



**Board of Directors**  
Howard Rudd, Chair  
John Norman, Secretary/Treasurer  
Nick Alexander  
Louise Walker

**AGENDA**

**Board Meeting**

April 25, 2019 @ 8:00 a.m.  
Conference Rooms 1 & 2  
311 Vernon Street  
Roseville, CA

- I. **Silent Roll Call**
- II. **Non-Agenda Public Comment**
- III. **Action Items**
  - a. Approve the April 12, 2019 Special Board Meeting Minutes
  - b. Approve Transfer of Advantage Roseville Restricted Funds to City of Roseville
  - c. Approve Fiscal Year 2019-20 Budget
- IV. **Board and Staff Comments**
- V. **Adjournment**



**Meeting Minutes**  
**Board Meeting**  
**April 12, 2019**

Present: Chairman Howard Rudd, Secretary/Treasurer John Norman, Director Nick Alexander

Corporate Counsel: Larry Larsen, Law Offices of Gregory D. Thatch

Corporate Staff: CEO Mike Isom and Board Secretary Amy Ruiz

**II. Non-Agenda Public Comment**

Chairman Rudd opened the floor for public comment

None Received

**III. Action Items**

**a. Approve the March 28, 2019 Board Meeting Minutes**

Director Alexander made a motion to approve the minutes for the March 28, 2019 Board Meeting. Secretary/Treasurer Norman seconded the motion.

Votes: Motion Carried 3-0

Yes: Chairman Rudd, Secretary/Treasurer Norman, Director Alexander

**b. Approve a sponsorship request for "Roseville 2019"**

Director Alexander made a motion to approve the sponsorship request for Roseville 2019. Secretary/Treasurer Norman seconded the motion.

Votes: Motion Carried 3-0

Yes: Chairman Rudd, Secretary/Treasurer Norman, Director Alexander

**IV. Closed Session**

**A. Conference with Real Property Negotiator**

- a. Property – 238 Vernon Street, Roseville, CA
- b. Agency Negotiator – Mike Isom, CEO
- c. Negotiating Party – Thomas A. Roth
- d. Under Negotiation – Purchase, Price and Terms of Payment

**B. Conference with Legal Counsel – Existing Litigation (Subdivision (a) of Section 54956.9)**

Ryan v. City of Roseville, et al.  
USDC – Eastern District of California Case #2:17-cv-01453-MCW-DB

Ryan v. City of Roseville. et al.  
Placer County Superior Court Case #SCV0041974

Direction provided to staff, nothing to Report.

**V. Board and Staff Comments**

**VII. Adjournment – 9:30 a.m.**



**RCDC Board Meeting – April 25, 2019**  
**Staff Report**

Contact: Mike Isom, CEO  
[misom@roseville.ca.us](mailto:misom@roseville.ca.us)  
(916) 774-5527

**Item III-b (Action): Approve Transfer of Advantage Roseville Restricted Account Balance to City of Roseville**

**RECOMMENDATION**

RCDC staff recommends that the Board approve the transfer of all remaining Advantage Roseville funds to the City of Roseville effective July 2019.

**BACKGROUND**

The Advantage Roseville program was developed by the RCDC as a business attraction and retention tool operating in concert with City of Roseville economic development initiatives. The program has been extraordinarily successful. In six years, Advantage Roseville has directly contributed to capital investment commitments for new construction and payroll totaling over \$1 billion, and has assisted in the recruitment of over 6,325 jobs to Roseville. The program has also sponsored 2,460 hours of small business training at no cost to participants. Advantage Roseville funding was derived from a combination of private charitable donations and government contributions from the City of Roseville.

At the City Council/RCDC Joint Workshop held on February 7, 2018, RCDC staff was directed to proceed in a manner that resolves all liabilities and liquidates all assets of the Corporation. Such direction included transfer of Advantage Roseville funds to the City, at which time the City's Economic Development Department would assume operation of the program.

**DISCUSSION**

Subject to Board approval, RCDC staff proposes to complete the transfer of remaining Advantage Roseville funds concurrent with the City's budget cycle and fiscal year, which begins July 1. As of April 15, the RCDC holds \$160,987 in restricted funds for Advantage Roseville program purposes. Following payment of remaining obligations this fiscal year, staff projects a \$153,587 year-end account balance to be transferred to the City.



**RCDC Board Meeting – April 25, 2019  
Staff Report**

Mike Isom, CEO – (916) 774-5527  
Melissa Hagan, Admin Analyst – (916) 774-5476

**Item III-C (Action): Approve Fiscal Year 2019-20 Budget**

**RECOMMENDATION**

Staff recommends that the Board of Directors approve the attached Budget for FY2019-20 (Attachment 1)

**BACKGROUND**

The RCDC budget for FY2019-20 includes budgets for RCDC Operations and 110 Pacific Street, LLC. The following tables summarize both budgets, with detail presented in the attached FY2019-20 Draft Budget spreadsheet incorporated as Attachment 1 to this report. Of significant note this year is the absence of Advantage Roseville funds and related programming, which is proposed to be transferred to the City of Roseville effective July 2019.

**OPERATIONS BUDGET**

Revenues and Expenses for the RCDC Operations - (Column B)

Line	Revenue	FY2018-19
18	Investment Revenue (Interest)	\$6,849

  

Line	Expenses	FY2018-19
	Contract Administration (Staff)	\$20,682
	Office (printing, supplies, postage, accounting)	\$965
27 - 57	Contract Services	\$0.00
	Insurance (L, D & O)	\$10,383
	Legal Fees & Accounting (Audit)	\$23,500
	Travel & Board Meeting	\$175
78	Deferred Interest	33,673
82	<b>Total Expenses (before adjustments)</b>	<b>\$89,378</b>
78	Deferred Interest adjustments (add back)	(33,673)
82	<b>Total Expenses Adjusted FY2019-20</b>	<b>\$55,705</b>
86	<b>Net Income/(Loss) (Financial Statements)</b>	<b>(\$82,529)</b>
97	<b>Estimated Ending Cash June 30, 2019</b>	<b>\$3,217,695</b>
99-101	Net Transfers from LLCs	\$388,604
100	Expenses through FY2019-20 (net of Revenues)	(48,856)
102	<b>Available Resources estimated June 30, 2019</b>	<b>\$3,557,443</b>

**DISCUSSION**

The Operations budget for the RCDC is \$55,705, down 40% from the FY2019 budget of \$93,329 due primarily to reduced demand for contract staffing as the Corporation winds down. The current

operating budget is comprised of basic operating expenses such as costs for contract staff, insurance, accounting & audit, legal fees, and other miscellaneous operating expenses. Since the nominal revenue from money market interest earnings is the only revenue for the RCDC operations, it creates a net loss (adjusting for deferred interest) of \$48,856. This net loss will be offset by the RCDC available cash resources on June 30, 2019 of \$3,217,695 and net earnings transfers from the remaining LLC (110 Pacific), which includes cash from the anticipated sale of 110 Pacific. Cash resources after expenses by the end of FY2019-20 are estimated to be \$3,557,443 (line 102).

**LLC BUDGETS**

The following table summarizes the Revenues and Expenses for 110 Pacific Street LLC.

Line	LLC BUDGETS	110 Pacific
11	Rental Revenue	\$0
10	Gain on Sale of Property	\$50,344
26.1-2	Prepaid Rent and Security deposit refunded	\$0
27-56	Management & General Operating	\$8,253
29	Legal Fees for litigation	\$5,000
51	Minor repairs	
57	Depreciation	6,501
<b>82</b>	<b>Total Expenses</b>	<b>\$19,754</b>
<b>86</b>	<b>Net Revenue / (Loss)</b>	<b>\$30,590</b>

**DISCUSSION**

Management and general operating expenses of \$19,754 include property taxes, legal fees, insurance, and other minor operating costs and are down 18% from \$24,001 in FY2019. The LLC's largest expense aside from the non-cash depreciation expense is legal fees, followed by property taxes. These expenses may vary, depending on the timing of the sale of 110 Pacific. Total Net Revenue for FY2018-19 is estimated to be \$30,590, based on the gain from the projected sales price less expenses. Cash proceeds of the projected sale will be used to repay notes payable to the RCDC. Any remaining cash will be transferred to the RCDC, facilitating future dissolution of the LLC.

**AVAILABLE RESOURCES ANALYSIS - Available Resources to fund FY2019-20 budgeted expenses (lines 98-102)**

The total available cash as of June 30, 2019 is estimated to be \$3,217,695. After the FY2019-20 expenditures, the transfers between the entities, and the cash proceeds from the sale of property during FY2019-20, the total ending available unrestricted cash as of June 30, 2020 is estimated to be \$3,557,443.

**ROSEVILLE COMMUNITY DEVELOPMENT CORPORATION, INC.  
FY2019-20 PROPOSED BUDGET**

FY2019-20		CONSOLIDATED	RCDC BUDGET	LLC BUDGET	
Account	CONSOLIDATED FY2019 BUDGET	RCDC OPERATIONS	110 Pacific LLC	Description	
<b>REVENUES / INCOME</b>					
1	<b>43400 - DIRECT PUBLIC SUPPORT-DONATIONS</b>				
2	43410 · Corporate Contributions	-	-	-	Remaining Advantage Roseville funds resulting from Corporate Contributions to be transferred to City of Roseville Economic Development Department. Future corporate contributions, if any, made directly to City.
3	43420 · Government Contributions	-	-	-	
4	<b>SUBTOTAL</b>	-	-	-	
6	<b>45000 - INVESTMENT</b>				
7	43500 · Rental Income	-	-	-	
8	Property Sale (see Cash Flow)	-	-	-	
10	45010 · Gain/Loss on Investment	50,344	-	50,344	Assumes net proceeds of \$400k, basis at \$343,156-\$6,500 accum. Depr.
11	<b>SUBTOTAL</b>	<b>50,344</b>	<b>-</b>	<b>50,344</b>	
13	<b>47200 - PROGRAM</b>				
14	47250 · Loan Payoffs - Principle	-	-	-	
15	<b>SUBTOTAL</b>	-	-	-	
17	<b>46400 - OTHER INCOME</b>				
18	45030 · Money Market Interest	6,849	6,849	-	Interest received from Money Market (\$2.283m x .003%)
19	<b>SUBTOTAL</b>	<b>6,849</b>	<b>6,849</b>	<b>-</b>	
21	<b>TOTAL REVENUES</b>	<b>57,193</b>	<b>6,849</b>	<b>50,344</b>	
<b>EXPENSES</b>					
26	<b>MANAGEMENT &amp; GENERAL</b>				
26.1	24200 · Prepaid Rent				This is not a budgeted expense; it is a liability on the balance sheet
26.2	24800 · Tenant Security Deposit				This is not a budgeted expense; it is a liability on the balance sheet
27	60920 · Business Reg / Filing Fees	65	65	-	Permits, registrations, licenses, moving, royalties, bank charges, filing fees
28	62110 · Accounting	9,500	8,500	1,000	Could be additional costs due to the closure of LLC's
29	62140 · Legal Fees	20,000	15,000	5,000	litigation, dissolution of corporation
30	62180 · Contract Executive Assistant	5,036	5,036	-	Executive Assistant, based on avg 5 hrs per week
31	62190 · Contract Chief Exec Officer	12,417	12,417	-	CEO, based on avg 5 hrs per week
32	62870 · Property Insurance	1,700	-	1,700	Property Insurance including refund of prepaid insurance on balance sheet
33	65010 · Books, Subscriptions, Reference	-	-	-	Books, subscriptions, reference materials, periodicals for use
34	65020 · Postage, Mailing Service	300	300	-	Postage, parcel delivery, local courier
35	65030 · Printing and Copying	-	-	-	Printing, copying, duplicating, recording
36	65040 · Office Supplies	200	200	-	Supplies and materials for admin operations

**ROSEVILLE COMMUNITY DEVELOPMENT CORPORATION, INC.  
FY2019-20 PROPOSED BUDGET**

<b>FY2019-20</b>		<b>CONSOLIDATED</b>	<b>RCDC BUDGET</b>	<b>LLC BUDGET</b>	
<b>Account</b>	<b>CONSOLIDATED FY2019 BUDGET</b>	<b>RCDC OPERATIONS</b>	<b>110 Pacific LLC</b>	<b>Description</b>	
37	65050 · Phone Line	50	50		
38	65070 · Memberships	175	175		Roseville Chamber Membership
39	65120 · Insurance -Directors & Officers	6,174	6,174		Total Insurance cost \$10,383
40	65120 · Insurance - General Liability	2,311	2,311		
41	65120 · Insurance - Excess Liability	1,898	1,898		
42	65130 · Bank Service Charges	350	350	-	Bank Charges
43	65150 · Software/Hardware	-	-	-	
44	65170 · Indirect Costs-COR Executive Assistant	932	932		Indirect Costs 18.5% charged thru 12/31/18
45	65170 · Indirect Costs-COR Dev. Svcs Director	2,297	2,297		Indirect Costs 18.5% charged thru 12/31/18
46	65180 · Property Taxes	4,753	-	4,753	Property taxes; includes PBID costs; prorated depending on date of sale
47	65190 · State/Federal Income Tax	800	-	800	
48	65210 · Professional/Contract Services	-	-	-	Misc. Professional and Contract Services
49	65220 · Miscellaneous	-	-	-	
50	65230 · Sponsorships / RCDC	-	-	-	
50.1	66700 · Professional Fees	-	-	-	Broker Fees for sale of property
51	67200 · Property Repairs/Maintenance	-	-	-	Misc. repairs/maintenance for properties
52	67300 · Equipment Rental	-	-	-	
53	68310 · Training Registration Expense	-	-	-	program-related meetings, conferences, conventions
54	68320 · Travel/Meetings	-	-	-	Misc. travel expenses
55	68330 · Board Meeting Expense	-	-	-	Refreshments/Facility rental for Board
56	68600 · Utilities	-	-	-	
57	62400 · Depreciation	6,501	-	6,501	
58	<b>SUBTOTAL</b>	<b>75,459</b>	<b>55,705</b>	<b>19,754</b>	
59	<b>PROGRAM EXPENSES</b>				
60	62135 · Misc Program Expenses - Adv. Rsvl.	-	-	-	
63	67010 · Marketing/Advertising - Adv. Rsvl.	-	-	-	
64	62155 · Contract Services - Adv. Rsvl.	-	-	-	
65	65200 · Sponsorships - Adv. Rsvl.	-	-	-	
66	67020 · Printing & Reproduction - Adv. Rsvl.	-	-	-	
67	67080 · Travel & Meeting - Adv. Rsvl.	-	-	-	
68	67090 · Legal Fees - Adv. Rsvl.	-	-	-	
69	<b>SUBTOTAL</b>	<b>-</b>	<b>-</b>	<b>-</b>	



**ROSEVILLE COMMUNITY DEVELOPMENT CORPORATION, INC.  
FY2019-20 PROPOSED BUDGET**

FY2019-20		CONSOLIDATED	RCDC BUDGET	LLC BUDGET	
Account	CONSOLIDATED FY2019 BUDGET	RCDC OPERATIONS	110 Pacific LLC		Description
75	<b>DEBT SERVICE</b>				
76	27230 · Principal Exp - 238 VS	-			Assumes SA loan paid off upon sale in FY19
77	80040 · Interest Exp-238 VS	-			Assumes SA loan paid off upon sale in FY19
78	80030 · Interest Exp-Deferred - \$5 million City Loan	33,673	33,673		Deferred Interest Expense on \$5million Loan (not current expense)
79		-			
80	SUBTOTAL	33,673	33,673	-	
82	<b>TOTAL EXPENSES</b>	109,132	89,378	19,754	
83					
84	<b>TOTAL REVENUES</b>	57,193	6,849	50,344	
85	<b>TOTAL EXPENSES</b>	(109,132)	(89,378)	(19,754)	
86	<b>NET INCOME (LOSS) (FINANCIAL STATEMENTS)</b>	(51,939)	(82,529)	30,590	
87					
88	<b>ADJUSTMENTS: NET INCOME TO CASH FLOW</b>	CONSOLIDATED	RCDC OPERATIONS	110 PACIFIC LLC	
89	<b>TOTAL REVENUES (CASH)</b>	406,849	6,849	400,000	
90	<b>TOTAL EXPENSES</b>	(109,132)	(89,378)	(19,754)	
91	Add Back Depreciation	6,501	-	6,501	
92	Add Back Deferred Interest	33,673	33,673		
93	<b>TOTAL EXPENSES (Less Depreciation and Deferred Interest)</b>	(68,958)	(55,705)	(13,253)	
95	<b>NET INCOME (LOSS) CASH FLOW</b>	337,891	(48,856)	386,747	
96					
97	<b>Estimated Beginning Cash @ 7/1/19:</b>	3,217,695	3,217,695	1,857	Assumes sale of 238 Vernon (net proceed after SA loan payoff = \$548,034)
98	Proceeds of 110 Pacific Sale	1,857	1,857	400,000	
100	Expenses for 110 PS (net of Deprec & Def Int)	(13,253)	(13,253)	(13,253)	
98.5	Repayment of payables from 110 PS LLC to RCDC	178,248	178,248	(178,248)	
99	Transfer remaining cash from 110 PS to RCDC	221,752	221,752	(210,356)	
101	Expenses for RCDC (net of Deprec & Def Int)	(55,705)	(55,705)		
101	RCDC Cash Revenues from Operations	6,849	6,849		
102	<b>ESTIMATED ENDING CASH @ 6/30/20</b>	3,557,443	3,557,443	-	
104	<b>UNRESTRICTED</b>	3,557,443			
105	<b>RESTRICTED (ADVANTAGE ROSEVILLE)</b>	-			
106	<b>TOTAL</b>	3,557,443			