



## REGULAR MEETING AGENDA

May 5, 2016 at 2:00 p.m.

League of California Cities  
1400 K Street, 3rd Floor, Sacramento, CA 95814

Telephonic Locations:

709 Portwalk Place  
Redwood City, CA 94061

County of Monterey  
168 Alisal Street, Salinas, CA 93901

27788 Hidden Trail Road  
Laguna Hills, CA 92653

### A. OPENING AND PROCEDURAL ITEMS

1. Roll Call.

<input type="checkbox"/> Dan Harrison, Chair	<input type="checkbox"/> Tim Snellings, Member
<input type="checkbox"/> Larry Combs, Vice Chair	<input type="checkbox"/> Dan Mierzwa, Member
<input type="checkbox"/> Kevin O'Rourke, Treasurer	<input type="checkbox"/> Ron Holly, Alt. Member
<input type="checkbox"/> Irwin Bornstein, Member	<input type="checkbox"/> Brian Moura, Alt. Member
2. Consideration of the minutes of the April 21, 2016 Regular Meeting.
3. Consideration of the Consent Calendar.
4. Public Comment.

### B. ITEMS FOR CONSIDERATION

5. Consideration of the issuance of revenue bonds or other obligations to finance or refinance the following projects, the execution and delivery of related documents, and other related actions:
  - a. Courtyard Community Partners, L.P. (Courtyard Plaza Apartments), City of San Jose, County of Santa Clara; issue up to \$18,000,000 in multi-family housing revenue bonds.

This \_\_\_ page agenda was posted at 1100 K Street, Sacramento, California on \_\_\_\_\_, 2016 at \_\_\_: \_\_ m, Signed \_\_\_\_\_. Please email signed page to [info@cscda.org](mailto:info@cscda.org)

6. Consideration of a resolution authorizing amendments to bond indentures and loan agreements relating to the California Statewide Communities Development Authority Revenue Bonds (Daughters of Charity Health System), Series 2005A, Series 2005G and Series 2005H.
7. Consideration of a resolution authorizing execution and delivery of a master assignment and assumption agreement, a depository agreement, one or more assessment contracts and one or more assignment instruments for assignment of voluntary contractual assessments. (CaliforniaFIRST-Solar City)
8. Consideration of the following resolutions for the creation of CFD No. 2016-01 (Napa Pipe), County of Napa:
  - a. Resolution declaring intention to establish the Authority's Community Facilities District No. 2016-01 (Napa Pipe) ("CFD No. 2016-01") and to levy a special tax to finance certain environmental remediation.
  - b. Resolution to incur bonded indebtedness to finance construction for environmental remediation within CFD No. 2016-01 and calling for a public hearing for June 16, 2016.

**C. STAFF ANNOUNCEMENTS, REPORTS ON ACTIVITIES OR REQUESTS**

9. Executive Director Update.
10. Staff Updates.
11. Adjourn.

**NEXT MEETING:** Thursday, May 19, 2016 at 2:00 p.m.  
California State Association of Counties  
1100 K Street, 1st Floor, Sacramento, CA 95814

**CALIFORNIA STATEWIDE COMMUNITIES DEVELOPMENT AUTHORITY**

**CONSENT CALENDAR**

1. Consent Calendar

- a. Inducement of Watt Arms I Renewal LP (Watt Arms I Apartments), City of Los Angeles, County of Los Angeles; issue up to \$23 million in multi-family housing revenue bonds.

May 5, 2016



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Item 7	CaliforniaFIRST-Solar City	Postponed
Item 8	CFD No. 2016-01 (Napa Pipe)	Postponed

**REGULAR MEETING OF THE  
CALIFORNIA STATEWIDE COMMUNITIES DEVELOPMENT AUTHORITY  
(CSCDA)**

California State Association of Counties  
1100 K Street, 1st Floor, Sacramento, California

April 21, 2016

**MINUTES**

Commission chair Dan Harrison called the meeting to order at 2:01 pm.

1 Roll Call.

Commission members present: Dan Harrison. Irwin Bornstein; Larry Combs; and Dan Mierzwa participated by conference telephone.

CSCDA Executive Director, Catherine Bando also participated by conference telephone.

Others present included: Norman Coppinger and Perry Stottlemeyer, League of California Cities; James Hamill, Bridge Strategic Partners; and Mark Paxson, State Treasurer's Office. Jon Penkower, Bridge Strategic Partners; and Tricia Ortiz, Richards Watson & Gershon participated by conference telephone.

2 Approval of the minutes of the April 7, 2016 regular meeting.

Motion to approve minutes by Combs; second by Mierzwa; unanimously approved by roll-call vote.

3 Approval of consent calendar:

- a Induce El Cazador, LP (El Cazador Apartments), City of Fresno, County of Fresno; issue up to \$14 million in multi-family housing revenue bonds.
- b Induce Hemet Vistas 1&2R Partners, LP (Hemet Vistas), City of Hemet, County of Riverside; issue up to \$13 million in multi-family housing revenue bonds.
- c Induce Campus Oaks Apartments, LLC (Campus Oaks Phase I), City of Roseville, County of Placer; issue up to \$37.5 million in multi-family housing revenue bonds.
- d Induce Campus Oaks Apartments, LLC (Campus Oaks Phase II), City of Roseville, County of Placer; issue up to \$38 million in multi-family housing revenue bonds.

Motion to approve by Bornstein; second by Combs; unanimously approved by roll-call vote.

4 Public comment.

None.

- 5 Approval of a resolution authorizing execution and delivery of a master assignment and assumption agreement, a depositary and account control agreement, one or more assessment contracts, and one or more assignment instruments for assignment of voluntary contractual assessments for Commercial PACEDirect under CSCDA Open PACE and approving related documents and actions.

Executive Director Bando explained that this resolution will allow CleanFund Commercial PACE Capital to assign contractual assessments directly to investors prior to the issuance of bonds for up to three years, during the interim period of developing a block of business of sufficient size to actually issue bonds, similar to what is done with the CaliforniaFIRST program.

The other modification relates to flexibility for power purchase agreements or leases financed using voluntary contractual assessments.

Bando explained that the forms were drafted by Jones Hall, PACE counsel, and she recommends approval.

Motion to approve Executive Director Bando's recommendation by Combs; second by Mierzwa; unanimously approved by roll-call vote.

- 6 Review Q1-Q3 2015-16 budget, financial progress and bank account activity.

Executive Director Bando reported CSCDA's financial activity for the first three quarters of its 2015-16 fiscal year by way of two separate schedules.

The first schedule presents budgeted amounts compared to actual results. As 75% of the fiscal year is now complete, the amounts collected are slightly better than expected, while amounts disbursed appear to be substantially on track with budget.

The second schedule is a roll-forward summary presentation of each of four operating bank accounts. Bando noted that the "Travel" account is being closed because it is no longer necessary, with the remaining balance being transferred to the "Professional services" account. She also explained the establishment of a new "Operating" subaccount, which was initially funded by the League and CSAC.

- 7 Executive Director update.

Executive Director Bando reported that next week she is going to the CSAC Finance Corporation meeting and will present a report that was e-mailed to Commissioners last week.

Also, Bando shared that Commissioner Schutten is resigning from the Commission due to the demands on his work schedule. Bando expressed her gratitude for his service to the Commission for the last seven years. Also, the position of Secretary will remain open until a later date.

- 8 Staff updates.

None.

9 Chair Dan Harrison adjourned the meeting at 2:18 pm.

Submitted by: Perry Stottlemeyer, League of California Cities staff

*The next regular meeting of the commission is scheduled for  
**Thursday, May 5, at 2:00 pm**  
in the League of California Cities' office at 1400 K Street, 3rd Floor, Sacramento, California.*

**RESOLUTION NO. 16H-\_\_**

**A RESOLUTION OF THE CALIFORNIA STATEWIDE COMMUNITIES DEVELOPMENT AUTHORITY SETTING FORTH THE AUTHORITY'S OFFICIAL INTENT TO ISSUE MULTIFAMILY HOUSING REVENUE BONDS TO UNDERTAKE THE FINANCING OF VARIOUS MULTIFAMILY RENTAL HOUSING PROJECTS AND RELATED ACTIONS**

**WHEREAS**, the Authority is authorized and empowered by the Title 1, Division 7, Chapter 5 of the California Government Code to issue mortgage revenue bonds pursuant to Part 5 (commencing with Section 52000) of the California Health and Safety Code (the "Act"), for the purpose of financing multifamily rental housing projects; and

**WHEREAS**, the borrowers identified in Exhibit A hereto and/or related entities (collectively, the "Borrowers") have requested that the Authority issue and sell multifamily housing revenue bonds (the "Bonds") pursuant to the Act for the purpose of financing the acquisition and rehabilitation or construction as set forth in Exhibit A, of certain multifamily rental housing developments identified in Exhibit A hereto (collectively, the "Projects"); and

**WHEREAS**, the Authority, in the course of assisting the Borrowers in financing the Projects, expects that the Borrowers have paid or may pay certain expenditures (the "Reimbursement Expenditures") in connection with the Projects within 60 days prior to the adoption of this Resolution and prior to the issuance of the Bonds for the purpose of financing costs associated with the Projects on a long-term basis; and

**WHEREAS**, Section 1.103-8(a)(5) and Section 1.150-2 of the Treasury Regulations require the Authority to declare its reasonable official intent to reimburse prior expenditures for the Projects with proceeds of a subsequent tax-exempt borrowing; and

**WHEREAS**, the Authority wishes to declare its intention to authorize the issuance of Bonds for the purpose of financing costs of the Projects (including reimbursement of the Reimbursement Expenditures, when so requested by the Borrower upon such terms and condition as may then be agreed upon by the Authority, the Borrower and the purchaser of the Bonds) in an aggregate principal amount not to exceed the amount with respect to each Project set forth in Exhibit A; and

**WHEREAS**, Section 146 of the Internal Revenue Code of 1986 limits the amount of multifamily housing mortgage revenue bonds that may be issued on behalf of for-profit borrowers in any calendar year by entities within a state and authorizes the governor or the legislature of a state to provide the method of allocation within the state; and

**WHEREAS**, Chapter 11.8 of Division 1 of Title 2 of the California Government Code governs the allocation of the state ceiling among governmental units in the State of California having the authority to issue private activity bonds; and

**WHEREAS**, Section 8869.85 of the California Government Code requires a local agency desiring an allocation of the state ceiling to file an application with the California Debt Limit Allocation Committee (the "Committee") for such allocation, and the Committee has certain policies that are to be satisfied in connection with any such application;



**NOW, THEREFORE, BE IT RESOLVED** by the Commission of the Authority as follows:

Section 1. The above recitals, and each of them, are true and correct.

Section 2. The Authority hereby determines that it is necessary and desirable to provide financing for the Projects (including reimbursement of the Reimbursement Expenditures) by the issuance and sale of Bonds pursuant to the Act, as shall be authorized by resolution of the Authority at a meeting to be held for such purpose, in aggregate principal amounts not to exceed the amounts set forth in Exhibit A. This action is taken expressly for the purpose of inducing the Borrowers to undertake the Projects, and nothing contained herein shall be construed to signify that the Projects comply with the planning, zoning, subdivision and building laws and ordinances applicable thereto or to suggest that the Authority or any program participant, officer or agent of the Authority will grant any such approval, consent or permit that may be required in connection with the acquisition and construction or rehabilitation of the Projects, or that the Authority will make any expenditures, incur any indebtedness, or proceed with the financing of the Project.

Section 3. This resolution is being adopted by the Authority for purposes of establishing compliance with the requirements of Section 1.103-8(a)(5) and Section 1.150-2 of the Treasury Regulations. In such regard, the Authority hereby declares its official intent to use proceeds of indebtedness to reimburse the Reimbursement Expenditures.

Section 4. The officers and/or the program managers of the Authority are hereby authorized and directed to apply to the Committee for an allocation from the state ceiling of private activity bonds to be issued by the Authority for each of the Projects in an amount not to exceed the amounts set forth in Exhibit A, and to take any and all other actions as may be necessary or appropriate in connection with such application, including but not limited to the payment of fees, the posting of deposits and the provision of certificates, and any such actions heretofore taken by such officers and program managers are hereby ratified, approved and confirmed.

**PASSED AND ADOPTED** by the California Statewide Communities Development Authority this May 5, 2016.

The undersigned, an Authorized Signatory of the California Statewide Communities Development Authority, DOES HEREBY CERTIFY that the foregoing resolution was duly adopted by the Commission of said Authority at a duly called meeting of the Commission of said Authority held in accordance with law on May 5, 2016.

By: \_\_\_\_\_  
Authorized Signatory

**EXHIBIT A**

<b>Project Name</b>	<b>Project Location</b>	<b>Project Description (units)</b>	<b>New Construction/ Acquisition and Rehabilitation</b>	<b>Legal Name of initial owner/operator</b>	<b>Bond Amount</b>
Watt Arms I Apartments	City of Los Angeles, County of Los Angeles	194	Acquisition and Rehabilitation	Watt Arms I Renewal L.P.	\$23,000,000



## Agenda Item No. 5a

### Agenda Report

**DATE:** May 5, 2016

**TO:** CSCDA COMMISSIONERS

**FROM:** Cathy Bando, Executive Director

**PROJECT:** Courtyard Plaza Apartments

**PURPOSE:** Approve the Financing of Rental Affordable Housing Project Located in the City of San Jose, County of Santa Clara

**AMOUNT:** Not to Exceed \$18,000,000

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#### **EXECUTIVE SUMMARY:**

Courtyard Plaza Apartments (the “Project”) is an acquisition and rehabilitation of an 81-unit rental affordable housing project located in the City of San Jose. 100% of the units will remain rent restricted for low-income tenants.

#### **PROJECT DESCRIPTION:**

- Acquisition and rehabilitation of 81-unit affordable rental housing facility located at 2950 Story Road in the City of San Jose.
- 3.53 acre site.
- Two two-story wood frame buildings.
- Consists of 71 one-bedroom units, 8 two-bedroom units, one studio and a manager’s unit.

#### **PROJECT ANALYSIS:**

##### **Background on Applicant:**

WNC Community Preservation Partners (WNC) is WNC & Associate’s development arm. It was formed primarily to create exit strategies for owners and investors of multifamily communities older than 10 years. Through recapitalization, older communities are kept as affordable housing and deliver a new tax credit stream. With both WNC as developer and property manager, the properties receive a high level of commitment to safe and clean communities. The WNC staff brings to the table the necessary experience, knowledge and resources which can benefit the revitalization of these older projects. WNC currently owns over 1,000 units with a total development cost of over \$90 million. This is WNC’s 21<sup>st</sup> financing with CSCDA.

**Public Agency Approval:**

**TEFRA Hearing:** February 9, 2016 – City of San Jose – unanimous approval

**CDLAC Approval:** March 16, 2016

**Public Benefits:**

- 100% of the units will be rent restricted for 55 years.
  - 90% (72 units) restricted to 60% or less of area median income households.
  - 10% (8 units) restricted to 50% or less of area median income households.
  - 1 manager unit
- The Project is in close proximity to recreational facilities, grocery stores, public K-12 schools and health care facilities.

**Sources and Uses:**

Sources of Funds:

Tax-Exempt Bonds:	\$ 14,500,000
Tax Credits:	\$ 4,346,877
Developer Equity	\$ 2,200,000
Capitalized Interest	\$ 936,587
Project Cash Flow	\$ 489,115
Deferred Developer Fee	<u>\$ 1,881,838</u>
Total Sources:	\$ 24,354,417

Uses of Funds:

Acquisition:	\$ 14,700,000
Construction Costs:	\$ 4,454,515
Reserves:	\$ 258,000
Financing Costs:	\$ 763,266
Capitalized Interest:	\$ 476,959
Developer Fee:	\$ 2,960,058
Cost of Issuance:	\$ 201,432
Soft Costs:	<u>\$ 540,187</u>
Total Uses:	\$ 24,354,417

**Finance Partners:**

Bond Counsel: Orrick, Herrington & Sutcliffe, LLP, San Francisco

Authority Counsel: Orrick, Herrington & Sutcliffe, LLP, Sacramento

Private Placement Purchaser: California Bank & Trust

**Finance Terms:**

**Rating:** Unrated  
**Term:** 35 years at a fixed interest rate  
**Structure:** Private Placement  
**Closing:** May 12, 2016

**CSCDA Policy Compliance:**

The financing for Courtyard Plaza Apartments complies with CSCDA's general and issuance policies for unrated debt.

**DOCUMENTS:** (as attachments)

1. Photographs of Courtyard Plaza Apartments (Attachment A)
2. CSCDA Resolution (Attachment B)

**COMMISSION ACTION RECOMMENDED BY THE EXECUTIVE DIRECTOR:**

1. Approves the issuance of the Bonds and the financing of the Project;
2. Approves all necessary actions and documents in connection with the financing;  
and
3. Authorizes any member of the Commission or Authorized Signatory to sign all necessary documents.

**ATTACHMENT A**

**Courtyard Plaza Apartments**



**ATTACHMENT B**

**RESOLUTION NO. 16H-\_\_**

**A RESOLUTION OF THE CALIFORNIA STATEWIDE COMMUNITIES DEVELOPMENT AUTHORITY AUTHORIZING THE ISSUANCE AND DELIVERY OF MULTIFAMILY HOUSING REVENUE BONDS IN AN AGGREGATE PRINCIPAL AMOUNT NOT TO EXCEED \$18,000,000 FOR THE FINANCING OF A MULTIFAMILY RENTAL HOUSING PROJECT TO BE GENERALLY KNOWN AS COURTYARD PLAZA APARTMENTS; DETERMINING AND PRESCRIBING CERTAIN MATTERS AND APPROVING AND AUTHORIZING THE EXECUTION OF AND DELIVERY OF VARIOUS DOCUMENTS RELATED THERETO; RATIFYING ANY ACTION HERETOFORE TAKEN AND APPROVING RELATED MATTERS IN CONNECTION WITH THE BONDS.**

**WHEREAS**, the California Statewide Communities Development Authority (the “Authority”) is authorized by the Joint Powers Act, commencing with Section 6500 of the California Government Code (the “JPA Law”), and its Amended and Restated Joint Exercise of Powers Agreement, dated as of June 1, 1988, as the same may be amended (the “Agreement”), to issue revenue bonds for the purpose of financing, among other things, the acquisition, construction/rehabilitation and development of multifamily rental housing projects in accordance with Chapter 7 of Part 5 of Division 31 of the California Health and Safety Code (the “Housing Law”);

**WHEREAS**, Courtyard Community Partners, LP, a California limited partnership, and entities related thereto (collectively, the “Borrower”), has requested that the Authority issue and sell revenue bonds to assist in the financing of the acquisition, rehabilitation and development of a 81-unit multifamily rental housing development to be generally known as Courtyard Plaza Apartments, located in the City of San Jose, California (collectively, the “Project”);

**WHEREAS**, on March 16, 2016 the Authority received an allocation in the amount of \$18,000,000 (the “Allocation Amount”) from the California Debt Limit Allocation Committee (“CDLAC”) in connection with the Project;

**WHEREAS**, approval of the issuance of the Bonds (as defined herein) as provided herein is conditioned upon the receipt of the Allocation Amount for the Project from CDLAC;

**WHEREAS**, the City of San Jose is a Program Participant (as defined in the Agreement) of the Authority and has authorized the issuance of the Bonds;

**WHEREAS**, the Authority is willing to issue not to exceed \$18,000,000 aggregate principal amount of its Multifamily Housing Revenue Bonds (Courtyard Plaza Apartments) 2016 Series E (the “Bonds”), provided that the portion of such Bonds issued as federally tax-exempt obligations shall not exceed the Allocation Amount, and loan the proceeds thereof to the Borrower to



assist in providing financing for the Project, which will allow the Borrower to reduce the cost of the Project and to assist in providing housing for low and very low income persons;

**WHEREAS**, the Bonds will be privately placed with ZB, N.A. dba California Bank & Trust (the “Bank”), as the initial purchaser of the Bonds, in accordance with the Authority’s private placement policy;

**WHEREAS**, there have been prepared and made available to the members of the Commission of the Authority (the “Commission”) the following documents required for the issuance of the Bonds, and such documents are now in substantial form and appropriate instruments to be executed and delivered for the purposes intended:

- (1) a Master Agency Agreement (the “Agency Agreement”) to be entered into between the Authority and the Bank, as agent (the “Agent”);
- (2) a Master Pledge and Assignment (the “Pledge Agreement”) to be entered into among the Authority, the Agent and the Bank, as bondholder; and
- (3) a form of Regulatory Agreement and Declaration of Restrictive Covenants, to be entered into between the Authority and the Borrower with respect to the Project (the “Regulatory Agreement”).

**NOW, THEREFORE, BE IT RESOLVED** by the members of the Commission, as follows:

Section 1. The recitals set forth above are true and correct, and the members of the Commission hereby find them to be so.

Section 2. Pursuant to the JPA Law and the Pledge Agreement, and in accordance with the Housing Law, the Authority is hereby authorized to issue one or more series of Bonds. The Bonds shall be designated as “California Statewide Communities Development Authority Multifamily Housing Revenue Bonds (Courtyard Plaza Apartments) 2016 Series E,” with appropriate modifications and series and sub-series designations as necessary, in an aggregate principal amount not to exceed \$18,000,000; provided that the aggregate principal amount of any tax-exempt Bonds issued shall not exceed the Allocation Amount. The Bonds shall be issued in the form set forth in and otherwise in accordance with the Pledge Agreement, and shall be executed on behalf of the Authority by the facsimile signature of the Chair of the Authority or the manual signature of any Authorized Signatory (as defined below), and attested by the facsimile signature of the Secretary of the Authority, or the manual signature of any Authorized Signatory. The Bonds shall be issued and secured in accordance with the terms of the Pledge Agreement presented to this meeting, as hereinafter approved. Payment of the principal and purchase price of, and redemption premium, if any, and interest on, the Bonds shall be made solely from amounts pledged thereto under the Pledge Agreement, and the Bonds shall not be deemed to constitute a debt or liability of the Authority or any Program Participant or Member of the Commission of the Authority (each, a “Member”).

Section 3. The Pledge Agreement in the form presented at this meeting is hereby approved. Any Member, or any other person as may be designated and authorized to sign for the Authority pursuant to a resolution adopted thereby (including, without limitation, the administrative delegates duly authorized pursuant to Resolution No. 15R-53 of the Authority, adopted on October 22, 2015) (together with the Members, each such person is referred to herein individually as an “Authorized Signatory”), acting alone, is authorized to execute by manual signature and deliver the Pledge Agreement, with such changes and insertions therein as may be necessary to cause the same to carry out the intent of this Resolution and as are approved by counsel to the Authority, such approval to be conclusively evidenced by the delivery thereof. The date, maturity date or dates (which shall not extend beyond May 1, 2061), interest rate or rates (which shall not exceed 12%), interest payment dates, denominations, form, registration privileges, manner of execution, place of payment, terms of redemption and other terms of the Bonds shall be as provided in the Pledge Agreement as finally executed.

Section 4. The Agency Agreement in the form presented at this meeting is hereby approved. Any Authorized Signatory, acting alone, is authorized to execute by manual signature and deliver the Agency Agreement, with such changes and insertions therein as may be necessary to cause the same to carry out the intent of this Resolution and as are approved by counsel to the Authority, such approval to be conclusively evidenced by the delivery thereof.

Section 5. The Regulatory Agreement in the form presented at this meeting is hereby approved. Any Authorized Signatory, acting alone, is authorized to execute by manual signature and deliver the Regulatory Agreement, with such changes and insertions therein as may be necessary to cause the same to carry out the intent of this Resolution and as are approved by counsel to the Authority, such approval to be conclusively evidenced by the delivery thereof.

Section 6. The Authority is hereby authorized to sell the Bonds to the Bank pursuant to the terms and conditions of the Pledge Agreement.

Section 7. The Bonds, when executed, shall be delivered to the Agent for registration. The Agent is hereby requested and directed to register the Bonds by executing the certificate of registration appearing thereon, and to deliver the Bonds, when duly executed and authenticated, to or at the direction of the purchasers thereof in accordance with written instructions executed and delivered on behalf of the Authority by an Authorized Signatory, which any Authorized Signatory, acting alone, is hereby authorized and directed to execute and deliver such instructions to the Agent. Such instructions shall provide for the delivery of the Bonds to the purchasers thereof upon payment of the purchase price thereof.

Section 8. All actions heretofore taken by the officers and agents of the Authority with respect to the financing of the Project and the sale and issuance of the Bonds are hereby approved, ratified and confirmed, and any Authorized Signatory, acting alone, is hereby authorized and directed, for and in the name and on behalf of the Authority, to do any and all things and take any and all actions and execute and deliver any and all certificates, agreements and other documents, including but not limited to a tax certificate, loan related documents, an assignment of deed of trust, a termination of regulatory agreement, an allonge or assignment of any note and such other documents as described in the Pledge Agreement and the other documents herein approved, which

they, or any of them, may deem necessary or advisable in order to consummate the lawful issuance and delivery of the Bonds and to effectuate the purposes thereof and of the documents herein approved in accordance with this resolution and resolutions heretofore adopted by the Authority and otherwise in order to carry out the financing of the Project.

Section 9. All consents, approvals, notices, orders, requests and other actions permitted or required by any of the documents authorized by this Resolution, whether before or after the issuance of the Bonds, including without limitation any of the foregoing that may be necessary or desirable in connection with any default under or amendment of such documents, any transfer or other disposition of the Project, any addition or substitution of security for the Bonds or any redemption of the Bonds, may be given or taken by any Authorized Signatory, as appropriate, without further authorization by the Commission, and each such officer is hereby authorized and directed to give any such consent, approval, notice, order or request and to take any such action that such officer may deem necessary or desirable to further the purposes of this Resolution and the financing of the Project; provided such action shall not create any obligation or liability of the Authority other than as provided in the Pledge Agreement and other documents approved herein.

Section 10. This Resolution shall take effect upon its adoption.

**PASSED AND ADOPTED** by the California Statewide Communities Development Authority this May 5, 2016.

The undersigned, an Authorized Signatory of the California Statewide Communities Development Authority, DOES HEREBY CERTIFY that the foregoing resolution was duly adopted by the Commission of the Authority at a duly called meeting of the Commission of the Authority held in accordance with law on May 5, 2016.

By \_\_\_\_\_  
Authorized Signatory



## Agenda Item No. 6

### Agenda Report

**DATE:** May 5, 2016

**TO:** CSCDA COMMISSIONERS

**FROM:** Cathy Bando, Executive Director

**PURPOSE:** Consider Resolution Authorizing Third Amendment to Bond Indentures and Loan Agreements relating to the California Statewide Communities Development Authority Revenue Bonds (Daughters of Charity Health System), Series 2005A, Series 2005G and Series 2005H

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#### **BACKGROUND AND SUMMARY:**

On January 7, 2016 the CSCDA Commission approved the Second Amendment to the Bond Indenture and Loan Agreements for the 2005 Daughters of Charity Health System (DCHS) bonds that increased the interest rate by 25 bps and required a mandatory redemption of the bonds if they are determined taxable at any point. DCHS is requesting a Third Amendment to the Bond Indenture and Loan Agreements to further increase the interest rate on the bonds by another 25 bps in consideration of further amendments to covenants in the master indenture which include a mandatory redemption if the bonds are deemed taxable. The resolution being presented to the Commission would approve the amendments to the 2005 bond indentures and loan agreements as necessary to increase the interest rate.

CSCDA issued bonds in 2005 for the benefit of DCHS that are secured by a master indenture of trust, which contains certain financial covenants applicable to the Obligated Group established under the master indenture. DCHS has recently changed its name to Verity Health System of California, Inc. (Verity) and entered into a management agreement with an affiliate of BlueMountain Capital Management in an effort to recapitalize its operations. In connection with the BlueMountain transaction, Verity has negotiated with a majority of the holders of the holders of certain of the 2005 bonds to obtain their consent to the amendment of a number of the covenants in the master indenture including the Third Amendment requested today.

Orrick, Herrington & Sutcliffe as bond and issuer counsel has prepared and reviewed the documents on behalf of CSCDA.

#### **RECOMMENDED ACTION:**

CSCDA's Executive Director recommends approval of the resolution as presented to the Commission in the form of Attachment A.

**ATTACHMENT A**

**RESOLUTION NO. \_\_\_-NP-\_\_\_**

**CALIFORNIA STATEWIDE COMMUNITIES  
DEVELOPMENT AUTHORITY**

**A RESOLUTION AUTHORIZING THE EXECUTION AND DELIVERY OF  
AMENDMENTS TO THE BOND INDENTURES RELATING TO THE CALIFORNIA  
STATEWIDE COMMUNITIES DEVELOPMENT AUTHORITY REVENUE BONDS  
(DAUGHTERS OF CHARITY HEALTH SYSTEM) SERIES 2005A AND (DAUGHTERS  
OF CHARITY HEALTH SYSTEM – ST. FRANCIS MEDICAL CENTER) SERIES  
2005G AND 2005H AND OTHER MATTERS RELATING THERETO**

WHEREAS, on March 18, 2005, the California Statewide Communities Development Authority (the “Authority”) issued the California Statewide Communities Development Authority Revenue Bonds (Daughters of Charity Health System), Series 2005A (the “Series 2005A Bonds”) and (Daughters of Charity Health System – St. Francis Medical Center), Series 2005G and Series 2005H (collectively with the Series 2005A Bonds, the “Bonds”) pursuant to three separate Bond Indentures, each dated as of February 1, 2005 (the “Bond Indentures”), between the Authority and Wells Fargo Bank, National Association, as bond trustee (the “Bond Trustee”);

WHEREAS, concurrently with the issuance of the Series 2005A Bonds, the Authority loaned the proceeds of the Series 2005A Bonds to Daughters of Charity Health System, which is now named Verity Health System of California, Inc. (the “Corporation”), pursuant to a loan agreement between the Authority and the Corporation;

WHEREAS, concurrently with the issuance of the Series 2005G Bonds and the Series 2005H Bonds, the Authority loaned the proceeds of the Series 2005G Bonds and the Series 2005H Bonds to St. Francis Medical Center (“St. Francis”), of which the Corporation is the sole corporate member, pursuant to two separate loan agreements between the Authority and St. Francis;

WHEREAS, each Bond Indenture was subsequently amended by a separate First Amendment to Bond Indenture, dated as of July 1, 2005, between the Authority and the Bond Trustee and consented and agreed to by the Corporation or St. Francis, as applicable;

WHEREAS, the Series 2005A Bonds are secured by Obligation No. 7 issued pursuant to a master indenture of trust, dated as of December 1, 2001 (the “Master Indenture”), between the Corporation and certain other nonprofit public benefit corporations named therein and U.S. Bank National Association, a national banking association duly organized and existing under the laws of United States of America, as master trustee (the “Master Trustee”), and a supplemental master indenture for Obligation No. 7, dated as of February 1, 2005, between the Corporation and the Master Trustee;

WHEREAS, Wells Fargo Bank, National Association, as bond trustee for the Series 2005A Bonds and holder of Obligation No. 7, consented to certain amendments to the Master Indenture at the request of the beneficial owners of a majority Series 2005A Bonds then Outstanding;

WHEREAS, in consideration of such consent, the Corporation requested the Authority to amend each Bond Indenture as provided in a separate Second Amendment to Bond Indenture, dated as of January 1, 2016 (each a "Second Amendment to Bond Indenture"), between the Authority and the Bond Trustee and consented and agreed to by the Corporation or St. Francis, as applicable;

WHEREAS, at the request of the Corporation, the Authority and the Bond Trustee entered into each Second Amendment to Bond Indenture;

WHEREAS, in further consideration of such consent, the Corporation has agreed to request the Authority to amend the Bond Indentures in the manner contemplated by this Resolution;

WHEREAS, the Corporation has requested that the Authority and the Bond Trustee enter into a separate Third Amendment to Bond Indenture (each a "Third Amendment to Bond Indenture") for each Bond Indenture;

WHEREAS, Section 9.01(B) of each Bond Indenture permits the Authority and the Bond Trustee to enter into an amendment to the applicable Bond Indenture without the consent of any Bondholders (as defined in the applicable Bond Indenture), but with the written consent of the Corporation or St. Francis, as applicable, to add to the covenants and agreements of the Authority in the Bond Indenture and to make any other changes which will not materially adversely affect the interests of the Holders (as defined in the applicable Bond Indenture) of the applicable series of Bonds;

WHEREAS, there has been made available to the Commissioners of the Authority proposed forms of each Third Amendment to Bond Indenture;

NOW THEREFORE, BE IT RESOLVED by the Commission of the California Statewide Communities Development Authority, as follows:

**Section 1.** The proposed forms of each Third Amendment to Bond Indenture, as made available to the Commissioners, is hereby approved. The Chair of the Authority, any member of the Commission of the Authority, or their administrative delegates duly authorized pursuant to Resolution No. 15R-53 of the Authority, adopted on October 22, 2015, (each, an "Authorized Signatory") are hereby authorized and directed, for and on behalf of the Authority, to execute and deliver each Third Amendment to Bond Indenture in substantially said form, with such changes and insertions therein as any member of the Commission, with advice of counsel to the Authority, may approve, such approval to be conclusively evidenced by the execution and delivery thereof.

**Section 2.** The Chair, the Vice Chair, the Secretary, the Treasurer, any other members of the Commission of the Authority and other appropriate officers and agents of the Authority are hereby authorized and directed, jointly and severally, for and in the name and on behalf of the Authority, to execute and deliver any and all documents and to do any and all things and take any and all actions which may be necessary or advisable, in their discretion, to effectuate the actions which the Authority has approved in this Resolution and to consummate by the Authority the transactions contemplated by the documents approved hereby.

**Section 3.** All actions heretofore taken by the Chair, the Vice Chair, the Secretary, the Treasurer, any other members of the Commission of the Authority and other appropriate officers and agents of the Authority with respect to the actions which the Authority has approved in this Resolution are hereby ratified, confirmed and approved.

**Section 4.** This Resolution shall take effect from and after its adoption.

PASSED AND ADOPTED by the California Statewide Communities Development Authority this \_\_\_ day of May, 2016.

I, the undersigned, an Authorized Signatory of the California Statewide Communities Development Authority, DO HEREBY CERTIFY that the foregoing resolution was duly adopted by the Commission of the Authority at a duly called meeting of the Commission of the Authority held in accordance with law on May \_\_, 2016.

By: \_\_\_\_\_  
Authorized Signatory  
California Statewide Communities  
Development Authority