REGULAR MEETING AGENDA

February 7, 2019 at 2:00 p.m.

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

Telephonic Locations:

County of Solano
675 Texas Street, Fairfield, CA 94533

City of South San Francisco
400 Grand Ave., S. San Francisco, CA 94080

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

257 Electric Street
Auburn, CA 95603

County of Kern
1115 Truxtun Avenue, Bakersfield, CA 93301

County of Butte
7 County Drive, Oroville, CA 95965

City of Lafayette
3675 Mt. Diablo Blvd., Suite 210
Lafayette, CA 94549

3252 Southern Hills Drive
Fairfield, CA 94534

77 De Silva Island Drive
Mill Valley, CA 94941

709 Portwalk Place
Redwood City, CA 94061

A. OPENING AND PROCEDURAL ITEMS

1. Roll Call.
   ____ Larry Combs, Chair
   ____ Kevin O’Rourke, Vice Chair
   ____ Tim Snellings, Secretary
   ____ Brian Moura, Treasurer
   ____ Dan Mierzwa, Member
   ____ Jordan Kaufman, Member
   ____ Marcia Raines, Member
   ____ Michael Cooper, Alt. Member
   ____ Niroop Srivatsa, Alt. Member

2. Consideration of the Minutes of the January 24, 2019 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. Kimball Tower Housing Associates, L.P. (Kimball Tower), City of National City, County of San Diego, up to $43,000,000 in multi-family housing revenue bonds.

   b. Morgan Tower Housing Associates, L.P. (Morgan Tower), City of National City, County of San Diego, up to $56,000,000 in multi-family housing revenue bonds.

6. Consider the following resolutions for Statewide Community Infrastructure Program (SCIP) Assessment Districts:

   a. Resolutions of intention to finance the payment of capital improvements and/or development impact fees for public capital improvements, including approval of proposed boundary maps.

   b. Resolutions preliminarily approving the engineer’s reports, setting date for the public hearing of protests and providing property owner ballots.

7. Community Facilities District No. 2018-03 (Uptown Newport)

   a. Consider the following resolution with respect to Community Facilities District No. 2018-03 (Uptown Newport):

      i. Resolution approving the issuance of the California Statewide Communities Development Authority Community Facilities District No. 2018-03 (Uptown Newport) Special Tax Bonds, Series 2019; authorizing the execution and delivery of an indenture providing for the issuance of such bonds; approving a bond purchase contract providing for the sale of such bonds; approving an official statement; approving a continuing disclosure certificate; authorizing the sale of such bonds; and authorizing related actions and the execution of related documents in connection with the issuance, sale and delivery of such bonds.


10. Report, if any, from Closed Session.
C. STAFF ANNOUNCEMENTS, REPORTS ON ACTIVITIES OR REQUESTS

11. Executive Director Update.

12. Staff Updates.


NEXT MEETING: Thursday, February 21, 2019 at 2:00 p.m.
California State Association of Counties
1100 K Street, 1st Floor, Sacramento, CA 95814
1. Consider various amendments to the bond indentures for the CaliforniaFirst PACE program.

2. Consider increase in quarterly payment for Orrick, Herrington & Sutcliffe acting as issuer counsel.

3. Consider renewal of membership with the California Society of Municipal Finance Officers (CSMFO).

February 7, 2019
<table>
<thead>
<tr>
<th>Item</th>
<th>Meeting Details</th>
<th>Page</th>
</tr>
</thead>
<tbody>
<tr>
<td>Item 2</td>
<td>January 24, 2018 Regular Meeting Minutes</td>
<td>6</td>
</tr>
<tr>
<td>Item 3</td>
<td>Consent Calendar</td>
<td>10</td>
</tr>
<tr>
<td>Item 5a</td>
<td>Kimball Tower</td>
<td>13</td>
</tr>
<tr>
<td>Item 5b</td>
<td>Morgan Tower</td>
<td>22</td>
</tr>
<tr>
<td>Item 6</td>
<td>SCIP 2019A Resolution of Intention</td>
<td>31</td>
</tr>
<tr>
<td>Item 7</td>
<td>Uptown Newport</td>
<td>33</td>
</tr>
<tr>
<td>Item 8</td>
<td>Local Goals &amp; Policies Updates</td>
<td>40</td>
</tr>
</tbody>
</table>
Commission Chair Larry Combs called the meeting to order at 2:02 pm.

1. Roll Call.

Commission members present: Dan Mierzwa

Commission members participating via teleconference: Larry Combs, Kevin O’Rourke, Tim Snellings, Brian Moura, Jordan Kaufman, Marcia Raines, Michael Cooper, and Niroop Srivatsa.

Others present: Cathy Bando, CSCDA Executive Director; James Hamill, Bridge Strategic Partners; Norman Coppinger, League of California Cities; Laura Labanieh, CSAC Finance Corporation and Sendy Young, CSAC Finance Corporation.

Others participating via teleconference: Jon Penkower, Bridge Strategic Partners; Patricia Eichar, Orrick, Herrington & Sutcliffe; and Tricia Ortiz, Richards Watson & Gershon.

2. Consideration of the Minutes of January 10, 2019 Regular & Special Meetings.

The Commission approved the January 10, 2019 Regular & Special Meetings minutes.

Motion to approve by M. Raines. Second by T. Snellings. Unanimously approved by roll-call vote.

3. Consideration of the Consent Calendar.

The Commission approved the Consent Calendar.

1. Consideration of adoption of updated conflict of interest code.

2. Consider resolution adding Manuel Rivas and Valentina Dzebicas as additional authorized signatories and removing Dorothy Holzem.
3. Consideration of sponsorship renewal for California Council of Affordable Housing (CCAH) for both the Spring and Fall conference for a total of $3,000.

Motion to approve with amendment to item 3 changing sponsorship of CCAH from $1,500 to $3,000 by J. Kaufman. Second by D. Mierzwa. Unanimously approved with the by roll-call vote.

4. Public Comment.

There was no public comment.


   a. Consider the following resolutions to initiate proceedings to form Community Facilities District No. 2019-01 (333 North Prairie), City of Inglewood, County of Los Angeles:

      i. Resolution approving joint community facilities agreements and declaring intention to establish Community Facilities District No. 2019-01 (333 North Prairie), and to levy a special tax therein to finance the construction of certain public capital improvements eligible for payment from certain development impact fees.

      ii. Resolution to incur bonded indebtedness to finance construction of certain public capital improvements eligible for payment from certain development impact fees for Community Facilities District No. 2019-01 (333 North Prairie), and calling for a public hearing.

Motion to approve by K. O’Rourke. Second by B. Moura. Unanimously approved with the by roll-call vote.

6. Consideration of a resolution ordering change and modification proceedings pursuant to waiver of sole property owner and approving an amended and restated engineer’s report for Statewide Community Infrastructure Program Assessment District No. 17-07 (County of Placer, California).

Motion to approve by T. Snellings. Second by K. O’Rourke. Unanimously approved with the by roll-call vote.

7. Consideration of a resolution ordering change and modification proceedings pursuant to waiver of sole property owner and approving an amended and restated engineer’s report for Statewide Community Infrastructure Program Assessment District No. 18-11 (City of Elk Grove, County of Sacramento, California).

Motion to approve by D. Mierzwa. Second by B. Moura. Unanimously approved with the by roll-call vote.

8. Consideration of modifications to Open PACE eligible measures.

   Executive Director Bando and the Open PACE Ad Hoc Committee have received a request to
add back heat reflective/cool wall coverings (the “Product”). The Product would be added on a temporary basis. The temporary addition of the Product will be subject to certain limitations and parameters because of the concerns regarding the potential for abuse by contractors. CSCDA PACE providers are losing projects to other PACE providers because of the lack of the availability of the Product. Commission Chair Combs recommends a follow-up with PACE providers to have reports prepared and ready to be presented at the CSCDA Annual Meeting to determine the impact of the addition of the Product. Executive Director recommends the addition of heat reflective/cool wall coverings as an eligible measure to the Open PACE program subject to the five criteria listed in the staff report.

Motion to approve by B Moura. Second by T. Snellings. Approved by roll-call vote. 6 yes votes and 1 no vote by D. Mierzwa.

9. Consideration of amendment to loan agreement relating to Lycee Francais LaPerouse Series 2006 Bonds.

Executive Director Bando gave an update on the CSCDA issued bonds for Lycee Francais LaPerouse (the “School”) in the amount of $12,000,000 (the “Bonds”). Bank of the West was and still is the sole bondholder for the financing, and have come to agreement with the School to release a second deed of trust on the property that secure the Bonds. Executive Director Bando recommends approval of the amendment to the loan agreement relating to Lycee Francais LaPerouse Series 2006 Bonds.

Motion to approve and adopt by D. Mierzwa. Second by M. Raines. Unanimously approved by a roll-call vote.

10. SB 165 reports for the following CSCDA Community Facilities Districts (Information Only):

   a. CSCDA CFD No. 2012-01 (Fancher Creek)
   b. CSCDA CFD No. 2015-01 (University District)
   c. CSCDA CFD No. 2015-02 (Rio Bravo)
   d. CSCDA CFD No. 2016-01 (Napa Pipe)
   e. CSCDA CFD No. 2016-02 (Delta Coves)
   f. CSCDA CFD No. 2007-01 (Orinda)
   g. CSCDA CFD No. 2002-01 (River Run)

   The Commission received as an informational item.

11. Closed Session: Conference with Legal Counsel-Initiation of Litigation, Government Code Section 54956.9(d)(4), One Case

    The CSCDA Special Meeting reconvened at 2:24 p.m.

12. Report, if any, from Closed Session.

    Commission Chair Combs reported that staff has received direction.

13. Executive Director Update.
Executive Director Bando thanked the Commission for another successful Annual Meeting in Carmel. The 2020 CSCDA Annual Meeting will take place on January 8-10th at a new location, Carmel Valley Ranch.

She gave a quick run down of upcoming spring conferences that she will be attending on behalf of CSCDA.

She reported that the CSCDA Solutions Ad Hoc Committee have had calls regarding better ways to serve counties and cities. Updates will be given at a future CSCDA meeting.

14. Staff Update.

Staff had no updates.

15. Adjourn.

The meeting was adjourned at 3:10 pm.

Submitted by: Sendy Young, CSAC Finance Corporation

NEXT MEETING: Thursday, February 7, 2019 at 2:00 p.m.
League of California Cities
1400 K Street, 3rd Floor, Sacramento, CA 95814
SUMMARY:

1. Consider various amendments to the bond indentures for the CaliforniaFirst PACE program.

   The minor amendments requested are have been drafted and reviewed by Jones Hall as counsel to the CaliforniaFirst PACE program. The amendments include the following: (1) updates to reporting requirements; (2) changes to movement of funds requiring a CSCDA officer’s certificate for accounts as requested by Wilmington Trust as trustee; and (3) Reserves to be replenished with recoveries from delinquencies.

2. Consider increase in quarterly payment to Orrick, Herrington & Sutcliffe acting as issuer counsel.

   Orrick, Herrington & Sutcliffe (Orrick) has requested an increase to its quarterly issuer counsel fee from $20,000 per quarter to $25,000 ($100,000 per year). In 2017 Orrick agreed to significant decrease of its annual issuer counsel fee from $133,000 to $80,000. The CSCDA ad hoc committee has reviewed the request, and is recommending approval based upon Orrick’s continued valuable service to CSCDA.

3. Consider renewal of membership with the California Society of Municipal Finance Officers (CSMFO).

   CSMFO is California’s premier statewide association for more than one thousand finance professionals. Membership includes city, county and special district finance officers, as well as commercial finance professionals. CSMFO promotes excellence in financial management through innovation, continuing education and the professional development. Membership with CSMFO is $110 per year.
January 28, 2019

Via E-Mail

Members of the Commission
of California Statewide Communities Development Authority
1100 K Street, Suite 101
Sacramento, CA 95814
Attn: James Hamill (jhamill@cscda.org)

Re: Memorandum of Understanding and Contract for Legal Services

Ladies and Gentlemen:

This letter will supplement and amend our general engagement letter agreement with California Statewide Communities Development Authority, dated January 1, 2014, as previously supplemented and amended by letter agreement dated February 15, 2017 (collectively, the "Agreement"), regarding the above-referenced subject.

The amount of "gap" compensation described in Section V of the Agreement is hereby amended to substitute $25,000 per calendar quarter and $100,000 per calendar year, commencing in 2019, in place of $20,000 per calendar quarter and $80,000 per calendar year referred to in the Agreement as previously supplemented and amended.

As hereby further supplemented and amended, the Agreement shall remain in full force and effect.

Very truly yours,

[Signature]

Roger L. Davis

ACCEPTED AND AGREED TO:

CALIFORNIA STATEWIDE COMMUNITIES DEVELOPMENT AUTHORITY

By: __________________________
Title: __________________________
Date: __________________________
Thank you for your immediate attention to this invoice!

James Hamill  
CA Statewide Communities Development Authority  
1700 N Broadway #405  
Walnut Creek, CA 94596  
jhamill@cscda.org  
925-476-5644

Second Notice  
Your first notice was sent via email.  
Due Date: January 1, 2019

If the above information is incorrect please contact the office by sending an email to zach.seals@staff.csmfo.org, or return with your payment.

Please note that your membership will be made inactive if CSMFO does not receive renewal payment by March 31, 2019.

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<th>Total</th>
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<tr>
<td>2019 CSMFO Municipal Membership Renewal</td>
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Balance Due: $110

Would you rather renew your membership online with a credit card?  

CSMFO membership renewal is just a click away at www.csmfo.org. After you’ve logged in, your profile should prompt you to renew, or click ‘My Profile, and look for the yellow box at the top of the page. Make a payment with your credit card to continue enjoying the benefits of CSMFO membership!

Thank you for continuing to support CSMFO in 2019!

CSMFO 2020 Annual Conference  
January 28-31, 2020 in Anaheim, CA
Agenda Item No. 5a

Agenda Report

DATE: February 7, 2019
TO: CSCDA COMMISSIONERS
FROM: Cathy Bando, Executive Director
PROJECT: Kimball Tower
PURPOSE: Approve the Financing of Rental Affordable Housing Project Located in the City of National City, County of San Diego
AMOUNT: Not to Exceed $43,000,000

EXECUTIVE SUMMARY:
Kimball Tower (the “Project”) is an acquisition and rehabilitation of 152 units of rental affordable housing located in the City of National City. 100% of the units will remain rent restricted for low-income senior tenants.

PROJECT DESCRIPTION:

- Acquisition and rehabilitation of a 152-unit senior affordable rental housing facility located at 1317 D Avenue in the City of National City.
- 3.21 acre site.
- Nine-story residential building, community room and laundry rooms.
- Consists of 150 one-bedroom units and two manager’s units.

PROJECT ANALYSIS:

Background on Applicant:
Community Housing Works (CHW) is a California 501(c)(3) non-profit organization that has been helping people and communities move up in the world since 1982. CHW specializes in developing and operating affordable rental apartments in urban, suburban, and rural residential communities throughout San Diego County and has completed more than 3,300 units within 35 projects. CHW has financed more than 10 prior projects with CSCDA.
**Public Agency Approval:**

**TEFRA Hearing:** July 3, 2018 – City of National City – unanimous approval

**CDLAC Approval:** December 12, 2018

**Public Benefits:**

- 100% of the units will be rent restricted for 55 years.
  - 50% (74 units) restricted to 60% or less of area median income households.
  - 50% (76 units) restricted to 50% or less of area median income households.
- The Project is in walking distance to recreational facilities, grocery stores and other retail stores.
- Mercy Housing will provide its resident services program to all senior residents.

**Sources and Uses:**

**Sources of Funds:**

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<th>Description</th>
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<td>Tax-Exempt Bonds</td>
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<td>City Loan</td>
<td>$17,871,665</td>
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<td>Tax Credit Equity</td>
<td>$2,142,491</td>
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<td>Deferred Costs</td>
<td>$754,460</td>
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<td>Deferred Developer Fee</td>
<td>$6,073,500</td>
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<td>Accrued/Deferred Interest</td>
<td>$812,100</td>
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<td><strong>Total Sources</strong></td>
<td>$58,774,216</td>
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**Uses of Funds:**

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<th>Description</th>
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<tr>
<td>Acquisition</td>
<td>$28,800,000</td>
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<tr>
<td>Construction Costs</td>
<td>$16,458,625</td>
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<td>Architecture &amp; Engineering</td>
<td>$600,000</td>
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<td>Insurance/Taxes</td>
<td>$128,400</td>
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<td>Capitalized Interest</td>
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<td>Operating Reserve</td>
<td>$456,007</td>
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<td>Developer Fee</td>
<td>$7,223,500</td>
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<td>Costs of Issuance</td>
<td>$495,974</td>
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<td>Soft Costs</td>
<td>$2,571,081</td>
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<td>Soft Cost Contingency</td>
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<td><strong>Total Uses</strong></td>
<td>$58,774,216</td>
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**Finance Partners:**

- Bond Counsel: Jones Hall, San Francisco
- Authority Counsel: Orrick, Herrington & Sutcliffe, LLP, San Francisco
- Private Placement Purchaser: MUFG Union Bank, N.A.
Finance Terms:
Rating: Unrated
Term: 35 years
Structure: Private Placement
Estimated Closing: March 31, 2019

CSCDA Policy Compliance:
The financing of the Project complies with CSCDA’s general and issuance policies for unrated debt.

DOCUMENTS: (as attachments)
1. CSCDA Resolution (Attachment A)

COMMISSION ACTION RECOMMENDED BY THE EXECUTIVE DIRECTOR:
1. Approves the issuance of the Bonds and the financing of the Project;
2. Approves all necessary actions and documents in connection with the financing; and
3. Authorizes any member of the Commission or Authorized Signatory to sign all necessary documents.
RESOLUTION NO. 19H-__

A RESOLUTION OF THE CALIFORNIA STATEWIDE COMMUNITIES DEVELOPMENT AUTHORITY AUTHORIZING THE ISSUANCE AND DELIVERY OF A MULTIFAMILY HOUSING REVENUE NOTE IN AN AGGREGATE PRINCIPAL AMOUNT NOT TO EXCEED $43,000,000 FOR THE FINANCING OF THE MULTIFAMILY RENTAL HOUSING DEVELOPMENT KNOWN AS KIMBALL TOWER APARTMENTS IN THE CITY OF NATIONAL CITY; 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 NOTE.

WHEREAS, the California Statewide Communities Development Authority (the “Authority”) is authorized by the Joint Powers Act, commencing with Section 6500 of the California Government Code (the “JPA Law”), and its Amended and Restated Joint Exercise of Powers Agreement, dated as of June 1, 1988, as the same may be amended (the “Agreement”), to issue revenue bonds for the purpose of financing, among other things, the acquisition, construction, development and rehabilitation 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, Kimball Tower Housing Associates, L.P., a California limited partnership (the “Borrower”), has requested that the Authority issue, sell, and deliver its California Statewide Communities Development Authority Multifamily Housing Revenue Note (Kimball Tower Apartments) 2019 Series B (the “Note”) to assist in the financing of the acquisition and rehabilitation of a multifamily rental housing project for seniors consisting of 151 units (including two manager’s units) located at 1317 D Avenue, located in the City of National City, County of San Diego, California, and to be known as Kimball Tower Apartments (the “Project”);

WHEREAS, on December 12, 2018, the Authority received an allocation from the California Debt Limit Allocation Committee in connection with the Project in the amount of $37,500,000 (together with any supplemental allocation granted by the California Debt Limit Allocation Committee, the “Allocation Amount”);

WHEREAS, the City of National City is a Program Participant (as defined in the Agreement) of the Authority and has authorized the issuance of the Note after a duly noticed public hearing;

WHEREAS, the Authority is willing to issue the Note in an aggregate principal amount not to exceed $43,000,000, and loan the proceeds thereof to the Borrower to assist in providing financing for the Project, which will allow the Borrower to reduce the cost of the Project and to assist in providing housing for low income persons;
WHEREAS, the Note will be privately placed with MUFG Union Bank, N.A. (the “Bank”), in accordance with the Authority’s private placement policy;

WHEREAS, there have been prepared and made available to the members of the Commission of the Authority (the “Commission”) the following documents required for the issuance of the Note, 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 Authority and the Bank;

(2) Construction and Permanent Loan Agreement (Multifamily Housing Back to Back Loan Program) (the “Borrower Loan Agreement”) to be entered into among the Authority, the Bank and the Borrower;

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

(4) Assignment of Deed of Trust and Related Documents (the “Assignment”) to be executed by the Authority in favor of the Bank.

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

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

Section 2. Pursuant to the JPA Law and the Funding Loan Agreement, and in accordance with the Housing Law, the Authority is hereby authorized to issue the Note and, if and to the extent necessary, one or more additional series or sub-series, with appropriate modifications and series and sub-series designations as necessary, in an aggregate principal amount not to exceed $43,000,000; provided that the aggregate principal amount of any tax-exempt Note issued shall not exceed the Allocation Amount. The Note shall be designated as “California Statewide Communities Development Authority Multifamily Housing Note (Kimball Tower Apartments) 2019 Series B.” The Note shall be issued in the form set forth in and otherwise in accordance with the Funding Loan Agreement and shall be executed on behalf of the Authority by the manual or facsimile signature of any Authorized Signatory (as defined below). The Note shall be issued and secured in accordance with the terms of the Funding Loan Agreement presented to this meeting, as hereinafter approved. Payment of the principal and purchase price of, and redemption premium, if any, and interest on, the Note shall be made solely from amounts pledged thereto under the Funding Loan Agreement, and the Note shall not be deemed to constitute a debt or liability of the Authority or any Program Participant or Member of the Commission of the Authority (each, a “Member”).

Section 3. The 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. 18R-2 of the Authority,
adopted on April 19, 2018) (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 comply with the provisions of the Housing Law), 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 Note shall be as provided in the Funding Loan Agreement, as finally executed.

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 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 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.

Section 7. The Authority is hereby authorized to sell the Note to the Bank pursuant to the terms and conditions of the Funding Loan Agreement.

Section 8. All actions heretofore taken by the officers and agents of the Authority with respect to the financing of the Project and the sale and issuance of the Note 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 or certificate as to arbitrage, loan-related documents, subordination agreements, such documents as are described in the Funding Loan Agreement, or the Borrower Loan Agreement, and the other documents herein approved, that they, or any of them, may deem necessary or advisable in order to consummate the lawful issuance and delivery of the Note and to effectuate the purposes thereof and of the documents herein approved in accordance with this resolution and resolutions heretofore adopted by the Authority and otherwise in order to carry out the financing of the Project.

Section 9. All consents, approvals, notices, orders, requests and other actions permitted or required by any of the documents authorized by this Resolution, whether before or after the issuance of the Note, 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 Note or any
redemption of the Note, 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 Borrower Loan Agreement
and other documents approved herein.

Section 10. This resolution shall take effect immediately upon its adoption.

PASSED AND ADOPTED by the California Statewide Communities Development Authority
this 7th day of February 2019.

The undersigned 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 7, 2019.

CALIFORNIA STATEWIDE
COMMUNITIES
DEVELOPMENT AUTHORITY

By: ________________________________
Authorized Signature
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: Kimball Tower Housing Associates, L.P.

2. Authority Meeting Date: February 7, 2019

3. Name of Obligations: California Statewide Communities Development Authority Multifamily Housing Revenue Note (Kimball Tower Apartments) 2019 Series B

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): 3.425%.

   (B) The finance charge of the Obligations, which means the sum of all fees and charges paid to third parties: $311,200.

   (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: $30,808,800.

   (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): $31,120,000.

5. The good faith estimates provided above 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:
Agenda Report

DATE: February 7, 2019
TO: CSCDA COMMISSIONERS
FROM: Cathy Bando, Executive Director
PROJECT: Morgan Tower
PURPOSE: Approve the Financing of Rental Affordable Housing Project Located in the City of National City, County of San Diego
AMOUNT: Not to Exceed $56,000,000

EXECUTIVE SUMMARY:

Morgan Tower (the “Project”) is an acquisition and rehabilitation of 152 units of rental affordable housing located in the City of National City. 100% of the units will remain rent restricted for low-income senior tenants.

PROJECT DESCRIPTION:

- Acquisition and rehabilitation of a 152-unit senior affordable rental housing facility located at 1415 D Avenue in the City of National City.
- 2.16 acre site.
- Nine-story residential building, community room and laundry rooms.
- Consists of 151 one-bedroom units and one manager’s unit.

PROJECT ANALYSIS:

Background on Applicant:

Community Housing Works (CHW) is a California 501(c)(3) non-profit organization that has been helping people and communities move up in the world since 1982. CHW specializes in developing and operating affordable rental apartments in urban, suburban, and rural residential communities throughout San Diego County and has completed more than 3,300 units within 35 projects. CHW has financed more than 10 prior projects with CSCDA.
Public Agency Approval:

TEFRA Hearing: July 3, 2018 – City of National City – unanimous approval

CDLAC Approval: December 12, 2018

Public Benefits:

- 100% of the units will be rent restricted for 55 years.
  - 60% (90 units) restricted to 60% or less of area median income households.
  - 40% (61 units) restricted to 50% or less of area median income households.
- The Project is in walking distance to recreational facilities, grocery stores and other retail stores.
- Mercy Housing will provide its resident services program to all senior residents.

Sources and Uses:

Sources of Funds:
- Tax-Exempt Bonds: $39,800,000
- City Loan: $13,464,247
- AHP Loan: $1,500,000
- Tax Credit Equity: $2,333,935
- Deferred Costs: $889,936
- Deferred Developer Fee: $6,866,700
- Accrued/Deferred Interest: $668,500
- Total Sources: $65,523,318

Uses of Funds:
- Acquisition: $33,800,000
- Construction Costs: $16,669,865
- Architecture & Engineering: $660,000
- Insurance/Taxes: $232,370
- Capitalized Interest: $2,463,000
- Operating Reserve: $554,393
- Developer Fee: $8,016,700
- Costs of Issuance: $311,530
- Soft Costs: $2,667,495
- Soft Cost Contingency: $147,965
- Total Uses: $65,523,318
Finance Partners:

Bond Counsel:    Jones Hall, San Francisco
Authority Counsel:   Orrick, Herrington & Sutcliffe, LLP, San Francisco
Private Placement Purchaser:  MUFG Union Bank, N.A.

Finance Terms:

Rating:    Unrated
Term:  35 years
Structure:  Private Placement
Estimated Closing:  March 31, 2019

CSCDA Policy Compliance:

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

DOCUMENTS:  (as attachments)

   1.   CSCDA Resolution (Attachment A)

COMMISSION ACTION RECOMMENDED BY THE EXECUTIVE DIRECTOR:

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

RESOLUTION NO. 19H-__

A RESOLUTION OF THE CALIFORNIA STATEWIDE COMMUNITIES DEVELOPMENT AUTHORITY AUTHORIZING THE ISSUANCE AND DELIVERY OF A MULTIFAMILY HOUSING REVENUE NOTE IN AN AGGREGATE PRINCIPAL AMOUNT NOT TO EXCEED $56,000,000 FOR THE FINANCING OF THE MULTIFAMILY RENTAL HOUSING DEVELOPMENT KNOWN AS MORGAN TOWER APARTMENTS IN THE CITY OF NATIONAL CITY; 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 NOTE.

WHEREAS, the California Statewide Communities Development Authority (the “Authority”) is authorized by the Joint Powers Act, commencing with Section 6500 of the California Government Code (the “JPA Law”), and its Amended and Restated Joint Exercise of Powers Agreement, dated as of June 1, 1988, as the same may be amended (the “Agreement”), to issue revenue bonds for the purpose of financing, among other things, the acquisition, construction, development and rehabilitation 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, Morgan Tower Housing Associates, L.P., a California limited partnership (the “Borrower”), has requested that the Authority issue, sell, and deliver its California Statewide Communities Development Authority Multifamily Housing Revenue Note (Morgan Tower Apartments) 2019 Series C (the “Note”) to assist in the financing of the acquisition and rehabilitation of a multifamily rental housing project for seniors consisting of 152 units (including a manager’s unit) located at 1415 D Avenue, located in the City of National City, County of San Diego, California, and to be known as Morgan Tower Apartments (the “Project”);

WHEREAS, on December 12, 2018, the Authority received an allocation from the California Debt Limit Allocation Committee in connection with the Project in the amount of $48,700,000 (together with any supplemental allocation granted by the California Debt Limit Allocation Committee, the “Allocation Amount”);

WHEREAS, the City of National City is a Program Participant (as defined in the Agreement) of the Authority and has authorized the issuance of the Note after a duly noticed public hearing;

WHEREAS, the Authority is willing to issue the Note in an aggregate principal amount not to exceed $56,000,000, and loan the proceeds thereof to the Borrower to assist in providing financing for the Project, which will allow the Borrower to reduce the cost of the Project and to assist in providing housing for low income persons;
WHEREAS, the Note will be privately placed with MUFG Union Bank, N.A. (the “Bank”), in accordance with the Authority’s private placement policy;

WHEREAS, there have been prepared and made available to the members of the Commission of the Authority (the “Commission”) the following documents required for the issuance of the Note, 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 Authority and the Bank;

(2) Construction and Permanent Loan Agreement (Multifamily Housing Back to Back Loan Program) (the “Borrower Loan Agreement”) to be entered into among the Authority, the Bank and the Borrower;

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

(4) Assignment of Deed of Trust and Related Documents (the “Assignment”) to be executed by the Authority in favor of the Bank.

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

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

Section 2. Pursuant to the JPA Law and the Funding Loan Agreement, and in accordance with the Housing Law, the Authority is hereby authorized to issue the Note and, if and to the extent necessary, one or more additional series or sub-series, with appropriate modifications and series and sub-series designations as necessary, in an aggregate principal amount not to exceed $56,000,000; provided that the aggregate principal amount of any tax-exempt Note issued shall not exceed the Allocation Amount. The Note shall be designated as “California Statewide Communities Development Authority Multifamily Housing Note (Morgan Tower Apartments) 2019 Series C.” The Note shall be issued in the form set forth in and otherwise in accordance with the Funding Loan Agreement and shall be executed on behalf of the Authority by the manual or facsimile signature of any Authorized Signatory (as defined below). The Note shall be issued and secured in accordance with the terms of the Funding Loan Agreement presented to this meeting, as hereinafter approved. Payment of the principal and purchase price of, and redemption premium, if any, and interest on, the Note shall be made solely from amounts pledged thereto under the Funding Loan Agreement, and the Note shall not be deemed to constitute a debt or liability of the Authority or any Program Participant or Member of the Commission of the Authority (each, a “Member”).

Section 3. The 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. 18R-2 of the Authority,
adopted on April 19, 2018) (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 comply with the provisions of the Housing Law), 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 Note shall be as provided in the Funding Loan Agreement, as finally executed.

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 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 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.

Section 7. The Authority is hereby authorized to sell the Note to the Bank pursuant to the terms and conditions of the Funding Loan Agreement.

Section 8. All actions heretofore taken by the officers and agents of the Authority with respect to the financing of the Project and the sale and issuance of the Note 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 or certificate as to arbitrage, loan-related documents, subordination agreements, such documents as are described in the Funding Loan Agreement, or the Borrower Loan Agreement, and the other documents herein approved, that they, or any of them, may deem necessary or advisable in order to consummate the lawful issuance and delivery of the Note and to effectuate the purposes thereof and of the documents herein approved in accordance with this resolution and resolutions heretofore adopted by the Authority and otherwise in order to carry out the financing of the Project.

Section 9. All consents, approvals, notices, orders, requests and other actions permitted or required by any of the documents authorized by this Resolution, whether before or after the issuance of the Note, 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 Note or any redemption of the Note, 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 Borrower Loan Agreement and other documents approved herein.

Section 10. This resolution shall take effect immediately upon its adoption.

PASSED AND ADOPTED by the California Statewide Communities Development Authority this 7th day of February 2019.

The undersigned 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 7, 2019.

CALIFORNIA STATEWIDE COMMUNITIES DEVELOPMENT AUTHORITY

By: __________________________
    Authorized Signature
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: Morgan Tower Housing Associates, L.P.

2. Authority Meeting Date: February 7, 2019

3. Name of Obligations: California Statewide Communities Development Authority Multifamily Housing Revenue Note (Morgan Tower Apartments) 2019 Series C

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): 3.425%.

   (B) The finance charge of the Obligations, which means the sum of all fees and charges paid to third parties: $398,000.

   (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: $39,402,000.

   (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): $39,800,000.

5. The good faith estimates provided above 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:
Agenda Item No. 6

Agenda Report

DATE: February 7, 2019

TO: CSCDA COMMISSIONERS

FROM: Cathy Bando, Executive Director

PURPOSE: Consider Resolutions for the Statewide Community Infrastructure Program (SCIP) 2019A Assessment Districts:

a. Resolutions of intention to finance the payment of capital improvements and development impact fees, including approval of proposed boundary maps.

b. Resolutions preliminarily approving the engineer's reports, setting the public hearing of protests and providing property owner ballots.

BACKGROUND AND SUMMARY:

The actions requested today by the Commission are the first steps in connection with ten of the twelve projects expected to be included in the SCIP 2019A pool. Attachment A includes a breakdown of the 14 projects being formed today. Per Attachment A, 5 of the projects were previously formed and will now be included in 2019A, and 4 projects are currently being formed to be issued at a later date.

The resolutions include the following actions:

1. Intent to finance the capital improvements and/or development impact fees, including approval of proposal boundary maps.
   Resolutions: https://www.dropbox.com/s/kevm8iypx3bygee/Resolutions_of_Intention_-_Compiled_-_2019A_and_ADs_Forming.pdf?dl=0

2. Preliminary approval of the engineer’s reports.
   Resolutions: https://www.dropbox.com/s/i395aprxgx3xnvt/Resolutions_Approving_PERs_and_Setting_Hearing_Date_-_Compiled_-_2019A_and_ADs_Forming.pdf?dl=0

3. Setting the public hearing of protests and providing property owner ballots for April 4, 2019 at 2:00 pm at the League of California Cities.

Subsequent approvals of the financing will be brought back to the Commission at future meetings.

RECOMMENDED ACTION:

CSCDA’s Executive Director recommends approval of the resolutions as presented to the Commission and setting the public hearing for April 4, 2019 at 2:00 pm at the League of California Cities.
### SCIP 2019A Projects - Resolution of Intention

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<tr>
<th>AD No.</th>
<th>Local Agency</th>
<th>Project</th>
<th>Developer</th>
<th>Land Use Type</th>
<th>Units</th>
<th>Estimated Par</th>
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<td>Gardena, City of</td>
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<td>Rocklin, City of</td>
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<td>14C-Icon &amp; S34</td>
<td>Next Generation Capital, LLC</td>
<td>Residential</td>
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<td>LAL Brothers LLC</td>
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**Total 15 Projects 1,815 34,060,000**

### SCIP 2019A Projects - Districts Previously Formed

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**Total 15 Projects 1,815 34,060,000**

### SCIP 2019A Stand-Alone District Formations *(Bonds to be Issued 2019B & 2019C)*

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Agenda Item No. 7

Agenda Report

DATE: February 7, 2019
TO: CSCDA COMMISSIONERS
FROM: Cathy Bando, Executive Director
PURPOSE: Resolution approving the issuance of the California Statewide Communities Development Authority Community Facilities District No. 2018-03 (Uptown Newport) Special Tax Bonds, Series 2019; (2) authorizing the execution and delivery of an indenture providing for the issuance of such bonds; (3) approving a bond purchase contract providing for the sale of such bonds; (4) approving an official statement; approving a continuing disclosure certificate; (5) authorizing the sale of such bonds; (6) and authorizing related actions and the execution of related documents in connection with the issuance, sale and delivery of such bonds.

BACKGROUND:

• On November 15, 2018 the Commission approved the following to initiate the formation of the Uptown Newport CFD for the City of Newport Beach: (1) a joint community facilities agreement; (2) a declaration of intention to levy a special tax; and (3) a resolution to incur bond indebtedness.

• A public hearing was held on December 20, 2018 with 100% property owner approval of the financing and no comments were received.

• The ordinance levying the special tax for the Uptown Newport CFD was adopted on January 10, 2019.

The actions requested today are the final steps in the formation of and issuance of bonds for the Uptown Newport CFD.

BACKGROUND:

Uptown Newport is owned by TSG – Parcel 1, LLC, a Delaware limited liability company and Uptown Newport Jamboree, LLC, a Delaware limited liability company (collectively, the “Developer”).

Uptown Newport is approved for the following type of development:
• 1,244 dwelling units and 11,500 sf of commercial retail with the residential units being 772 apartments and 472 condominiums.
• Phase I of the project consists of the 458 apartments, the 158 condominiums and 9,750 sf of commercial, although only the 158 condo units and the 9,750 sf of commercial will be subject to the CFD tax, as the developer of the apartments will contribute their share in cash.
• Phase II consists of 314 apartments, 314 condominiums and 1,750 sf of commercial, all of which will be subject to the CFD tax.
• There is an Entitled Specific Plan, Certified EIR, a Development Agreement and a recorded Tract Map for the project.
• The project is located on Jamboree Road and bounded by Birch Street and MacArthur Boulevard in downtown Newport Beach. The Uptown Newport development project will promote economic development, the stimulation of economic activity, and increase the tax base within the City.

THE CFD:

The CFD will be authorized to finance public capital facilities and improvements including:

• Preliminary and Incidental Expenses and Appurtenant Work and Improvements, associated with the undergrounding of overhead utilities by Southern California Edison (SCE), and a City Park.
• The current budget includes $3,305,000 for the 1 acre City Park, and $3,250,000 for the 66-kV utility undergrounding project.
• Pursuant to various private letter rulings, bond counsel is of the opinion the utility undergrounding project can be financed on a tax exempt basis as long as the undergrounding does not increase capacity.
• The utility work will be done by SCE pursuant to a Rule 20B SCE Agreement with the City. The park will be constructed by the developer and acquired from bond proceeds pursuant to an acquisition agreement.

The City approved the formation of the CFD by CSCDA on June 26, 2018.

Finance Partners:

Bond Counsel: Orrick, Herrington & Sutcliffe, LLP, Sacramento
Authority Counsel: Orrick, Herrington & Sutcliffe, LLP, San Francisco
Underwriter: RBC Capital Markets, San Francisco
Special Tax Consultant: David Taussig & Associates, Newport Beach

SB 450 Good Faith Estimates:

1. TIC: 4.740%
2. Sum of all fees and charges paid to third parties: $428,590.00
3. Net Proceeds: $7,768,259.30
4. Total Net Debt Service (+Annual Fees): $15,984,530
ESTIMATED SOURCES & USES:

Sources:
Bond Proceeds $ 7,820,000.00
Premium $ 378,141.30
$8,198,141.30

Uses:
Project Fund $ 6,490,506.41
Capitalized Interest $ 589,758.33
Debt Service Reserve Fund $ 687,994.56
Cost of Issuance $ 315,200.00
Underwriter Discount $ 113,390.00
Contingency $ 1,292.00
$8,198,141.30

RECOMMENDED ACTIONS:

CSCDA’s Executive Director recommends that the Commission approve the attached resolution (Attachment A):

1. Approving the issuance of the CFD No. 2018-03 (Uptown Newport) Special Tax Bonds, Series 2019;
2. Authorizing the execution and delivery of an Indenture and Disbursement Agreement;
3. Approving the form of the Bond Purchase Contract, and Official Statement and a Continuing Disclosure Certificate;
4. Authorizing the sale of such bonds;
5. Authorizing related actions and the execution of related documents in connection with the issuance, sale and delivery of such bonds.

Resolution: Attachment A
RESOLUTION APPROVING THE ISSUANCE OF THE CALIFORNIA STATEWIDE COMMUNITIES DEVELOPMENT AUTHORITY COMMUNITY FACILITIES DISTRICT NO. 2018-03 (UPTOWN NEWPORT) SPECIAL TAX BONDS, SERIES 2019; AUTHORIZING THE EXECUTION AND DELIVERY OF AN INDENTURE PROVIDING FOR THE ISSUANCE OF SUCH BONDS; APPROVING A BOND PURCHASE CONTRACT PROVIDING FOR THE SALE OF SUCH BONDS; APPROVING AN OFFICIAL STATEMENT; APPROVING A CONTINUING DISCLOSURE CERTIFICATE; AUTHORIZING THE SALE OF SUCH BONDS; AND AUTHORIZING RELATED ACTIONS AND THE EXECUTION OF RELATED DOCUMENTS IN CONNECTION WITH THE ISSUANCE, SALE AND DELIVERY OF SUCH BONDS

WHEREAS, the Commission (the “Commission”) of the California Statewide Communities Development Authority (the “Authority”) has determined to issue not to exceed $8,800,000 principal amount of its California Statewide Communities Development Authority Community Facilities District No. 2018-03 (Uptown Newport) Special Tax Bonds, Series 2019 (the “Bonds”); and

WHEREAS, there has been made available to the Commission a form of the Indenture (the “Indenture”) providing for the issuance of the Bonds; and

WHEREAS, the Commission has carefully considered the terms and conditions of the Indenture; and

WHEREAS, RBC Capital Markets, LLC (the “Underwriter”) has proposed to submit an offer to purchase the Bonds pursuant to a Bond Purchase Contract (the “Purchase Contract”) in substantially the form made available to the Commission; and

WHEREAS, the Commission has considered carefully the terms and conditions of the Purchase Contract, and has determined that a private sale of the Bonds to the Underwriter in accordance with the Purchase Contract would result in a lower overall cost to the Authority; and

WHEREAS, the Authority has caused to be prepared an Official Statement in preliminary form relating to the Bonds, a copy of which has been made available to the Commission; and

WHEREAS, the Authority has caused to be prepared a Continuing Disclosure Certificate (the “Continuing Disclosure Certificate”) for the purpose of making undertakings to provide certain annual financial information and notice of certain enumerated events as required by Securities Exchange Commission Rule 15c2-12(b)(5) (the “Rule”);

WHEREAS, Government Code Section 5852.1 requires that the Commission of the Authority obtain from an underwriter, financial adviser or private lender and disclose, prior to
authorization of the issuance of bonds with a term of greater than 13 months, good faith estimates of the following information in a meeting open to the public: (a) the true interest cost of the bonds, (b) the sum of all fees and charges paid to third parties with respect to the bonds, (c) the amount of proceeds of the bonds expected to be received net of the fees and charges paid to third parties and any reserves or capitalized interest paid or funded with proceeds of the bonds, and (d) the sum total of all debt service payments on the bonds calculated to the final maturity of the bonds plus the fees and charges paid to third parties not paid with the proceeds of the bonds; and

WHEREAS, in compliance with Government Code Section 5852.1, the Commission of the Authority has obtained from RBC Capital Markets, LLC, the underwriter, the required good faith estimates and such estimates have been disclosed at this meeting; and

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

Section 1. The Commission finds and determines that the foregoing recitals are true and correct.

Section 2. Pursuant to the Act and the Indenture, the Authority is hereby authorized to issue its revenue bonds designated as the “California Statewide Communities Development Authority Community Facilities District No. 2018-03 (Uptown Newport) Special Tax Bonds, Series 2019” in an aggregate principal amount not to exceed eight million eight hundred thousand dollars ($8,800,000). The Bonds shall be issued and secured in accordance with the terms of, and shall be in the form or forms set forth in, the Indenture as made available to the Commission. The Bonds shall be executed on behalf of the Authority by the manual or facsimile signature of the Chair of the Authority or the manual signature of any member of the Commission of the Authority or their administrative delegates duly authorized pursuant to a resolution of the Authority (each, an “Authorized Signatory”), and attested by the manual or facsimile signature of the Secretary of the Authority or the Assistant to the Secretary of the Authority or the manual signature of any Authorized Signatory.

Section 3. The Indenture providing for the issuance of the Bonds, in substantially the form made available to the Commission, is hereby approved for execution by the Authority, and any Authorized Signatory is hereby authorized and directed, for and on behalf of the Authority to execute the Indenture in substantially said form, with such changes or additions as any member of the Commission with the advice of counsel to the Authority may approve, such approval to be conclusively evidenced by the execution and delivery of the Indenture. The dated date, maturity date or dates, interest rate or rates, interest payment dates, denominations, forms, registration privileges, manner of execution, place or places of payment, terms of redemption and other terms of the Bonds shall be as provided in the Indenture, as finally executed.

Section 4. The Purchase Contract providing for the sale of the Bonds, in substantially the form made available to the Commission, is hereby approved for execution by the Authority, and any Authorized Signatory is hereby authorized and directed to execute the Purchase Contract in substantially said form, with such changes or additions thereto as any member of the Commission with the advice of counsel to the Authority may approve, such approval to be conclusively evidenced by the execution and delivery of the Purchase Contract, and the Secretary
is hereby authorized and directed to deliver the Purchase Contract; provided, that, (i) the true interest cost on the Bonds shall not exceed 5.75%; (ii) the final maturity of the Bonds shall not be later than September 1, 2049; (iii) the underwriter’s discount shall not exceed 1.50% of the principal amount of the Bonds, inclusive of Underwriter counsel fees; and (iv) the Bonds shall be subject to optional call in ten years from their date of issuance at par and subject to extraordinary optional redemption at a premium no greater than 3% through ten years and without premium thereafter.

Section 5. The Official Statement in preliminary form (the “Preliminary Official Statement”) relating to the Bonds, in substantially the form made available to the Commission, is hereby approved, and any Authorized Signatory is hereby authorized and directed to certify to the Underwriter that the Preliminary Official Statement is deemed to be final as of its date, except for certain final pricing and related information permitted to be omitted in accordance with the Rule, and the Underwriter is hereby authorized and directed to distribute or cause the distribution of copies of the Preliminary Official Statement to prospective purchasers of the Bonds, and any Authorized Signatory is hereby authorized to execute and deliver an Official Statement in final form (the “Final Official Statement”) relating to the Bonds in substantially the form of the Preliminary Official Statement, which Final Official Statement shall include final pricing and related information and other changes, as any member of the Commission with the advice of counsel to the Authority may approve, such approval to be conclusively evidenced by such execution and delivery of the Final Official Statement, and the Underwriter is hereby authorized and directed to distribute or cause the distribution of copies of the Final Official Statement to all purchasers of the Bonds.

Section 6. The form and substance of the Continuing Disclosure Certificate is hereby approved. Any Authorized Signatory is hereby authorized and directed to execute and deliver the Continuing Disclosure Certificate in substantially the form made available to the Commission, with such changes or additions, as any member of the Commission with the advice of counsel to the Authority may approve, such approval to be conclusively evidenced by such execution and delivery.

Section 7. The Chair, Vice Chair, Secretary, Treasurer, any other members of the Commission and other appropriate officers and agents of the Authority, including the Authorized Signatories are hereby authorized and directed, jointly and severally, to do all things and to execute and deliver all documents and contracts they deem necessary or advisable for consummating the sale, execution, and delivery of the Bonds and otherwise to carry out, give effect to, and comply with the terms and intent of this Resolution, the Indenture, the Bonds, the Purchase Contract, the Continuing Disclosure Certificate, the Preliminary Official Statement, and the Official Statement. All such actions previously taken by the Authorized Signatories are hereby ratified, confirmed, and approved.

Section 8. This Resolution shall take effect immediately upon its adoption.
PASSED AND ADOPTED by the California Statewide Communities Development Authority this 7th day of February, 2019.

I, the undersigned, a duly appointed and qualified Authorized Signatory of the Commission of the California Statewide Communities Development Authority, DO HEREBY CERTIFY that the foregoing resolution was duly adopted by the Commission of said Authority at a duly called and noticed meeting of the Commission of said Authority held in accordance with law on February 7, 2019.

By: ________________________________

Authorized Signatory
California Statewide Communities Development Authority
DATE: February 7, 2019

TO: CSCDA COMMISSIONERS

FROM: Cathy Bando, Executive Director


SUMMARY:

CSCDA has been increasingly issuing community facilities district (CFD) bonds for cities and districts throughout California. In 2019, CSCDA anticipates selling bonds for eight CFD projects. Due to the increase in activity, staff requested that Orrick, Herrington & Sutcliffe, acting as issuer counsel to CSCDA, review and propose changes to CSCDA’s Local Goals and Policies for CFD financings.

Attached are a redlined and clean versions of the proposed updated policies for the Commission’s consideration. The foundational components of the policies have not changed.

RECOMMENDATION:

The Executive Director recommends approval of the resolution (in the form of Attachment A) approving the updated local goals and policies concerning the use of Mello-Roos Community Facilities Act of 1982 bonds.
ATTACHMENT A

RESOLUTION NO. 19SCIP-_ 

A RESOLUTION OF THE CALIFORNIA STATEWIDE COMMUNITIES DEVELOPMENT AUTHORITY APPROVING LOCAL GOALS AND POLICIES CONCERNING USE OF THE MELLO-ROOS COMMUNITY FACILITIES ACT OF 1982

WHEREAS, the California Statewide Communities Development Authority (the “Authority”) wishes to give consideration to its formation from time to time of community facilities districts pursuant to the Mello-Roos Community Facilities Act of 1982 (Sections 53311 and following of the California Government Code) (the “Act”); and

WHEREAS, Section 53312.7 of the Act provides that proceedings to establish a community facilities district pursuant to the Act may be initiated by a local agency only after it has first considered and adopted local goals and policies and appraisal standards concerning use of the Act; and

WHEREAS, the Authority previously adopted its Amended and Restated Local Goals and Policies on January 29, 2007; and

WHEREAS, the Authority now wishes to revise those Amended and Restated Local Goals and Policies to reflect current market conditions and standards; and

WHEREAS, a proposed set of Further Amended and Restated Local Goals and Policies Concerning Use of the Mello-Roos Community Facilities Act of 1982 (the “Local Goals and Policies”) has been prepared and submitted to the Commission of the Authority for consideration; and

WHEREAS, the Commission wishes to approve the Local Goals and Policies, a copy of which is attached to this resolution as Exhibit A; and

WHEREAS, the Commission is fully advised in this matter;

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

Section 1. The above recitals are true and correct, and the Commission so finds and determines.

Section 2. The Commission hereby approves the Local Goals and Policies in the form attached hereto as Exhibit A.

Section 3. The Commission finds that the Local Goals and Policies approved by this Resolution contain the matters prescribed by Section 53312.7 of the Act and that adoption of the Local Goals and Policies enables the Commission to initiate proceedings to establish community facilities districts pursuant to the Act.
Section 4. This Resolution shall take effect immediately upon its adoption.

PASSED AND ADOPTED by the California Statewide Communities Development Authority this seventh day of February, 2019.

I, the undersigned, an Authorized Signatory of the California Statewide Communities Development Authority, DO HEREBY CERTIFY that the foregoing resolution was duly adopted by the Commission of the Authority at a duly called meeting of the Commission of the Authority held in accordance with law on February 7, 2019.

By ________________________________
Authorized Signatory
California Statewide Communities Development Authority
EXHIBIT A

LOCAL GOALS AND POLICIES
I. INTRODUCTION

Section 53312.7(a) of the California Government Code provides that, on and after January 1, 1994, a local agency may initiate proceedings to establish a community facilities district ("CFD") pursuant to the Mello-Roos Community Facilities Act of 1982 (the "Act") only if it has first considered and adopted local goals and policies concerning the use of the Act. The following goals and policies have been considered and adopted by the California Statewide Communities Development Authority (the "Authority") and are intended to meet the requirements of the Act.

These policies shall not apply to any assessment financing or any certificate of participation or similar financings involving leases of or security in public property. These policies are subject to amendment by the Commission of the Authority at any time.

II. GOALS AND POLICIES GENERALLY

The Authority was established to promote economic development within the State of California, including, without limitation, the promotion of opportunities for the creation or retention of employment, the stimulation of economic activity, and the increase of the tax base within the boundaries of each of the Authority’s members (the “Program Participants”). Therefore, it is the policy of the Authority to use the Act to finance public facilities that will encourage the development of property for the development of residential, commercial and industrial projects. The Authority may use the Act in situations where the CFD special tax is expected to be levied on property used for residential, commercial or industrial purposes, including multi-family apartment and office buildings. The Authority will use the Act only in situations where the Program Participant in whose jurisdictional boundaries the project lies has consented to the use of the Act by the Authority.

III. APPLICATIONS; CONDITIONS; DEPOSITS

The owner or owners of the property (the “Applicant”) the development of which is to be assisted through the Authority's proposed use of the Act, will be required to complete an application in such form as the Authority may prescribe. Any information provided in the application must be considered public information by California law. Developers of land who are not the owner may complete an application only if such developer holds an option to purchase.

The Applicant must have the approval of the city or the county in which the project is located. Such approval may be in the form of a resolution of the city council or board of supervisors, a letter delivered by mail or by electronic means from an appropriate city or county official supporting the project or in such other form as the Authority may approve.
All Authority and consultant costs incurred in the evaluation of any CFD application, or in the formation of a CFD or the issuance of CFD bonds, will be paid by the applicant, which payment will be secured by an advance deposit with the Authority. The Authority will not incur any nonreimbursable expenses for processing a CFD, and expenses not chargeable to the CFD will be borne by the applicant and such applicant may be required to provide a deposit of funds with the Authority. In general, the deposit will not be less than $25,000, and may be more, as required by the Authority. The deposit may be increased upon demand of the Authority if at any time the Authority determines that the remaining amount is not sufficient to cover anticipated remaining expenses and costs. If the additional amount is not paid within ten business days of the mailing of a written demand by the Authority to the petitioner, the Authority will cease all activities with respect to the CFD financing until the additional amount is paid. The initial deposit and any additional amounts will be held by the Authority and used only for the expenses and costs incurred in connection with the CFD proceedings. Any balance of such deposit remaining upon completion of the CFD proceedings, or the abandonment thereof, and not needed to pay expenses and costs relating thereto will be returned to the petitioner. The use of the deposit shall in no way be construed as requiring the Authority to issue CFD bonds or to provide reimbursement from the proceeds thereof for portions of the deposit that are expended.

Each applicant will be required to provide an indemnity to the Authority, its members, officers, agents and employees for all costs, expenses and attorney fees, as well as any judgment or settlement costs arising out of or involved in the CFD financing, or in any of the documentation related thereto.

IV. PRIORITIES FOR FINANCING

The priority that various kinds of public facilities and services will have for financing through the Authority’s use of the Act is as follows:

(a) facilities needed to serve approved development which is deficient in infrastructure needed to accommodate the development of the area as planned;

(b) other facilities for which there is a clearly demonstrated public benefit;

(c) other facilities to be owned and operated by public agencies;

(d) development impact fees, connection charges and other local government levies applicable to the new development that are to be used to fund public capital improvements by the local agency that levies such fee;

(e) other facilities and improvements that are permitted by the Act; and

(f) at the request of public agencies, services (including, but not limited to, maintenance services) to be provided by such public agencies.

The above listed priorities are not in order of preference and are instead a representative list of prioritized public facilities and services. At the request of a Program Participant, the Authority
may consider financing any other improvement authorized to be financed through the use of the Act if the Authority determines it will serve the public interest to do so.

V. CREDIT QUALITY REQUIREMENTS FOR CFD BOND ISSUES

General. The Authority will work with its advisors, consultants and underwriter to review each proposed project for financing through the Authority’s use of the Act to determine its credit quality and economic viability.

Statutory Requirements. The Authority will require that the credit quality of any CFD bond issue be such that the requirements of Section 53345.8 of the Act will be met; provided, however, that the Authority will require that the value of the real property that would be subject to the special tax to pay debt service on the bonds be at least four times the principal amount of the bonds to be sold and the principal amount of all other bonds outstanding that are secured by a special tax levied pursuant to the Act on property within the CFD or a special assessment levied on property within the CFD.

Entitlement and Development Status. The Authority will require that the Applicant to have obtained all environmental approvals, land use planning approvals, special permits (e.g. permits required by the Army Corps of Engineers, California Fish and Game, and other agencies), and approval by the city or county in whose jurisdiction the development lies of a tentative map prior to the issuance of any CFD bonds. The Applicant will be required to provide the Authority with information regarding all discretionary approvals that remain necessary for development of the Applicant’s project to proceed to the Applicant’s planned development stage.

Reserve Fund. In order to enhance the credit quality of bond issues, the Authority will require that each bond issue be secured by a reserve fund funded in an amount no less than the least of (a) 10% of the original proceeds of the bond issue, (b) maximum annual debt service on the bonds of such issue, and (c) 125% of the average annual debt service on the bonds of such issue.

Credit Enhancement. If an applicant fails to meet the credit criteria otherwise specified herein, the Authority may require credit enhancement to increase the credit quality of a CFD bond issue, particularly where the value-to-lien ratio of a significant portion of the property in such CFD is less than three-to-one. Such credit enhancement will usually be the form of an irrevocable letter of credit, will be required to be in an amount not less than two times the amount of annual special taxes levied on such undeveloped property and will be required to remain in effect until such property is developed or the value thereof has otherwise been sufficiently increased. Such letter of credit will generally be required to be issued or guaranteed by an entity, the long term unsecured obligations of which are rated at least “A” by Moody’s Investors Service or Standard & Poor’s Ratings Service.

Capitalized Interest. The amount of capitalized interest funded for an issue of CFD bonds may not exceed any maximum specified in the Act.

Additional Measures. The Authority may require additional measures to increase the credit quality of a bond issue, or may require credit enhancement with respect thereto, in any particular case.
VI. DISCLOSURE TO PROSPECTIVE PROPERTY PURCHASERS

In order to ensure that prospective property purchasers are fully informed about their taxpaying obligations imposed under the Act, the Authority will require that the requirements of disclosure to prospective property purchasers contained in the Act, including, but not limited to, Sections 53328.3, 53328.5 (including the referenced sections of the California Streets and Highways Code), 53340.2 and 53341.5, be met. The Authority reserves the right to require additional disclosure procedures in any particular case.

VII. EQUITY OF SPECIAL TAX FORMULAS AND MAXIMUM SPECIAL TAXES

The Authority’s criteria for evaluating the equity of tax allocation formulas, and the desirable and maximum amounts of special taxes to be levied against any parcel pursuant to the Act, are set forth in this section.

Reasonable Basis of Apportionment. Special taxes must be allocated and apportioned on a reasonable basis to all categories and classes of property (other than exempt property) within the CFD receiving general or special benefit from the public facilities financed through the CFD. Exemptions from the special tax may be given to parcels which are publicly-owned, are held by property owners associations, are used for a public purpose such as open space or wetlands, or are affected by public utility easements making impractical their utilization for other than the purposes set forth in the easement.

Total Tax Burden. The total tax burden (that is, the maximum annual CFD special tax, together with ad valorem property taxes, special assessments, special taxes for any overlapping community facilities district, and any other taxes, fees and charges payable from and secured by the property) on any residential owner-occupied parcel in a CFD shall not exceed 2% (the basic property tax levy of 1%, plus 1%) of the expected assessed value of such parcel upon completion of the public and private improvements relating thereto.

Rate and Method of Apportionment. The rate and method of apportionment for CFD special taxes must be structured so as to annually produce special tax revenues sufficient to pay (a) annual debt service on all CFD bonds, and (b) reasonable and necessary annual administrative expenses of the CFD. Additionally, the rate and method of apportionment may be structured so as to produce amounts sufficient to fund (a) any amounts required to establish or replenish any reserve fund established for a CFD bond issue, (b) the accumulation of funds reasonably required for future debt service on a CFD bond issue, (c) amounts equal to projected delinquencies in special tax payments, (d) remarketing, credit enhancement or liquidity fees, and (e) any other costs or payments permitted by law. The rate and method of apportionment must be structured such that the projected maximum special tax that could be levied in any year would produce special tax revenues at least equal to (a) 110% of projected annual debt service on all CFD bonds for such year, plus (b) projected reasonable and necessary administrative expenses of the CFD for such year. Generally, the rate and method of apportionment for CFD special taxes will be required to include a back-up tax so that changes in development within the CFD would not result in the inability to levy special taxes that would produce special tax revenues in such amounts.
**Increases in Special Tax.** The annual increase, if any, in the maximum special tax for any parcel may not exceed any maximum specified in the Act. The increase in the special tax levied on any parcel as a consequence of delinquency or default by the owner on any other parcel may not exceed any maximum specified in the Act.

**Prepayment of Special Tax.** Generally, the special tax rate and method of apportionment for a CFD will be structured so as to allow the prepayment of special taxes by property owners.

**Foreclosure Covenants.** Every CFD bond shall provide for the judicial foreclosure of delinquent payments of special taxes. The ability to commence foreclosure shall be without further Commission action and subsequent to notification to the property owner of a delinquency in form prescribed by law. Any costs advanced by the Authority to collect special taxes, including any actions taken related to foreclosure, shall be reimbursed by the proceeds of the foreclosure sale or other legally available funds from the CFD.

**APPRAISALS**

The definitions, standards and assumptions to be used in appraisals required in connection with the Authority’s use of the Act are as set forth in the Appraisal Standards for Land Secured Financings published by the California Debt Advisory Commission and dated May 1994, as revised July 2004, with the following modifications:

(a) the independent review appraiser is an option, and not a requirement;

(b) the comparable sales method may be used whenever there is sufficient data available;

(c) the appraiser should assume the presence of the public infrastructure to be financed with the bonds;

(d) the special tax lien need not be computed as the present value of the future tax payments if there is a pre-payment mechanism or other more appropriate measure;

(e) except where necessary to make a meaningful comparable sale comparison, the appraiser is not to discount the value of property for the amount of the special tax or assessment liens, which also means that the special tax should be ignored in any discounted cash flow analysis; and

(f) the definition of "Bulk Sale Value" on page 29 of the Standards states the requirement that all parcels within a tract or development be included; instead it may be any defined portion of the property.

The date of the value estimate must be clearly identified in the appraisal report. The period between the date of value contained in the appraisal (or, if applicable, the date of value contained in any update to such appraisal) and the date of the issuance of CFD bonds shall be no greater than three months.
IX. DISCLOSURE

*Initial Disclosure.* Each owner of property within a CFD that has not reached its planned development stage and that will be responsible for a substantial portion (as determined by the Authority) of annual debt service on an issue of CFD bonds will be required to provide for inclusion in the official statement or other offering materials distributed in connection with the offering and sale of such bonds such information as may be required for the Authority to comply with, satisfy any requirements of, or avoid any liability under, any applicable federal or state securities laws.

*Continuing Disclosure.* Each owner of property within a CFD, and each subsequent owner of property therein, that has not reached its planned development stage and that will be responsible for a substantial portion (as determined by the underwriter of bonds) of annual debt service on an issue of CFD bonds will be required to provide such information, on an ongoing basis, as may be required by the underwriter of such bonds to satisfy the requirements imposed on the underwriter pursuant to Rule 15c2-12 promulgated under the Securities Exchange Act of 1934.

X. CONSULTANTS

The selection of all consultants necessary for the formation of a CFD and the issuance of bonds, including the appraiser, market absorption study analyst, special tax consultant, bond counsel and underwriter, will be subject to final approval by the Authority.

XI. PERFORMANCE OF WORK

*General.* Improvements, fees and services to be financed by the Authority’s use of the Act will be owned, collected and processed by Program Participants and other local agencies who have entered into a joint community facilities or services agreement with the Authority. The Authority shall not be responsible for oversight, review, inspection or other work with respect to improvements (whether directly or through development impact fees) or services to be financed.

*Capital Improvements.* Capital improvements may be financed on an acquisition or construction basis, although the preference will be for financing improvements on an acquisition basis. Acquisition agreements for the acquisition of public capital improvements shall be in the form approved by the local agency that will own such improvements; provided that such agreement must provide that the improvement will be constructed as if under the supervision of the local agency. Local agencies will be required to provide certifications regarding the reasonable expectations of the use of capital improvements funded with tax-exempt bond proceeds as necessary to ensure that CFD bonds may be issued on a tax-exempt basis.

*Development Fees, Connection Charges and Similar Fees.* Fees and charges financed through the use of the Act should be treated by the local agency collecting such fee or charge as paid by the Applicant in the amount of CFD bond proceeds on the date of the bond issue and the Applicant (and successors in interest to the land within the CFD) should be treated by the local agency as receiving a credit in the amount of such proceeds. The Authority may consider alternative treatment of such fees by local agencies only if such different treatment would not adversely impact the tax-exempt status of CFD bonds issued for such project. Local agencies will
be required to provide certifications regarding the reasonable expectations of the use of bond-funded fees and charges and improvements funded thereby as necessary to ensure that CFD bonds may be issued on a tax-exempt basis.

**Services.** Services should be financed through a CFD only if the local agency providing services first certifies that the services comply with and are eligible under the provisions of the Act. The local agency providing services shall be responsible for all budgets, expenditure controls and reporting requirements for any such services.

**XII. MINIMUM STANDARDS; WAIVERS AND AMENDMENT**

The policies set forth herein reflect the minimum standards under which the Authority will assist in the development of property through the use of the Act. The Authority may, in its discretion, require additional measures and procedures, enhanced security and higher standards in particular cases.

The Authority may, in limited and exceptional circumstances and to the extent permitted by law, in its discretion, waive any of the policies set forth herein in particular cases.

If so provided in a joint community facilities agreement entered into under the Act, the Authority may form a community facilities district based upon minimum standards set forth in the participating local agency’s local goals and policies and need not comply with the policies set forth herein.

The goals and policies set forth herein may be amended at any time and from time to time by the Authority.
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I. INTRODUCTION

Section 53312.7(a) of the California Government Code provides that, on and after January 1, 1994, a local agency may initiate proceedings to establish a community facilities district ("CFD") pursuant to the Mello-Roos Community Facilities Act of 1982 (the "Act") only if it has first considered and adopted local goals and policies concerning the use of the Act. The following goals and policies have been considered and adopted by the California Statewide Communities Development Authority (the "Authority") and are intended to meet the requirements of the Act.

These policies shall not apply to any assessment financing or any certificate of participation or similar financings involving leases of or security in public property. These policies are subject to amendment by the Commission of the Authority at any time.

II. GOALS AND POLICIES GENERALLY

The Authority was established to promote economic development within the State of California, including, without limitation, the promotion of opportunities for the creation or retention of employment, the stimulation of economic activity, and the increase of the tax base within the boundaries of each of the Authority’s members (the “Program Participants”). Therefore, it is the policy of the Authority to use the Act to finance public facilities that will encourage the development of property for the development of residential, commercial and industrial projects. The Authority may use the Act in situations where the CFD special tax is expected to be levied on property used for residential, commercial or industrial purposes, including multi-family apartment and office buildings. The Authority will use the Act only in situations where the Program Participant in whose jurisdictional boundaries the project lies has consented to the use of the Act by the Authority.

III. APPLICATIONS; CONDITIONS; DEPOSITS

The owner or owners of the property (the “Applicant”) the development of which is to be assisted through the Authority's proposed use of the Act, will be required to complete an application in such form as the Authority may prescribe. Any information provided in the application must be considered public information by California law. Developers of land who are not the owner may complete an application only if such developer holds an option to purchase.

The Applicant must have the approval of the city or the county in which the project is located. Such approval may be in the form of a resolution of the city council or board of supervisors a letter delivered by mail or by electronic means from an appropriate city or county official supporting the project or in such other form as the Authority may approve.
All Authority and consultant costs incurred in the evaluation of any CFD application, or in the formation of a CFD or the issuance of CFD bonds, will be paid by the Applicant, which payment will be secured by an advance deposit with the Authority. The Authority will not incur any nonreimbursable expenses for processing a CFD, and expenses not chargeable to the CFD will be borne by the Applicant and such Applicant may be required to provide a deposit of funds with the Authority. In general, the deposit will not be less than $25,000, and may be more, as required by the Authority. The deposit may be increased upon demand of the Authority if at any time the Authority determines that the remaining amount is not sufficient to cover anticipated remaining expenses and costs. If the additional amount is not paid within ten business days of the written demand by the Authority to the Applicant, the Authority will cease all activities with respect to the CFD financing until the additional amount is paid. The initial deposit and any additional amounts will be held by the Authority and used only for the expenses and costs incurred in connection with the CFD proceedings. Any balance of such deposit remaining upon completion of the CFD proceedings, or the abandonment thereof, and not needed to pay expenses and costs relating thereto will be returned to the Applicant. The use of the deposit shall in no way be construed as requiring the Authority to issue CFD bonds or to provide reimbursement from the proceeds thereof for portions of the deposit that are expended.

Each Applicant will be required to provide an indemnity to the Authority, its members, officers, agents and employees for all costs, expenses and attorney fees, as well as any judgment or settlement costs arising out of or involved in the CFD financing, or in any of the documentation related thereto.

IV. PRIORITY FOR FINANCING

The priority that various kinds of public facilities and services will have for financing through the Authority’s use of the Act is as follows:

(a) facilities needed to serve approved development which is deficient in infrastructure needed to accommodate the development of the area as planned;

(b) other facilities for which there is a clearly demonstrated public benefit;

(c) other facilities to be owned and operated by public agencies;

(d) development impact fees, connection charges and other local government levies applicable to the new development that are to be used to fund public capital improvements by the local agency that levies such fee;

(e) other facilities and improvements that are permitted by the Act; and

(f) at the request of public agencies, services (including, but not limited to, maintenance services) to be provided by such public agencies.

The above listed priorities are not in order of preference and are instead a representative list of prioritized public facilities and services. At the request of a Program Participant, the Authority
may consider financing any other improvement authorized to be financed through the use of the Act if the Authority determines it will serve the public interest to do so.

V. CREDIT QUALITY REQUIREMENTS FOR CFD BOND ISSUES

General. The Authority will work with its advisors, consultants and underwriter to review each proposed project for financing through the Authority’s use of the Act to determine its credit quality and economic viability.

Statutory Requirements. The Authority will require that the credit quality of any CFD bond issue be such that the requirements of Section 53345.8 of the Act will be met; provided, however, that the Authority will require that the value of the real property that would be subject to the special tax to pay debt service on the bonds be at least four times the principal amount of the bonds to be sold and the principal amount of all other bonds outstanding that are secured by a special tax levied pursuant to the Act on property within the CFD or a special assessment levied on property within the CFD.

Entitlement and Development Status. The Authority will require that the Applicant to have obtained all environmental approvals, land use planning approvals, special permits (e.g. permits required by the Army Corps of Engineers, California Fish and Game, and other agencies), and approval by the city or county in whose jurisdiction the development lies of a tentative map prior to the issuance of any CFD bonds. The Applicant will be required to provide the Authority with information regarding all discretionary approvals that remain necessary for development of the Applicant’s project to proceed to the Applicant’s planned development stage.

Reserve Fund. In order to enhance the credit quality of bond issues, the Authority will require that each bond issue be secured by a reserve fund funded in an amount no less than the least of (a) 10% of the original proceeds of the bond issue, (b) maximum annual debt service on the bonds of such issue, and (c) 125% of the average annual debt service on the bonds of such issue.

Credit Enhancement. If an Applicant fails to meet the credit criteria otherwise specified herein, the Authority may require credit enhancement to increase the credit quality of a CFD bond issue, particularly where the value-to-lien ratio of a significant portion of the property in such CFD is less than three-to-one. Such credit enhancement will usually be the form of an irrevocable letter of credit, will be required to be in an amount not less than two times the amount of annual special taxes levied on such undeveloped property and will be required to remain in effect until such property is developed or the value thereof has otherwise been sufficiently increased. Such letter of credit will generally be required to be issued or guaranteed by an entity, the long term unsecured obligations of which are rated at least “A” by Moody’s Investors Service or Standard & Poor’s Ratings Service.

Capitalized Interest. The amount of capitalized interest funded for an issue of CFD bonds may not exceed any maximum specified in the Act.

Additional Measures. The Authority may require additional measures to increase the credit quality of a bond issue, or may require credit enhancement with respect thereto, in any particular case.
VI. DISCLOSURE TO PROSPECTIVE PROPERTY PURCHASERS

In order to ensure that prospective property purchasers are fully informed about their taxpaying obligations imposed under the Act, the Authority will require that the requirements of disclosure to prospective property purchasers contained in the Act, including, but not limited to, Sections 53328.3, 53328.5 (including the referenced sections of the California Streets and Highways Code), 53340.2 and 53341.5, be met. The Authority reserves the right to require additional disclosure procedures in any particular case.

VII. EQUITY OF SPECIAL TAX FORMULAS AND MAXIMUM SPECIAL TAXES

The Authority’s criteria for evaluating the equity of tax allocation formulas, and the desirable and maximum amounts of special taxes to be levied against any parcel pursuant to the Act, are set forth in this section.

Reasonable Basis of Apportionment. Special taxes must be allocated and apportioned on a reasonable basis to all categories and classes of property (other than exempt property) within the CFD receiving general or special benefit from the public facilities financed through the CFD. Exemptions from the special tax may be given to parcels which are publicly-owned, are held by property owners associations, are used for a public purpose such as open space or wetlands, or are affected by public utility easements making impractical their utilization for other than the purposes set forth in the easement.

Total Tax Burden. The total tax burden (that is, the maximum annual CFD special tax, together with ad valorem property taxes, special assessments, special taxes for any overlapping community facilities district, and any other taxes, fees and charges payable from and secured by the property) on any residential owner-occupied parcel in a CFD shall not exceed 2% (the basic property tax levy of 1%, plus 1%) of the expected assessed value of such parcel upon completion of the public and private improvements relating thereto.

Rate and Method of Apportionment. The rate and method of apportionment for CFD special taxes must be structured so as to annually produce special tax revenues sufficient to pay (a) annual debt service on all CFD bonds, and (b) reasonable and necessary annual administrative expenses of the CFD. Additionally, the rate and method of apportionment may be structured so as to produce amounts sufficient to fund (a) any amounts required to establish or replenish any reserve fund established for a CFD bond issue, (b) the accumulation of funds reasonably required for future debt service on a CFD bond issue, (c) amounts equal to projected delinquencies in special tax payments, (d) remarketing, credit enhancement or liquidity fees, and (e) any other costs or payments permitted by law. The rate and method of apportionment must be structured such that the projected maximum special tax that could be levied in any year would produce special tax revenues at least equal to (a) 110% of projected annual debt service on all CFD bonds for such year, plus (b) projected reasonable and necessary administrative expenses of the CFD for such year. Generally, the rate and method of apportionment for CFD special taxes will be required to include a back-up tax so that changes in development within the CFD would not result in the inability to levy special taxes that would produce special tax revenues in such amounts.
**Increases in Special Tax.** The annual increase, if any, in the maximum special tax for any parcel may not exceed any maximum specified in the Act. The increase in the special tax levied on any parcel as a consequence of delinquency or default by the owner on any other parcel may not exceed any maximum specified in the Act.

**Prepayment of Special Tax.** Generally, the special tax rate and method of apportionment for a CFD will be structured so as to allow the prepayment of special taxes by property owners.

**Foreclosure Covenants.** Every CFD bond shall provide for the judicial foreclosure of delinquent payments of special taxes. The ability to commence foreclosure shall be without further Commission action and subsequent to notification to the property owner of a delinquency in form prescribed by law. Any costs advanced by the Authority to collect special taxes, including any actions taken related to foreclosure, shall be reimbursed by the proceeds of the foreclosure sale or other legally available funds from the CFD.

**VIII. APPRAISALS**

The definitions, standards and assumptions to be used in appraisals required in connection with the Authority’s use of the Act are as set forth in the Appraisal Standards for Land Secured Financings published by the California Debt Advisory Commission and dated May 1994, as revised July 2004, with the following modifications:

(a) the independent review appraiser is an option, and not a requirement;

(b) the comparable sales method may be used whenever there is sufficient data available;

(c) the appraiser should assume the presence of the public infrastructure to be financed with the bonds;

(d) the special tax lien need not be computed as the present value of the future tax payments if there is a pre-payment mechanism or other more appropriate measure;

(e) except where necessary to make a meaningful comparable sale comparison, the appraiser is not to discount the value of property for the amount of the special tax or assessment liens, which also means that the special tax should be ignored in any discounted cash flow analysis; and

(f) the definition of "Bulk Sale Value" on page 29 of the Standards states the requirement that all parcels within a tract or development be included; instead it may be any defined portion of the property

The date of the value estimate must be clearly identified in the appraisal report. The period between the date of value contained in the appraisal (or, if applicable, the date of value contained in any update to such appraisal) and the date of the issuance of CFD bonds shall be no greater than three months.
IX. DISCLOSURE

Initial Disclosure. Each owner of property within a CFD that has not reached its planned development stage and that will be responsible for a substantial portion (as determined by the Authority) of annual debt service on an issue of CFD bonds will be required to provide for inclusion in the official statement or other offering materials distributed in connection with the offering and sale of such bonds such information as may be required for the Authority to comply with, satisfy any requirements of, or avoid any liability under, any applicable federal or state securities laws.

Continuing Disclosure. Each owner of property within a CFD, and each subsequent owner of property therein, that has not reached its planned development stage and that will be responsible for a substantial portion (as determined by the underwriter of bonds) of annual debt service on an issue of CFD bonds will be required to provide such information, on an ongoing basis, as may be required by the underwriter of such bonds to satisfy the requirements imposed on the underwriter pursuant to Rule 15c2-12 promulgated under the Securities Exchange Act of 1934.

X. CONSULTANTS

The selection of all consultants necessary for the formation of a CFD and the issuance of bonds, including the appraiser, market absorption study analyst, special tax consultant, bond counsel and underwriter, will be subject to final approval by the Authority.

XI. PERFORMANCE OF WORK

General. Improvements, fees and services to be financed by the Authority’s use of the Act will be owned, collected and processed by Program Participants and other local agencies who have entered into a joint community facilities or services agreement with the Authority. The Authority shall not be responsible for oversight, review, inspection or other work with respect to improvements (whether directly or through development impact fees) or services to be financed.

Capital Improvements. Capital improvements may be financed on an acquisition or construction basis, although the preference will be for financing improvements on an acquisition basis. Acquisition agreements for the acquisition of public capital improvements shall be in the form approved by the local agency that will own such improvements; provided that such agreement must provide that the improvement will be constructed as if under the supervision of the local agency. Local agencies will be required to provide certifications regarding the reasonable expectations of the use of capital improvements funded with tax-exempt bond proceeds as necessary to ensure that CFD bonds may be issued on a tax-exempt basis.

Development Fees, Connection Charges and Similar Fees. Fees and charges financed through the use of the Act should be treated by the local agency collecting such fee or charge as paid by the Applicant in the amount of CFD bond proceeds on the date of the bond issue and the Applicant (and successors in interest to the land within the CFD) should be treated by the local agency as receiving a credit in the amount of such proceeds. The Authority may consider alternative treatment of such fees by local agencies only if such different treatment would not adversely impact the tax-exempt status of CFD bonds issued for such project. Local agencies will be required to provide certifications regarding the reasonable expectations of the use of bond-funded
fees and charges and improvements funded thereby as necessary to ensure that CFD bonds may be issued on a tax-exempt basis.

**Services.** Services should be financed through a CFD only if the local agency providing services first certifies that the services comply with and are eligible under the provisions of the Act. The local agency providing services shall be responsible for all budgets, expenditure controls and reporting requirements for any such services.

XII. **MINIMUM STANDARDS; WAIVERS AND AMENDMENT**

The policies set forth herein reflect the minimum standards under which the Authority will assist in the development of property through the use of the Act. The Authority may, in its discretion, require additional measures and procedures, enhanced security and higher standards in particular cases.

The Authority may, in limited and exceptional circumstances and to the extent permitted by law, in its discretion, waive any of the policies set forth herein in particular cases.

If so provided in a joint community facilities agreement entered into under the Act, the Authority may form a community facilities district based upon minimum standards set forth in the participating local agency’s local goals and policies and need not comply with the policies set forth herein.

The goals and policies set forth herein may be amended at any time and from time to time by the Authority.