayers seconded. The vote in favor was unanimous.

- 5.2 Chico Commons - Chico Commons has a substantial amount of cash flow at \$274,836, and currently a low Replacement Reserves balance of \$54,144. It is the responsibility of Managing General Partner, Banyard Management, to determine where and how surplus cash flow is distributed. Staff is recommending holding back \$200,000 for deposit into Replacement Reserves. The remainder of the balance would be distributed to the Partners as outlined in the Limited Partnership Agreement; which would be consistent with the past 5-year history of distributions. Director Alford asked what the interest rate is on the reserves account. Chief Financial Officer Kemp replied the interest rate is 0.03%. Director Pittman recommended thumbnail pictures of the property and other HACB properties for reference as it would not only help directors/commissioners, but members of the public who look at board reports visualize the property being discussed.

MOTION

Director Pittman moved to approve the withholding of \$200,000 from 2020 Operational Surplus Cash Flow and depositing it into the Chico Commons' Replacement Reserves account, and distribution of remaining surplus funds as recommended. Director Moravec seconded. The vote in favor was unanimous.

6. MEETING OPEN FOR PUBLIC DISCUSSION

None.

7. MATTERS CONTINUED FOR DISCUSSION

None.

8. SPECIAL REPORTS

None.

9. REPORTS FROM BOARD MEMBERS

None.

10. MATTERS INITIATED BY BOARD MEMBERS

None.

11. EXECUTIVE SESSION

None.

12. DIRECTOR'S CALENDAR

Next Meeting – August 19, 2021.

13. ADJOURNMENT

Director Moravec moved that the meeting be adjourned. Director Anderson seconded. The meeting was adjourned at 2:15 p.m.

Dated: May 20, 2021.

Edward S. Mayer, President

ATTEST:

Marysol Perez, Secretary

Housing Authority of the County of Butte
BANYARD BALANCE SHEET
June, 2021

	Cumulative
ASSETS	
Current Assets	
Cash - Unrestricted	234,266.75
Cash - Other Restricted	0.00
Cash - Tenant Security Deposits	0.00
Accounts Receivable	0.00
Accrued Interest Receivable	0.00
Investments - Unrestricted	0.00
Investments - Restricted	0.00
Inventories	0.00
Total Current Assets	234,266.75
Fixed Assets	
Fixed Assets & Accumulated Depreciation	0.00
Total Fixed Assets	0.00
Other Assets	
Prepaid Expenses and Other Assets	0.00
Investment in Chico Commons, L.P.	276,904.00
Total Other Assets	276,904.00
TOTAL ASSETS	511,170.75
LIABILITIES	
Current Liabilities	
Accounts Payable	526.25
Accrued Liabilities - Other	188.69
Total Current Liabilities	714.94
Long-Term Liabilities	
Long-Term Debt Net of Current	0.00
Total Long-Term Liabilities	0.00
TOTAL LIABILITIES	714.94
NET POSITION	
Beginning Net Position	524,593.40
Retained Earnings	-14,137.59
TOTAL NET POSITION	510,455.81
TOTAL LIABILITIES AND NET POSITION	511,170.75

BANYARD-GEN. FUND INCOME STATEMENT

June 30, 2021

YTD %
75.00

	Month to Date			Year to Date			% used
	Actual	Budget	Remaining	Actual	Budget	Remaining	
REVENUES							
Partnership Income	2,232	1,122	1,110	10,872	13,460	-2,588	80.77
Investment Income	6	17	-11	55	200	-145	27.60
TOTAL REVENUES	2,238	1,138	1,099	10,927	13,660	-2,733	79.99
Audit Fee	164	54	110	1,061	650	411	163.18
Corporate Services	526	1,250	-724	14,259	15,000	-741	95.06
Consulting Fees	0	1,250	-1,250	0	15,000	-15,000	0.00
Legal Expenses	0	417	-417	0	5,000	-5,000	0.00
Misc. Administrative Costs	0	0	0	0	0	0	0.00
Outside Management Fees	1,080	1,080	0	9,720	12,960	-3,240	75.00
Partnership Losses	0	0	0	0	0	0	0.00
Taxes and Fees	25	43	-18	25	520	-495	4.81
TOTAL EXPENSES	1,795	4,094	-2,299	25,064	49,130	-24,066	51.02
RETAINED EARNINGS	443	-2,956	3,398	-14,138	-35,470	21,332	39.86

MEMO

Date: August 13, 2021

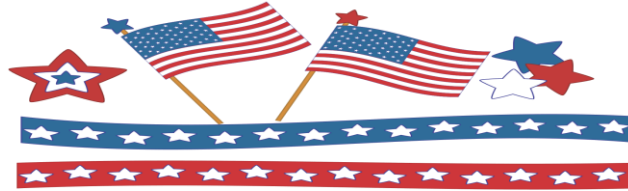
To: Board of Directors, Banyard Management

From: Larry Guanzon, HACB Deputy Executive Director

Subject: Status Report – Chico Commons Apartments, Chico

Chico Commons Apartments, Chico (72 units, LIHTC, Family, MGP, Banyard Management, PM: AWI) – There currently are (2) vacancies as of the 1st of the month; turnover and vacancy for the month is relayed in the AWI narrative. Unpaid rent July was 11% of collections. The delinquent households involve a total of eight (8) units, a situation *again* described in detail in the accompanying AWI narrative report. Total unpaid rent due to various reason's is at \$23,707. The eviction moratorium was extended again through September 30, 2021, and AWI is working with two local attorneys regarding noticing and repayment agreements. The PG&E low-income energy efficiency program to replace common area water heaters, washing machines, and lighting - the owner pays for improvements up front, with PG&E reimbursing after completion - has now been completed, but again awaits PG & E reimbursements. The wooden fence on the west side of the property needs replacement and we are in the process of obtaining bids - either wood, or chain link with privacy slats; the first bid came in at \$26,475, due to the increasing price of lumber. We are obtaining contractor bids for gutters and downspouts, dumpster enclosure gates, and again, for west side fence replacement. AWI will commence annual interior inspections; both LIHTC and HUD plan to reinstate actual inspections later in 2021. The property continues to be operated subject to COVID-19 pandemic response protocols, and leasing dynamics are being watched carefully – please find AWI's narrative property report and financials, following. The property has been evaluated by consultant Brawner & Associates as to repositioning, and determined to be infeasible for re-syndication using LIHTC's. Use of CalAHA and Dawson Holdings, Inc. are being contemplated for a turnkey repositioning effort, to be conducted with BCAHDC's properties Walker Commons Apartments and 1200 Park Avenue Apartments. The effort will consider dissolution of Banyard Management, with sale/donation/transfer of Banyard Management's sole asset, Chico Commons Apartments, to another entity, likely BCAHDC. AWI Regional Property Manager, Jenifer McDonnell, has been promoted to VP of Operations; we will be working with a new Regional Property Manager, Irene Alvarez. Jennifer continues to ensure a smooth transition.

Chico Commons July 2021



Separate *Variance Report* sent explaining budget differences and expenses.

Updates:

Chico Commons currently has two vacancies. Four move-ins occurred during the month of July - staff worked extremely hard to make this happen. One move-out occurred.

- #39 – Unit turn is nearing completion as Randy finalizes the cabinetry and appliance install. Move in expected by mid-August.
- #40 – New move out 7/31/21. Application in process.

Currently there are no notices to vacate on hand or terminations in process – Fingers crossed, it looks like turnover activity may slow.

Outstanding July rent is 11%. The balances aging more than 30 days have substantially improved. Funds are starting to flow in from the rent relief program and residents continue to chip away at balances. Details below....

- **Unit 6; balance \$4278.** Resident has been approved for \$2,911 in rent relief assistance. Resident continues to pay sporadically
- **Unit 8; balance \$433.** Resident making payments on old balance.
- **Unit 14; balance \$1974.99.** Paid July rent in full. Resident continues to chip away at the older balance and has applied for assistance from the rent relief program.
- **Unit 16; balance \$1934** - \$8195 payment was received from the rent relief program for all back rent owing through June 2021. Reaching out to resident regarding plans for July and August rent balance.
- **Unit 53; balance \$850.** Paid July in full. Chipping away at older balance.
- **Unit 57; balance \$448.** Paid July in full. Resident submitted a declaration of Covid-19 hardship on 7/7 and signed a 6 month payment plan.

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AWI Management Corporation
PO Box 550
Auburn CA 95604



AWI Management Corporation is an Equal Opportunity provider and employer.

- **Unit 58; balance \$1917.** (May, June and July).
Encouraging resident to apply for rent relief.
- **Unit 63; balance \$704.** Owes July rent – made partial in August.

Still seeking bids for rain gutters/ downspouts.

Bids on hand to upgrade garbage enclosure gates and replace the failed fencing. Hoping to move these projects forward once funds are reimbursed for the upgrades that were completed as part of the PGE program.

With Covid-19 cases back on the rise AWI has re-instated the mask requirements at the communities, regardless of vaccinations status.

2022 budget prep is in process.



Chico Commons 549
For the Month Ended July 31, 2021
Statement of Income & Cash Flow

	Current Activity	Current Budget	Current Variance	YTD Activity	YTD Budget	YTD Variance
Rental Income						
Gross Rents	\$ 63,126.00	\$ 59,950.00	\$ 3,176.00	\$ 443,912.00	\$ 419,650.00	\$ 24,262.00
Vacancies	(2,689.00)	(2,398.00)	(291.00)	(18,083.84)	(16,786.00)	(1,297.84)
Rent Adjustments	(10.00)	(245.83)	235.83	(2,542.92)	(1,720.83)	(822.09)
Manager's Unit	(796.00)	(845.00)	49.00	(5,572.00)	(5,915.00)	343.00
Total Tenant Rent	\$ 59,631.00	\$ 56,461.17	\$ 3,169.83	\$ 417,713.24	\$ 395,228.17	\$ 22,485.07
Other Project Income:						
Laundry Income	\$ 0.00	\$ 677.83	\$ (677.83)	\$ 5,924.70	\$ 4,744.83	\$ 1,179.87
Interest Income	17.70	4.17	13.53	62.60	29.17	33.43
Restricted Reserve Interest Incom	.13	0.00	.13	20.64	0.00	20.64
Other Tenant Income	\$ 240.00	\$ 428.50	\$ (188.50)	\$ 3,068.00	\$ 2,999.50	\$ 68.50
Miscellaneous Income	\$ 0.00	\$ 0.00	\$ 0.00	\$ 4,348.99	\$ 0.00	\$ 4,348.99
Other Project Income	\$ 257.83	\$ 1,110.50	\$ (852.67)	\$ 13,424.93	\$ 7,773.50	\$ 5,651.43
Total Project Income	\$ 59,888.83	\$ 57,571.67	\$ 2,317.16	\$ 431,138.17	\$ 403,001.67	\$ 28,136.50
Project Expenses:						
Maint. & Oper. Exp. (Fr Page 2)	\$ 76,726.16	\$ 23,260.74	\$ 53,465.42	\$ 258,844.60	\$ 162,825.24	\$ 96,019.36
Utilities (From Pg 2)	9,840.80	7,340.25	2,500.55	57,734.32	51,381.75	6,352.57
Administrative (From Pg 2)	8,456.76	8,549.74	(92.98)	63,124.72	59,848.24	3,276.48
Taxes & Insurance (From Pg 2)	1,575.33	1,685.50	(110.17)	11,326.02	11,798.50	(472.48)
Other Taxes & Insurance (Fr Page	1,682.73	3,371.66	(1,688.93)	11,887.49	23,601.66	(11,714.17)
Other Project Expenses	868.34	1,581.24	(712.90)	6,269.01	11,068.74	(4,799.73)
Total O&M Expenses	\$ 99,150.12	\$ 45,789.13	\$ 53,360.99	\$ 409,186.16	\$ 320,524.13	\$ 88,662.03
Mortgage & Owner's Expense						
Mortgage Payment	\$ 18,229.19	\$ 2,604.17	\$ 15,625.02	\$ 18,229.19	\$ 18,229.17	\$.02
Interest Expense - City of Chico	\$ (15,625.02)	\$ 0.00	\$ (15,625.02)	\$ 0.00	\$ 0.00	\$ 0.00
Reporting / Partner Management F	1,080.00	1,080.00	0.00	7,560.00	7,560.00	0.00
Transfer - Reserves	2,500.00	2,500.00	0.00	17,500.00	17,500.00	0.00
Total Mortgage & Owner's Exp.	\$ 6,184.17	\$ 6,184.17	\$ 0.00	\$ 43,289.19	\$ 43,289.17	\$.02
Total Project Expenses	\$ 105,334.29	\$ 51,973.30	\$ 53,360.99	\$ 452,475.35	\$ 363,813.30	\$ 88,662.05
Net Profit (Loss)	\$ (45,445.46)	\$ 5,598.37	\$ (51,043.83)	\$ (21,337.18)	\$ 39,188.37	\$ (60,525.55)

Other Cash Flow Items:

August 12, 2021

MEMO

To: Banyard Management Board of Directors

From: Ed Mayer, President
Sue Kemp, Outgoing CFO
Hope Stone, Incoming CFO

Subject: FY 2022 Banyard Management Operating Budget

The FY 2022 Banyard Management General Fund Operating Budget is attached for your review and approval.

Banyard contracts with the Housing Authority for the performance of its Managing General Partner (MGP) duties as well as for Corporate Extraordinary Services related to the essential functions of the organization and development activities. This year, \$100,000 was budgeted for Extraordinary Services to compensate the HACB for asset repositioning. Legal and Consulting were budgeted as placeholder for this same purpose. The Outside Management Fees expense is a “pass-through” of MGP fees received from Chico Commons LP.

Some Consulting Fees and Legal Fees are budgeted for future asset repositioning activities.

Please note that the budget shows a negative cash flow, however, Banyard receives cash distributions from Chico Commons, LP. This is an Equity distribution and is not recognized as Revenue on the Income Statement. Last year’s cash distribution was \$22,011.

The excess cash balance at the beginning of FY 2022 is estimated to be \$230,000.

If you have any questions, they may be answered at the Board Meeting.

Recommend adoption of Resolution 21-3B

BANYARD MANAGEMENT

RESOLUTION NO. 21-3B

APPROVAL OF BANYARD MANAGEMENT OPERATING BUDGET FOR F/Y 2022

WHEREAS, Banyard Management approves its Operating Budget on an annual basis; and

WHEREAS, Banyard Management is Managing General Partner of Chico Commons LP, itself owner of the Chico Commons Apartments multi-family affordable housing property, Chico, California; and

WHEREAS, the Board of Directors of BCAHDC has reviewed the Operating Budget as proposed and determined the budget to be in the best interest of Banyard Management;

THEREFORE, BE IT RESOLVED by the Board of Directors of Banyard Management, Managing General Partner of Chico Commons LP, owner of the Chico Commons Apartments, Chico, California, to hereby approve and adopt the Banyard Management Operating Budget for fiscal year 2022, extending from October 1, 2021 through September 30, 2022, such Operating Budget attached to and made a part of this Resolution No. 21-3B.

Dated: August 19, 2021.

Edward S. Mayer, President

ATTEST:

Marysol Perez, Secretary

BANYARD MANAGEMENT
PROPOSED OPERATING BUDGET
October 1, 2021 to September 30, 2022

	2022 Proposed Budget	2021 Approved Budget	2021 Estimated to FYE	<u>Notes</u>
REVENUE				
Investment income	100	200	100	<i>bank acct interest</i>
Partnership Income	14,460	13,460	14,110	<i>Chico Commons MGP Fee/LP gains</i>
TOTAL REVENUE	14,560	13,660	14,210	
EXPENSES				
Audit Fee	1,100	650	1,100	
Corporate Services	115,000	15,000	28,000	<i>Corp. & extraordinary services paid to HACB</i>
Consulting Fees	25,000	15,000	0	<i>Placeholder for new deals & refinancing</i>
Legal Expenses	10,000	5,000	0	<i>Placeholder for new deals & refinancing</i>
Misc. Admin. Expenses	500	500	0	<i>Misc.</i>
Outside Management Fees	12,960	12,960	12,960	<i>MGP services paid to HACB</i>
Partnership Losses	0	0	0	
Taxes and Fees	20	20	0	<i>CA filing fees</i>
TOTAL EXPENSES	164,580	49,130	42,060	
NET INCOME	-150,020	-35,470	-27,850	
LP Distributions	20,000	20,000	22,000	<i>Chico Commons excess cash</i>
Net Cash Flow	-130,020	-15,470	-5,850	

Cash on Hand 6/30/2021 **\$ 234,260**

August 13, 2021

MEMO

To: HACB Board of Commissioners
BCAHDC Board of Directors
Banyard Management Board of Directors

From: Ed Mayer, Executive Director and President

Subject: Strategic Asset Plan – Asset Repositioning Status update.

The Housing Authority of the County of Butte is the Investor Limited Partner in three (3) multi-family affordable properties whose 15-year LIHTC compliance period has expired, yet remain subject to 55-year CTCAC and other regulatory obligations. The three properties are:

1200 Park Avenue Apartments, 1200 Park Avenue, Chico, CA

- 107 unit multi-family property serving Seniors 55+; three-story elevator structure
- Owner: 1200 Park Avenue LP
- Investor Limited Partner: HACB
- Managing General Partner: BCAHDC
- Administrative General Partner: 1200 Park Avenue LLC, whose sole Managing Member is HACB
- Regulatory Overlays: CTCAC, City RDA, and City HOME
- Lenders: Citibank, City RDA, HACB

Walker Commons Apartments, 678 Buttonwillow Lane, Chico, CA

- 56 unit multifamily property serving Seniors 55+ and Disabled; one-story, bungalow-style
- Owner: Walker Commons LP
- Investor Limited Partner: HACB
- Managing General Partner: BCAHDC
- Regulatory Overlays: CTCAC, City HOME
- Lenders: City of Chico

Chico Commons Apartments, 2071 Amanda Way, Chico, CA

- 72 unit property serving families; two-story flats
- Owner: Chico Commons LP
- Investor Limited Partner: HACB
- Managing General Partner: Banyard Management
- Regulatory Overlays: CTCAC, City
- Lenders: City RDA, HACB

The properties require analysis and completion of capital improvement work, ensuring their viability as affordable housing into the future. It is anticipated that re-financing will be required to secure the funds necessary to complete the improvements. Analysis completed to date shows that repositioning is infeasible using 4% LIHTC's; that alternate financing means must be considered. The HACB seeks to:

- 1) Assess the properties from an "owner's perspective" regarding capital improvements;
- 2) Analyze the ability to leverage the properties for proceeds in support of the capital improvement work.
 - It is anticipated that conventional commercial financing, bond-financing, and sale-leaseback financing approaches will be evaluated;
- 3) Determine the financing approach most appropriate, striking a balance between mid-term need and flexibility, and long-term financing opportunity;
- 4) Execute the financing and build-out the improvements.

The HACB seeks a turnkey product from CalAHA, including the following functions:

- 1) Determination of the scope of work - property assessment and improvement costing;
- 2) Financial approach - financing analysis and balancing;
- 3) Financial packaging;
- 4) Management and Construction of the physical improvements.
 - It is anticipated that Dawson Holdings and Precision GC would be responsible for property analysis and improvement costing.
 - It is anticipated that CalAHA Underwriter Patrick Howard would be used to analyze the financial approaches, supported by Dawson Holdings.
 - It is anticipated that some combination of Dawson Holdings and CalAHA would package the financials.
 - It is anticipated that Precision GC would make the improvements, on a Cost Plus NTE basis.
 - CalAHA would oversee and shepherd the entirety of the effort, with all costs being rolled into the financing.

HACB's non-profit development instrumentality, the Butte County Affordable Housing Development Corporation (BCAHDC) is MGP in two of the properties, 1200 Park Avenue Apts, and Walker Commons Apts. BCAHDC will do what is needed to reposition the properties, including considering dissolution of the partnership(s), if necessary.

HACB's other non-profit instrumentality, the single-asset entity Banyard Management, MGP of Chico Commons Apartments, will likewise do what is needed to reposition the property, including considering dissolution of the partnership, and dissolution of Banyard Management itself, where Chico Commons Apartments would be transferred/donated/sold to BCAHDC, simplifying HACB's corporate structure and reporting obligations.

Transaction costs will be rolled into the financing: between the various partners, it remains to be seen what entity pays for what, whether property reserves are to be used, etc. Regardless, repositioning work will require close coordination between HACB, BCAHDC, and Banyard Management.