



**ANNUAL MEETINGS  
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January 10, 2019**

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**ANNUAL MEETING AGENDA OF  
THE CALIFORNIA STATEWIDE FINANCING AUTHORITY (CSFA)**

**January 10, 2019  
9:00 a.m.**

**Quail Lodge  
8205 Valley Greens Drive, Carmel, California**

**A. OPENING AND PROCEDURAL ITEMS**

1. Roll Call.

_____ Larry Combs, Vice Chair	_____ Jordan Kaufman, Member
_____ Kevin O'Rourke, Treasurer	_____ Marcia Raines, Member
_____ Tim Snellings, Secretary	_____ Michael Cooper, Alt. Member
_____ Brian Moura, Member	_____ Niroop Srivatsa, Alt. Member
_____ Dan Mierzwa, Member	
2. Election of Officers.
3. Consideration of the minutes of the October 18, 2018 Special Meeting.
4. Public Comment.
5. CSFA Financing Review.
6. Executive Director Update.
7. Staff Updates.
8. Adjourn.

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## MINUTES

### SPECIAL MEETING AGENDA OF THE CALIFORNIA STATEWIDE FINANCING AUTHORITY (CSFA)

October 18, 2018 at 2:15 p.m.  
or upon adjournment of the Regular CSCDA Meeting.

California State Association of Counties  
1100 K Street, 1<sup>st</sup> Floor, Sacramento, CA 95814

Commission Chair Dan Harrison called the meeting to order at 2:24 pm.

1. Roll Call.

Commission members present: Dan Harrison, Larry Combs, Tim Snellings, and Kevin O'Rourke.

Commission members participating via teleconference: Jordan Kaufman, Dan Mierzwa, Brian Moura, and Michael Cooper.

Others present: Cathy Bando, CSCDA Executive Director; James Hamill, Bridge Strategic Partners; Carolyn Coleman, League of California Cities; Greg Stepanicich, Richards Watson & Gershon; Peter Pierce, Richards Watson & Gershon; Laura Labanieh, CSAC Finance Corporation; and Sendy Young, CSAC Finance Corporation.

Others participating via teleconference: Patricia Eichar, Orrick, Herrington & Sutcliffe.

2. Consideration of the Minutes of the February 16, 2017 Special Meeting.

The Commission approved the minutes.

***Motion to approve by L. Combs. Second by D. Mierzwa. Unanimously approved by roll-call vote.***

3. Public Comment.

There was no public comment.

4. Consideration of Audited Financial Statements for Fiscal Year Ending June 30, 2018.

Executive Director Bando gave a summary of the year ended June 30, 2018 financial statements. Executive Director Bando recommended approval of the financial statements for CSFA.

***Motion to approve and adopt by B. Moura. Second by D. Mierzwa. Unanimously approved by roll-call vote.***

5. Executive Director Update.

CSFA Minutes  
October 18, 2018

Executive Director Bando had no updates.

6. Staff Update.

Staff had no updates.

7. Adjourn.

The meeting was adjourned at 2:30 pm.

Submitted by: Sendy Young, CSAC Finance Corporation



**ANNUAL MEETING AGENDA OF  
THE CALEASE PUBLIC FUNDING CORPORATION (CaLease)**

**January 10, 2019  
9:00 a.m. or upon adjournment of the CSFA Annual Meeting**

**Quail Lodge  
8205 Valley Greens Drive, Carmel, California**

**A. OPENING AND PROCEDURAL ITEMS**

1. Roll Call.

_____ Larry Combs, Vice Chair	_____ Jordan Kaufman, Member
_____ Kevin O'Rourke, Treasurer	_____ Marcia Raines, Member
_____ Tim Snellings, Secretary	_____ Michael Cooper, Alt. Member
_____ Brian Moura, Member	_____ Niroop Srivatsa, Alt. Member
_____ Dan Mierzwa, Member	
2. Election of Officers.
3. Consideration of the minutes of the April 5, 2018 Special Meeting.
4. Public Comment.
5. CaLease Program Review.
6. Executive Director Update.
7. Staff Updates.
8. Adjourn.

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## MINUTES

### SPECIAL MEETING AGENDA OF THE CALEASE PUBLIC FUNDING CORPORATION

April 5, 2018 at 2:00 p.m.  
or upon adjournment of the Regular CSCDA Meeting.

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

Commission Chair Dan Harrison called the meeting to order at 2:30 pm.

1. Roll Call.

Commission members present: Dan Harrison  
Commission members participating via teleconference: Jordan Kaufman, Dan Mierzwa, Irwin Bornstein, and Brian Moura.

Others present: Cathy Bando, CSCDA Executive Director; Jon Penkower, Bridge Strategic Partners; Norman Coppinger, League of California Cities; Sendy Young, CSAC Finance Corporation.

Others participating via teleconference: Tricia Ortiz, Richards Watson & Gershon; James Hamill, Bridge Strategic Partners; Laura Labanieh, CSAC Finance Corporation.

2. Consideration of the Minutes of the January 24, 2013 Special Meeting.

The Commission postponed approval of the minutes.

3. Public Comment.

There was no public comment.

4. Consideration of new CaLease fee schedule.

Executive Director Bando gave an overview of the CaLease lease-purchase program. The fee schedule for CaLease has historically been based upon a percentage of the amount of the financing ranging from 30-50 basis points. In order to make CaLease more cost-effective and easier to use a flat fee schedule as outlined in the staff report is recommended. Executive Director Bando recommended approval of the new fee schedule for CaLease.

***Motion to approve and adopt by D. Mierzwa. Second by J. Kaufman. Unanimously approved by roll-call vote.***

5. Consideration of authorized signatories resolution.

Executive Director Bando explained that the authorized signatories for CSCDA approved documents include staff members from CSAC, and the League, CSCDA's Executive Director and Bridge Strategic Partners. The current authorized signatories for the CaLease program are

CALEASE Minutes  
April 5, 2018

the previous program managers for CSCDA. The resolution will authorize the current signatories to sign documents approved by the Commission related to CaLease, and also removes the authorization that no Commission approval is required for financing under \$1 million. Executive Director Bando recommended approval of the resolution authorizing signatories for CaLease.

***Motion to approve and adopt by J. Kaufman. Second by D. Mierzwa. Unanimously approved by roll-call vote.***

6. Consideration of financing for County of Madera heating ventilation and air conditioning (HVAC) system for the county jail in an amount not to exceed \$4,700,000.

Executive Director Bando gave an overview of the project, and the financing complies with CSCDA's general and issuance policies. The Project will increase the capacity of the Madera County Jail Central Plant in order for it to provide the entire cooling needs of the County Jail. Executive Director Bando recommended approval of the project.

***Motion to approve and adopt by I. Bornstein. Second by B. Moura. Unanimously approved by roll-call vote.***

7. Consideration of financing for the County of Madera for three new fire trucks in an amount not to exceed \$1,825,000.

Executive Director Bando gave an overview of the project, and the financing complies with CSCDA's general and issuance policies. The project will replace the aging rolling stock of the Madera County Fire Department. Executive Director Bando recommended approval of the project.

***Motion to approve and adopt by B. Moura. Second by D. Mierzwa. Unanimously approved by roll-call vote.***

8. Executive Director Update.

The Executive Director had no update.

9. Staff Update.

James Hamill stated that there will may be more CaLease financings in 2018. He will review with CaLease counsel Commissioner's Kaufman's concern regarding CaLease's need to conduct an annual meeting.

10. Adjourn.

The meeting was adjourned at 2:40 pm.

Submitted by: Sedy Young, CSAC Finance Corporation



**CSCDC**  
CALIFORNIA STATEWIDE COMMUNITIES  
DEVELOPMENT CORPORATION



## **ANNUAL MEETING AGENDA**

**January 10, 2019**

**9:00 a.m. or upon adjournment of the CaLease Meeting**

**Quail Lodge**

**8205 Valley Greens Drive, Carmel, California**

### **A. OPENING AND PROCEDURAL ITEMS**

1. Roll Call.

\_\_\_\_ Larry Combs, Vice President  
\_\_\_\_ Kevin O'Rourke, Treasurer  
\_\_\_\_ Brian Moura, Member  
\_\_\_\_ Tim Snellings, Secretary  
\_\_\_\_ Jordan Kaufman, Member

\_\_\_\_ Dan Mierzwa, Member  
\_\_\_\_ Marcia Raines, Member  
\_\_\_\_ Michael Cooper, Alt. Member  
\_\_\_\_ Niroop Srivatsa, Alt. Member

2. Election of Officers.

3. Consideration of the minutes of the June 21, 2018 Meeting.

4. Public Comment.

5. CSCDC Program Review & Update.

### **B. ITEMS FOR CONSIDERATION**

6. Consideration of CSCDC audited financial statements for fiscal year 2017/18.

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

7. Executive Director Update.

8. Staff Updates.

9. Adjourn.

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**CSCDC**  
CALIFORNIA STATEWIDE COMMUNITIES  
DEVELOPMENT CORPORATION



## MINUTES

### REGULAR MEETING OF THE CALIFORNIA STATEWIDE COMMUNITIES DEVELOPMENT CORPORATION

**June 21, 2018 at 2:15 p.m. or upon adjournment of the regularly scheduled CSCDA  
Commission Meeting**

**California State Association of Counties  
1100 K Street, 1<sup>st</sup> Floor, Sacramento, CA 95814**

Board President Dan Harrison called the meeting to order at 2:26 pm.

1. Roll Call.

Board members present: Dan Harrison and Tim Snellings.

Board members participating via teleconference: Kevin O'Rourke, Jordan Kaufman, Brian Moura, and Michael Cooper.

Others present: Jon Penkower, Bridge Strategic Partners; and Sendy Young, CSAC Finance Corporation.

Others participating via teleconference: Cathy Bando, CSCDA Executive Director; Greg Stepanicich, Richards Watson & Gershon; and James Hamill, Bridge Strategic Partners.

2. Consideration of the Minutes of the April 5, 2018 Meeting.

The Commission approved the minutes.

***Motion to approve by B. Moura. Second by M. Cooper. Unanimously approved by roll-call vote.***

3. Public Comment.

There was no public comment.

4. Consider appointment of Debbie Koski and Lisa Salaices to CSCDC's Advisory Board.

Executive Director Bando reviewed both proposed candidates' backgrounds, and they are both representative of low-income communities. CSCDC's advisory board will remain 100% accountable to low income communities. Executive Director Bando recommended approval of the appointment of both Debbie Koski and Lisa Salaices to the CSCDC Advisory Board.

***Motion to approve Debbie Koski and Lisa Salaices to CSCDC's Advisory Board by T. Snellings. Second by J. Kaufman. Unanimously approved by roll-call vote.***

5. Consider resolution approving the filing of an application requesting an allocation of New Markets Tax Credits.

Executive Director Bando informed the Board that CSCDC staff have completed the application for the next New Markets Tax Credit allocation round. The application will be submitted on or before June 28, 2018 and awards are expected in early 2019. CSCDC's Executive Director recommended that the directors of CSCDC approve the Resolution approving the filing of the application.

***Motion to approve and adopt resolution by M. Cooper. Second by T. Snellings  
Unanimously approved by roll-call vote.***

6. Executive Director Update.

Executive Director Bando had no updates.

7. Staff Update.

Jon Penkower informed the Board that the Jordan Downs Plaza project, located in the Watts neighborhood of Los Angeles, has closed with CSCDC's New Markets Tax Credit allocation. Jon emphasized the impact and importance of the project to the community. He attended the groundbreaking ceremony, and was joined by other community leaders.

8. Adjourn.

The meeting was adjourned at 2:36 pm.

Submitted by: Sendy Young, CSAC Finance Corporation

## **Agenda Report**

**DATE:** January 10, 2019

**TO:** CSCDC BOARD OF DIRECTORS

**FROM:** Cathy Bando, Executive Director

**PURPOSE:** Consideration of CSCDC audited financial statements for fiscal years ending June 30, 2017 and June 30, 2018.

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### **BACKGROUND AND SUMMARY:**

Attached for the consideration of the Board are the CSCDC audited financial statements for fiscal year ending June 30, 2017 and June 30, 2018. Novogradac & Company, LLP prepared the reports working with the League of California Cities and CSCDC staff. Highlights from the audited financial statements include the following:

- 1. Closing Fees** – CSCDC received \$0 and \$3,500,000, respectively in 2017 and 2018, in closing fees from NMTC transactions.
- 2. Asset Management Fees** – CSCDC received \$383,307 and \$533,439, respectively in 2017 and 2018, in asset management fees from previously closed NMTC transactions.
- 3. Expenses** – CSCDC incurred a total of \$311,638 and \$4,177,795, respectively in 2017 and 2018, in expenses, comprised primarily of sponsorship fees, legal, accounting, asset management and other professional fees.
- 4. Cash Flows** – CSCDC's cash positions were \$311,645 and \$116,831 at the end of 2017 and 2018, respectively. The \$194,814 reduction in cash primarily reflects a decrease in restricted net assets of \$137,485, and changes in reservation fees payable and bad debt expense.

The audit provides more detail on expense allocation, including sponsorship fees and the NMTC awards administered.

### **RECOMMENDED ACTION:**

CSCDC's Executive Director recommends approval of the 2017 and 2018 audited financial statements.

**California Statewide Communities Development Corporation**

Financial Statements

For the Years Ended June 30, 2018 and 2017

(With Report of Independent Auditors Thereon)



**NOVOGRADAC  
& COMPANY** LLP®

CERTIFIED PUBLIC ACCOUNTANTS

### Report of Independent Auditors

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

We have audited the accompanying financial statements of California Statewide Communities Development Corporation, which comprise the statements of financial position as of June 30, 2018 and 2017, and the related statements of activities and changes in net assets and cash flows for the years then ended, and the related notes to the financial statements.

#### *Management's Responsibility for the Financial Statements*

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

#### *Auditors' Responsibility*

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

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

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

**NOVOGRADAC & COMPANY LLP**

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Dover, Ohio 44622

*Opinion*

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of California Statewide Communities Development Corporation as of June 30, 2018 and 2017, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

*Novogradac & Company LLP*

Dover, Ohio  
December 21, 2018

**CALIFORNIA STATEWIDE COMMUNITIES DEVELOPMENT CORPORATION**  
**STATEMENTS OF FINANCIAL POSITION**  
June 30, 2018 and 2017

	<u>2018</u>	<u>2017</u>
<b>ASSETS</b>		
Cash and cash equivalents	\$ 116,831	\$ 311,645
Due from related parties	2,850	65,798
Investments in Community Development Entities	<u>13,821</u>	<u>7,300</u>
Total assets	<u>\$ 133,502</u>	<u>\$ 384,743</u>
<b>LIABILITIES AND NET ASSETS</b>		
Liabilities		
Accounts payable and accrued expenses	\$ 66,215	\$ 73,971
Reservation fees payable	-	120,000
Deferred income	<u>14,000</u>	<u>-</u>
Total liabilities	80,215	193,971
Unrestricted net assets	<u>53,287</u>	<u>190,772</u>
Total liabilities and net assets	<u>\$ 133,502</u>	<u>\$ 384,743</u>

See accompanying notes to financial statements



**CALIFORNIA STATEWIDE COMMUNITIES DEVELOPMENT CORPORATION**  
**STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS**  
For the years ended June 30, 2018 and 2017

	2018	2017
UNRESTRICTED REVENUE AND SUPPORT		
Closing fee income	\$ 3,500,000	\$ -
Asset management fee income	533,439	383,307
Other income	6,871	424
Total revenue	<u>4,040,310</u>	<u>383,731</u>
EXPENSES		
Sponsor fees	3,035,853	180,000
Professional fees	1,029,664	116,505
Bad debt expense	88,298	-
California tax and filing fees	22,000	14,120
Miscellaneous expenses	1,980	1,013
Total expenses	<u>4,177,795</u>	<u>311,638</u>
(DECREASE) INCREASE IN UNRESTRICTED NET ASSETS	(137,485)	72,093
UNRESTRICTED NET ASSETS AT BEGINNING OF YEAR	<u>190,772</u>	<u>118,679</u>
UNRESTRICTED NET ASSETS AT END OF YEAR	<u>\$ 53,287</u>	<u>\$ 190,772</u>

See accompanying notes to financial statements



**CALIFORNIA STATEWIDE COMMUNITIES DEVELOPMENT CORPORATION**

**STATEMENTS OF CASH FLOWS**

For the years ended June 30, 2018 and 2017

	<u>2018</u>	<u>2017</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
(Decrease) increase in unrestricted net assets	\$ (137,485)	\$ 72,093
Adjustments to reconcile increase in unrestricted net assets to net cash (used in) provided by operating activities:		
Bad debt expense	88,298	-
Increase in due from related parties	(25,350)	(37,874)
Increase (decrease) in deferred income	14,000	(4,555)
Decrease in accounts payable and accrued expenses	(7,756)	(2,312)
(Decrease) increase in reservation fees payable	(120,000)	120,000
Net cash (used in) provided by operating activities	<u>(188,293)</u>	<u>147,352</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Investments in Community Development Entities	<u>(6,521)</u>	<u>-</u>
NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS	(194,814)	147,352
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	<u>311,645</u>	<u>164,293</u>
CASH AND CASH EQUIVALENTS AT END OF YEAR	<u>\$ 116,831</u>	<u>\$ 311,645</u>

See accompanying notes to financial statements

**CALIFORNIA STATEWIDE COMMUNITIES DEVELOPMENT CORPORATION**  
**NOTES TO FINANCIAL STATEMENTS**  
June 30, 2018 and 2017

**NOTE 1 – ORGANIZATION**

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

The Organization has been certified by the Community Development Financial Institutions Fund of the U.S. Department of Treasury ("CDFI Fund") as a CDE. As a CDE, the Organization's primary mission is to invest in Subsidiary Allocatees ("Limited Liability Companies") that provide loans, equity investments, or financial services to qualified businesses in Low-Income Communities in the Organization's service area of California. As of June 30, 2018 and 2017, the Organization has received \$143,000,000 of NMTC investment authority from the CDFI Fund.

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

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

**NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Basis of Accounting**

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

**Basis of presentation**

The Organization is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets.

*Unrestricted Net Assets:* Net assets that are not subject to donor-imposed stipulations that may or will be expendable by the board for any purpose in performing the Organization's primary objectives.

*Temporarily Restricted Net Assets:* Net assets that are subject to donor-imposed stipulations that may or will be met either by the Organization's actions and/or the passage of time.

*Permanently Restricted Net Assets:* Net assets that are subject to donor-imposed stipulations whereby the resources are to be preserved in perpetuity.



**CALIFORNIA STATEWIDE COMMUNITIES DEVELOPMENT CORPORATION**  
**NOTES TO FINANCIAL STATEMENTS**  
June 30, 2018 and 2017

**NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**Basis of presentation (continued)**

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

**Concentration of Credit Risk**

The Organization maintains cash in banks which, at times, may exceed federally insured limits. The Organization has not experienced any losses in such accounts. The Organization believes it is not exposed to any significant credit risk on these accounts.

**Income Taxes**

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

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

**Revenue Recognition**

The Organization earns revenue by providing origination, underwriting, asset management, dissolution, and other services to the CDEs and QALICBs which are governed by the related operating and fee agreements. Sub-allocation, origination, and underwriting fees are recognized when QEIs are closed and are recorded as Closing Fee Income on the statement of activities and changes and net assets. Reservation fees for projects are recorded as a liability when received. A reservation fee would be included as revenue if the reservation of NMTC allocation is withdrawn. As of June 30, 2018 and 2017, there have been no instances of non-refundable reservation fees. Asset management fees are recognized as income as the Organization provides the services (generally over a seven-year period).

**Investments in Community Development Entities**

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



**CALIFORNIA STATEWIDE COMMUNITIES DEVELOPMENT CORPORATION**  
**NOTES TO FINANCIAL STATEMENTS**  
June 30, 2018 and 2017

**NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**Investments in Community Development Entities (continued)**

reduced below zero. To the extent that equity losses are incurred when the Organization's carrying value of the investments has reached zero, losses will be suspended and applied against future income.

**Use of Estimates**

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

**Cash and Cash Equivalents**

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

**Subsequent Events**

Subsequent events have been evaluated through December 21, 2018, which is the date the financial statements were available to be issued and there are no subsequent events requiring disclosure.

**NOTE 3 – INVESTMENTS IN COMMUNITY DEVELOPMENT ENTITIES**

The Organization owns an interest in the following CDEs as of June 30, 2018 and 2017, which were formed for the purpose of receiving sub-allocations of NMTC authority from the Organization:

As of June 30, 2018 and 2017	
<u>Community Development Entities</u>	<u>Percentage Ownership</u>
CSCDC 1 LLC	0.01%
CSCDC 2 LLC	0.01%
CSCDC 3 LLC	0.01%
CSCDC 4 LLC	0.01%
CSCDC 5 LLC	0.01%
CSCDC 6 LLC	0.01%
CSCDC 7 LLC	0.01%
CSCDC 8 LLC	0.01%
CSCDC 9 LLC	0.01%
CSCDC 10 LLC	0.01%
CSCDC 11 LLC	0.01%
CSCDC 12 LLC	0.01%
CSCDC 13 LLC	0.01%
CSCDC 14 LLC	0.01%
CSCDC 15 LLC	0.01%

The investments in the CDEs at June 30, 2018 and 2017 totaled \$13,821 and \$7,300, respectively.

**CALIFORNIA STATEWIDE COMMUNITIES DEVELOPMENT CORPORATION**  
**NOTES TO FINANCIAL STATEMENTS**  
June 30, 2018 and 2017

**NOTE 4 – RELATED PARTY TRANSACTIONS**

**Asset Management Fee Income**

The Organization earns quarterly asset management fee income from each of the CDEs, prorated for partial quarters, as compensation for the ongoing administration and management of the CDEs (the “Asset Management Fee Income”). In addition, the CDEs incur certain expenses such as tax preparation fees, corporate filing fees, annual state franchise fees, etc. as discussed in the Fee and Expense Agreements between the QALICBs, CDEs, and the Organization. The Organization pays these expenses on behalf of the CDEs. Pursuant to each of the CDEs’ fee and expense agreements, the Organization is to be reimbursed for these costs (the “Reimbursement Income”). The Asset Management Fee Income and Reimbursement Income are collectively referred to and recorded as Asset Management Fee Income on the statement of activities and changes in net assets. For the years ended June 30, 2018 and 2017, the total Asset Management Fee Income earned from the CDEs was \$533,439 and \$383,307, respectively. At June 30, 2018 and 2017, the amount receivable from the CDEs included as due from related parties totaled \$2,850 and \$65,798, respectively. At June 30, 2018 and 2017, the CDEs prepaid \$14,000 and \$0, respectively, of Asset Management Fee Income to the Organization and has been included in deferred income on the accompanying financial statements. As of June 30, 2018 and 2017, \$88,298 and \$0, respectively, of receivables due from related parties was written-off as bad debt expense.

**NOTE 5 – SPONSOR FEES**

The Organization entered into a Services Agreement with Bridge Strategic Partners LLC (“BSP”). Pursuant to the Services Agreement with BSP, the Organization is to pay BSP a sponsor fee for NMTC and management services rendered. The sponsor fee is payable from net proceeds of closing fees received from each CDE and QALICB, less third party expenses as a result of closing each NMTC transaction. The Organization also pays California State Association of Counties (“CSAC”) and League of California Cities (“LCC”) for similar services provided. The sponsor fee is allocated among CSAC, LCC, and BSP (collectively, the “Sponsors”) 20%, 20% and 60%, respectively, for upfront fees and 30%, 30% and 40%, respectively for residual administration fees. For the years ended June 30, 2018 and 2017, the Organization incurred \$2,795,154 and \$0, respectively, of sponsor fees. At June 30, 2018 and 2017, the amount payable to the Sponsors was \$0 and \$24,846, respectively.

Pursuant to the New Markets Tax Credit Services Agreement, New Markets Support Company, LLC (“NMSC”) is to provide management services including ongoing accounting, compliance, and administrative services for each of the CDEs discussed in Note 3. In consideration of the services to be provided by NMSC, the Organization is to pay BSP, who in turn pays NMSC a fee each quarter for each CDE, pro-rated for partial calendar quarters. For the years ended June 30, 2018 and 2017, the Organization has incurred \$240,699 and \$180,000, respectively, of additional sponsor fees. At June 30, 2018 and 2017, the amount payable to NMSC was \$65,877 and \$45,000, respectively.



**CALIFORNIA STATEWIDE COMMUNITIES DEVELOPMENT CORPORATION**  
**NOTES TO FINANCIAL STATEMENTS**  
June 30, 2018 and 2017

**NOTE 6 – NMTC AWARDS ADMINISTERED**

As of June 30, 2018, all \$143M of NMTC allocation authority awarded to CSCDC was invested in thirteen CDEs and thirteen respective projects. As of June 30, 2017, the \$70 million from round 13 of NMTC allocation authority awarded to CSCDC had not been invested in any CDEs or projects. The following tables show the total allocation received, total QEIs closed, and total allocation remaining by round for the years ended June 30, 2018 and 2017, respectively:

	Projects	Allocation received	QEIs closed before 6/30/2017	QEIs closed during 7/1/2017 through 6/30/2018	Total QEIs closed through June 30, 2018	Allocation remaining as of June 30, 2018
Round 10	4	\$ 35,000,000	\$ 35,000,000	\$ -	\$ 35,000,000	\$ -
Round 11	4	38,000,000	38,000,000	-	38,000,000	-
Round 13	5	70,000,000	-	70,000,000	70,000,000	-
Total	13	\$ 143,000,000	\$ 73,000,000	\$ 70,000,000	\$ 143,000,000	\$ -

	Projects	Allocation received	QEIs closed before 6/30/2016	QEIs closed during 7/1/2016 through 6/30/2017	Total QEIs closed through June 30, 2017	Allocation remaining as of June 30, 2017
Round 10	4	\$ 35,000,000	\$ 35,000,000	\$ -	\$ 35,000,000	\$ -
Round 11	4	38,000,000	38,000,000	-	38,000,000	-
Round 13	0	70,000,000	-	-	-	70,000,000
Total	8	\$ 143,000,000	\$ 73,000,000	\$ -	\$ 73,000,000	\$ 70,000,000



## **SPECIAL MEETING AGENDA**

**January 10, 2019**

**9:00 a.m. or upon adjournment of the CSCDC Annual Meeting**

**Quail Lodge**

**8205 Valley Greens Drive, Carmel, California**

### **A. OPENING AND PROCEDURAL ITEMS**

1. Roll Call.

_____ Larry Combs, Chair	_____ Jordan Kaufman, Member
_____ Kevin O'Rourke, Vice Chair	_____ Marcia Raines, Member
_____ Tim Snellings, Secretary	_____ Michael Cooper, Alt. Member
_____ Brian Moura, Treasurer	_____ Niroop Srivatsa, Alt. Member
_____ Dan Mierzwa, Member	
2. Consent Calendar.
3. Public Comment.
4. Adjourn.

**NEXT MEETING:** Thursday, January 24, 2019 at 2:00 p.m.  
California State Association of Counties  
1100 K Street, 1st Floor, Sacramento, CA 95814

This \_\_\_ page agenda was posted at 1100 K Street, Sacramento, California on \_\_\_\_\_, 20\_\_ at \_\_\_: \_\_ m, Signed \_\_\_\_\_. Please email signed page to [info@cscda.org](mailto:info@cscda.org)

**CALIFORNIA STATEWIDE COMMUNITIES DEVELOPMENT AUTHORITY**

**CONSENT CALENDAR**

1. Inducement of Glen Haven 2018 LP (Glen Haven Apartments), City of Fremont, County of Alameda; issue up to \$20 million in multi-family housing revenue bonds.
2. Inducement of Valley Palms 2018 LP (Valley Palms Apartments), City of San Jose, County of Santa Clara; issue up to \$120 million in multi-family housing revenue bonds.

January 10, 2019



**RESOLUTION NO. 19H-\_\_**

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

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

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

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

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

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

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

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

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

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

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

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

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

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

**PASSED AND ADOPTED** by the California Statewide Communities Development Authority this January 10, 2019.

The undersigned, an Authorized Signatory of the California Statewide Communities Development Authority, DOES HEREBY CERTIFY that the foregoing resolution was duly adopted by the Commission of said Authority at a duly called meeting of the Commission of said Authority held in accordance with law on January 10, 2019.

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

**EXHIBIT A**

<b>Project Name</b>	<b>Project Location</b>	<b>Project Description (units)</b>	<b>New Construction/ Acquisition and Rehabilitation</b>	<b>Legal Name of initial owner/operator</b>	<b>Bond Amount</b>
Glen Haven Apartments	City of Fremont, County of Alameda	81	Acquisition and Rehabilitation	Glen Haven 2018 LP	\$20,000,000
Valley Palms Apartments	City of San Jose, County of Santa Clara	354	Acquisition and Rehabilitation	Valley Palms 2018 LP	\$120,000,000



## ANNUAL REGULAR MEETING AGENDA

**January 10, 2019**

**9:00 a.m. or upon adjournment of the CSCDC Annual Meeting**

**Quail Lodge**

**8205 Valley Greens Drive, Carmel, California**

### **A. OPENING AND PROCEDURAL ITEMS**

1. Roll Call.
 

_____ Larry Combs, Chair	_____ Jordan Kaufman, Member
_____ Kevin O'Rourke, Vice Chair	_____ Marcia Raines, Member
_____ Tim Snellings, Secretary	_____ Michael Cooper, Alt. Member
_____ Brian Moura, Treasurer	_____ Niroop Srivatsa, Alt. Member
_____ Dan Mierzwa, Member	
2. Election of Officers.
3. Consideration of the minutes of the December 20, 2018 Regular Meeting.
4. Public Comment.

### **B. AGENDA ITEMS**

5. Community Facilities District No. 2018-03 (Uptown Newport).
  - a. Conduct second reading and consider adoption of "Ordinance Levying a Special Tax for Fiscal Year 2019-2020 and Following Fiscal Years Solely Within and Relating to the California Statewide Communities Development Authority Community Facilities District No. 2018-03 (Uptown Newport), City of Newport Beach, County of Orange, State of California".
6. 2018 Calendar Year Update.
7. SCIP/CFD Program Update.
8. TRIP Program Update.
9. OpenPace Results, Participation and Regulatory Update.

This \_\_\_ page agenda was posted at 1100 K Street, Sacramento, California on \_\_\_\_\_, 20\_\_ at \_\_\_: \_\_m, Signed \_\_\_\_\_. Please email signed page to [info@cscda.org](mailto:info@cscda.org)

10. OpenPace Roundtable Discussion.
11. CSCDA Solutions Strategy Session.
12. Closed Session: Conference with Legal Counsel – Initiation of Litigation, Government Code Section 54956.9(d)(4), One Case.
13. Report, if any, from Closed Session.
14. League of California Cities & California State Association of Counties Reports.
15. Marketing & Outreach Strategy Discussion.

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

16. Executive Director Update.
17. Staff Updates.
18. Adjourn.

**NEXT MEETING:** Thursday, January 24, 2019 at 2:00 p.m.  
California State Association of Counties  
1100 K Street, 1st Floor, Sacramento, CA 95814



## MINUTES

### REGULAR MEETING OF THE CALIFORNIA STATEWIDE COMMUNITIES DEVELOPMENT AUTHORITY

December 20, 2018 at 2:00 p.m.

California State Association of Counties  
1100 K Street, 1st Floor, Sacramento, CA 95814

Commission Chair Larry Combs called the meeting to order at 2:04 pm.

1. Roll Call.

Commission members present: Larry Combs, Kevin O'Rourke, and Tim Snellings

Commission members participating via teleconference: Brian Moura, Dan Mierzwa, Jordan Kaufman, and Niroop Srivatsa

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

Others participating via teleconference: Patricia Eichar, Orrick, Herrington & Sutcliffe; and Temidayo Odusolo, Jones Hall

2. Consideration of the Minutes of the December 6, 2018 Regular Meeting.

The Commission approved the December 6, 2018 regular meeting minutes.

***Motion to approve by D. Mierzwa. Second by T. Snellings. Unanimously approved by roll-call vote.***

3. Consideration of the Consent Calendar.

The Commission approved the Consent Calendar.

1. Inducement of Magnet Senior Housing Partners, L.P. (Magnet Senior Apartments), City of Irvine, County of Orange; issue up to \$45 million in multi-family housing revenue bonds.
2. Inducement of Glen Haven 2019 LP (Glen Haven Apartments), City of Fremont, County of Alameda; issue up to \$20 million in multi-family housing revenue bonds.

3. Inducement of Valley Palms 2019 LP (Valley Palms Apartments), City of San Jose, County of Santa Clara; issue up to \$120 million in multi-family housing revenue bonds.
4. Consideration of renewal memberships with the Council of Development Finance Agencies (CDFA) and the California Council for Affordable Housing (CCAH).
5. Consideration of resolutions of the Commission of the California Statewide Communities Development Authority Ordering the Commencement of Judicial Foreclosure Proceedings Pursuant to the Improvement Bond Act of 1915 to Collect Delinquent Assessment Installments Levied and Directing the Removal of Delinquent Assessment Installments from the County Tax Roll for the following associated with the Statewide Community Infrastructure Program (SCIP).
  - a. Assessment District No. 11-01 (San Joaquin)
  - b. Assessment District No. 07-02 (San Diego)
  - c. Assessment District No. 06-01 (Placer)
  - d. Assessment District No. 08-01 (El Dorado)
  - e. Assessment District No. 03-01 (Contra Costa)
  - f. Assessment District No. 06-01 (San Mateo)
  - g. Assessment District No. 07-01 (Alameda)
  - h. Assessment District No. 05-01 (Placer)

***Motion to approve by K. O'Rourke. Second by N. Srivatsa. Unanimously approved by roll-call vote.***

4. Public Comment.

There was no public comment.

5. Consideration of the issuance of revenue bonds or other obligation to finance or refinance the following projects, the execution and delivery of related documents, and other related actions.
  - a. Corona Park Preservation Limited Partnership (Corona Park Apartments), City of Corona, County of Riverside; issue up to \$55,000,000 in multi-family housing revenue bonds.

Executive Director Bando gave an overview of the project and the financing complies with CSCDA's general and issuance policies. The project is an acquisition and rehabilitation of a 160-unit rental affordable housing. 100% of the units will remain rent restricted for low-income tenants. Preservation Partners Development has previously constructed or rehabilitated more than 30 multifamily properties and has financed more than ten projects with CSCDA. Executive Director Bando recommended approval of the financing.

***Motion to approve by T. Snellings. Second by J. Kaufman. Unanimously approved by roll-call vote.***

- b. Seaview Affordable Communities, L.P. (Seaview Village Apartments), City of Seaside, County of Monterey, issue up to \$68,000,000 in multi-family housing revenue bonds.



Executive Director Bando gave an overview of the project and the financing complies with CSCDA's general and issuance policies. The project is an acquisition and rehabilitation of a 160-unit rental affordable housing. 100% of the units will remain rent restricted for low-income tenants. Islas has previously constructed or rehabilitated more than 18 multifamily properties including more than 15 financings with CSCDA. Executive Director Bando recommended approval of the financing.

***Motion to approve by K. O'Rourke. Second by N. Srivatsa. Unanimously approved by roll-call vote.***

6. Community Facilities District No. 2018-02 (McSweeney).
  - a. Conduct second reading of "Ordinance Levying a Special Tax for Fiscal Year 2018-2019 and Following Fiscal Years Solely Within and Relating to Improvement Area No. 1 of the California Statewide Communities Development Authority Community Facilities District No. 2018-02 (McSweeney), City of Hemet, County of Riverside, State of California".
  - b. Conduct second reading of "Ordinance Levying a Special Tax for Fiscal Year 2018-2019 and Following Fiscal Years Solely Within and Relating to Improvement Area No. 2 of the California Statewide Communities Development Authority Community Facilities District No. 2018-02 (McSweeney), City of Hemet, County of Riverside, State of California".

***Motion to approve items a and b "Ordinance Levying a Special Tax for Fiscal Year 2018-2019 and Following Fiscal Years Solely Within and Relating to Improvement Area No. 1 and No. 2 of the California Statewide Communities Development Authority Community Facilities District No. 2018-02 (McSweeney), City of Hemet, County of Riverside, State of California" by B. Moura. Second by D. Mierzwa. Unanimously approved by roll-call vote.***

7. Community Facilities District No. 2018-03 (Uptown Newport) ("CFD No. 2018-03").
  - a. Conduct public hearing (hearing to be held at 2 p.m. or shortly thereafter):
    1. Open CFD No. 2018-03 Public Hearing.
    2. Close CFD No. 2018-03 Public Hearing.

Commission Chair Larry Combs opened the public hearing with respect to the Statewide Community Infrastructure Program (SCIP). There were no oral or written comments from the public. The hearing was closed. All ballots have been cast in favor of formation of the assessment district, and no ballots have been cast opposed. The assessment districts are being formed for the purpose of financing certain improvements and/or development impact fees.

***Motion to close the public hearing by K. O'Rourke. Second by T. Snellings. Unanimously approved by roll-call vote.***

- b. Consideration of the following resolutions with respect to formation of CFD No. 2018-03:

1. Resolution of formation establishing CFD No. 2018-03 and providing for the levy of a special tax to finance the construction and acquisition of certain public capital improvements and utility undergrounding.
2. Resolution deeming it necessary to incur bonded indebtedness to finance the construction and acquisition of certain public capital improvements and utility undergrounding to mitigate the impacts of development within CFD No. 2018-03.
3. Resolution calling special mailed-ballot election within CFD No. 2018-03.

***Motion approve resolutions 1-3 with one motion by B. Moura. Second by N. Srivatsa. Unanimously approved by roll-call vote.***

- c. Conduct special election within CFD No. 2018-03.
- d. Consider resolution declaring result of special mailed-ballot election for CFD No. 2018-03.

***Motion to approve and adopt by D. Mierzwa. Second by J. Kaufman. Unanimously approved by roll-call vote.***

- e. Conduct first reading of “Ordinance Levying a Special Tax for Fiscal Year 2019-2020 and Following Fiscal Years Solely Within and Relating to the California Statewide Communities Development Authority Community Facilities District No. 2018-03 (Uptown Newport), City of Newport Beach, County of Orange, State of California”.

***Motion to waive the reading of the full ordinance and read by title only by K. O’Rourke. Second by T. Snellings. Unanimously approved by roll-call vote.***

8. Consideration of 2017-18 CSCDA Audited Financial Statements.

Executive Director Bando gave an overview of CSCDA’s 2017-18 Audited Financial Statements, which were provided in the attached report, for the consideration of the Commission. Executive Director Bando recommended approval of the Audited Financial Statement for the Year Ended June 30, 2018.

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

9. Consideration of a resolution authorizing the issuance of additional limited obligation improvement bonds in an aggregate principal amount not to exceed \$250,000,000 and approving additional bond documents for PACE Funding.

PACE Funding and its counsel have requested that the Commission consider and approve the amendments to the residential PACE indentures, which were provided in the attached report. Executive Director Bando recommends approval of a resolution approving the indenture amendments for residential PACE financings under the PACE Funding program, and

increasing the not-to-exceed amount authorized to be financed by PACE Funding to \$250 million.

***Motion to approve by T. Snellings. Second by K. O'Rourke. Unanimously approved by roll-call vote.***

10. Consider directing the Executive Director and staff to replace Willdan Financial Services as assessment administrator for Statewide Community Infrastructure Program (SCIP) with David Taussig & Associates.

CSCDA staff learned that Willdan has not notified CSCDA of significant payment delinquencies on the Prior SCIP Bonds. Under the terms of the indenture for SCIP Bonds, CSCDA is required to take certain actions such as the initiation of foreclosure proceedings on delinquent assessment payments. Executive Director Bando recommends the transfer of assessment engineer services for the Prior SCIP Bonds to its current assessment administrator, DTA, under terms that are similar to the terms of the existing contract for services with DTA. Executive Director Bando will report back to the Commission on the transition and an amended contract with DTA for services will be presented to the Commission for consideration.

***Motion to approve by K. O'Rourke. Second by D. Mierzwa. Unanimously approved by roll-call vote.***

11. Consider Setting Location, Date and Time of Annual Meeting to January 10, 2019 at 9:00 AM at Quail Lodge, 8205 Valley Greens Drive, Carmel, California.

***Motion to approve location of the 1/10/2019 Annual Meeting with a 9:00 am start time by B. Moura. Second by D. Mierzwa. Unanimously approved by roll-call vote.***

12. Executive Director Update.

Executive Director Bando thanked everyone for their contribution to CSCDA's success this past year.

13. Staff Update.

No staff update.

14. Adjourn.

The meeting was adjourned at 2:36 pm.

Submitted by: Sendy Young, CSAC Finance Corporation

**NEXT MEETING:** Thursday, January 10, 2019 at 9:00 a.m.  
Quail Lodge  
8205 Valley Greens Drive, Carmel, CA 93923

## **Agenda Item No. 5**

### **Agenda Report**

**DATE:** January 10, 2019

**TO:** CSCDA COMMISSIONERS

**FROM:** Cathy Bando, Executive Director

**PROJECT:** Uptown Newport (City of Newport Beach) – Community Facilities District

**PURPOSE:** Conduct second reading and consider adoption of “Ordinance Levying a Special Tax for Fiscal Year 2019-2020 and Following Fiscal Years Solely Within and Relating to the California Statewide Communities Development Authority Community Facilities District No. 2018-03 (Uptown Newport), City of Newport Beach, County of Orange, State of California”

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#### **EXECUTIVE SUMMARY:**

- 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; (3) a resolution to incur bond indebtedness.
- On December 20, 2018 the Commission conducted the public hearing and adopted resolutions forming the District, and conducted the first reading of the Ordinance Levying a Special Tax.

The actions requested today are the third and final step in the formation of 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 current estimated bond issuance is approximately \$8.8MM. The City approved the formation of the CFD by CSCDA on June 26, 2018.

The financing will seek final approval during the first quarter of 2019.

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

CSCDA's Executive Director recommends the following actions and consider the adoption of the following:

- a. Conduct second reading and consider adoption of "Ordinance Levying a Special Tax for Fiscal Year 2019-2020 and Following Fiscal Years Solely Within and Relating to the California Statewide Communities Development Authority Community Facilities District No. 2018-03 (Uptown Newport), City of Newport Beach, County of Orange, State of California". (Attachment A)

**ATTACHMENT A**

**ORDINANCE NO. 18ORD-4**

**CALIFORNIA STATEWIDE COMMUNITIES  
DEVELOPMENT AUTHORITY**

**ORDINANCE LEVYING A SPECIAL TAX FOR FISCAL YEAR 2019-2020  
AND FOLLOWING FISCAL YEARS SOLELY WITHIN AND RELATING TO  
THE CALIFORNIA STATEWIDE COMMUNITIES DEVELOPMENT  
AUTHORITY COMMUNITY FACILITIES DISTRICT NO. 2018-03 (UPTOWN  
NEWPORT), CITY OF NEWPORT BEACH, COUNTY OF ORANGE, STATE  
OF CALIFORNIA**

BE IT ENACTED BY THE COMMISSION OF THE CALIFORNIA  
STATEWIDE COMMUNITIES DEVELOPMENT AUTHORITY:

SECTION 1. Pursuant to California Government Code Sections 53316 and 53340, and in accordance with the amended and restated Rate and Method of Apportionment (the “RMA”), as set forth in Exhibit A of Resolution No. 18SCIP-117 (the “Resolution of Formation”) adopted December 20, 2018, with respect to the California Statewide Communities Development Authority Community Facilities District No. 2018-03 (Uptown Newport), City of Newport Beach, County of Orange, State of California (the “Community Facilities District”), a special tax is hereby levied on all taxable parcels within the Community Facilities District for the 2019-2020 fiscal year and for all subsequent fiscal years in the amount determined by the Community Facilities District in accordance with the RMA, until collection of the Special Tax by the Commission ceases and a Notice of Cessation of Special Tax is recorded in accordance with Section 53330.5 of the Act, provided that this amount may in any fiscal year be levied at a lesser amount by resolution of the Commission.

SECTION 2. The Authority’s special tax consultant, currently David Taussig & Associates, Inc., 100 West San Fernando Street, Suite 430, San Jose, CA 95113, telephone (949) 955-1500, is authorized and directed, with the aid of the appropriate officers and agents of the Authority, to determine each year, without further action of the Commission, the appropriate amount of the Special Tax (pursuant to, and as that term is defined in, the Resolution of Formation) to be levied for the Community Facilities District, to prepare the annual Special Tax roll in accordance with the RMA, and to present the roll to the Commission for consideration.

SECTION 3. Upon approval by the Commission, whether as submitted or as modified by the Commission, the special tax consultant is authorized and directed, without further action of the Commission, to provide all necessary and appropriate information to the Orange County Auditor in proper form, and in proper time, necessary to effect the correct and timely billing and collection of the Special Tax on the secured property tax roll of the County; provided, that as stated in the Resolution of Formation and in Section 53340 of the California Government Code, the Commission has reserved the right to utilize any method of collecting the Special Tax which it shall, from time to time, determine to be in the best interests of the Authority, including

but not limited to, direct billing by the Authority to the property owners, supplemental billing and, under the circumstances provided by law, judicial foreclosure, all or any of which the Commission may implement in its discretion by resolution.

SECTION 4. The appropriate officers and agents of the Authority are authorized to make adjustments to the Special Tax roll prior to the final posting of the Special Tax to the Orange County tax roll each fiscal year, as may be necessary to achieve a correct match of the Special Tax levy with the assessor's parcel numbers finally utilized by the Orange County Auditor in sending out property tax bills.

SECTION 5. The Authority agrees that, in the event the Special Tax is collected on the secured tax roll of Orange County, the County may charge its reasonable and agreed charges for collecting the Special Tax as allowed by law, prior to remitting the Special Tax collections to the Authority.

SECTION 6. Taxpayers claiming that the amount of the Special Tax on their property is not correct are referred to Section F of the RMA for the proper claims procedure.

SECTION 7. If for any cause any portion of this Ordinance is found to be invalid, or if the Special Tax is found inapplicable to any particular parcel by a court of competent jurisdiction, the balance of this Ordinance, and the application of the Special Tax to all other parcels, shall not be affected.

SECTION 8. This Ordinance shall take effect and be in force thirty (30) days after its final passage; and before the expiration of fifteen (15) days after its passage a summary of the same shall be published, with the names of the members voting for and against the same, at least once in a newspaper of general circulation published and circulated in the area of the Community Facilities District.

\* \* \*

I, the undersigned, the duly appointed and qualified representative of the Commission of the California Statewide Communities Development Authority, DO HEREBY CERTIFY that the foregoing ordinance was first read at a regular meeting of the Commission on December 20, 2018, and was duly passed and adopted by the Commission of the Authority at a duly called meeting of the Commission of the Authority held in accordance with law on January 10, 2019.

AYES:

NOES:

ABSENT:

ABSTAIN:

By:\_\_\_\_\_

Authorized Signatory  
California Statewide Communities  
Development Authority