

**BANYARD MANAGEMENT
Board of Directors Meeting**

2039 Forest Avenue
Chico, CA 95928

MEETING AGENDA

May 19, 2022
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.

Please join my meeting from your computer, tablet or smartphone.

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If you have any trouble accessing the meeting agenda, or attachments; or if you are disabled and need special assistance to participate in this meeting, please email marysolp@butte-housing.com or call 530-895-4474 x.210.

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. 22-2B

ITEMS OF BUSINESS

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

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- 3.1 Minutes of Meeting on February 17, 2022
- 3.2 Banyard Management – Financial Report
- 3.3 Chico Commons – HACB report/AWI Report
- 4. CORRESPONDENCE
- 5. REPORTS FROM PRESIDENT
 - 5.1 Chico Commons Audit Report – Accept FY2021 Audit Report
 - Recommendation: Motion
 - 5.2 Chico Commons – CY2021 Operational Surplus Cash Flow Distribution
 - Recommendation: Motion
- 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 – August 18, 2022**
- 13. ADJOURNMENT

BANYARD MANAGEMENT

Board of Directors Meeting

2039 Forest Avenue
Chico, CA 95928

MEETING MINUTES

February 17, 2022

President Mayer called the meeting of Banyard Management to order at 3:40 p.m.

The meeting was conducted via teleconference, web-conference and in person, as noticed.

1. ROLL CALL

Present for the Directors: Charles Alford, Robert Crowe, Larry Hamman, Rich Ober, David Pittman, Sarah Richter and Regina Sayles-Lambert. Directors Alford, Crowe, Hamman, and Pittman attended in person. Directors Ober, Richter and Sayles-Lambert attended by means of web-conference.

Others Present: President Ed Mayer, Chief Financial Officer Hope Stone, Secretary Marysol Perez, Larry Guanzon, Jerry Martin and Angie Little, all in person with the exception of Hope Stone, Chief Financial Officer who attended by means of web-conference.

Public Present: Loren Freeman, Public Housing Resident; attended in Person

2. AGENDA AMENDMENTS

None.

3. CONSENT CALENDAR

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

4. CORRESPONDENCE

None.

5. REPORTS FROM PRESIDENT

- 5.1 Housing Authority of the County of Butte (HACB) – Banyard Management has an ongoing Corporate Services Agreement with the HACB. The agreement sets the rates of compensations and annual contract maximum. Banyard Management contracts with the HACB to perform two basic kinds of services: corporate services to maintain the corporate entity; and other services including asset management and property improvements. The resolution presented seeks to amend the services agreement with HACB, adopting HACB’s billing rates starting March 1, 2022, authorization up to \$16,500 in expenditures for basic corporates services, and authorization of up to \$100,000 in extraordinary services relating to asset repositioning. This agreement is re-occurring, subject to annual revisions.

RESOLUTION NO. 22-1B

Director Sayles-Lambert moved that Resolution No. 22-1B be adopted by reading of title only: “HOUSING AUTHORITY OF THE COUNTY OF BUTTE MANAGEMENT SERVICES AGREEMENT 2022 BILLING RATES AND SERVICES AUTHORIZATIONS”. Director Alford 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 – May 19, 2022.

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13. ADJOURNMENT

Director Sayles-Lambert moved that the meeting be adjourned. Director Pittman seconded. The meeting was adjourned at 3:45 p.m.

Dated: February 17, 2022.

Edward S. Mayer, President

ATTEST:

Marysol Perez, Secretary

Housing Authority of the County of Butte
BANYARD BALANCE SHEET
March, 2022

	Cumulative
ASSETS	
Current Assets	
Cash - Unrestricted	240,637.96
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	240,637.96
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.	254,893.07
Total Other Assets	254,893.07
TOTAL ASSETS	495,531.03
LIABILITIES	
Current Liabilities	
Accounts Payable	0.00
Accrued Liabilities - Other	188.69
Total Current Liabilities	188.69
Long-Term Liabilities	
Long-Term Debt Net of Current	0.00
Total Long-Term Liabilities	0.00
TOTAL LIABILITIES	188.69
NET POSITION	
Beginning Net Position	524,593.40
Retained Earnings	-29,251.06
TOTAL NET POSITION	495,342.34
TOTAL LIABILITIES AND NET POSITION	495,531.03

BANYARD-GEN. FUND INCOME STATEMENT

March 31, 2022

YTD %
50.00

	Month to Date			Year to Date			% used
	Actual	Budget	Remaining	Actual	Budget	Remaining	
REVENUES							
Partnership Income	0	1,205	-1,205	5,400	7,230	-1,830	
Investment Income	6	8	-2	42	50	-8	
TOTAL REVENUES	6	1,213	-1,207	5,442	7,280	-1,838	75.00
Audit Fee	0	92	-92	0	550	-550	
Corporate Services	2,884	9,583	-6,699	10,674	54,256	-43,582	
Consulting Fees	0	2,083	-2,083	0	12,500	-12,500	
Legal Expenses	0	833	-833	0	5,000	-5,000	
Misc. Administrative Costs	0	42	-42	0	250	-250	
Outside Management Fees	0	1,080	-1,080	5,400	6,480	-1,480	
Partnership Losses	0	0	0	0	0	0	
Taxes and Fees	0	2	-2	0	5	-5	
TOTAL EXPENSES	2,884	13,715	-10,831	16,074	79,041	-63,367	20.00
RETAINED EARNINGS	-2,878	-12,502	-12,038	-10,632	-71,761	-65,205	8.00

MEMO

Date: May 13, 2022

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 two (2) vacancies, as of the 1st of the month. One has been filled, while the remaining unit has processing applications. There are four (4) 30-day notices to vacate, mentioned in the monthly narrative by AWI. Outstanding unpaid rents were 8% of collections. AWI breaks down unpaid rents and associated payments by California's Rent Relief Program in their monthly report. The site's three (3) dumpster enclosures, constructed wood and chain link fencing and slats, are to be replaced with securable concrete block enclosures with metal/iron gates. Landscape sprinkler repairs, new directory signage, and playground equipment are all being looked at for possible replacement. Regulators, CTCAC and HUD, plan to reinstate actual inspections, post Covid-19 pandemic. Please find AWI's narrative property report and financials, following. The property is subject to repositioning, involving refinancing, capital improvements, and replacements. CalAHA has been retained to provide repositioning capacity, and will start the work with completion of Investment Grade Physical Needs Assessment of the property.

Chico Commons Apartments April 2022



Separate Variance Report Explaining budget differences and expenditures.

Updates:

Chico Commons currently has two vacant units.

Vacancies:

- Unit #23– is market ready with an applicant close to an approval. Move in expected on Tuesday 05/10/22. Previous applicant cancelled prior to move in.
- Unit #13 – New move-out. Working applicants.

Upcoming Vacancies:

- Unit #35; Termination in process for failure to certify. Applicant close to an approval.
- Unit #2; 30 Day notice to vacate. Moving out of state.
- Unit #21; 30 Day notice to vacate. Received Sec. 8 and moving to a house.
- Unit #28; 30 Day notice to vacate. Relocating.

Outstanding April rents is 8%. At this point, all rent relief funds that have been approved have been disbursed and received. A handful of residents have applied for additional funds, but not approved yet.

March 31st marked the end of the 'recovery period' under 2179. Although eviction protections have been extended through June 30, 2022 for those that applied for rent relief, rent due after April 1, 2022 is due and payable.

Notices to pay rent or quit have been reinstated along with late fees for rent received after the five day grace period.

Once all rent relief funds are exhausted, Management will determine the next steps for addressing rent balances that remain outstanding for rent due prior to April.



Other items:

Replacing playground bark has been put on hold due to an unexpected leave for the maintenance tech. Local staff is covering the maintenance needs of the property and the bark project is expected for completion by the end of May.

The landscaper provided an initial estimate to replace the tall sprinklers in front of patio's (trip hazards) to pop up's sprinklers, however the estimate is pending revision to remove replacements that are not necessary.

Staff recently followed up w/ vendors for a status on bids to replace the dumpster enclosure at the entrance to the property. Per one of the vendors, he was on vacation, but is back now and will send the estimate soon.

Estimates pending for replacement of the directory signs.

Estimates pending for replacement of the playground slide and cover padding on steps. Pictures and structure measurements have been emailed to the playground manufacture, and two vendors.

We are still seeking a team member to fill the part-time maintenance position. A new ad has been placed for the third time. Like we say, the third time is the charm!

Chico Commons 549
For the Month Ended April 30, 2022
Statement of Income & Cash Flow

	Current Activity	Current Budget	Current Variance	YTD Activity	YTD Budget	YTD Variance
Rental Income						
Gross Rents	\$ 67,463.00	\$ 61,820.00	\$ 5,643.00	\$ 263,366.00	\$ 247,280.00	\$ 16,086.00
Vacancies	(985.00)	(2,472.83)	1,487.83	(6,306.00)	(9,891.33)	3,585.33
Rent Adjustments	180.00	(245.83)	425.83	498.94	(983.33)	1,482.27
Manager's Unit	(796.00)	(796.00)	0.00	(3,184.00)	(3,184.00)	0.00
Total Tenant Rent	\$ 65,862.00	\$ 58,305.34	\$ 7,556.66	\$ 254,374.94	\$ 233,221.34	\$ 21,153.60
Other Project Income:						
Laundry Income	\$ 579.13	\$ 677.83	\$ (98.70)	\$ 2,964.76	\$ 2,711.33	\$ 253.43
Interest Income	5.27	4.75	.52	16.46	19.00	(2.54)
Restricted Reserve Interest Income	9.87	0.00	9.87	68.79	0.00	68.79
Other Tenant Income	\$ 0.00	\$ 349.58	\$ (349.58)	\$ 1,257.98	\$ 1,398.33	\$ (140.35)
Miscellaneous Income	\$ 3,228.27	\$ 0.00	\$ 3,228.27	\$ 5,948.57	\$ 0.00	\$ 5,948.57
Other Project Income	\$ 3,822.54	\$ 1,032.16	\$ 2,790.38	\$ 10,256.56	\$ 4,128.66	\$ 6,127.90
Total Project Income	\$ 69,684.54	\$ 59,337.50	\$ 10,347.04	\$ 264,631.50	\$ 237,350.00	\$ 27,281.50
Project Expenses:						
Maint. & Oper. Exp. (Fr Page 2)	\$ 14,912.00	\$ 21,872.57	\$ (6,960.57)	\$ 67,173.12	\$ 87,490.32	\$ (20,317.20)
Utilities (From Pg 2)	7,023.22	8,643.99	(1,620.77)	28,464.88	34,575.99	(6,111.11)
Administrative (From Pg 2)	8,212.94	8,925.24	(712.30)	30,154.74	35,700.99	(5,546.25)
Taxes & Insurance (From Pg 2)	1,575.33	2,443.58	(868.25)	6,301.32	9,774.33	(3,473.01)
Other Taxes & Insurance (Fr Page)	995.70	2,715.50	(1,719.80)	5,370.89	10,862.00	(5,491.11)
Other Project Expenses	770.57	1,588.33	(817.76)	4,423.85	6,353.33	(1,929.48)
Total O&M Expenses	\$ 33,489.76	\$ 46,189.21	\$ (12,699.45)	\$ 141,888.80	\$ 184,756.96	\$ (42,868.16)
Mortgage & Owner's Expense						
Mortgage Payment	\$ 2,604.17	\$ 2,604.17	\$ 0.00	\$ 10,416.68	\$ 10,416.67	\$.01
Reporting / Partner Management F	\$ 1,080.00	\$ 1,080.00	\$ 0.00	\$ 4,320.00	\$ 4,320.00	\$ 0.00
Transfer - Reserves	2,500.00	2,500.00	0.00	10,000.00	10,000.00	0.00
Total Mortgage & Owner's Exp.	\$ 6,184.17	\$ 6,184.17	\$ 0.00	\$ 24,736.68	\$ 24,736.67	\$.01
Total Project Expenses	\$ 39,673.93	\$ 52,373.38	\$ (12,699.45)	\$ 166,625.48	\$ 209,493.63	\$ (42,868.15)
Net Profit (Loss)	\$ 30,010.61	\$ 6,964.12	\$ 23,046.49	\$ 98,006.02	\$ 27,856.37	\$ 70,149.65
Other Cash Flow Items:						
Reserve Transfers	\$ (11.17)	\$ 0.00	\$ (11.17)	\$ (68.79)	\$ 0.00	\$ (68.79)

Chico Commons 549
For the Month Ended April 30, 2022
Statement of Income & Cash Flow

	Current Activity	Current Budget	Current Variance	YTD Activity	YTD Budget	YTD Variance
T & I Transfers	\$ (1,770.30)	\$ 0.00	\$ (1,770.30)	\$ (7,081.18)	\$ 0.00	\$ (7,081.18)
Operating Acct MMKT - FFB*	(4.97)	0.00	(4.97)	(15.28)	0.00	(15.28)
Security Deposits Held	650.00	0.00	650.00	1,950.00	0.00	1,950.00
Authorized Reserve - Other	0.00	(9,801.67)	9,801.67	0.00	(39,206.67)	39,206.67
Tenant Receivables	6,569.88	0.00	6,569.88	(3,774.08)	0.00	(3,774.08)
Other Receivables	2,200.33	0.00	2,200.33	1,301.32	0.00	1,301.32
Accounts Payable - Trade	(4,632.46)	0.00	(4,632.46)	(34,027.73)	0.00	(34,027.73)
Accrued Interest - City of Chico	2,604.17	0.00	2,604.17	10,416.68	0.00	10,416.68
Total Other Cash Flow Items	\$ 5,605.48	\$ (9,801.67)	\$ 15,407.15	\$ (31,299.06)	\$ (39,206.67)	\$ 7,907.61
Net Operating Cash Change	<u>\$ 35,616.09</u>	<u>\$ (2,837.55)</u>	<u>\$ 38,453.64</u>	<u>\$ 66,706.96</u>	<u>\$ (11,350.30)</u>	<u>\$ 78,057.26</u>

Cash Accounts	End Balance 1 Year Ago	Current Balance	Change
Operating Acct-FFB	\$ 61,916.16	\$ 128,623.12	\$ 66,706.96
Operating Acct MMKT - FFB*	117,215.39	117,230.67	15.28
Tax & Insurance-FFB	2,840.05	9,921.23	7,081.18
Security Acct-FFB	43,775.00	43,775.00	0.00
Reserve Acct-FFB	71,774.45	81,814.24	10,039.79
Reserve Acct - MMKT - FFB*	200,021.06	200,050.06	29.00
Payables & Receivables:			
Accounts Payable - Trade	40,076.71	6,048.98	(34,027.73)
Rents Receivable - Current Tenants	17,872.90	16,148.01	(1,724.89)
Allowance for Doubtful Accounts	(5,053.99)	0.00	5,053.99
Other Tenant Charges Receivable	479.00	923.98	444.98

	Current Activity	Current Budget	Current Variance	YTD Activity	YTD Budget	YTD Variance
Maintenance & Operating Expenses:						
Maintenance Payroll	\$ 4,270.00	\$ 4,898.33	\$ (628.33)	\$ 13,648.65	\$ 19,593.33	\$ (5,944.68)
Janitorial/Cleaning Supplies	0.00	137.33	(137.33)	169.97	549.33	(379.36)
Plumbing Repairs	0.00	468.17	(468.17)	409.54	1,872.67	(1,463.13)
Painting & Decorating	25.70	508.17	(482.47)	574.67	2,032.67	(1,458.00)
Repairs & Maintenance - Supply	4,020.48	2,503.25	1,517.23	11,527.37	10,013.00	1,514.37
Repairs & Maintenance - Contract	2,783.95	1,570.58	1,213.37	12,443.16	6,282.33	6,160.83
Grounds Maintenance	1,650.00	1,552.25	97.75	7,135.00	6,209.00	926.00
Pest Control Service	95.00	695.08	(600.08)	1,595.00	2,780.33	(1,185.33)
Fire/Alarm Services	0.00	579.33	(579.33)	781.07	2,317.33	(1,536.26)
Capital Improvements - Other	1,178.35	5,588.58	(4,410.23)	3,775.56	22,354.33	(18,578.77)

Chico Commons 549
For the Month Ended April 30, 2022
Statement of Income & Cash Flow

	Current Activity	Current Budget	Current Variance	YTD Activity	YTD Budget	YTD Variance
Capital Improvements - Flooring	\$ 0.00	\$ 1,650.00	\$ (1,650.00)	\$ 8,186.41	\$ 6,600.00	\$ 1,586.41
Capital Improvements - Appliance	738.62	937.50	(198.88)	6,458.22	3,750.00	2,708.22
Carpet Cleaning	100.00	41.33	58.67	100.00	165.33	(65.33)
HVAC Repairs	0.00	651.08	(651.08)	119.00	2,604.33	(2,485.33)
Cable Service	49.90	49.92	(.02)	249.50	199.67	49.83
Tenant Services	0.00	41.67	(41.67)	0.00	166.67	(166.67)
Total Maint. & Operating Exp.	\$ 14,912.00	\$ 21,872.57	\$ (6,960.57)	\$ 67,173.12	\$ 87,490.32	\$ (20,317.20)
Utilities:						
Electricity	\$ 647.78	\$ 584.58	\$ 63.20	\$ 2,813.54	\$ 2,338.33	\$ 475.21
Water	1,983.95	2,746.08	(762.13)	6,799.20	10,984.33	(4,185.13)
Sewer	1,654.56	1,654.58	(.02)	6,618.24	6,618.33	(.09)
Heating Fuel/Other	1,600.03	1,643.08	(43.05)	6,627.86	6,572.33	55.53
Garbage & Trash Removal	1,136.90	2,015.67	(878.77)	5,606.04	8,062.67	(2,456.63)
Total Utilities	\$ 7,023.22	\$ 8,643.99	\$ (1,620.77)	\$ 28,464.88	\$ 34,575.99	\$ (6,111.11)
Administrative:						
Manager's Salary	\$ 3,325.74	\$ 3,587.33	\$ (261.59)	\$ 13,081.74	\$ 14,349.33	\$ (1,267.59)
Management Fees	3,240.00	3,240.00	0.00	12,960.00	12,960.00	0.00
Bad Debt Expense	0.00	625.00	(625.00)	(36.00)	2,500.00	(2,536.00)
Auditing	625.00	625.00	0.00	2,500.00	2,500.00	0.00
Legal	1,023.50	833.33	190.17	1,649.00	3,333.33	(1,684.33)
Other Administrative Expenses	(1.30)	14.58	(15.88)	0.00	58.33	(58.33)
Total Administrative Expense	\$ 8,212.94	\$ 8,925.24	\$ (712.30)	\$ 30,154.74	\$ 35,700.99	\$ (5,546.25)
Taxes & Insurance Reserve For:						
Real Estate Taxes	\$ 0.00	\$ 110.25	\$ (110.25)	\$ 0.00	\$ 441.00	\$ (441.00)
Property Insurance	1,575.33	2,333.33	(758.00)	6,301.32	9,333.33	(3,032.01)
Total Taxes & Insurance Expense	\$ 1,575.33	\$ 2,443.58	\$ (868.25)	\$ 6,301.32	\$ 9,774.33	\$ (3,473.01)
Other Taxes & Insurance:						
Payroll Taxes	\$ 581.07	\$ 738.42	\$ (157.35)	\$ 2,767.63	\$ 2,953.67	\$ (186.04)
Other Taxes, Fees & Permits	74.38	192.00	(117.62)	1,380.07	768.00	612.07
Bond Premiums	0.00	73.25	(73.25)	0.00	293.00	(293.00)
Worker's Compensation Insurance	324.25	835.33	(511.08)	1,159.71	3,341.33	(2,181.62)
Personnel Medical Insurance	16.00	876.50	(860.50)	63.48	3,506.00	(3,442.52)
Total Other Taxes & Insurance	\$ 995.70	\$ 2,715.50	\$ (1,719.80)	\$ 5,370.89	\$ 10,862.00	\$ (5,491.11)
Other Project Expenses						
Telephone & Answering Service	\$ 210.54	\$ 164.75	\$ 45.79	\$ 1,059.28	\$ 659.00	\$ 400.28
Internet Service	144.85	144.83	.02	649.39	579.33	70.06
Advertising	0.00	54.17	(54.17)	0.00	216.67	(216.67)
Water/Coffee Service	12.10	0.00	12.10	12.10	0.00	12.10

Chico Commons 549
For the Month Ended April 30, 2022
Statement of Income & Cash Flow

	Current Activity	Current Budget	Current Variance	YTD Activity	YTD Budget	YTD Variance
Office Supplies & Expense	\$ 281.55	\$ 221.00	\$ 60.55	\$ 1,416.75	\$ 884.00	\$ 532.75
Postage	94.53	82.08	12.45	480.97	328.33	152.64
Toner/Copier Expense	0.00	188.08	(188.08)	522.44	752.33	(229.89)
Office Furniture & Equipment Expe	0.00	500.00	(500.00)	0.00	2,000.00	(2,000.00)
Travel & Promotion	0.00	70.92	(70.92)	22.00	283.67	(261.67)
Training Expense	0.00	62.50	(62.50)	180.92	250.00	(69.08)
Credit Checking	27.00	100.00	(73.00)	80.00	400.00	(320.00)
Total Other Project Expenses	<u>\$ 770.57</u>	<u>\$ 1,588.33</u>	<u>\$ (817.76)</u>	<u>\$ 4,423.85</u>	<u>\$ 6,353.33</u>	<u>\$ (1,929.48)</u>
Mortgage & Owner's Expense						
Mortgage Payment	\$ 2,604.17	\$ 2,604.17	\$ 0.00	\$ 10,416.68	\$ 10,416.67	\$.01
Reporting / Partner Management F	\$ 1,080.00	\$ 1,080.00	\$ 0.00	\$ 4,320.00	\$ 4,320.00	\$ 0.00
Transfer - Reserves	2,500.00	2,500.00	0.00	10,000.00	10,000.00	0.00
Total Mortgage & Owner's Exp.	<u>\$ 6,184.17</u>	<u>\$ 6,184.17</u>	<u>\$ 0.00</u>	<u>\$ 24,736.68</u>	<u>\$ 24,736.67</u>	<u>\$.01</u>
Total Expenses	<u>\$ 39,673.93</u>	<u>\$ 52,373.38</u>	<u>\$ (12,699.45)</u>	<u>\$ 166,625.48</u>	<u>\$ 209,493.63</u>	<u>\$ (42,868.15)</u>
Authorized Reserve - Other	\$ 0.00	\$ 9,801.67	\$ (9,801.67)	\$ 0.00	\$ 39,206.67	\$ (39,206.67)
Total Authorized Reserves	<u>\$ 0.00</u>	<u>\$ 9,801.67</u>	<u>\$ (9,801.67)</u>	<u>\$ 0.00</u>	<u>\$ 39,206.67</u>	<u>\$ (39,206.67)</u>

CHICO COMMONS, L.P.
(A California Limited Partnership)
COMPARATIVE FINANCIAL REPORT
December 31, 2021 and 2020

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B O W M A N

CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT AUDITORS' REPORT

To the Partners
Chico Commons, L.P.
(A California Limited Partnership)

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of Chico Commons L.P. (A California Limited Partnership), which comprise the balance sheets as of December 31, 2021 and 2020, and the related statements of income partners' equity, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Partnership as of December 31, 2021 and 2020, and the results of its operations and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Partnership and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Partnership's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

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Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements, including omissions, are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Partnership's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Partnership's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

Bauman & Company, L.L.P.

Stockton, California
March 10, 2022

CHICO COMMONS, L.P.
(A California Limited Partnership)

BALANCE SHEETS
December 31, 2021 and 2020

ASSETS	<u>2021</u>	<u>2020</u>
CURRENT ASSETS		
Cash and cash equivalents	\$ 179,381	\$ 301,403
Cash and cash equivalents - partnership reserve	200,021	--
Accounts receivable - tenant, net	13,298	13,792
Prepaid expenses	35,981	20,292
Total current assets	<u>428,681</u>	<u>335,487</u>
RESTRICTED DEPOSITS AND FUNDED RESERVES		
Tax and insurance impounds	2,840	8,496
Tenant security deposits	43,775	43,475
Reserve for replacements	71,774	41,644
	<u>118,389</u>	<u>93,615</u>
PROPERTY AND EQUIPMENT, at cost		
Land	607,476	607,476
Building and improvements	5,476,907	5,405,926
Furniture and equipment	205,916	175,661
	<u>6,290,299</u>	<u>6,189,063</u>
Less accumulated depreciation	<u>(3,796,704)</u>	<u>(3,641,986)</u>
	<u>2,493,595</u>	<u>2,547,077</u>
OTHER ASSETS		
Syndication fees, net of accumulated amortization of \$141,985 and \$136,917 in 2021 and 2020, respectively	<u>60,847</u>	<u>65,918</u>
Total assets	<u>\$ 3,101,512</u>	<u>\$ 3,042,097</u>

CHICO COMMONS, L.P.
(A California Limited Partnership)

BALANCE SHEETS (Cont.)
December 31, 2021 and 2020

LIABILITIES AND PARTNERS' EQUITY	<u>2021</u>	<u>2020</u>
CURRENT LIABILITIES		
Accounts payable and accrued liabilities	\$ 40,077	\$ 7,910
Accrued interest expense, current portion	<u>31,250</u>	<u>31,250</u>
Total current liabilities	<u>71,327</u>	<u>39,160</u>
 DEPOSIT LIABILITIES		
Tenant security deposits	<u>41,475</u>	<u>41,575</u>
 LONG-TERM LIABILITIES		
Accrued interest expense, less current portion	147,910	147,910
Note payable - Redevelopment Agency of the City of Chico	<u>625,000</u>	<u>625,000</u>
	<u>772,910</u>	<u>772,910</u>
 Total liabilities	<u>885,712</u>	<u>853,645</u>
 PARTNERS' EQUITY	<u>2,215,800</u>	<u>2,188,452</u>
 Total liabilities and partners' equity	<u><u>\$ 3,101,512</u></u>	<u><u>\$ 3,042,097</u></u>

CHICO COMMONS, L.P.
(A California Limited Partnership)

STATEMENTS OF INCOME
Years Ended December 31, 2021 and 2020

	<u>2021</u>	<u>2020</u>
REVENUE		
Tenant rental income	\$ 727,622	\$ 709,387
Tenant charges	3,806	5,406
Laundry	11,382	12,667
Interest income	223	131
Other income	8,289	3,109
Total revenue	<u>751,322</u>	<u>730,700</u>
 OPERATING AND MAINTENANCE EXPENSES		
Repairs and maintenance	171,239	119,391
Utilities	101,607	93,867
Wages and salaries	83,145	84,662
Property management fees	37,152	35,424
Services	12,295	7,497
Insurance	18,926	16,729
General and administrative	10,588	8,858
Payroll taxes and workers' compensation insurance	11,504	12,884
Professional fees	12,263	11,376
Bad debt expense	11,042	19,255
Health insurance and other employee benefits	292	208
Other taxes and licenses	6,336	2,753
Total operating and maintenance expenses	<u>476,389</u>	<u>412,904</u>
 Net operating income	<u>274,933</u>	<u>317,796</u>
 OTHER EXPENSES		
Interest expense	31,250	31,250
Depreciation expense	154,718	153,516
Amortization expense	5,071	5,071
Partnership management fee	12,960	12,960
Total other expenses	<u>203,999</u>	<u>202,797</u>
 Net income (loss)	<u><u>\$ 70,934</u></u>	<u><u>\$ 114,999</u></u>

CHICO COMMONS, L.P.
(A California Limited Partnership)

STATEMENTS OF PARTNERS' EQUITY
Years Ended December 31, 2021 and 2020

	Banyard Management	HACB	Total
Balance, December 31, 2019	\$ 300,205	\$ 1,821,666	\$ 2,121,871
Partner distributions	(24,451)	(23,967)	(48,418)
Net income (loss)	<u>1,150</u>	<u>113,849</u>	<u>114,999</u>
Balance, December 31, 2020	276,904	1,911,548	2,188,452
Partner distributions	(22,011)	(21,575)	(43,586)
Net income (loss)	<u>709</u>	<u>70,225</u>	<u>70,934</u>
Balance, December 31, 2021	<u><u>\$ 255,602</u></u>	<u><u>\$ 1,960,198</u></u>	<u><u>\$ 2,215,800</u></u>

CHICO COMMONS, L.P.
(A California Limited Partnership)

STATEMENTS OF CASH FLOWS
Years Ended December 31, 2021 and 2020

	2021	2020
CASH FLOWS FROM OPERATING ACTIVITIES		
Net income (loss)	\$ 70,934	\$ 114,999
Adjustments to reconcile net income (loss) to net cash provided by (used in) operating activities:		
Depreciation and amortization	159,789	158,587
Change in assets and liabilities:		
Decrease (increase) in:		
Accounts receivable	494	(8,869)
Prepaid expenses	(15,689)	(3,448)
Increase (decrease) in:		
Accounts payable and accrued liabilities	32,167	(41,660)
Tenant security deposits	(100)	(360)
Net cash provided by (used in) operating activities	<u>247,595</u>	<u>219,249</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisition of property and equipment	(101,236)	--
Net cash provided by (used in) investing activities	<u>(101,236)</u>	<u>--</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Partners distributions	(43,586)	(48,418)
Net cash provided by (used in) financing activities	<u>(43,586)</u>	<u>(48,418)</u>
Increase (decrease) in cash, cash equivalents, and restricted cash	102,773	170,831
Cash, cash equivalents and restricted cash		
Beginning	395,018	224,187
Ending	<u>\$ 497,791</u>	<u>\$ 395,018</u>
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION		
Cash payments for interest	<u>\$ 31,250</u>	<u>\$ 31,250</u>
CASH, CASH EQUIVALENTS AND RESTRICTED CASH SUMMARY		
Cash and cash equivalents	\$ 179,381	\$ 301,403
Cash and cash equivalents - partnership reserve	200,021	--
Tax and insurance impounds	2,840	8,496
Tenant security deposits	43,775	43,475
Reserve for replacements	71,774	41,644
	<u>\$ 497,791</u>	<u>\$ 395,018</u>

CHICO COMMONS, L.P.
(A California Limited Partnership)

NOTES TO FINANCIAL STATEMENTS

Note 1. Organization and Summary of Significant Accounting Policies

Chico Commons, L.P. (the “Partnership”), a California limited partnership, was formed in June 1991, to own, maintain and operate a 72-unit apartment complex, known as Chico Commons Apartments (the “Project”) in Chico, California. The Project qualified and has been allocated low-income housing tax credits pursuant to Internal Revenue Code Section 42, which regulates the use of the Project as to occupant eligibility and unit gross rent, among other requirements.

Pursuant to the Amended and Restated Agreement of Limited Partnership, the Partnership consists of a 1% General Partner, Banyard Management and a 99% Limited Partner, Housing Authority of the County of Butte (HACB).

A summary of significant accounting policies applied in the preparation of the accompanying financial statements follows:

Basis of presentation

The Partnership prepares its financial statements on the accrual basis of accounting consistent with accounting principles generally accepted in the United States of America.

Cash, cash equivalents and restricted cash

For purposes of reporting the statements of cash flows, the Partnership includes all cash and restricted cash accounts as cash.

Replacement reserve

Upon completion of the project, a reserve for replacements account was required to be established. The reserve includes any funds of the Partnership held by the Project lenders as a reserve for repairs and replacements. The reserve for replacement account is funded in twelve equal monthly installments at the rate of \$2,500 per month.

Accounts receivable

Accounts receivable are principally from tenants of the Partnership. During 2020, the Partnership changed from the direct write-off method to the allowance method for bad debt. There were no impacts to opening equity as a result of the retrospective application of the policy change. Management continues to conduct ongoing evaluations of its tenants and identifies those accounts that are determined to be uncollectible and writes them off. At December 31, 2021 and 2020, the allowance for doubtful accounts was \$5,054 and \$15,737, respectively.

CHICO COMMONS, L.P.
(A California Limited Partnership)

NOTES TO FINANCIAL STATEMENTS

Note 1. Organization and Summary of Significant Accounting Policies (Cont.)

Property and equipment

Depreciation of property and equipment is computed using the straight-line method over the following estimated useful lives:

	<u>Years</u>
Building and improvements	15 - 40
Furniture and fixtures	7 - 15

Expenditures for maintenance and repairs are expensed as incurred.

The Partnership reviews its long-lived assets for impairment whenever events or changes in circumstances indicate that the carrying value of the property may not be recoverable. Recoverability is measured by a comparison of the carrying amount to the future net undiscounted cash flow expected to be generated and any estimated proceeds from the eventual disposition. If the long-lived asset is considered to be impaired, the impairment to be recognized is measured at the amount by which the carrying value amount exceeds the fair value as determined from an appraisal, discounted cash flows analysis, or other valuation technique. There were no impairment losses recognized for the years ended December 31, 2021 and 2020.

Amortization

Syndication costs are amortized over a forty year period, using the straight-line method.

Debt issuance costs

Debt issuance costs, net of accumulated amortization, are reported as a direct reduction of the obligation to which such costs relate. Amortization of debt issuance costs is reported as a component of interest expense and is computed using the straight-line method.

Fair value of financial instruments

The carrying amount of financial instruments, including cash and cash equivalents, accounts receivable, prepaid expenses, accounts payable, and accrued liabilities approximate their value due to the short-term maturities of these instruments.

Rental revenue

Rental income attributable to residential leases is recorded when due from residents, generally upon the first day of each month. Leases are for a period of up to one year, with rental payments due monthly. Rental income is shown at its maximum gross potential. Vacancies and concessions are shown as a reduction in rental income. Other income is recorded when earned and consists primarily of laundry and other tenant charges.

CHICO COMMONS, L.P.
(A California Limited Partnership)

NOTES TO FINANCIAL STATEMENTS

Note 1. Organization and Summary of Significant Accounting Policies (Cont.)

Use of estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the report amounts of assets and liabilities and disclosure of contingent liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Income taxes

Income taxes on Partnership income are levied on the partners at the partner level. Accordingly, all profits and losses of the Partnership are recognized by each partner on its respective tax return.

Since tax matters are subject to some degree of uncertainty, there can be no assurance that the Partnership's tax returns will not be challenged by the tax authorities and that the Partnership or its partners will not be subject to additional tax, penalties, and interest as a result of such challenge. Generally, the Partnership's tax returns remain open for three to four years for income tax examination.

Subsequent events

Management has evaluated subsequent events through March 10, 2022, the date the financial statements were available to be issued.

Note 2. Related Parties Transactions

Partnership management fee

Pursuant to the Loan Agreement with the City of Chico, the Partnership agreed to pay the General Partner an annual fee of \$12,960. For the years ending December 31, 2021 and 2020, a partnership management fee of \$12,960 was paid.

CHICO COMMONS, L.P.
(A California Limited Partnership)

NOTES TO FINANCIAL STATEMENTS

Note 3. Long-Term Debt

Long-term debt consisted of the following at December 31:

	<u>2021</u>	<u>2020</u>
Note payable to the City of Chico, issued in July 1995, in the amount of \$625,000. The loan is secured by land and buildings. The loan bears interest at a fixed rate of 5.00% simple interest and requires annual interest only payments. The note matures in June 2050. The Partnership incurred \$31,250 of interest expense during the years ended December 31, 2021 and 2020. At December 31, 2021 and 2020, accrued interest was \$179,160.	<u>\$ 625,000</u>	<u>\$ 625,000</u>

Note 4. City of Chico Home Program Regulatory Agreement

In consideration of a grant and a loan made by the City of Chico, the Partnership has entered into a regulatory agreement with the City. These agreements set forth certain covenants, conditions, and restrictions regarding the manner in which the Partnership will hold and use the Project. Generally, the Partnership agrees that for a 55-year period following issuance of an unconditional certificate of occupancy, it will cause the Project to be used and held as a residence for low-income and very low-income tenants, subject to various covenants and conditions.

Note 5. Current Vulnerability Due to Certain Concentrations

The Partnership's sole asset is Chico Commons Apartments. The Partnership's operations are concentrated in the affordable housing real estate market. In addition, the Partnership operates in a heavily regulated environment. The operations of the Partnership are subject to the administrative directives, rules and regulations of federal, state and local regulatory agencies, including, but not limited to the State Housing Agency. Such administrative directives, rules and regulations are subject to change by an act of Congress or an administrative change mandated by the State Housing Agency. Such changes may occur with little notice or inadequate funding to pay for the related cost, including the additional administrative burden, to comply with a change.

CHICO COMMONS, L.P.
(A California Limited Partnership)

NOTES TO FINANCIAL STATEMENTS

Note 6. Contingency

In December 2019, an outbreak of a novel strain of coronavirus (COVID-19) originated in Wuhan, China and has since spread to other countries, including the United States of America ("U.S."). On March 11, 2020, the World Health Organization characterized COVID-19 as a pandemic. In addition, multiple jurisdictions in the U.S. have declared a state of emergency. It is anticipated that these impacts will continue for some time and the future effects are unknown.

May 13, 2022

MEMO

To: Banyard Management Board of Directors

From: Hope Stone, CFO
Ed Mayer, President

Subject: CY 2021 Chico Commons Operational Surplus Cash Flow

The Chico Commons 2021 Residuals Receipts from operations are \$130,737, see the second page. As per the Agreement of Limited Partnership (LPA), surplus cash is distributed to the partners after the close of the year. Furthermore, Section 4.k. of Second Amendment to the LPA gives the Managing General Partner, Banyard Management, the authority to "...determine the amount and timing of distributions to partners and establish and maintain all required reserves..."

Chico Commons has high cash flow; no hard debt service; substantial capital needs; and a very low Replacement Reserves balance of \$81,814.

As per the authority outlined in the Limited Partnership Agreement, as amended, staff recommends that the Board of Directors approve the deposit of \$55,000 into the Replacement Reserves from CY 2021 Surplus Cash Flow. The resulting Replacement Reserve balance would be approximately \$136,814 with the balance of funds distributed to the partners. The resulting distribution would be in line with the average of past 6 years distributions.

2015	26,869
2016	20,889
2017	59,490
2018	53,656
2019	48,419
2020	43,586
AVERAGE	42,485
2021	44,487

Recommendation: Motion to approve the withholding of \$55,000 from 2021 Operational Surplus Cash Flow and depositing it into the Chico Commons' Replacement Reserves account, and distribution of remaining surplus finds as described above.

CHICO COMMONS, L.P.
CALCULATION OF EXCESS CASH
CALENDAR YEAR ENDING DECEMBER 31, 2021
DRAFT 3/08/2022

Profit/(Loss) from Operations	70,934.00
ADD: Depreciation; Amortization; Interest on debt issuance	159,789.00
NET CASH FLOW FROM OPERATIONS	230,723.00
SUBTRACT: Transfers to Replacement Reserves	-30,000.00
SUBTRACT: Capital Expenditures	-101,236.00
SUBTRACT: Mortgage Principal Payments	0.00
ADD: Interest Expense - City of Chico Loan	31,250.00
ADD: Transfers from Replacement Reserves	0.00
RESIDUAL RECEIPTS	130,737.00
Interest Payable to the City of Chico from Residual Receipts	-31,250.00
SUBTOTAL	99,487.00
PENDING BOARD APPROVAL TRANSFER TO RESERVES	-55,000.00
NET EXCESS CASH AVAILABLE FOR DISTRIBUTION	44,487.00

<u>Partner Distribution Details</u>		
Banyard Management - General Partner 50% of Excess Cash		22,243.50
Banyard Management - General Partner's Share of excess cash @ 1% of 50%	1.0%	222.44
HACB - Limited Partner's share of excess cash @ 99% of 50%	99.0%	22,021.07
TOTAL PARTNER DISTRIBUTIONS		44,487.01

Banyard	22,465.94
HACB	22,021.07

	<u>Gain/Loss</u>
Banyard	709.34
HACB	70,224.66
	70,934.00
	0.00