



**AGENDA AND NOTICE OF THE REGULAR MEETING OF THE
SOUTH BAY REGIONAL HOUSING TRUST BOARD OF DIRECTORS
THURSDAY, OCTOBER 15, 2026 - 3:30 P.M.**

SBCCOG Offices: 357 VAN NESS WAY, #90, TORRANCE, CA 90501 &

**Via Zoom: www.zoom.us/join Meeting ID: 879 3160 9573 / Passcode:
142451**

SBRHT OFFICERS

Chair

Debby Stegura

Vice Chair

Nina Tarnay

DIRECTORS

El Segundo

Michelle Keldorf

Ryan Baldino (*alt.*)

Hawthorne

Alex Monteiro

Katrina Manning (*alt.*)

Hermosa Beach

Rob Saemann

Dean Francois (*alt.*)

Inglewood

Eloy Morales

James Butts (*alt.*)

Lawndale

Bernadette Suarez

Pat Kearney (*alt.*)

Lomita

Bill Uphoff

Barry Waite (*alt.*)

Manhattan Beach

Nina Tarnay

Joe Franklin (*alt.*)

Rancho Palos Verdes

Stephen Perestam

George Lewis (*alt.*)

Redondo Beach

Paige Kaluderovic

Brad Waller (*alt.*)

Rolling Hills Estates

Debby Stegura

Velveth Schmitz (*alt.*)

Torrance

David Kartsonis

Asam Sheikh (*alt.*)

**HOUSING/HOMELESS
EXPERTS**

Michelle Ramirez

Michael Allen

The agenda packet is available at the South Bay Cities Council of Governments' (SBCCOG) office at 357 Van Ness Way, #90, Torrance, CA 90501, and on the website www.sbrht.org. Copies are available via email upon request to David@sbrht.org. Any additional agenda documents that are distributed to a majority of the Board after the posting of the agenda will be available for review in the SBCCOG office during regular business hours, 8:00 a.m. – 5:00 p.m., Monday through Thursday, and on the South Bay Regional Housing Trust website noted above.

PUBLIC PARTICIPATION:

Your participation is welcomed at all Board of Directors meetings. Time is reserved at each regular meeting for those who wish to address the Board. SBRHT requests that persons addressing the meeting refrain from making personal, slanderous, profane, or disruptive remarks. A person who continues to disrupt the orderly conduct of the meeting, after being warned by the Board Chair or designee to cease the disruption, may be precluded from further participation in the meeting.

At a regular meeting, the public may comment on any matter within the jurisdiction of the SBRHT Board of Directors that is not on the agenda during the public comment period at the beginning of the agenda. The public may also comment on any item on the Consent Calendar prior to action taken on the Consent Calendar. For other agendized items, the public may comment prior to the item being considered by the Board. At a special meeting, the public may only comment on items that are on the agenda.

Members of the public are requested to state their name, city of residence, and the organization they represent (if applicable) prior to speaking. Comments are limited to a maximum of three minutes per person. The Board Chair may impose additional time limits at their discretion. Both written and oral comments will be part of the official record.

Members of the public may address the Board in the following ways:

1. **Verbal Comment In-Person/Virtual:** If you would like to make a verbal public comment, please complete a Speaker Request Form and provide it to staff. Forms will be made available to you by staff at the meeting. If participating through Zoom, please use the "raise hand" feature.
2. **Written Comment:** If you wish to submit written public comments to be distributed to the Board prior to or during the meeting, please submit these materials via email to submit comments by emailing David@sbrht.org at least 1 hour prior to the scheduled meeting time. Please indicate in the Subject Line of the email "FOR PUBLIC COMMENT."

I. CALL TO ORDER – 3:30 P.M.

II. ROLL CALL

III. ANNOUNCEMENTS OF ANY CHANGES TO THE AGENDA

IV. PUBLIC COMMENTS – 3:35 P.M.

V. CONSENT CALENDAR ITEMS – 3:40 P.M.

- A. September 17, 2026 Meeting Minutes (*attachment*) – Approve (Pages 4-12)**
- B. CivicHome September Invoice (*attachment*) - Approve (Pages 14-17)**

Recommended Action: Approve the Consent Calendar

VI. DISCUSSION/ACTION ITEMS

At this time, members of the public in attendance may ask the Board to be heard on the following items as those items are called.

- A. SB 799 and Potential New Member Update – 3:45 P.M.**
- B. Affordable Multi-Family Loan Program Draft Guidelines (*attachment*) – Provide Direction (Pages 19-55) – 3:50 P.M.**
- C. SDRMA Insurance Application (*attachment*) – Approve (Pages 57-85) – 4:20 P.M.**
- D. Quarterly Investment Report (*attachment*) – Approve (Pages 87-88) – 4:25 P.M.**
- E. Status Update on Trust Work Plan – 4:30 P.M.**
- F. 2026 SCANPH Annual Conference Review and discuss Housing Trust Retreat Date and Topics– 4:40 P.M.**
- G. Look Ahead – Future Meeting Agenda Items – 4:50 PM**
 - 1) November:
 - Compliance Monitoring Agreement with Manhattan Beach
 - Management Services – evaluate the SBCCOG administration
 - Affordable Multi-Family Loan Program - Adoption
 - Pre-Development Loan Program – Provide direction

VII. GENERAL ITEMS FROM THE BOARD – 4:55 P.M.

VIII. ADJOURNMENT – 5:00 P.M.

IX. NEXT MEETING – Monday, November 30, 2026, at 9:30 a.m. to 3 pm at the SBCCOG Office.

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Agenda Item V-A
September 17, 2026 Meeting Minutes

**MEETING MINUTES OF THE
SOUTH BAY REGIONAL HOUSING TRUST BOARD OF DIRECTORS
THURSDAY, September 17, 2026 - 3:30 P.M.
SBCCOG Offices: 357 VAN NESS WAY, #90, TORRANCE, CA 90501 & Via Zoom
RECORDING IS ACCESSIBLE VIA THE FOLLOWING LINK: <https://y2u.be/AoODnJiRMRs>**

I. CALL TO ORDER

South Bay Regional Housing Trust Chair Debby Stegura called the meeting to order at 3:40 pm.

II. ROLL CALL

SBCCOG Senior Program Manager David Leger conducted an attendance call. The following Directors and individuals were present:

In attendance were the following voting members:

Michelle Keldorf, El Segundo
Alex Monteiro, Hawthorne
Rob Saemann, Hermosa Beach
Bernadette Suarez, Lawndale
Barry Waite, Lomita
Nina Tarnay, Manhattan Beach

Stephen Perestam, Rancho Palos Verdes
Paige Kaluderovic, Redondo Beach
Debby Stegura, Rolling Hills Estates
Michael Allen, Housing Expert
Michelle Ramirez, Housing Expert
(virtual)

Also in attendance were the following persons:

Lauren Langer, Best Best & Krieger
Adam Eliason, CivicHome
Grant Henninger, CivicHome
Paul Samaras, El Segundo
Jon Kaji, Kaji & Associates.
Tom Lane, South Bay Forward

Brandy Forbes, Rancho Palos Verdes
David Leger, SBCCOG
Jacki Bacharach, SBCCOG
Kevin Umaña, SBCCOG (Virtual)
Ronson Chu, SBCCOG

III. ANNOUNCEMENTS OF ANY CHANGES TO THE AGENDA

There were no changes to the agenda.

IV. PUBLIC COMMENTS

Jon Kaji, President of Kaji & Associates, provided public comment regarding a proposal to convert aging apartment buildings into rehabilitated condominium units for purchase primarily by first-time homebuyers. He explained that the program would include substantial property improvements, such as building system upgrades, energy-efficiency measures, and safety enhancements, while creating homeownership opportunities at prices below comparable new construction. Mr. Kaji suggested that the South Bay Regional Housing Trust could support the effort through a revolving acquisition and rehabilitation fund leveraging regional, state, federal, and private financing sources. He also emphasized the importance of tenant protections, including relocation assistance, homebuyer counseling, and opportunities for existing residents to purchase their units where feasible, and recommended launching a pilot project involving approximately 20 to 50 units in partnership with a member city, a development sponsor, and a financial institution.

V. CONSENT CALENDAR ITEMS

- A. July 16, 2026 Meeting Minutes (attachment)
- B. Amendment to the Investment Policy (attachment)
- C. Technical Advisory Services from Siembab Corporation (attachment)
- D. Invoices (attachment) – Approve (Pages 17-43)

Recommended Action: Approve the Consent Calendar

MOTION by Director Monteiro , seconded by Director Suarez, to **APPROVE** the Consent Calendar.

Yes: 11

No: None

Abstain: None

MOTION PASSES.

VI. DISCUSSION/ACTION ITEMS

A. SB 799 and Potential New Member Update

Interim Trust Executive Director, Jacki Bacharach reported that SB 799 remains pending before the Governor and is awaiting final action. She also provided an update on potential membership expansion, noting that the Gardena City Council recently directed staff to place consideration of joining the South Bay Regional Housing Trust on a future council agenda. Ms. Bachrach explained that, under the current Joint Powers Agreement, new member cities must have their delegate and alternate approved by the South Bay Cities Council of Governments before membership becomes effective. If Gardena approves joining the Trust, its delegate and alternate would be considered by the SBCCOG Board at its October meeting, allowing Gardena to become a member thereafter. Ms. Bachrach indicated they would provide the Board with an update following the City Council's action.

Mr. Leger added that, if SB 799 is signed by the Governor, staff anticipates beginning work on amendments to the Joint Powers Agreement prior to January 1 and circulating draft revisions to member cities for review. He noted that this approach would allow the Board to consider the necessary amendments promptly after the legislation takes effect.

B. Strategic Plan Review and Adoption – Approved

Adam Eliason of CivicHome presented the proposed Strategic Plan for the South Bay Regional Housing Trust, explaining that the document is intended to serve as the Trust's guiding framework as it transitions from formation to implementation. He noted that an initial draft was prepared during the Trust formation process to help prospective member cities understand the organization's purpose and direction and has since been updated to incorporate Board feedback received through prior discussions.

Mr. Eliason reviewed the proposed mission and vision statements and emphasized that the Trust is intended to function not only as an affordable housing funding source but also as a regional housing resource providing strategic guidance, technical assistance, and collaboration opportunities to member cities. He summarized the Strategic Plan's seven goals and highlighted five initial program priorities: affordable multifamily rental housing financing, acquisition and predevelopment lending, preservation of affordable housing, homeownership opportunities, and regional compliance monitoring services. He

explained that future program guidelines, financing terms, and funding recommendations would be presented to the Board separately for consideration and approval.

During Board discussion, Director Perestam asked whether the strategic goals were intended to be implemented in a particular sequence and suggested that future performance measurement and reporting activities be more clearly integrated throughout the plan. He emphasized the importance of establishing metrics, dashboards, and key performance indicators to measure progress and communicate outcomes to member cities and the public. Mr. Eliason agreed and noted the importance of ongoing reporting, storytelling, and public communication as housing projects move through various stages of development.

Director Monteiro expressed support for public reporting of program outcomes and suggested that planning directors from member cities could provide valuable input through a future advisory committee structure. Mr. Eliason explained that the Joint Powers Agreement authorizes the creation of advisory committees and noted that such committees could be convened on an as-needed basis to provide technical expertise and assist with program development. Director Perestam expressed support for maintaining the current governance structure and indicated that an advisory committee could be considered in the future should Board workload or program complexity warrant additional review.

Chair Stegura asked when the Trust will know when it has ready to review the Trust Strategic Plan. Mr. Eliason suggested that the Board consider conducting a comprehensive review in approximately three years, while retaining the flexibility to make adjustments as funding opportunities, housing needs, and program priorities evolve.

MOTION by Director Monteiro, seconded by Vice Chair Tarnay, to **APPROVE** the Strategic Plan with revisions to the plan's goal structure to provide a more logical and sequential flow, strengthen the integration of performance measurement throughout the document, and clarify reporting metrics used to evaluate and communicate the Trust's progress and outcomes.

Yes: 11

No: None

Abstain: None

MOTION PASSES.

C. Low Income Housing Compliance Monitoring Program – Approved

Before providing a presentation on the Low Income Compliance Monitoring Program, Ronson Chu provided an update on implementation of the Board-approved Work Plan. He reported that staff and CivicHome are preparing draft guidelines for the Trust's predevelopment loan program and affordable multifamily housing loan program for Board input in October. He noted that staff continues to advance efforts related to project pipeline development, preservation and workforce housing initiatives, alternative funding sources, and homeownership opportunities. Mr. Chu added that a homeownership program update would be presented later in the meeting and indicated that the concept presented during public comment, involving the conversion of apartment buildings into ownership opportunities, could be evaluated as part of the Trust's ongoing preservation and homeownership efforts.

Regarding homeownership efforts, Mr. Eliason noted that implementation of homeownership programs remains constrained by current funding requirements, specifically the Trust's inability to serve 120% AMI

households, and discussed how potential changes under SB 799 and additional public or private funding sources could expand future opportunities. Director Kaluderovic clarified that potential changes under SB 799 would only allow the Trust to serve 120% AMI households but only if funding came from a private or federal source.

Mr. Chu also provided an update on tax-default property initiatives, explaining that recent changes in state law have reduced the financial advantages previously associated with acquiring tax-default properties for affordable housing development. Staff indicated they will continue evaluating whether the program may still present opportunities for future housing projects.

Mr. Chu then presented the proposed Low Income Housing Compliance Monitoring Program, explaining that the program would provide compliance monitoring services for affordable housing units funded by the Trust and, upon request and for a fee, for other member cities. He stated that staff research determined that performing these services in-house would be more cost-effective than retaining outside consultants, particularly given the limited number of affordable units currently anticipated for monitoring. Staff noted that the program would initially support affordable units coming online in the City of Manhattan Beach and would be funded through Trust administrative resources and developer-paid regulatory monitoring fees. Staff further reported that technical assistance and expertise had been provided by representatives from the City of Inglewood and Director Michelle Ramirez during development of the program. Directors discussed potential future expansion of compliance monitoring services, funding mechanisms, and proposed developer monitoring fees. A contract with Manhattan Beach for these service with the Trust will be created and brought back for approval.

Director Kaluderovic asked whether the proposed compliance monitoring program could be utilized to assist with existing affordable senior housing units in Redondo Beach, including 200 units with affordability covenants that may be approaching expiration. Staff explained that the program is currently focused on monitoring the few density bonus units now. For the Trust to take on 200 units would require additional resources to support monitoring of other affordable housing programs. Staff further indicated that preservation of expiring affordable senior housing units may align with future LACAHSAs preservation initiatives and could present an opportunity for future collaboration.

MOTION by Vice Chair Tarnay, seconded by Director Waite, to **APPROVE** Low Income Housing Compliance Monitoring Program.

Yes: 11

No: None

Abstain: None

MOTION PASSES

D. Home Ownership Program Overview

Kevin Umaña, Housing Project Coordinator and Sector Liaison, provided an overview of LACAHSAs forthcoming homeownership initiative, which will invest approximately \$25 million countywide to support first-time homeownership opportunities. He explained that LACAHSAs intends to release a competitive solicitation to identify qualified public agency or nonprofit administrators to manage the program, with funding expected to be allocated in two phases. The first phase includes a \$15 million allocation, released in Q4 of 2026. If successful, LACAHSAs will release an additional \$10 million six months later. Of the \$25 million, two-thirds will go to buyer-side assistance, such as down payment

assistance, interest rate buydown, and principal reduction loans. Additionally, one-third will go to seller-side assistance to support the development of affordable ownership housing. Eligible households must be within the 80 to 120 percent Area Median Income range.

Mr. Umaña reviewed program assumptions presented by LACAHSa, noting that available funding is expected to support approximately 124 homebuyers and the production of approximately 35 ownership units countywide. He also outlined opportunities for the South Bay Regional Housing Trust to coordinate with selected program administrators, potentially provide matching funds to increase participation within the South Bay, and leverage the initiative to support future regional homeownership programs.

During discussion, Directors expressed support for expanding homeownership opportunities and discussed the affordability challenges associated with current housing prices and mortgage rates. Directors inquired about program eligibility requirements, repayment provisions for deferred loans, and opportunities for cities to partner with developers on ownership housing projects. Staff explained that assistance loans would be repaid upon sale, refinance, or payoff of the primary mortgage. Additionally, regarding the seller-side assistance, staff noted that LACAHSa is prioritizing projects that are development-ready rather than future conceptual projects.

Mr. Eliason suggested that, given the limited number of households expected to benefit directly from the program, the Trust may also wish to explore complementary homeownership strategies, including homebuyer education, financial counseling, outreach programs, and partnerships with HUD-approved nonprofit organizations to assist prospective homebuyers in navigating the home purchase process and preparing for long-term homeownership. The Board received and filed the report.

E. Housing Focused Ballot Measures on November Ballot

Mr. Leger presented two state housing-related ballot measures for Board consideration and recommendation for support. He provided an overview of Proposition 1, a statewide general obligation bond measure that would provide approximately \$11.25 billion for housing programs, including \$5 billion for multifamily affordable housing development and rehabilitation, \$2 billion for affordable and supportive housing production, \$1.2 billion for state-funded veteran mortgage assistance, \$1.1 billion for homeownership and down payment assistance programs, \$1 billion for farmworker, tribal, and student housing, \$500 million for housing infrastructure improvements, and \$200 million for low-income housing programs. Staff recommended a support position, noting that several funding categories could create future funding opportunities for the South Bay Regional Housing Trust.

Mr. Leger also gave an overview of Proposition 37, which would establish a second-mortgage homebuyer assistance program funded through revenue bonds. The program would provide fixed-rate mortgage assistance for eligible homebuyers purchasing newly constructed homes or converted nonresidential properties, subject to income, residency, and down payment requirements. He explained that the bonds would be repaid through homeowner mortgage payments rather than the State's General Fund. Staff recommended a support position, noting that expanded homeownership opportunities would further the Trust's mission even though the program would be administered directly by the State.

Directors asked clarifying questions regarding funding sources, repayment mechanisms, and eligibility requirements associated with the measures. Mr. Leger confirmed that Proposition 1 would be repaid

through state general obligation bonds, while Proposition 37 would be repaid through homeowner mortgage repayments.

MOTION by Director Whaite, seconded by Director Perestam, to **APPROVE** support of Housing Focused Ballot Measures on the November Ballot.

Yes: 10

No: None

Abstain: 1

MOTION PASSES

Note: Director Keldorf left the meeting after the vote at 4:47 pm.

F. Advisory Committee - Appoint Community Development Directors

Ms. Bacharach presented a recommendation to establish a technical advisory committee composed of member city Community Development Directors, consistent with the authority provided in the South Bay Regional Housing Trust Joint Powers Agreement. She explained that the committee would serve in an advisory capacity by reviewing proposed housing programs, providing technical feedback, and helping staff identify implementation challenges and opportunities before recommendations are brought to the Board. The committee would also assist with project pipeline development and program design as the Trust advances its strategic priorities.

Director Ramirez, also the Chair of the SBCCOG Community Development Directors group, reported that those in attendance expressed interest in serving in an advisory role to the Trust. She stated that Community Development Directors are well-positioned to provide technical expertise, conduct background research, and offer practical feedback on housing programs and policies under consideration by the Board. Director Kaluderovic also discussed the potential involvement of housing authority and housing program staff, where appropriate, to provide additional subject matter expertise. Mr. Chu also discussed utilizing GIS mapping data to incorporate feedback from Community Development Directors on where housing should and should not be placed. Director Allen suggested that Mr. Chu review Cities' housing element site inventories to help identify priority development opportunity sites within Cities. He suggested this would be a good start to establish a regional housing project pipeline to eventually provide guidance to developers regarding areas most suitable for future housing and mixed-use development.

The Board discussed whether a formal advisory committee was necessary at this stage of the Trust's development and generally agreed that the committee should be utilized on an as-needed basis rather than meet on a regular schedule.

MOTION by Director Kalderovic, seconded by Director Saemann, to **APPROVE** appointment of Community Development Directors to Advisory Committee.

Yes: 10

No: None

Abstain: None

MOTION PASSES

G. Board Meeting and Retreat for November 30 - 9:30 am to 2:30 pm –speakers and training

Ms. Bacharach presented the idea of a Board retreat focused on affordable housing education and program development. She explained that the retreat could include guest speakers, educational materials, and training resources to provide Board members with additional background on affordable housing policies, funding programs, and implementation strategies. She noted that the retreat would create an opportunity for more in-depth discussion than is typically possible during regular Board meetings and suggested utilizing the retreat to develop a shared understanding of the Trust's priorities and future direction.

Directors expressed support for the concept of a retreat and discussed potential scheduling options. Members raised concerns regarding the proximity of the proposed date to the Thanksgiving holiday and discussed alternative scheduling options. Directors generally agreed that staff should explore dates that maximize participation by Board members and alternates and also invite Community Development Directors to participate. Staff will distribute a scheduling poll and return with a recommended date and proposed retreat agenda for future consideration.

H. Look Ahead – Future Meeting Agenda Items

Ms. Bacharach reviewed anticipated agenda items for upcoming Board meetings and reminded Directors that registration for the SCANPH October 8 Annual Conference had been extended through September 24. She encouraged interested Board members to participate and noted that registration costs would be covered by the Trust. Staff reported that the October agenda is expected to include an insurance update, draft guidelines for the affordable multifamily housing and predevelopment loan programs, the quarterly investment report required under the Trust's Investment Policy, and a proposed compliance monitoring agreement with the City of Manhattan Beach.

Looking ahead to November and December, staff discussed the need to review and potentially renew management services provided by the South Bay Cities Council of Governments, as the current agreement is scheduled to expire at the end of the calendar year. Staff also noted that additional discussion of the affordable multifamily housing and predevelopment loan programs would occur before the programs are brought back for formal consideration. Also, if SB 799 passes, amendments to the JPA will be presented to the board for circulation to the members.

Director Perestam requested a future agenda item regarding the recently enacted 21st Century ROAD to Housing Act, and its potential implications for affordable housing funding and policy at the regional level. Board members expressed interest in receiving an overview of the legislation and any potential impacts on the Trust and its member cities.

VII. GENERAL ITEMS FROM THE BOARD

None.

VIII. and IX. ADJOURNMENT

Chair Stegura adjourned the meeting to Thursday, October 15, 2026, at 5:03 p.m. at the SBCCOG office.

Respectfully Submitted,

Kevin Umaña for the SBRHT

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Agenda Item V-B
CivicHome September
Invoice



Invoice

Date	Invoice #
10/05/2026	2018-334

1 League #62335-Irvine, CA 92602

Bill To
South Bay Cities Council of Governments Jacki Bacharach 357 Van Ness Way, Suite #110 Torrance, CA 90501

[illegible]

Adam Eliason

Project/Time entry	Date	Time	Rate	Total
SBRHT - AFFORDABLE MULTI-FAMILY LOAN PROGRAM		1.250		\$ 293.75
Mtg with COG and Trust Counsel to discuss Residual Receipt Program Guidelines.	09/03/2026	0.750	\$ 235.00	\$ 176.25
Reviewed and drafted email regarding Program Guidelines..	09/28/2026	0.500	\$ 235.00	\$ 117.50
SBRHT - Misc		0.500		\$ 117.50
Email response ownership idea and condo conversions.	09/22/2026	0.500	\$ 235.00	\$ 117.50
SBRHT - TRUST INSURANCE		12.500		\$ 2,937.50
Prepared an insurance quote term sheet for proposals by Hartford and Alliant and emailed it to them..	09/01/2026	2.000	\$ 235.00	\$ 470.00
Started filling out Alliant insurance application. Email David for LACAHS funding agreement between Trust/COG. Email to Alliant re: Crime Coverage..	09/02/2026	1.250	\$ 235.00	\$ 293.75
Emails regarding insurance quotes..	09/04/2026	0.500	\$ 235.00	\$ 117.50
Responded to Alliant regarding Insurance Quote details.	09/11/2026	0.250	\$ 235.00	\$ 58.75
Reviewed email from Alliant re: coverage of the Trust and denial of lending activities..	09/18/2026	0.500	\$ 235.00	\$ 117.50
Emailed David re: SDRMA application and assembled and emailed SDRMA completed application and all attachments and emailed David and Jacki some follow up information re: the Board Mtgs..	09/22/2026	1.000	\$ 235.00	\$ 235.00
Reviewed email from SDRMA. Prepared no-loss letter for Trust to provide to SDRMA and prepared electronic signature for David. Sent to SDRMA..	09/23/2026	0.750	\$ 235.00	\$ 176.25
Finished drafting staff report for Trust Insurance and all attachments. Emails to COG Insurance Broker, CSDA, and SDRMA for clarification..	09/29/2026	5.250	\$ 235.00	\$ 1,233.75
Email from CSDA and email to David and Jacki clarifying insurance budget details compared to Board approved budget. Reviewed and responded to Jacki's comment on the staff report. Reviewed and responded to Alliant's email.	09/30/2026	1.000	\$ 235.00	\$ 235.00
SBRHT - TRUST STRATEGIC PLAN		9.000		\$ 2,115.00
Started reviewing and responding to Draft Strategic Plan comments/edits from Jacki..	09/01/2026	1.000	\$ 235.00	\$ 235.00
Draft staff report for Strategic Plan. Formatted Plan for final submission to Kevin..	09/10/2026	2.000	\$ 235.00	\$ 470.00
Prepared presentation for strategic plan discuss with Trust Board and emailed to COG..	09/15/2026	2.000	\$ 235.00	\$ 470.00
Prepared and reviewed talking points and agenda presentation for strategic plan discuss with Trust Board and emailed to COG..	09/17/2026	1.000	\$ 235.00	\$ 235.00
Reviewed Director Perestam's notes and made edits to the Strategic Plan per the Board discussion and approval suggested by Director Perestam. Emailed Director and Jacki and David the changes to receive confirmation they are correct..	09/22/2026	1.000	\$ 235.00	\$ 235.00
Reviewed Director Perestam's comments about the Strategic Plan. Added additional language and emailed him my response. Prepared and sent email to COG staff re: Strategic Plan and suggestions for the future..	09/23/2026	1.000	\$ 235.00	\$ 235.00
Reviewed final JPA against latest version of Bylaws. Made edits accordingly and emailed Zaire with comments and scheduling..	09/23/2026	1.000	\$ 235.00	\$ 235.00
SBRHT - UPDATE MTGS		6.500		\$ 1,527.50
Monthly update mtg with COG staff to discuss Trust agenda items. Follow up call with Kevin about Strategic Plan items.	09/10/2026	2.000	\$ 235.00	\$ 470.00
Attended SBRHT Board Mtg.	09/17/2026	3.500	\$ 235.00	\$ 822.50
Worked on draft discussion topics and agenda ideas for the Board retreat.	09/29/2026	0.500	\$ 235.00	\$ 117.50
Prepared an email to Jacki with draft ideas for the Board retreat that can be shared at the Oct 15th meeting.	09/30/2026	0.500	\$ 235.00	\$ 117.50
Total		29.750		\$ 6,991.25

Grant Henninger

Project/Time entry	Date	Time	Rate	Total
South Bay Regional Housing Trust		12.250		\$2,388.75
Call with Adam regarding projected hours for Trust tasks through the end of the year.	09/02/2026	0.500	\$ 195.00	\$ 97.50
Determine hour budget for work through the end of the contract.	09/03/2026	0.500	\$ 195.00	\$ 97.50
Review Program Guidelines comments from Trust Counsel.	09/03/2026	0.250	\$ 195.00	\$ 48.75
Call with Trust staff and counsel regarding Program Guidelines.	09/03/2026	1.000	\$ 195.00	\$ 195.00
Review Program Guidelines comments from Trust Counsel.	09/04/2026	0.250	\$ 195.00	\$ 48.75
Call with Trust Counsel regarding Program Guidelines comments.	09/04/2026	0.250	\$ 195.00	\$ 48.75
Weekly update call with Adam. Discussed loan program guidelines.	09/04/2026	0.250	\$ 195.00	\$ 48.75
Monthly meeting with Trust/COG staff.	09/10/2026	0.750	\$ 195.00	\$ 146.25
Weekly update call with Adam. Discussed program guideline revisions, homeownership concerns, and budget.	09/11/2026	0.500	\$ 195.00	\$ 97.50
Revise draft program guidelines per Trust Counsel's comments.	09/17/2026	0.750	\$ 195.00	\$ 146.25
Weekly update call with Adam. Discussed loan program guidelines, homeownership, and board meeting review.	09/18/2026	0.500	\$ 195.00	\$ 97.50
Revise draft program guidelines per Trust Counsel's comments.	09/25/2026	1.250	\$ 195.00	\$ 243.75
Weekly update call with Adam. Discussed program guidelines, and NOFA timing.	09/25/2026	0.500	\$ 195.00	\$ 97.50
Prepare Loan Program Guidelines staff report and presentation.	09/28/2026	0.750	\$ 195.00	\$ 146.25
Review additional comments to Loan Program Guidelines.	09/29/2026	0.500	\$ 195.00	\$ 97.50
Call with USA Properties regarding funding availability.	09/30/2026	0.250	\$ 195.00	\$ 48.75
Prepare loan program guidelines staff report.	09/30/2026	2.000	\$ 195.00	\$ 390.00
Prepare loan program guidelines staff report.	09/30/2026	1.500	\$ 195.00	\$ 292.50
Total		12.250		\$2,388.75

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Agenda Item VI-B
Affordable Multi-Family Loan
Program Draft Guidelines

South Bay Regional Housing Trust

AGENDA ITEM: VI - B

October 15, 2026

TO: SBRHT Board of Directors

FROM: Jacki Bacharach, Interim Trust Executive Director

SUBJECT: Draft Affordable Multi-Family Loan Program Guidelines

RECOMMENDED ACTION:

PROVIDE DIRECTION TO TRUST STAFF REGARDING POLICY IMPLEMENTATION IN THE DRAFT AFFORDABLE MULTI-FAMILY LOAN PROGRAM GUIDELINES

BACKGROUND:

The South Bay Regional Housing Trust (SBRHT) will be receiving an annual allotment of Measure A revenue for the purposes of the Production, Preservation, and Ownership (PPO) of affordable housing. It is anticipated that the SBRHT will receive \$5,676,440 in PPO-New Construction and \$1,671,702 in PPO-Flexible in FY26-27, and approximately similar amounts in future years, subject to fluctuations in sales tax revenue.

Trust staff and consultants have developed Draft Affordable Multi-Family Loan Program Guidelines (Attachment A) to define how the SBRHT will allocate these PPO funds. The Draft Affordable Multi-Family Loan Program Guidelines create a program for issuing soft loans for new construction affordable housing projects in the South Bay region. The SBRHT Board may elect to commit all, a portion, or none of both the PPO-New Construction and PPO-Flexible funds to this program. The SBRHT may create separate programs in the future for other activities using these same funds, such as predevelopment loans, affordable ownership projects, and preservation of existing affordable housing, subject to the eligible uses of the available funding sources.

Trust staff is seeking Board direction and feedback on the Draft Affordable Multi-Family Loan Program Guidelines. Staff anticipates revising the draft Guidelines based on the feedback it receives from the Board, and plans to bring the Guidelines back to the Board for adoption at a future meeting.

PROGRAM GUIDELINE OVERVIEW:

The Draft Affordable Multi-Family Loan Program Guidelines, once adopted, will create a soft loan program that will enable the SBRHT to competitively award funds to affordable housing developments and issue loans to those projects, to be repaid over the life of the project. The loan program created by these Guidelines is very typical for government loans issued to affordable housing projects, and will be familiar to both developers and other funders that invest in these projects.

The Guidelines provide a brief overview of the program, a more detailed program description including eligible uses and require affordability, specific award and loan terms, a description of the application developers will need to complete to apply for funds, how those applications will be evaluated, and specific loan underwriting criteria.

Eligible use of program funds is for the production of new construction homes affordable to acutely-low, extremely-low, very-low, and low-income households in SBRHT-member cities. Eligible applicants include non-profit and for-profit organizations, joint ventures, or partnerships that serve lower-income households and persons experiencing homelessness. Applicants must have at least three projects in service for a period more than three years, of which one shall be in service more than five years.

Projects receiving PPO funding have three options on the affordability they provide.

1. Projects that are 100% affordable to households below 80% AMI must restrict 10% of units in the project to extremely-low income households (30% AMI or below) and 10% of the units in the project to very-low income households (50% AMI or below), with the remaining 80% of units restricted for households earning less than 80% AMI.
2. Project that are affordable to households up to 120% AMI must restrict 10% of units in the project to extremely-low income households (30% AMI or below) and 50 units or 50% of the units in the project, whichever is greater, to very-low income households (50% AMI or below), with the remaining units affordable to households making up to 120% AMI. Under this option, all Trust-funded units restricted to households earning 50% AMI or below.
3. Mixed-income projects that include market rate units must restrict 10% of units in the project to extremely-low income households (30% AMI or below) and 10% of the units in the project to very-low income households (50% AMI or below). Under this option, all Trust-funded units restricted to households earning 50% AMI or below.

All projects receiving Measure A funding are required to pay prevailing wages, and projects 40 units and larger are also subject to the Countywide Community Workforce Agreement.

Commitments for SBRHT funding will be good for twelve months from date of issuance of commitment. This will provide developers one year to apply for tax credits or other financing necessary to commence construction. Typically, there are four rounds of tax credit applications

per year (two for 9% credits and two for 4% credits), which will provide projects multiple opportunities to apply for funding before the SBRHT funding commitment expires.

The loan terms are typical for this type of local government loan for affordable housing. The interest rate is set at 3% simple interest with a term of 55 years. The loan will be repaid from residual receipts over the term of the loan. Residual receipts are the amount of rental income remaining after all other expenses have been paid, including debt service. SBRHT will receive a pro-rata share of half of the residual receipts, split amongst other government soft lenders.

POLICY CHOICES:

There are two specific policy areas where staff is seeking input from the Board prior to adoption of the Guidelines: maximum award amount and scoring criteria.

Maximum Award Amount

The Draft Affordable Multi-Family Loan Program Guidelines includes a maximum award amount based on a per-unit funding limit that varies based on both the income target and unit size, as shown in the table below:

Unit Size	Income Level		
	30% AMI	50% AMI	80% AMI
0 Bedroom	\$210,000	\$175,000	\$125,000
1 Bedroom	\$270,000	\$230,000	\$170,000
2 Bedrooms	\$325,000	\$285,000	\$220,000
3 Bedroom or larger	\$385,000	\$335,000	\$265,000

As currently drafted, these loan limits are intended to be revenue neutral, so there is no specific incentive for developers to build specific size units or target specific levels of affordability based on these loan limits. However, it would be possible to encourage developers to build specific size units targeting specific income levels by increasing the loan limit for the desired types of units.

Staff is seeking feedback from the Board on whether there are specific unit sizes and affordability levels that the Board would like to incentivize. If so, staff will revise the loan limits accordingly prior to bringing the Guidelines back to the Board for adoption.

Scoring Criteria

The Draft Affordable Multi-Family Loan Program Guidelines currently provide a menu of options the Board can choose from in order to determine how projects will be evaluated for funding. The current menu includes:

1. Developer Capacity;
2. Financial Feasibility;
3. Competitive Funding Scoring Analysis;

4. Risk;
5. Community Need; and
6. Geographic Equity.

Developer capacity measures how experienced the applicant is in affordable housing development. Experience is measured by how many publicly funded affordable housing projects they have developed. The reason that this is included as an evaluation category is that developing affordable housing is a complex process, and ensuring that a developer has previous experience reduces the risk of unforeseen problems striking a project after the SBRHT has issued its funding commitments and/or loans.

Financial feasibility measures the cost effectiveness of the project, whether the project has all of its funding sources committed, and how effectively the project uses SBRHT funds, measured by the ratio of requested SBRHT funds to total development cost.

Competitive funding scoring analysis examines the project's scoring under the Tax Credit Allocation Committee or California Debt Limit Allocation Committee's application scoring. This analysis ensures that the SBRHT is awarding funding to projects that are most likely to receive a tax credit allocation within one year of receiving a SBRHT funding award.

The risk category attempts to quantify the likelihood that the project will move forward on schedule, or whether or not the project is likely to be delayed.

Community need is determined by whether the project is located on a site that has been identified in the city's housing element, or has units set aside for specific populations, including large families, seniors, special needs groups, or veterans.

Geographic equity is designed to ensure all SBRHT-member cities have an equitable chance of having projects funded over time. The goal is to match the percent of funding committed to projects in each city to each city's share of lower income RHNA. For instance, Torrance makes up 24% of the lower income RHNA for the current member cities, and therefore should receive 24% of the Trust's funds over time.

Staff is seeking feedback on which of these evaluation categories the Board would like to include in the Guidelines, and the relative importance of each category.

This is not an exhaustive menu of options. If there are other criteria for scoring that the Board would like to consider, staff can develop specific criteria language to include in a revised draft that is anticipated to be brought before the Board for adoption at a future meeting.

CONCLUSION:

Staff is seeking Board feedback and input on the Draft Affordable Multi-Family Loan Program Guidelines, specifically in the two policy areas identified above, as well as the program design overall. Staff intends to revise the Affordable Multi-Family Loan Program Guidelines based on

Board feedback, and bring the revised Guidelines back to the Board for adoption at a future meeting.

ATTACHMENT:

Attachment A – Draft Affordable Multi-Family Loan Program Guidelines



Affordable Multi-Family Loan
Program Guidelines

Draft: October 6, 2026

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1. Program Overview

The South Bay Regional Housing Trust (“SBRHT” or “Trust”) has created this Affordable Housing Loan Program (“Program”) to provide gap and project financing for affordable housing rental projects located within Trust member cities. It is anticipated that this Program will be funded by the Trust primarily using Measure A funds provided either directly to the Trust from the Los Angeles County Affordable Housing Solutions Agency (“LACAHS”) or indirectly to the Trust through the South Bay Cities Council of Governments (“South Bay Cities COG” or “COG”). Additional funding may also be made available to the Trust in the future from federal, state, county, and philanthropic programs, as well as from health-related organizations or initiatives—such as Health Net—that support affordable housing and community well-being for low-income households. These sources may be allocated for use pursuant to this Program by action of the Trust’s Board of Directors.

The goal of this Program is to provide necessary supplemental financing for affordable housing rental projects within Trust member cities, thereby increasing competitiveness of those projects when a developer applies for the project’s primary source funding from State and County affordable housing funding programs such as tax credits, tax-exempt bonds, the California Department of Housing and Community Development’s (“HCD”) SuperNOFA and Homekey+ Program, and/or the Los Angeles County Development Authority (“LACDA”) Multifamily Rental Housing NOFA.

These Program Guidelines do not serve as a Notice of Funding Availability (“NOFA”). Rather, these Program Guidelines provide the terms, conditions and requirements for (i) the Trust’s issuance of future NOFAs, (ii) the Trust’s evaluation and selection of projects for Trust funding, and (iii) the loans provided by the Trust to selected projects, including applicable loan terms, underwriting requirements, security and repayment provisions, and long-term affordability and other regulatory requirements. It is anticipated that the Trust will receive regular disbursements of Measure A funds that will then be made available to developers through competitive Trust issued NOFAs once the Trust is in receipt of those funds.

State and County funding is a critical component of the financing needed to make affordable housing projects financially feasible. In order to maximize a developer’s project competitiveness for State and County funding applications, it is the desire of the Trust to issue NOFAs, as resources permit. Each Trust NOFA will identify the amount of funding the Trust has available for award at that time.

Initial commitments shall expire twelve (12) months after issuance of a commitment letter of funds by the Trust. Extensions to Trust commitments are at the sole discretion of the Trust’s Board of Directors.

2. Program Description

2.1. Eligible Uses

This Program is intended to provide financing for the production of new homes affordable to acutely-low, extremely-low, very-low, and low income households (collectively, “Lower Income Households”). Program funds shall only be used for new construction rental projects. Rehabilitation of existing homes, whether currently affordable or market-rate, is not an eligible use of Program funds. New construction shall be defined as buildings that have not yet received a temporary or permanent Certificate of Occupancy, or jurisdictional equivalent, at the time the Trust funds are expended on the project.

2.2. Eligible Applicants

Applications pursuant to a Trust issued NOFA will be accepted from non-profit and for-profit organizations, joint ventures, or partnerships that serve lower-income households and persons experiencing homelessness. Applicants must have at least three projects in service for a period more than three years, of which one shall be in service more than five years. For applicants applying for projects that intend to use Low Income Housing Tax Credits as part of their capital stack, a minimum of two of the three projects must be California Low-Income Housing Tax Credit projects. For applicants intending to apply for other Federal, State, or County funding programs, a minimum of one of the three projects must have successfully used the intended funding program.

2.3. Eligible Locations

Program funds may only be awarded to projects located within Trust member cities at the time a NOFA application is submitted to the Trust. Projects must also obtain the local jurisdiction acknowledgement and support required pursuant to Section 4.14. A list of current Trust member cities will be published with each Trust issued NOFA.

2.4. Eligible Costs

Program funds may be used for construction loan financing and/or permanent loan financing for the affordable housing rental project, unless otherwise stated in the applicable Trust issued NOFA. The following development costs (“Development Costs”) related to the affordable housing rental project are eligible for payment or reimbursement with Trust loan funds:

- Land acquisition and related due diligence expenses
- Site development and infrastructure
- “Hard” costs of construction;
- “Soft” costs, including but not limited to:
 - marketing costs (not to exceed \$1,500 per unit);

- appraisals;
- architectural and engineering fees;
- individual apartment furnishings (not to exceed \$2,500 per unit);
- certain common area furnishings (not to exceed \$1,000 per unit);
- building permit fees;
- credit reports;
- environmental assessments;
- impact fees;
- legal and accounting costs;
- developer fee within applicable limits, as defined in Section 3.6.
- contingencies or reserves
- private lender origination fees;
- recording fees;
- surety fees; and,
- title insurance.

For purposes of these Program Guidelines, “Development Costs” do not include ongoing operating expenses or other costs incurred after permanent loan conversion, unless otherwise approved by the Trust or specified in the applicable Trust issued NOFA.

An overall cost limitation of fourteen percent (14%) of the cost of construction shall apply to contractor overhead, profit, and general requirements, excluding contractor’s general liability insurance. For purposes of contractor overhead and profit, “cost of construction” includes site work, structures, and general requirements (e.g., offsite improvements, demolition and site work, structures, and prevailing wages).

If the project development includes non-affordable housing components such as commercial, open space, amenities that serve the community at-large (even if such amenities also serve the housing development), and any mixed-use or other community serving components, then **no portion** of the Trust’s loan may be used to finance any portion of such non affordable housing components of the project development and such components are not eligible costs.

2.5. Affordability

Trust-assisted units of the affordable housing rental project must be restricted to the specific level(s) of affordability and must remain affordable for not less than fifty-five (55) years, commencing on the date of conversion of construction financing to permanent financing.

A Regulatory Agreement will be recorded against the property to ensure affordability of the units and income and rent restrictions for the restricted period and during the term of the agreement. All projects shall be required to agree to maintain the project’s affordability for

the term of the Regulatory Agreement regardless of whether the Trust’s loan is fully repaid prior to the expiration of the restricted period and Regulatory Agreement.

Annual compliance and reporting requirements of the developer/project owner will be outlined in the Regulatory Agreement. In addition to the annual reporting requirements, the Trust reserves the right to conduct compliance monitoring activities, which may include unit audits and on-site file reviews to verify compliance with the occupancy, affordability, and other requirements of the Regulatory Agreement. Developers/project owners shall provide full access to tenant files, income certifications, leases, and other relevant documentation upon request, subject to tenant rights of privacy in accordance with applicable law.

At the Trust’s discretion, program compliance may utilize a two-step monitoring process that provides for monitoring of all affordable housing developments financed with funds from the Trust. Monitoring of each development will occur in two phases: Phase 1: In-house review of annual reports, and Phase 2: Annual on-site monitoring visit, which may include monitoring of tenant files in accordance with the affordability and income and rent restrictions of the Regulatory Agreement and a Housing Quality Standards (HQS) inspection, subject to tenant rights of privacy in accordance with applicable law.

Specific affordability requirements will be driven primarily by the funding sources available to the Trust. Affordability requirements for each anticipated funding source are identified below. However, the Trust issued NOFAs will identify the available funding sources and their affordability requirements, as well as the affordability requirements for funding sources not identified in these Program Guidelines.

2.5.1. LACAHSAs

All units financed by the Trust using Measure A funding provided through LACAHSAs must meet the requirements of California Government Code Section 64830(d)(1)(A)(ii). Measure A funds must be expended on projects prior to the project receiving Certificate of Occupancy, or jurisdictional equivalent. Measure A funds may only be used for construction to permanent loans, and must be issued at time of construction loan closing.

Projects to be assisted with the Trust using Measure A funding provided through LACAHSAs must meet one of the following affordability criteria:

- (1) A project that is 100% affordable housing that allocates and restricts (i) ten percent (10%) of the units in the project to extremely-low income households (30% AMI or below), (ii) ten percent (10%) of the units in the project to very-low income households (50% AMI or below), and (iii) the remaining eighty percent (80%) of the units in the project to lower-income households earning less than 80% AMI. Units financed by the Trust using Measure A funding provided through LACAHSAs must be allocated and restricted to households earning 80% AMI or below.

(2) A project that is 100% affordable housing that allocates and restricts (i) ten percent (10%) of the units in the project to extremely-low income households (30% AMI or below), (ii) the greater of 50 units or 50% of the units in the project to very-low income households (50% AMI or below), and (iii) the remaining units in the project may be moderate-income households up to 120% AMI. Units financed by the Trust using Measure A funding provided through LACAHSAs must be allocated and restricted to households earning 50% AMI or below.

(3) A project that includes units serving households earning above 120% AMI, with (i) ten percent (10%) of the units restricted to extremely low-income households (30% AMI or below), and (ii) ten percent (10%) of the units restricted to extremely low or very low-income households (50% AMI or below). Units financed with Trust Measure A funding must be restricted to extremely low-, very low-, or low-income households earning no more than 80% AMI.

For projects subject to criteria (2) and (3), Trust Measure A funding shall not be used in connection with any affordable unit that contributes to development incentives, density bonuses, or similar programs used by the project. If a project that includes units affordable to households making more than 80% AMI received development incentives or density bonuses due to the project having a certain number of affordable units, those affordable units are ineligible to receive Trust funding. However, if a project provides an excess of affordable units beyond those required to receive any development incentives or density bonuses, those excess units are eligible to receive Trust funding.

As an example of the above, if a project is located on a site with zoning that allows for up to 50 units without any development incentives or density bonuses includes five units affordable to lower income households in order to be granted a 20% density bonus, those five affordable units are not eligible to receive Measure A funding. However, if the project includes ten units affordable to lower income households, but still only receives a 20% density bonus, then the additional five affordable units may receive Measure A funding.

More restrictive affordability requirements for LACAHSAs-funded units may be identified in each NOFA, in the event that the Trust must fund additional extremely-low and very-low income units in order to meet its portfolio-wide affordability requirements as required by California Government Code Section 64830(d)(1)(A)(ii)(I).

2.6. Prevailing Wage and Labor Requirements

Projects awarded funding by the Trust are required to comply with all applicable state and federal prevailing wage laws and requirements with respect to the project. Trust will require developer to defend, hold harmless and indemnify Trust and local agency for any and all Labor Code violations on terms acceptable to Trust

Pursuant to Section 1771 of the California Labor Code, the payment of state prevailing wages is required with respect to certain projects determined “public works” under California Labor Code Section 1720 *et seq.* For projects awarded funding by the Trust, the Trust will presume that applicants will pay state prevailing wages with respect to the project pursuant to and in compliance with California Labor Code Section 1720 *et seq.* or similar statute, unless the applicant submits as part of the Trust NOFA application a legal opinion from its legal counsel determining and affirming that the project is exempt from the payment of state prevailing wages under California law and detailing the legal basis for such determination. If the project is subject to the payment of federal prevailing wages under the federal Davis-Bacon Act or similar federal statutes, the applicant shall submit such determination as part of the Trust NOFA application.

2.6.1. LACAHS

Projects funded with Measure A funding shall constitute a public work for which prevailing wages shall be paid in accordance with Section 1720 of the Labor Code. Additionally, projects that are 40 units or larger must also comply with the Countywide Community Workforce Agreement, executed by the Los Angeles County Chief Executive Officer on June 7, 2023, or any successor to the Community Workforce Agreement. Trust will require developer to defend, hold harmless and indemnify Trust and local agency for any and all Labor Code violations on terms acceptable to Trust.

3. Award and Loan Terms

3.1. Award Time Limit

Award of funds through this NOFA shall expire twelve (12) months after the date of the initial commitment letter from the Trust. Limited extension of an expiring Trust funding commitment may be considered by the Trust. The Trust’s Executive Director may approve an extension of up to 60 days at their discretion. Extensions beyond that time must be approved by the Trust’s Board of Directors at their sole discretion. Applicants are responsible for submitting extension requests in writing to Trust staff, detailing the reasons that warrant such a requested extension. Requests must be submitted prior to the expiration of the funding commitment (which expiration must not occur prior to the Trust Board of Directors' consideration of an extension request) and no later than three (3) weeks before a scheduled Trust Board of Directors meeting. Regular meetings of the Trust Board of Directors are held monthly and posted on the Trust’s website at sbrht.org.

3.2. Maximum Award Amount

The maximum Trust loan amount for each project will be determined based on the number of affordable housing units assisted with Trust funds and may vary according to unit size, affordability level, and demonstrated project need. There is no predetermined maximum award; rather, applicants must propose a specific Trust loan amount and provide a clear justification supported by a detailed development budget and evidence of efforts to secure other reasonable sources of financing.

The Trust will determine the final loan amount based on the project’s documented funding gap, financial feasibility, and the extent to which the applicant has leveraged additional public and private resources. In evaluating requests, the Trust will consider the reasonableness of the proposed per-unit subsidy and the overall availability of Trust funds, with the goal of maximizing the impact of limited resources across multiple projects. The Trust reserves the right to adjust or limit awards where the requested amount exceeds what is necessary for project feasibility or would unduly restrict funding availability for other projects.

The maximum unit loan amounts are shown below:

Unit Size	Income Level		
	30% AMI	50% AMI	80% AMI
0 Bedroom	\$210,000	\$175,000	\$125,000
1 Bedroom	\$270,000	\$230,000	\$170,000
2 Bedrooms	\$325,000	\$285,000	\$220,000
3 Bedroom or larger	\$385,000	\$335,000	\$265,000

These loan limits were determined by dividing the subsidy needed for each unit in half, anticipating the other half of the necessary subsidy will come from other funding sources. The necessary subsidy was calculated by subtracting the amount of supportable debt based on 2026 restricted incomes from the cost of building each unit. The average cost of construction is anticipated to be \$655 per square foot, with 0-bedroom units at 800 square feet, 1-bedroom units at 1,000 square feet, 2-bedroom units at 1,200 square feet, and 3-bedroom units at 1,400 square feet. Supportable debt was calculated with 70% of rent available for debt service at a 6% interest rate.

3.3. Terms and Conditions of Trust Loan; Term of Loan

Applicants shall agree to the loan award terms and conditions (“Terms and Conditions”) detailed in this section as part of any funding award. Any request to modify these Terms and Conditions after an award is made will be considered solely at the discretion of the Trust’s Executive Director in furtherance of these Guidelines. Failure to accept these Terms and Conditions will result in forfeiture of any Trust funding award and commitment.

3.3.1. Funding Timing

Program funds may be made available at the closing of the construction loan or closing of the permanent loan, subject to the availability of Trust funds at the time of construction loan closing. Program funds shall not be made available to projects after the project’s construction loan closing and during the course of construction.

3.3.2. Interest Rate

Loans will bear an interest rate of three percent (3%) simple interest. Interest will be calculated based on a 360-day year and the actual number of days elapsed, commencing on the date of Trust loan closing.

3.3.3. Term

Loans will be for a term of fifty-five (55) years, commencing on the date of conversion of construction financing to permanent financing.

3.3.4. Loan Repayment

The Trust loan will be repaid through residual receipts. An amount equal to fifty percent (50%) of Net Operating Income (as defined in Section 3.3.5, Residual Receipts Loans, below), if any, will be paid to the Trust and other public agencies (if any) providing residual receipts loans, and fifty percent (50%) to the developer. The 50% of cash flow payable to public agencies shall be shared by agencies in an amount proportional to the loan provided by such agencies. The value of non-loan contributions by other agencies (i.e. ground lease,

project-based vouchers) shall not be considered as part of the loan value when calculating the Trust’s share of the residual receipts split.

3.3.5. Residual Receipts Loans

The following is the definition of a residual receipts loan which will be used by the Trust to underwrite projects:

The loan for the project will be repaid from the Net Operating Income (NOI), if any, from the project as calculated ninety (90) calendar days after the close of each fiscal year.

By submitting an application pursuant to a Trust issued NOFA, applicant is deemed to understand and agree to the definitions and requirements set forth in these Program Guidelines and must use the stated assumptions for underwriting its project.

3.3.6. Security

The Trust loan shall be evidenced by a promissory note and secured by a deed of trust on the developer/project owner’s interest in the property. The Trust may, but is not required to, accept a leasehold deed of trust on projects where the developer has a ground lease of the site for the project.

3.3.7. Subordination

The Trust may, in its sole discretion, subordinate loan repayment and security positions to a conventional lender or other public agency lenders, including, but not limited to, the State of California HCD, County of Los Angeles, city loans, and CalHFA or AHP loans.

The Trust’s Regulatory Agreement and affordability covenants shall not be subordinated to any deed of trust or other mortgage lien except to the extent such a subordination is otherwise required by statute or state or federal regulation, and the Trust’s Regulatory Agreement and affordability covenants may be subordinated to other regulatory agreements and affordability covenants upon the Trust’s approval in its sole discretion.

3.3.8. Additional Flow Down Provisions

Additional contractual flow down provisions will be included in the Trust’s loan documents as required by the specific funding source(s) used to fund the Trust loan.

3.4. Release of Funds

The Trust will disburse funds at the time of construction loan closing or permanent loan closing, as applicable based on the Trust’s written commitment, concurrently with the other construction financing closing or permanent financing closing for the project. If Trust funds are disbursed at construction loan closing and are in excess of expenses incurred at that time, Trust funds shall be deposited into a primary (senior) lender-controlled account and drawn down in the course of construction as if they were primary (senior) lender funds.

3.5. Trust Fees

3.5.1. Loan Issuance Costs

The Trust will charge to the developer all actual project related costs associated with project loan closing, including, but not limited to, title insurance premiums, escrow fees and costs, title fees and costs, and reasonable attorneys’ fees and staff time of the Trust. Attorneys’ fees and staff time costs on any project shall not exceed \$75,000 or 25% of the amount of the Trust loan commitment to the project, whichever amount is lower.

3.5.2. Compliance Monitoring Fee

The Trust will charge all projects an annual minimum compliance monitoring fee of \$115 per Trust-funded unit per year for Fiscal Year 2026-27. This fee will increase annually in accordance with the Consumer Price Index for Los Angeles – Anaheim – Riverside (All Urban Consumers – All Items) (CPI). The current applicable fee will be published in each Trust issued NOFA.

The first compliance monitoring fee will be invoiced and payable to the Trust at the time of Trust loan closing, and subsequently invoiced annually after conversion to permanent financing for the term of the Regulatory Agreement, regardless of early Trust loan repayment.

3.6. Developer Fee Limit

The maximum developer fee permitted in a project shall be the same as the maximum developer fee allowed under the CTCAC regulations, for those projects that have been or will be awarded Low-Income Housing Tax Credits, as adopted by the CTCAC at the time the applicable Trust issued NOFA is issued. For projects not receiving Low-Income Housing Tax Credits, the maximum developer fee shall be the same as the maximum developer fee allowed under the California Department of Housing and Community Development’s 2017 Uniform Multifamily Regulations, as may be amended.

3.7. Changes in Project Applicant; Transfer

The qualifications and identity of the project applicant are of particular concern to the Trust, and it is because of those qualifications and identity that the Trust may agree to provide a loan of funds to applicant. Therefore, no voluntary or involuntary successor in interest of applicant will acquire any rights, benefits, interests, or powers under the Trust’s issued NOFA and NOFA application process, or in any subsequent Trust loan commitment and loan documents of the Trust should the Trust agree to provide a loan of funds to applicant.

Project applicants must be the project partnership’s general partner. Replacement of the project partnership’s general partner by the investor limited partner shall be subject to prior

written approval of the Trust. In the event of removal of the project partnership’s general partner for cause, the limited partner may temporarily replace the general partner with an affiliate of the limited partner for a period of no more than ninety (90) calendar days. Any permanent replacement general partner shall be subject to prior written approval of the Trust.

Additionally, any “**Transfer**” requires the prior written approval of the Trust, as further described in the Trust loan agreement documents. A “**Transfer**” generally means the following, subject to the express definition included in the Trust loan agreement documents:

- a. The sale, agreement to sell, transfer or conveyance of the property, the project, or any portion thereof or interest therein (including, but not limited to, a beneficial interest), whether voluntary, involuntary, by operation of law or otherwise, the execution of any installment sale contract or similar instrument affecting all or a portion of the property or the project, or the lease of all or substantially all of the property or the project;
- b. The transfer, assignment, hypothecation, or conveyance of legal or beneficial ownership of an interest in the borrower, or a conversion of borrower to an entity form other than that of borrower at the time of execution of the Trust loan agreement, except that a cumulative change in ownership interest of a general partner of borrower of forty-nine percent (49%) or less will not be deemed a “Transfer”; or
- c. Any assignment or transfer of all or any part of the Trust loan agreement documents, or any interest in the Trust loan agreement documents.

3.8. Changes in Project Financing

Material changes in the projects financing, including but not limited to additional funding sources, inclusion of rental subsidies, or changes in funding programs (i.e. changing from 4% tax credits to 9% tax credits) are subject to the Trust’s re-underwriting and approval by the Trust’s Board of Directors.

4. Application

Each Trust issued NOFA will include a link to the application form and the application submittal due date. All applications will be automatically dated and time stamped upon submission. The application will consist of several parts, which are described below.

4.1. General Application Form

The General Application Form will collect basic information about both the project and the applicant. Project information will include project name, address, and type of project. Applicant information will include the applicant’s name, contact information, and the legal structure of the applicant.

4.2. Project Narrative

A narrative description of the project is required. The project narrative must include:

- 1) The purpose and the scope of the project.
- 2) Identify the neighborhood the project will serve.
- 3) Summarize the condition of the housing stock in the neighborhood.
- 4) Document neighborhood services (e.g., public transportation, schools, shopping, etc.)
- 5) Discuss the process and timing to receive entitlement approvals.

The project’s narrative description will be submitted as a long-form text entry field in the online application form. There is no specific character limit for this text entry field; however, applicants are encouraged to be concise and brief in describing the project.

4.3. Project Proforma

The Trust will provide all applicants with a blank project proforma in Excel format for them to fill out and submit as part of their application. The completed project proforma must be submitted in an Excel format; PDF copies will not be accepted.

In the event that the project proforma does not show any repayment of the Trust’s loan within the first fifteen (15) years of project operation, the applicant shall also include a 55-year cashflow projection as part of the submission.

4.4. Financial Notes and Assumptions

Provide a brief narrative regarding each of the expected funding sources and their expected timing and other details indicating the likelihood of an award of such funding.

The project’s financial notes and assumptions will be submitted as a long-form text entry field in the online application form. There is no specific character limit for this text entry

field; however, applicants are encouraged to be concise and brief in detailing their financial assumptions.

4.5. Enforceable Financing Commitments

Provide evidence of enforceable financing commitments for all non-competitive financing (i.e., conventional debt, local public agency soft loans, etc.) and that entitlements for a project are complete or the project can be developed by-right. Evidence of enforceable financing commitments to be provided at application submission excludes funding awards through CTCAC/CDLAC, Homekey+, HCD SuperNOFA, and the LACDA NOFA.

The evidence of readiness to proceed will be accepted as a PDF. The file size for the PDF is limited to 10 megabytes.

4.6. Competitive Funding Scoring Analysis

Provide an analysis demonstrating the project’s anticipated scoring under the State or County funding program identified in the Trust issued NOFA. Applicants shall use the Trust’s Competitive Funding Scoring Analysis Worksheet to calculate and submit a self-score.

The completed funding scoring analysis will be accepted as a PDF. The file size for the PDF is limited to 10 megabytes.

4.7. Project Site Appraisal

Provide a project site appraisal that meets the requirements of CTCAC Regulations Section 10322(h)(2)(V) and that supports the land costs shown in the project proforma. If the land cost is being used as a source of funds, such as if a city is contributing the land for a nominal fee or as a long-term ground lease, the project site appraisal must be equal to or greater than the value of the land shown as a source of funds for the project.

The project site appraisal will be accepted as a PDF. The file size for the PDF is limited to 100 megabytes.

4.8. Project Schedule

Provide a project schedule that includes at a minimum:

- Funding milestones (anticipated application and award dates for all other funding sources);
- Anticipated construction loan closing date;
- Construction duration; and,
- Anticipated placed in service date.

The project schedule will be accepted as a PDF. The file size for the PDF is limited to 10 megabytes.

4.9. Development Team Members

Provide the name, address, contact person, telephone number, e-mail address, and resumes for members of the proposed project team. Include the developer principals and project manager, architect, civil engineer, contractor, and social services provider (if applicable).

Included in the information regarding each development team member, applicants shall disclose any current or prior litigation, claims, judgments, or bankruptcy proceedings involving the applicant, its principals, affiliates, or any entity under substantially common ownership or control that occurred within the past ten (10) years.

The disclosure shall include a brief description of the matter, parties involved, status or resolution, and any potential impact on the applicant’s financial capacity or ability to perform under the proposed loan.

Failure to disclose such information may result in disqualification of the application or termination of any award made under this Program.

The list of development team members and their resumes will be accepted as a PDF. Resumes must be limited to no more than two pages per team member. Please exclude any marketing material from all team members. The file size for the PDF is limited to 100 megabytes.

4.10. Applicant Experience

Provide a brief description of the applicant’s experience sufficient to show compliance with the requirements of Section 2.2.

The applicant’s experience will be submitted as a long-form text entry field in the online application form. There is no specific character limit for this text entry field; however, applicants are encouraged to be concise and brief in detailing their experience.

4.11. Applicant Financial Strength

Provide the most recent audited financial statements of applicant and general partner and a schedule of real estate owned by applicant. A template for the schedule of real estate owned is provided on the Trust's website; however, other formats that include similar information will be accepted.

The audited financial statements and schedule of real estate owned by applicant will be submitted as separate PDFs. The file size for each PDF is limited to 100 megabytes.

4.12. Site Control

Provide evidence of site control in the form of a Preliminary Title Report that meets the requirements of CTCAC Regulations Section 10322(h)(9) and shows that showing the applicant is the owner of the site, or an enforceable option agreement to purchase the site, or a Disposition and Development Agreement (DDA) with the local jurisdiction that owns the property, which provides for the disposition of the site to the applicant, or a fully executed ground lease. Evidence of site control is subject to the approval of the Trust.

The evidence of site control must be uploaded as a PDF as part of the application. The size of the PDF is limited to 10 megabytes.

4.13. Entitlement Readiness & Environmental Clearance

Provide evidence of entitlement readiness and environmental clearance showing that the project is fully entitled and has cleared all legally required environmental review, including compliance with CEQA and NEPA as required. Evidence of entitlement readiness and environmental clearance may take the form of a letter from the local jurisdiction with appropriate regulatory authority attesting to the readiness and clearance, or that the project may be developed by-right. This letter may be combined with the Local Jurisdiction Acknowledgement Letter described in Section 4.14, below.

The evidence of entitlement readiness and environmental clearance must be uploaded as a PDF as part of the application. The size of the PDF is limited to 10 megabytes.

4.14. Local Jurisdiction Acknowledgement Letter

Provide a letter from the local jurisdiction in which the project is located stating that the governing body of the local jurisdiction is aware of the proposed project and supports the development of the project by the applicant. This letter may be from the jurisdiction’s City Manager or Community Development Director, or an equivalent official who is authorized to issue such a letter. This letter may be combined with the Entitlement Readiness & Environmental Clearance letter described in Section 4.13, above.

This Local Jurisdiction Acknowledgement Letter must be uploaded as a PDF as part of the application. The size of the PDF is limited to 10 megabytes.

4.15. Levine Act Statement

To comply with Government Code Section 84308, a provision of the California Political Reform Act generally known as the “Levine Act” which became effective January 1, 2023, each applicant must complete and submit a Campaign Contribution Disclosure Form with its application.

The Levine Act Statement will be uploaded as a PDF through the application form. The size of the PDF is limited to 10 megabytes.

5. Scoring & Evaluation

5.1. Applicant Integrity and Prior Performance Review

Applicants are expected to present accurate and supportable information, and to pursue the project substantially as described in their application. Material deviations from the representations made in a submitted proposal— including, but not limited to, a failure to apply for or diligently pursue external funding sources identified in the application, a withdrawal without adequate justification, or to provide any information later found to have been materially overstated, misleading, or incorrect for the purpose of enhancing competitiveness—may be treated as a performance concern. Without limiting any rights of the Trust, the Trust reserves the right, in its sole discretion, to consider all such matters and other matters, representations, and history in all future Trust NOFA cycles. Such consideration may include reduced scoring, placement in a lower priority category, or a determination not to recommend funding, even if a subsequent application would otherwise score higher than competing proposals.

5.2. Threshold Eligibility Requirements

To be considered for funding under a Trust issued NOFA, each application must demonstrate that the proposed project satisfies all threshold eligibility requirements. These requirements establish the minimum readiness, feasibility, and public-policy alignment needed for the Trust to evaluate a project for competitive scoring and potential Trust funding commitment. Applications that do not meet every threshold requirement listed below will be deemed ineligible and will not advance to the scoring or review stages.

Applicants must provide clear and verifiable documentation for each threshold item. The Trust reserves the right, in its sole discretion, to request clarifications, additional materials, or third-party verification as needed to confirm eligibility of an application.

Applications must include documentation demonstrating compliance with all of the following:

- 1) Project Eligibility
 - a) Project meets all eligibility requirements identified in Sections 2.1 through 2.3.
- 2) Site Control and Development Readiness
 - a) Evidence of enforceable site control sufficient to advance the project through financing and construction including but not limited to enforceable option agreement, fully executed ground lease, DDA, or fee title.

- b) Entitlement readiness, either through confirmation that the project is by-right under current zoning or through submission of all required discretionary approvals, with no outstanding hearings or major land-use conditions.
 - c) Environmental compliance status, including evidence that, as required, CEQA and/or, where applicable, NEPA review is completed.
- 3) Financing Readiness and Project Feasibility**
- a) Development schedule demonstrating readiness to apply for the next appropriate competitive funding round of primary funding (e.g., LIHTC, LACDA) and a feasible path to securing all required construction and permanent financing within the standard timeframe for those programs.
 - b) Preliminary development budget and pro forma showing reasonable and supportable assumptions for rents, expenses, reserves, operating inflation, and long-term financial sustainability.
- 4) Local Jurisdiction Support and Policy Alignment**
- a) Letter of support issued by the local jurisdiction’s executive management (City Manager or Community Development Director or an equivalent official who is authorized to issue such a letter) indicating awareness of the project and support for its advancement by applicant.
 - b) Alignment with the local jurisdiction’s Housing Element and related local housing policies, demonstrating that the project supports the city’s housing goals including consistency with RHNA strategies and programmatic commitments, even if it is not located on a Housing Element-identified site.
 - c) Acknowledgement and agreement with affordability requirements for the term of at least 55 years or longer, consistent with long-term public investment standards.
- 5) Applicant Commitment to Trust NOFA Terms, Conditions, and Ongoing Compliance**
- a) The applicant must certify that it has reviewed the full contents of these Program Guidelines and understands all Program requirements, and that it agrees to comply with all terms and conditions of these Program Guidelines as a condition of eligibility and funding. The applicant further acknowledges that these requirements remain applicable throughout the development, financing, and operations of the project, regardless of the participation of additional funding sources that may later impose differing or conflicting requirements.
- Where multiple funders are involved, the applicant is responsible for ensuring that the Trust’s requirements are preserved and incorporated into all future agreements, regulatory documents, and loan negotiations. Any deviation from these requirements without prior written approval from the Trust may result in withdrawal of the Trust’s funding commitment or adverse consideration in future Trust issued NOFA funding rounds.

5.3. Project Evaluation and Scoring Methodology

Eligible applications will be evaluated across multiple scoring categories: 1) Developer Capacity; 2) Financial Feasibility; 3) Competitive Funding Scoring Analysis; 4) Risk; 5) Community Need; and 6) geographic equity. Together, these categories evaluate the project’s readiness to advance toward construction and permanent financing, the strength and experience of the development team, the overall financial feasibility of the proposal, the project’s likelihood of securing external competitive funding, and the needs of the community in which the project will be developed. This scoring framework is intended to prioritize Trust resources for projects that best advance the Trust’s funding objectives and demonstrate the greatest potential for successful and timely development. Projects may receive a maximum of 100 points.

1) Developer Capacity — XX points

This category evaluates the strength of each applicant’s experience developing affordable housing.

Developer Capacity	Definition	Points
High Capacity	• ≥10 public-funded projects — Demonstrated track record delivering LIHTC/HCD/LACDA or similar projects. • LIHTC/HCD/LACDA experience — Key staff have closed or managed public-funded housing projects. • Qualified property manager & on-site manager — Experienced in affordable housing property management in place. • Applicant has no unresolved audit findings or material compliance issues with public funders within the past five (5) years, as verified through submitted audits and compliance certifications.	XX
Moderate Capacity	• <10 public-funded projects — Some relevant experience. • Some LIHTC/HCD experience — Limited exposure to public programs. • Management plan incomplete — Property management approach lacks detail.	XX
Minimum Capacity	• Minimum development experience – Meets the minimum affordable housing development experience required under the Threshold Review Criteria. • Development team experience — Development or property management demonstrates the minimum necessary expertise.	0

	• Compliance/financial issues — Past compliance or financial concerns that do not rise to a level that would make the applicant ineligible under the Threshold Review Criteria.	
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2) Financial Feasibility — XX points

This category evaluates the financial feasibility of the proposed project. Financial feasibility will be evaluated according to the underwriting criteria outlined in Section 6 and in Attachment A of these Guidelines.

Financial Feasibility	Definition	Points
High Feasibility	• Debt, equity, and gap financing sources committed — Key financing sources have term sheets or letters (tax credits, tax-exempt bonds, and County funding need not be committed prior to Trust award.) • Leverage of Trust funding at least $\geq 20:1$ for each Trust dollar requested for the project. • Costs within standards — Hard and soft costs fall within the typical cost ranges for similar affordable housing projects in the region, based on recent LIHTC and publicly funded developments. • Financing structure identified — Lenders and loan terms clearly described.	XX
Moderate Feasibility	• Some sources identified — Not all funding is committed. • Leverage of Trust funding $10:1-19:1$ — Acceptable but not strong. • Costs slightly high — Costs exceed benchmarks but remain supportable.	XX
Low Feasibility	• Unrealistic numbers — Costs or rents inconsistent with norms. • Limited evidence of funder interest — No term sheets or letters. • Leverage of Trust funding $<10:1$ — Overreliance on Trust funds.	0

3) Competitive Funding Scoring Analysis — XX points

This category evaluates the likelihood that the project will successfully secure an award from its next targeted external primary funding source (e.g., 9% LIHTC, 4% LIHTC + Bonds, HCD SuperNOFA, LACDA Multifamily NOFA). Applicants must submit a scoring analysis using the official scoring rubric for the primary funding program they intend to apply to.

The Trust will assess competitiveness by comparing the project’s projected application score – including required tie-breaker metrics where applicable – against the actual funding-round thresholds from the most recent funding cycle. For programs that use tie-breakers (such as 9% LIHTC), the funded cutoff is defined as the lowest scoring funded application inclusive of the tie-breaker.

Because CTCAC only applies the tie-breaker when point scores are equal, any project that does not achieve the full point score is less competitive, even if its projected tie-breaker is higher than a full-scoring project.

Projects will be assigned to a funding probability category based on how their projected score and tie-breaker compares to actual funding cutoffs from the most recent cycle. Points will be awarded according to the table below.

Probability Category	Definition	Points
Very High Probability	Project meets or exceeds the most recent primary funded score threshold for its targeted program, including tiebreakers where applicable.	XX
High Probability	Project is within a reasonable margin of the most recent primary funded score threshold (e.g., 0–3 points or within 3-5 percentage points on a tie-breaker), with a plausible path to meeting the threshold.	XX
Moderate Probability	Project falls moderately below the primary funded score threshold (e.g., 4–6 points below or 6-10 percentage points on a tie-breaker) of the most recent cycle and has identifiable weaknesses that reduce competitiveness.	XX
Low Probability	Project is significantly below the primary funded score threshold (e.g., more than 6 points or more than 10 percentage points on a tie-breaker) or lacks competitiveness in key categories.	XX
Very Low Probability	Project is unlikely to secure external primary funding in the next cycle; score and/or tie-breaker show substantial gaps compared to funded thresholds.	0

4) Risk — XX points

This section evaluates the risk to completion for each project. Risk evaluation is primarily related to schedule risk, including risk of not commencing or completing construction in a timely fashion.

Risk	Definition	Points
Low Risk	Clear closing path — Conditions precedent to closing are feasible and on schedule.	XX

Risk	Definition	Points
	- No legal/environmental issues — Clean title, no contamination, no pending litigation. - Strong contingency plan — Cost contingencies and mitigation strategies are documented. - Reliable team — Architect, GC, and consultants have strong track records in affordable housing development.	
Moderate Risk	- Some risks outstanding — Issues exist but are manageable. - Delayed but feasible — Closing likely but may slip.	XX
High Risk	- Major unresolved issues likely to jeopardize or delay development — Litigation, contamination, or other similar hurdles. - Unrealistic schedule — Timeline does not align with public funding deadlines.	0

5) Community Need — XX points

This category evaluates proposed projects based on their ability to meet identified community needs. Community need points are cumulative; projects may earn points for meeting the needs of identified populations and being located on identified housing sites.

Community Need	Definition	Points
Identified Housing Site	Project is located on property identified as an affordable housing site in the local jurisdiction’s Housing Element of the city where the project is located, and provides for the unit count and affordability levels consistent with those identified for the site.	XX
Identified Population Need	- Large Family Project — Meets requirements as defined in California Code of Regulations, Title 4, Division 17, Chapter 1, Section 10325(g)(1); - Senior Project — Meets requirements as defined in California Code of Regulations, Title 4, Division 17, Chapter 1, Section 10325(g)(2); - Special Needs Project — Meets requirements as defined in California Code of Regulations, Title 4, Division 17, Chapter 1, Section 10325(g)(3); or - Veterans Housing – Project includes a funding source that limits eligible tenants to veterans for a minimum of eight (8) units or 25% of the project, whichever is less. Examples of funding sources for veterans include, but are not limited to, Veterans Housing and Homelessness Prevention Program	XX

Community Need	Definition	Points
	(VHHP) and Veterans Affairs Supportive Housing (VASH) vouchers.	
No Additional Community Need	Project does not meet any of the above criteria for Community Need.	0

6) **Geographic Equity — XX points**

This category is to intended to promote equitable geographic distribution of Trust resources to the various Trust-member cities. It is the intent of the Trust for each Trust-member city to receive an equitable amount of Program funding, so long as there are eligible projects in each city applying for Trust funding. Geographic Equity points are intended to provide a competitive preference and shall not guarantee or reserve any specific amount of Program funding for any Trust-member city.

The equitable distribution of funding shall be determined by each Trust-member city’s share of lower income RHNA, as shown below. This table shall be updated each time a city joins or leaves the Trust, and at the beginning of each RHNA cycle.

City	Lower Income RHNA	Share of Lower Income RHNA
El Segundo	277	2.70%
Hawthorne	649	6.31%
Hermosa Beach	359	3.49%
Inglewood	2,768	26.93%
Lawndale	1,043	10.15%
Lomita	363	3.53%
Manhattan Beach	487	4.74%
Rancho Palos Verdes	392	3.81%
Redondo Beach	1,444	14.05%
Rolling Hills Estates	29	0.28%
Torrance	2,467	24.00%
Total	10,278	100.00%

Each issued NOFA shall include a calculation of the percent of funding committed to projects in each Trust-member city over the preceding five years or, if shorter, since the commencement of the Program. This percent will be compared to each city’s share of lower income RHNA, creating a ratio between the two. Ratios above

one represent cities that have received more than their share of funding from the Trust, while cities with ratios between zero and one represent cities that have received less than their share of funding.

Point scores will be awarded to projects based on the city where the project is located. All projects in the same city will receive the same point score for this category. Cities with the lowest ratio will receive the most points. Specific point scores for each city will be specified in each NOFA.

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6. Underwriting

6.1. Financial Feasibility

Proposed projects must demonstrate financial feasibility for both construction and operations. The Trust’s underwriting guidelines, included in Attachment A, will be applied to evaluate all projects.

For projects that contain commercial components, the application must include detailed sources and uses of funds with separate line items and apportioned amounts for commercial components that are separate from residential components. Tenant improvement costs shall not be included. The income and expenses from the residential portion of the project shall not be used to support the commercial portion and the commercial income shall not be used to support the residential portion of the project. Applicants must provide an analysis of the anticipated commercial income and expenses. However, as noted above under Section 2.4, if the project development includes non-affordable housing components such as commercial, open space, amenities that serve the community at-large (even if such amenities also serve the housing development), and any mixed-use or other community serving components, then **no portion** of the Trust’s loan may be used to finance any portion of such non affordable housing components of the project development.

Projects must use reasonable assumptions for tax credit pricing reasonably related to the Los Angeles County market. The Trust will not approve a project based on assumptions that are unreasonable or inconsistent with industry standards.

6.2. Partnership Management Fee

An annual Partnership Management Fee of up to \$25,000 in the aggregate may be paid from project cash flow, prior to residual receipts payments. This fee must be substantiated prior to the closing of the Trust loan by the developer and cannot include charges for any office overhead for the development of the project or project operating expenses.

The Partnership Management Fee may only be paid during the tax credit compliance period and includes payments to all partners, including both the general partner(s) and the limited partner. Payments above this limit may be made from the borrower’s portion of residual receipts.

6.3. Furnishings for Homeless Units

Projects that propose to serve homeless households must include costs to furnish all such units in the proposed development budget. At a minimum, each homeless furnished unit shall include:

- A bed and dresser in each bedroom;

- A dining table with chairs;
- A Sofa;
- A coffee table; and
- A lamp.

6.4. On-Site Manager

At a minimum, one (1) on-site manager is required for all projects. Larger projects may require more than one on-site manager. The on-site manager(s) must be full-time and reside at the project.

Attachment A

Underwriting Assumptions

- 1. Max project loan amount:
 - a. See Section 3.2.
- 2. Trust Loan Interest Rate:
 - a. 3% simple interest
- 3. Maximum loan amount per unit:

Unit Size	Income Level		
	30% AMI	50% AMI	80% AMI
0 Bedroom	\$210,000	\$175,000	\$125,000
1 Bedroom	\$270,000	\$230,000	\$170,000
2 Bedrooms	\$325,000	\$285,000	\$220,000
3 Bedroom or larger	\$385,000	\$335,000	\$265,000

- 4. Maximum marketing costs:
 - a. \$2,000/unit.
- 5. Maximum common area furnishing cost:
 - a. \$1,250/unit.
- 6. Maximum contractor overhead, profits, and general requirements:
 - a. 14% of total construction costs.
- 7. Developer fee
 - a. within CTCAC limits for tax credit projects or in accordance with HCD 2017 UMR for projects without tax credits.
- 8. Maximum Partnership Management Fees (combined, all partners):
 - a. \$25,000/year
- 9. Operating reserve:
 - a. Cash deposited into an operating reserve fund in such reasonable amounts as are required by Project lenders, the CTCAC, and the Investor Limited Partner from time to time, and approved in advance by the Trust. Notwithstanding the foregoing, for the Permanent Supportive Housing units in the Project (including, but not limited to, the Trust Restricted Units that are Permanent Supportive Housing units), cash deposited into an operating reserve fund in the amount equal to a minimum of 17-years of operating costs or rental subsidies are provided (i.e. Project Based Vouchers, VASH, Section 8, etc.).

10. Replacement reserve:

- a. Cash deposited into a replacement reserve fund in the amount not-to-exceed \$750 per unit per year (without escalation) for all units in the Project (including, but not limited to, the Trust Restricted Units).

11. Vacancy rate:

- a. 5%.

12. Rent inflation rate:

- a. 2.5%.

13. Misc. income inflation rate:

- a. 3.0%.

14. Expense inflation rate:

- a. 3.5%.

15. Debt coverage ratio:

- a. between 1.1 and 1.2.

16. Residual receipts:

- a. to repay Trust loan over loan term.

17. Appraisal to support the cost of land.

18. Min projected operating expenses:

- a. Total Operating Expenses (not including property taxes or the approved costs of on-site service coordination) shall not be less than those specifically listed in California Code of Regulations, Title 4, Division 17, Section 10327 as minimum Operating Expenses (without the reduction allowed by those regulations for bond-financed projects). The Trust may project higher Operating Expenses where warranted by the experience of comparable properties and particular building characteristics, such as the nature of the tenant population or the level of rehabilitation. Prior to Trust loan closing, the Trust may approve total Operating Expenses that are less than those specified in Section 10327, supra, only if the Project has an extraordinary design feature, such as its own electrical generation system, which results in a quantifiable operating cost savings as documented by a qualified third party.
- b. All Operating Expenses, including property management fees, shall be within the normal market range, as periodically determined by the Trust in surveys or based on costs observed in its portfolio of projects.

19. Contingency:

- a. Where the Trust is providing construction-period financing, the minimum budgeted construction contingency shall be five percent (5%) of construction costs for new construction projects.

20. Positive cash flow:

- a. The Project must demonstrate a positive cash flow for fifteen (15) years, using income and expenses increase rate assumptions specified in California Code of Regulations, Title 4, Division 17, Section 10327. If projected Project income includes rental assistance or operating subsidy payments under a renewable contract, the Trust may assume, unless otherwise notified by applicant, that such contract will be renewed where the renewal of the rental assistance or operating subsidy is likely.

21. Subordination Policy:

- a. The Trust may, in its sole discretion, subordinate loan repayment and security positions to a conventional lender or other public agency lenders, including, but not limited to, the State of California HCD, County of Los Angeles, city loans, and CalHFA or AHP loans.
- b. The Trust’s Regulatory Agreement and affordability covenants shall not be subordinated to any deed of trust or other mortgage lien except to the extent such a subordination is otherwise required by statute or state or federal regulation, and the Trust’s Regulatory Agreement and affordability covenants may be subordinated to other regulatory agreements and affordability covenants upon the Trust’s approval in its sole discretion.

22. Leasehold/Fee Title Security Requirements:

- a. If borrower’s interest in the property is fee title ownership of the property, the Trust’s recordable documents shall be recorded against the fee title of the property. If borrower’s interest in the property is a leasehold interest pursuant to a ground lease, the Trust’s recordable documents shall be recorded against borrower’s leasehold interest in the property, and the ground lease shall have a term remaining at the time of recordation of the Trust’s recordable documents at least equal to the term of the Trust’s loan and the term of the Trust’s Regulatory Agreement and affordability covenants. Ground lessor must be a public agency and terms must be satisfactory to Trust.

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Agenda Item VI-C
SDRMA Insurance
Application

South Bay Regional Housing Trust

AGENDA ITEM: VI-C

October 15, 2026

TO: SBRHT Board of Directors
FROM: Jacki Bacharach, Interim Trust Executive Director
SUBJECT: Trust Insurance Policy

RECOMMENDED ACTION:

ADOPT A RESOLUTION OF THE SOUTH BAY REGIONAL HOUSING TRUST (TRUST) APPROVING THE FORM AND AUTHORIZING THE CHAIR TO EXECUTE THE 6TH AMENDED JOINT POWERS AGREEMENT; APPROVING MEMBERSHIP IN THE CALIFORNIA SPECIAL DISTRICT ASSOCIATION (CSDA); AGREEING TO MEMBERSHIP IN THE SPECIAL DISTRICT RISK MANAGEMENT AUTHORITY PROPERTY/LIABILITY PROGRAM FOR AN INITIAL 3-PROGRAM YEAR COMMITMENT; AND AUTHORIZE THE INTERIM TRUST MANAGER TO EXECUTE ANY REMAINING APPLICATION OR RELATED DOCUMENTS REQUIRED TO COMPLETE CSDA MEMBERSHIP AND BIND SDRMA COVERAGE.

BACKGROUND:

As the South Bay Regional Housing Trust begins operations, it is important that the Trust have appropriate insurance coverage to protect the organization, its financial resources, Board Members, officers, and others acting on behalf of the Trust. Insurance provides financial protection against claims, lawsuits, losses, and other risks that can arise in the normal course of conducting Trust business.

Trust staff identified the types and levels of insurance coverage appropriate for the Trust's current operations. The proposed coverage includes the following:

General Liability Insurance protects the Trust if a third party makes a claim for bodily injury or property damage arising from Trust operations.

Non-Owned and Hired Auto Liability Insurance provides protection when an individual is driving a personal or rented vehicle on Trust business and the Trust is named in a claim resulting from an accident. This is important because the Trust does not own vehicles, but

Board Members, staff, or others may use personal or rented vehicles while conducting Trust business.

Uninsured/Underinsured Motorist Coverage provides protection when a covered individual is involved in an accident while conducting Trust business and the responsible driver has no automobile insurance or does not have sufficient insurance to cover the resulting loss.

Public Officials and Errors & Omissions Liability Insurance protects the Trust, its Board Members, officers, and other covered individuals against certain claims arising from decisions or actions taken while performing their official duties. This is particularly important for a public agency because Board Members and staff regularly make policy, administrative, contractual, and financial decisions on behalf of the organization.

Government Crime Insurance protects the Trust from certain financial losses resulting from dishonest acts such as fraud, theft, or misappropriation of Trust funds or property by covered employees or other individuals.

Maintaining appropriate insurance coverage is also an important component of the Trust's overall risk-management and fiduciary responsibilities as it begins administering public funds, entering into contracts, and implementing its housing programs.

INSURANCE PROPOSALS:

Staff contacted three insurance organizations that specialize in coverage for public agencies to obtain proposals for the Trust:

1. **Alliant Insurance Services** has a public risk management team specializing in government insurance and previously assisted another Trust with insurance coverage. For the current policy period, Alliant was unable to obtain coverage that included the Trust's lending and loan servicing activities, which are central to the Trust's operations.
2. **NHC Insurance**, which provides insurance coverage for the South Bay Cities Council of Governments, contacted its customary insurance carriers on behalf of the Trust. NHC was unable to identify a carrier willing to provide coverage for the Trust's operations.
3. **Special District Risk Management Authority (SDRMA)** is a public agency formed under California Government Code Section 6500 et seq. that provides insurance and risk management programs to California local governments. SDRMA currently provides coverage to several housing-related public agencies, including the Orange County Housing Finance Trust, Pasadena Regional Housing Trust, and Gateway Cities Affordable Housing Trust. SDRMA reviewed the Trust's application and provided a proposal that meets the Trust's identified coverage needs (Attachment A).

Participation in SDRMA requires an initial three-program-year commitment. After completing this initial commitment, a member may withdraw by providing written notice at least 90 days before the annual renewal date.

SDRMA participation also requires membership in the California Special Districts Association (CSDA). CSDA provides legislative advocacy on issues affecting special districts and joint powers authorities, as well as educational programs, risk management resources, and best-practices training for its members.

SDRMA provides broader coverage and higher coverage limits than insurance previously obtained by another housing trust through Alliant. Several coverages included in the SDRMA proposal were not included in that trust's Alliant coverage, and SDRMA's annual premium is less than half the cost of the other trust's annual premium through Alliant.

The annual premium and coverage limits shown below are for the period of July 1, 2026 through June 30, 2027. The Trust's premium will be prorated for the remainder of FY 2026-27, with coverage effective October 22, 2026.

COSTS AND COVERAGE:

SDRMA Annual Premium:	\$7,285.05
CSDA Annual Membership:	<u>\$1,398.00</u>
Total Annual Insurance-Related Costs:	\$8,683.05

Description	SDRMA Deductible	SDRMA Limit
GL Bodily Injury	\$0	\$2.5M
GL Property Damage	\$500	\$2.5M
GL Public Officials' Personal	\$500	\$500k
GL Employment Benefits	\$0	\$2.5M
GL Employee/Public Officials E&O	\$0	\$2.5M
GL Employment Practices Liability	\$0	\$2.5M
GL Employee/ Officials Dishonesty (Crime)	\$2,500	\$1.0M
Non-Owned Auto Bodily Injury Liability	\$0	\$2.5M
Non-Owned Auto Property Damage	\$1,000	\$2.5M
Uninsured Motorist	\$0	\$1.0M

CONCLUSION:

Staff recommends that the Trust join CSDA and participate in SDRMA's Property/Liability Program for an initial three-program-year commitment and adopt the required resolution (Attachment B).

Staff further recommends authorizing the Chair to execute the required SDRMA Joint Powers Agreement (Attachment C) and authorizing the Interim Trust Manager to execute any remaining application or related documents necessary to complete CSDA membership and bind SDRMA coverage.

ATTACHMENT:

Attachment A – SDRMA Proposal

Attachment B – SDRMA Resolution

Attachment C – SDRMA Joint Powers Agreement



1112 I Street, Suite 300
 Sacramento, CA 95814-2865
 O 916-231-4141 • 800-537-7790
 Fax 916-231-4111

Maximizing Protection. Minimizing Risk.

September 28, 2026

David Leger
 Primary Contact
 South Bay Regional Housing Trust
 357 Van Ness Way, Suite 110
 Torrance, CA 90501

Dear David Leger,

Thank you for the opportunity to provide South Bay Regional Housing Trust with this 2026-27 Property/Liability Program quotation. Established in 1986, the Special District Risk Management Authority has a proven reputation for competitive rates, actuarially based fiscal management, and sound underwriting practices. Our goal is to serve as an extension of your agency's staff and provide the best value through proactive loss prevention, effective claims cost containment and enhanced member services. Our partnerships with California Special District Association (CSDA), the CSDA Finance Corporation, and the Special District Leadership Foundation provide our members access to valuable services, resources, education and training opportunities.

Valid for sixty (60) days from the date of this letter, the following quotation represents twelve (12) months of coverage and is subject to verification and final underwriting review. Coverage bound mid-year will be prorated based on effective dates. South Bay Regional Housing Trust's quotation is as follows:

PROPERTY/LIABILITY PROGRAM QUOTATION

Coverage Limits: \$2.5 Million - July 1, 2026 through June 30, 2027*

\$7,285.05

**Please refer to the attached list for detailed coverage limits and deductibles.*



Please review the following requirements and conditions:

- Adoption of a Resolution by the Agency Board of Directors approving the form and authorizing the Execution of the Sixth Amended Joint Powers Agreement and agreeing to membership in the SDRMA Property/Liability Program for an initial 3-program year commitment.
- Execution and delivery of the Sixth Amended Joint Powers Agreement of the Special District Risk Management Authority.
- Completion of the Alliant Crime Policy application.
- Approval by SDRMA's Board of Directors of Agency's membership in the Property/Liability program.
- Initial three-program year member enrollment required. Upon meeting the initial three-program year commitment, a member may withdraw by submitting a 90-day (April 1) intent to withdraw letter before the annual renewal.
- Maintaining annual Membership in California Special Districts Association is required and separate from this quotation.
- Special District Risk Management Authority's Credit Incentive Program (CIP) awards up to 15% off the annual contribution for completion of approved risk management and training programs. Members can reduce future contributions each year by earning CIP points or not experiencing any paid claims.

Upon receipt of all membership documents, SDRMA will issue the policy and forward pro-rated invoices for the annualized Property/Liability Program contributions.

We look forward to South Bay Regional Housing Trust's participation in the SDRMA Property/Liability Program. Should you have any questions, or if we can provide any additional information, please do not hesitate to contact us at 800.537.7790. All necessary membership documents will be sent to you upon notification of your agency's decision to proceed with membership in the program.

Sincerely,
Special District Risk Management Authority

Debbie Yokota, CPCU - Chief Executive Officer

Special District Risk Management Authority
Proposed Lines of Coverage for Program Year 2026-27



Line of Coverage	Item Count	Total Insured Value (TIV)	Deductible	Limit
General Liability				
Bodily Injury			\$0	\$2,500,000
Property Damage			\$500	\$2,500,000
Public Officials Personal			\$500	\$500,000
Employment Benefits			\$0	\$2,500,000
Employee/Public Officials E & O			\$0	\$2,500,000
Employment Practices Liability			\$0	\$2,500,000
Employee/Public Officials Dishonesty (Crime)			\$2,500	\$1,000,000
Auto Liability (includes non-owned auto)				
Auto Bodily Injury			\$0	\$2,500,000
Auto Property Damage			\$1,000	\$2,500,000
Non-Owned Auto Bodily Injury			\$0	\$2,500,000
Non-Owned Auto Property Damage			\$1,000	\$2,500,000
Uninsured Motorist			\$0	\$1,000,000

RESOLUTION NO. _____

**A RESOLUTION OF THE BOARD OF DIRECTORS OF SOUTH BAY REGIONAL HOUSING TRUST
APPROVING THE FORM OF AND AUTHORIZING THE EXECUTION OF A SIXTH AMENDED JOINT
POWERS AGREEMENT AND AUTHORIZING PARTICIPATION IN THE SPECIAL DISTRICT RISK
MANAGEMENT AUTHORITY'S PROPERTY/LIABILITY PROGRAM**

WHEREAS, South Bay Regional Housing Trust, a special district duly organized and existing under and by virtue of the laws of the State of California (the "Agency"), has determined that it is in the best interest and to the advantage of the Agency to participate for at least three full years in the Property/Liability Program offered by the Special District Risk Management Authority (the "Authority"); and

WHEREAS, California Government Code Section 6500 *et seq.*, provides that two or more public agencies may by agreement jointly exercise any power common to the contracting parties; and

WHEREAS, Special District Risk Management Authority was formed in 1986 in accordance with the provisions of California Government Code 6500 *et seq.*, for the purpose of providing its members with risk financing and risk management programs; and

WHEREAS, California Government Code Section 990.4 provides that a local public entity may self-insure, purchase insurance through an authorized carrier, or purchase insurance through a surplus lines broker, or any combination of these; and

WHEREAS, participation in Special District Risk Management Authority programs requires the Agency to execute and enter into a Sixth Amended Joint Powers Agreement (the "Amended JPA Agreement"); which states the purpose and powers of the Authority; and

WHEREAS, all acts, conditions and things required by the laws of the State of California to exist, to have happened and to have been performed precedent to and in connection with the consummation of the transactions authorized hereby do exist, have happened and have been performed in regular and due time, form and manner as required by law, and the Agency is now duly authorized and empowered, pursuant to each and every requirement of law, to consummate such transactions for the purpose, in the manner and upon the terms herein provided.

NOW, THEREFORE, BE IT RESOLVED BY THE BOARD OF DIRECTORS OF THE AGENCY AS FOLLOWS:

Section 1. Findings. The Agency Board of Directors hereby specifically finds and determines that the actions authorized hereby relate to the public affairs of the Agency.

Section 2. Sixth Amended JPA Agreement. The Amended JPA Agreement proposed to be executed and entered into by and between the Agency and members of the Special District Risk Management Authority, in the form presented at this meeting and on file with the Agency Secretary, is hereby approved. The Agency Board and/or Authorized Officers ("The Authorized Officers") are hereby authorized and directed, for and in the name and on behalf of the Agency, to execute and deliver to the Authority the Amended JPA Agreement in substantially said form, with such changes therein as such officers may require or approve, such approval to be conclusively evidenced by the execution and delivery thereof.

Section 3. Program Participation. The Agency Board of Directors approves participating for three full program years in Special District Risk Management Authority Property and Liability Program.

Section 4. Other Actions. The Authorized Officers of the Agency are each hereby authorized and directed to execute and deliver any and all documents which is necessary in order to consummate the transactions authorized hereby and all such actions heretofore taken by such officers are hereby ratified, confirmed and approved.

Section 5. Effective Date. This resolution shall take effect immediately upon its passage.

PASSED AND ADOPTED this 15th day of October, 2026 by the following vote:

AYES: _____

NOES: _____

ABSENT: _____

Debby Stegura, Chair

Agency Secretary

**SIXTH AMENDED
JOINT POWERS AGREEMENT**

RELATING TO THE

SPECIAL DISTRICT RISK MANAGEMENT AUTHORITY

Adopted August 1, 1986
1st Amended February 5, 1988
2nd Amended March 31, 1990
3rd Amended July 1, 1993
4th Amended February 9, 1998
5th Amended and Restated
- Approved March 24, 2003
- Effective July 1, 2003
6th Amended October 2, 2007

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**SIXTH AMENDED JOINT POWERS AGREEMENT
RELATING TO THE
SPECIAL DISTRICT RISK MANAGEMENT AUTHORITY**

THIS SIXTH AMENDED JOINT POWERS AGREEMENT (the “Agreement”) is made and entered into by and among the public agencies (the “Members”) organized and existing under the laws of the State of California, which are signatories to this Agreement.

RECITALS

WHEREAS, California Government Code Section 6500 *et seq.* (the “Act”) provides that two or more public agencies may by agreement jointly exercise any power common to the contracting parties; and

WHEREAS, California Labor Code Section 3700(c) permits pooling by public agencies of self insurance for Workers’ Compensation liability; and

WHEREAS, California Government Code Section 990.4 provides that a local public entity may self-insure, purchase insurance through an authorized carrier, purchase insurance through a surplus line broker, or any combination of these; and

WHEREAS, California Government Code Section 990.8 provides that two or more local entities may, by a joint powers agreement, provide insurance for any purpose by any one or more of the methods specified in Government Code Section 990.4; and

WHEREAS, the parties to this Agreement desire to join together for the purposes set forth in Article 2 hereof, including establishing pools for self-insured losses and purchasing Excess or Re-Insurance and administrative services in connection with joint protection programs (the “Programs”) for members of the California Special Districts Association (“CSDA”); and

WHEREAS, it appears economically feasible and practical for the parties to this Agreement to do so; and

WHEREAS, the Members have previously executed that certain Fifth Amended and Restated Joint Powers Agreement (the “Original JPA”), which Original JPA the Members desire to amend and restate by this Agreement; provided that such amendment and restatement shall not affect the existence of the Authority; and

WHEREAS, CSDA exists to assist and promote special districts, and has been responsible for the original creation of the Special District Risk Management Authority (“Authority”) and Special District Workers Compensation Authority (“SDWCA”), and determined the consolidation of SDWCA and the Authority on July 1, 2003 was in the best interests of special districts and other public agencies throughout the State.

NOW THEREFORE, for and in consideration of all of the mutual benefits, covenants and agreements contained herein, the parties hereto agree as follows:

Article 1. Definitions. The following definitions shall apply to the provisions of this agreement:

“Act” means Articles 1 through 4 (commencing with Section 6500) of Chapter 5, Division 7, Title 1 of the California Government Code, as amended or supplemented.

“Alliance Executive Council” means the council organized pursuant to the MOU.

“Assessment” means an additional amount, in addition to the Member’s or Former Member’s original contribution, which the Board of Directors determines in accordance herewith and/or with the Bylaws that a Member or Former Member owes on account of its participation in a Program for a given Program year.

“Authority” shall mean the Special District Risk Management Authority created by the original version of this Agreement.

“Board of Directors” or “Board” shall mean the governing body of the Authority.

“Bylaws” means the Bylaws of the Authority adopted by the Board of Directors, as they may be amended from time to time.

“Chief Executive Officer” shall mean that employee of the Authority who is so appointed by the Board of Directors.

“Claim” shall mean a demand made by or against a Member or Former Member which is or may be covered by one of the Programs approved by the Board of Directors.

“Contribution” means the amount determined by the Board of Directors to be the appropriate sum which a Member should pay at the commencement of or during the Program Year in exchange for the benefits provided by the Program.

“Coverage Documents” shall mean the Declarations, Memorandum of Coverages, Coverage Agreements, Endorsements, Policies of Insurance or any other documents that provide the terms, conditions, limits and exclusions of coverage afforded by a Program.

“CSDA” means the California Special Districts Association.

“District” shall mean a special district, public agency or public entity within the State of California which is both a Member of the CSDA and a signatory to this Agreement.

“Duly Constituted Board Meeting” shall mean any Board of Directors meeting noticed and held in the required manner and at which a Quorum was determined to be present at the beginning of the meeting.

“Estimated Contribution” means the amount which the Board of Directors estimates will be the appropriate contribution for a Member’s participation in a Program for a Program Year.

“Excess or Re-Insurance” shall mean that insurance which may be purchased on behalf of the Authority and/or the Members to protect the funds of the Members or Former Members against catastrophic losses or an unusual frequency of losses during a single year in excess of the self-insurance retention maintained by the Authority.

“Fiscal Year” shall mean that period of twelve months which is established as the fiscal year of the Authority.

“Former Member” shall mean a District which was a signatory to the Agreement but which has withdrawn from, or been involuntarily terminated from participating in, the Authority.

“Joint Protection Program” means a Program offered by the Authority, separate and distinct from other Programs, wherein Members will jointly pool their losses and claims, jointly purchase Excess or Re-Insurance and administrative and other services, including claims adjusting, data processing, risk management consulting, loss prevention, legal and related services.

“Member” shall mean a signatory to this Agreement, which is qualified as a Member under the provisions of this Agreement and the Bylaws.

“MOU” means the Memorandum of Understanding - Alliance Executive Council, dated as of September 20, 2001, among the Authority, CSDA, the CSDA Finance Corporation and SDWCA.

“Program” or “Programs” means the specific type of protection plan as set forth in the terms, conditions and exclusions of the Coverage Documents for self-insured losses, and the purchasing of Excess or Re-Insurance and administrative services.

“Program Year” shall mean a period of time, usually 12 months, determined by the Board of Directors, in which a Program is in effect.

“Retained Earnings,” as used herein, shall mean an equity account reflecting the accumulated earnings of a Joint Protection Program.

“SDWCA” means the Special Districts Workers Compensation Authority, and its successors or assigns.

Article 2. Purposes. This Agreement is entered into by the Members pursuant to the provisions of California Government Code section 990, 990.4, 990.8 and 6500 *et seq.* in order to provide, subject to the provisions of the Coverage Documents, economical public liability and workers’ compensation coverage, or coverage for other risks which the Board of Directors may determine.

Additional purposes are to reduce the amount and frequency of losses, and to decrease the cost incurred by Members in the handling and litigation of claims. These purposes shall be

accomplished through the exercise of the powers of such Members jointly in the creation of a separate entity, the Special District Risk Management Authority (the “Authority”), to establish and administer Programs as set forth herein and in the Bylaws.

It is also the purpose of this Agreement to provide, to the extent permitted by law, for the inclusion, at a subsequent date, and subject to approval by the Board of Directors, of such additional Members organized and existing under the laws of the State of California as may desire to become parties to the Agreement and Members of the Authority.

Article 3. Parties to Agreement. Each party to this Agreement certifies that it intends to and does contract with all other parties who are signatories to this Agreement and, in addition, with such other parties as may later be added as parties to and signatories of this Agreement pursuant to Article 18. Each party to this Agreement also certifies that the withdrawal from or cancellation of membership by any Member, pursuant to Articles 19 and 20 or otherwise, shall not affect this Agreement nor such party’s intent, as described above, to contract with the other remaining parties to the Agreement.

Article 4. Term of Agreement. This Agreement shall become effective as to existing Members of the Authority as set forth in Article 33 hereof. This Agreement shall continue thereafter until terminated as hereinafter provided. This Agreement shall become effective as to each new Member upon: (i) approval of its membership by the Board of Directors, (ii) the execution of this Agreement by the Member, and (iii) upon payment by the Member of its initial Contribution for a Program. Any subsequent amendments to the Agreement shall be in accordance with Article 27 of this Agreement.

Article 5. Creation of Authority. Pursuant to the Act, there is hereby created a public entity separate and apart from the parties hereto, to be known as the Special District Risk Management Authority. Pursuant to Section 6508.1 of the Act, the debts, liabilities and obligations of the Authority, including but not limited to, debts, liabilities and obligations of any of the Programs shall not constitute debts, liabilities or obligations of any party to this Agreement or to any Member or Former Member.

The Authority is not an insurer, and the coverage programs offered by the Authority do not provide insurance, but instead provide for pooled joint protection programs among the members of the Authority. The Joint Protection Programs offered by the Authority constitute negotiated agreements among the Members which are to be interpreted according to the principles of contract law, giving full effect to the intent of the Members, acting through the Board of Directors in establishing the Programs.

Article 6. Powers of Authority. (a) The Authority shall have all of the powers common to Members and is hereby authorized to do all acts necessary for the exercise of said common powers, including, but not limited to, any or all of the following:

- (1) to make and enter into contracts, including the power to accept the assignment of contracts or other obligations which relate to the purposes of the Authority, or which were entered into by a Member or Former

Member prior to joining the Authority, and to make claims, acquire assets and incur liabilities;

- (2) to accept an assignment from SDWCA of all its assets, obligations and liabilities prior to the dissolution of SDWCA (including claims and contracts in existence prior to such dissolution) in order to benefit the Members or Former Members participating in the SDWCA workers compensation program; provided, that except for the fair and equitable allocation of administrative and overhead expenses, funds from such assignment shall not be co-mingled and shall be separately accounted for as provided for in this Agreement and the Bylaws.
- (3) to incur debts, liabilities, or other obligations, including those which are not debts, liabilities or obligations of the Members or Former Members, or any of them;
- (4) to charge and collect Contributions and Assessments from Members or Former Members for participation in Programs;
- (5) to receive grants and donations of property, funds, services and other forms of assistance from persons, firms, corporations and governmental entities;
- (6) to acquire, hold, lease or dispose of property, contributions and donations of property and other forms of assistance from persons, firms, corporations and governmental entities
- (7) to acquire, hold or dispose of funds, services, donations and other forms of assistance from persons, firms, corporations and governmental entities;
- (8) to employ agents and employees, and/or to contract for such services;
- (9) to incur debts, liabilities or other obligations to finance the Programs and any other powers available to the Authority under Article 2 or Article 4 of the Act;
- (10) to enter into agreements for the creation of separate public entities and agencies pursuant to the Act;
- (11) to sue and be sued in its own name;
- (12) to exercise all powers necessary and proper to carry out the terms and provisions of this Agreement (including the provision of all other appropriate ancillary coverages for the benefit of the Members or Former Members), or otherwise authorized by law or the Act; and
- (13) to exercise all powers and perform all acts as otherwise provided for in the Bylaws.

(b) Said powers shall be exercised pursuant to the terms hereof, in the manner provided by law and in accordance with Section 6509 of the Act. The foregoing powers shall be subject to the restrictions upon the manner of exercising such powers pertaining to the Member or Former Member designated in the Bylaws.

Article 7. Board of Directors. Subject to the limitations of this Agreement and the laws of the State of California, the powers of this Authority shall be vested in and exercised by, and its property controlled and its affairs conducted by, the Board of the Authority, which is hereby established and designated as the agency to administer this Agreement pursuant to Section 6506 of the Act. The powers of the Authority shall be exercised through the Board of Directors, who may, from time to time, adopt and modify Bylaws and other rules and regulations for that purpose and for the conduct of its meetings as it may deem proper. The officers of the Board shall be as set forth in the Bylaws.

So long as the MOU has not been terminated or the Authority has not withdrawn from the MOU, the Board of Directors shall be composed of seven (7) directors elected by the Member entities who have executed the current operative Agreement and are participating in a Joint Protection Program. The terms of directors, procedures for election of directors, procedures for meetings and provisions for reimbursement of Director expenses shall be as set forth in the Bylaws. Each Member of the Board of Directors shall have one vote. Each Member of the Board shall serve as set forth in the Bylaws.

So long as the Authority is a participant in the MOU, the Board of Directors of the Authority shall appoint three (3) members of its board to serve as members of the Alliance Executive Council. No member of the Board of Directors of the Authority shall serve as a director on any other board of directors of an entity or organization that is a signatory to the MOU during the term of the MOU. In the event a director is elected to such a board, that director shall immediately resign from the Board of Directors of the Authority.

In the event SDRMA withdraws from the MOU, the Board of Directors of the Authority shall consist of those seven (7) Directors who hold seats on the Authority's Board of Directors at the time of the withdrawal and who were duly appointed by the Board, or elected or re-elected by the Member entities of SDRMA plus the additional directors appointed by CSDA as provided in Article 25.

Article 8. Compliance with the Brown Act. All meetings of the Board, including, without limitation, regular, adjourned regular and special meetings, shall be called, noticed, held and conducted in accordance with the provisions of the Ralph M. Brown Act, California Government Code Section 54950 *et seq.*

Article 9. Powers of the Board of Directors. The Board of Directors shall have such powers and functions as provided for pursuant to this Agreement and the Bylaws and such additional powers as necessary or appropriate to fulfill the purposes of this Agreement and the Bylaws, including, but not limited to, the following:

- (a) to determine details of and select the Program or Programs to be offered, from time to time, by the Authority;

- (b) to determine and select all insurance, including Excess or Re-insurance, necessary to carry out the programs of the Authority;
- (c) to contract for, develop or provide through its own employees various services for the Authority;
- (d) to prepare or cause to be prepared the operating budget of the Authority for each fiscal year;
- (e) to receive and act upon reports of committees and from the Chief Executive Officer;
- (f) to appoint staff, including a Chief Executive Officer, and employ such persons as the Board of Directors deems necessary for the administration of this Authority;
- (g) to direct, subject to the terms and conditions of the Coverage Documents, the payment, adjustment, and defense of all claims involving a Member during their period of membership in and coverage under a Program;
- (h) to fix and collect Contributions and Assessments for participation in the Programs;
- (i) to expend funds of the Authority for the purpose of carrying out the provisions of the Agreement and the Bylaws as they now exist or may be hereafter amended;
- (j) to purchase excess insurance, liability insurance, stop loss insurance, officers and directors liability insurance, and such other insurance as the Authority may deem necessary or proper to protect the Program, employees of the Authority and employees of the Members;
- (k) to defend, pay, compromise, adjust and settle all claims as provided for in the Coverage Documents;
- (l) to obtain a fidelity bond in such amount as the Board of Directors may determine for any person or persons who have charge of or the authority to expend funds for the Authority;
- (m) to establish policies and procedures for the operation of the Authority and the Programs;
- (n) to engage, retain, and discharge agents, representatives, firms, or other organizations as the Board of Directors deems necessary for the administration of the Authority;
- (o) to enter into any and all contracts or agreements necessary or appropriate to carry out the purposes and functions of the Authority;

- (p) to acquire, hold, lease, manage and dispose of, as provided by law, any and all property necessary or appropriate to carry out the purposes and functions of the Authority;
- (q) to transact any other business which is within the powers of the Board of Directors;
- (r) to invest funds on hand in a manner authorized by law, the Agreement and the Bylaws;
- (s) to provide financial administration, claims management services, legal representations, safety engineering, actuarial services, and other services necessary or proper to carry out the purposes of the Authority either through its own employees or contracts with one or more third parties;
- (t) to exercise general supervisory and policy control over the Chief Executive Officer;
- (u) to establish committees and sub-committees as it deems necessary to best serve the interests of the Authority; and
- (v) to have such other powers and functions as are provided for pursuant to the Act, this Agreement or necessary or appropriate to fulfill the purpose of this Agreement and the Bylaws.

Article 10. Officers of the Authority. The officers of the Authority shall be as set forth in the Bylaws. The Board may elect or authorize the appointment of such other officers than those described in the Bylaws as the business of the Authority may require, each of whom shall hold office for such period, have such authority and perform such duties as are provided in this Agreement, or as the Board, from time to time, may authorize or determine.

Any officer may be removed, either with or without cause, by a majority of the directors of the Board at any regular or special meeting of the Board. Should a vacancy occur in any office as a result of death, resignation, removal, disqualification or any other cause, the Board may delegate the powers and duties of such office to any officers or to any Members of the Board until such time as a successor for said office has been appointed.

Article 11. Provision for Bylaws. The Board shall promulgate Bylaws to govern the day-to-day operations of the Authority. The Board may amend the Bylaws from time to time as it deems necessary, and as provided in the Bylaws. Each Member shall receive a copy of any Bylaws and agrees to be bound by and to comply with all of the terms and conditions of the Bylaws as they exist or as they may be modified. The Bylaws shall be consistent with the terms of this Agreement. In the event any provision of the bylaws conflicts with a provision of this Agreement, the provision contained in this Agreement shall control.

Article 12. [Reserved].

Article 13. Coverage Programs.

(a) The Authority shall maintain such types and levels of coverage for Programs as determined by the Board of Directors. Such coverage may provide for binding arbitration before an independent arbitration panel of any disputes concerning coverage between the Authority and a Member.

(b) The coverage afforded under one or more Programs may include protection for general liability, auto liability, property, boiler and machinery, public officials errors and omissions, employment practices, employee benefits liability coverage, employee dishonesty coverage, public officials personal liability coverage and workers' compensation, as well as coverage for other risks which the Board of Directors may determine to be advisable. More than one type of coverage may be afforded under a single Program.

(c) The Board of Directors may arrange for group policies to be issued for Members, their board members and employees interested in obtaining additional coverage, at an appropriate additional cost to those participating Members.

(d) The Board of Directors may arrange for the purchase of Excess or Re-Insurance. The Authority shall not be liable to any Member or to any other person or organization if such excess or reinsurance policies are terminated, canceled or non-renewed without prior notice to one or more Members, or if there is a reduction in the type of coverage afforded under a program by reason of any change in coverage in a succeeding excess or reinsurance policy, even if such reduction occurs without prior notice to one or more Members.

Article 14. Implementation of the Programs. The Board of Directors shall establish the coverage afforded by each Program, the amount of Contributions and Assessments, the precise cost allocation plans and formulas, provide for the handling of claims, and specify the amounts and types of Excess or Re-Insurance to be procured. The Contributions and Assessments for each Program shall be determined by the Board of Directors as set forth herein, in the Bylaws or in the operating policies established for a Program.

Article 15. Accounts And Records.

(a) **Annual Budget.** The Authority shall, pursuant to the Bylaws, annually adopt an operating budget, including budgets for each Joint Protection Program.

(b) **Funds and Accounts.** The Authority shall establish and maintain such funds and accounts as required by the Board of Directors and as required by generally accepted accounting principles, including separate funds and accounts for each Program, including Joint Protection Programs. Books and records of the Authority shall be open to any inspection at all reasonable times by authorized representatives of Members, or as otherwise required by law.

(c) **Investments.** Subject to the applicable provisions of any indenture or resolution providing for the investment of moneys held thereunder, the Authority shall have the power to invest any money in the treasury that is not required for the immediate necessities of the Authority, as the Board determines is advisable, in the same manner as local agencies pursuant to

California Government Code Sections 53601 *et seq.* (as such provisions may be amended or supplemented).

(d) **No Commingling.** The funds, reserves and accounts of each Program shall not be commingled and shall be accounted for separately; provided, however, that administration and overhead expenses of the Authority not related to a specific Program or Programs may be fairly and equitably allocated among Programs as determined by the Board of Directors. Investments and cash accounts may be combined for administrative convenience, but a separate accounting shall be made for balances of individual funds and Program revenues and expenses.

(e) **Annual Audit.** The Board shall provide for a certified, annual audit of the accounts and records of the Authority, in the manner set forth in the Bylaws.

Article 16. Services Provided by the Authority. The Authority may provide, at the sole discretion of the Board of Directors, the following services in connection with this Agreement:

(a) to provide or procure coverage, including but not limited to self-insurance funds and commercial insurance, as well as excess coverage, re-insurance and umbrella insurance, by negotiation or bid, and purchase;

(b) to assist Members in obtaining insurance coverage for risks not included within the coverage of the Authority;

(c) to assist risk managers with the implementation of risk management functions as it relates to risks covered by the Programs in which the Member participates;

(d) to provide loss prevention and safety consulting services to Members;

(e) to provide claims adjusting and subrogation services for Claims covered by the Programs;

(f) to provide loss analysis and control by the use of statistical analysis, data processing, and record and file keeping services, in order to identify high exposure operations and to evaluate proper levels of self-retention and deductibles;

(g) to review Member contracts to determine sufficiency of indemnity and insurance provisions when requested;

(h) to conduct risk management audits relating to the participation of Members in the Programs; and

(i) to provide such other services as deemed appropriate by the Board of Directors.

Article 17. Responsibilities of Members. Members or Former Members shall have the following responsibilities, which shall survive the withdrawal from, or involuntary termination of participation in, this Agreement:

(a) Each Member shall designate a person to be responsible for the risk management function within that Member and to serve as a liaison between the Member and the Authority as to risk management.

(b) Each Member shall maintain an active safety officer and/or committee, and shall consider all recommendations of the Authority concerning unsafe practices and/or hazard mitigation.

(c) Each Member shall maintain its own set of records, including a loss log, in all categories of risk covered by each Program in which it participates to insure accuracy of the Authority's loss reporting system, unless it is no longer deemed necessary by the Board of Directors.

(d) Each Member shall pay its Contribution, and any adjustments thereto, and any Assessments within the specified period set forth in the invoice, or as otherwise may be set forth herein or in the Bylaws. After withdrawal or termination, each Former Member or its successor shall pay promptly to the Authority its share of any additional Contribution, adjustments or Assessments, if any, as required of it by the Board of Directors under Article 21 or 22 of this Agreement or the Bylaws.

(e) Each Member or Former Member shall provide the Authority with such other information or assistance as may be necessary for the Authority to carry out the Programs under this Agreement in which the Member or Former Member participates or has participated.

(f) Each Member or Former Member shall in any and all ways cooperate with and assist the Authority and any insurer of the Authority, in all matters relating to this Agreement and covered claims.

(g) Each Member or Former Member will comply with all Bylaws, rules and regulations adopted by the Board of Directors.

(h) Each Member shall remain a member in good standing of CSDA.

Article 18. New Members. The Authority shall allow entry into its Programs of new Members only upon approval of the Board, with any conditions or limitations as the Board deems appropriate. In order to become a Member and remain a Member, any District must be a member in good standing of CSDA, shall participate in at least one (1) Joint Protection Program and shall be authorized to exercise the common powers set forth in this Agreement.

Article 19. Withdrawal.

(A) Any Member may voluntarily withdraw from this Agreement only at the end of any applicable Program Year and only if:

- (i) The Member has been a signatory to this Agreement for not less than three (3) full Program Years as of the date of the proposed withdrawal;

- (ii) The Member submits a written withdrawal notification in accordance with the Bylaws;
 - (iii) In order to withdraw from the agreement the member must have completed the three (3) full program year participation requirement for each Joint Protection Program the member participated in at the time of withdrawal.
- (B) Any Member may voluntarily withdraw from any particular Joint Protection Program; and
- (i) It has participated in such Joint Protection Program for at least three (3) full Program Years;
 - (ii) it is a participant in another Joint Protection Program; and
 - (iii) the Member submits a written withdrawal notification in accordance with the Bylaws.
- (C) In the event that the three year participation requirement as required by (A)(i) or (B)(i) as to any such Joint Protection Program above has not been met, for each Program the withdrawing Member participated in at the time of its withdrawal, for less than three years such withdrawing member shall be obligated to pay all Contributions and Assessments as if that Member had remained in each such Program for the full three years from the inception of its membership in the Authority.
- (D) In the event that the notice is not provided as required by (A)(ii) or (B)(iii) above, any such withdrawing Member shall, with respect to each Program the Member participated in, be obligated to pay any and all Contributions and Assessments for the next full Program Year.
- (E) A Member may withdraw from any Program (other than a Joint Protection Program) as provided by the Coverage Documents relating to such Program.
- (F) Withdrawal of one or more Members shall not serve to terminate this Agreement.
- (G) A Member may not withdraw as a party to this Agreement until it has withdrawn, as provided in the Bylaws from all of the Programs of the Authority.

Article 20. Involuntary Termination.

- (a) Notwithstanding the provisions of Article 19, the Authority shall have the right to involuntarily terminate any Member's participation in any Program, or terminate membership in the Authority, as provided in the Bylaws.
- (b) Notwithstanding any other provisions of this Agreement, the participation of any Member of the Authority, including participation in any of the Authority's Programs, may be involuntarily terminated at the discretion of the Board of Directors whenever such Member is dissolved, consolidated, merged or annexed. A reasonable time shall be afforded, in the

discretion of the Board of Directors, to place coverage elsewhere. Any such involuntary termination shall not relieve the Member or Former Member of its responsibilities as provided for in Articles 17 or 21.

Article 21. Effect of Withdrawal or Involuntary Termination. The withdrawal from or involuntary termination of any Member from this Agreement shall not terminate this Agreement, and such Member, by withdrawing or being involuntarily terminated, shall not be entitled to payment, return or refund of any Contribution, Assessment, consideration, or other property paid, or donated by the Member to the Authority, or to any return of any loss reserve contribution, or to any distribution of assets (except payment of any Retained Earnings, as set forth in the following paragraph).

The withdrawal from or involuntary termination of any Member after the effective date of any Program shall not terminate its responsibility to pay its unpaid Contribution adjustments, or Assessments to such Program. The Board of Directors shall determine the final amount due from the Member or Former Member by way of contribution or assessments, if any, or any credit due on account thereof, to the Member or Former Member for the period of its participation. Such determination shall not be made by the Board of Directors until all Claims, or other unpaid liabilities, have been finally resolved. In connection with this determination, the Board of Directors may exercise similar powers to those provided for in Article 22(b) of this Agreement, or as otherwise set forth in the Bylaws. Upon such withdrawal from or cancellation of participation in any Program by any Member, said Member shall be entitled to receive its pro rata share of any Retained Earnings declared by the Board of Directors after the date of said Member withdraws or is involuntarily terminated.

Article 22. Termination and Distribution; Assignment.

(a) This Agreement may be terminated any time with the written consent of two-thirds of the voting Members; provided, however, that this Agreement and the Authority shall continue to exist for the purpose of disposing of all claims, distribution of net assets and all other functions necessary to wind up the affairs of the Authority.

(b) The Board of Directors is vested with all powers of the Authority for the purpose of winding up and dissolving the business affairs of the Authority. These powers shall include the power to require Members or Former Members, including those which were signatory hereto at the time the subject Claims arose or was/were incurred, to pay any Assessment in accordance with loss allocation formulas for final disposition of all Claims and losses covered by this Agreement or the Bylaws. A Member or Former Member's Assessment shall be determined as set forth in the Bylaws or the applicable Coverage Documents.

(c) Upon termination of a Program, all net assets of such Program other than Retained Earnings shall be distributed only among the Members that are participating in such Program at the time of termination, in accordance with and proportionate to their cash payments (including Contributions, adjustments, Assessments and other property at market value when received) made during the term of this Agreement for such Program. The Board of Directors shall determine such distribution within six (6) months after disposal of the last pending Claim or loss covered by such Program, or as otherwise set forth in the Bylaws.

(d) Upon termination of this Agreement all net assets of the Authority, other than of any Program distributed pursuant to (c) above, shall be distributed only among the Members in good standing at the time of such termination in accordance with and proportionate to their cash contributions and property at market value when received. The Board of Directors shall determine such distribution within six (6) months after disposal of the last pending Claim or loss covered by this Agreement, or as otherwise set forth in the Bylaws.

(e) In the event the Board of Directors is no longer able to assemble a quorum, the Chief Executive Officer shall exercise all powers and authority under this Article. The decision of the Board of Directors or Chief Executive Officer under this Article shall be final.

(f) In lieu of terminating this Agreement, the Board, with the written consent of two-thirds of the voting Members, may elect to assign and transfer all of the Authority's rights, assets, liabilities and obligations to a successor joint powers authority created under the Act.

Article 23. Enforcement. The Authority is hereby granted authority to enforce this Agreement. In the event action is instituted to enforce the terms of this Agreement, the Bylaws and/or any policies and/or procedures of the Board of Directors and the nondefaulting party(s) should employ attorneys or incur other expenses for the collection of moneys or the enforcement or performance or observance of any obligation or agreement on the part of the defaulting party(s) herein contained, the defaulting party agrees that it will on demand therefore pay to the nondefaulting party(s) the reasonable fees of such attorneys and such other expenses so incurred by the nondefaulting party(s).

Article 24. Nonliability of Directors, Officers and Employees. The Board of Directors, and the officers and employees of the Authority, including former directors, officers and employees, shall not be liable to the Authority, to any Member or Former Member, or to any other person, for actual or alleged breach of duty, mistake of judgment, neglect, error, misstatement, misleading statement, or any other act or omission in the performance of their duties hereunder; for any action taken or omitted by any employee or independent contractor; for loss incurred through the investment or failure to invest funds; or for loss attributable to any failure or omission to procure or maintain insurance; except in the event of fraud, gross negligence, or intentional misconduct of such director, officer or employee. No director, officer or employee, including former directors, officers and employees, shall be liable for any action taken or omitted by any other director, officer or employee. The Authority shall defend and shall indemnify and hold harmless its directors, officers and employees, including former directors, officers and employees, from any and all claims, demands, causes of action, and damages arising out of their performance of their duties as such directors, officers or employees of the Authority except in the event of fraud, gross negligence, corruption, malice or intentional misconduct, and the funds of the Authority shall be used for such purpose. The Authority may purchase conventional insurance to protect the Authority, and its participating Members or Former Members, against any such acts or omissions by its directors, officers and employees, including former directors, officers and employees.

Article 25. Provisions Relating to CSDA. It is agreed and understood the mandatory membership in CSDA provision in Article 18 is in consideration of CSDA's exclusive endorsement of SDRMA's programs as they exist or may be modified. CSDA and the Authority

may from time to time exchange services or enter into separate service agreements pursuant to Section 6505 of the Act, including, but not limited to, services relating to educational programs, marketing, web-site graphics and conferences.

So long as the Authority is a participant in the MOU, the Board of the Authority shall appoint three members of the Board to serve as members of the Alliance Executive Council. In the event the MOU has been terminated or the Authority has withdrawn from the MOU, the composition of the Authority Board of Directors shall be increased by two (2) additional directors to be appointed by CSDA. CSDA appointees shall be a director serving on the CSDA Board of Directors and said director(s) shall be a member of an agency who is a signatory to the current SDRMA Joint Powers Agreement.

CSDA shall be a third party beneficiary to Sections 18, 25, 27 of this Agreement.

Article 26. Notices. Notices to Members or Former Members hereunder shall be sufficient if delivered to the principal office of the respective Member or Former Member.

Article 27. Amendment. This Agreement may be amended at any time by a two-thirds vote of the Members; provided, that any amendment to Article 18, Article 25, or Article 27 shall require the prior written consent of CSDA. The Bylaws may be amended as provided therein. Upon the effective date of any validly approved amendment to this Agreement, such amendment shall be binding on all Members.

Article 28. Prohibition Against Assignment. No person or organization shall be entitled to assert the rights, either direct or derivative, of any Member or Former Member under any coverage agreement or memorandum. No Member or Former Member may assign any right, claim or interest it may have under this Agreement, and no creditor, assignee or third party beneficiary of any Member or Former Member shall have any right, claim or title or any part, share, interest, fund, contribution or asset of the Authority.

Article 29. Agreement Complete. The foregoing constitutes the full and complete Agreement of the parties. There are no oral understandings or agreements not set forth in writing herein. This Agreement supersedes and replaces the Fifth Amended Joint Powers Amendment.

Article 30. Counterparts. This Agreement may be executed in one or more counterparts and shall be as fully effective as though executed in one document.

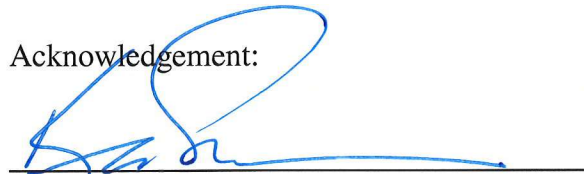
Article 31. California Law. This Agreement shall be governed by the laws of the State of California.

Article 32. Severability. Should any part, term or provisions of this Agreement be determined by any court of component jurisdiction to be illegal or in conflict with any law of the State of California or otherwise be rendered unenforceable or ineffectual, the validity of the remaining portions or provisions shall not be affected thereby.

Article 33. Effective Date. This Agreement shall become effective as to existing Members of the Authority on the date on which the last of two-thirds of such Members have executed this Agreement.

IN WITNESS WHEREOF, the parties hereto have first executed this Agreement by authorized officials thereof on the date indicated below:

Acknowledgement:



Ken Sonksen, President

Board of Directors

SPECIAL DISTRICT RISK MANAGEMENT AUTHORITY



Date

I hereby certify this Amended Joint Powers Agreement has also received the required approval of not less than two-thirds of the Member entities then parties to the Fifth Amended Joint Powers Agreement.



James W. Towns, Chief Executive Officer

SPECIAL DISTRICT RISK MANAGEMENT AUTHORITY



Date

EXECUTION BY MEMBER

The Amended and Restated Joint Powers Agreement of the Special District Risk Management Authority, has been approved by the Board of Directors of the Member listed below, on the date shown, and said Member agrees to be subject to all of the terms and conditions set forth in said Agreement.

Entity Name: South Bay Regional Housing Trust

By: _____ Debby Stegura, Chair

By: _____ Clerk

Date: October 15, 2026

EXECUTION BY AUTHORITY

The Special District Risk Management Authority (the “Authority”), operating and functioning pursuant to this Sixth Amended Joint Powers Agreement, hereby accepts the entity named above as a participating member in the Authority, subject to all of the terms and conditions set forth in this Sixth Amended Joint Powers Agreement and in the Bylaws, effective as of

_____.

SPECIAL DISTRICT RISK MANAGEMENT AUTHORITY

By: _____
SDRMA Board President

Date: _____

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Agenda Item VI-D
Quarterly Investment
Report

South Bay Regional Housing Trust

AGENDA ITEM: VI-D

October 15, 2026

TO: SBRHT Board of Directors
FROM: Jacki Bacharach, Interim Trust Executive Director
SUBJECT: Quarterly Investment Report

RECOMMENDED ACTION:

RECEIVE AND FILE THE INVESTMENT POLICY REPORT.

BACKGROUND:

The South Bay Regional Housing Trust (SBRHT) Board of Directors voted to approve the SBRHT Statement of Investment Policy at the July Board of Directors meeting with amendments made at the September meeting. The Statement of Investment Policy was adopted to establish guidelines for the management and investment of Trust funds. The policy is intended to safeguard public funds, maintain adequate liquidity to meet operational needs, and achieve a reasonable rate of return consistent with applicable California law and the Trust's investment objectives. The policy designates the Trust Treasurer as the Investment Officer and provides a framework for the management, monitoring, and reporting of Trust investments.

As part of maintaining transparency and accountability regarding the management of public funds, the Trust Treasurer will provide quarterly updates to the Board regarding the status of Trust investments and compliance with the Investment Policy. These reports will summarize investment holdings, earnings, liquidity, and any other information relevant to the Board's oversight responsibilities.

Currently, the SBRHT does not maintain any investment holdings subject to reporting under the Investment Policy. Trust funds are currently being utilized for operational and programmatic needs, and no funds have been placed in investment vehicles authorized by the policy.

The SBRHT Board of Directors conditional \$6 million residual receipt loan to the Cordary Avenue Apartments, a 100% affordable housing development in the City of Hawthorne, has not completed its financial sourcing, so the SBRHT has not disbursed the loan.

Therefore, for this quarter there are no investment activities, earnings, or portfolio balances to report.