



CSCDA
CALIFORNIA STATEWIDE COMMUNITIES
DEVELOPMENT AUTHORITY



**AGENDA OF THE
REGULAR MEETING OF THE
CALIFORNIA STATEWIDE COMMUNITIES DEVELOPMENT AUTHORITY**

November 20, 2014

10:00 a.m.

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

(Tim Snellings & Terry Schutten)
1150 West Magic Way
Anaheim, CA 92802

County of Monterey
168 West Alisal Street
Salinas, CA 93901

27788 Hidden Trail Road
Laguna Hills, CA 92653

709 Portwalk Place
Redwood City, CA 94065

- I. Call the Roll (alternates designate which member they are representing).
- II. Consideration of the Minutes of the November 6, 2014 Regular & Special Meetings.
- III. Staff Updates.
- IV. Consideration of the Consent Calendar.
- V. Consideration of the financing; all necessary actions; the execution and delivery of all necessary documents and authorize any member to sign all necessary financing documents for the following:
 - a. The Masters College & Seminary, City of Santa Clarita, County of Los Angeles; up to \$24 million in revenue bonds. (Staff: Scott Carper)
 - b. IH Alhambra Davis, LLC (The Alhambra at Mace Ranch), City of Davis, County of Yolo; up to \$26,750,000 in multifamily housing revenue bonds. (Staff: Caitlin Lanctot)

This ___ page agenda was posted at 1100 K Street, Sacramento, California on _____, 2014 at ___: ___ m,
Signed _____ . Please fax signed page to (925) 933-8457.

- c. La Puente Preservation LP (La Puente Apartments), City of La Puente, County of Los Angeles; up to \$6,775,000 in multifamily housing revenue refunding bonds. (Staff: Scott Carper)
 - d. Loma Linda University Medical Center, City of Loma Linda, County of San Bernardino, City of Murrieta, County of Riverside; up to \$770,000,000 in revenue bonds. (Staff: Scott Carper)
- VI. Consideration of Approval resolution authorizing the issuance, sale and delivery of not to exceed \$15,000,000 Statewide Communities Infrastructure Program Revenue Bonds, Series 2014B; and the execution and delivery of a trust agreement, an official statement, a bond purchase contract, a continuing disclosure agreement; and certain other actions in connection with the issuance and sale of such bonds. (Staff: Scott Carper)
- VII. Consideration of Approval of CSCDA Financial Statements. (Staff: Cathy Bando)
- VIII. Public Comment.
- IX. Adjourn.



**CALIFORNIA STATEWIDE COMMUNITIES DEVELOPMENT AUTHORITY
CONSENT CALENDAR**

1. Consent Calendar:
 - a. Approval of Wells Fargo Corporate Trust Services Invoice #1131846 for \$3,000.00 for trustee fees related to CSCDA SCIP Revenue Bonds 2007B.

Thursday, November 20, 2014

Note: Persons requiring disability-related modification or accommodation to participate in this public meeting should contact (925) 933-9229, extension 225.

Item II

Consideration of the Minutes of the November 6, 2014 Regular & Special Meetings.

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

League of California Cities
1400 K Street, Sacramento, California

November 6, 2014

MINUTES

Commission chair Larry Combs called the meeting to order at 10:00 am.

I. Roll Call

Commission members present: Larry Combs, Kevin O'Rourke and Dan Harrison. Irwin Bornstein, Dan Mierzwa, Tim Snellings and Alternate Commissioner Brian Moura (all commissioners representing cities are present, so Commissioner Moura will not vote) participated by conference telephone.

CSCDA Executive Director, Catherine Bando was also present.

Others present included: Perry Stottlemeyer and Chris McKenzie, League of California Cities; Mike LaPierre and Scott Carper, HB Capital; Mercedes Baumbach, GPM Municipal Advisors; Laura Labanieh Campbell, CSAC Finance Corporation; Brandon Dias, Orrick Herrington & Sutcliffe; and Mark Paxson, State Treasurer's Office. Caitlin Lanctot, HB Capital; Tricia Ortiz, Richards Watson & Gershon; and Mimi Frusha and Cliff Staton, Renewable Funding participated by conference telephone.

II. Approval of minutes—October 23, 2014

The commission approved the minutes for the regular and special meetings held October 23, 2014.

Motion to approve by O'Rourke; second by Mierzwa; unanimously approved by roll-call vote.

III. Staff updates

Mike LaPierre (HB Capital) announced that the IRS examination of the tobacco securitization bond (2006) was closed without issue.

Also, Thomas Jefferson School of Law was able to restructure their debt relating to 2008 bonds, and their related delinquent payments. They negotiated the debt restructure directly with the bondholders. It appears that the bond indebtedness will be erased due to the restructure, which will require this commission to effect cancellation of the bonds, likely at the next meeting on November 20.

Scott Carper requested that the commission hold a special meeting next week for a consent item. Yucaipa Valley Water District was approved at the last meeting for a SCIP financing, which is scheduled to close on November 19. However, we have not yet received the resolution required for them to join CSCDA and SCIP. The resolution is expected today, but the project cannot close until this commission approves them as a member.

Since the next meeting is on the 20th, and they want to close on the 19th, HB Capital, Orrick and Yucaipa Water Valley District would like to have a special meeting for approval of the District.

The commissioners were polled as to their availability to call in for this action (teleconference), and it was determined that commissioners would be notified as soon as the resolution is received.

IV. Approval of consent calendar

1. Induce the following projects:
 - a. Bear Valley Housing Associate, LP (Cypress Cove Apartments), City of Escondido, County of San Diego; issue up to \$32 million in multi-family housing revenue bonds.
 - b. IH Alhambra Davis, LLC (The Alhambra at Mace Ranch), City of Davis, County of Yolo; issue up to \$30 million in multi-family housing revenue bonds.
 - c. Northgate Terrace Community Partners, LP (Northgate Terrace Apartments), City of Oakland, County of Alameda; issue up to \$35 million in multi-family housing revenue bonds.
2. Approve the following bills for payment:
 - a. Wells Fargo Corporate Trust Services invoice #1124819.
3. Approval of the City of San Fernando, Coachella Valley Water District, and Lee Lake Water District as Program Participants.
4. Approval of Authorized Signatory Resolution changing signatory Laura Campbell to Laura Labanieh.

Motion to approve by O'Rourke; second by Mierzwa; unanimously approved by roll-call vote.

V. Approve the financing; all necessary actions; the execution and delivery of all necessary documents and authorize any member to sign all necessary documents for the following:

- a. Huntington Memorial Hospital, City of Pasadena, County of Los Angeles; up to \$210 million in revenue bonds.

Huntington Memorial Hospital ("Huntington") is a California nonprofit public benefit corporation located in Pasadena, California. The 625 bed facility is home to the only level II trauma center in the San Gabriel Valley. Huntington is renowned for its programs in neurosciences, cardiovascular services and cancer care. It is an active teaching hospital with graduate medical education programs in internal medicine and general surgery. Additionally, the hospital has a high level neonatal intensive care unit, treating babies with the highest acuity.

On May 18, 2005 CSCDA issued revenue bonds in the amount of \$228.76 million to finance: (i) the West Tower Replacement and seismic upgrade project; (ii) Emergency Department expansion; (iii) modernization of hospital technology and routine capital expenditures; and (iv) refinancing of CSCDA Series 1996 Certificates of Participation.

Huntington is requesting that the CSCDA issue nonprofit revenue bonds in an aggregate principal amount not to exceed \$210 million (the “Obligations”) to refinance the Series 2005 bonds. The refinance is expected to decrease annual interest payments, allowing HMH to continue to provide affordable healthcare to the community. Only a portion of the 2005 bonds can be advance refunded with tax-exempt bonds. For this reason, Huntington anticipates that this financing will take place in two tranches: (1) one series of tax-exempt bonds (Series 2014B) at fixed rates of approximately 4.10% with a term of 30 years (to advance refund the advance-refundable portion). (2) The remaining portion will be refunded with another series (Series 2015A), which will be either: a series of tax-exempt bonds at fixed rates with a shorter term (12 years) on a forward delivery basis (i.e. to be priced concurrently with the Series 2014B but issued at a future date in 2015 to allow a current refunding of the remaining portion of the 2005 bonds), **or** a series of taxable bonds.

The Executive Director has reviewed the transaction and based on the overall project public benefit, recommends that the commission approve of the resolution as submitted, which: (i) approves the granting of the obligation; (ii) approves all necessary actions and documents in connection with the financing; and (iii) authorizes any member of the commission or Authorized Signatory to sign all necessary documents.

Motion to approve the Executive Director’s recommendation by Snellings; second by Harrison; unanimously approved by roll-call vote.

- b. Direct Levy Delinquency Financing, City of Lake Elsinore, City of Norco, City of Riverside, Lee Lake Water District, County of Riverside and City of Compton, City of Lancaster, County of Los Angeles; up to \$1.4 million in certificates of participation.

Section 6516.6 of the California Government Code permits joint powers authorities to establish programs to finance delinquent property taxes, assessments and other amounts levied on the property tax rolls on behalf of local agencies. The joint powers authority enters into an agreement with each local agency to acquire its tax receivables, and finances the purchase by issuing a Certificate of Participation to a funding entity to finance the acquisition.

Tower Capital Management, LLC (Tower Capital) is based in Morristown, New Jersey and is one of the largest funders of delinquent property tax receivables in the country. Tower Capital began to fund delinquent property tax receivables (consisting of special taxes, assessments, and property-related fees and charges) for a small group of Riverside County local taxing agencies a little over three years ago via a joint powers authority based in that county. Subsequently Tower Capital has been selected to fund delinquent property taxes receivables for a group of 21 public school agencies in Monterey County and 92 public school agencies in Los Angeles County via joint powers authorities in those counties.

Tower Capital has asked CSCDA to take on the role of the purchasing joint powers authority for its Riverside and Los Angeles County programs to acquire delinquent special taxes, assessments, and property-related fees and charges.

The legal structure involves agreements between CSCDA and each participating local agency for the purchase and sale of the receivables and an agreement between CSCDA and a special purpose

entity (SPE) of Tower Capital for the purchase and sale of a Certificate of Participation. These agreements are submitted for approval as to form.

This transaction would involve funding delinquencies for fiscal year 2013-14 for four Riverside agencies and two Los Angeles County agencies for an additional four years because those agencies have not previously participated in the program. The purchase price being paid to each local agency will consist of the principal amount of the delinquent property tax receivables being funded plus a 10% premium. Tower Capital will also pay all costs of issuance, including the fees of bond counsel and CSCDA's issuer counsel.

The Executive Director has reviewed the delinquent special tax and assessment transaction and based on the overall Project public benefit, finance related considerations and compliance with the Authority's general and issuance policies, the Executive Director recommends that the Commission approve of the Resolution as submitted to the Commission, which: (i) approves the granting of the Certificates of Participation; (ii) approves all necessary actions and documents in connection with the financing; and (iii) authorizes any member of the Commission or Authorized Signatory to sign all necessary documents.

Commissioner Mierzwa noted for the record that Tower Capital is not competing with Riverside or Los Angeles Counties Teeter programs, but are offering this to them because they currently do not have Teeter programs.

Motion to approve the Executive Director's recommendation by Harrison; second by O'Rourke; unanimously approved by roll-call vote.

VI. Approve a resolution authorizing modifications to the CaliforniaFIRST program for seismic strengthening improvements and electric vehicle charging infrastructure and approving conforming modifications to the program report.

CSCDA established CaliforniaFIRST, a multi-jurisdiction Property Assessed Clean Energy ("PACE") program, in 2008. PACE is a financing tool that allows property owners to secure upfront funding for energy and water-saving improvements, which they repay through a voluntary contractual assessment lien on their property tax bill. The Commission is being asked to consider two items for the CaliforniaFIRST program: (i) a Resolution amending the Program Report; and (ii) various program changes.

Program Report Resolution—The CaliforniaFIRST Residential PACE program launched in May 2014. The Program Administrator, Renewable Funding, regular seeks to improve the program for the benefit of property owners. On October 9, 2014, Renewable Funding requested the Commission approve several program changes. These changes have been incorporated into the Program Report, where necessary. In addition, the Program Report has been amended to include additional eligible improvements such as seismic improvements, electric vehicle chargers or future improvements permissible by law.

The "Resolution Approving Modifications to the CaliforniaFIRST Program to Make Financing Available for Seismic Strengthening Improvements, Electric Vehicle Charging Infrastructure and Other Authorized Improvements; Approving Conforming Modifications to the Program Report; and Ordering Other Related Matters" authorizes the changes to the Program and Program Report and the related documents.

Program changes–The Program Administrator intends to make two additional program changes. It is requested that the Commission allow for the following updates to be made: (i) permit two-day payment to contractors. The Program Administrator will be responsible for payment to contractors. For receiving faster payment, contractors will agree to assign program fund proceeds to Renewable Funding at bond closing. (ii) Permit elimination of prepayment penalties, reduce prepayment period to 50 days rather than 90 days prior to a bond payment date and reduce prepayment amount from \$5,000 to \$2,500.

These changes came as a result of feedback from contractors and consumers and it is believed that they will improve our CaliforniaFIRST PACE financing product. If approved, clarifying language would be added to all program and consumer facing documents.

The Executive Director has reviewed the proposed PACE program changes and recommends that the commission approve of the Resolution as submitted to the commission, which: (i) approves modifications to the CaliforniaFIRST program and program report; and (ii) authorizes any member of the commission or Authorized Signatory to sign all necessary documents.

Commissioner Mierzwa asked whether the bondholder is asking for a higher yield because we're reducing the prepayment penalty. Mimi Frusha explained that the yield would remain the same, and that this change makes the program more in line with other loan programs in the marketplace.

Note: Commissioner Snellings left after discussion, but before the vote.

Motion to approve the modifications, as recommended by the Executive Director by O'Rourke; second by Harrison; approved by majority roll-call vote (four yeses / one no).

VII. Update on the Internal Revenue Service audit of the CSCDA Plan Nine Partners Project Series 2005 A and B Series and consideration of a request from Sweetwater Union High School District for the CSCDA to execute a Form 8821 to appoint a tax attorney to represent the District in the matter.

Based on the Memorandum of Understanding executed in November of 2013 between CSCDA, Sweetwater Union High School District (Sweetwater) and Plan Nine Partners LLC, any authorized signatory of the Authority was able to sign Form 8821 to appoint a tax attorney to represent the Sweetwater, so this part of the agenda item has been resolved.

The Authority issued bonds back in 2005 on behalf of Plan Nine Partners, LLC, a wholly owned subsidiary of The California Trust for Public Schools, that allowed Sweetwater to lease 23 acres of land adjacent to their existing facility in Chula Vista for the purpose of relocating their administrative offices, corporate yard facilities, and make other improvements. Also, a portion of the land was going to be used by Sweetwater as a development property for income generation purposes. The issue included \$25 million of variable rate tax-exempt bonds, as well as \$8.2 million in taxable debt. It was always contemplated that the taxable debt would relate to some private use of the income generating facilities.

In September, 2013, the authority received a random IRS notification of audit with a request for information. The Authority engaged Best Best & Krieger who served as the Bond Counsel to represent it in the matter. One week ago, the Authority received the sixth IRS request for information. Under a 55-page analysis, the IRS has concluded there may be too much private use for this project, so they've asked Sweetwater and Plan Nine

Partners LLC if they would like to enter into a settlement agreement. Sweetwater has engaged a special tax attorney to engage with the IRS and review its initial analysis in hopes of resolving the matter.

VIII. Public comment.

None.

IX. Adjournment.

Commission chair Larry Combs adjourned the meeting at 10:41 am.

Submitted by: Perry Stottlemeyer, League of California Cities staff

*The next regular meeting of the commission is scheduled for
Thursday, November 20, at 10:00 a.m.
in CSAC's office at 1100 K Street, Sacramento, California.*

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

League of California Cities
1400 K Street, Sacramento, California

November 6, 2014

MINUTES

Commission chair Larry Combs called the meeting to order at 10:41 am.

I. Roll Call

Commission members present: Larry Combs, Kevin O'Rourke and Dan Harrison. Irwin Bornstein, Dan Mierzwa, and Alternate Commissioner Brian Moura (all commissioners representing cities are present, so Commissioner Moura will not vote) participated by conference telephone.

CSCDA Executive Director, Catherine Bando was also present.

Others present included: Perry Stottlemeyer and Chris McKenzie, League of California Cities; Mike LaPierre and Scott Carper, HB Capital; Mercedes Baumbach, GPM Municipal Advisors; Laura Labanieh Campbell, CSAC Finance Corporation; Brandon Dias, Orrick Herrington & Sutcliffe; and Mark Paxson, State Treasurer's Office. Caitlin Lanctot, HB Capital; Tricia Ortiz, Richards Watson & Gershon; and Mimi Frusha and Cliff Staton, Renewable Funding participated by conference telephone.

II. Approval of resolution declaring intention to finance or refinance the installation of distributed generation renewable energy sources, energy efficiency improvements, water efficiency improvements, seismic strengthening improvements, electric vehicle charging infrastructure and other work for the Open PACE Program.

Caitlin Lanctot (HB Capital) explained that approving the ROI is one of the first steps in the statewide program formation of the Open PACE program. This resolution begins the statewide validation process and asked the commission to approve the resolution.

Executive Director Catherine Bando explained that she reviewed the resolution and it's a big step for us to start the validation process so that we will have the ability to begin to offer Open PACE on a statewide basis by the end of March. The resolution will begin the process and then we will have our three partners with the ability to issue PACE assessments through CSCDA.

Motion to approve the resolution by O'Rourke; second by Harrison; unanimously approved by roll-call vote.

III. Public comment.

None.

IV. Adjournment.

Commission chair Larry Combs adjourned the meeting at 10:46 am.

Submitted by: Perry Stottlemeyer, League of California Cities staff

Item IV.

Consideration Consent Calendar

- a. Approval of Wells Fargo Corporate Trust Services Invoice #1131846 for \$3,000.00 for trustee fees related to CSCDA SCIP Revenue Bonds 2007B.

Fee Invoice

Corporate Trust Services

**WELLS
FARGO**

Invoice Number 1131846	Billing Date 11/04/2014	Due Date 12/04/2014	Amount Due \$3,000.00 <i>Please mail or wire payment to:</i>
CSCDA Luis Castro 2999 Oak Road Suite 710 Walnut Creek, CA 94597			Mailing Address: Wells Fargo Bank WF 8113 P.O. Box 1450 Minneapolis, MN 55485-8113
			Wire Instructions: ABA #: 121000248 DDA #: 1000031565 Swift Code: WFBUS6S Reference: Invoice #, Acct Name, Attn Name
			ACH Instructions: ABA #: 091000019 DDA #: 1000031565 Memo: Invoice #, Account Name, Attn Name

Please return this portion of the statement with your payment in the envelope provided:

Please retain this portion for your records

Account Number: 22579900
SCIP Revenue Bonds 2007B

Administration Charges

Trustee Fee

For the Period 11/29/2014 through 11/28/2015

\$3,000.00

Total Amount Due:

\$3,000.00

Billings past due are subject to an 18% annual finance charge of the balance due.

Item V.

Consideration of the financing; all necessary actions; the execution and delivery of all necessary documents and authorizes any member to sign all necessary financing documents for the following:

- a. The Masters College & Seminary, City of Santa Clarita, County of Los Angeles; up to \$24 million in revenue bonds. (Staff: Scott Carper)

SUMMARY AND APPROVALS

DATE:	NOVEMBER 20, 2014
APPLICANT:	THE MASTER'S COLLEGE AND SEMINARY
AMOUNT:	UP TO \$24 MILLION OF REVENUE BONDS
PURPOSE:	FINANCE AND REFINANCE REVENUE BONDS FOR EDUCATIONAL FACILITIES AND OUTSTANDING INDEBTEDNESS
PRIMARY ACTIVITY:	EDUCATION
LEGAL STRUCTURE:	501(C)(3) CORPORATION

Background:

The Master's College (the "Borrower" or the "College") began on May 25, 1927, as the Los Angeles Baptist Theological Seminary. In 1946, the Seminary became a graduate-level school, and initiated a separate undergraduate liberal arts program. In May 1961, the school moved from its original location in downtown Los Angeles to the Placerita Canyon area of Newhall, California. The Seminary program separated from the undergraduate program in 1974, and relocated to Tacoma, Washington. The school received its initial regional accreditation from the Western Association of Schools and Colleges in the spring of 1975.

The College currently offers traditional undergraduate degree programs in thirteen fields of study encompassing 50 distinct emphasis areas, and two degree-completion programs that are specifically geared toward the needs of adult learners. At the graduate level, the College offers a fifth-year California Single Subject and Multiple Subject credential program, and the Master of Arts in Biblical Counseling (MABC) program while the Seminary offers Master of Divinity (M.Div.) and Master of Theology (Th.M.) degree programs. The Fall 2014 enrollment on the College campus is 1061 for all traditional programs, with another 104 students in degree-completion programs. The Fall 2014 Seminary enrollment stands at 367 students.

The College is located on 93 acres at 21726 Placerita Canyon Road in Santa Clarita. US News and World Report ranks The Master's College as a top tier Regional Liberal Arts College of the West as published in their College Report of September 2014.

Public Benefit:

The College provides financial assistance to approximately 95% of its enrolled students, including graduate students, offsetting approximately 38.9 % of student tuition and fees. For the fiscal year 2014, The College provided \$10,020,361 to fund direct student scholarships and grants.

Service Programs and Community Outreach - One of the distinctive marks of The College is Community Outreach. They believe that outreach is not only good citizenship, but is also one of the characteristics of a mature, competent member of society. The College encourages students to reach out to people from any ethnic, socio-economic, and religious background. Students are involved in

campus-sponsored programs, church ministries, and community service organizations in the Santa Clarita Valley, great Los Angeles area, major American urban situations, and across the world. Students voluntarily provide approximately 60,000 hours of service per year for various nonprofit and outreach centers.

Additionally, the College is a job generator for Santa Clarita, employing almost 60 full time faculty and hundreds of other staff members.

TEFRA Information:

This is a current refunding so no TEFRA hearing is required.

Finance Team:

- Bond Counsel: Orrick, Herrington & Sutcliffe, LLP, Los Angeles
- Authority Counsel: Orrick, Herrington & Sutcliffe, LLP, Sacramento
- Direct Purchaser: US Bancorp, San Francisco

Financing Structure:

The Bonds will be purchased by US Bank. The refunding will allow the Borrower to replace an existing Letter of Credit to direct purchase of tax-exempt index rate bonds. The refunding will allow the Borrower to avoid the increasing fees on the existing Letter of Credit, which could go up as much as 50 bps. The Bonds will be unrated.

Estimated Sources and Uses:

Sources:

Series 2014 Bonds	\$	24,000,000	79.21%
Series 2007 Unspent Bonds	\$	4,900,000	16.17%
Cash from the College	<u>\$</u>	<u>1,400,000</u>	<u>4.62%</u>
Total Sources:	\$	30,300,000	100.00%

Uses:

Refinance Series 2002 Bonds	\$	16,000,000	52.81%
Refinance Series 2007 Bonds	\$	14,000,000	46.20%
Loan Fees	<u>\$</u>	<u>300,000</u>	<u>0.99%</u>
Total Uses:	\$	30,300,000	100.00%

Executive Director Review and Recommendation:

The Executive Director has reviewed the Master's College transaction and based on the overall Project public benefit and finance related considerations detailed above and compliance with CSCDA's general and issuance policies, the Executive Director recommends that the Commission approve of the Resolution as submitted to the Commission, which:

1. Approves the granting of the Bonds;
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:

1. Original application

Organization

Name of Organization: **The Master's College and Seminary**
TIN or EIN: **95-6001907**

Primary Contact

First Name: Jason	Last Name: Hartung	
Title: Chief Financial Officer		
Street: 21726 Placerita Canyon Road		Suite:
City: Santa Clarita	State: California	Zip: 91321
Phone: 661-362-2207	Ext:	Fax: 661-362-2698
Email: jhartung@masters.edu		

Primary Billing Contact

Organization: The Master's College and Seminary		
First Name: Phil	Last Name: Ross	
Title: Controller		
Address:		
Street: 21726 Placerita Canyon Road		Suite:
City: Santa Clarita	State: California	Zip: 91321
Phone: 661-362-2686	Ext:	Fax: 661-362-2711
Email: pross@masters.edu		

Project Information

Project type: **Education: College/Universities**

Other:

Project Name: **The Master's College**

Small Issue Public Benefit Project?

Facility #1

Facility Name: **The Master's College**

Facility Bond Amount: **\$24,000,000.00**

Project Address:

Street: **21726 Placerita Canyon Road**

City: **Santa Clarita**

State: **California**

Zip: **91321**

County: **Los Angeles**

Is Project located in an unincorporated part of the County? Y N

Has the City or County in which the project is located been contacted? If so, please provide name, title, telephone number and e-mail address of the person contacted:

Name of Agency:

First Name:

Last Name:

Title:

Phone:

Ext:

Fax:

Email:

Public Benefit Info

For Private School Facility Only:

Tuition assistance:

Total tuition:

Part reimbursed:

% students receiving 50% tuition assistance:

Government Information

Project/Facility is in:

Congressional District #:

25

State Senate District #:

21

State Assembly District #:

38

Financing Information

Financing Information

Tax Exempt: \$ 24,000,000.00
Taxable: \$
Total Principal Amount: \$ 24,000,000.00
Maturity 30Years

Interest Rate Mode:

Fixed Variable

Denominations: \$100,000

Type of Offering:

Public Offering Private Placement
 New Construction Acquisition of Existing Facility
 Refunding

Financing:

Credit Enhancement Letter of Credit
 None
 Other

Name of Credit Enhancement Provider or Private Placement Purchaser:

Expected Rating:

Unrated

Moody's:

S&P:

Fitch:

Financing Team Information

Bond Counsel

Firm Name: Orrick, Herrington & Sutcliffe, LLP

Primary Contact

First Name: Kevin

Last Name: Hale

Title: Attorney

Address:

Street: 777 South Figueroa Street

Suite: 3200

City: Los Angeles

State: California

Zip: 90017

Phone: 213-612-2356

Ext:

Fax:

Email: khale@orrick.com

Bank/Underwriter/Bond Purchaser

Firm Name: US Bancorp

Primary Contact

First Name: Ila

Last Name: Afsharipour

Title: Managing Director, U. S. Bancorp Municipal Securities Group

Address:

Street: 1 California Street, 3rd Floor

Suite: 350

City: San Francisco

State: California

Zip: 94111

Phone: 415-677-3686

Ext:

Fax:

Email: ila.afsharipour@usbank.com

Financial Advisor

Firm Name: BLX

Primary Contact

First Name: Eric

Last Name: Chu

Title: Managing Director

Address:

Street: 777 South Figueroa Street

Suite: 3200

City: Los Angeles

State: California

Zip: 90017

Phone: 213-612-2136

Ext:

Fax:

Email: echu@blxgroup.com

Rebate Analyst

Firm Name: BLX

Primary Contact

First Name: Eric

Last Name: Chu

Title: Managing Director

Address:

Street: 777 South Figueroa

Suite: 3200

City: Los Angeles

State: California

Zip: 90017

Phone: 213-612-2136

Ext:

Fax:

Email: echu@blxgroup.com

RESOLUTION NO. ___NP-__

**CALIFORNIA STATEWIDE COMMUNITIES
DEVELOPMENT AUTHORITY**

**A RESOLUTION AUTHORIZING THE ISSUANCE OF REVENUE BONDS IN AN
AGGREGATE PRINCIPAL AMOUNT NOT TO EXCEED \$24,000,000 TO REFUND
OUTSTANDING INDEBTEDNESS AND REFINANCE EDUCATIONAL FACILITIES
FOR THE MASTER'S COLLEGE AND OTHER MATTERS RELATING THERETO**

WHEREAS, pursuant to the provisions of the Joint Exercise of Powers Act, comprising Articles 1, 2, 3 and 4 of Chapter 5 of Division 7 of Title 1 (commencing with Section 6500) of the Government Code of the State of California (the "Act"), a number of California cities, counties and special districts (each, a "Program Participant") entered into a joint exercise of powers agreement (the "Agreement") pursuant to which the California Statewide Communities Development Authority (the "Authority") was organized;

WHEREAS, the Authority is authorized by its Agreement to issue bonds, notes or other evidences of indebtedness, or certificates of participation in leases or other agreements in order to promote economic development;

WHEREAS, the Authority is authorized by a resolution adopted March 21, 1991, to issue bonds, notes or other evidences of indebtedness, or certificates of participation in leases or other agreements to finance or refinance facilities owned and/or leased and operated by organizations described in Section 501(c)(3) of the Internal Revenue Code of 1986 which are determined by the Authority to satisfy the criteria set forth in such resolution (the "Eligible Organizations");

WHEREAS, pursuant to the provisions of the Act, the cities, counties and special districts which are the contracting parties comprising the membership of the Authority are authorized to jointly exercise any power common to such contracting parties, including, without limitation, the power to acquire and dispose of property, both real and personal;

WHEREAS, the City of Santa Clarita (the "City") is a Program Participant of the Authority and is authorized to acquire and dispose of property, both real and personal, pursuant to the provisions of Article 1, Chapter 5, Part 2 of Division 3 of Title 4 of the Government Code of the State of California;

WHEREAS, pursuant to the provisions of the Act and the Agreement, the Authority is authorized to enter into installment purchase and/or sale agreements with Eligible Organizations and to deliver certificates of participation evidencing interests therein;

WHEREAS, pursuant to the provisions of the Act, the Authority may, at its option, issue bonds, rather than certificates of participation, and enter into a loan agreement with Eligible Organizations;

WHEREAS, The Master’s College and Seminary, a California nonprofit corporation (the “Corporation”), wishes to refund the outstanding California Statewide Communities Development Authority Variable Rate Demand Revenue Bonds (The Master’s College) Series 2002 and California Statewide Communities Development Authority Variable Rate Demand Revenue Bonds (The Master’s College) Series 2007 each of which financed and refinanced the costs of acquisition, construction, improvement, renovation, remodeling, furnishing and equipping of certain educational facilities (the “Project”) at the main campus of The Master’s College, a private college located in the City which is owned and operated by the Corporation;

WHEREAS, the Corporation is requesting the assistance of the Authority in refinancing the Project;

WHEREAS, Bond Counsel has advised the Authority that assisting the Corporation in the refinancing of the Project is authorized by the Act and other applicable provisions of law;

WHEREAS, pursuant to an Indenture of Trust (the “Indenture”), between the Authority and U.S. Bank National Association, as trustee (the “Trustee”), the Authority will issue and the Trustee will authenticate bonds to be designated generally as the “California Statewide Communities Development Authority Variable Rate Revenue Bonds (The Master’s College) Series 2014,” or such other name or names as may be designated in the Indenture (the “Bonds”) for the purpose, among others, of refinancing the Project;

WHEREAS, pursuant to a Loan Agreement (the “Loan Agreement”), between the Authority and the Corporation, the Authority will loan the proceeds of the Bonds to the Corporation for the purpose, among others, of refinancing the Project;

WHEREAS, pursuant to a Bond Purchase Agreement among U.S. Bank National Association, or an affiliate thereof, the Authority and the Corporation (the “Purchase Agreement”), the Bonds will be sold to U.S. Bank National Association, or such affiliate thereof, and the proceeds of such sale will be used as set forth in the Indenture to refund outstanding indebtedness and to pay costs of issuance incurred in connection with the Bonds; and

WHEREAS, there have been made available to the Commissioners of the Authority the following documents and agreements:

- (1) A proposed form of the Indenture;
- (2) A proposed form of the Loan Agreement; and
- (3) A proposed form of the Purchase Agreement.

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

Section 1. Pursuant to the Act and the Indenture, the Authority is hereby authorized to issue its revenue bonds designated generally as the “California Statewide

Communities Development Authority Variable Rate Revenue Bonds (The Master's College) Series 2014" in one or more series and in an aggregate principal amount not to exceed \$24,000,000. The Bonds shall be issued and secured in accordance with the terms of, and shall be in the form or forms set forth in, the Indenture. The Bonds shall be executed on behalf of the Authority by the manual or facsimile signature of the Chair of the Authority or the manual signature of any member of the Commission of the Authority or their administrative delegates duly authorized pursuant to Resolution No. 14R-58 of the Authority, adopted on November 6, 2014 (each, an "Authorized Signatory") and attested by the manual or facsimile signature of the Secretary of the Authority or the Assistant to the Secretary of the Authority or the manual signature of any Authorized Signatory.

Section 2. The proposed form of Indenture, as made available to the Commissioners, is hereby approved. Any Authorized Signatory is hereby authorized and directed, for and on behalf of the Authority, to execute and deliver the Indenture in substantially said form, with such changes and insertions therein as any member of the Commission, with the advice of counsel to the Authority, may approve, such approval to be conclusively evidenced by the execution and delivery thereof. The dated date, maturity date or dates, interest rate or rates, interest payment dates, denominations, forms, registration privileges, manner of execution, place or places of payment, terms of redemption and other terms of the Bonds shall be as provided in the Indenture, as finally executed.

Section 3. The proposed form of Loan Agreement, as made available to the Commissioners, is hereby approved. Any Authorized Signatory is hereby authorized and directed, for and on behalf of the Authority, to execute and deliver the Loan Agreement in substantially said form, with such changes and insertions therein as any member of the Commission, with the advice of counsel to the Authority, may approve, such approval to be conclusively evidenced by the execution and delivery thereof.

Section 4. The proposed form of Purchase Agreement, as made available to the Commissioners, is hereby approved. Any Authorized Signatory is hereby authorized and directed, for and on behalf of the Authority, to execute and deliver the Purchase Agreement in substantially said form, with such changes and insertions therein as any member of the Commission, with the advice of counsel to the Authority, may approve, such approval to be conclusively evidenced by the execution and delivery thereof.

Section 5. The Bonds, when executed as provided in Section 1, shall be delivered to the Trustee for authentication by the Trustee. The Trustee is hereby requested and directed to authenticate the Bonds by executing the Trustee's Certificate of Authentication appearing thereon, and to deliver the Bonds, when duly executed and authenticated, to the purchaser or purchasers thereof in accordance with written instructions executed on behalf of the Authority by an Authorized Signatory, which any Authorized Signatory, acting alone, is authorized and directed, for and on behalf of the Authority, to execute and deliver to the Trustee. Such instructions shall provide for the delivery of the Bonds to the purchaser or purchasers thereof, upon payment of the purchase price thereof.

Section 6. 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, including, without limitation, any tax certificate and agreement, and any and all documents and certificates to be executed in connection with securing credit support, if any, for the Bonds, 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, including any subsequent amendments, waivers or consents entered into or given in accordance with such documents.

Section 7. 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 issuance of the Bonds are hereby ratified, confirmed and approved.

Section 8. Notwithstanding anything to the contrary in this Resolution, no documents referenced in this Resolution may be executed and delivered until the City has held the hearing pursuant to Section 147(f) of the Internal Revenue Code of 1986, if required by said Section, and has approved the issuance of the Bonds as may be required thereby and in accordance with Section 9 of the Agreement to provide refinancing for the Project.

Section 9. This Resolution shall take effect from and after its adoption.

PASSED AND ADOPTED by the California Statewide Communities Development Authority this 20th day of November, 2014.

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 November 20, 2014.

By: _____

Authorized Signatory
California Statewide Communities
Development Authority

Item V.

Consideration of the financing; all necessary actions; the execution and delivery of all necessary documents and authorizes any member to sign all necessary financing documents for the following:

- b. IH Alhambra Davis, LLC (The Alhambra at Mace Ranch), City of Davis, County of Yolo; up to \$26,750,000 in multifamily housing revenue bonds. (Staff: Caitlin Lanctot)

SUMMARY AND APPROVALS

DATE:	NOVEMBER 20, 2014
APPLICANT:	IH ALHAMBRA DAVIS, LLC/INTEGRITY HOUSING
AMOUNT:	UP TO \$26,750,000 OF MULTI-FAMILY HOUSING REVENUE BONDS
PURPOSE:	FINANCE THE ACQUISITION OF THE ALHAMBRA AT MACE RANCH APARTMENTS LOCATED AT 4500 ALHAMBRA DRIVE IN DAVIS, CA
CSCDA PROGRAM:	501(C)(3) HOUSING

Background:

The proposed project, The Alhambra at Mace Ranch Apartments (the “Project”), is a 160-unit property located in Davis, California. The Project application was filed on October 20, 2014 and induced on November 6, 2014.

Summary:

IH Alhambra Davis, LLC (the “Borrower”) has requested CSCDA to issue and deliver multifamily housing revenue obligations in the anticipated principal amount of \$26,750,000 (the “Bonds”) for the purpose of financing the acquisition of the Project. The Project will continue to provide 24 one-bedroom units, 72 two-bedroom units, 48 three-bedroom units, and 16 four-bedroom units to low-income families in Davis.

The Project was initially constructed in 1999 and consists of 8 buildings of two and three stories. The Property amenities include a recreation room, a computer/technology room, laundry facilities and a pool. Each unit includes ample closet space, heating and air conditioning, window coverings, a mix of vinyl/linoleum flooring and carpet throughout the unit, private balconies, and washer/dryer hookups. The kitchens are furnished with a double-sink, garbage disposal, sturdy cabinets, stove/range and refrigerator.

Following the acquisition, there will be a light rehabilitation of the property including all appliance replacements will be energy-efficient with energy star ratings, window replacements, slurry coating the parking lot, upgrading the tot lot and updating the clubhouse.

The Project is an existing CSCDA monitored property that is being sold to a nonprofit by the initial developer of the property, extending the affordability for at least 15 more years.

The Borrower has previously constructed or rehabilitated nine multifamily and senior housing properties; this is their second with CSCDA.

Public Benefit:

- Project Affordability
 - 100% of the Project’s units will be income restricted:

- 20 units reserved for tenants whose income is at or below 50% AMI
 - 51 units reserved for tenants whose income is at or below 60% AMI
 - 88 units reserved for tenants whose income is at or below 80% AMI
 - 1 manager unit
 - The term of the income and rental restrictions for the Project will be at least 15 years
- Economic Benefits
 - Based upon \$26,750,000 Project costs using a 1.8 multiplier the Project produces approximately \$48,150,000 total economic activity, and at 2.1 jobs per unit produces approximately 336 jobs. (Multipliers based on June 2010 study by Blue Sky Consulting Group and Center for Housing Policy on impact of housing in California using IMPLAN system.)

Agency Approvals:

TEFRA Hearing: Scheduled for December 2, 2014 at the City of Davis
CDLAC Approval: January 28, 1998

Estimated Sources and Uses:

Sources:

Senior A Bonds	\$18,750,000	70.09%
Subordinate B Bonds	<u>\$8,000,000</u>	<u>29.91%</u>
Total Sources	\$26,750,000	100.00%

Uses:

Acquisition Cost	\$25,100,000	93.83%
Acquisition Transaction Cost	\$87,830	0.33%
Capitalized Rehab	\$400,000	1.50%
Developer Fee	\$627,170	2.34%
Cost of Issuance	<u>\$535,000</u>	<u>2.00%</u>
Total Uses	\$26,750,000	100.00%

Finance Team:

- Bond Counsel: Orrick, Herrington & Sutcliffe, LLP, San Francisco
- Authority Counsel: Orrick, Herrington & Sutcliffe, LLP, Sacramento
- Lender: East West Bank, Pasadena

Financing Structure:

CSCDA will issue \$18,750,000 in Senior 501c3 Tax Exempt Bonds and \$8,000,000 in Subordinate 501c3 Tax Exempt Bonds. The Senior Bonds will be publically sold and backed by a letter of credit from the senior lender East West Bank, and a standby letter of credit from the Federal Home Loan Bank. The Subordinate Bonds will be privately placed with a subsidiary of Integrity Housing.

Policy Compliance:

The Project complies with the following policies:

- CSCDA General Policies
- CSCDA Issuance Policies
- CDLAC's Qualified Residential Rental Program Requirements

Executive Director Approval:

Based on the overall public benefits and conformance to the CSCDA Issuance Policies, the Executive Director recommends that the Commission approve the Resolution as submitted to the Commission, pending approval by the City of Davis, which:

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

Attachments:

1. Original application

Applicant Information

Primary Contact E-mail: ashleycheyn@gmail.com

Name of Developer: **Affordable Housing Alliance II, Inc dba Integrity Housing**

TIN or EIN: **33-0616121**

Primary Contact

First Name: **Philip**

Last Name: **Wood**

Title: **Vice President**

Address:

Street: **4 Venture**

Suite: **295**

City: **Irvine**

State: **California**

Zip: **92618**

Phone: **9494911665**

Ext:

Fax: **9497273654**

Email: **phil@integrityhousing.org**

Borrower Description:

Same as developer ?

Name of Borrowing Entity: **IH Alhambra Davis, LLC**

Type of Entity:

For-profit Corporation

Non-profit Corporation

Partnership

Other (specify)

Will you be applying for State Volume Cap?

Date Organized: **Out of Recording**

No. of Multi-Family Housing Projects Completed in the Last 10 Years: **9**

No. of Low Income Multi-Family Housing Projects Completed in the Last 10 Years: **9**

Primary Billing Contact

Organization: **Affordable Housing Alliance II, Inc dba Integrity Housing**

First Name: **Philip**

Last Name: **Wood**

Title: **Vice President**

Address

Street: **4 Venture**

Suite: **295**

City: **Irvine**

State: **California**

Zip: **92618**

Phone: **9494911665**

Ext:

Fax: **9497273654**

Email: **phil@integrityhousing.org**

Project Information

Project Information

Project Name: **The Alhambra at Mace Ranch**

New Project Name(optional):

Facility Information

Facility #1

Facility Name: **The Alhambra at Mace Ranch**

Facility Bond Amount: \$26,750,000.00

Project Address:

Street: **4500 Alhambra Drive**

City: **Davis**

State: **California**

Zip: **95618**

County: **Yolo**

Is Project located in an unincorporated part of the County? Y N

Total Number of Units:

Market:

Restricted: **160**

Total: **160**

Lot size: **335,412 sf**

Amenities:

On-site amenities include a pool, clubhouse, computer room, and a fitness room.

Type of Construction (i.e., Wood Frame, 2 Story, 10 Buildings):

Wood Frame, Stucco Exterior 2 & 3 Story Walk-up buildings.

Type of Housing:

New Construction

Acquisition/Rehab

Facility Use:

Family

Senior

Is this an Assisted Living Facility?

Has the City or County in which the project is located been contacted? If so, please provide name, title, telephone number and e-mail address of the person contacted:

Name of Agency: **City of Davis Department of Housing and Human Services**

First Name: **Danielle**

Last Name: **Foster**

Title: **Superintendent**

Phone: **530-747-5853**

Ext:

Fax: **530-297-5410**

Email: **DFoster@cityofdavis.org**

Public Benefit Info:

Percentage of Units in Low Income Housing: **100**

Percentage of Area Median Income(AMI) for Low Income Housing Units: **50**

Total Number of Management Units: **2**

#	Bedrooms (Unit Size)	%AMI	No. of restricted units	Restricted rent	Market rent	Expected savings
1.	1 Bedroom	50	3	645.00	1,155.00	510.00
2.	1 Bedroom	60	7	790.00	1,155.00	365.00
3.	1 Bedroom	80	14	1,154.00	1,155.00	1.00
4.	2 Bedrooms	50	3	771.00	1,290.00	519.00
5.	2 Bedrooms	60	12	944.00	1,290.00	346.00
6.	2 Bedrooms	80	9	1,288.00	1,290.00	2.00

7.	2 Bedrooms	50	6	771.00	1,295.00	524.00
8.	2 Bedrooms	60	15	944.00	1,295.00	351.00
9.	2 Bedrooms	80	27	1,288.00	1,295.00	7.00
10.	3 Bedrooms	50	6	882.00	1,450.00	568.00
11.	3 Bedrooms	60	13	1,082.00	1,450.00	368.00
12.	3 Bedrooms	80	29	1,419.00	1,450.00	31.00
13.	4 Bedrooms	50	2	974.00	1,580.00	606.00
14.	4 Bedrooms	60	4	1,197.00	1,580.00	383.00
15.	4 Bedrooms	80	10	1,519.00	1,580.00	61.00

Note: Restricted Rent must be least 10% lower than Market Rent and must be lower than the HUD Rent limit.

Government Information

Project/Facility is in:

Congressional District #:

3

State Senate District #:

3

State Assembly District #:

4

Financing Information

Financing Information

Maturity 10 Years

Interest Rate Mode:

Fixed Variable

Type of Offering:

Public Offering Private Placement
 New Construction Acquisition of Existing Facility
 Refunding

(Refunding only) Will you be applying for State Volume Cap? Yes No

Is this a transfer of property to a new owner? Yes No

Construction Financing:

Credit Enhancement None
 Letter of Credit Other (specify)

Name of Credit Enhancement Provider or Private Placement Purchaser:

Permanent Financing:

Credit Enhancement None
 Letter of Credit Other (specify)

Name of Credit Enhancement Provider or Private Placement Purchaser: East West Bank

Expected Rating:

Unrated

Moody's:

S&P:

Fitch:

	AAA	
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Projected State Allocation Pool:

General Mixed Income Rural

Will the project use Tax-Credit as a source of funding? Y N

Sources and Uses

Sources and Uses

Sources of Proceeds

Tax-Exempt Bond Proceeds:	<u>\$26,750,000.00</u>
Taxable Bond Proceeds:	<u>\$</u>
Tax Credits:	<u>\$</u>
Developer Equity:	<u>\$415,000.00</u>
Other Funds (Describe):	
<hr/>	<u>\$</u>
<hr/>	<u>\$</u>
<hr/>	<u>\$</u>
<hr/>	<u>\$</u>
<hr/>	<u>\$</u>
Total Sources:	<u>\$27,165,000.00</u>

Uses:

Land Acquisition:	<u>\$803,200.00</u>
Building Acquisition:	<u>\$24,296,800.00</u>
Construction or Remodel:	<u>\$400,000.00</u>
Cost of Issuance:	<u>\$950,000.00</u>
Capitalized Interest:	<u>\$</u>
Reserves:	<u>\$</u>
Other Uses (Describe):	
Developer Fee (paid at closing)	<u>\$715,000.00</u>
<hr/>	<u>\$</u>
<hr/>	<u>\$</u>
<hr/>	<u>\$</u>
<hr/>	<u>\$</u>
Total Uses:	<u>\$27,165,000.00</u>

Financing Team Information

Bond Counsel

Firm Name: Orrick, Herrington & Sutcliffe, LLP

Primary Contact

First Name: **Thomas**

Last Name: **Downey**

Title: **Special Counsel**

Address:

Street: **405 Howard Street**

Suite:

City: **San Francisco**

State: **California**

Zip: **94105**

Phone: **415-773-5965**

Ext:

Fax: **415-773-5759**

Email: **tdowney@orrick.com**

Bank/Underwriter/Bond Purchaser

Firm Name: **East West bank**

Primary Contact

First Name: **Debbie**

Last Name: **Beveridge**

Title: **Senior Vice President**

Address:

Street: **135 N. Los Robles Avenue**

Suite: **2nd Floor**

City: **Pasadena**

State: **California**

Zip: **91101**

Phone: **6267686209**

Ext:

Fax:

Email: **deborah.beveridge@eastwestbank.com**

Financial Advisor

Firm Name: **Hutchinson Shockey Erley & Co**

Primary Contact

First Name: **Lauro**

Last Name: **Garcia**

Title: **Senior Vice President**

Address:

Street: **2020 Cordero Road**

Suite:

City: **Del Mar**

State: **California**

Zip: **92014**

Phone: **858-509-0556**

Ext:

Fax: **858-509-0556**

Email: **lgarcia@hsemuni.com**

Rebate Analyst

Firm Name:

Primary Contact

First Name:

Last Name:

Title:

Address:

Street:

Suite:

City:

State:

Zip:

Phone:

Ext:

Fax:

Email:

RESOLUTION NO. 014H-__

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 \$26,750,000 FOR THE FINANCING OF THE ACQUISITION OF A MULTIFAMILY RENTAL HOUSING PROJECT GENERALLY KNOWN AS THE ALHAMBRA AT MACE RANCH; 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, rehabilitation and development of multifamily rental housing projects in accordance with Chapter 8 of Part 5 of Division 31 of the California Health and Safety Code (the “Housing Law”);

WHEREAS, IH Alhambra Davis, LLC, a California limited liability company, and entities related thereto (collectively, the “Borrower”), has requested that the Authority issue tax-exempt revenue bonds to assist in the financing of the acquisition of a 160-unit multifamily rental housing development located in the City of Davis, California and known as The Alhambra at Mace Ranch (the “Project”);

WHEREAS, the City of Davis 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 \$26,750,000 aggregate principal amount of its Variable Rate Demand Multifamily Housing Revenue Bonds (The Alhambra at Mace Ranch) 2014 Series A (the “Series A Bonds”) and its Subordinate Multifamily Housing Revenue Bonds (The Alhambra at Mace Ranch) 2014 Series A-S (the “Series A-S Bonds,” and together with the Series A Bonds, the “Bonds”), 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 income persons;

WHEREAS, the Series A Bonds are expected to be secured by a direct-pay letter of credit provided by East West Bank; and

WHEREAS, there have been prepared and made available to the Commissioners 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) Indenture of Trust with respect to the Series A Bonds (the “Senior Indenture”), to be entered into between the Authority and Wilmington Trust, National Association, as trustee (the “Trustee”);

(2) Loan Agreement with respect to the Series A Bonds (the “Senior Loan Agreement”), to be entered into among the Authority, the Trustee and the Borrower;

(3) Bond Purchase Agreement with respect to the Series A Bonds (the “Purchase Agreement”), to be entered into among the Authority, the Borrower, and Hutchinson, Shockey & Erley, Inc. and Stern Brothers, as underwriters of the Bonds (collectively, the “Underwriter”);

(4) Official Statement with respect to the Series A Bonds (the “Official Statement”), to be used in connection with the offer and sale of the Series A Bonds;

(5) Regulatory Agreement and Declaration of Restrictive Covenants (the “Regulatory Agreement”), to be entered into among the Borrower, the Authority and the Trustee;

(6) Subordinate Indenture of Trust with respect to the Series A-S Bonds (the “Subordinate Indenture”), to be entered into between the Authority and Wilmington Trust, National Association, as trustee (the “Subordinate Trustee”); and

(7) Subordinate Loan Agreement with respect to the Series A-S Bonds (the “Subordinate Loan Agreement”), to be entered into among the Authority, the Subordinate Trustee and the Borrower;

(8) Bond Placement Agreement with respect to the Series A-S Bonds (the “Placement Agreement”), to be entered into among the Authority, the Borrower, and Hutchinson, Shockey & Erley, Inc., as placement agent of the Series A-S Bonds (the “Placement Agent”);

NOW, THEREFORE, BE IT RESOLVED by the members of the Commission of the Authority (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, the Senior Indenture and the Subordinate Indenture, as applicable, 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 Variable Rate Demand Multifamily Housing Revenue Bonds (The Alhambra at Mace Ranch) 2014 Series A” and as “California Statewide

Communities Development Authority Subordinate Multifamily Housing Revenue Bonds (The Alhambra at Mace Ranch) 2014 Series A-S” with appropriate modifications and series and sub-series designations as necessary, in an original aggregate principal amount not to exceed \$26,750,000. The Bonds shall be issued in the form set forth in and otherwise in accordance with the Senior Indenture and Subordinate Indenture, as applicable, 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 Senior Indenture and Subordinate Indenture, as applicable, 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 Senior Indenture and Subordinate Indenture, as applicable, and the Bonds shall not be deemed to constitute a debt or liability of the Authority or any Program Participant or Member of the Authority.

Section 3. The Senior Indenture in the form presented at this meeting is hereby approved. Any Member of the Commission of the Authority (each, a “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. 14R-4 of the Authority, adopted on February 6, 2014) (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 Senior Indenture, 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 December 1, 2059), 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 Series A Bonds shall be as provided in the Senior Indenture as finally executed.

Section 4. The Senior Loan 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 Senior Loan 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 Authority is hereby authorized to sell the Series A Bonds to the Underwriter pursuant to the terms and conditions of the Purchase Agreement. The form, terms and provisions of the Purchase Agreement in the form presented at this meeting are hereby approved. Any Authorized Signatory, acting alone, is authorized to execute by manual signature and deliver the Purchase 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 hereby approved by counsel to the Authority, such approval to be conclusively evidenced by the delivery thereof.

Section 6. The form, terms and provisions of the Official Statement in the form presented at this meeting are hereby approved and the Commission hereby approves the distribution of the Official Statement to prospective purchasers of the Series A Bonds. Any

Authorized Signatory, acting alone, is authorized to certify on behalf of the Authority that the Official Statement as to the sections therein related directly to the Authority is deemed final as of its date, within the meaning of rule 15c2-12 promulgated under the Securities Exchange Act of 1934. Any Authorized Signatory, acting alone, is authorized to execute, at the time of sale of the Series A Bonds, said Official Statement in final form, 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 hereby approved by counsel to the Authority, such approval to be conclusively evidenced by the delivery thereof.

Section 7. 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 8. The Subordinate Indenture 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 Subordinate Indenture, 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 December 1, 2059), 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 Series A-S Bonds shall be as provided in the Subordinate Indenture as finally executed.

Section 9. The Subordinate Loan 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 Subordinate Loan 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 10. The Authority is hereby authorized to sell the Series A-S Bonds to the initial purchaser thereof with the help of the Placement Agent pursuant to the terms and conditions of the Placement Agreement. The form, terms and provisions of the Placement Agreement in the form presented at this meeting are hereby approved. Any Authorized Signatory, acting alone, is authorized to execute by manual signature and deliver the Placement 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 hereby approved by counsel to the Authority, such approval to be conclusively evidenced by the delivery thereof.

Section 11. The Bonds, when executed, shall be delivered to the applicable Trustee for authentication. The applicable Trustee is hereby requested and directed to authenticate the Bonds by executing the certificate of authentication of the applicable Trustee 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 applicable Trustee. Such instructions shall provide for the delivery of the Bonds to or at the direction of the purchasers thereof upon payment of the purchase price thereof.

Section 12. 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, a subordination or intercreditor agreement, any endorsement and/or assignment of the deed of trust and such other documents as described in the Senior Indenture, the Senior Loan Agreement, the Purchase Agreement, the Subordinate Indenture, the Subordinate Loan 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 13. 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 Senior Indenture, the Subordinate Indenture and other documents approved herein.

Section 14. This Resolution shall take effect upon its adoption.

PASSED AND ADOPTED by the California Statewide Communities Development Authority this November 20, 2014.

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 November 20, 2014.

By _____
Authorized Signatory

Item V.

Consideration of the financing; all necessary actions; the execution and delivery of all necessary documents and authorizes any member to sign all necessary financing documents for the following:

- c. La Puente Preservation LP (La Puente Apartments), City of La Puente, County of Los Angeles; up to \$6,775,000 in multifamily housing revenue refunding bonds.
(Staff: Scott Carper)

SUMMARY AND APPROVALS

DATE:	NOVEMBER 20, 2014
APPLICANT:	LA PUENTE PRESERVATION, L.P./PRESERVATION PARTNERS DEVELOPMENT
AMOUNT:	UP TO 6,775,000 OF TAX-EXEMPT MULTI-FAMILY HOUSING REVENUE BONDS
PURPOSE:	FINANCE THE REFUNDING OF LA PEUNTE APARTMENTS LOCATED AT 14714 E. PRITCHARD ST. AND LA PUENTE, CA
CSCDA PROGRAM:	HOUSING

Background:

On November 29, 2001, the Authority issued \$8,980,000 aggregate principal amount of its Multifamily Housing Revenue Bonds (La Puente Apartments) 2001 Series JJ (the “Prior Bonds”) and loaned the proceeds thereof to the Borrower to assist in providing financing for a 132-unit multifamily housing development located in the City of La Puente, California, and generally known as La Puente Apartments (the “Project”), which allowed La Puente Preservation Limited Partnership, a California limited partnership (the “Borrower”) to reduce the cost of the Project and to assist in providing housing for low income persons.

Summary:

La Puente Preservation, L.P. (the “Borrower”) has requested CSCDA as Issuer to (re)issue its California Statewide Communities Development Authority Multifamily Housing Revenue Refunding Bonds (La Puente Apartments) 2014 Series A, in the aggregate principal amount of \$6,775,000. The Project will continue to provide 8 one-bedroom, 88 two-bedroom units, and 36 three-bedroom units to low-income families in La Puente.

Property has the benefit of Project Based Section 8 covering the rental units at the property.

The Property was constructed on 8.4 acres in 1969 and is comprised of 14, two-story residential buildings, and a single-story community building. The buildings were built in 1969 and renovated in 2002 using tax credit equity and proceeds from the favorable financing from the 2001 bond issuance.

This is the Borrower’s seventh financing/refinancing with CSCDA.

Public Benefit:

- Project Affordability
 - 100% of the Project’s units will be income restricted:
 - 14 units reserved for tenants whose income is at or below 50% AMI
 - 117 units reserved for tenants whose income is at or below 60% AMI
 - 1 manager unit
 - The term of the income and rental restrictions for the Project will be at least 55 years from initial issuance of bonds

- Site Amenities
 - The Project is located within a Public Transit Corridor
 - The Project is located within ½ mile of a park
 - The Project is located within ½ mile of a grocery store

- Economic Benefits
 - Based upon \$11,100,000.00 Project costs using a 1.8 multiplier the Project produces approximately \$19,980,000 total economic activity, and at 2.1 jobs per unit produces approximately 277 jobs. (Multipliers based on June 2010 study by Blue Sky Consulting Group and Center for Housing Policy on impact of housing in California using IMPLAN system.)

Agency Approvals:

TEFRA Hearing: This is a current refunding so no TEFRA is required.
CDLAC Approval: August 22, 2001

Estimated Sources and Uses:

Sources:

Tax Exempt Bond Proceeds	\$6,775,000	61.09%
Taxable Loan	<u>\$4,325,000</u>	<u>39.00%</u>
Total Sources	\$11,100,000	100.00%

Uses:

Pay off existing loan	\$7,460,000	67.21%
Loan costs	\$295,750	2.66%
Buyout of partners	\$3,159,250	28.46%
Reserves	<u>\$185,000</u>	<u>1.67%</u>
Total Uses	\$11,100,000	100.00%

Finance Team:

- Bond Counsel: Orrick, Herrington & Sutcliffe, LLP, San Francisco
- Authority Counsel: Orrick, Herrington & Sutcliffe, LLP, Sacramento
- Lender: US Bank, Los Angeles

Financing Structure:

The projected true interest cost of the fixed rate loan under current market conditions is estimated to be 4.61%. The borrower is expected to save approximately \$89,000 annually for the life of the refunding bonds. The bonds will be privately placed with US Bank.

Policy Compliance:

The Project complies with the following policies:

- CSCDA General Policies
- CSCDA Issuance Policies

- CDLAC's Qualified Residential Rental Program Requirements

Executive Director Approval:

Based on the overall public benefits and conformance to the CSCDA Issuance Policies, the Executive Director recommends that the Commission approve the Resolution as submitted to the Commission, which:

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

Attachments:

1. Original application

Applicant Information

Primary Contact E-mail: jon@preservationpartners.org

Name of Developer: **LA PUENTE PRESERVATION LIMITED PARTNERSHIP**

TIN or EIN: **94-3397846**

Primary Contact

First Name: **JON**

Last Name: **Lalanne**

Title: **CFO**

Address:

Street: **21515 hawthorne Blvd**

Suite: **125**

City: **Torrance**

State: **California**

Zip: **90503**

Phone: **3108026674**

Ext:

Fax: **3108026680**

Email: jon@preservationpartners.org

Borrower Description:

Same as developer ?

Name of Borrowing Entity: **LA PUENTE PRESERVATION LIMITED PARTNERSHIP**

Type of Entity:

For-profit Corporation

Non-profit Corporation

Partnership

Other (specify)

Will you be applying for State Volume Cap?

Date Organized: 09/24/2001

No. of Multi-Family Housing Projects Completed in the Last 10 Years: **25**

No. of Low Income Multi-Family Housing Projects Completed in the Last 10 Years: **25**

Primary Billing Contact

Organization: **LA PUENTE PRESERVATION LIMITED PARTNERSHIP**

First Name: **Deanna**

Last Name: **Thompson**

Title: **Controller**

Address

Street: **21515 Hawthorne blvd**

Suite: **390**

City: **Torrance**

State: **California**

Zip: **90503**

Phone: **3108026670**

Ext:

Fax: **3108026680**

Email: Deanna@preservationpartners.org

Project Information

Project Information

Project Name: **LA PUENTE PARK APTS (EXISTING BOND ISSUED NOVEMBER 2001)**

New Project Name(optional):

Facility Information

Facility #1

Facility Name: **LA Puente Park Apts 2002 refunding**

Facility Bond Amount: \$6,775,000.00

Project Address:

Street: **14714 Prichard St**

City: **La Puente**

State: **California**

Zip: **91744**

County: **Los Angeles**

Is Project located in an unincorporated part of the County? Y N

Total Number of Units:

Market:

Restricted: **132**

Total: **132**

Lot size: **good**

Amenities:

Community space

Type of Construction (i.e., Wood Frame, 2 Story, 10 Buildings):

Existing buildings

Type of Housing:

New Construction

Acquisition/Rehab

Facility Use:

Family

Senior

Is this an Assisted Living Facility?

Has the City or County in which the project is located been contacted? If so, please provide name, title, telephone number and e-mail address of the person contacted:

Name of Agency:

First Name:

Last Name:

Title:

Phone:

Ext:

Fax:

Email:

Public Benefit Info:

Percentage of Units in Low Income Housing: 100

Percentage of Area Median Income(AMI) for Low Income Housing Units: 40

Total Number of Management Units: 1

#	Bedrooms (Unit Size)	%AMI	No. of restricted units	Restricted rent	Market rent	Expected savings
1.	1 Bedroom	60	3		1,200.00	
2.	1 Bedroom	50	1		1,200.00	
3.	2 Bedrooms	60	27		1,300.00	
4.	2 Bedrooms	50	9		1,300.00	
5.	3 Bedrooms	60	11		1,500.00	0.00
6.	3 Bedrooms	50	4		1,500.00	

Note: Restricted Rent must be least 10% lower than Market Rent and must be lower than the HUD Rent limit.

Government Information

Project/Facility is in:

Congressional District #:

32

State Senate District #:

24

State Assembly District #:

57

Financing Information

Financing Information

Maturity 3 Years

Interest Rate Mode:

Fixed Variable

Type of Offering:

Public Offering Private Placement
 New Construction Acquisition of Existing Facility
 Refunding

(Refunding only) Will you be applying for State Volume Cap? Yes No

Is this a transfer of property to a new owner? Yes No

Construction Financing:

Credit Enhancement None
 Letter of Credit Other (specify)

Name of Credit Enhancement Provider or Private Placement Purchaser:

Permanent Financing:

Credit Enhancement None
 Letter of Credit Other (specify) :Private placement

Name of Credit Enhancement Provider or Private Placement Purchaser:

Expected Rating:

Unrated

Moody's:

S&P:

Fitch:

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Projected State Allocation Pool:

General Mixed Income Rural

Will the project use Tax-Credit as a source of funding? Y N

Sources and Uses

Sources and Uses

Sources of Proceeds

Tax-Exempt Bond Proceeds:	<u>\$6,775,000.00</u>
Taxable Bond Proceeds:	<u>\$</u>
Tax Credits:	<u>\$</u>
Developer Equity:	<u>\$</u>
Other Funds (Describe):	
taxable loan	<u>\$4,325,000.00</u>
	<u>\$</u>
	<u>\$</u>
	<u>\$</u>
	<u>\$</u>
Total Sources:	<u>\$11,100,000.00</u>

Uses:

Land Acquisition:	<u>\$</u>
Building Acquisition:	<u>\$</u>
Construction or Remodel:	<u>\$</u>
Cost of Issuance:	<u>\$</u>
Capitalized Interest:	<u>\$</u>
Reserves:	<u>\$185,000.00</u>
Other Uses (Describe):	
loan costs	<u>\$295,750.00</u>
Pay off exisitng debt	<u>\$7,460,000.00</u>
Cash	<u>\$3,159,250.00</u>
	<u>\$</u>
	<u>\$</u>
Total Uses:	<u>\$11,100,000.00</u>

Financing Team Information

Bond Counsel

Firm Name: Orrick

Primary Contact

First Name: Tom

Last Name: Downey

Title: CSCDA bond attorney Dude

Address:

Street: first Street

Suite:

City: San Francisco

State: California

Zip: 94105

Phone: 4157335965

Ext:

Fax:

Email: tdowney@orrick.com

Bank/Underwriter/Bond Purchaser

Firm Name: US Bank

Primary Contact

First Name: June

Last Name: Park

Title: Vice President/Relationship Manager

Address:

Street: 633 West 5th Street, 29th floor

Suite:

City: Los Angeles

State: California

Zip: 90071

Phone: 213-615-6485

Ext:

Fax:

Email: June.Park@usbank.com

Financial Advisor

Firm Name:

Primary Contact

First Name:

Last Name:

Title:

Address:

Street:

Suite:

City:

State:

Zip:

Phone:

Ext:

Fax:

Email:

Rebate Analyst

Firm Name:

Primary Contact

First Name:

Last Name:

Title:

Address:

Street:

Suite:

City:

State:

Zip:

Phone:

Ext:

Fax:

Email:

RESOLUTION NO. 14H-__

A RESOLUTION OF THE CALIFORNIA STATEWIDE COMMUNITIES DEVELOPMENT AUTHORITY AUTHORIZING THE ISSUANCE AND DELIVERY OF MULTIFAMILY HOUSING REVENUE REFUNDING BONDS IN AN AGGREGATE PRINCIPAL AMOUNT NOT TO EXCEED \$6,775,000 FOR THE REFINANCING OF A MULTIFAMILY RENTAL HOUSING PROJECT GENERALLY KNOWN AS LA PUENTE 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 and/or refinancing, among other things, eof 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, on November 29, 2001, the Authority issued \$6,775,000 aggregate principal amount of its Multifamily Housing Revenue Bonds (La Puente Apartments) 2001 Series JJ (the “Prior Bonds”) and loaned the proceeds thereof to the Borrower to assist in providing financing for a 132-unit multifamily housing development located in the City of La Puente, California, and generally known as La Puente Apartments (the “Project”), which allowed La Puente Preservation Limited Partnership, a California limited partnership (the “Borrower”) to reduce the cost of the Project and to assist in providing housing for low income persons;

WHEREAS, the Borrower has requested that the Authority issue and sell revenue refunding bonds to assist in the refinancing of the Project and the payment in full of the Prior Bonds;

WHEREAS, the City of La Puente 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 \$6,775,000 aggregate principal amount of its Multifamily Housing Revenue Refunding Bonds (La Puente Apartments) 2014 Series A (the “Bonds”) and loan the proceeds thereof to the Borrower to assist in providing refinancing for the Project;

WHEREAS, the Bonds will be privately placed with U.S. Bank National Association (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) Master Agency Agreement (the “Agency Agreement”) to be entered into between the Authority and the Bank, as agent (the “Agent”);

(2) Master Pledge and Assignment (the “Pledge Agreement”) to be entered into among the Authority, the Agent and the Bank, as bondholder; and

(3) Amended and Restated Regulatory Agreement and Declaration of Restrictive Covenants (the “Regulatory Agreement”) to be entered into between the Authority and the Borrower.

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 Refunding Bonds (La Puente Apartments) 2014 Series A,” with appropriate modifications and series and sub-series designations as necessary, in an aggregate principal amount not to exceed \$6,775,000. 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 Assistant to 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. 14R-4 of the Authority, adopted on February 6, 2014) (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 December 1, 2059), 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 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 November 20, 2014.

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 November 20, 2014.

By _____
Authorized Signatory

Item V.

Consideration of the financing; all necessary actions; the execution and delivery of all necessary documents and authorizes any member to sign all necessary financing documents for the following:

- d. Loma Linda University Medical Center, City of Loma Linda, County of San Bernardino, City of Murrieta, County of Riverside; up to \$770,000,000 in revenue bonds. (Staff: Scott Carper)

SUMMARY AND APPROVALS

DATE: NOVEMBER 20, 2014

APPLICANT: LOMA LINDA UNIVERSITY MEDICAL CENTER

AMOUNT: UP TO \$770,000,000 OF REVENUE BONDS

PURPOSE: (I) FINANCE THE ACQUISITION, CONSTRUCTION, IMPROVEMENT, RENOVATION AND/OR EQUIPPING OF (A) A PORTION OF THE FACILITIES OWNED AND/OR OPERATED BY LOMA LINDA UNIVERSITY MEDICAL CENTER OR BY LOMA LINDA UNIVERSITY CHILDREN'S HOSPITAL LOCATED IN THE COUNTY OF SAN BERNARDINO, AND (B) A PORTION OF THE FACILITIES OWNED AND/OR OPERATED BY LOMA LINDA UNIVERSITY MEDICAL CENTER AND/OR LOMA LINDA UNIVERSITY MEDICAL CENTER – MURRIETA LOCATED IN THE CITY OF MURRIETA, (II) REIMBURSE THE CORPORATION FOR PAYMENTS MADE TO TERMINATE CERTAIN EXISTING SWAP AGREEMENTS, AND (III) REFINANCE CERTAIN PRIOR BONDS AND LOANS

PRIMARY ACTIVITY: HEALTHCARE

LEGAL STRUCTURE: 501(C)(3) CORPORATION

Background:

The Borrower is Loma Linda University Medical Center (“LLUMC”). LLUMC is a California nonprofit religious (Seventh Day Adventist) corporation, and operates a healthcare delivery system with over 1,000 licensed beds serving the southern California counties of San Bernardino, Riverside, Inyo and Mono, an area approximating one quarter of the area of the State of California. The Borrower is part of an academic health sciences center affiliated with Loma Linda University, which provides an integrated delivery system for healthcare, teaching and research.

LLUMC is the only academic medical center in the Inland Empire (4 million+ people over 27,000 square miles in the Riverside – San Bernardino – Ontario metro area). Exclusive services include Level 1 Trauma, Level 3 NICU, proton treatment and certain transplant services. LLUMC maintains leading market share in its primary service area and leading quality ratings in its primary and secondary service areas. LLUMC has the second-highest exposure to Medicaid (MediCal) nationally, at 35%.

On November 14, LLUMC transferred its Children’s Hospital to a new nonprofit corporation, Loma Linda University Children’s Hospital (LLU- Children’s). LLU-Children’s operates the only children’s’ hospital in the Inland Empire and one of only eight separately licensed children’s hospitals in California.

LLUMC-Murrieta (“LLUMC-M” or “Murrieta”) is a 106-bed acute care hospital approximately 40 miles south of Loma Linda. The Authority authorized the issuance of taxable

short-term revenue bonds to finance the acquisition of the hospital from a real estate investment trust that financed the construction of the hospital. The financing was closed on August 14, 2014. LLUMC now owns the hospital and leases it to LLUMC-M.

Proposed Financing:

The purposes of the financing are to (i) finance the acquisition, construction, improvement, renovation and/or equipping of (a) a portion of the facilities owned and/or operated by LLUMC or LLU Children’s Hospital located in the County of San Bernardino, and (b) a portion of the facilities owned and/or operated by LLUMC and/or LLUMC - Murrieta located in the City of Murrieta, (ii) reimburse the Corporation for payments made to terminate certain existing swap agreements, and (iii) refinance prior bonds and loans financed for the benefit of LLUMC, LLU Children’s Hospital and/or LLUMC-Murrieta. Due to federal tax limits on use of bond proceeds, LLUMC has requested that the Authority issue separate series of both taxable and tax-exempt bonds for these purposes.

LLUMC expects to apply the proceeds of the Bonds approximately as follows:

Sources:

Tax-Exempt Revenue Bonds	\$ 575,000,000
Taxable Revenue Bonds	110,000,000
Reserve Fund Releases	<u>25,700,000</u>
Total Sources	\$ 710,700,000

Uses:

Refinancing of Murrieta Interim Loan	\$ 202,000,000
Refunding of Existing Bonds	305,000,000
Termination of Swaps	25,000,000
New Projects	65,500,000
Refinancing of Taxable Loans	60,000,000
Funding of Reserve Funds	40,000,000
Closing and Issuance Costs	<u>13,200,000</u>
Total Uses	\$ 710,700,000

Existing bonds and loans are being refinanced to obtain debt service savings, to level and lower LLUMC’s debt structure in anticipation of a major new project borrowing in 2016, and to implement a new master indenture. Depending on final structure of the refunding bonds, present value savings for the refunding of the tax-exempt bonds only has been estimated at \$5.7 million.

Finance Structure / TEFRA Information:

It is anticipated that the bonds will be issued with fixed rates in separate series of tax-exempt and taxable bonds. The tax-exempt bonds will be structured to delay principal amortization in anticipation of the issuance of the new project bonds in 2016, while the taxable bonds will be structured without amortization. The bonds will have an investment grade rating of BBB. A TEFRA hearing was held and unanimously approved by the City of Murrieta on July 15, 2014. Additionally, approval of the taxable portion of the project under Section 9 of the Authority’s JPA Agreement was unanimously given by the City of Murrieta on October 21, 2014. A TEFRA hearing was held and unanimously approved by the County of San Bernardino on October 21, 2014.

Finance Team:

- Bond Counsel: Orrick, Herrington & Sutcliffe, LLP, Sacramento
- Authority Counsel: Orrick, Herrington & Sutcliffe, LLP, Sacramento
- Underwriter: Bank of America Merrill Lynch
- Underwriter's Counsel: Squire Patton Boggs, San Francisco

Attachment 1

CSCDA Benefit Guidelines for 501(c)(3) Healthcare Facilities

Economic Development:

- LLUMC operates a healthcare delivery system serving the southern California counties of San Bernardino, Riverside, Inyo and Mono, an area approximating one quarter of the area of the State of California. The Borrower is part of an academic health sciences center affiliated with Loma Linda University, which provides an integrated delivery system for healthcare, teaching and research.
- LLUMC is the only academic medical center and the only Children's Hospital in the Inland Empire (4 million+ people over 27,000 square miles in the Riverside – San Bernardino – Ontario metro area).
- On a consolidated basis, LLUMC operates six inpatient facilities with over 1,000 licensed beds and five outpatient facilities, accounting for over 45,300 admissions in 2013
- Exclusive services include Level 1 Trauma, Level 3 NICU, proton treatment and certain transplant services. LLUMC maintains leading market share in its primary service area and leading quality ratings in its primary and secondary service areas.

Public Benefit:

- With the second-highest exposure to Medicaid (MediCal) nationally at 35%, LLUMC plays an important role in addressing the healthcare needs of low-income and underserved individuals.
- Medi-Cal and Medicare Acceptance - LLUMC provides health care and helps subsidize the cost of service for patients who participate in government sponsored programs such as Medi-Cal and Medicare. In 2013, LLUMC served over 181,000 persons on Medi-Cal and more than 191,000 persons on Medicare on combined inpatient and outpatient basis.

Emergency Care:

- LLUMC provide 24-hour emergency care to all individuals, regardless of their ability to pay. In Fiscal Year 2013, LLUMC recorded more than 59,655 emergency visits and 30,090 urgent care visits.

Community Outreach:

- \$95,407,460 Total Valuation of Community Benefit – 2012
 - Medi-Cal and Other Means Tested Government Programs: \$15,524,093
 - Charity Care \$25,289,879
 - Community Health Development \$5,654,768
 - Subsidize Health Services \$906,063
 - Health Professionals Education & Research \$48,032,684

- A Community Health Needs Assessment (CHNA) was conducted in 2013 and detailed plans for each licensed hospital were created to meet the identified community needs and address community plans to address needs the hospitals are unable to address. In response to the identified needs in our assessment, Loma Linda University Health System have adopted the following initiatives and strategies for our community health investments for 2013-2015 in response to our community health needs assessment.
 - Loma Linda University Health (“LLUH”) System Wide Initiatives
 - Healthy Communities Initiative
 - Faith and Health Initiative
 - Whole Health System Care Initiative
 - LLUH Hospital Strategies – LLUMC
 - Whole Child Care
 - Whole Aging Care
 - Whole Chronic Disease Management Care
 - Whole Rehabilitation Care
 - Whole Cancer Care
 - Whole Sickle Cell Anemia Care
 - Health Care Pipelines
 - LLUH Hospital Strategies – Murrieta
 - Whole Child Care

- Whole Chronic Disease Management Care
- Whole Behavioral Health Care
- LLU Behavioral Health Medicine Center
 - Whole Behavioral Health Care

Research:

- The world-renowned scientists at Loma Linda University are striving to advance the understanding and care of human health in order to fulfill the institution’s mission “to make man whole.”
- LLUMC is the teaching hospital for Loma Linda University, which offers degree programs in Allied Health Professions, Behavioral Health, Dentistry, Medicine, Nursing, Pharmacy, Public Health and Religion.

Executive Director Review and Recommendation:

The Executive Director has reviewed the LLUMC transaction and based on the overall Project public benefit and meeting the Benefit Guidelines for 501c3 Healthcare Facilities detailed on Attachment 1 and compliance with CSCDA's general and issuance policies, the Executive Director recommends that the Commission approve of the Resolution as submitted to the Commission which:

1. Approves the issuance of the Bonds;
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.

Attachments:

- Original application
- Benefit Guidelines for 501(c)(3) Nonprofit Healthcare Facilities

Organization

Name of Organization: **Loma Linda University Medical Center - Murrieta**

TIN or EIN:

Primary Contact

First Name: **James**

Last Name: **Uli**

Title: **Chief Financial Officer**

Street: **28062 Baxter Road**

Suite:

City: **Murrieta**

State: **California**

Zip: **92563**

Phone: **(951) 704-1939**

Ext:

Fax:

Email: **juli@llu.edu**

Primary Billing Contact

Organization: **Loma Linda University Medical Center - Murrieta**

First Name: **James**

Last Name: **Uli**

Title: **Chief Financial Officer**

Address:

Street: **28062 Baxter Road**

Suite:

City: **Murrieta**

State: **California**

Zip: **92563**

Phone: **(951) 704-1939**

Ext:

Fax:

Email: **juli@llu.edu**

Project Information

Project type: **Healthcare: Hospital**

Other:

Project Name: **LLUMC - Murrieta**

Small Issue Public Benefit Project?

Facility #1

Facility Name: **LLUMC - Murrieta**

Facility Bond Amount: **\$250,000,000.00**

Project Address:

Street: **28062 Baxter Road**

City: **Murrieta**

State: **California**

Zip: **92563**

County: **Riverside**

Is Project located in an unincorporated part of the County? Y N

Has the City or County in which the project is located been contacted? If so, please provide name, title, telephone number and e-mail address of the person contacted:

Name of Agency:

First Name:

Last Name:

Title:

Phone:

Ext:

Fax:

Email:

Government Information

Project/Facility is in:

Congressional District #:

42

State Senate District #:

36

State Assembly District #:

67

Financing Information

Financing Information

Tax Exempt: \$ 250,000,000.00
Taxable: \$
Total Principal Amount: \$ 250,000,000.00
Maturity 35Years

Interest Rate Mode:

Fixed Variable

Denominations: 25,000

Type of Offering:

Public Offering Private Placement
 New Construction Acquisition of Existing Facility
 Refunding

Financing:

Credit Enhancement Letter of Credit
 None
 Other

Name of Credit Enhancement Provider or Private Placement Purchaser:

Expected Rating:

Unrated

Moody's:

S&P:

Fitch:

Financing Team Information

Bond Counsel

Firm Name: Orrick Herrington & Sutcliffe

Primary Contact

First Name: John

Last Name: Myers

Title: Partner

Address:

Street: 400 Capitol Mall

Suite: 3000

City: Sacramento

State: California

Zip: 95814

Phone: (916) 329-7903

Ext:

Fax:

Email: jmyers@orrick.com

Bank/Underwriter/Bond Purchaser

Firm Name: BofA Merrill Lynch

Primary Contact

First Name: Joe

Last Name: Pollock

Title: Vice President

Address:

Street: 555 California Street

Suite: 1160

City: San Francisco

State: California

Zip: 94104

Phone: (415) 913-2778

Ext:

Fax:

Email: joe.pollock@baml.com

Financial Advisor

Firm Name:

Primary Contact

First Name:

Last Name:

Title:

Address:

Street:

Suite:

City:

State:

Zip:

Phone:

Ext:

Fax:

Email:

Rebate Analyst

Firm Name:

Primary Contact

First Name:

Last Name:

Title:

Address:

Street:

Suite:

City:

State:

Zip:

Phone:

Ext:

Fax:

Email:

Benefit Guidelines for 501(c)(3) Nonprofit Healthcare Facilities

In 1991, CSCDA adopted economic development benefit guidelines based upon the finding that the nonprofit facility promotes economic development within the jurisdiction of a CSCDA Program Participant. Effective March 1, 2006, the CSCDA Commission adopted health care benefit guidelines to be considered in conjunction with the CSCDA economic development guidelines with respect to proposed bond issues for 501(c)(3) nonprofit healthcare facilities.

Economic Development Benefit*

A significant and growing opportunity for the creation and retention of employment to the California economy and the enhancement of the quality of life of local Program Participant residents;

The facility being a significant factor in the economic development of an area, promoting residential, commercial and industrial development and increasing the tax base; or

The facility providing the educational background and vocational training which is a necessary element to the development and retention of a capable work force.

Health Care Benefit*

Health care resource – consideration given to quality of life for Program Participant and other area residents for access to quality medical care in general;

Emergency care – consideration given to quality of life for Program Participant and other area residents; whether the health care facility provides 24-hour emergency care to all individuals, regardless of ability to pay;

Facility upgrades and increased patient capacity - consideration given to quality of life for Program Participant patients, health facility employees, physicians and staff for new, improved or expanded medical facilities;

SB1953 compliance - consideration given to quality of life for Program Participant patients, health facility employees, physicians and staff for medical facilities being rehabilitated or constructed in compliance with SB1953 and that provide a safer acute health care environment;

Public health facility assistance - consideration given to quality of life for Program Participant owned or operated public health facilities for healthcare applicants that identify programs, contracts or practices where facilities link with or otherwise assist or ease the burden on area public health facilities;

Community outreach – consideration given to quality of life for Program Participant residents from efforts of health facility physicians and staff (such as free health screenings, immunizations for the elderly and disadvantaged, toy drives, holiday events, etc.);

Attachment 2

Research – consideration given to medical advancements by way of research that benefit Program Participant residents and others;

Medi-Cal and Medicare acceptance - consideration given to quality of life for Program Participant residents for health care providers that serve Medi-Cal and / or Medicare patients; special consideration should be given to disproportionate share hospitals (a government measure for how much care hospitals provide to designated low-income patients);

Non-reimbursed community benefit costs for the poor and the broader community - consideration given to quality of life for Program Participant and other area residents that include:

- a. Charity care and uncompensated care
- b. Unpaid cost of Medi-Cal services
- c. Unpaid cost of Medicare services
- d. Education
- e. Research
- f. Low or negative margin services
- g. Nonbilled services
- h. Cash and in-kind donations
- i. Other benefits to the poor or broader community, as defined by the applicant

* Although any one of these listed benefits may demonstrate a clear public benefit, the absence of other benefits does not mean that there is a lack of public benefit associated with a project. There may be other benefits not listed which can also be considered to demonstrate public benefit.

Effective March 1, 2006.

RESOLUTION NO. 14NP-__

**CALIFORNIA STATEWIDE COMMUNITIES
DEVELOPMENT AUTHORITY**

A RESOLUTION AUTHORIZING THE ISSUANCE OF REVENUE BONDS IN ONE OR MORE SERIES IN AN AGGREGATE PRINCIPAL AMOUNT NOT TO EXCEED \$770,000,000 TO FINANCE AND REFINANCE THE ACQUISITION, CONSTRUCTION, IMPROVEMENT, RENOVATION AND/OR EQUIPPING OF HEALTH FACILITIES OWNED AND OR OPERATED BY LOMA LINDA UNIVERSITY MEDICAL CENTER, LOMA LINDA UNIVERSITY CHILDREN'S HOSPITAL OR LOMA LINDA UNIVERSITY MEDICAL CENTER – MURRIETA AND OTHER MATTERS RELATING THERETO

WHEREAS, pursuant to the provisions of the Joint Exercise of Powers Act, comprising Articles 1, 2, 3 and 4 of Chapter 5 of Division 7 of Title 1 (commencing with Section 6500) of the Government Code of the State of California (the "Act"), a number of California cities, counties and special districts (each, a "Program Participant") entered into a joint exercise of powers agreement (the "Agreement") pursuant to which the California Statewide Communities Development Authority (the "Authority") was organized;

WHEREAS, the Authority is authorized by its Agreement to issue bonds, notes or other evidences of indebtedness, or certificates of participation in leases or other agreements in order to promote economic development;

WHEREAS, the Authority is authorized by a resolution adopted March 21, 1991, to issue bonds, notes or other evidences of indebtedness, or certificates of participation in leases or other agreements to finance or refinance facilities owned and/or leased and operated by organizations described in Section 501(c)(3) of the Internal Revenue Code of 1986 which are determined by the Authority to satisfy the criteria set forth in such resolution (the "Eligible Organizations");

WHEREAS, pursuant to the provisions of the Act, the cities, counties and special districts which are the contracting parties comprising the membership of the Authority are authorized to jointly exercise any power common to such contracting parties, including, without limitation, the power to acquire and dispose of property, both real and personal;

WHEREAS, the County of San Bernardino, California (the "County") is a Program Participant, and the County is authorized to acquire and dispose of property, both real and personal, pursuant to the provisions of Chapter 1, Division 1 of Title 3 of the Government Code of the State of California;

WHEREAS, the City of Murrieta, California (the "City") is a Program Participant, and the City is authorized to acquire and dispose of property, both real and personal, pursuant to the provisions of Article 1, Chapter 5, Part 2 of Division 3 of Title 4 of the Government Code of the State of California;

WHEREAS, pursuant to the provisions of the Act and the Agreement, the Authority is authorized to enter into installment purchase and/or sale agreements with the Eligible Organizations and to deliver certificates of participation evidencing interests therein;

WHEREAS, pursuant to the provisions of the Act, the Authority may, at its option, issue bonds, rather than certificates of participation, and enter into a loan agreement with the Eligible Organizations;

WHEREAS, the City of Loma Linda, California, has previously issued its California Hospital Revenue Bonds (Loma Linda University Medical Center), Series 2005A, its California Variable Rate Hospital Revenue Bonds (Loma Linda University Medical Center), Series 2007B-1 and Series 2007B-2, its California Hospital Revenue Bonds (Loma Linda University Medical Center), Series 2008A, and its California Variable Rate Hospital Revenue Bonds (Loma Linda University Medical Center), Series 2008B and the Authority has previously issued its Federally Taxable Revenue Bonds (Loma Linda University Medical Center), Series 2014 (collectively, the “Prior Bonds”);

WHEREAS, Loma Linda University Medical Center – Murrieta, a California nonprofit religious corporation (“LLUMC – Murrieta”), has previously entered into certain agreements pursuant to which LLUMC – Murrieta borrowed funds (the “LLUMC - Murrieta Loans”) to finance or refinance the purchase of equipment, for working capital and for other purposes related to its health facilities;

WHEREAS, the proceeds of the Prior Bonds were used to finance and refinance the acquisition, construction, improvement, renovation and/or equipping of health facilities (the “Facilities”) owned and/or operated by (a) Loma Linda University Medical Center, a California nonprofit religious corporation (the “Corporation”), which Facilities are located in the County or (b) LLUMC – Murrieta, which Facilities are located in the City;

WHEREAS, certain of the Facilities owned and/or operated by the Corporation and located in the County, may prior to the issuance of the Series 2014 Bonds, become facilities owned and/or operated by Loma Linda University Children’s Hospital (“Children’s Hospital”), a California nonprofit religious corporation expected to be established prior to the issuance of the Series 2014 Bonds;

WHEREAS, the Corporation wishes to (i) finance the acquisition, construction, improvement, renovation and/or equipping of (a) a portion of the Facilities owned and/or operated by the Corporation or by Children’s Hospital, which Facilities are located in the County, and (b) a portion of the Facilities owned and/or operated by the Corporation and/or LLUMC - Murrieta, which Facilities are located in the City (collectively, the “Facilities Project”), (ii) reimburse the Corporation for payments made to terminate certain existing swap agreements (the “Swap Termination” and, jointly with the Facilities Project, the “Project”), and (iii) refinance the Prior Bonds and the Murrieta Loans and is requesting the assistance of the Authority in financing the Project and refinancing the Prior Bonds and the Murrieta Loans;

WHEREAS, pursuant to one or more Bond Indentures (the “Bond Indentures”), each between the Authority and U.S. Bank National Association (the “Bond Trustee”), the

Authority will issue one or more series of California Statewide Communities Development Authority Revenue Bonds (Loma Linda University Medical Center), Series 2014 (the “Series 2014 Bonds”), for the purpose, among others, of financing the Project and refinancing the Prior Bonds and the Murrieta Loans;

WHEREAS, each Bond Indenture may authorize the issuance of one or more series of the Series 2014 Bonds as either tax-exempt bonds (the interest on such bonds to be excludable from gross income for federal income tax purposes, the “Tax-Exempt Bonds”) or federally taxable bonds (the interest on such bonds not to be excludable from gross income for federal income tax purposes, the “Taxable Bonds”);

WHEREAS, pursuant to a Loan Agreement related to each Bond Indenture (the “Loan Agreements”), each between the Authority and the Corporation, the Authority will loan the proceeds of the Series 2014 Bonds to the Corporation for the purpose, among others, of financing the Project and refinancing the Prior Bonds and the Murrieta Loans;

WHEREAS, pursuant to one or more Bond Purchase Agreements, each to be dated the date of sale of the Series 2014 Bonds (the “Bond Purchase Agreements”), each executed by Merrill Lynch, Pierce, Fenner & Smith, Incorporated and Goldman, Sachs & Co., as underwriters of the Series 2014 Bonds (the “Underwriters”), accepted and agreed to by the Authority and approved and accepted by the Corporation as Obligated Group Representative (as defined in the Bond Purchase Agreements), the Series 2014 Bonds will be sold to the Underwriters, and the proceeds of such sale will be used as set forth in the Bond Indentures to finance the Project and to refinance the Prior Bonds and the Murrieta Loans, to fund, if applicable, a debt service reserve account under the applicable Bond Indenture, and to pay costs incurred in connection with the issuance of the Series 2014 Bonds;

WHEREAS, there have been made available to the Commissioners of the Authority the following documents and agreements:

- (1) A proposed form of the Bond Indentures;
- (2) A proposed form of the Loan Agreements;
- (3) A proposed form of the Bond Purchase Agreements;
- (4) A proposed form of one or more official statements or offering memorandum (the “Official Statements”) to be used by the Underwriters in connection with the offering and sale of the Series 2014 Bonds;

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

Section 1. Pursuant to the Act and the Bond Indentures, the Authority is hereby authorized to issue its revenue bonds, in one or more series, designated as the “California Statewide Communities Development Authority Revenue Bonds (Loma Linda University Medical Center), Series 2014” in an aggregate principal amount not to exceed seven hundred seventy million dollars (\$770,000,000). The Series 2014 Bonds shall be issued and secured in

accordance with the terms of, and shall be in the form or forms set forth in, the Bond Indentures. The Series 2014 Bonds shall be executed on behalf of the Authority by the manual or facsimile signature of the Chair of the Authority or the manual signature of any member of the Commission of the Authority or their administrative delegates duly authorized pursuant to Resolution No. 14R-58 of the Authority, adopted on February 6, 2014 (each, an “Authorized Signatory”) and attested by the manual or facsimile signature of the Secretary of the Authority or the Assistant to the Secretary of the Authority or the manual signature of any Authorized Signatory.

Section 2. The proposed form of Bond Indentures, as made available to the Commissioners, is hereby approved. Any Authorized Signatory is hereby authorized and directed, for and on behalf of the Authority, to execute and deliver the Bond Indentures in substantially said form, with such changes and insertions therein, including changes to the form of Bond Indentures made available to the Commissioners to provide for the issuance of Taxable Bonds, as any member of the Commission, with the advice of counsel to the Authority, may approve, such approval to be conclusively evidenced by the execution and delivery thereof. The Bond Trustee, the dated date, maturity date or dates, interest rate or rates, interest payment dates, denominations, forms, registration privileges, manner of execution, place or places of payment, terms of redemption, whether the particular series of Series 2014 Bonds will be issued as Tax-Exempt Bonds or Taxable Bonds, whether a particular series of Series 2014 Bonds will be secured by a debt service reserve fund, and other terms of the Series 2014 Bonds shall be as provided in the Bond Indentures, as finally executed.

Section 3. The proposed form of Loan Agreements, as made available to the Commissioners, is hereby approved. Any Authorized Signatory is hereby authorized and directed, for and on behalf of the Authority, to execute and deliver the Loan Agreements in substantially said form, with such changes and insertions therein, including changes to the form of Loan Agreements made available to the Commissioners related to the loan of proceeds of Series 2014 Bonds issued as Taxable Bonds, as any member of the Commission, with the advice of counsel to the Authority, may approve, such approval to be conclusively evidenced by the execution and delivery thereof.

Section 4. The proposed form of the Bond Purchase Agreements, as made available to the Commissioners, is hereby approved. Any Authorized Signatory is hereby authorized and directed, for and on behalf of the Authority, to execute and deliver the Bond Purchase Agreements, in substantially said form, with such changes and insertions therein, including changes to the form of Bond Purchase Agreements made available to the Commissioners related to the purchase of Series 2014 Bonds issued as Taxable Bonds, as any member of the Commission, with the advice of counsel to the Authority, may approve, such approval to be conclusively evidenced by the execution and delivery thereof.

Section 5. The proposed preliminary form of the Official Statements, as made available to the Commissioners, is hereby approved. Any Authorized Signatory is hereby authorized and directed, for and on behalf of the Authority, to execute the Official Statements, in substantially said forms, with such changes and insertions therein, including changes to the form of Official Statements made available to the Commissioners related to the sale of Series 2014 Bonds issued as Taxable Bonds, as any member of the Commission, with the advice of counsel

to the Authority, may approve, such approval to be conclusively evidenced by the execution and delivery thereof.

Section 6. The Underwriters are hereby authorized to distribute the Official Statements in preliminary form, to persons who may be interested in the purchase of the Series 2014 Bonds and to deliver an Official Statement with respect to Tax-Exempt Bonds and an Official Statement with respect to Taxable Bonds, in each case in final form, to the purchasers of the Series 2014 Bonds issued as Tax-Exempt Bonds and the purchasers of Series 2014 Bonds issued as Taxable Bonds, respectively, in each case with such changes as may be approved as aforesaid.

Section 7. The Series 2014 Bonds, when executed as provided in Section 1, shall be delivered to the Bond Trustee for authentication by the Bond Trustee. The Bond Trustee is hereby requested and directed to authenticate the Series 2014 Bonds by executing the Bond Trustee's Certificate of Authentication and Registration appearing thereon, and to deliver the Series 2014 Bonds, when duly executed and authenticated, to the Underwriters in accordance with written instructions executed on behalf of the Authority by an Authorized Signatory, which any Authorized Signatory, acting alone, is authorized and directed, for and on behalf of the Authority, to execute and deliver to the Bond Trustee. Such instructions shall provide for the delivery of the Series 2014 Bonds to the Underwriters, upon payment of the purchase price thereof.

Section 8. 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, including, without limitation, any and all documents and certificates to be executed in connection with securing credit support, if any, for the Series 2014 Bonds, 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, including any subsequent amendments, waivers or consents entered into or given in accordance with such documents.

Section 9. 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 issuance of the Series 2014 Bonds are hereby ratified, confirmed and approved.

Section 10. This Resolution shall take effect from and after its adoption.

PASSED AND ADOPTED by the California Statewide Communities Development Authority this ___ day of November, 2014.

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 November __, 2014.

By: _____

Authorized Signatory
California Statewide Communities
Development Authority

Item VI.

Consideration of Approval resolution authorizing the issuance, sale and delivery of not to exceed \$15,000,000 Statewide Communities Infrastructure Program Revenue Bonds, Series 2014B; and the execution and delivery of a trust agreement, an official statement, a bond purchase contract, a continuing disclosure agreement; and certain other actions in connection with the issuance and sale of such bonds. (Staff: Scott Carper)

SUMMARY AND APPROVALS

PROGRAM:	STATEWIDE COMMUNITY INFRASTRUCTURE PROGRAM (“SCIP”)
PURPOSE:	CONSIDERATION OF APPROVAL OF STATEWIDE COMMUNITIES INFRASTRUCTURE PROGRAM REVENUE BONDS SERIES 2014B
PRIMARY ACTIVITY:	FINANCE THE PAYMENT OF DEVELOPMENT IMPACT FEES AND IMPROVEMENTS FOR PUBLIC IMPROVEMENTS UNDER THE STATEWIDE COMMUNITY INFRASTRUCTURE PROGRAM (“SCIP”)

SCIP has received applications in the below cities to finance the payment of development impact fees & capital improvements.

The amount of bonds to be issued will not exceed \$15,000,000 with a proposed closing date in December 2014. The Commission is being requested to approve the following:

- Authorizing the issuance, sale and delivery of Statewide Communities Infrastructure Program Revenue Bonds, Series 2014B; and the execution and delivery of a trust agreement, an official statement, a bond purchase contract, a continuing disclosure agreement; and certain other actions in connection with the issuance and sale of such bonds.

Orrick, Herrington & Sutcliffe and CSCDA staff has reviewed and the resolutions have been prepared by Orrick.

SCIP 2014B Projects Include:

Orchard Park – Phase II (City of Manteca)

The development impact fees include sewer fees, storm drainage fees, well water fees, sewer connection & water meter installation fees. Fees total \$677,016. Capital improvements include landscaping, street and roadway, sanitary sewer, storm drain and water. Capital improvements total \$605,750. Total, including developer contribution, is \$1,224,000

Vista del Sur (City of San Diego)

The impact fees include facilities benefit assessments which include Otay Mesa transportation & park fees. Fees total \$4,881,303.

Mar Vista (City of Chula Vista)

The impact fees include sewer participation fees, traffic signal fees, park acquisition and development fees, Western Transportation fees and Sweetwater Authority fees. Fees total \$327,434. Capital improvements include drainage improvements, water and wastewater improvements, and traffic and surface improvements. Capital improvements total \$91,496.

Granite Terrace (City of Rocklin)

The impact fees include local traffic fees and South Placer Regional traffic fees. Fees total \$233,249.

Parkview (Phase II) and Two Oaks (City of Rocklin)

The impact fees include local traffic fees and South Placer Regional traffic fees. Fees total \$1,905,815. The capital improvements include street and surface improvements. Capital improvements total, including developer contribution, \$1,846,767.

Executive Director Review and Recommendation:

The Executive Director has reviewed the SCIP 2014B transaction and based on the overall Project public benefit and finance related considerations detailed above and compliance with CSCDA's general and issuance policies, the Executive Director recommends that the Commission approve of the Resolution as submitted to the Commission which:

Based upon the resolutions submitted and reviewed it is requested that this Commission:

1. Approve all necessary actions and documents;
2. Authorize any member of the Commission or Authorized Signatory to sign all necessary documents; and
3. Approve form of trust agreement, official statement, bond purchase contract, and continuing disclosure agreement.

RESOLUTION NO. 14R-_____

A RESOLUTION OF THE COMMISSION OF THE CALIFORNIA STATEWIDE COMMUNITIES DEVELOPMENT AUTHORITY AUTHORIZING THE ISSUANCE, SALE AND DELIVERY OF NOT TO EXCEED \$15,000,000 OF ITS STATEWIDE COMMUNITY INFRASTRUCTURE PROGRAM REVENUE BONDS, SERIES 2014B; APPROVING THE FORMS OF A TRUST AGREEMENT, A BOND PURCHASE AGREEMENT, AND A CONTINUING DISCLOSURE AGREEMENT, AUTHORIZING CHANGES THERETO AND EXECUTION AND DELIVERY THEREOF AS MODIFIED; APPROVING A PRELIMINARY OFFICIAL STATEMENT AND AUTHORIZING CHANGES THERETO AND DELIVERY THEREOF AS MODIFIED; AUTHORIZING THE PREPARATION OF A FINAL OFFICIAL STATEMENT SUBSTANTIALLY DERIVED FROM THE PRELIMINARY OFFICIAL STATEMENT AND EXECUTION AND DELIVERY THEREOF; AND AUTHORIZING CERTAIN OTHER ACTIONS IN CONNECTION WITH THE ISSUANCE, SALE AND DELIVERY OF SUCH BONDS AND IMPLEMENTATION OF THE RELATED FINANCING PROGRAM

WHEREAS, the California Statewide Communities Development Authority is a joint exercise of powers entity duly organized and existing under and by virtue of the laws of the State of California (the “Authority”), with this Commission (this “Commission”) serving as the legislative body of the Authority; and

WHEREAS, this Commission has completed its legal proceedings under the Municipal Improvement Act of 1913 (Division 12, commencing with Section 10000 of the Streets and Highways Code of the State of California) (the “1913 Act”) in connection with the formation of five assessment districts identified in said proceedings (the “Districts”); and

WHEREAS, this Commission is empowered under the provisions of the Improvement Bond Act of 1915 (Division 10, commencing with Section 8500, of the Streets and Highways Code of the State of California) (the “1915 Act”) to undertake legal proceedings for the issuance, sale and delivery of limited obligation improvement bonds (the “Local Obligations”) upon the security of the recorded and unpaid assessments (the “Assessments”) of the Districts; and

WHEREAS, this Commission is empowered under the provisions of Article 4, Chapter 5, Division 7, Title 1 of the California Government Code (the “Law”) to issue bonds of the Authority for the purpose of acquiring certain local obligations issued by the Authority, including the Local Obligations; and

WHEREAS, this Commission has determined to issue five separate series of Local Obligations, one series for each Assessment District (collectively, the “Local Obligations”), to be issued pursuant to that certain Trust Agreement (the “Trust Agreement”) between the Authority and Wells Fargo Bank, National Association, as Trustee (the “Trustee”), to be registered in the name of the Trustee and to bear such series designations as set forth in the Trust Agreement, which Local Obligations will fund certain public capital improvements and the payment of certain development impact fees which will, in turn, fund public capital improvements (the “Fees and Improvements”); and

WHEREAS, by this Resolution, this Commission wishes to authorize and undertake the issuance of the Authority’s Statewide Community Infrastructure Program Revenue Bonds, Series 2014B (the “Bonds”), to acquire the Local Obligations, to fund a reserve fund and to pay costs of issuance (the “Financing Program”); and

WHEREAS, this Commission has determined that the estimated amount necessary to acquire the Local Obligations, to fund a reserve fund and to pay costs of issuance will require the issuance of the Bonds in the aggregate principal amount not to exceed \$15,000,000; and

WHEREAS, this Commission has determined that all things necessary to make the Bonds, when authenticated by the Trustee and issued as provided in the Trust Agreement the valid, binding and legal obligations of the Authority according to the import thereof and hereof have been done and performed; and

WHEREAS, in furtherance of implementing the financing described above, there have been filed with the Secretary of the Authority and submitted to this Commission for consideration and approval at this meeting, forms of the following:

- (a) the Trust Agreement, described above; and
- (b) a Bond Purchase Agreement, under the terms of which, among other things, the Authority agrees to sell and RBC Capital Markets LLC, the underwriter (the “Underwriter”) agrees to purchase the Bonds; and
- (c) a Continuing Disclosure Agreement, under the terms of which, among other things, the Authority agrees and covenants to provide certain annual financial information and notice of material events to assist the Underwriter in complying with Rule 15c2-12 of the Securities Exchange Commission; and
- (d) a Preliminary Official Statement, describing the Bonds and the Local Obligations.

WHEREAS, being fully advised in the matter of the financing, this Commission wishes to proceed with implementation of the Financing Program; and

WHEREAS, all acts, conditions and things required by the Constitution and laws of the State of California to exist, to have happened and to have been performed precedent to and in connection with the consummation of the Financing Program do exist, have happened and have been performed in regular and due time, form and manner as required by law, and the Authority is now duly authorized and empowered, pursuant to each and every requirement of law, to authorize the execution and delivery of certain documents in order to further implement the financing in the manner and upon the terms herein provided; and

WHEREAS, the requisite local agencies with jurisdiction over the areas encompassed by the Assessment Districts have determined that the issuance of the Bonds by the Authority and the acquisition of the Local Obligations will result in significant public benefits, including demonstrable savings in effective interest rate, bond preparation, bond underwriting and bond issuance costs;

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

Section 1. The foregoing recitals are true and correct, and this Commission so finds and determines.

Section 2. Pursuant to the Law, the Bonds shall be issued in the aggregate principal amount of not to exceed \$15,000,000; provided, however, that (a) the true interest cost on the Bonds shall not exceed 10.0%, and (b) the maximum term of any maturity shall not extend beyond the year 2044.

Section 3. The form and substance of the Trust Agreement made available to the Commissioners at this meeting is hereby approved. Any member of the Commission of the Authority, the

Executive Director of the Authority, or their administrative delegates duly authorized pursuant to Resolution No. 14R-58 of the Authority, adopted on November 6, 2014 (each, an “Authorized Signatory”) is hereby authorized and directed, for and in the name and on behalf of the Authority, to execute and deliver the Trust Agreement in substantially said form, with such changes therein as any member of the Commission may require or approve in consultation with Bond Counsel, such approval to be conclusively evidenced by the execution and delivery thereof.

Section 4. The form and substance of the Bond Purchase Agreement is hereby approved. Any Authorized Signatory is hereby authorized and directed, for and in the name and on behalf of the Authority, to execute and deliver the Bond Purchase Agreement in substantially said form, with such changes therein as any member of the Commission may require or approve in consultation with Bond Counsel, such approval to be conclusively evidenced by the execution and delivery thereof.

Section 5. The form and substance of the Continuing Disclosure Agreement is hereby approved. Any Authorized Signatory is hereby authorized to execute and deliver said Continuing Disclosure Agreement in substantially the form on file with the Secretary and presented to this meeting, with such changes as any member of the Commission may require or approve in consultation with Disclosure Counsel, such approval to be conclusively evidenced by such execution and delivery.

Section 6. (a) The form and substance of the Preliminary Official Statement is hereby approved. Any Authorized Signatory is hereby authorized to execute the final Official Statement to be derived therefrom.

(b) Any Authorized Signatory is hereby authorized to find and determine that said Preliminary Official Statement in preliminary form is, and as of its date shall be, deemed “final” for purpose of Rule 15c2-12 of the Securities and Exchange Commission, and such Member is hereby authorized to execute a certificate to such effect in the customary form.

(c) Any Authorized Signatory is hereby authorized in consultation with Disclosure Counsel to approve corrections and additions to the Preliminary Official Statement by supplement or amendment thereto, by appropriate insertions, or otherwise as appropriate, provided that such corrections or additions shall be regarded by any member of the Commission as necessary to cause the information contained in the Preliminary Official Statement to conform to facts material to the Bonds or the Local Obligations or to the proceedings of this Commission or that such corrections or additions are in form rather than in substance.

(d) The Underwriter is authorized to distribute said Preliminary Official Statement and the final Official Statement to be derived therefrom in connection with the sale and delivery of the Bonds.

Section 7. 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, to do any and all things and to execute and deliver any and all documents which they may deem necessary or advisable in order to carry out, give effect to and comply with the terms and intent of this resolution. 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 transactions contemplated by this resolution are hereby ratified, confirmed and approved.

Section 8. This Resolution shall take effect immediately upon its passage.

PASSED AND ADOPTED by the Commission of the California Statewide Communities Development Authority this November 20, 2014.

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 November 20, 2014.

By: _____
Authorized Signatory
California Statewide Communities
Development Authority

Item VII.

Consideration of Approval of CSCDA Financial Statements. (Staff: Cathy Bando)

**CALIFORNIA STATEWIDE
COMMUNITIES DEVELOPMENT AUTHORITY
(CSCDA)**

**Independent Auditor's Report, Financial
Statement, and Supplementary Information**

As Of June 30, 2014

**THE CALIFORNIA STATEWIDE COMMUNITIES
DEVELOPMENT AUTHORITY**

(CSCDA)

FINANCIAL STATEMENT

AS OF

JUNE 30, 2014

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Independent Auditor's Report

Board of Commissioners
California Statewide Communities
Development Authority
Sacramento, California

We have audited the accompanying financial statement of the California Statewide Communities Development Authority (CSCDA), which comprises the statement of fiduciary assets and liabilities – agency funds as of June 30, 2014, and the related notes to the financial statement.

Management's Responsibility for the Financial Statement

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

Auditor's Responsibility

Our responsibility is to express an opinion on this financial statement based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statement is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statement. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statement, where due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statement in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statement.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statement referred to above presents fairly, in all material respects, the financial position of CSCDA as of June 30, 2014, in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 3 through 6 be presented to supplement the financial statement. Such information, although not a part of the financial statement, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the financial statement in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the financial statement, and other knowledge we obtained during our audit of the financial statement. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming an opinion on the financial statement. The schedule of fiduciary fee collections/charges and disbursements related to the conduit finance activities – agency funds is presented for purposes of additional analysis and is not a required part of the financial statement. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statement. The information has been subjected to the auditing procedures applied in the audit of the financial statement and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statement or to the financial statement itself, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statement as a whole.

Macias Gini & O'Connell LLP
Sacramento, California
November 5, 2014

MANAGEMENT'S DISCUSSION AND ANALYSIS (Unaudited)

The California Statewide Communities Development Authority (CSCDA) was created in 1988, under California's Joint Exercise of Powers Act, to provide California's local governments with an effective tool for the timely financing of community-based public benefit projects.

Although cities, counties and special districts are able to issue their own debt obligations or serve as a conduit issuer of private activity bonds that promote economic development and provide critical community services, many local agencies find stand-alone financings too costly or lack the necessary resources or experience to facilitate the bond issuance and perform post-issuance activities for the term of the bonds.

In response, local governments formed CSCDA. CSCDA was created by and for local governments in California, and is sponsored by the California State Association of Counties (CSAC) and the League of California Cities (the League).

Today, over 500 cities, counties, and special districts have become Program Participants to CSCDA – which serves as their conduit issuer and provides access to an efficient and effective mechanism to finance locally-approved public benefit projects. At June 30, 2014, the aggregate amount of CSCDA's conduit debt obligations outstanding issued on behalf of program participants totaled \$26.1 billion.

CSCDA helps local governments build community infrastructure, provide affordable housing, create jobs, make access available to quality healthcare and education, and more. CSCDA provides an important resource to our local government members by ensuring that local community projects get funded quickly and reliably.

Conduit Finance Activity

During the fiscal year ended June 30, 2014, CSCDA served as issuer for \$1.264 billion in conduit revenue bonds related to its Private Activity and Public Agency Finance Programs.

Private Activity Finance Program projects are those owned by the private sector, but which provide specific public benefits as authorized under the Internal Revenue Code and approved by the local City Council or County Board of Supervisors. During the year ended June 30, 2014, CSCDA provided conduit financing for 55 Private Activity Finance Program projects ranging from construction of affordable and senior housing apartments to erecting hospital and educational infrastructure to building new manufacturing facilities. In total, CSCDA provided conduit access to the tax-exempt and taxable municipal finance marketplace for approximately \$1.151 billion in Private Activity Finance Program projects.

Public Agency Finance Program are those where CSCDA serves as the conduit issuer for financings where a city, county, and/or special district is the borrower. CSCDA frequently conducts these types of financings on a pooled basis with more than one government entity participating in a single financing, thereby spreading the costs of issuance across borrowers to produce a lower-cost transaction than each local government would enjoy on its own. During the year ended June 30, 2014, CSCDA conducted 4 Public Agency Finance Program conduit issuances totaling approximately \$113 million and benefiting 20 of its public agency members.

Overview of the Financial Statement

This discussion and analysis is intended to serve as an introduction to CSCDA's financial statement. CSCDA's financial statement comprises two components: 1) the statement of fiduciary assets and liabilities – agency funds and 2) notes to the financial statement.

Financial Statement. CSCDA has only one financial statement, the *statement of fiduciary assets and liabilities—agency funds*, which appears at page 7. This statement reports assets held in an agency capacity for others and that are not the property of CSCDA itself. As an issuer which acts exclusively in a conduit capacity, CSCDA has no assets, liabilities, revenues, or expenses of its own. Instead, cash flows related to the collection of CSCDA service fees are treated as discussed below in the sections titled “Bond Issuance” and “Bond Administration” while costs associated with CSCDA's operations are handled as discussed below in the sections titled “General Administrative Activities.” Because of this structure, **in accordance with Accounting Principles Generally Accepted in the United States of America, CSCDA does not report either a statement of net position and governmental fund balance sheet or a statement of activities and governmental fund revenues, expenditures, and changes in fund balance.**

Notes to the Financial Statement. The notes provide additional information that is essential to a full understanding of the data provided in the financial statement. The notes to the financial statement can be found on pages 8 - 13 of this report.

Analysis of Fiduciary Assets and Liabilities—Agency Funds

Agency funds reported by CSCDA in the *statement of fiduciary assets and liabilities—agency funds* are the property of others. These agency funds fall into one of three categories, each of which is reported in the *schedule of fiduciary fee collections/charges and disbursements related to the conduit finance activities – agency funds*, which appears at page 15 as information supplemental to the financial statement. The categories are: 1) bond issuance, 2) bond administration, and 3) general administrative activities:

Bond Issuance. This agency fund represents amounts charged to borrowers by the CSCDA's contract program administrator in CSCDA's name to pay for the program administrator's services as well as for the program sponsorship, and marketing services provided by CSAC and the League. The program administrator bills the borrower in advance for bond issuance fees and then places the payment on deposit with US Bank. Amounts held are invested in cash and cash equivalents.

Once bonds are issued, the trustee distributes payments for services directly to the program administrator, CSAC, the League, and any others. For the year ended June 30, 2014, the program administrator collected approximately \$3.4 million for CSCDA's bond issuance services. At June 30, 2014, the related accounts held approximately \$1.2 million for bond transactions pending issuance.

Bond Administration. This agency fund represents amounts assessed by the program administrator in CSCDA's name for the performance of ongoing administration and compliance work to help keep long-term bond issues in good standing. Bond administration fees are generally paid in advance by the borrower (sometimes several years in advance) and are remitted into various accounts with US Bank until the associated ongoing administration services are performed. These monies are invested either in cash and cash equivalents or in United States government treasury STRIPs.

Amounts held are considered to be the property of the payer until such time as the ongoing administration services are carried out by the program administrator or others. Such services are primarily performed by the program administrator, CSAC, and the League, each of which receives payments as services are rendered. For the year ended June 30, 2014, the program administrator collected approximately \$10.7 million in payments and prepayments for CSCDA's ongoing bond administration activities. At June 30, 2014, the related accounts held approximately \$5.7 million for bond administration activities pending performance.

General Administrative Activities. This agency fund represents amounts held in bank accounts where they are owned jointly by CSAC and the League. These accounts are funded by set-asides that CSAC, the League, and the program administrator would have otherwise earned for the performance of bond issuance and bond administration services. Amounts held in these reserve accounts are first used, under the direction of the CSCDA Board of Commissioners, to pay the expenses of the CSCDA Executive Director and General Counsel, both of whom are engaged under contract with CSCDA. Remaining amounts are used by CSAC, the League, and the program administrator for purposes such as shared marketing, funding public agency education programs, purchasing public official's insurance for the Board of Commissioners, to reimburse Commissioner expenses, and paying accounting, legal, and other professional services expenses associated with use of CSCDA's name. For the year ended June 30, 2014 these CSAC and League-owned accounts funded \$720,952 in general administrative expenses of which \$43,198 was paid to the Executive Director and \$69,991 was paid to General Counsel under contract. At June 30, 2014, the amounts held in these agency accounts totaled \$267,954, all of which were invested in cash and cash equivalents.

Related Parties

CSCDA maintains agreements with CSAC and the League for the provision of program sponsorship, and marketing services. In exchange for these services, both organizations receive percentage shares of the distributions made from agency funds collected for bond issuance and bond administration services performed by the program administrator. For the year ended June 30, 2014, CSAC and the League together earned \$3,308,606, shared equally between them. Program administration services are performed under contract with CSCDA by various subsidiary companies of HB Capital Resources, Ltd. For the year ended June 30, 2014, these companies collectively received revenues of \$8,959,280.

Requests for Information

This financial report is designed to provide a general overview of CSCDA's finances for all those interested. Questions concerning any of the information provided in this report or requests for additional information should be addressed to:

California Statewide Communities Development Authority
1100 K Street, Suite 101
Sacramento, CA 95814

**THE CALIFORNIA STATEWIDE COMMUNITIES
DEVELOPMENT AUTHORITY
(CSCDA)**

**STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES
AGENCY FUNDS
As of June 30, 2014**

ASSETS	
Cash and investments	<u>\$ 7,305,940</u>
LIABILITIES	
Accounts payable	\$ 72,864
Agency obligations	<u>7,233,076</u>
Total liabilities	<u>\$ 7,305,940</u>

See accompanying notes to the financial statement.

**THE CALIFORNIA STATEWIDE COMMUNITIES
DEVELOPMENT AUTHORITY
(CSCDA)**

**NOTES TO THE FINANCIAL STATEMENT
As of June 30, 2014**

Note 1 - Nature of Organization

The California Statewide Communities Development Authority (CSCDA) is a conduit finance issuer only. It has no revenues, expenses, assets, or liabilities of its own. Debt obligations issued through CSCDA are those of the governments, non-profit organizations, and private companies who use CSCDA's own governmental status to access the tax-exempt and taxable municipal finance marketplace. Once a borrower uses CSCDA to issue debt, financial servicing of that debt falls to a trustee, or potentially to the investor itself in certain private placements. CSCDA maintains no ongoing interest in bonds issued through its conduit and no debt servicing responsibility.

CSCDA is a public agency established in 1988 as a Joint Powers Authority (JPA). It is sponsored by the California State Association of Counties and the League of California Cities and is set up per the provisions of California's Joint Exercise of Powers Act. Under this law, any two or more public agencies may by agreement jointly exercise powers common among them. In this manner, through CSCDA, local governments have a vehicle they control to complete public benefit projects that otherwise may not have been economic or practical to pursue were the local jurisdiction to have served as issuer. CSCDA is a cooperative repository of public benefit finance expertise that allows its members to use an array of tax-exempt programs without the burden of managing the associated set of issuance and ongoing administrative responsibilities directly themselves.

CSCDA is governed by a seven-member commission. CSCDA's Board of Commissioners (Board) is appointed by the California State Association of Counties (CSAC) and the League of California Cities (the League) (see Note 4—*Related Parties*), which together represent the interests of counties and cities throughout the state. This Board is required by the joint powers agreement to establish public benefit finance criteria and to evaluate every submitted project on the basis of benefit provided, after receiving the requisite local approval. No project can proceed without the approval of commissioners appointed by CSAC and the League, the structure of which ensures the preservation of both city and county interests. Since January 16, 2014, administration of CSCDA has been managed by an Executive Director engaged under contract by the Board.

**THE CALIFORNIA STATEWIDE COMMUNITIES
DEVELOPMENT AUTHORITY
(CSCDA)**

**NOTES TO THE FINANCIAL STATEMENT (Continued)
As of June 30, 2014**

Note 2 – Summary of Significant Accounting Policies

General

The accompanying financial statement of CSCDA has been prepared in conformity with accounting principles generally accepted in the United States of America as applied to governmental units. The financial statement is presented using the accrual basis of accounting. As discussed in Note 1, however, CSCDA has no revenues or expenses to report for the period covered.

Agency Funds—Bond Issuance and Ongoing Bond Administration

While CSCDA has no revenues of its own, CSAC, the League, and CSCDA's designated Program Manager (see Note 4—*Related Parties*) assess bond issuance and ongoing bond administration fees to borrowers collectively in CSCDA's name. Such fees are published in CSCDA's fee schedule and are generally assessed as percentages of bonds issued or bonds outstanding. Fee collections, some of which are prepaid by borrowers, are deposited into one or more third-party trustee accounts where they are held until distributed to CSAC, the League, the Program Manager, or other designated payees. CSCDA recognizes no revenues or expenses related to these fee collections and disbursements, all of which accrue to the financial statements of CSAC, the League, the Program Manager, and other third parties. Funds held in third-party trustee accounts related to bond issuance and ongoing bond administration activities, and reported within the Statement of Fiduciary Assets and Liabilities—Agency Funds, amounted to \$6,965,122 at June 30, 2014.

Agency Fund—General Administrative Activities

CSAC, the League, and the Program Manager (see Note 4—*Related Parties*) allocate a portion of the fee distributions they receive to reserve accounts owned by CSAC and the League and held for them. These accounts are first used, under the direction of the Board, to pay the expenses of the CSCDA Executive Director and General Counsel, both of whom are engaged under contract with CSCDA. Remaining amounts are used to buy insurance for CSCDA, fund certain marketing activities, reimburse Commissioner expenses, and support other general administrative activities engaged in by CSAC, the League, and the Program Manager as agents for CSCDA. Amounts held in reserve accounts are for CSAC and the League and are reported within the Statement of Fiduciary Assets and Liabilities—Agency Funds. General and administrative activity agency fund held for CSAC and the League amounted to \$267,954 at June 30, 2014.

**THE CALIFORNIA STATEWIDE COMMUNITIES
DEVELOPMENT AUTHORITY
(CSCDA)**

**NOTES TO THE FINANCIAL STATEMENT (Continued)
As of and for the Year Ended June 30, 2014**

Note 3 - Conduit Finance Activity

CSCDA's conduit finance activity for the year ended June 30, 2014 appears as follows:

<u>Private Activity Finance Programs</u>	<u>No. of Bonds Issued</u>	<u>No. of Projects Financed</u>	<u>Debt Issued</u>
- Qualified 501(c)(3) Nonprofit	18	24	\$ 560,164,667
- Qualified Residential Rental Program	26	30	580,170,614
- Industrial Development Bonds	1	1	10,500,000
Total Private Activity	<u>45</u>	<u>55</u>	<u>1,150,835,281</u>
<u>Public Agency Finance Programs</u>	<u>No. of Program Participants</u>	<u>No. of Debt Offerings</u>	<u>Debt Issued</u>
- Transportation and Regional Infrastructure Project (TRIP)	1	1	20,000,000
- Statewide Community Infrastructure Program (SCIP)	18	2	19,082,000
- School Refinance	1	1	74,200,000
Total Public Agency	<u>20</u>	<u>4</u>	<u>113,282,000</u>
Total Debt Issued			<u>\$ 1,264,117,281</u>

At June 30, 2014, the aggregate amount of CSCDA's conduit debt obligations outstanding issued on behalf of program participants totaled \$26.1 billion.

The amount of conduit debt obligations authorized but unsold as of June 30, 2014 was \$266,390,000.

**THE CALIFORNIA STATEWIDE COMMUNITIES
DEVELOPMENT AUTHORITY
(CSCDA)**

**NOTES TO THE FINANCIAL STATEMENT (Continued)
As of June 30, 2014**

Note 4 – Related Parties

CSCDA has entered into Program Administration Agreements with CSAC and the League (see Note 1—*Nature of Organization*) for promotion and marketing of CSCDA's conduit finance programs. In addition, per the provisions of the CSCDA Joint Powers Agreement, CSAC and the League appoint individuals to serve on CSCDA's seven-member commission.

CSCDA has also entered into Program Administration Agreements with subsidiaries of HB Capital Resources, Ltd. (collectively HB Capital) for the provision of comprehensive staff services for daily operational and marketing purposes. Acting as CSCDA's staff, HB Capital personnel implement the issuance policies established by CSCDA's Board of Commissioners, execute aspects of the deal qualification and structuring process, analyze and present transactions to CSCDA's Board of Commissioners for review and approval, and work with the financial and legal community, local agencies and regulatory bodies, and others to ensure that conduit bonds issued in CSCDA's name remain in good standing.

Pursuant to the above Program Administration Agreements, CSAC, the League, and HB Capital each receive a set percentage of the bond issuance and ongoing bond administration fees assessed to borrowers in CSCDA's name, with such percentages varying based upon deal type. CSAC, the League, and HB Capital pay all their own expenses related to the provision of their respective services. For the year ended June 30, 2014, CSAC's enterprise services unit (CSAC Finance Corporation) and the League of California Cities together received \$3,308,606 split equally between them. HB Capital received revenues of \$8,959,280. The contract for HB Capital's portion of the Program Administration is currently out to bid. The Board expects to select a Program Administrator in December 2014. HB Capital's current contract expires on June 30, 2015.

Note 5 – Cash and Investments

Cash and investments at June 30, 2014, consist of the following:

Deposits	\$ 49,305
Investments:	
Money Market Funds	3,719,674
U.S. Treasury Obligations	<u>3,536,961</u>
Total Cash and Investments	<u>\$7,305,940</u>

**THE CALIFORNIA STATEWIDE COMMUNITIES
DEVELOPMENT AUTHORITY
(CSCDA)**

**NOTES TO THE FINANCIAL STATEMENT (Continued)
As of June 30, 2014**

Note 5 – Cash and Investments (continued)

Agency Fund Investments Authorized by CSCDA’s Investment Policy

The table below identifies the investment types authorized by CSCDA for agency funds held for the benefit of CSCDA’s conduit issuance activities. “None,” in the context used in the table, means there are no limitations. (This table does not address investments of conduit bond proceeds held by bond trustees that are governed by the provisions of the associated conduit debt agreements.)

<u>Authorized Investment Type</u>	<u>Maximum Maturity</u>	<u>Maximum % of Portfolio</u>	<u>Maximum Investment in one Issuer</u>
U.S. Treasury Obligations	None	None	None
Commercial Paper	1 Year	None	\$100,000
Certificates of Deposit	5 Years	None	\$100,000
Medium-Term Notes	5 Years	None	\$100,000
Mutual Funds	N/A	None	\$100,000
Money Market Funds	N/A	None	None

Disclosures Relating to Interest Rate Risk

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in interest rates. One of the ways that CSCDA manages the exposure of agency funds is by authorizing the purchase of shorter term and longer term investments and by timing cash flows from maturities so that a portion of the portfolio is maturing or coming close to maturity over time as necessary to provide the cash flow and liquidity needed for conduit operations.

Information about the sensitivity of the fair values of agency fund investments to market rate fluctuations is provided by the following table that shows the distribution of investments by maturity:

Investment Type	Maturities				Total
	12 Months or Less	13 to 24 Months	25 to 60 Months	More than 60 Months	
Money Market Funds	\$3,719,674	\$ --	\$ --	\$ --	\$3,719,674
U.S. Treasury Obligations	276,804	275,672	789,827	2,194,658	3,536,961

**THE CALIFORNIA STATEWIDE COMMUNITIES
DEVELOPMENT AUTHORITY
(CSCDA)**

**NOTES TO THE FINANCIAL STATEMENT (Continued)
As of June 30, 2014**

Note 5 – Cash and Investments (continued)

Disclosures Relating to Credit Risk

Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. CSCDA mitigates the credit risk of agency funds by limiting permitted investments to U.S. Treasury obligations, money market funds, or debt instruments that carry the assignment of a BBB or better rating by a nationally-recognized statistical rating organization. At June 30, 2014, agency fund investments were held entirely in money market funds and U.S. Treasury obligations with Standards & Poor's ratings of AA+ and AA+, respectively.

Concentration of Credit Risk

CSCDA's investment policy with respect to agency funds limits concentration of credit risk by restricting investments to U.S. Treasury obligations, money market funds, or to \$100,000 in individual debt instruments of any other authorized type or issuer. CSCDA's agency fund investment position at June 30, 2014, was in compliance with this policy.

Custodial Credit Risk

The custodial credit risk for agency fund investments is the risk that, in the event of the failure of the counterparty to a transaction, the beneficiaries of the agency funds will not be able to recover the value of their investments or collateral securities that are in the possession of another party. CSCDA's agency fund investments are not exposed to custodial credit risk because their existence is not evidenced by securities that exist in physical or book entry form.

The custodial credit risk for agency fund deposits is the risk that, in the event of the failure of a depository financial institution, CSCDA will not be able to recover collateral securities that are in the possession of an outside party. Deposits that potentially subject CSCDA to custodial credit risk consist of demand deposits and money market accounts in excess of amounts insured by the Federal Deposit Insurance Corporation (FDIC). It is the practice of CSCDA to place its demand deposits and money market accounts with a high-credit, quality financial institution. CSCDA had no deposits at June 30, 2014 not covered by the FDIC. However, had they deposits not covered by the FDIC, they would be secured in accordance with the California Government Code, which requires that financial institutions secure deposits made by state and local governmental units by pledging securities in an undivided collateral pool held by a depository regulated under state law. The market value of the pledged securities in the collateral pool must equal at least 110% of the total amount deposited by the public agencies. Collateral is considered held in CSCDA's name.

SUPPLEMENTARY INFORMATION

The following page contains information that is supplemental to the operations of the California Statewide Communities Development Authority (CSCDA). The information that appears shows the consolidated activity and balances of accounts used to collect issuance and administrative fees charged by others in CSCDA's name. Amounts collected in these accounts are the property of the California State Association of Counties Finance Corporation (CSAC), the League of California Cities (the League), and certain conduit borrowers for which services have not yet been performed, but who have deposited funds for the future payment of those services. CSCDA holds no right or title to these accounts.

**THE CALIFORNIA STATEWIDE COMMUNITIES
DEVELOPMENT AUTHORITY
(CSCDA)**

**SCHEDULE OF FIDUCIARY FEE COLLECTIONS/CHARGES AND DISBURSEMENTS
RELATED TO THE CONDUIT FINANCE ACTIVITIES - AGENCY FUNDS
For the Year Ended June 30, 2014**

	Bond Issuance	Bond Administration	General Administrative Activities	Total
<u>Amounts Collected and Charged in Benefit of Conduit Finance Activities of CSCDA</u>				
Bond Issuance Fees	\$ 1,804,004	\$ -	\$ -	\$ 1,804,004
Bond Administrative Fees	-	10,538,467	-	10,538,467
Deposits	1,641,172	-	-	1,641,172
Investment Income:				
Interest	60	805	95	960
Change in Fair Value of Investments	16	116,041	-	116,057
<u>Total Amounts Collected and Charged in Benefit of Conduit Finance Activities of CSCDA</u>	<u>3,445,252</u>	<u>10,655,313</u>	<u>95</u>	<u>14,100,660</u>
<u>Amounts Disbursed in Benefit of Conduit Finance Activities of CSCDA</u>				
Program Administration - Subsidiaries of HB Capital Resources, Ltd.	1,188,888	6,323,816	-	7,512,704
Program Governance and Marketing - CSAC	280,066	1,374,237	-	1,654,303
Program Governance and Marketing - the League	280,066	1,374,237	-	1,654,303
Compliance Monitoring - Compliance Services, LLC (a subsidiary of HB Capital Resources, Ltd.)	-	1,446,576	-	1,446,576
Executive Director & General Counsel Compensation	-	-	113,189	113,189
General Administrative	-	-	607,763	607,763
Deposits Returned and Other	1,426,101	22,160	-	1,448,261
<u>Total Amounts Disbursed in Benefit of Conduit Finance Activities of CSCDA</u>	<u>3,175,121</u>	<u>10,541,026</u>	<u>720,952</u>	<u>14,437,099</u>
<u>Transfers</u>	<u>(102,051)</u>	<u>(443,231)</u>	<u>545,282</u>	<u>-</u>
Change in Agency Obligations	168,080	(328,944)	(175,575)	(336,439)
Agency Obligations, June 30, 2013	1,049,492	6,076,494	443,529	7,569,515
Agency Obligations, June 30, 2014	<u>\$ 1,217,572</u>	<u>\$ 5,747,550</u>	<u>\$ 267,954</u>	<u>\$ 7,233,076</u>



CSCDC
CALIFORNIA STATEWIDE COMMUNITIES
DEVELOPMENT CORPORATION



**AGENDA OF THE MEETING OF THE
CALIFORNIA STATEWIDE COMMUNITIES DEVELOPMENT CORPORATION**

November 20, 2014

**10:15 a.m. or upon adjournment of the regularly scheduled CSCDA Board Meeting
California State Association of Counties
1100 K Street, 1st Floor
Sacramento, California**

(Tim Snellings & Terry Schutten)
1150 West Magic Way
Anaheim, CA 92802

County of Monterey
168 West Alisal Street
Salinas, CA 93901

27788 Hidden Trail Road
Laguna Hills, CA 92653

709 Portwalk Place
Redwood City, CA 94065

- I. Call the Roll (alternates designate which member they are representing).
- II. Approve the Minutes of the October 9, 2014 Meeting.
- III. Approve all necessary actions; the execution and delivery of all necessary documents; and authorize any signatory to sign all necessary documents in connection with the following:
 - a. Approve the making of \$7,000,000 in qualified low income community investments by CSCDC 8 LLC to a nonprofit affiliate of Carson Block in City of Eureka, County of Humboldt, California.
- IV. Staff Updates.
- V. Public Comment.
- VI. Adjourn.

This ___ page agenda was posted at 1100 K Street, Sacramento, California on _____, 2014 at __: __ m,
Signed _____ . Please fax signed page to (925) 933-8457.

Note: Persons requiring disability-related modification or accommodation to participate in this public meeting should contact (925) 933-9229, extension 225.

This ___ page agenda was posted at 1100 K Street, Sacramento, California on _____, 2014 at __: __ __m,
Signed _____ . Please fax signed page to (925) 933-8457.

This ___ page agenda was posted at _____ on _____, at __: __ m. Signed
_____. Please fax signed page to (925) 933-8457.

CALIFORNIA STATEWIDE COMMUNITIES DEVELOPMENT CORPORATION
SUMMARY AND APPROVAL

DATE: NOVEMBER 20, 2014

BORROWER: CARSON BLOCK QALICB, LLC

PURPOSE: APPROVE THE MAKING OF \$6,790,000 IN QUALIFIED LOW INCOME COMMUNITY INVESTMENTS BY CSCDC 8 LLC TO AN AFFILIATE OF NORTHERN CALIFORNIA INDIAN DEVELOPMENT.

LEGAL STRUCTURE: LIMITED LIABILITY COMPANY

Background:

The Northern California Indian Development Council (NCIDC) is a nonprofit organization established in 1976 that is dedicated to promoting the social and economic well-being of low-income American Indian communities throughout California. NCIDC serves the low-income American Indian population residing in 57 counties and 107 reservations in California. Approximately 95% of NCIDC's 15,000 clients served annually are low-income persons. Since 1986, NCIDC has had its headquarters in the historic Carson Block Building, located in the non-metropolitan low-income community of Eureka, California. From its offices at the Carson Block, NCIDC facilitates a wide variety of programs designed to meet the needs of American Indian communities, including employment and training services, kindergarten through post-secondary education assistance, substance abuse programs, and other emergency and support services for American Indian tribes.

Project:

NCIDC seeks to preserve and revitalize the historic Carson Block Building, NCIDC's headquarters, located in the rural low-income community of Eureka, California (the "Project"). Built in 1891, the architecturally significant three-story, 50,000 SF Carson Block Building is a cornerstone of Eureka's Historic Old Town District. Once the hub for a number of the City's important merchandising establishments, the building also included an opera house that played an important role in theater activities for Humboldt County. The building has been nominated to the National Register of Historic Places as a contributing building to Eureka's Old Town District.

NCIDC purchased the Carson Block Building in 1986, and it has served as NCIDC's headquarters ever since. From its offices at the Carson Block, NCIDC facilitates a wide variety of programs serving over 15,000 clients annually, approximately 95% of who are low-income persons. The Carson Block Building is also home to a number of other nonprofit and public interest businesses, as well as multiple small locally owned businesses.

Despite its historical significance, the long-term sustainability of the Carson Block Building is in jeopardy. The building is unreinforced masonry construction, and therefore requires a seismic retrofit under state and local ordinances so that it can continue to provide facilities for NCIDC and the other tenants. Currently, state and other government offices are prohibited from leasing in the building, because of the unreinforced masonry issues.

NCIDC requires NMTC financing in order to carry out a full seismic retrofit and other improvements at the Carson Block Building. The project will allow for a permanent headquarters and long-term stability for NCIDC, as well as permanent, affordable space for nonprofit organizations and small businesses serving the local community. The improvements will bring the building into compliance with current state and local building codes, allowing for greater occupancy levels than presently allowed, and opening the door to tenants that are currently unable to lease the space. With the additional space, NCIDC also plans to incorporate affordable incubator space in the building for start-up local small businesses.

The Carson Block Building project first came to CSCDC's attention in 2012, and the project was featured in CSCDC's 2012 NMTC Application pipeline. CSCDC helped to educate the project sponsor at that time about the benefits of the NMTC program.

NMTC Financing:

This will be a multi-CDE transaction including \$7,000,000 in NMTC allocation from Consortium America, and \$7,000,000 in NMTC allocation from CSCDC.

NCIDC intends to use the proceeds of the NMTC financing to carry out the upgrades to the Carson Block building described previously. The \$14,000,000 NMTC financing will utilize a leverage loan from NCIDC in an amount of \$9.7 million and net NMTC equity from U.S. Bancorp Community Development Corporation in an amount of \$4.3 million.

Community Impacts:

The Project is expected to result in the following community impacts:

- **Job Creation:**
 - Construction Jobs: The rehabilitation of the building will result in 40 temporary construction jobs.
 - Retained Permanent Jobs: By preserving the building for long-term use by NCIDC and its tenants, the project will result in 41 retained permanent FTE positions (18 NCIDC staff positions, and 23 positions for the current tenants). Approximately 60% of NCIDC employees are low-income community residents, and 30% are low-income persons.
 - New Permanent Jobs: With the expanded occupancy and seismic upgrades resulting from the NMTC-financed improvements, NCIDC also expects an increase in the number of tenants in the building, resulting in an estimated 15 new permanent FTE positions.
- **Quality of Jobs & Wealth Creation Opportunities:**
 - All construction jobs must comply with prevailing wage requirements.
 - NCIDC offers the following benefits to its full-time employees: full coverage for medical, dental, vision insurance, retirement contributions at 11% of salary, vacation and family leave. In addition, NCIDC attempts to provide living wages for all permanent full time staff.
 - NCIDC operates an American Indian Art and Gift Shop at the building, providing a retail outlet for over 40 local Indian artists and craftspeople. For many of these artists, who live in isolated areas far from retail centers, the shop is vital to their ability to showcase and sell their creations. The gift shop also provides an ideal training ground for American Indian low-income persons needing training and work experience to enter the job market. Over 10 individuals receive retail training in the gift shop each year. All net proceeds of the shop are returned to the nonprofit operations of the shop, and the other employment, economic

development, and education services provided to American Indian low-income persons by NCIDC.

- Community Goods or Services to Low-Income Communities: NCIDC is a regional leader in a number of efforts that serve low-income American Indian people, including the following:
 - Alcohol and Drug Program: this program provides a full range of services to Native women struggling with alcohol and drug addiction.
 - Community Food and Nutrition Programs: NCIDC administers statewide nutrition education programs to inform Tribal governments and Indian organizations of nutrition programs available through the federal government, and increase access to summer food and school breakfast programs for Indian low-income communities.
 - Education: Since 1998, NCIDC has operated the Del Norte Indian Education Center under a grant from the California State Department of Education. The focus of the center is to provide education support through tutoring, guidance and close work with classroom teachers and parents.
 - Tobacco Education: Tobacco abuse is significantly higher than average amongst California's American Indian people (45% for American Indian males and 34% for American Indian females, versus a 13% average smoking rate for California adults). Since 1999, NCIDC has been a leader in providing tobacco prevention, intervention and cessation services and resources for American Indian students.
 - Low-Income Housing Energy Assistance Program: This program provides financial support to help American Indian families heat their homes during winter months and cool them during summer. Last year, over 384 American Indian households were served through this program.
 - Rapid Response Program: NCIDC assists displaced workers with job search skills and support. NCIDC works with Tribes, employers, and the 49 local Workforce Investment Boards (WIB), serving as the liaison between these groups to ensure communications and provision of WIB services to American Indian people.
 - Waterways Protection Project: This project seeks to protect against threats to reservation creeks and rivers, and the resulting impact on the salmon population. NCIDC's program provides training for local Indian people in geomorphology, road construction methods, and heavy equipment training, allowing Tribal members access to jobs to protect their waterways. NCIDC also serves as mediator and facilitator of negotiations between the Tribes, the Forest Service, environmental groups, private timber companies, and loggers.
- Financing Minority Businesses:
 - The owner of the Carson Block Building and the sponsor of this project, NCIDC, is a minority-controlled nonprofit organization. The Board of Directors of NCIDC all represents American Indian Tribes and Indian controlled nonprofit organizations.
 - It is anticipated that some of the subcontractors involved in the rehabilitation project will be minority-controlled businesses.
- Flexible Lease Rates:

NCIDC has consistently provided affordable rents, particularly for nonprofit office and retail tenants. Several of these tenants, such as Discovery Children's Museum, The Ink People Center for the Arts, The Old Town Art Gallery Cooperative, Ferndale Repertory Theatre, and Humboldt Mediation have received rents substantially below market rates. With the benefit of the NMTC financing, NCIDC can continue to offer below-market rates to its nonprofit community-serving tenants.

Advisory Board Approval:

On October 20, 2014, CSCDC’s Advisory Board unanimously recommended approval of the Project.

Finance Team:

- Tax Credit Investor: U.S. Bancorp Community Development Corporation
- Investor Counsel: Nixon Peabody LLP, Washington DC
- CSCDC Counsel: Dentons US LLP, Chicago, IL
- Borrower Counsel: Kantor Taylor Nelson Evatt & Decina, Seattle, WA

Estimated Sources and Uses:

Investment Fund			
Sources		Uses	
Leverage	\$ 9,714,000	Consortium QEI	\$ 7,000,000
NMTC Equity	\$ 4,641,000	Consortium Upfront Fee	\$ 350,000
		CSCDC QEI	\$ 7,000,000
		Investment Fund Reserve	\$ 5,000
Total	\$ 14,355,000	Total	\$ 14,355,000
Consortium CDE			
Sources		Uses	
Consortium QEI	\$ 7,000,000	QLICI A	\$ 5,032,000
		QLICI B	\$ 1,828,000
		CDE Upfront Fee	\$ 140,000
Total	\$ 7,000,000	Total	\$ 7,000,000
CSCDC CDE			
Sources		Uses	
Chase QEI	\$ 7,000,000	QLICI A	\$ 4,682,000
		QLICI B	\$ 2,108,000
		CDE Upfront Fee	\$ 210,000
Total	\$ 7,000,000	Total	\$ 7,000,000
QALICB			
Sources		Uses	
Consortium QLICI A	\$ 5,032,000	Acquisition	\$ 1,400,000
Consortium QLICI B	\$ 1,828,000	Hard Costs	\$ 10,215,388
CSCDC QLICI A	\$ 4,682,000	Soft Costs	\$ 4,106,840
CSCDC QLICI B	\$ 2,108,000	Construction Period Interest	\$ 235,427
Deferred Dev Fee	\$ 535,192	NMTC Costs	\$ 886,631
HTC Equity / Bridge	\$ 2,798,810	Reserves	\$ 275,004
NCIDC Cash	\$ 135,288		
Total	\$ 17,119,290	Total	\$ 17,119,290

CSCDA Executive Director Review & Approvals:

Based on the overall finance related considerations and community benefits associated with the Project, the CSCDA Executive Director recommends that the Directors of CSCDC approve the Resolution (in the form of Attachment 1) as submitted to the Directors, which:

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

SECRETARY'S CERTIFIED RESOLUTIONS
(CALIFORNIA STATEWIDE COMMUNITIES DEVELOPMENT CORPORATION)

I hereby certify that I am the duly elected and acting Secretary of California Statewide Communities Development Corporation, a California nonprofit public benefit corporation (the "Corporation") and that the following is a true copy of resolutions duly adopted by the Board of Directors of the Corporation at a meeting of the Board of Directors duly called and held on November 20, 2014], and at which a quorum of the Board of Directors was present or represented, and that said resolutions have not been revoked, suspended or amended in any way, and remain in full force and effect:

WHEREAS, the Corporation applied for and obtained certification as a "qualified community development entity" (a "CDE") under Section 45D of the Internal Revenue Code of 1986, as amended (the "Code");

WHEREAS, the Corporation applied for and obtained an allocation of New Markets Tax Credits authority under Section 45D of the Code ("NMTCs") in the amount of \$38,000,000 in the eleventh round of the NMTC program of the U.S. Treasury in 2013 (the "Allocation");

WHEREAS, the Corporation has determined to make use of the Allocation by creating, among other entities, CSCDC 8 LLC, a California limited liability company (the "Subsidiary CDE"), as a for-profit subsidiary, and then sub-allocating a portion of the Allocation to the Subsidiary CDE in the amount of \$7,000,000 (the "Sub-Allocation");

WHEREAS, the Corporation entered into that certain Operating Agreement dated as of January 30, 2014, with CSCDC Manager, LLC, a Delaware limited liability company, as its other member, to govern the management and operation of the Subsidiary CDE and its use of the Sub-Allocation (the "Initial CDE Operating Agreement");

WHEREAS, the Subsidiary CDE was formed for the purpose of providing investment capital for low-income communities and low-income persons by loaning money to "qualified active low income community businesses" ("QALICBs") as defined in Section 45D of the Code, to enable investors in the Subsidiary CDE to claim NMTCs based on their equity investment(s) in the Subsidiary CDE that constitute "qualified equity investments" as defined in Section 45D of the Code ("QEIs");

WHEREAS, to memorialize the Sub-Allocation, the Corporation and the Subsidiary CDE will enter into a Sub-Allocation Agreement (the "Sub-Allocation Agreement");

WHEREAS, the Corporation will amend and restate the Initial CDE Operating Agreement (the "First Amended Operating Agreement") pursuant to which, among other things, CSCDC Manager, LLC will withdraw as a member, Carson Block Investment Fund, LLC, a Missouri limited liability company (the "Fund") will be admitted as the investor member, and the members will set forth the rights and obligations of the members to each other;

WHEREAS, the First Amended Operating Agreement will evidence the making of a QEI by the Fund in the amount of \$7,000,000 (the “CDE Investment”) and the acceptance by the Subsidiary CDE of the CDE Investment, to be used to make “qualified low-income community investments”, as defined in Section 45D of the Code (“QLICIs”), in QALICBs;

WHEREAS, the First Amended Operating Agreement will also evidence the intent of the Subsidiary CDE to use the CDE Investment to make a loan in the aggregate amount of \$6,790,000 to Carson Block QALICB, LLC, a California limited liability company (“Borrower”), which loan is intended to constitute a QLICI, and to enter into certain loan and ancillary documents with Borrower and Consortium America LV, LLC, a Delaware limited liability company (“Co-Lender”) evidencing, governing and securing the QLICI (the “QLICI Loan Documents”);

WHEREAS, in connection with the First Amended Operating Agreement and the making of the QLICI to Borrower, U.S. Bancorp Community Development Corporation, a Minnesota corporation (“USBCDC”) requires the Corporation and the Subsidiary CDE to execute and deliver a New Markets Tax Credit Indemnification Agreement (the “CDE Indemnity”);

WHEREAS, the Board of Directors has determined that engaging in the transactions described above (collectively, the “NMTC Transaction”) and entering into the documents described above (collectively, the “NMTC Transaction Documents”) will further the purpose and mission of the Corporation, will fulfill the purpose of the Subsidiary CDE in its use of the Allocation, and will be of benefit to the Corporation and the Subsidiary CDE;

NOW, THEREFORE, the following resolutions have been presented to and reviewed by the Board of Directors of the Corporation, and the same are, in all respects, ratified and adopted:

BE IT RESOLVED, that the Corporation is authorized to enter into the NMTC Transactions and to assume and carry out its duties and obligations as reflected in the NMTC Transaction Documents, and all actions heretofore taken on behalf of the Corporation in pursuit and furtherance thereof are hereby ratified and confirmed;

RESOLVED FURTHER, that (i) the Corporation is authorized to enter into and execute and deliver the First Amended Operating Agreement; and (ii) the Corporation is in all other respects authorized to perform its duties and obligations as “Managing Member” as set forth in the First Amended Operating Agreement;

RESOLVED FURTHER, that the Corporation is authorized to enter into and execute and deliver the CDE Indemnity and to cause the Subsidiary CDE to enter into and execute and deliver the CDE Indemnity;

RESOLVED FURTHER, that (i) the Corporation is authorized to cause the Subsidiary CDE to make the QLICI to Borrower, (ii) the Corporation, in its capacity as Managing Member of the Subsidiary CDE, shall execute and deliver the QLICI Loan Documents, and (iii) the Corporation is in all other respects authorized to perform, and to cause the Subsidiary CDE to

perform, the respective duties and obligations of the Corporation and the Subsidiary CDE as set forth in the QLICI Loan Documents;

RESOLVED FURTHER, that the following individual is authorized and directed to execute and deliver, in the name of and on behalf of the Corporation, for itself and/or in its various capacities as described above, each of the NMTC Transaction Documents, together with such other contracts, agreements, documents, and instruments as may be necessary or appropriate to cause the Corporation and the Subsidiary CDE to implement the NMTC Transaction, and to take such other actions as are necessary or appropriate, in the judgment and discretion of such individual, to fulfill the purposes and obligations of the Corporation and the Subsidiary CDE under all of the foregoing and to consummate the transactions contemplated thereby.

Name	Title	Signature
Scott Carper	Authorized Representative	_____

AND BE IT RESOLVED FURTHER, that the execution of the NMTC Transaction Documents and any such other contracts, agreements, documents, and instruments by any such individual shall be conclusive proof of the approval thereof by the Board of Directors, and all actions taken by such individual in furtherance of the transactions described herein are hereby approved and ratified.

Dated this 20th day of November, 2014.

Dan Harrison