REGULAR MEETING AGENDA

February 1, 2018 at 2:00 p.m.

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

Telephonic Locations:

County of Kern
1115 Truxtun Avenue, Bakersfield, CA 93301

Town of Colma
1198 El Camino Real, Colma, CA 94014

County of Yuba
915 8th Street, Marysville, CA 95901

Town of Colma
247 Electric Street
Auburn, CA 95603

County of Butte
7 County Drive, Oroville, CA 95965

A. OPENING AND PROCEDURAL ITEMS

1. Roll Call.
   ____ Dan Harrison, Chair
   ____ Larry Combs, Vice Chair
   ____ Kevin O’Rourke, Treasurer
   ____ Tim Snellings, Secretary
   ____ Jordan Kaufman, Member
   ____ Dan Mierzwa, Member
   ____ Irwin Bornstein, Member
   ____ Brian Moura, Alt. Member

2. Consideration of the Minutes of the January 4, 2018 Regular Meeting.

3. Consent Calendar.

4. Public Comment.

B. ITEMS FOR CONSIDERATION

5. Consideration of the issuance of revenue bonds or other obligations to finance or refinance the following projects, the execution and delivery of related documents, and other related actions:

   a. Cienega Gardens Preservation Limited Partnership (Cienega Gardens Apartments), City of Covina, County of Los Angeles; issue up to $41,000,000 in multifamily housing revenue bonds.

C. STAFF ANNOUNCEMENTS, REPORTS ON ACTIVITIES OR REQUESTS

7. Executive Director Update.

8. Staff Updates.


NEXT MEETING: Thursday, February 15, 2018 at 2:00 p.m.
California State Association of Counties
1100 K Street, 1st Floor, Sacramento, CA 95814
1. Inducement of Community Development Partners (Palmdale Park Apartments), City of Palmdale, County of Los Angeles; issue up to $20 million in multi-family housing revenue bonds.

2. Consideration of membership and sponsorship renewals for the following organizations:
   a. California Council of Affordable Housing (CCAH)
   b. California Affordable Housing Development Association (CAHDA)
   c. Council of Development Finance Agencies (CDFA)

3. Consideration of Orrick, Herrington & Sutcliffe 2017 Supplemental Invoice in the amount of $24,000.

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Commission Chair Dan Harrison called the meeting to order at 9:03 am.

1. Roll Call.

Commission members present: Dan Harrison, Tim Snellings, Dan Mierzwa, and Brian Moura

Commission members participating via teleconference: Larry Combs

Others present: Cathy Bando, CSCDA Executive Director; James Hamill, Bridge Strategic Partners; Jon Penkower, Bridge Strategic Partners; Alan Fernandes, CSAC Finance Corporation; Laura Labanieh, CSAC Finance Corporation; Sendy Young, CSAC Finance Corporation; Carolyn Coleman, League of California Cities; Norman Coppinger, League of California Cities; Trisha Ortiz, Richards, Watson & Gershon; Justin Cooper, Orrick, Herrington & Sutcliffe; Roger Davis, Orrick, Herrington & Sutcliffe; Patricia Eichar, Orrick, Herrington & Sutcliffe; Bob Williams, RBC Capital Markets; Luke Brewer, RBC Capital Markets; Mimi Frusha, Renew Financial; Peter Gage, Renew Financial; Jonathan Kevles, Renew Financial; Josh Smith, Clean Fund; Leah Wiggs, Clean Fund; Rachel Hobbs, PACE Funding Group; Bob Gage, PACE Funding Group; Craig Hill, NHA Advisors & Clean Fund (Advisor); Bob Schuman, Counter Pointe Energy Solutions; Joe Livaich, Spruce Finance; Dustin Reilich, Renovate America; and Victor Vilaplana, Renovate America.

2. Attendee Introductions.

3. Election of Officers.

Commission Secretary Tim Snellings nominated Dan Harrison as Chair, Larry Combs as Vice Chair, and Kevin O’Rourke as Treasurer as the same slate of officers from 2017.

Motion to approve slate of CSCDA officers from 2017 for 2018 by T. Snelling. Second by D. Mierzwa. Unanimously approved by yea vote.

The Commission approved the minutes.

*Motion to approve by B. Moura. Second by D. Mierzwa. Unanimously approved by yea vote.*

5. Consideration of the Consent Calendar.

The Commission approved the following items on the Consent Calendar:

a. Inducement of Claremont Village Venture LP (Claremont Village Apartments), City of Claremont, County of Los Angeles; issue up to $60 million in multi-family housing revenue bonds.

b. Inducement of Pioneer Gardens Venture LP (Pioneer Gardens Apartments), City of Santa Fe Springs, County of Los Angeles; issue up to $60 million in multi-family housing revenue bonds.

*Motion to approve consent calendar by T. Snellings. Second by D. Mierzwa. Unanimously approved by yea vote.*

6. Public Comment.

No public comment.

7. 2017 Calendar Year Update.

Executive Director Bando gave a brief update on CSCDA’s 2017 highlights.

8. SCIP/CFD Update.

Bob Williams and Patricia Eichar provided the SCIP update. The total SCIP transactions for 2017 were $113,388,593.


Justin Cooper provided an update on the outcomes tax reform, and potential changes in the marketplace for CSCDA type of financings.

10. Open PACE Participation and Regulatory Update.

James Hamill talked about the two California PACE Legislation bills that passed in fall of 2017, SB 242 and AB 1284. The two bills enabled deep consumer protection (property owners), and created an oversight and established standards for PACE providers.

11. OpenPACE Administrator Update Presentations:

   a. Renew Financial
   b. AllianceNRG
   c. PACE Funding
   d. CleanFund Commercial PACE Capital
   e. Spruce Finance
   f. Renovate America
CSCDA’s PACE administrators presented their 2017 highlights and 2018 goals.

12. Closed Session: Conference with Legal Counsel – Anticipated Litigation – Significant exposure to litigation pursuant to paragraph (2) of subdivision (d) of Section 54956.9 (One Potential Case).

The Commission meeting was adjourned to Friday, January 5, 2018 at 9:00 am at the above referenced location at 11:46 a.m.

13. Report, if any, from Closed Session.

CSCDA General Counsel reported no reportable actions out of the closed session.

14. Contract Status Reports.

Commissioners requested this be brought back when a quorum is present and form a committee to review the contracts with Bridge Strategic Partners, the League of California Cities and California State Association of Counties.

15. League of California Cities & California State Association of Counties Reports.

Norman Coppinger from the League, Allan Fernandes and Laura Labanieh from CSAC Finance Corporation provided updates to the Commissioners on the status of what they have been doing on behalf of CSCDA.


Commissioners and Staff discussed marketing opportunities beyond current strategies including involvement with ILG, CSMFO and other municipal groups.

17. Executive Director Update.

None.

18. Staff Updates.

None.

19. Adjourn. Meeting concluded at 10:26 am.

NEXT MEETING: Thursday, January 18, 2018 at 2:00 p.m.
California State Association of Counties
1100 K Street, 1st Floor, Sacramento, CA 95814
Agenda Item No. 3

Agenda Report

DATE: February 1, 2018
TO: CSCDA COMMISSIONERS
FROM: Cathy Bando, Executive Director
PURPOSE: Consent Calendar

SUMMARY:

2. Consideration of membership and sponsorship renewals for the following organizations:

a. California Council of Affordable Housing (CCAH)

CCAH (California Council for Affordable Housing) is a tax-exempt nonprofit organization dedicated to facilitating the development and expansion of affordable housing in the State of California. CCAH devotes its resources to tracking relevant state and federal legislation, monitoring current housing development and finance programs, making recommendations on appropriate housing and programs, and keeping the CCAH membership informed about these matters. CCAH sponsors two annual statewide conferences and presents special seminars on a wide range of topics facing the affordable housing industry. Bronze Level Conference Sponsorship costs $1,500 for each of the spring and fall conferences and the annual membership fee is $750.

b. California Affordable Housing Development Association (CAHDA)

CAHDA is a 501(c)(6) organization that advocates for the common business interests of California's affordable housing development industry. Founded in 2016, CAHDA is dedicated to providing a voice and forum for affordable housing developers to build sustainable communities through the development of affordable and accessible housing throughout California. The membership fee is $5,000.

c. Council of Development Finance Agencies (CDFA)

CDFA is the national development finance association for conduit issuers and the association represents the interests of conduit issuers in Washington DC. The membership is $750.
3. Consideration of Orrick, Herrington & Sutcliffe ("Orrick") 2017 Supplemental Invoice in the amount of $24,000.

In 2017 Orrick engaged in additional work for CSCDA associated with updating multifamily housing regulatory agreements and policies related to new CDLAC requirements. The scope of work was outside of the annual retainer that is paid to Orrick in the amount of $80,000. There are sufficient funds to pay this out of the professional services fund. Staff, the Executive Director and the Chair, Vice-Chair and Treasurer have reviewed the invoices and agree that the supplemental invoice is justified and should be paid.
RESOLUTION NO. 18H--

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

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

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

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

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

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

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

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

WHEREAS, Section 8869.85 of the California Government Code requires a local agency desiring an allocation of the state ceiling to file an application with the California Debt Limit Allocation Committee (the “Committee”) for such allocation, and the Committee has certain policies that are to be satisfied in connection with any such application;
NOW, THEREFORE, BE IT RESOLVED by the Commission of the Authority as follows:

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

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

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

Section 4. The officers and/or the program managers of the Authority are hereby authorized and directed to apply to the Committee for an allocation from the state ceiling of private activity bonds to be issued by the Authority for each of the Projects in an amount not to exceed the amounts set forth in Exhibit A, and to take any and all other actions as may be necessary or appropriate in connection with such application, including but not limited to the payment of fees, the posting of deposits and the provision of certificates, and any such actions heretofore taken by such officers and program managers are hereby ratified, approved and confirmed.
PASSED AND ADOPTED by the California Statewide Communities Development Authority this February 1, 2018.

The undersigned, an Authorized Signatory of the California Statewide Communities Development Authority, DOES HEREBY CERTIFY that the foregoing resolution was duly adopted by the Commission of said Authority at a duly called meeting of the Commission of said Authority held in accordance with law on February 1, 2018.

By: ________________________________

Authorized Signatory
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<th>Project Location</th>
<th>Project Description (units)</th>
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<th>Legal Name of initial owner/operator</th>
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Agenda Item No. 5a

Agenda Report

DATE: February 1, 2018

TO: CSCDA COMMISSIONERS

FROM: Cathy Bando, Executive Director

PROJECT: Cienega Gardens Apartments

PURPOSE: Approve the Financing of Rental Affordable Housing Project Located in the City of Covina, County of Los Angeles

AMOUNT: Not to Exceed $63,000,000

EXECUTIVE SUMMARY:

Cienega Gardens Apartments (the “Project”) is an acquisition and rehabilitation of a 180-unit rental affordable housing project located in the City of Covina. 100% of the units will remain rent restricted for low-income tenants. CSCDA previously approved the Project on December 14, 2017 when an escrow closing was contemplated due to the potential tax reform threat on private activity bonds. The resolution has been updated to reflect a regular closing which requires an additional CSCDA approval.

PROJECT DESCRIPTION:

- Acquisition and rehabilitation of 180-unit affordable rental housing facility located at 1211 N. Lyman Avenue in the City of Covina.
- 7.76 acre site.
- 12 two-story residential buildings.
- Consists of 72 one-bedroom units, 48 two-bedroom units, 58 three-bedroom units and two manager’s units.

PROJECT ANALYSIS:

Background on Applicant:

Preservation Partners Development (PPD) acquires, rehabilitates and permanently preserves “at-risk” affordable housing resources which were originally developed under U.S. Department of Housing and Urban Development (HUD) financing and direct rental subsidy programs. PPD’s objective is to provide long term, secure housing communities, and in partnership with affiliated nonprofit corporations, provide supportive social services focused on the most basic needs of very
low income families and seniors. PPD has previously constructed or rehabilitated more than 30 multifamily properties and this is PPD’s ninth financing with CSCDA.

Public Agency Approval:

TEFRA Hearing: July 18, 2017 – City of Covina – unanimous approval

CDLAC Approval: Expected at CDLAC’s December 13, 2017 meeting. CSCDA approval will be conditioned upon receipt of CDLAC allocation.

Public Benefits:

- 100% of the units will be rent restricted for 55 years.
  - 37% (65 units) restricted to 50% or less of area median income households.
  - 63% (113 units) restricted to 60% or less of area median income households.
- The Project is in walking distance to recreational facilities and public K-12 schools.

Sources and Uses:

Sources of Funds:

- Tax-Exempt Bonds: $50,000,000
- Seller Note: $14,000,000
- Tax Credits: $7,080,534
- Equity Contribution: $128,875
- Deferred Developer Fee: $6,534,954
- Total Sources: $77,744,363

Uses of Funds:

- Acquisition: $44,300,000
- Construction Costs: $16,094,569
- Architecture & Engineering: $345,000
- Capitalized Interest/Fees: $6,071,113
- Developer Fee: $9,034,954
- Bond Costs: $234,242
- Cost of Issuance: $245,000
- Soft Costs: $640,400
- Reserves: $779,085
- Total Uses: $77,744,363

Finance Partners:

- Bond Counsel: Orrick, Herrington & Sutcliffe, LLP, San Francisco
- Authority Counsel: Orrick, Herrington & Sutcliffe, LLP, Sacramento
- Underwriter: Citibank
Finance Terms:

Rating: Unrated  
Term: 35 years at a fixed interest rate  
Structure: Private Placement  
Estimated Closing: February 21, 2018

CSCDA Policy Compliance:

The financing of the Project complies with CSCDA’s general and issuance policies.

DOCUMENTS: (as attachments)
1. Project Photos (Attachment A) 
2. CSCDA Resolution (Attachment B)

COMMISSION ACTION RECOMMENDED BY THE EXECUTIVE DIRECTOR:

1. Approves the issuance of the Bonds and the financing of the Project, contingent upon a receipt of CDLAC allocation;
2. Approves all necessary actions and documents in connection with the financing; and
3. Authorizes any member of the Commission or Authorized Signatory to sign all necessary documents.
ATTACHMENT A
ATTACHMENT B

RESOLUTION NO. 18H–__

A RESOLUTION OF THE CALIFORNIA STATEWIDE COMMUNITIES DEVELOPMENT AUTHORITY AUTHORIZING THE ISSUANCE, EXECUTION AND DELIVERY OF MULTIFAMILY HOUSING REVENUE OBLIGATIONS IN AN AGGREGATE PRINCIPAL AMOUNT NOT TO EXCEED $63,000,000 FOR THE FINANCING OF A MULTIFAMILY RENTAL HOUSING PROJECT GENERALLY KNOWN AS CIENEGA GARDENS 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 OBLIGATIONS.

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 and execute and deliver revenue notes for the purpose of financing, among other things, the acquisition, construction, rehabilitation, and development of multifamily rental housing projects in accordance with Chapter 7 of Part 5 of Division 31 of the California Health and Safety Code (the “Housing Law”);

WHEREAS, Cienega Gardens Preservation Limited Partnership, a California limited partnership, and entities related thereto (collectively, the “Borrower”), has requested that the Authority execute and deliver its California Statewide Communities Development Authority Multifamily Housing Revenue Construction/Permanent Note (Cienega Gardens Apartments) 2018 Series A-1 and its California Statewide Communities Development Authority Multifamily Housing Revenue Construction Note (Cienega Gardens Apartments) 2018 Series A-2 (collectively, the “Notes”) and issue and sell its California Statewide Communities Development Authority Multifamily Housing Revenue Bonds (Cienega Gardens Apartments) 2018 Series A-S (Subordinate Series) (the “Subordinate Bonds” and together with the Notes, the “Obligations”) to assist in the financing of the acquisition and rehabilitation of a 180-unit multifamily housing rental development located in the City of Covina, California (the “City”), and known or to be known as Cienega Gardens Apartments (the “Project”);

WHEREAS, on December 13, 2017, the Authority received an allocation in the amount of $60,000,000 (the “Allocation Amount”) from the California Debt Limit Allocation Committee in connection with the Project;

WHEREAS, the City is a Program Participant (as defined in the Agreement) of the Authority and has authorized the issuance, execution and delivery of the Obligations;
WHEREAS, the Authority is willing to issue, execute and deliver the Obligations in an aggregate principal amount not to exceed $63,000,000, provided that the portion of such Obligations issued, executed and delivered as federally tax-exempt obligations shall not exceed the Allocation Amount, and to loan the proceeds thereof to the Borrower to assist in providing financing for the Project, which will allow the Borrower to reduce the cost of the Project and to assist in providing housing for low and very low income persons;

WHEREAS, the Notes will be executed and delivered to Citibank, N.A. (the “Funding Lender”), as the initial holder of the Notes, and the Subordinate Bonds will be privately placed with Cienega Preservation Limited Partnership, a California limited partnership, or a related entity (the “Holder”), as the initial purchaser of the Subordinate Bonds, in each case in accordance with the Authority’s private placement policy;

WHEREAS, pursuant to Section 5852.1 of the California Government Code, the Authority, as a conduit financing provider, has received certain representations and good faith estimates from the Borrower and has disclosed such good faith estimates as set forth on Exhibit A attached hereto;

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 execution and delivery of the Obligations, and such documents are now in substantial form and appropriate instruments to be executed and delivered for the purposes intended:

(1) Funding Loan Agreement (the “Funding Loan Agreement”) to be entered into between the Funding Lender and the Authority;

(2) Borrower Loan Agreement (the “Borrower Loan Agreement”) to be entered into between the Authority and Borrower;

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

(4) Contingency Draw-Down Agreement (the “Contingency Draw-Down Agreement”) to be entered into by the Funding Lender and the Borrower;

(5) Subordinate Master Pledge and Assignment (the “Pledge and Assignment”) to be entered into among the Authority, Cienega Preservation Limited Partnership, a California limited partnership, as agent (the “Subordinate Bonds Agent”), and the Holder, relating to the Subordinate Bonds;

(8) Subordinate Master Agency Agreement (the “Agency Agreement”) to be entered into between the Authority and the Subordinate Bonds Agent, relating to the Subordinate Bonds; and
(9) Paying Agent Agreement (the “Paying Agent Agreement”) to be entered into between a paying agent, to be selected (the “Paying Agent”), and the Borrower, relating to the Subordinate Bonds;

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, the Funding Loan Agreement and the Pledge and Assignment, and in accordance with the Housing Law, the Authority is hereby authorized to execute and deliver the Notes and issue and sell the Subordinate Bonds in one or more series. The Notes shall be designated as “California Statewide Communities Development Authority Multifamily Housing Revenue Construction/Permanent Note (Cienega Gardens Apartments) 2018 Series A-1,” and “California Statewide Communities Development Authority Multifamily Housing Revenue Construction Note (Cienega Gardens Apartments) 2018 Series A-2” and the Subordinate Bonds shall be designated as “California Statewide Communities Development Authority Multifamily Housing Revenue Bonds (Cienega Gardens Apartments) 2018 Series A-S (Subordinate Series)” including, if and to the extent necessary, Obligations in one or more sub-series, with appropriate modifications and series and sub-series designations as necessary, in an aggregate principal amount not to exceed $63,000,000; provided that the aggregate principal amount of any tax-exempt Obligations issued, executed and delivered shall not exceed the Allocation Amount. The Obligations shall be issued, executed and delivered in the form set forth in and otherwise in accordance with the Funding Loan Agreement and the Pledge and Assignment, respectively, and 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 Authorized Signatory (as defined below), and attested by the facsimile signature of the Treasurer and Secretary of the Authority, or the manual signature of any Authorized Signatory. The Obligations shall be secured in accordance with the respective terms of the Funding Loan Agreement and the Pledge and Assignment presented to this meeting, as hereinafter approved. Payment of the principal and purchase price of, and prepayment or redemption premium, if any, and interest on, the Obligations shall be made solely from amounts pledged thereto under the Funding Loan Agreement and the Pledge and Assignment, respectively, and the Obligations shall not be deemed to constitute a debt or liability of the Authority, any Program Participant of the Authority or any Member of the Commission of the Authority (each, a “Member”).

Section 3. The Funding Loan 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. 17R-4 of the Authority, adopted on March 2, 2017) (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 Funding 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. The date, maturity date or dates (which shall not extend 45 years from the date of
Section 4. The Borrower 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 Borrower 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 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 Contingency Draw-Down Agreement in the form presented at this meeting is hereby approved.

Section 7. The Pledge and Assignment 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 Pledge and Assignment, 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 45 years from the date of issuance thereof), 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 Subordinate Bonds shall be as provided in the Pledge and Assignment as finally executed.

Section 8. 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 9. The Paying Agent Agreement in the form presented at this meeting is hereby approved.

Section 10. The Authority is hereby authorized to execute and deliver the Notes to the Funding Lender pursuant to the terms and conditions of the Funding Loan Agreement.

Section 11. The Subordinate Bonds, when executed, shall be delivered to the Agent and the registrar, if any, for authentication. The Agent and the registrar, if any, are hereby
requested and directed to authenticate the Subordinate Bonds by executing the certificate of authentication appearing thereon, and to deliver the Subordinate 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 and the registrar, if any. Such instructions shall provide for the delivery of the Subordinate Bonds to 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 issuance, execution and delivery of the Obligations 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, assignments of deed of trust, a subordination or intercreditor agreement, a termination of regulatory agreement, an endorsement, allonge or assignment of any note and such other documents as described in the Funding Loan Agreement, the Pledge and Assignment and the other documents herein approved, which they, or any of them, may deem necessary or advisable in order to consummate the lawful issuance, execution and delivery of the Obligations 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, execution and delivery of the Obligations, 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 Obligations or any prepayment or redemption of the Obligations, 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 Funding Loan Agreement, the Pledge and Assignment and other documents approved herein.

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

[Remainder of Page Intentionally Left Blank]
PASSED AND ADOPTED by the California Statewide Communities Development Authority this February 1, 2018.

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 February 1, 2018.

By __________________________

Authorized Signatory
PUBLIC DISCLOSURES RELATING TO CONDUIT REVENUE OBLIGATIONS

Pursuant to California Government Code Section 5852.1, the borrower (the “Borrower”) identified below has provided the following required information to the California Statewide Communities Development Authority (the “Authority”) as conduit financing provider, prior to the Authority’s regular meeting (the “Meeting”) of its Commission (the “Commission”) at which Meeting the Commission will consider the authorization of conduit revenue obligations (the “Obligations”) as identified below.

1. Name of Borrower: Cienega Gardens Preservation Limited Partnership.

2. Authority Meeting Date: February 1, 2018.


4. X Private Placement Lender or Bond Purchaser, __ Underwriter or __ Financial Advisor (mark one) engaged by the Borrower provided the Borrower with the required good faith estimates relating to the Obligations [as follows / attached as Schedule A]:

   [(A) The true interest cost of the Obligations, which means the rate necessary to discount the amounts payable on the respective principal and interest payment dates to the purchase price received for Obligations (to the nearest ten-thousandth of one percent): 5.50%.

   (B) The finance charge of the Obligations, which means the sum of all fees and charges paid to third parties: $1,345,394.

   (C) The amount of proceeds received by the public body for sale of the Obligations less the finance charge of the Obligations described in subparagraph (B) and any reserves or capitalized interest paid or funded with proceeds of the Obligations: $58,654,606.

   (D) The total payment amount, which means the sum total of all payments the Borrower will make to pay debt service on the Obligations plus the finance charge of the Obligations described in subparagraph (B) not paid with the proceeds of the Obligations (which total payment amount shall be calculated to the final maturity of the Obligations): $122,472,887.

5. The good faith estimates [provided above / attached as Schedule A] were ___ presented to the governing board of the Borrower, or ___ presented to the official or officials or committee designated by the governing board of the Borrower to obligate the Borrower in connection with the Obligations or, in the absence of a governing board, ___ presented to the official or officials of the Borrower having authority to obligate the Borrower in connection with the Obligations (mark one).
The foregoing estimates constitute good faith estimates only. The actual principal amount of the Obligations issued and sold, the true interest cost thereof, the finance charges thereof, the amount of proceeds received therefrom and total payment amount with respect thereto may differ from such good faith estimates due to a variety of factors. The actual interest rates borne by the Obligations and the actual amortization of the Obligations will depend on market interest rates at the time of sale thereof. Market interest rates are affected by economic and other factors beyond the control of the Borrower.

The Authority is authorized to make this document available to the public at the Meeting of the Authority.

Dated: ____________
California Statewide Communities Development Authority  
Multifamily Housing Revenue Note  
(Cienega Gardens Apartments)  
2018 Series A-1, A-2, & A-3  

Schedule A

<table>
<thead>
<tr>
<th></th>
<th>Par</th>
<th>Interest Rate</th>
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<tbody>
<tr>
<td>2018 Series A-1</td>
<td>$34,100,000.00</td>
<td>4.76%</td>
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<tr>
<td>2018 Series A-2 (1)</td>
<td>12,400,000</td>
<td>3.55%</td>
</tr>
<tr>
<td>2018 Series A-S</td>
<td>13,500,000</td>
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<td><strong>Total</strong></td>
<td>$60,000,000.00</td>
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</table>

(A) *Estimated True Interest Cost (2)*

5.50%

(B) *Estimated Finance Charges*

$1,345,393.99

<table>
<thead>
<tr>
<th>Closing Costs</th>
<th>$ Amount</th>
<th>% Bond Par</th>
</tr>
</thead>
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<tr>
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<td>CSCDA</td>
<td>$120,000.00</td>
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<tr>
<td>CDLAC Allocation Fee</td>
<td>CSCDA</td>
<td>21,000.00</td>
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<tr>
<td>CDIAC Fee</td>
<td>State of California</td>
<td>9,000.00</td>
</tr>
<tr>
<td>Bond Counsel</td>
<td>Orrick, Herrington &amp; Sutcliffe LLP</td>
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<tr>
<td>Paying Agent</td>
<td>Wilmington Trust</td>
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<tr>
<td>Tax-Exempt Lender's Origination Fee</td>
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<td>465,000.00</td>
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<td>Tax-Exempt Lender Third Parties</td>
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<td>Tax-Exempt Lender's Real Estate Counsel</td>
<td>Robinson &amp; Cole LLP</td>
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<td>Tax-Exempt Lender's Disclosure Matters Counsel</td>
<td>Norris George &amp; Ostrow PLLC</td>
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<tr>
<td><strong>Total</strong></td>
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<td>1.236%</td>
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Total Ongoing Issuer Fee for the life of Loans/Bonds

$542,393.99

Total Ongoing Paying Agent Fee for the life of Loans/Bonds

$61,500.00

Total Finance Charges

$1,345,393.99

(C) Proceeds less Finance Charges

$58,654,606.01

(D) Total Payments (3)

$122,472,886.75

Notes:
(1) Series A-2 is a variable rate of interest, the rate of 3.55% is a proxy interest rate and will fluctuate in the future.
(2) Estimated true interest cost considering the three series over the life of the loan.
(3) Total payments includes principal, interest, the ongoing Issuer fee, and the annual Paying Agent fee.
Agenda Item No. 6

Agenda Report

DATE: February 2, 2018
TO: CSCDA COMMISSIONERS
FROM: Cathy Bando, Executive Director
PURPOSE: Consideration of CSCDA Audited Financial Statement for the Year Ended June 30, 2017

BACKGROUND AND SUMMARY:

Attached for the consideration of the Commission are the CSCDA audited financial statements for the Year Ended June 30, 2017. Mann, Urrutia, Nelson, CPAs & Associates, LLP prepared the reports working with the League of California Cities and CSCDA staff. Highlights from the audited financial statements include the following:

1. **Bonds Issued** – During fiscal year ending June 30, 2016, CSCDA issued $1.875 billion in conduit bonds in 390 bond issues which were in the following categories:
   - **Private Activity Bonds** – CSCDA financed 51 projects for a total of $1.524 billion in bonds
   - **Public Agency Bonds** – CSCDA issued six bond issues totaling $131 million in bonds benefiting 38 public agencies.
   - **PACE** – CSCDA issued had 333 bond issuances totaling $220 million in bonds

2. **Bond Issuance Fees** – CSCDA collected $5,250,306 in new bond issuance fees which is a 37% increase over 2016 Bond Issuance Fees of $3.8 million.

3. **Bond Administrative Fees** – CSCDA collected $10,114,296 in bond administration fees which is a 5% increase over 2016 Bond Issuance Fees of $9.6 million.

4. **Distributions** – CSCDA’s disbursements were:
   - $5,610,941 – HB Capital, down $835 thousand (-13%) compared to 2016
   - $3,096,888 – BSP, up $978 thousand (+46%) from 2016
   - $5,805,344 – CSAC Finance Corporation and League of California Cities, an increase of $1.5 million (+35%) over 2016
   - $466,073 – General Administrative Activities, down $180 thousand (-28%) compared to 2016
5. **Cash and Investment** – As of June 30, 2017, CSCDA’s had $6,992,148 in cash and investments which primarily represent prepaid bond administration fees and deposits. The balance in the General Administrative Fund was $312,038.

6. **Investments** – CSCDA’s cash and investments are held in money market funds and US Treasury Obligations

**RECOMMENDED ACTION:**

CSCDA’s Executive Director recommends approval of the Audited Financial Statement for the Year Ended June 30, 2017.
Independent Auditor's Report
Financial Statement
and Supplementary Information

June 30, 2017
## CALIFORNIA STATEWIDE COMMUNITIES DEVELOPMENT AUTHORITY

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**JUNE 30, 2017**

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<th>Section</th>
<th>Page</th>
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<td>Management's Discussion and Analysis (Required Supplementary Information)</td>
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<td>Financial Statement:</td>
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<td>Statement of Fiduciary Assets and Liabilities - Agency Funds</td>
<td>6</td>
</tr>
<tr>
<td>Notes to the Financial Statements</td>
<td></td>
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<tr>
<td>Supplementary Information:</td>
<td></td>
</tr>
<tr>
<td>Schedule of Fiduciary Fee Collections/Charges and Disbursements Related to the Conduit Finance Activities - Agency Funds</td>
<td>12</td>
</tr>
</tbody>
</table>
INDEPENDENT AUDITOR’S REPORT

To the Board of Commissioners
California Statewide Communities Development Authority
Sacramento, California

We have audited the accompanying statement of fiduciary assets and liabilities - agency funds - of the California Statewide Communities Development Authority, as of June 30, 2017, 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 this 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 the 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, whether 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 present fairly, in all material respects, the financial position of the California Statewide Communities Development Authority, as of June 30, 2017 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 as listed in the table of contents, be presented to supplement the basic financial statement. Such information, although not a part of the basic financial statement, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic 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 basic financial statement, and other knowledge we obtained during our audit of the basic 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 are not a required part of the basic financial statements.

The schedule of fiduciary fee collections/charges and disbursements related to the conduit finance activities - agency funds is the responsibility of management and was derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statement and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statement or to the basic financial statement themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of fiduciary fee collections/charges and disbursements related to the conduit finance activities - agency funds is fairly stated, in all material respects, in relation to the basic financial statement as a whole.

Mann, Witter, Nelson CPA’s

Sacramento, California
November 30, 2017
Management's Discussion and Analysis

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 600 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, 2017, the aggregate amount of CSCDA's conduit debt obligations outstanding issued on behalf of program participants totaled $24.2 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 its local government members by ensuring that local community projects get funded quickly and reliably.

Conduit Finance Activity

During the fiscal year ended June 30, 2017, CSCDA served as issuer for $1.875 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, 2017, CSCDA provided conduit financing for 51 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 $1.524 billion in Private Activity Finance Program projects.

Public Agency Finance Program projects are those where CSCDA serves as the conduit issuer for financing where a city, county, and/or special district is the borrower. CSCDA frequently conducts these types of financing's 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, 2017, CSCDA conducted 6 Public Agency Finance Program conduit issuances totaling approximately $131 million and benefiting 38 of its public agency members.

PACE Finance Program allow property owners in participating cities and counties to finance renewable energy, energy efficiency improvements, seismic improvements and electric vehicle charging infrastructure on their property. Participation in the assessment is 100% voluntary by the property owner. The improvements installed on the owner's property are financed by the issuance of bonds. The bonds are secured by a voluntary contractual assessment levied on the owner's property. Property owners who wish to participate in PACE agree to repay the money through the voluntary contractual assessment collected with property taxes. The voluntary contractual assessments are levied by CSCDA and collected in annual installments through the applicable county secured property tax bill. During the year ended June 30, 2017, there were 333 bond issuances totaling $220 million through the CSCDA PACE program.

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 on page 6. 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 7-11 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 on page 14 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 received from borrowers in CSCDA’s name to pay for the program manager’s services as well as for the program sponsorship, and marketing provided by CSAC and the League. CSCDA 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 pursuant to agreements approved by the CSCDA Board of Commissioners and for services provided to CSCDA. For the year ended June 30, 2017, CSCDA collected approximately $7.8 million for bond issuance services and CDLAC deposits. At June 30, 2017, the related accounts held approximately $2.1 million.

Bond Administration. This agency fund represents amounts assessed by CSCDA 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 manager or others. Such services are primarily performed by the program manager and a housing compliance monitoring firm, each of which receives payments as services are rendered. For the year ended June 30, 2017, CSCDA collected approximately $10.0 million in payments and prepayments for ongoing bond administration activities. At June 30, 2017, the related accounts held approximately $4.5 million for bond administration activities pending performance of bond administration services.

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 made prior to the distribution of bond administration service fees. 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 CSCDA for purposes such as marketing, funding public agency education programs, purchasing public official’s insurance for the Board of Commissioners, to reimburse Commissioner expenses, and paying audit, legal, and other professional services expenses. For the year ended June 30, 2017 these accounts funded $466,073 in general administrative expenses of which $35,640 was paid to the Executive Director and $112,922 was paid to General Counsel. At June 30, 2017, the general administrative activities agency fund totaled $312,038.
Related Parties

CSCDA maintains agreements with CSAC and the League for the provision of program sponsorship, and marketing. In exchange, both organizations receive shares of the distributions made from agency funds collected for bond issuance and bond administration services. For the year ended June 30, 2017, CSAC and the League together received $5,805,344, shared equally between them. Program administration services are performed under contract with CSCDA by Bridge Strategic Partners. For the year ended June 30, 2017, this company was paid $3,096,888. Prior program administration fees are paid pursuant to an Agreement between CSCDA and HB Capital Resources, Ltd. For the year ended June 30, 2017 this company was paid $5,610,941.

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
CALIFORNIA STATEWIDE COMMUNITIES DEVELOPMENT AUTHORITY  
STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES  
AGENCY FUNDS  
AS OF JUNE 30, 2017

<table>
<thead>
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<th>ASSETS</th>
<th>Amount</th>
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<tbody>
<tr>
<td>Cash and investments</td>
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</tr>
<tr>
<td>Total Assets</td>
<td>$6,992,148</td>
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<table>
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<tr>
<th>LIABILITIES</th>
<th>Amount</th>
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<td>Total Liabilities</td>
<td>$6,992,148</td>
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See accompanying notes to the financial statement.
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 economical 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 18, 2014, administration of CSCDA has been managed by an Executive Director engaged under contract by the Board.

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 Fund - Bond Issuance and Ongoing Bond Administration

While CSCDA has no revenues of its own, the League and CSCDA’s designated Program Manager (see Note 4 - Related Parties) oversee the collection of bond issuance and ongoing bond administration fees received 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, the Prior Program Manager, or other designated payees. CSCDA recognizes no revenues or expenses related to these fee collections and disbursements, all of which are reported in 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 $8,601,144 at June 30, 2017.
NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Agency Fund - General Administrative Activities

Prior to the distribution of bond administration service fees to CSAC, the League, and the Program Manager (see Note 4 - Related Parties), an allocation is made to accounts owned by CSAC and the League and held for them. These accounts are first used, under the direction of the Commission, 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. Amounts held in reserve accounts are for CSAC and the League and are reported within the statement of fiduciary assets and liabilities - agency funds. The general administrative activity agency fund amounted to $312,036 at June 30, 2017.

NOTE 3 - CONDUIT FINANCE ACTIVITY

CSCDA’s conduit finance activity for the year ended June 30, 2017 appears as follows:

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<thead>
<tr>
<th>Private Activity Finance Programs</th>
<th>No. of Projects Financed</th>
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<td>Qualified 501(c)(3) Nonprofit</td>
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<td>Affordable Multifamily Housing</td>
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<td><strong>51</strong></td>
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</table>

<table>
<thead>
<tr>
<th>Public Agency Finance Programs</th>
<th>No. of Program Participants</th>
<th>No. of Bonds Issued</th>
<th>Debt Issued</th>
</tr>
</thead>
<tbody>
<tr>
<td>Statewide Community Infrastructure Program (SCIP)</td>
<td>31</td>
<td>3</td>
<td>56,708,593</td>
</tr>
<tr>
<td>Community Facilities Districts (CFDs)</td>
<td>2</td>
<td>2</td>
<td>32,385,000</td>
</tr>
<tr>
<td>GO Savers</td>
<td>5</td>
<td>1</td>
<td>40,085,000</td>
</tr>
<tr>
<td><strong>Total Public Agency</strong></td>
<td><strong>38</strong></td>
<td><strong>6</strong></td>
<td><strong>131,178,593</strong></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Property Assessed Clean Energy (PACE) Finance Programs</th>
<th>No. of Bonds Issued</th>
<th>Debt Issued</th>
</tr>
</thead>
<tbody>
<tr>
<td>Open PACE Program</td>
<td>333</td>
<td>219,843,026</td>
</tr>
<tr>
<td><strong>Total PACE</strong></td>
<td><strong>333</strong></td>
<td><strong>219,843,026</strong></td>
</tr>
<tr>
<td><strong>Total Debt Issued</strong></td>
<td><strong>390</strong></td>
<td><strong>1,674,791,174</strong></td>
</tr>
</tbody>
</table>

At June 30, 2017 the aggregate amount of CSCDA’s conduit debt obligations outstanding issued on behalf of program participants totaled $24.2 billion.

The amount of conduit debt obligations authorized, but unsold as of June 30, 2017 was $199,500,000.
NOTE 4 - RELATED PARTIES

CSCDA has entered into Intellectual Property License, Royalty, and Administrative Agreements with CSAC and the League (see Note 1-Nature of Organization) for sponsorship 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 Bridge Strategic Partners for the provision of comprehensive staff services for daily operational and marketing purposes. Acting as CSCDA's staff, Bridge Strategic Partners 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. CSCDA has an ongoing prior administration agreement with HB Capital Resources Ltd. related to bond administration fees for bond issuances prior to July 1, 2015.

Pursuant to the above referenced program administration agreements, HB Capital Resources Ltd. receives a percentage of bond administration fees paid by borrowers for bond issuances prior to July 1, 2015 and Bridge Strategic Partners receives a set percentage of the bond issuance and ongoing bond administration fees assessed to borrowers in CSCDA's name after June 30, 2015, with such percentages varying based upon deal type. Under the Intellectual Property License, et seq, Agreement, CSAC and the League receive an equal portion of the remaining bond issuance and ongoing bond administration fees. CSAC, the League, HB Capital Resources and Bridge Strategic Partners pay all their own expenses related to the provision of their respective activities or services. For the year ended June 30, 2017, CSAC Finance Corporation and the League of California Cities together received $5,805,344 split equally between them. Bridge Strategic Partners received $3,096,888 and HB Capital Resources received $5,610,941.

NOTE 5 - CASH AND INVESTMENTS

Cash and investments at June 30, 2017 consisted of the following:

<table>
<thead>
<tr>
<th>Investments</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Money Market Funds</td>
<td>$3,943,862</td>
</tr>
<tr>
<td>U.S. Treasury Obligations</td>
<td>$3,046,286</td>
</tr>
<tr>
<td><strong>Total investments</strong></td>
<td>$6,990,148</td>
</tr>
</tbody>
</table>

Agency Fund Investments Authorized by CSCDA's Investment Practice

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.)

<table>
<thead>
<tr>
<th>Authorized Investment Type</th>
<th>Maximum Maturity</th>
<th>Maximum % of Portfolio</th>
<th>Maximum Investment in one Issuer</th>
</tr>
</thead>
<tbody>
<tr>
<td>Money Market Funds</td>
<td>N/A</td>
<td>None</td>
<td>None</td>
</tr>
<tr>
<td>U.S. Treasury Obligations</td>
<td>None</td>
<td>None</td>
<td>None</td>
</tr>
</tbody>
</table>

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.
NOTE 5 - CASH AND INVESTMENTS (Continued)

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:

<table>
<thead>
<tr>
<th>Investment Type</th>
<th>Maturities</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>12 Months or</td>
</tr>
<tr>
<td></td>
<td>Less</td>
</tr>
<tr>
<td>Money Market Funds</td>
<td>$3,943,862</td>
</tr>
<tr>
<td>U.S Treasury Obligations</td>
<td>$274,360</td>
</tr>
<tr>
<td>Total</td>
<td>$4,218,222</td>
</tr>
</tbody>
</table>

|                         | 13 to 24 Months |
| Money Market Funds      | $ -             |
| U.S Treasury Obligations| $201,239        |
| Total                   | $201,239        |

|                         | 25 to 50 Months |
| Money Market Funds      | $ -             |
| U.S Treasury Obligations| $536,809        |
| Total                   | $536,809        |

|                         | More Than 60 Months |
| Money Market Funds      | $ -             |
| U.S Treasury Obligations| $2,035,878       |
| Total                   | $2,035,878       |

|                         | Total            |
| Money Market Funds      | $3,943,862       |
| U.S Treasury Obligations| $3,048,266       |
| Total                   | $6,992,148       |

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 or money market funds that carry the assignment of a BBB or better rating by a nationally-recognized statistical rating organization. At June 30, 2017, agency fund investments were held entirely in money market funds and U.S. Treasury obligations with Standards & Poor’s ratings of AAAm and AA+, respectively. However, under GASS 40, U.S. Treasury obligations are not considered to have credit risk.

Concentration of Credit Risk

CSCDA’s investment practice with respect to agency funds limits concentration of credit risk by restricting investments to U.S. Treasury obligations or money market funds. CSCDA’s agency fund investment position at June 30, 2017, was in compliance with this practice.

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. At June 30, 2017, CSCDA held all of its funds at one financial institution which provides FDIC coverage of deposits up to $250,000. Deposits not covered by the FDIC are 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.
NOTE 5 - CASH AND INVESTMENTS (Continued)

Fair Value Measurements

CSCDA categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles (GASB 72). The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; and Level 3 inputs are significant unobservable inputs. The Authority has the following recurring fair value measurements as of June 30, 2017:

<table>
<thead>
<tr>
<th>Investment Type</th>
<th>Total</th>
<th>Fair Value Measurements Using:</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td>Level 1</td>
</tr>
<tr>
<td>Money Market Funds</td>
<td>$3,943,862</td>
<td>$-</td>
</tr>
<tr>
<td>U.S. Treasury Obligations</td>
<td>3,048,286</td>
<td>3,048,286</td>
</tr>
<tr>
<td>Total</td>
<td>$6,992,148</td>
<td>3,048,286</td>
</tr>
</tbody>
</table>
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 remitted to CSCDA by borrowers. 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.
<table>
<thead>
<tr>
<th>Amounts Collected and Charged in Benefit of Conduit Finance Activities of CSCDA</th>
<th>Bond Issuance</th>
<th>Bond Administration</th>
<th>General Administrative Activities</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Bond issuance fees</td>
<td>$5,260,306</td>
<td>$</td>
<td>$</td>
<td>$5,260,306</td>
</tr>
<tr>
<td>Bond administrative fees</td>
<td>-</td>
<td>10,114,296</td>
<td>-</td>
<td>10,114,296</td>
</tr>
<tr>
<td>Deposits</td>
<td>2,561,770</td>
<td>-</td>
<td>-</td>
<td>2,561,770</td>
</tr>
<tr>
<td>Investment income:</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Interest</td>
<td>3,846</td>
<td>3,026</td>
<td>-</td>
<td>6,872</td>
</tr>
<tr>
<td>Change in fair value of investments</td>
<td>-</td>
<td>(113,002)</td>
<td>-</td>
<td>(113,002)</td>
</tr>
<tr>
<td>Total Amounts Collected and Charged in Benefit of Conduit Finance Activities of CSCDA</td>
<td>7,815,922</td>
<td>10,004,320</td>
<td>-</td>
<td>17,820,242</td>
</tr>
</tbody>
</table>

| Amounts Disbursed in Benefit of Conduit Finance Activities of CSCDA | | | | |
|---|---|---|---|
| Program Administration: | | | |
| Program Manager - Bridge Strategic Partners, LLC | 2,481,225 | 380,828 | - | 2,662,053 |
| Prior Program Manager - HB Capital Resources, Ltd. | - | 5,610,941 | - | 5,610,941 |
| Program Governance and Marketing: | | | |
| CSAC | 1,375,902 | 1,526,770 | - | 2,902,672 |
| League of California Cities | 1,375,902 | 1,526,770 | - | 2,902,672 |
| Compliance Monitoring: | | | |
| Urban Futures Bond Administration, Inc. | - | 717,108 | - | 717,108 |
| Bridge Strategic Partners, LLC | - | 209,812 | - | 209,812 |
| Executive Director & General Counsel Compensation | - | - | 178,762 | 178,762 |
| General Administrative: | | | |
| Bridge Strategic Partners, LLC | - | - | 24,923 | 24,923 |
| Charitable Contributions | - | - | 25,526 | 25,526 |
| Others | - | - | 236,562 | 236,562 |
| Deposits returned and Other | 2,989,740 | - | - | 2,989,740 |
| Total Amounts Disbursed in Benefit of Conduit Finance Activities of CSCDA | 8,222,769 | 9,972,329 | 466,073 | 18,661,171 |
| Transfers | (15,541) | (475,069) | - | (490,610) |
| Change in Agency Obligations | (422,388) | (444,076) | 25,537 | (840,929) |
| Agency Obligations, July 1, 2016 | 2,486,614 | 4,978,996 | 286,501 | 7,754,111 |
| Agency Obligations, June 30, 2017 | $2,066,226 | $4,534,918 | $312,038 | $6,913,182 |

See accompanying notes to the financial statement
ANNUAL MEETING AGENDA

February 1, 2018
2:15 p.m. or upon adjournment of the regularly scheduled CSCDA Commission Meeting

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

A. OPENING AND PROCEDURAL ITEMS

1. Roll Call.
   - Dan Harrison, President
   - Larry Combs, Vice President
   - Kevin O’Rourke, Treasurer
   - Tim Snellings, Secretary
   - Jordan Kaufman, Member
   - Dan Mierzwa, Member
   - Irwin Bornstein, Member
   - Brian Moura, Alt. Member

2. Election of Officers.

3. Consideration of the minutes of the October 5, 2017 Meeting.

4. Public Comment.

B. ITEMS FOR CONSIDERATION

5. Consideration of CSCDC audited financial statements for fiscal year 2016/17.

C. STAFF ANNOUNCEMENTS, REPORTS ON ACTIVITIES OR REQUESTS

6. Executive Director Update.

7. Staff Updates.

8. Adjourn.

This ___ page agenda was posted at 1100 K Street, Sacramento, California on ____________, 2018 at ___ : ___ m, Signed ________________________________. Please email signed page to info@cscda.org
Commission Chair Dan Harrison called the meeting to order at 2:22 pm.

1. Roll Call.

Commission members present: Dan Harrison
Commission members participating via teleconference: Larry Combs, Jordan Kaufman, and Irwin Bornstein

Others present: Cathy Bando, CSCDA Executive Director; Jon Penkower, Bridge Strategic Partners; Norman Copping, League of California Cities; Justin Cooper, Orrick, Herrington & Sutcliffe; Sendy Young, CSAC Finance Corporation and Bradley Bartells, Mann CPAs

Others participating via teleconference: Tricia Ortiz, Richards, Watson & Gershon; Patricia Eichar, Orrick, Herrington & Sutcliffe; James Hamill, Bridge Strategic Partners; Laura Labanieh, CSAC Finance Corporation

2. Consideration of the Minutes of the August 17, 2017 Regular Meeting.

The commission approved the minutes.

*Motion to approve by L. Combs. Second by J. Kaufman. Unanimously approved by roll-call vote.*

3. Public Comment.

There was no public comment.

4. 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 up to $16,500,000 in qualified low income community investments by CSCDC 12 LLC to LifeLong Medical Care, City of Richmond, County of Contra Costa California.
The Executive Director recommended approval of the making of up to $16,500,000 in Qualified Low Income Community Investments. On January 30, 2017, CSCDC’s Advisory Board unanimously recommended approval of the Project.

Motion to approve by I. Bornstein. Second by L. Combs. Unanimously approved by roll-call vote.

5. Executive Director Update
   There was no Executive Director update.

6. Staff Updates.
   Jon Penkower announced that the first three projects have closed already. He will circulate the three summaries to the Commission via email. The application for the 2018 allocation is pending.

7. Adjourn.
   The meeting was adjourned at 2:29 pm.

Submitted by: Sendy Young, CSAC Finance Corporation
DATE: February 2, 2018

TO: CSCDC BOARD OF DIRECTORS

FROM: Cathy Bando, Executive Director

PURPOSE: Consideration of CSCDC audited financial statements for fiscal years ending June 30, 2016 and June 30, 2017.

BACKGROUND AND SUMMARY:

Attached for the consideration of the Board are the CSCDC audited financial statements for fiscal year ending June 30, 2016 and June 30, 2017. Novogradac & Company, LLP prepared the reports working with the League of California Cities and CSCDC staff. Highlights from the audited financial statements include the following:

1. **Closing Fees** – During fiscal years ending June 30, 2016 and 2017, CSCDC did not participate in any new NMTC transactions, and therefore received no closing fees.

2. **Administrative Fees** – CSCDC received $383,328 and $383,307, respectively in 2016 and 2017, in administrative fees from previously closed NMTC transactions.

3. **Expenses** – CSCDC incurred a total of $313,403 and $311,638, respectively in 2016 and 2017, in expenses, comprised primarily of sponsorship fees, legal, accounting, asset management and other professional fees.

RECOMMENDED ACTION:

CSCDC’s Executive Director recommends approval of the 2016 and 2017 audited financial statements.
California Statewide Communities Development Corporation

Financial Statements

For the Years Ended June 30, 2017 and 2016

(With Report of Independent Auditors Thereon)
Report of Independent Auditors

To the Board of Directors of
California Statewide Communities Development Corporation:

We have audited the accompanying financial statements of California Statewide Communities Development Corporation, which comprise the statements of financial position as of June 30, 2017 and 2016, and the related statements of activities and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements 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 statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors’ judgment, including the assessment of the risks of material misstatement of the financial statements, whether 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 statements 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 statements.

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 statements referred to above present fairly, in all material respects, the financial position of California Statewide Communities Development Corporation as of June 30, 2017 and 2016, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Novogradac & Company LLP

Dover, Ohio
December 20, 2017
CALIFORNIA STATEWIDE COMMUNITIES DEVELOPMENT CORPORATION
STATEMENTS OF FINANCIAL POSITION
June 30, 2017 and 2016

<table>
<thead>
<tr>
<th></th>
<th>2017</th>
<th>2016</th>
</tr>
</thead>
<tbody>
<tr>
<td>ASSETS</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cash and cash equivalents</td>
<td>$311,645</td>
<td>$164,293</td>
</tr>
<tr>
<td>Due from related parties</td>
<td>$65,798</td>
<td>$27,924</td>
</tr>
<tr>
<td>Investments in Community Development Entities</td>
<td>$7,300</td>
<td>$7,300</td>
</tr>
<tr>
<td>Total assets</td>
<td>$384,743</td>
<td>$199,517</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>LIABILITIES AND NET ASSETS</th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Liabilities</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Accounts payable and accrued expenses</td>
<td>$73,971</td>
<td>$76,283</td>
</tr>
<tr>
<td>Reservation fees payable</td>
<td>$120,000</td>
<td>$</td>
</tr>
<tr>
<td>Deferred income</td>
<td>$0</td>
<td>$4,555</td>
</tr>
<tr>
<td>Total liabilities</td>
<td>$192,971</td>
<td>$80,838</td>
</tr>
<tr>
<td>Unrestricted net assets</td>
<td>$190,772</td>
<td>$118,679</td>
</tr>
<tr>
<td>Total liabilities and net assets</td>
<td>$384,743</td>
<td>$199,517</td>
</tr>
</tbody>
</table>

See accompanying notes to financial statements
<table>
<thead>
<tr>
<th></th>
<th>2017</th>
<th>2016</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>UNRESTRICTED REVENUE AND SUPPORT</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Asset management fee income</td>
<td>$ 383,307</td>
<td>$ 383,328</td>
</tr>
<tr>
<td>Other income</td>
<td>$ 424</td>
<td>$ 38</td>
</tr>
<tr>
<td><strong>Total revenue</strong></td>
<td>$ 383,731</td>
<td>$ 382,366</td>
</tr>
<tr>
<td><strong>EXPENSES</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Sponsor fees</td>
<td>$ 180,000</td>
<td>$ 180,000</td>
</tr>
<tr>
<td>Professional fees</td>
<td>$ 116,505</td>
<td>$ 109,450</td>
</tr>
<tr>
<td>Legal fees</td>
<td>$ -</td>
<td>$ 9,065</td>
</tr>
<tr>
<td>California tax and filing fees</td>
<td>$ 14,120</td>
<td>$ 12,538</td>
</tr>
<tr>
<td>Miscellaneous expenses</td>
<td>$ 1,013</td>
<td>$ 1,350</td>
</tr>
<tr>
<td><strong>Total expenses</strong></td>
<td>$ 311,638</td>
<td>$ 313,403</td>
</tr>
<tr>
<td><strong>INCREASE IN UNRESTRICTED NET ASSETS</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>$ 72,093</td>
<td>$ 69,963</td>
</tr>
<tr>
<td><strong>UNRESTRICTED NET ASSETS AT BEGINNING OF YEAR</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>$ 118,679</td>
<td>$ 48,716</td>
</tr>
<tr>
<td><strong>UNRESTRICTED NET ASSETS AT END OF YEAR</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>$ 190,772</td>
<td>$ 118,679</td>
</tr>
</tbody>
</table>
CALIFORNIA STATEWIDE COMMUNITIES DEVELOPMENT CORPORATION
STATEMENTS OF CASH FLOWS
For the years ended June 30, 2017 and 2016

<table>
<thead>
<tr>
<th>Description</th>
<th>2017</th>
<th>2016</th>
</tr>
</thead>
<tbody>
<tr>
<td>CASH FLOWS FROM OPERATING ACTIVITIES</td>
<td>$72,093</td>
<td>$69,963</td>
</tr>
<tr>
<td>Increase in unrestricted net assets</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Adjustments to reconcile increase in unrestricted net assets to net cash</td>
<td></td>
<td></td>
</tr>
<tr>
<td>provided by operating activities:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>(Increase) decrease in due from related parties</td>
<td>(37,874)</td>
<td>40,284</td>
</tr>
<tr>
<td>(Decrease) increase in deferred income</td>
<td>(4,555)</td>
<td>4,555</td>
</tr>
<tr>
<td>Decrease in accounts payable and accrued expenses</td>
<td>(2,312)</td>
<td>(75,577)</td>
</tr>
<tr>
<td>Increase in reservation fees payable</td>
<td>120,000</td>
<td></td>
</tr>
<tr>
<td>Net cash provided by operating activities</td>
<td>147,352</td>
<td>39,225</td>
</tr>
<tr>
<td>NET INCREASE IN CASH AND CASH EQUIVALENTS</td>
<td></td>
<td></td>
</tr>
<tr>
<td>CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR</td>
<td>164,293</td>
<td>125,068</td>
</tr>
<tr>
<td>CASH AND CASH EQUIVALENTS AT END OF YEAR</td>
<td>$311,645</td>
<td>$164,293</td>
</tr>
</tbody>
</table>

See accompanying notes to financial statements

5
NOTE 1 – ORGANIZATION

California Statewide Communities Development Corporation (the “Organization”), a California nonprofit public benefit corporation, was formed on May 6, 2011 to qualify as a Community Development Entity (CDE) and to engage in such activities which qualify for New Markets Tax Credits (NMTC) pursuant to Section 45D of the Internal Revenue Code.

The Organization has been certified by the Community Development Financial Institutions Fund of the U.S. Department of Treasury (“CDFI Fund”) as a CDE. As a CDE, the Organization’s primary mission is to invest in Subsidiary Allocates (“Limited Liability Companies”) that provide loans, equity investments, or financial services to qualified businesses in Low-Income Communities in the Organization’s service area of California. As of June 30, 2017 and 2016, the Organization has received $143,000,000 and $73,000,000, respectively, of NMTC investment authority from the CDFI Fund.

The NMTC program provides investors with credits against federal income taxes they incur. NMTCs are passed through to an investor for each Qualified Equity Investment (QEI) made in a CDE certified as such by the CDFI Fund. The investor receives credits over a seven-year period for each QEI, equal to 39% of the QEI amount (5% during each of years one through three and 6% during each of years four through seven). The CDEs use the QEI proceeds to make Qualified Low-Income Community Investments (QLICIs) to Qualified Active Low-Income Community Businesses (QUALICBs). QLICIs include loans to or equity investments in QUALICBs or other CDEs. CDEs must comply with various federal requirements or investors risk recapture of tax credits plus penalties and interest thereon.

The Organization is governed by a Board of Directors. As a not-for-profit corporation exempt from Federal income tax under Section 501(c)(4) of the Internal Revenue Code, and therefore without tax liability, the Organization cannot itself use NMTCs. In order to utilize the allocation received by the Organization from the CDFI Fund, the Board of Directors of the Organization suballocates NMTC investment authority to various Limited Liability Companies, which are CDEs organized and managed by the Organization. The Organization seeks to suballocate NMTC investment authority to CDEs that provide investments in projects that accomplish goals consistent with the mission of the Organization and in accordance with certain terms agreed to in the allocation agreements with the CDFI Fund.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

The Organization prepares its financial statements on the accrual basis of accounting consistent with accounting principles generally accepted in the United States of America.

The Organization’s net assets are not subject to donor-imposed restrictions. Accordingly, all net assets are accounted for as unrestricted net assets.

Concentration Risk

The Organization maintains cash in banks which, at times, may exceed federally insured limits. The Organization has not experienced any losses in such accounts. The Organization believes it is not exposed to any significant credit risk on these accounts.
NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Income Taxes

The Organization is a not-for-profit organization exempt from income tax under Section 501(c)(4) of the Internal Revenue Code and from California income and franchise taxes under Revenue and Taxation Code Section 23701(d).

The preparation of financial statements in accordance with accounting principles generally accepted in the United States of America requires the Organization to report information regarding its exposure to various tax positions taken by the Organization. Management has determined whether any tax positions have met the recognition threshold and has measured the Organization's exposure to those tax positions. Management believes that the Organization has adequately addressed all relevant tax positions and that there are no unrecorded tax liabilities. Federal and state taxing authorities generally have the right to examine and audit the previous three years of tax returns filed. Any interest or penalties assessed to the Organization are recorded in expenses. No interest or penalties from federal or state taxing authorities were recorded in the accompanying financial statements.

Revenue Recognition

The Organization earns revenue by providing origination, underwriting, asset management, dissolution, and other services to the CDEs and QALICBs which are governed by the related operating and fee agreements. Sub-allocation, origination, and underwriting fees are recognized when QEsIs are closed. Reservation fees for projects are recorded as a liability when received. A reservation fee would be included as revenue if the reservation of NMTC allocation is withdrawn. As of June 30, 2017 and 2016, there have been no instances of non-refundable reservation fees. Asset management fees are recognized as income as the Organization provides the services (generally over a seven-year period).

Investments in Community Development Entities

The Financial Accounting Standards Board issued guidance on the consolidation of variable interest entities (VIEs). The guidance, among other things, requires an enterprise to perform an analysis to determine whether the enterprise’s variable interest or interests give it a controlling financial interest in a VIE and then identify the primary beneficiary of a VIE. The Organization has concluded that the CDEs are VIEs and that the Organization is not the primary beneficiary; as a result, the Organization is not required to consolidate its investments in the CDEs. The Organization’s maximum exposure to loss as a result of its involvement with the CDEs remains limited to its capital contribution commitments to the CDEs. Accordingly, the investments have been recorded under the equity method of accounting. Under the equity method of accounting, the Organization’s initial investment in these entities is recorded at cost. The Organization adjusts the carrying amount of its investments to recognize the Organization’s share of results of operations after the date of initial investment. Distributions received from the entities reduce the Organization’s carrying amount of the investment, while additional contributions increase the carrying amount of the investment. Since the Organization has no obligation to fund liabilities beyond its investment, including loans and advances, the carrying value of the investments may not be reduced below zero. To the extent that equity losses are incurred when the Organization’s carrying value of the investments has reached zero, losses will be suspended and applied against future income.

Use of Estimates

The preparation of financial statements in accordance with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.
NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Cash and Cash Equivalents

The Organization considers all short-term financial instruments with a maturity of three months or less at the date of acquisition to be cash equivalents.

Subsequent Events

Subsequent events have been evaluated through December 20, 2017, which is the date the financial statements were available to be issued and there are no subsequent events requiring disclosure.

NOTE 3 – INVESTMENTS IN COMMUNITY DEVELOPMENT ENTITIES

The Organization owns an interest in the following CDEs as of June 30, 2017 and 2016, which were formed for the purpose of receiving sub-allocations of NMTC authority from the Organization:

<table>
<thead>
<tr>
<th>Community Development Entities</th>
<th>Percentage Ownership</th>
</tr>
</thead>
<tbody>
<tr>
<td>CSCDC 1 LLC</td>
<td>0.01%</td>
</tr>
<tr>
<td>CSCDC 2 LLC</td>
<td>0.01%</td>
</tr>
<tr>
<td>CSCDC 3 LLC</td>
<td>0.01%</td>
</tr>
<tr>
<td>CSCDC 4 LLC</td>
<td>0.01%</td>
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<tr>
<td>CSCDC 5 LLC</td>
<td>0.01%</td>
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<tr>
<td>CSCDC 6 LLC</td>
<td>0.01%</td>
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<tr>
<td>CSCDC 7 LLC</td>
<td>0.01%</td>
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<tr>
<td>CSCDC 8 LLC</td>
<td>0.01%</td>
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<tr>
<td>CSCDC 9 LLC</td>
<td>0.01%</td>
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<tr>
<td>CSCDC 10 LLC</td>
<td>0.01%</td>
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<tr>
<td>CSCDC 11 LLC</td>
<td>0.01%</td>
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<tr>
<td>CSCDC 12 LLC</td>
<td>0.01%</td>
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<tr>
<td>CSCDC 13 LLC</td>
<td>0.01%</td>
</tr>
<tr>
<td>CSCDC 14 LLC</td>
<td>0.01%</td>
</tr>
<tr>
<td>CSCDC 15 LLC</td>
<td>0.01%</td>
</tr>
</tbody>
</table>

The investments in the CDEs at June 30, 2017 and 2016 totaled $7,300.

NOTE 4 – RELATED PARTY TRANSACTIONS

Asset Management Fee Income

The Organization earns quarterly asset management fee income from each of the CDEs, prorated for partial quarters, as compensation for the ongoing administration and management of the CDEs. For the years ended June 30, 2017 and 2016, asset management fee income earned from the CDEs totaled $383,307 and $383,328, respectively. At June 30, 2017 and 2016, the amount receivable from the CDEs was $58,398 and $23,844, respectively. During June 30, 2017 and 2016, the CDEs prepaid $0 and $4,555, respectively, of asset management fee income to the Organization and has been included in deferred income on the accompanying financial statements.
NOTE 4 – RELATED PARTY TRANSACTIONS (continued)

Due From Related Parties

During the years ended June 30, 2017 and 2016, the Organization paid California state taxes and filing fees on behalf of each of the CDEs. Pursuant to each of the CDE's operating agreements, the Organization is to be reimbursed for these costs. As of June 30, 2017 and 2016, reimbursements due from the CDEs totaled $7,400 and $4,080, respectively.

NOTE 5 – SPONSOR FEES

During 2015, the Organization entered into a Services Agreement with Bridge Strategic Partners LLC (“BSP”). Pursuant to the Services Agreement with BSP, the Organization is to pay BSP a sponsor fee for NMTC and management services rendered. The sponsor fee is payable from net proceeds of closing fees received from each CDE and QALICB, less third party expenses as a result of closing each NMTC transaction. The Organization also pays California State Association of Counties (“CSAC”) and League of California Cities (“LCC”) for similar services provided. The sponsor fee is allocated among CSAC, LCC, and BSP (collectively, the “Sponsors”) 20%, 20% and 60%, respectively, for upfront fees and 30%, 30% and 40%, respectively for residual administration fees. For each of the years ended June 30, 2017 and 2016, the Organization incurred $0 of sponsor fees. At June 30, 2017 and 2016, the amount payable to the Sponsors was $24,846.

Pursuant to the New Markets Tax Credit Services Agreement, New Markets Support Company, LLC (“NMSC”) is to provide management services including ongoing accounting, compliance, and administrative services for each of the CDEs discussed in Note 3. In consideration of the services to be provided by NMSC, the Organization is to pay BSP, who in turn pays NMSC $5,625 per quarter for each CDE, pro-rated for partial calendar quarters. For each of the years ended June 30, 2017 and 2016, the Organization has incurred $180,000 of additional sponsor fees. At June 30, 2017 and 2016, the amount payable to NMSC was $45,000.
### NOTE 6 – NMTC AWARDS ADMINISTERED

As of June 30, 2017 and 2016, all of the $73 million from Rounds 10 and 11 of NMTC allocation authority awarded to CSCDC was invested in eight CDEs and eight respective projects. As of June 30, 2017, the $70 million from round 13 of NMTC allocation authority awarded to CSCDC had not been invested in any CDEs or projects. The following tables show the total allocation received, total QEIs closed, and total allocation remaining by round for the years ended June 30, 2017 and 2016, respectively:

<table>
<thead>
<tr>
<th>Projects</th>
<th>Allocation received</th>
<th>QEIs closed during 7/1/2016</th>
<th>Total QEIs closed through 6/30/2017</th>
<th>Allocation remaining as of June 30, 2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>Round 10</td>
<td>4 $35,000,000</td>
<td>$35,000,000</td>
<td>$35,000,000</td>
<td>-</td>
</tr>
<tr>
<td>Round 11</td>
<td>4 $38,000,000</td>
<td>$38,000,000</td>
<td>-</td>
<td>$38,000,000</td>
</tr>
<tr>
<td>Round 13</td>
<td>0 $70,000,000</td>
<td>-</td>
<td>-</td>
<td>$70,000,000</td>
</tr>
<tr>
<td>Total</td>
<td>8 $143,000,000</td>
<td>$73,000,000</td>
<td>$73,000,000</td>
<td>$70,000,000</td>
</tr>
</tbody>
</table>

<table>
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<tr>
<th>Projects</th>
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<td>Round 11</td>
<td>4 $38,000,000</td>
<td>$38,000,000</td>
<td>-</td>
<td>$38,000,000</td>
</tr>
<tr>
<td>Total</td>
<td>8 $73,000,000</td>
<td>$73,000,000</td>
<td>-</td>
<td>$73,000,000</td>
</tr>
</tbody>
</table>