



Good Neighbors

San Diego  
Housing Commission

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# REPORT

**DATE ISSUED:** February 18, 2005

**ITEM 103**

**REPORT NO.:** HCR05-19  
For the Agenda of February 25, 2005

**SUBJECT:** Preliminary Items Pursuant to Issuing Multifamily Housing Revenue Bonds for Fairbanks Ridge Apartments (Council District 1)

## SUMMARY

**Issue #1:** Should the Housing Authority take the initial steps to issue multifamily housing revenue bonds to finance the acquisition and construction of Fairbanks Ridge Apartments, located in the Black Mountain Ranch Planning subarea of the North City Future Urbanizing Area (NCFUA)?

**Recommendation #1:** That the Housing Commission recommend the following preliminary actions:

- A. Housing Authority approve a bond inducement resolution in an amount up to \$37 million to finance the acquisition and construction of the 204-unit Fairbanks Ridge Apartments;
- B. Housing Authority approve an application (and subsequent applications if necessary) to the California Debt Limit Allocation Committee for an allocation of authority to issue tax-exempt "private activity bonds" for the Fairbanks Ridge Apartments; and,
- C. City Council hold a public hearing (*known as a TEFRA hearing -Tax Equity and Fiscal Responsibility Act*) and adopt a resolution approving the issuance of tax-exempt bonds in an amount up to \$37 million by the Housing Authority.

**Issue #2:** Should the Housing Commission approve a financing team to work on preparing the proposed bond issuance?

**Recommendation # 2:** That the Housing Commission approve CSG Advisors, Inc. as financial advisor and Stradling, Yocca, Carlson & Rauth as bond counsel to begin work on the project.



**Fiscal Impact:** The approval of these preliminary items will not obligate the Housing Authority to issue bonds for Fairbanks Ridge. The issuance and sale of multifamily housing revenue bonds will not financially obligate the City, the Housing Authority or the Housing Commission because security for repayment of the bonds will be limited to specific private revenue sources. All costs of the financing, including compensation for staff efforts in preparing the bonds, will be borne by the developer.

**Housing Affordability Impact:** Because the development is being financed by bonds, tax credits, and State Multifamily Housing Program (MHP) funds, very deep affordability can be achieved. The project will restrict 34% of the apartments for occupancy by families earning between 25% and 35% of Area Median Income (AMI) (between \$17,125 and \$24,000 for a family of four) and 66% of the apartments for families earning no greater than 60% AMI (\$41,100 for a family of four). The affordability restrictions will remain in place for 55 years. The restricted rents would also apply if Section 8 tenants occupy the units.

**Future Related Action(s):** Specific authorization to issue bonds for Fairbanks Ridge Apartments will be sought from the Housing Authority at a future date (Refer to Attachment 1, Section 4 “Final Bond Approval”).

## **BACKGROUND**

There are two primary ways the Housing Commission provides financial assistance for development of affordable housing: 1) direct lending of Housing Commission HOME and other monies; and 2) issuance of tax-exempt multifamily housing revenue bonds through the Housing Commission’s multifamily bond program. The Housing Commission utilizes the Housing Authority’s tax-exempt borrowing status to pass on lower interest rate financing (and make federal tax credits available) to developers of affordable housing. Most projects require both forms of assistance. This report pertains specifically to the issuance of tax-exempt multifamily housing revenue bonds.

The Housing Authority’s ability to issue bonds is limited under the U.S. Internal Revenue Code. To issue bonds for a project, the Housing Authority must first submit an application to the California Debt Limit Allocation Committee (CDLAC) for a bond allocation. Prior to submitting applications to CDLAC, projects are brought before the Housing Commission, Housing Authority, and City Council for approvals. Bond inducement resolutions must be obtained prior to application submittal and TEFRA resolutions must be secured no later than 30 days after application submittal.

A general description of the Housing Commission’s Multifamily Bond Program and actions that must be taken by the Housing Authority and by the City Council to initiate and finalize the proposed financing are described in Attachment 1.

## **DISCUSSION**

### **The Developer**

The applicant and developer for the proposed project is Chelsea Investment Corporation (Chelsea), which is headquartered in Encinitas. Mr. James Schmid is President and 100% shareholder of the corporation. Formed in 1986, Chelsea is involved in the acquisition, development, and management of multifamily housing projects in California and Arizona. Chelsea currently manages 17 apartment communities, including 1,514 multifamily units located in San Luis, Arizona and in San Diego, Carlsbad, Chula Vista, and in six Imperial Valley communities. In addition to the proposed project, Chelsea and its affiliates own, have developed, or are now developing 35 apartment projects comprising a total of 4,299 units located in Southern California and Arizona. The Developer's Statement for Public Disclosure and audited financials are included as Attachment 2.

Chelsea, through its 100% owned affiliate, CIC Fairbanks, L.P. will act as co-general partner in a limited partnership to be formed to own and operate the project. Pacific Southwest Community Development Corporation, an experienced California nonprofit public benefit corporation with which Chelsea has partnered on several projects, will serve as the managing general partner. An organizational profile is included as Attachment 3.

The San Diego Housing Commission and Housing Authority have worked successfully with Chelsea over the past several years to issue a total of \$29,752,000 in multifamily housing revenue bonds for six developments totaling 445 units:

<u>Project Name</u>	<u>Council District</u>	<u>Year Bonds Issued</u>	<u>Bond Amount</u>	<u># Of Units</u>
Regency Centre Apts.	4	2000	\$4,100,000	100
Torrey Highlands	1	2001	\$4,780,000	76
Villa Andalucia	1	2002	\$2,231,000	32
Villa Glen	1	2002	\$2,048,000	26
Windwood Village Apts.	1	2002	\$6,768,000	92
Rancho del Norte	1	2003	\$9,825,000	119

### **The Project**

Fairbanks Ridge is a new construction project that will provide a total of 204 units. The development will be located in the northern portion of Black Mountain Ranch (Subarea I) approximately two miles west of Chelsea's Rancho del Norte project. The location map is included as Attachment 4.

The development of Fairbanks Ridge will partially fulfill the affordable housing requirements for the master planned community of the North Village at Black Mountain Ranch. At build-out,

the North Village project will include 2,314 market rate dwelling units, 469 affordable units, and a mixture of commercial, employment, and public services.

Fairbanks Ridge will include 13 three-story residential buildings, a community facility of approximately 3,200 square feet, two tot lots, a basketball court, and a swimming pool.

The 13 residential buildings will consist of 48 one-bedroom, one-bath apartments; 72 two-bedroom, two-bath apartments; and 84 three-bedroom, two-bath apartments. The project will restrict approximately 34% of the units to households earning between 25% and 35% AMI and 66% of the units to households earning no greater than 60% AMI. The restricted rents for the project will also apply if Section 8 tenants occupy the units. The Regulatory Agreement that determines the level of affordability for the project will be in existence for 55 years.

Rent and Income restrictions for the project are outlined in the chart below:

Type	Square Footage	AMI	Number of Units	Restricted Rent (Incl. utility allowance)	Market Rate	Savings per unit
1 Bedroom	693	25% AMI	4	\$321	\$1,049	\$728
1 Bedroom	693	30% AMI	6	\$385	\$1,049	\$664
1 Bedroom	693	35% AMI	6	\$449	\$1,049	\$600
1 Bedroom	693	60% AMI	32	\$771	\$1,049	\$278
2 Bedroom	880	25% AMI	6	\$385	\$1,369	\$984
2 Bedroom	880	30% AMI	11	\$462	\$1,369	\$907
2 Bedroom	880	35% AMI	8	\$539	\$1,369	\$830
2 Bedroom	880	60% AMI	47	\$925	\$1,369	\$444
3 Bedroom	1,125	25% AMI	10	\$428	\$1,557	\$1,129
3 Bedroom	1,125	30% AMI	10	\$514	\$1,557	\$1,043
3 Bedroom	1,125	35% AMI	8	\$600	\$1,557	\$957
3 Bedroom	1,125	60% AMI	56*	\$1,027	\$1,557	\$530
<b>Total:</b>			<b>204</b>	<b>N/A</b>	<b>N/A</b>	<b>\$121,837</b>

\* Includes one manager's unit

### Selection of the Financing Team Members

Staff recommends assigning CSG Advisors, Inc. as financial advisor and Stradling, Yocca, Carlson & Rauth as bond counsel to work on the project. The proposed financing team members have been selected in accordance with the existing policy for the issuance of bonds. Financial advisors and bond counsels are designated on a rotating basis from the firms selected under the program through a competitive RFP process.

## **Financing Structure**

The allocation that will be sought from CDLAC, \$37 million, is approximately 10% higher than the amount for which the project is currently being underwritten. The developer has requested this cushion to account for possible increases in construction costs or increases in the bond amount resulting from decreases in interest rates. It is anticipated that approximately \$23.7 million of the estimated bond amount will be paid off at conversion to permanent financing, resulting in a permanent bond of approximately \$13.3 million. The large amount of bonds to be retired at conversion to permanent financing is due to the fact that approximately \$22 million in tax credit equity and MHP loan proceeds only become available at conversion.

It is anticipated that the bonds will be sold through a private placement with US Bank. As part of proposed financing, US Bank will be required to sign an investor letter certifying that they are a sophisticated investor and understand the risk associated with the purchase of the bonds. The transfer of the bonds by US Bank or any subsequent bondholder will be restricted to transferees who would take all of the bonds (to maintain ownership by a single bondholder), and who would represent to the Authority and the Commission that they are sophisticated investors, are buying for investment and not for resale, and have made due investigation of the information they would deem material in connection with the purchase of the bonds. Finally, US Bank must agree that should a mortgage default occur, there would not be a bond default.

Pursuant to Housing Authority approval, staff will submit, on behalf of Chelsea, an application for private activity bond allocation to CDLAC. If successful, the bond financing will qualify the project for an allocation of 4% low-income housing tax credits, which will be sold to a tax credit partner. These proceeds will serve as a contribution of project equity. If the application is unsuccessful, at the request of the developer, staff will resubmit the application for a subsequent round.

In the future, should the Housing Authority, under a separate action, authorize the issuance of bonds for the project, the bonds would not constitute a debt or liability of the Housing Authority the City, or the Housing Commission. Neither the faith and credit nor the taxing power of the City or the Authority would be pledged to the payment of the bonds because security for bond payments is limited to the value of the property and its revenue sources. The developer is responsible for the payment of all costs under the financing, including the Housing Commission's annual administrative fee.

## **ALTERNATIVE**

Do not recommend approval of the bond inducement and TEFRA resolutions. If the recommended actions are not taken, the project will not be able to benefit from tax-exempt below-market financing.

Respectfully submitted,

**Signature on File  
With Original Document**

Approved by,

Cissy Fisher  
Director of Housing Finance & Development

Elizabeth C. Morris  
President & Chief Executive Officer

***ATTACHMENTS:***

1. Description of Multifamily Bond Program
2. Developer Disclosure and Financial Statements\*
3. Profile of Nonprofit Managing General Partner
4. Project Location Map

\*Distribution of this attachment is limited. A copy is available for review at the Housing Commission's 1625 Newton Avenue office and the office of the City Clerk, 2<sup>nd</sup> floor, 202 "C" Street.

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## ATTACHMENT 1

### MULTIFAMILY BOND PROGRAM

#### **General Description**

The Multifamily Bond Program provides below market financing (based on tax exemption of bond interest) for developers willing to set aside a portion of the units in their projects as affordable housing. The issuer of these bonds is the Housing Authority. At the present time, more than \$535 million in outstanding bonds provides permanent financing for more than 8,700 multifamily rental units in the City, of which 4,200 units are restricted at various levels of affordability.

**The following actions must be taken by the Housing Authority and by the City Council to initiate a bond financing:**

#### **1. Bond Inducement**

The adoption of an "inducement resolution" is an initial step required by the Internal Revenue Service to initiate a possible new-money bond issuance. It does not represent any commitment by the Housing Authority or the applicant to proceed with the financing. Rather, it establishes, through public record, the date from which project costs incurred may be determined to be reimbursable from bond proceeds. Generally, the bond inducement amount is higher than the estimated bond amount to reflect a 10-15 percent contingency. The adoption also authorizes staff to work with the selected financing team to perform a due diligence process to determine the feasibility of the financing, the level of affordability of the set-aside units and structure a resulting proposal for the issuance of bonds.

#### **2. TEFRA Hearing and Approval**

In order for interest on the bonds to be tax-exempt and in accordance with the Tax Equity and Fiscal Responsibility Act (TEFRA) of 1982, Section 147(f) of the Internal Revenue Code of 1986, the issuance of bonds must be approved by representatives of the governmental unit with jurisdiction over the area in which the project is located after a public hearing for which a reasonable public notice was given. Therefore, federal regulations require that the issuance of bonds by the Housing Authority be approved by the City Council, as the elected legislative body of the City. A notice of public hearing to be held by the City Council with respect to the proposed issuance of bonds will be published in the San Diego Daily Transcript at least fourteen days prior to the scheduled meeting. The purpose of such public hearing is to provide an opportunity for interested persons to provide their views on the proposed bond issuance and on the nature and location of the project.

#### **3. Bond Allocation**

The issuance of bonds for projects owned by private developers (i.e., projects owned by private developers or by nonprofit sponsors with for profit investor participation - "private activity bonds") requires an allocation of a bond issuing authority from the State of California. In order to apply for the bond allocation, an application approved by the Housing Authority and supported by an adopted inducement resolution and by proof of credit enhancement (or bond rating) must be filed with the California Debt Limit Allocation Committee (CDLAC). In addition, evidence of a TEFRA hearing and approval must be submitted prior to the CDLAC meeting.

#### **4. Final Bond Approval**

The Housing Authority retains absolute discretion over the issuance of bonds through adoption of a final resolution authorizing the issuance. Initially, the information about the proposed tax-exempt financing of the project is preliminary. If the inducement resolutions are approved, a due diligence process conducted by staff and financing team members will generate additional information and analysis. Prior to final consideration of the proposed bond issuance by the Housing Authority, the project will have to comply with all the program's financing and affordability requirements, and undergo all required planning procedures/reviews by local planning groups, etc.

**ATTACHMENT 2**

**CHELSEA INVESTMENT CORPORATION**

**FINANCIAL REPORT**

**DECEMBER 31, 2003 AND 2002**

CHELSEA INVESTMENT CORPORATION

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**JGD & Associates** LLP  
CERTIFIED PUBLIC ACCOUNTANTS

## ACCOUNTANT'S COMPILATION REPORT

To the Board of Directors  
Chelsea Investment Corporation  
Encinitas, California

We have compiled the accompanying balance sheets of Chelsea Investment Corporation (a C corporation) as of December 31, 2003 and 2002 and the related statements of income and stockholder's equity for the years then ended in accordance with Statements on Standards for Accounting and Review Services issued by the American Institute of Certified Public Accountants.

A compilation is limited to presenting information in the form of financial statements information that is the representation of management. We have not audited or reviewed the accompanying financial statements, and accordingly, do not express an opinion or any other form of assurance on them. However, we did become aware of a departure from accounting principles generally accepted in the United States of America that is described in the following paragraph.

As disclosed in Note 4, accounting principles generally accepted in the United States of America and FASB 87 require that defined benefit pension plan costs and obligations be recognized. The Company has not recorded these costs or obligations in the accompanying financial statements and has not made the appropriate related disclosures. The effects of this departure from accounting principles generally accepted in the United States of America and FASB 87 have not been determined.

Management has elected to omit the statements of cash flows required by accounting principles generally accepted in the United States of America. If the omitted statements of cash flows were included in the financial statements, they might influence the user's conclusions about the Company's financial position, results of operations, and cash flows. Accordingly, these financial statements are not designed for those who are not informed about such matters.

As discussed in Note 6 to the financial statements, certain errors resulting in overstatements of previously reported revenues and accounts receivable as of and for the year ended December 31, 2002, were discovered by management of the Company during the current year. Accordingly, the 2002 balances have been restated in these financial statements.

May 3, 2004  
San Diego, California

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*JGD & Associates LLP*

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Members of American Institute of Certified Public Accountants  
Members of California Society of Certified Public Accountants

Chelsea Investment Corporation  
BALANCE SHEETS  
December 31, 2003 and 2002

ASSETS

	<u>2003</u>	<u>2002*</u>
<b>CURRENT ASSETS</b>		
Cash	\$ 550,330	\$ 46,479
Restricted cash	81,381	0
Note receivable - stockholder	866	79,320
Developer fees receivable, net of reserve of \$122,199 and \$178,042	2,531,776	3,174,707
Prepaid expenses	11,209	32,510
Accounts receivable and project cost advances, net of reserve of \$250,178 and \$135,645	<u>452,993</u>	<u>421,309</u>
Total current assets	<u>3,628,555</u>	<u>3,754,325</u>
<b>PROPERTY AND EQUIPMENT</b>		
Vehicles	53,326	53,326
Equipment under capital lease (Note 3)	19,782	29,973
Office furniture & equipment	<u>217,581</u>	<u>162,243</u>
	290,689	245,542
Accumulated depreciation	<u>(248,134)</u>	<u>(186,918)</u>
Net property and equipment	<u>42,555</u>	<u>58,624</u>
<b>OTHER ASSETS</b>		
Investment in collectibles - cost basis	68,595	68,595
Deposits	53,847	8,847
Interest receivable	46,060	28,200
Notes receivable	404,299	155,786
Investment in raw land	0	151,876
Loan fees, net of accumulated amortization of \$2,995 and \$995	<u>0</u>	<u>2,000</u>
Total other assets	<u>572,801</u>	<u>415,304</u>
Total assets	<u>\$ 4,243,911</u>	<u>\$ 4,228,253</u>

\* Restated - See Note 6

See accompanying notes and accountant's compilation report.

LIABILITIES AND STOCKHOLDER'S EQUITY

	<u>2003</u>	<u>2002*</u>
<b>CURRENT LIABILITIES</b>		
Accounts payable	\$ 9,387	\$ 19,109
Income taxes payable	169,200	3,697
Capital lease, current portion (Note 3)	3,546	3,488
Pension liability (Note 4)	0	181,067
Deposits held	0	30,000
Deferred developer fees	0	54,238
Note payable to related party (Note 5)	475,000	0
Deferred income tax liability (Note 2)	1,157,000	1,423,000
Total current liabilities	<u>1,814,133</u>	<u>1,714,599</u>
<b>LONG-TERM LIABILITIES</b>		
Capital lease, less current portion (Note 3)	<u>9,789</u>	<u>13,641</u>
Total long-term liabilities	<u>9,789</u>	<u>13,641</u>
Total liabilities	<u>1,823,922</u>	<u>1,728,240</u>
<b>STOCKHOLDER'S EQUITY</b>		
Common Stock	1,000	1,000
Paid in capital	16,650	16,650
Retained earnings	2,402,339	2,482,363
Total stockholder's equity	<u>2,419,989</u>	<u>2,500,013</u>
Total liabilities and stockholder's equity	<u>\$ 4,243,911</u>	<u>\$ 4,228,253</u>

\* Restated - See Note 6

See accompanying notes and accountant's compilation report.

Chelsea Investment Corporation  
 STATEMENTS OF INCOME  
 Years ended December 31, 2003 and 2002

	<u>2003</u>	<u>2002*</u>
REVENUE		
Revenue	\$ <u>2,430,612</u>	\$ <u>5,246,724</u>
OPERATING EXPENSES		
Compensation	1,643,537	1,747,969
Advertising	4,547	8,804
Consulting	174,628	59,496
Depreciation & amortization	63,323	56,113
Development	464,133	134,132
Insurance	69,410	55,530
Meals & entertainment	22,840	11,541
Office expenses	51,892	32,260
Payroll taxes	113,060	94,362
Pension expense	0	181,067
Printing & photocopying	1,879	5,618
Professional fees	29,225	22,360
Rent	50,398	50,846
Telephone	23,883	20,242
Temporary staffing	14,414	17,170
Travel	46,986	28,720
Other	27,116	35,438
Total operating expenses	<u>2,801,271</u>	<u>2,561,668</u>
OPERATING INCOME (LOSS)	<u>(370,659)</u>	<u>2,685,056</u>
OTHER INCOME (EXPENSE)		
Interest income	61,936	78,790
Interest expense	(5,461)	(6,333)
Gain (loss) loss on disposal of assets	179,505	(22,563)
Total other income	<u>235,980</u>	<u>49,894</u>
INCOME (LOSS) BEFORE PROVISION (BENEFIT) FOR INCOME TAXES	(134,679)	2,734,950
PROVISION (BENEFIT) FOR INCOME TAXES (Note 2)	<u>(62,655)</u>	<u>1,095,417</u>
NET INCOME (LOSS)	<u>\$ (72,024)</u>	<u>\$ 1,639,533</u>

\* Restated - See Note 6

See accompanying notes and accountant's compilation report.

Chelsea Investment Corporation  
 STATEMENTS OF STOCKHOLDER'S EQUITY  
 Years ended December 31, 2003 and 2002

	Common stock	Paid-in capital	Retained earnings	Stockholder's equity
BALANCE - DECEMBER 31, 2001	\$ 1,000	\$ 16,650	\$ 857,830	\$ 875,480
Dividends paid			(15,000)	(15,000)
Net income*			1,639,533	1,639,533
BALANCE - DECEMBER 31, 2002	\$ 1,000	\$ 16,650	\$ 2,482,363	\$ 2,500,013
Dividends paid			(8,000)	(8,000)
Net loss			(72,024)	(72,024)
BALANCE - DECEMBER 31, 2003	\$ 1,000	\$ 16,650	\$ 2,402,339	\$ 2,419,989

\* Restated - See Note 6

See accompanying notes and accountant's compilation report.

Chelsea Investment Corporation  
NOTES TO THE FINANCIAL STATEMENTS  
December 31, 2003 and 2002

NOTE 1--SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Statement presentation : Chelsea Investment Corporation (the Company), which was established in July 1986, is a diversified real estate finance, development and property management company for properties in California and Arizona. The Company has focused primarily on affordable housing since 1992.

Advertising : Advertising costs are expensed as incurred. During the years ended December 31, 2003 and 2002, the Company incurred \$4,547 and \$8,804 in advertising costs.

Credit risk concentration : Financial instruments which subject the Company to concentrations of credit risk consist principally of temporary cash investments and accounts receivable. The Company had temporary cash investments which exceeded the \$100,000 federally insured limit at December 31, 2003 and 2002 by approximately \$636,622 and \$821.

Developer fees receivable as of December 31, 2003 and 2002 included \$2,296,741 and \$2,942,580 from one major developer which accounts for 91% and 86% of the gross developer fees receivable.

Developer fees receivable : Developer fees receivable balances are recorded at amounts expected to be realized. As of December 31, 2003 and 2002, management estimated an allowance for uncollectible accounts of \$122,199 and \$178,042.

Income taxes : Income taxes have been determined in accordance with requirements of Statement of Financial Accounting Standards (SFAS) No. 109 "Accounting for Income Taxes".

Deferred income tax assets and liabilities result from temporary differences. Temporary differences are differences between the tax basis of assets and liabilities and their reported amounts in the financial statements that will result in taxable or deductible amounts in future years. The Company's temporary differences result primarily from reporting income on the accrual basis for financial reporting and the cash basis for tax purposes.

Investment in collectibles : The Company invests in collectible autos. These collectibles have been recorded at cost.

Investment in raw land : The Company, from time to time, invests in raw land. During 2003, this land was sold for cash of \$81,381 and a note receivable of \$250,000 resulting in a gain of \$179,505.

Project cost advances : Project cost advances are recorded at amounts expected to be realized. As of December 31, 2003 and 2002, management has estimated an allowance for uncollectible accounts of \$250,178 and \$135,645.

NOTE 1--SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

- Property and equipment : Property and equipment are stated at cost. Maintenance and repairs are expensed when incurred; renewals and replacements which extend the useful life of equipment are capitalized. Generally, when assets are retired or otherwise disposed of, the cost and accumulated depreciation are eliminated from the accounts and any gain or loss is included in operations.
- : Depreciation is determined using the 200% double declining method over the estimated useful lives of the related assets. Useful lives of furniture and equipment are 5 to 7 years and vehicles are 5 years. Depreciation and amortization expense for the years ended December 31, 2003 and 2002 was \$63,323 and \$56,113.
- 
- Reclassifications : Certain prior year balances have been reclassified to conform to current year presentation.
- Restricted cash : Restricted cash of \$81,381 at December 31, 2003 consists of amounts held in escrow related to land sold during 2003.
- Revenue : Revenue consists of consulting fees, developer fees and management fees on projects, all of which are considered related parties. The Company recognizes revenue when it is realized or realizable and earned. The Company considers revenue realized or realizable and earned when it has persuasive evidence of an arrangement, the services have been provided, and collectibility is reasonably assured.
- Developer fees expected to be earned on projects fully funded and under construction as of December 31, 2003 and 2002 are approximately \$4,000,000 and \$1,400,000.
- Use of estimates : The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

NOTE 2--PROVISION FOR INCOME TAXES

The provision for income taxes consisted of the following at December 31:

	<u>2003</u>	<u>2002</u>
Current income taxes :		
Federal	\$ 159,300	\$ 21,662
State	44,045	11,755
Total current income taxes	<u>203,345</u>	<u>33,417</u>
Deferred income taxes (benefit):		
Federal	(204,000)	968,000
State	<u>(62,000)</u>	<u>94,000</u>
Total deferred income taxes (benefit)	<u>(266,000)</u>	<u>1,062,000</u>
Total provision for income taxes (benefit)	<u>\$ (62,655)</u>	<u>\$ 1,095,417</u>

At December 31, 2003 and 2002 the Company recorded a deferred tax liability of \$1,157,000 and \$1,423,000.

NOTE 3--LEASE COMMITMENTS

The Company leases equipment under an arrangement qualifying as a capital lease over a five year lease term. The lease calls for monthly payments of \$420 through February 2007. Lease amortization is included in depreciation expense. At December 31, 2003 property and equipment included the following amount for this lease, which has been capitalized:

	<u>2003</u>
Equipment	\$ 19,782
Accumulated amortization	<u>(13,136)</u>
	<u>\$ 6,646</u>

Future minimum lease payments, by year and in the aggregate, under this capitalized lease consisted of the following at December 31, 2003:

2004	\$ 4,623
2005	5,044
2006	5,044
2007	<u>840</u>
Total minimum lease payments	15,551
Amounts representing interest	<u>2,216</u>
Present value of lease payments	13,335
Less current portion	<u>3,546</u>
Capital lease obligation, less current portion	<u>\$ 9,789</u>

NOTE 4--EMPLOYEE RETIREMENT PLAN

The Company has a defined benefit pension plan covering a limited number of its employees. The plan was frozen prior to 2002. Participants can no longer earn additional benefits and participants' pensions will not be increased. The Plan is closed to new participants and no employee can become eligible to become a participant in the plan. Participants who were active when the plan was frozen are now fully vested in their pensions. Benefits under the plan are based on years of services for a specified dollar benefit. It is the Company's policy to fund at least the minimum amount required by the Employee Retirement Income Security Act (ERISA) for the plan. The Company contributed \$0 and \$181,067 for the years ended December 31, 2003 and 2002 which is recorded as pension expense in the statements of income. The Plan invests primarily in mutual funds.

The Financial Accounting Standards Board (FASB) issued SFAS No. 87 "Employers' Accounting for Pensions", which addresses financial accounting and disclosure requirements for defined benefit pension plans. SFAS No. 87 states that over the life of a defined benefit plan, pension costs equal the benefits paid less investment earnings.

The net cost is charged to operations during the time a plan participant is employed. The annual pension cost of a defined benefit plan consists of the following components: service cost, interest cost on the projected benefit obligation, actual return on plan assets, amortization of unrecognized prior service cost, amortization of unrecognized gains and losses, and amortization of the unrecognized net asset or net obligation for the plan at the time of adoption. The Company has not adopted the provisions of SFAS No. 87. The effects of this departure on the financial statements have not been determined. Disclosures related to the defined benefit plan have been omitted.

NOTE 5--LONG-TERM DEBT

Long-term debt of the Company at December 31, 2003 and 2002 is summarized as follows:

	<u>2003</u>	<u>2002</u>
Note payable to a related party, due on February 7, 2004 plus interest at 4.00%.	\$ 475,000	\$ 0
Less current portion	<u>475,000</u>	<u>0</u>
Long-term portion	<u>\$ 0</u>	<u>\$ 0</u>

NOTE 6--PRIOR PERIOD ADJUSTMENT

Retained earnings as of December 31, 2002 has been restated to correct an error. The error was discovered during 2003 whereby the client had continued to recognize revenue on contracts that had been completed. This error resulted in an overstatement of revenues and receivables at December 31, 2002 of \$448,323. In the accompanying financial statements, the 2002 balances have been restated to reflect the corrected amounts.

	As previously reported	As restated
Assets	\$ 4,676,576	\$ 4,228,253
Liabilities	1,908,240	1,728,240
Stockholder's equity	2,768,336	2,500,013
Net income	1,907,856	1,639,533

The change to net income (net of \$180,000 of income taxes) was \$268,323.

NOTE 7--SUBSEQUENT EVENTS

Effective May 1, 2004, the Company entered into a lease for the space used for offices of the Company. The lease calls for monthly rental payments of \$18,696 for 24 months with a one year renewal option. The Company expects to sublease portions of this space to related companies; however, no formal sublease agreements have been executed.

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ATTACHMENT E

DEVELOPERS/CONSULTANTS/SELLERS/CONTRACTORS/  
ENTITY SEEKING GRANT/BORROWERS  
(Collectively referred to as "CONTRACTOR" herein)  
STATEMENT FOR PUBLIC DISCLOSURE

1. Name of CONTRACTOR:

Chelsea Investment Corporation, Chelsea Service Corporation and CIC Fairbanks, L.P., its affiliates

2. Address and Zip Code:

725 South Coast Highway 101  
Encinitas, CA 92024

3. Telephone Number:

(760) 456-6000 x 103

4. Name of Principal Contact for CONTRACTOR:

Wally Dieckmann

5. Federal Identification Number or Social Security Number of CONTRACTOR:

33-0185328

6. If the CONTRACTOR is not an individual doing business under his own name, the CONTRACTOR has the status indicated below and is organized or operating under the laws of California as:

A corporation (Attach Articles of Incorporation)

A nonprofit or charitable institution or corporation. (Attach copy of Articles of Incorporation and documentary evidence verifying current valid nonprofit or charitable status).

A partnership known as:

(Name)

Check one

General Partnership (Attach statement of General Partnership)

Limited Partnership (Attach Certificate of Limited Partnership)

A business association or a joint venture known as:

\_\_\_\_\_ (Attach joint venture or business association agreement)

A Federal, State or local government or instrumentality thereof.

Other (explain)

7. If the CONTRACTOR is not an individual or a government agency or instrumentality, give date of organization:

Chelsea Investment Corporation – July 30, 1986  
CIC Fairbanks, L.P. – April 20, 2004

8. Provide names, addresses, telephone numbers, title of position (if any) and nature and extent of the interest of the current officers, principal members, shareholders, and investors of the CONTRACTOR, other than a government agency or instrumentality, as set forth below:
- If the CONTRACTOR is a corporation, the officers, directors or trustees, and each stockholder owning more than 10% of any class of stock.
  - If the CONTRACTOR is a nonprofit or charitable institution or corporation, the members who constitute the board of trustees or board of directors or similar governing body.
  - If the CONTRACTOR is a partnership, each partner, whether a general or limited, and either the percent of interest or a description of the character and extent of interest.
  - If the CONTRACTOR is a business association or a joint venture, each participant and either the percent of interest or a description of the character and extent of interest.
  - If the CONTRACTOR is some other entity, the officers, the members of the governing body, and each person having an interest of more than 10%.

<u>Name, Address and Zip Code</u>	<u>Position Title (if any) and percent of interest or description of character and extent of interest</u>
<b>James J. Schmid 725 South Coast Highway 101 Encinitas, CA 92024</b>	<b>President, Treasurer, Sole Director, Sole Shareholder</b>
<b>Lynn Harrington Schmid 725 South Coast Highway 101 Encinitas, CA 92024</b>	<b>Secretary</b>

9. Has the makeup as set forth in Item 8(a) through 8(e) changed within the last twelve (12) months. If yes, please explain in detail.

No.

10. Is it anticipated that the makeup as set forth in Item 8(a) through 8(e) will change within the next twelve (12) months? If yes, please explain in detail.

No.

11. Provide name, address, telephone number, and nature and extent of interest of each person or entity (not named in response to Item 8) who has a beneficial interest in any of the shareholders or investors named in response to Item 8 which gives such person or entity more than a computed 10% interest in the CONTRACTOR (for example, more than 20% of the stock in a corporation which holds 50% of the stock of the CONTRACTOR or more than 50% of the stock in the corporation which holds 20% of the stock of the CONTRACTOR):

<u>Name, Address and Zip Code</u>	<u>Position Title (if any and extent of interest</u>
---------------------------------------	--

None.

12. Names, addresses and telephone numbers (if not given above) of officers and directors or trustees of any corporation or firm listed under Item 8 or Item 11 above:

None.

- 13. Is the CONTRACTOR a subsidiary of or affiliated with any other corporation or corporations, any other firm or any other business entity or entities of whatever nature. If yes, list each such corporation, firm or business entity by name and address, specify its relationship to the CONTRACTOR, and identify the officers and directors or trustees common to the CONTRACTOR and such other corporation, firm or business entity.

See Attached list of affiliated entities.

- 14. Provide the financial condition of the CONTRACTOR as of the date of the statement and for a period of twenty-four (24) months prior to the date of its statement as reflected in the attached financial statements, including, but not necessarily limited to, profit and loss statements and statements of financial position.

See Attached Financial Statements.

- 15. If funds for the development/project are to be obtained from sources other than the CONTRACTOR's own funds, provide a statement of the CONTRACTOR's plan for financing the development/project:

**US Bank– Tax Exempt Bond Issuance - \$37,000,000**  
**Richman Group – Tax Credit Equity - \$17,800,000**  
**Housing and Community Development Department/Multifamily Housing Program - \$10,000,000**

- 16. Provide sources and amount of cash available to CONTRACTOR to meet equity requirements of the proposed undertaking: **Not Applicable**

- a. In banks/savings and loans:

Name, Address & Zip Code of Bank/Savings & Loan:

Amount: \$

- b. By loans from affiliated or associated corporations or firms:

Name, Address & Zip Code of Bank/Savings & Loan:

Amount: \$

- c. By sale of readily salable assets/including marketable securities:

<u>Description</u>	<u>Market Value</u>	<u>Mortgages or Liens</u>
	\$	\$

- 17. Names and addresses of bank references, and name of contact at each reference:

Bank of America David Riker 450 B Street, Suite 450 San Diego, CA 92024	Southwest Community Bank Harry Shank 5810 El Camino Real, Suite C Carlsbad, CA 921013
--	--

- 18. Has the CONTRACTOR or any of the CONTRACTOR's officers or principal members, shareholders or investors, or other interested parties been adjudged bankrupt, either voluntary or involuntary, within the past 10 years?

Yes  No

If yes, give date, place, and under what name.

19. Has the CONTRACTOR or anyone referred to above as "principals of the CONTRACTOR" been convicted of any felony within the past 10 years?  Yes  No

If yes, give for each case (1) date, (2) charge, (3) place, (4) court, and (5) action taken. Attach any explanation deemed necessary.

20. List undertakings (including, but not limited to, bid bonds, performance bonds, payment bonds and/or improvement bonds) comparable to size of the proposed project which have been completed by the CONTRACTOR including identification and brief description of each project, date of completion, and amount of bond, whether any legal action has been taken on the bond:

<u>Type Bond</u>	<u>Project Description</u>	<u>Date of Completion</u>	<u>Amount of Bond</u>	<u>Action on Bond</u>
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Not Applicable

21. If the CONTRACTOR, or a parent corporation, a subsidiary, an affiliate, or a principal of the CONTRACTOR is to participate in the development as a construction contractor or builder, provide the following information:

Not Applicable

a. Name and addresses of such contractor or builder:

- b. Has such contractor or builder within the last 10 years ever failed to qualify as a responsible bidder, refused to enter into a contract after an award has been made, or failed to complete a construction or development contract?  Yes  No

If yes, please explain, in detail, each such instance:

- c. Total amount of construction or development work performed by such contractor or builder during the last three (3) years: \$

General description of such work:

List each project, including location, nature of work performed, name, address of the owner of the project, bonding companies involved, amount of contract, date of commencement of project, date of completion, state whether any change orders were sought, amount of change orders, was litigation commenced concerning the project, including a designation of where, when and the outcome of the litigation.

- d. Construction contracts or developments now being performed by such contractor or builder:

<u>Identification of Contract or Development</u>	<u>Location</u>	<u>Amount</u>	<u>Date to be Completed</u>
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- e. Outstanding construction-contract bids of such contractor or builder:

Awarding Agency

Amount

Date Opened

22. Provide a detailed and complete statement respecting equipment, experience, financial capacity, and other resources available to such contractor or builder for the performance of the work involved in the proposed project, specifying particularly the qualifications of the personnel, the nature of the equipment, and the general experience of the contractor:

**Not Applicable**

23. Does any member of the governing body of the San Diego Housing Commission ("COMMISSION"), Housing Authority of the City of San Diego ("AUTHORITY") or City of San Diego ("CITY"), to which the accompanying proposal is being made or any officer or employee of the COMMISSION, the AUTHORITY or the CITY who exercises any functions or responsibilities in connection with the carrying out of the project covered by the CONTRACTOR's proposal, have any direct or indirect personal financial interest in the CONTRACTOR or in the proposed contractor? \_\_\_ Yes X No

If yes, explain.

24. Statements and other evidence of the CONTRACTOR's qualifications and financial responsibility (other than the financial statement referred to in Item 8) are attached hereto and hereby made a part hereof as follows:

25. Is the proposed CONTRACTOR, and/or are any of the proposed subcontractors, currently involved in any construction-related litigation? X Yes \_\_\_ No

If yes, explain:

Chelsea Investment Corporation is the plaintiff in a construction defect lawsuit against the general contractor and the subcontractors of Villa Serena Apartments, in Chula Vista, California, for damaged flatwork due to expansive soils.

26. State the name, address and telephone numbers of CONTRACTOR's insurance agent(s) and/or companies for the following coverages: List the amount of coverage (limits) currently existing in each category:

**See attached Certificates of Insurance.**

- a. General Liability, including Bodily Injury and Property Damage Insurance [Attach certificate of insurance showing the amount of coverage and coverage period(s)]

Check coverage(s) carried:

- Comprehensive Form  
 Premises - Operations  
 Explosion and Collapse Hazard  
 Underground Hazard  
 Products/Completed Operations Hazard  
 Contractual Insurance

- Broad Form Property Damage
- Independent Contractors
- Personal Injury

b. Automobile Public Liability/Property Damage [Attach certificate of insurance showing the amount of coverage and coverage period(s)]

Check coverage(s) carried:

- Comprehensive Form
- Owned
- Hired
- Non-Owned

c. Workers Compensation [Attach certificate of insurance showing the amount of coverage and coverage period(s)]

\$1,000,000 per occurrence

d. Professional Liability (Errors and Omissions) [Attach certificate of insurance showing the amount of coverage and coverage period(s)]

\$2,000,000 per claim and in aggregate

e. Excess Liability [Attach certificate(s) of insurance showing the amount of coverage and coverage period(s)]

\$1,000,000 per claim and in aggregate

f. Other (Specify) [Attach certificate(s) of insurance showing the amount of coverage and coverage period(s)]

27. CONTRACTOR warrants and certifies that it will not during the term of the PROJECT, GRANT, LOAN, CONTRACT, DEVELOPMENT and/or RENDITIONS OF SERVICES discriminate against any employee, person, or applicant for employment because of race, age, sexual orientation, marital status, color, religion, sex, handicap, or national origin. The CONTRACTOR will take affirmative action to ensure that applicants are employed, and that employees are treated during employment, without regard to their race, age, sexual orientation, marital status, color, religion, sex, handicap, or national origin. Such action shall include, but not be limited to the following: employment, upgrading, demotion or termination; rates of pay or other forms of compensation; and selection for training, including apprenticeship. The CONTRACTOR agrees to post in conspicuous places, available to employees and applicants for employment, notices to be provided by the COMMISSION setting forth the provisions of this nondiscrimination clause.

28. The CONTRACTOR warrants and certifies that it will not without prior written consent of the COMMISSION, engage in any business pursuits that are adverse, hostile or take incompatible positions to the interests of the COMMISSION, during the term of the PROJECT, DEVELOPMENT, LOAN, GRANT, CONTRACT and/or RENDITION OF SERVICES.

29. CONTRACTOR warrants and certifies that no member, commissioner, councilperson, officer, or employee of the COMMISSION, the AUTHORITY and/or the CITY, no member of the governing body of the locality in which the PROJECT is situated, no member of the government body in which the Commission was activated, and no other public official of such locality or localities who exercises any functions or responsibilities with respect to the assignment of work, has during his or her tenure, or will for one (1) year thereafter, have any interest, direct or indirect, in this PROJECT or the proceeds thereof.

30. List all citations, orders to cease and desist, stop work orders, complaints, judgments, fines, and penalties received by or imposed upon CONTRACTOR for safety violations from any and all government entities including but not limited to, the City of San Diego, County of San Diego, the State of California, the United States of America and

any and all divisions and departments of said government entities for a period of five (5) years prior to the date of this statement. If none, please so state:

<u>Government Entity</u> <u>Making Complaint</u>	<u>Date</u>	<u>Resolution</u>
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None.

31. Has the CONTRACTOR ever been disqualified, removed from or otherwise prevented from bidding on or completing a federal, state, or local government project because of a violation of law or a safety regulation. If so, please explain the circumstances in detail. If none, please so state:

None.

32. Please list all licenses obtained by the CONTRACTOR through the State of California and/or the United States of America which are required and/or will be utilized by the CONTRACTOR and/or are convenient to the performance of the PROJECT, DEVELOPMENT, LOAN, GRANT, CONTRACT, or RENDITION OF SERVICES. State the name of the governmental agency granting the license, type of license, date of grant, and the status of the license, together with a statement as to whether the License has ever been revoked:

<u>Governmental Agency</u>	<u>Description License</u>	<u>License Number</u>	<u>Date Issued (original)</u>	<u>Status (current)</u>	<u>Revocation (yes/no)</u>
CA Dept. of Real Estate	Real Estate	01182080	7/13/94	Current	No

33. Describe in detail any and all other facts, factors or conditions that may adversely affect CONTRACTOR's ability to perform or complete, in a timely manner, or at all, the PROJECT, CONTRACT, SALES of Real Property to, DEVELOPMENT, repayment of the LOAN, adherence to the conditions of the GRANT, or performance of consulting or other services under CONTRACT with the COMMISSION.

None.

34. Describe in detail, any and all other facts, factors or conditions that may favorably affect CONTRACTOR's ability to perform or complete, in a timely manner, or at all, the PROJECT, CONTRACT, DEVELOPMENT, repayment of the LOAN, adherence to the conditions of the GRANT, or performance of consulting or other services under CONTRACT with the COMMISSION.

None.

35. List all CONTRACTS with, DEVELOPMENTS for or with, LOANS with, PROJECTS with, GRANTS from, SALES of Real Property to, the COMMISSION, AUTHORITY and/or the CITY within the last five (5) years:

<u>Date</u>	<u>Entity Involved (i.e., CITY, COMMISSION, etc.)</u>	<u>Status (Current, delinquent repaid, etc.)</u>	<u>Dollar Amount</u>
7/1/01	Authority	Current	\$4,780,000
6/1/02	Authority	Current	\$2,231,000
6/1/02	Authority	Current	\$2,048,000
9/1/02	Authority	Current	\$6,768,000
12/1/03	Authority	Current	\$9,825,000

36. Within the last five years, has the proposed CONTRACTOR, and/or have any of the proposed subcontractors, been the subject of a complaint filed with the Contractor's State License Board (CSLB)? \_\_\_ Yes X No

If yes, explain:

37. Within the last five years, has the proposed CONTRACTOR, and/or have any of the proposed subcontractors, had a revocation or suspension of a CONTRACTOR's License?

Yes  No

If yes, explain:

38. List three local references who would be familiar with your previous construction project:

Name: Eli Sanchez  
Centre City Development Corporation  
Address: 225 Broadway, Suite 1100  
San Diego, CA 92101  
Phone: (619) 235-2200  
Project Name and Description:

Name: Paul Downey  
Senior Community Centers  
Address: 525 14<sup>th</sup> Street  
San Diego, CA 92101  
Phone: (619) 235-6572 (ext. 301)  
Project Name and Description: Market Square Manor

Name:

Address:

Phone:

Project Name and Description:

39. Give a brief statement respecting equipment, experience, financial capacity and other resources available to the Contractor for the performance of the work involved in the proposed project, specifying particularly the qualifications of the personnel, the nature of the equipment and the general experience of the Contractor.

To be determined

40. Give the name and experience of the proposed Construction Superintendent.

To be determined

CONSENT TO PUBLIC DISCLOSURE BY CONTRACTOR

By providing the "Personal Information", (if any) as defined in Section 1798.3(a) of the Civil Code of the State of California (to the extent that it is applicable, if at all), requested herein and by seeking a loan from, a grant from, a contract with, the sale of real estate to, the right to develop from, and/or any and all other entitlements from the SAN DIEGO HOUSING COMMISSION ("COMMISSION"), the HOUSING AUTHORITY OF THE CITY OF SAN DIEGO ("AUTHORITY") and/or the CITY OF SAN DIEGO ("CITY"), the CONTRACTOR consents to the disclosure of any and all "Personal Information" and of any and all other information contained in this Public Disclosure Statement. CONTRACTOR specifically, knowingly and intentionally waives any and all privileges and rights that may exist under State and/or Federal Law relating to the public disclosure of the information contained herein. With respect to "Personal Information", if any, contained herein, the CONTRACTOR, by executing this disclosure statement and providing the information requested, consents to its disclosure pursuant to the provisions of the Information Practices Act of 1977, Civil Code Section 1798.24(b). CONTRACTOR is aware that a disclosure of information contained herein will be made at a public meeting or meetings of the COMMISSION, the AUTHORITY, and/or the CITY at such times as the meetings may be scheduled. CONTRACTOR hereby consents to the disclosure of said "Personal Information", if any, more than thirty (30) days from the date of this statement at the duly scheduled meeting(s) of the COMMISSION, the AUTHORITY and/or the CITY. CONTRACTOR acknowledges that public disclosure of the information contained herein may be made pursuant to the provisions of Civil Code Section 1798.24(d).

CONTRACTOR represents and warrants to the COMMISSION, the AUTHORITY and the CITY that by providing the information requested herein and waiving any and all privileges available under the Evidence Code of the State of California, State and Federal Law, (to the extent of this disclosure that the information being submitted herein), the information constitutes a "Public Record" subject to disclosure to members of the public in accordance with the provisions of California Government Section 6250 et seq.

CONTRACTOR specifically waives, by the production of the information disclosed herein, any and all rights that CONTRACTOR may have with respect to the information under the provisions of Government Code Section 6254 including its applicable subparagraphs, to the extent of the disclosure herein, as well as all rights of privacy, if any, under the State and Federal Law.

Executed this 4<sup>th</sup> day of March, 20 05, at San Diego, California.

CONTRACTOR

By:

CSAS  
Signature

Exec Vice President  
Title

**CERTIFICATION**

The CONTRACTOR, Charles Schmid, hereby certifies that this CONTRACTOR's Statement for Public Disclosure and the attached information/evidence of the CONTRACTOR's qualifications and financial responsibility, including financial statements, are true and correct to the best of CONTRACTOR's knowledge and belief.

By: COAS By:  
Title: Exec. Vice Pres. Title:  
Dated: 3/14/05 Dated:

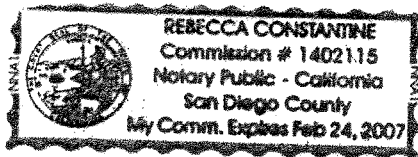
**WARNING: 18 U.S.C. 1001 provides, among other things, that whoever knowingly and willingly makes or uses a document or writing containing any false, fictitious or fraudulent statement or entry, in any matter within the jurisdiction or any department or agency of the United States, shall be fined not more than \$10,000 or imprisoned for not more than five years, or both.**

ATTEST:

State of California

County of San Diego

Subscribed and sworn to before me this 14th day of March, 2005.



Rebecca Constantine  
Signature of Notary

Rebecca Constantine  
Name of Notary

SEAL



1538070

FILED  
In the office of the Secretary of State  
of the State of California

JUL 30 1986

*March Fong Eu*  
MARCH FONG EU, Secretary of State

ARTICLES OF INCORPORATION  
OF  
CHELSEA INVESTMENT CORPORATION

I

The name of this corporation is Chelsea Investment Corporation.

II

The purpose of this corporation is to engage in any lawful act or activity for which a corporation may be organized under the General Corporation Law of California other than the banking business, the trust company business or the practice of a profession permitted to be incorporated by the California Corporations Code.

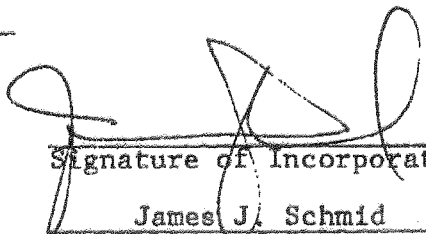
III

The name and address in the State of California of this corporation's initial agent for service of process is James J. Schmid, 3301 Cadencia Street, La Costa, California 92008.

IV

This corporation is authorized to issue only one class of shares of stock; and the total number of shares which this corporation is authorized to issue is 100,000.

DATED: July 28, 1986

  
\_\_\_\_\_  
Signature of Incorporator  
James J. Schmid  
\_\_\_\_\_  
Typed name of Incorporator



Affiliates of Chelsea Investment Corporation

All of the entities listed below are located at:

725 South Coast Highway 1201  
Encinitas, CA 92024

James J. Schmid, the President of Chelsea Investment Corporation is the Managing Member of the following limited liability companies or the LLC of which he is a member is a General Partner of the following limited partnerships:

Border Communities Capital Company LLC  
BCCCI, LLC  
Chelsea Service Corporation  
CIC 2001, LLC  
CIC Calavera Hills II, LLC  
CIC Commercial Real Estate Services, LLC  
CIC Commercial Real Estate Services of Arizona LLC  
CIC Management, Inc.  
CIC Pear Tree Services Company LLC  
CIC Regency LLC  
CIC Santaluz, LLC  
CIC Sunbow Service Company, LLC  
CICTH, LLC  
Daedalus Development Company, LLC  
DDS Fairbanks, LLC  
Emerald Downs, LLC  
Emmerson Construction, Inc.  
Frontier Financial Services LLC  
Imperial Golden State Partners, L.P.  
Inclusionary Housing, LLC  
Ladner Enterprises, LLC  
Imperial Land Development Company, L.P.  
PHR Inclusionary, LLC  
San Diego MSM, LLC  
SDS Crossings, LLC  
SDS Eastlake LLC  
Sysiphus Development Services LLC  
BESA, L.P.  
BFA, L.P.  
Bienestar Apartments, LLC  
Brawley Gardens, L.P.  
CFA, L.P.  
CIC Calavera, LP  
CIC Countryside, LP  
CIC Crossings, L.P.  
CIC Eastlake, L.P.  
CIC Fairbanks, L.P.  
CIC PHR, L.P.  
CIC Villas, LP  
CIC Villas II, LP  
De Anza Hotel Limited Partnership  
Heber Family, L.P.  
Holtville Gardens, L.P.  
IGA, L.P.  
Las Casitas De San Luis Limited Partnership  
Longacres at Seabreeze Farms, LP  
Market Square Manor Associates LP  
St. Regis Park, LP  
SD Regency Centre LP  
THA, L.P.  
Santaluz Family Apartments, L.P.  
Serena Sunbow LP  
VDLF, LP  
VLA, L.P.  
WFA, L.P.

2-25

## INSURANCE INFORMATION

### Emmerson Insurance Information:

#### Agent & Company:

Christopher M. Martz  
Assistant Vice President  
Driver - Alliant Insurance Services  
License #0C83578  
Direct Dial: (619) 699-0502  
Fax: (619) 699-1373

#### Insurance Policies:

General Liability Policy # AAP71016304 Axis Specialty Insurance  
Commercial Umbrella Policy # QZ04502015 St. Paul Surety

### Insurance Information for Chelsea, Frontier Financial, Sysiphus, Daedalus, CIC Management and Imperial Land Company:

#### Agent & Company:

Agent: Mike Walsh 858 314-5141  
Account Manager: Monica Powell 858 314-5151  
Agency: USI of San Diego Insurance Services

#### Insurance Policies:

Hartford Casualty Insurance Company  
Policy # 72SBAKA1086  
Business Owners Policy (General Liability, Property, Crime) Umbrella

Federal Insurance Company  
Policy # 68007988  
Excess Crime (over Hartford's limit)  
Federal's Limit \$310,000 (Hartford's Limit: \$250,000) for total crime of \$560,000

Lexington Insurance Company  
Policy # 2845754  
Professional Liability Insurance

Allied Mutual Insurance Co.  
Policy # BD7900590913  
Erisa Bond

State Compensation Insurance Fund  
Policy # 39292004  
Workers Compensation

# ACORD™ CERTIFICATE OF LIABILITY INSURANCE

DATE (MM/DD/YYYY)  
12/09/04

**PRODUCER**  
USI San Diego Lic0539016  
12348 High Bluff Dr, Ste 110  
San Diego, CA 92130  
858 314-5100

THIS CERTIFICATE IS ISSUED AS A MATTER OF INFORMATION ONLY AND CONFERS NO RIGHTS UPON THE CERTIFICATE HOLDER. THIS CERTIFICATE DOES NOT AMEND, EXTEND OR ALTER THE COVERAGE AFFORDED BY THE POLICIES BELOW.

**INSURED**  
Chelsea Investment Corporation  
725 S. Coast Hwy 101, K-100  
Encinitas, CA 92024

INSURERS AFFORDING COVERAGE		NAIC #
INSURER A:	Lexington Insurance Company	99999
INSURER B:		
INSURER C:		
INSURER D:		
INSURER E:		

**COVERAGES**

THE POLICIES OF INSURANCE LISTED BELOW HAVE BEEN ISSUED TO THE INSURED NAMED ABOVE FOR THE POLICY PERIOD INDICATED. NOTWITHSTANDING ANY REQUIREMENT, TERM OR CONDITION OF ANY CONTRACT OR OTHER DOCUMENT WITH RESPECT TO WHICH THIS CERTIFICATE MAY BE ISSUED OR MAY PERTAIN, THE INSURANCE AFFORDED BY THE POLICIES DESCRIBED HEREIN IS SUBJECT TO ALL THE TERMS, EXCLUSIONS AND CONDITIONS OF SUCH POLICIES. AGGREGATE LIMITS SHOWN MAY HAVE BEEN REDUCED BY PAID CLAIMS.

INSR ADD'L LTR	INSUR	TYPE OF INSURANCE	POLICY NUMBER	POLICY EFFECTIVE DATE (MM/DD/YY)	POLICY EXPIRATION DATE (MM/DD/YY)	LIMITS
		<b>GENERAL LIABILITY</b> <input type="checkbox"/> COMMERCIAL GENERAL LIABILITY <input type="checkbox"/> CLAIMS MADE <input type="checkbox"/> OCCUR  GEN'L AGGREGATE LIMIT APPLIES PER: <input type="checkbox"/> POLICY <input type="checkbox"/> PRO-JECT <input type="checkbox"/> LOC				EACH OCCURRENCE \$ DAMAGE TO RENTED PREMISES (Ea occurrence) \$ MED EXP (Any one person) \$ PERSONAL & ADV INJURY \$ GENERAL AGGREGATE \$ PRODUCTS - COMP/OP AGG \$
		<b>AUTOMOBILE LIABILITY</b> <input type="checkbox"/> ANY AUTO <input type="checkbox"/> ALL OWNED AUTOS <input type="checkbox"/> SCHEDULED AUTOS <input type="checkbox"/> HIRED AUTOS <input type="checkbox"/> NON-OWNED AUTOS				COMBINED SINGLE LIMIT (Ea accident) \$ BODILY INJURY (Per person) \$ BODILY INJURY (Per accident) \$ PROPERTY DAMAGE (Per accident) \$
		<b>GARAGE LIABILITY</b> <input type="checkbox"/> ANY AUTO				AUTO ONLY - EA ACCIDENT \$ OTHER THAN AUTO ONLY: EA ACC \$ AGG \$
		<b>EXCESS/UMBRELLA LIABILITY</b> <input type="checkbox"/> OCCUR <input type="checkbox"/> CLAIMS MADE  DEDUCTIBLE RETENTION \$				EACH OCCURRENCE \$ AGGREGATE \$ \$ \$ \$
		<b>WORKERS COMPENSATION AND EMPLOYERS' LIABILITY</b> ANY PROPRIETOR/PARTNER/EXECUTIVE OFFICER/MEMBER EXCLUDED? If yes, describe under SPECIAL PROVISIONS below				WC STATU-TORY LIMITS \$ OTH-ER E.L. EACH ACCIDENT \$ E.L. DISEASE - EA EMPLOYEE \$ E.L. DISEASE - POLICY LIMIT \$
A		<b>OTHER Professional Liability</b>	2845754	01/01/04	01/01/05	\$2,000,000 PER CLAIM \$2,000,000 AGGREGATE \$25,000 DEDUCTIBLE

DESCRIPTION OF OPERATIONS / LOCATIONS / VEHICLES / EXCLUSIONS ADDED BY ENDORSEMENT / SPECIAL PROVISIONS  
 10 Days cancellation for non-payment of premium

**CERTIFICATE HOLDER**

**CANCELLATION**

Insurance Verification

SHOULD ANY OF THE ABOVE DESCRIBED POLICIES BE CANCELLED BEFORE THE EXPIRATION DATE THEREOF, THE ISSUING INSURER WILL ENDEAVOR TO MAIL 30 DAYS WRITTEN NOTICE TO THE CERTIFICATE HOLDER NAMED TO THE LEFT, BUT FAILURE TO DO SO SHALL IMPOSE NO OBLIGATION OR LIABILITY OF ANY KIND UPON THE INSURER, ITS AGENTS OR REPRESENTATIVES.

AUTHORIZED REPRESENTATIVE

*Richard T. Walsh*

# ACORD™ CERTIFICATE OF LIABILITY INSURANCE

DATE (MM/DD/YYYY)  
12/09/04

**PRODUCER**

USI San Diego Lic0539016  
12348 High Bluff Dr, Ste 110  
San Diego, CA 92130  
858 314-5100

THIS CERTIFICATE IS ISSUED AS A MATTER OF INFORMATION ONLY AND CONFERS NO RIGHTS UPON THE CERTIFICATE HOLDER. THIS CERTIFICATE DOES NOT AMEND, EXTEND OR ALTER THE COVERAGE AFFORDED BY THE POLICIES BELOW.

**INSURED**

**CHELSEA INVESTMENT CORPORATION**  
725 S. COAST HWY 101, K-100  
ENCINITAS, CA 92024

**INSURERS AFFORDING COVERAGE**

NAIC #

INSURER A: **Hartford Casualty Ins C**

99999

INSURER B:

INSURER C:

INSURER D:

INSURER E:

**COVERAGES**

THE POLICIES OF INSURANCE LISTED BELOW HAVE BEEN ISSUED TO THE INSURED NAMED ABOVE FOR THE POLICY PERIOD INDICATED. NOTWITHSTANDING ANY REQUIREMENT, TERM OR CONDITION OF ANY CONTRACT OR OTHER DOCUMENT WITH RESPECT TO WHICH THIS CERTIFICATE MAY BE ISSUED OR MAY PERTAIN, THE INSURANCE AFFORDED BY THE POLICIES DESCRIBED HEREIN IS SUBJECT TO ALL THE TERMS, EXCLUSIONS AND CONDITIONS OF SUCH POLICIES. AGGREGATE LIMITS SHOWN MAY HAVE BEEN REDUCED BY PAID CLAIMS.

INSR ADD'L LTR	INSR#	TYPE OF INSURANCE	POLICY NUMBER	POLICY EFFECTIVE DATE (MM/DD/YY)	POLICY EXPIRATION DATE (MM/DD/YY)	LIMITS	
A		<b>GENERAL LIABILITY</b> <input checked="" type="checkbox"/> COMMERCIAL GENERAL LIABILITY <input type="checkbox"/> CLAIMS MADE <input type="checkbox"/> OCCUR  GEN'L AGGREGATE LIMIT APPLIES PER: <input type="checkbox"/> POLICY <input type="checkbox"/> PRO-JECT <input type="checkbox"/> LOC	72SBAKA1086	11/05/04	11/05/05	EACH OCCURRENCE	\$1,000,000
						DAMAGE TO RENTED PREMISES (Ea occurrence)	\$300,000
						MED EXP (Any one person)	\$10,000
						PERSONAL & ADV INJURY	\$1,000,000
						GENERAL AGGREGATE	\$2,000,000
						PRODUCTS - COMP/OP AGG	\$2,000,000
A		<b>AUTOMOBILE LIABILITY</b> <input type="checkbox"/> ANY AUTO <input type="checkbox"/> ALL OWNED AUTOS <input type="checkbox"/> SCHEDULED AUTOS <input type="checkbox"/> HIRED AUTOS <input type="checkbox"/> NON-OWNED AUTOS	72SBAKA1086	11/05/04	11/05/05	COMBINED SINGLE LIMIT (Ea accident)	\$1,000,000
						BODILY INJURY (Per person)	\$
						BODILY INJURY (Per accident)	\$
						PROPERTY DAMAGE (Per accident)	\$
		<b>GARAGE LIABILITY</b> <input type="checkbox"/> ANY AUTO				AUTO ONLY - EA ACCIDENT	\$
						OTHER THAN AUTO ONLY - EA ACC	\$
						AGG	\$
A		<b>EXCESS/UMBRELLA LIABILITY</b> <input checked="" type="checkbox"/> OCCUR <input type="checkbox"/> CLAIMS MADE  <input type="checkbox"/> DEDUCTIBLE <input checked="" type="checkbox"/> RETENTION \$ 10000	72SBAKA1086	11/05/04	11/05/05	EACH OCCURRENCE	\$1,000,000
						AGGREGATE	\$1,000,000
							\$
							\$
							\$
		<b>WORKERS COMPENSATION AND EMPLOYERS' LIABILITY</b> ANY PROPRIETOR/PARTNER/EXECUTIVE OFFICER/MEMBER EXCLUDED? If yes, describe under SPECIAL PROVISIONS below OTHER				WC STATU-TORY LIMITS	OTH-ER
						E.L. EACH ACCIDENT	\$
						E.L. DISEASE - EA EMPLOYEE	\$
						E.L. DISEASE - POLICY LIMIT	\$

DESCRIPTION OF OPERATIONS / LOCATIONS / VEHICLES / EXCLUSIONS ADDED BY ENDORSEMENT / SPECIAL PROVISIONS

10 Days cancellation for non-payment of premium

**CERTIFICATE HOLDER**

Insurance Verification

**CANCELLATION**

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AUTHORIZED REPRESENTATIVE

*Richard T. Walsh*

## IMPORTANT

If the certificate holder is an ADDITIONAL INSURED, the policy(ies) must be endorsed. A statement on this certificate does not confer rights to the certificate holder in lieu of such endorsement(s).

If SUBROGATION IS WAIVED, subject to the terms and conditions of the policy, certain policies may require an endorsement. A statement on this certificate does not confer rights to the certificate holder in lieu of such endorsement(s).

## DISCLAIMER

The Certificate of Insurance on the reverse side of this form does not constitute a contract between the issuing insurer(s), authorized representative or producer, and the certificate holder, nor does it affirmatively or negatively amend, extend or alter the coverage afforded by the policies listed thereon.

# ACORD™ CERTIFICATE OF LIABILITY INSURANCE

DATE (MM/DD/YYYY)  
12/09/04

**PRODUCER**  
USI San Diego Lic0539016  
12348 High Bluff Dr, Ste 110  
San Diego, CA 92130  
858 314-5100

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**INSURED**  
Chelsea Investment Corporation  
725 S. Coast Hwy 101, K-100  
Encinitas, CA 92024

INSURERS AFFORDING COVERAGE		NAIC #
INSURER A:	Federal Insurance Co	
INSURER B:		
INSURER C:		
INSURER D:		
INSURER E:		

**COVERAGES**

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INSR ADD'L LTR	INSRD	TYPE OF INSURANCE	POLICY NUMBER	POLICY EFFECTIVE DATE (MM/DD/YY)	POLICY EXPIRATION DATE (MM/DD/YY)	LIMITS
		<b>GENERAL LIABILITY</b> <input type="checkbox"/> COMMERCIAL GENERAL LIABILITY <input type="checkbox"/> CLAIMS MADE <input type="checkbox"/> OCCUR  GEN'L AGGREGATE LIMIT APPLIES PER: <input type="checkbox"/> POLICY <input type="checkbox"/> PRO-JECT <input type="checkbox"/> LOC				EACH OCCURRENCE \$ DAMAGE TO RENTED PREMISES (Ea occurrence) \$ MED EXP (Any one person) \$ PERSONAL & ADV INJURY \$ GENERAL AGGREGATE \$ PRODUCTS - COM/PROP AGG \$
		<b>AUTOMOBILE LIABILITY</b> <input type="checkbox"/> ANY AUTO <input type="checkbox"/> ALL OWNED AUTOS <input type="checkbox"/> SCHEDULED AUTOS <input type="checkbox"/> HIRED AUTOS <input type="checkbox"/> NON-OWNED AUTOS				COMBINED SINGLE LIMIT (Ea accident) \$ BODILY INJURY (Per person) \$ BODILY INJURY (Per accident) \$ PROPERTY DAMAGE (Per accident) \$
		<b>GARAGE LIABILITY</b> <input type="checkbox"/> ANY AUTO				AUTO ONLY - EA ACCIDENT \$ OTHER THAN EA ACC \$ AUTO ONLY: AGG \$
		<b>EXCESS/UMBRELLA LIABILITY</b> <input type="checkbox"/> OCCUR <input type="checkbox"/> CLAIMS MADE  <input type="checkbox"/> DEDUCTIBLE <input type="checkbox"/> RETENTION \$				EACH OCCURRENCE \$ AGGREGATE \$ \$ \$ \$
		<b>WORKERS COMPENSATION AND EMPLOYERS' LIABILITY</b> ANY PROPRIETOR/PARTNER/EXECUTIVE OFFICER/MEMBER EXCLUDED? If yes, describe under SPECIAL PROVISIONS below				<input type="checkbox"/> WC STATU-TORY LIMITS <input type="checkbox"/> OTH-ER E.L. EACH ACCIDENT \$ E.L. DISEASE - EA EMPLOYEE \$ E.L. DISEASE - POLICY LIMIT \$
A		OTHER Crime	68007988	11/05/04	11/05/05	Limit \$250,000

DESCRIPTION OF OPERATIONS / LOCATIONS / VEHICLES / EXCLUSIONS ADDED BY ENDORSEMENT / SPECIAL PROVISIONS  
 10 Days cancellation for non-payment of premium

**CERTIFICATE HOLDER**

**CANCELLATION**

Insurance Verification

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AUTHORIZED REPRESENTATIVE

*Richard T. Walsh*

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**INSURED**  
Chelsea Investment Corporation  
725 S Coast Highway 101, K-100  
Encinitas, CA 92024

INSURERS AFFORDING COVERAGE	NAIC #
INSURER A: <b>Allied Mutual</b>	
INSURER B:	
INSURER C:	
INSURER D:	
INSURER E:	

**COVERAGES**


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		<b>GENERAL LIABILITY</b> <input type="checkbox"/> COMMERCIAL GENERAL LIABILITY <input type="checkbox"/> CLAIMS MADE <input type="checkbox"/> OCCUR  GEN'L AGGREGATE LIMIT APPLIES PER: <input type="checkbox"/> POLICY <input type="checkbox"/> PRO-JECT <input type="checkbox"/> LOC				EACH OCCURRENCE \$ DAMAGE TO RENTED PREMISES (Ea occurrence) \$ MED EXP (Any one person) \$ PERSONAL & ADV INJURY \$ GENERAL AGGREGATE \$ PRODUCTS - COMP/OP AGG \$
		<b>AUTOMOBILE LIABILITY</b> <input type="checkbox"/> ANY AUTO <input type="checkbox"/> ALL OWNED AUTOS <input type="checkbox"/> SCHEDULED AUTOS <input type="checkbox"/> HIRED AUTOS <input type="checkbox"/> NON-OWNED AUTOS				COMBINED SINGLE LIMIT (Ea accident) \$ BODILY INJURY (Per person) \$ BODILY INJURY (Per accident) \$ PROPERTY DAMAGE (Per accident) \$
		<b>GARAGE LIABILITY</b> <input type="checkbox"/> ANY AUTO				AUTO ONLY - EA ACCIDENT \$ OTHER THAN EA ACC \$ AUTO ONLY: AGG \$
		<b>EXCESS/UMBRELLA LIABILITY</b> <input type="checkbox"/> OCCUR <input type="checkbox"/> CLAIMS MADE  DEDUCTIBLE RETENTION \$				EACH OCCURRENCE \$ AGGREGATE \$ \$ \$ \$
		<b>WORKERS COMPENSATION AND EMPLOYERS' LIABILITY</b> ANY PROPRIETOR/PARTNER/EXECUTIVE OFFICER/MEMBER EXCLUDED? If yes, describe under SPECIAL PROVISIONS below				<input type="checkbox"/> WC STATU-TORY LIMITS <input type="checkbox"/> OTH-ER E.L. EACH ACCIDENT \$ E.L. DISEASE - EA EMPLOYEE \$ E.L. DISEASE - POLICY LIMIT \$
A		<b>OTHER ERISA Bond</b>	BD7900590913	11/17/02	11/17/05	Limit \$50,000

DESCRIPTION OF OPERATIONS / LOCATIONS / VEHICLES / EXCLUSIONS ADDED BY ENDORSEMENT / SPECIAL PROVISIONS  
 10 Days cancellation for non-payment of premium

**CERTIFICATE HOLDER**

**CANCELLATION**

Insurance Verification	SHOULD ANY OF THE ABOVE DESCRIBED POLICIES BE CANCELLED BEFORE THE EXPIRATION DATE THEREOF, THE ISSUING INSURER WILL ENDEAVOR TO MAIL <u>30</u> DAYS WRITTEN NOTICE TO THE CERTIFICATE HOLDER NAMED TO THE LEFT, BUT FAILURE TO DO SO SHALL IMPOSE NO OBLIGATION OR LIABILITY OF ANY KIND UPON THE INSURER, ITS AGENTS OR REPRESENTATIVES. AUTHORIZED REPRESENTATIVE 
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**STATE**  
COMPENSATION  
INSURANCE

P.O. BOX 420807, SAN FRANCISCO, CA 94142-0807

**FUND** CERTIFICATE OF WORKERS' COMPENSATION INSURANCE

ISSUE DATE: 12-09-2004

GROUP: 000498  
POLICY NUMBER: 3929-2004  
CERTIFICATE ID: 21  
CERTIFICATE EXPIRES: 10-01-2005  
10-01-2004/10-01-2005

INSURANCE VERIFICATION  
725 S. COAST HWY 101, K-100  
ENCINITAS CA 92024

JOB: INSURANCE VERIFICATION

This is to certify that we have issued a valid Worker's Compensation insurance policy in a form approved by the California Insurance Commissioner to the employer named below for the policy period indicated.

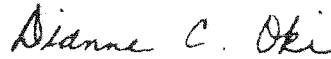
This policy is not subject to cancellation by the Fund except upon 10 days advance written notice to the employer.

We will also give you 10 days advance notice should this policy be cancelled prior to its normal expiration.

This certificate of insurance is not an insurance policy and does not amend, extend or alter the coverage afforded by the policy listed herein. Notwithstanding any requirement, term or condition of any contract or other document with respect to which this certificate of insurance may be issued or to which it may pertain, the insurance afforded by the policy described herein is subject to all the terms, exclusions, and conditions, of such policy.



AUTHORIZED REPRESENTATIVE



PRESIDENT

EMPLOYER'S LIABILITY LIMIT INCLUDING DEFENSE COSTS: \$1,000,000 PER OCCURRENCE.

ENDORSEMENT #1600 - JAMES SCHMID, PRES,CEO,TRES - EXCLUDED.

EMPLOYER

CHELSEA INVESTMENT CORPORATION AND/OR CIC MANAGEMENT  
INC  
725 S COAST HIGHWAY 101 STE K-100  
ENCINITAS CA 92024

## **PSCDC PROJECT LIST**

### **Brawley Family Apartments**

PSCDC is a general partner and sponsor of the Brawley Family Apartment community located in Brawley, California. The project is a low-income housing complex consisting of 81 units. Completion of Brawley Family Apartments was December of 2002. The project was financed through low-income tax credits and other sources.

### **Brawley Elks**

PSCDC is a general partner and sponsor of Brawley Elks, located in Brawley, CA. The project is a low-income senior housing complex consisting of 81 units and will be completed in June, 2005. The project was financed through low-income tax credits and other sources.

### **Brawley Gardens**

PSCDC is a general partner and sponsor of Brawley Gardens, located in Brawley, CA. The project is a low-income housing complex consisting of 81 units and will be completed in May, 2005. The project was financed through low-income tax credits and other sources.

### **Calexico Family Apartments**

PSCDC is the sponsor of the Calexico Family Apartments, an 80-unit new construction project in Calexico, California. The project is 100% low-income housing and was completed in December 2002. The Calexico Family Apartments were financed through low-income housing tax credits and other means.

### **Chatham Village**

PSCDC serves as Managing General Partner of H.S.A. L.P. which rehabilitated, owns, and operates the Hampton Square Apartments in Tustin, California, a 350-unit mixed-income housing complex. The Hampton Square Apartments were financed by tax-exempt bonds issued by the California Home Financing Authority, a loan from the administrative general partner and low-income housing tax credits. PSCDC is responsible for sponsoring and overseeing social services at the complex, advising on low-income housing issues and working with the community to provide quality affordable housing.

### **Countryside Apartments**

PSCDC is a general partner and sponsor of Countryside Apartments, located in El Centro, CA. The project is a low-income housing complex consisting of 73 units, and was completed in November, 2004. The project was financed through low-income tax credits and other sources.

### **De Anza Hotel**

PSCDC is a general partner in De Anza Hotel Limited Partnership. Completed in January 1998, the De Anza Hotel Project involved the conversion and rehabilitation of a three-story, 80-room hotel built in 1930 into 94 studio apartments for low-income seniors in Calexico, California. The De Anza Hotel also features commercial on the ground floor.

The De Anza Hotel rehabilitation project received financing from CHRP-R (California Housing Rehabilitation Program – Rental) funds. Other financing sources for the project included a loan from the City of Calexico Redevelopment agency, a CDGB Grant and low-income housing tax credits.

### **Heber Family Apartments**

PSCDC is a general partner and sponsor of Heber Family Apartments, located in Heber, CA. The project is a low-income housing complex consisting of 81 units, and will be completed in June, 2005. The project was financed through low-income tax credits and other sources.

### **Holtville Gardens**

PSCDC is a general partner and sponsor of Holtville Gardens, located in Holtville, CA. The project is a low-income housing complex consisting of 81 units, and was completed in November, 2004. The project was financed through low-income tax credits and other sources.

### **Hotel San Carlos**

PSCDC is a general partner in the Hotel San Carlos Limited Partnership, which has restored and rehabilitated the historic Hotel San Carlos in Yuma, Arizona. The Hotel San Carlos is on the Secretary of the Interior's National Register of Historic Buildings. The Hotel San Carlos construction rehabilitation was completed December 31, 1996 and provides 60 units of affordable housing to qualified low-income residents, and several thousand square feet of office space. This project helped to catalyze the redevelopment of historic downtown Yuma.

The Hotel San Carlos project involved many sources of financing, including low-income housing tax credits, historic rehabilitation tax credits, a CDBG loan from the city of Yuma, an Affordable Housing Program loan, a loan and a grant from the Arizona Housing Trust Fund, and an Arizona State Parks Heritage Grant.

### **Imperial Gardens**

PSCDC is a general partner and sponsor of Imperial Gardens, located in Imperial, CA. The project is a low-income housing complex consisting of 81 units, and was completed in November, 2004. The project was financed through low-income tax credits and other sources.

### **Las Casitas Family Apartments**

PSCDC is the sponsor of a 76 unit large family affordable housing project in San Luis, Arizona that provides low-income housing for farm worker families. Currently there are only 92 other multifamily units in San Luis, a community with a population of over 9,000 experiencing an average annual growth rate of 25%. Construction of the apartments was completed in the fall of 1998.

The Las Casitas project was awarded an Affordable Housing Program grant and an Arizona Housing Trust Fund Grant. PSCDC also secured additional financing for the Las

Casitas project, including HOME funds and low-income housing tax credits, from the Arizona Department of Commerce.

### **Mariposa Apartments**

PSCDC is the sponsor and a general partner of Mariposa Apartments, a 106 unit low income project in Carlsbad, CA. It was completed in August of 2004. The project was financed through low-income tax credits and other sources.

### **Rancho Buena Vista**

PSCDC is the sponsor and a general partner of Rancho Buena Vista Apartments, a 150 unit low income project located in Chula Vista, CA. It will be completed March, 2005. The project was financed through low-income tax credits and other sources.

### **Rancho Del Norte**

PSCDC is the sponsor and a general partner of Rancho Del Norte, a 120 unit low income apartment project in San Diego, CA. It will be completed in February, 2005. The project was financed through low-income tax credits and other sources.

### **Regency Centre Apartments**

PSCDC is the sponsor and general partner of the Regency Centre Apartments. The rehabilitation of this 100-unit low-income family apartment community in San Diego was completed in March 2001. The financing for Regency Centre was accomplished through a variety of means, including low-income tax credits and tax-exempt bond financing as well as others.

### **Seabreeze Farms Apartments**

PSCDC is a general partner and sponsor of development for Longacres at Seabreeze Farms Apartments, located within a large upscale multifamily community. Longacres' 38 units are rent-restricted for low-income families. The San Diego apartment community was completed in May of 2001. The financing was accomplished with the use of low-income tax credits.

### **St. Regis Park Apartments**

PSCDC is a general partner of St. Regis Apartments, a 118-unit community located in Chula Vista, California. The 100% low-income St. Regis Apartments were acquired and rehabilitated by PSCDC, who currently monitors management of the project. The St. Regis Apartments were financed through low-income tax credits, tax-exempt bonds and other means.

### **Teresina at Lomas Verdes**

PSCDC is the sponsor of Teresina at Lomas Verdes, a 440-unit mixed-income luxury garden apartment complex in Chula Vista, California. The large new-construction project was completed in September 1999, and was financed through a variety of means including bonds and low-income housing tax credits. Total project costs were in excess of \$40 million. Project was sold in 2002.

### **Torrey Highlands Apartments**

PSCDC is the sponsor of the Torrey Highlands project, a 100% low-income housing project located in San Diego, California. The 76-unit family community was completed in October of 2002. Torrey Highlands was financed through low-income housing tax credits and tax-exempt bond financing.

### **Villa Andalucia Apartments**

PSCDC is the sponsor of the Villa Andalucia project, a 100% low-income housing project located in Carmel Valley area of San Diego, California. The 32-unit family community was completed in April of 2003. Torrey Villa Andalucia was financed through low-income housing tax credits and tax-exempt bond financing.

### **Villa De Las Flores Apartments**

PSCDC is the sponsor and general partner of the Villa De Las Flores Apartments, an 80-unit low-income housing project in Calexico, CA. The newly constructed project was completed in September 2001. The financing for Villa De Las Flores Apartments included low-income tax credits, as well as other methods.

### **Villa Glen Apartments**

PSCDC is the sponsor of the Villa Glen project, a 100% low-income housing project located in Carmel Valley area of San Diego, California. The 26-unit family community was completed in March of 2003. Villa Glenn was financed through low-income housing tax credits and tax-exempt bond financing.

### **Villa Lara Apartments**

PSCDC is a general partner of the Villa Lara Apartments in Imperial, California. The new apartment project will provide Imperial County residents with an additional 80 units of low-income housing. The project, financed through low-income tax credits and other sources was completed in December of 2002.

### **Villa Serena Apartments**

PSCDC is the sponsor and a general partner of the Villa Serena Apartments in Chula Vista, California. Villa Serena is a 100% low-income senior community. The 132-unit community was completed in July of 2000 and has seen 100% occupancy since opening. PSCDC financed the new construction of Villa Serena through the use of low-income housing tax credits and tax-exempt bond financing.

### **Windwood Village**

PSCDC is a general partner and sponsor of the Windwood Village Apartments located in the Carmel Valley area of San Diego, California. The low-income housing complex consists of 92 units. The project was completed in June 2003. The project was financed through low-income tax credits, bonds and the Multi-family Housing Program.

### **Projects Under Development for 2005**

**Calipatria Apartments – 81 Units**  
**Calipatria, CA**

**Calexico Family Apartments II – 81 Units**

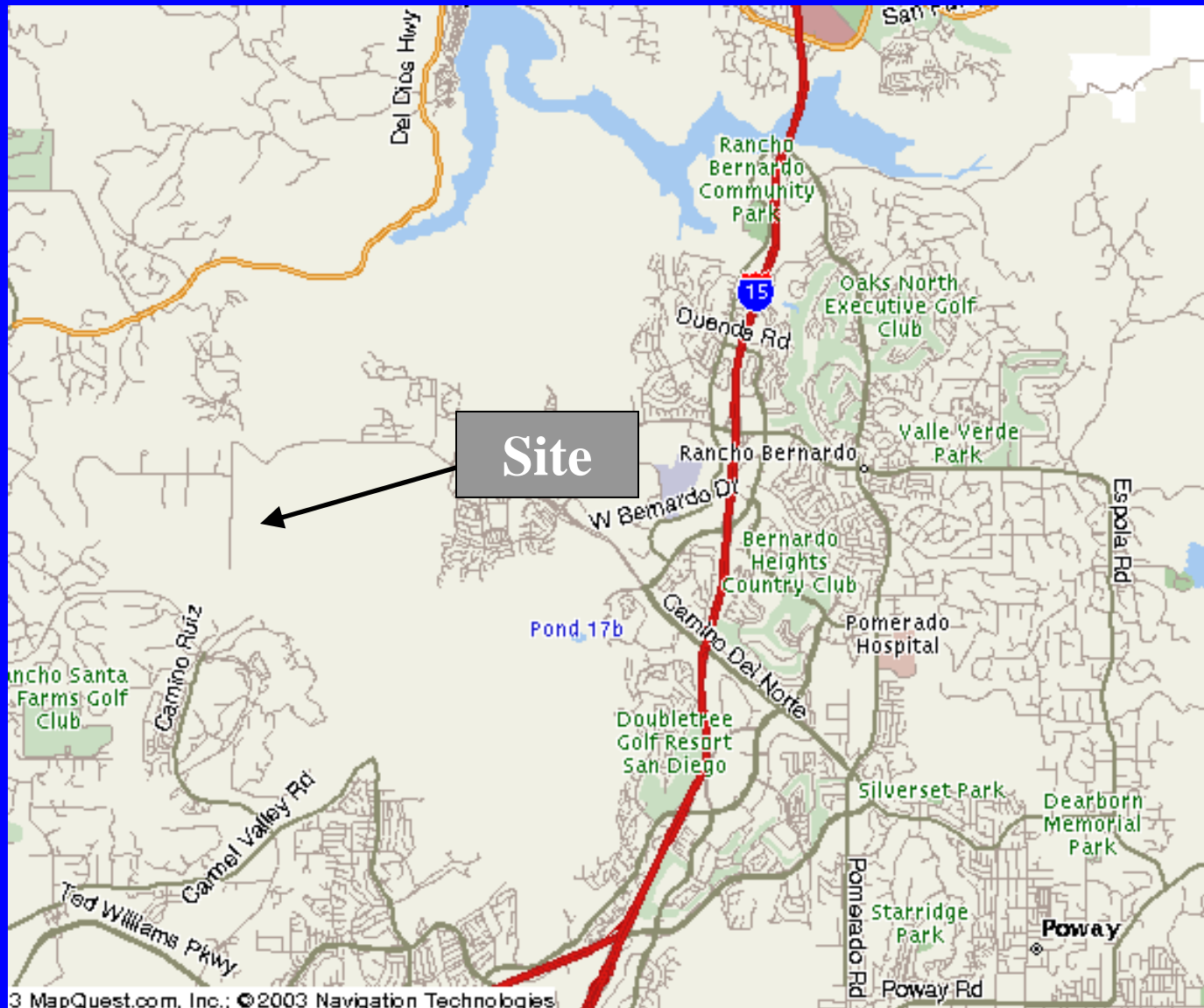
**Calexico, CA**  
**Heber Family Apartments II – 81 Units**  
**Heber, CA**

**The Crossings - 108 units**  
**San Diego, CA**

**Hunters Pointe – 168 units**  
**Carlsbad, CA**

**Fairbanks Ridge – 204 units**  
**San Diego, CA**

# Fairbanks Ridge



# Council District 1