



## **REGULAR MEETING AGENDA**

**November 3, 2016 at 2:00 p.m.**

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

Telephonic Locations:

709 Portwalk Place  
Redwood City, CA 94061

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

City of Auburn  
1225 Lincoln Way, Auburn, CA 95603

27788 Hidden Trail Road  
Laguna Hills, CA 92653

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

1. Roll Call.

<input type="checkbox"/> Dan Harrison, Chair	<input type="checkbox"/> Tim Snellings, Member
<input type="checkbox"/> Larry Combs, Vice Chair	<input type="checkbox"/> Dan Mierzwa, Member
<input type="checkbox"/> Kevin O'Rourke, Treasurer	<input type="checkbox"/> Irwin Bornstein, Member
<input type="checkbox"/> Ron Holly, Secretary	<input type="checkbox"/> Brian Moura, Alt. Member
2. Consideration of the minutes of the October 20, 2016 Regular Meeting.
3. Consideration of the Consent Calendar.
4. Public Comment.

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

5. Consideration of the issuance of revenue bonds or other obligations to finance or refinance the following projects, the execution and delivery of related documents, and other related actions:
  - a. Hebrew Home for Aged Disabled d/b/a Jewish Home of San Francisco, City and County of San Francisco; issue up to \$150,000,000 in nonprofit insured revenue bonds.

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

- b. Hollenbeck Palms, City of Los Angeles, County of Los Angeles; issue up to \$25,000,000 in nonprofit revenue bonds.
- c. Watts Arms I Renewal, L.P. (Watts Arms I Apartments), City of Los Angeles, County of Los Angeles; issue up to \$23,000,000 in multi-family housing revenue bonds.

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

- 6. Executive Director Update.
- 7. Staff Updates.
- 8. Adjourn.

**NEXT MEETING:** Thursday, November 17, 2016 at 2:00 p.m.  
California State Association of Counties  
1100 K Street, 1st Floor, Sacramento, CA 95814

**CALIFORNIA STATEWIDE COMMUNITIES DEVELOPMENT AUTHORITY**

**CONSENT CALENDAR**

1. Consent Calendar

- a. Inducement of Self Help Enterprises (Lindsay Village Apartments), City of Lindsay, County of Tulare; issue up to \$18 million in multi-family housing revenue bonds.
- b. Inducement of Alamo Garden Family Apartments, LP (Alamo Gardens Apartments), City of Vacaville, County of Solano; issue up to \$30 million in multi-family housing revenue bonds.
- c. Inducement of C&C Development Co., LLC (Mission Trail Apartments), City of Lake Elsinore, County of Riverside; issue up to \$25 million in multi-family housing revenue bonds.

November 3, 2016



**TABLE OF CONTENTS**  
**November 3, 2016**

Item 2	October 20, 2016 Regular Meeting Minutes	Page	5
Item 3	Consent Calendar	Page	8
Item 5a	Jewish Home of San Francisco	Page	12
Item 5b	Hollenbeck Palms	Page	20
Item 5c	Watts Arms Apartments	Page	27

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

League of California Cities  
1100 K Street, Sacramento, California

October 20, 2016

**MINUTES**

Commission Chair Dan Harrison called the meeting to order at 2:01 a.m.

**1. Roll Call**

Commission members present: Dan Harrison.

Commission members participating by conference telephone: Larry Combs, Dan Mierzwa and Ron Holly.

CSCDA Executive Director Catherine Bando participated by conference telephone.

Others present: Norman Coppinger, League of California Cities; James Hamill, Bridge Strategic Partners; Regina Kumar, California State Association of Counties Finance Corporation; and Mark Paxson, State Treasurer's Office.

Others participating by conference telephone: Jon Penkower, Bridge Strategic Partners; and Trisha Ortiz, Richards Watson & Gershon.

**2. Approval of Minutes**

The commission approved the minutes of the regular meeting held October 6, 2016.

Motion by Holly; second by Combs; unanimously approved by roll-call vote.

**3. Approval of Consent Calendar**

The commission approved by consent:

- a. Inducement of Islas Development, LLC (Lilly Gardens Apartments), City of Gilroy, County of Santa Clara and the issuing up to \$35 million in multi-family housing revenue bonds.
- b. A Legal Services Agreement with Stradling, Yocca, Carlson & Roth as CSCDA foreclosure counsel under the Open PACE Program.
- c. A CEQA Resolution for Commercial PACEDirect under the Open PACE Program.

- d. The Master Assignment and related documents for PACE Funding under the Open PACE Program.
- e. A PACE Operating Agreement with Contra Costa County.

Motion by Combs; second by Holly; unanimously approved by roll-call vote.

#### **4. Public Comments**

No public comments were made.

#### **5. Financing Approval**

The commission approved the financing; all necessary actions; the execution and delivery of all necessary documents; and authorized any member to sign all necessary financing documents for following projects:

- a. Hemet Vistas 1&2R Partners, L.P. (Hemet Vistas), City of Hemet, County of Riverside, up to \$13,000,000 in in multi-family housing revenue bonds.

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

- b. Fruit Avenue Housing Associates, LP (Parks at Fig Garden Apartments), City of Fresno, County of Fresno, up to \$27,791,620 in multi-family housing revenue bonds.

Motion by Mierzwa; second by Holly; unanimously approved by roll-call vote.

#### **6. Adoption of Resolution**

The commission adopted a resolution authorizing the Amended and Restated Indenture of Trust, First Amendment to Loan Agreement, Supplemental Tax Exemption Certificate and Agreement, Replacement Bonds and related certificates and documents relating to \$135,000,000 Pollution Control Refunding Revenue Bonds (Southern California Edison Company) 2006 Series C and D.

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

#### **7. Approval of Fee Schedule**

The commission approved adoption of a fee schedule for GO Savers Program (*Issuance Fee: 20 basis points on the par amount of the bonds up to \$20 million and 10 basis points thereafter; Annual Fee 1.5 basis points on the par amount outstanding on the interest payment date*).

Motion by Combs; second by Holly; unanimously approved by roll-call vote.

## **8. Review of Budget and Financial Activity**

The executive director provided the commissioners an overview of the 2016-2017 budget, financial progress and bank account activity for the first quarter.

## **9. Executive Director Updates.**

The executive director reported that on October 5 and 6 CSCDA had a booth at the League of California Cities annual conference expo, which provided a good opportunity to connect with city officials. The executive director also reported she is attending the County Administrative Officers Association of California meeting and will be giving a presentation to the county administrative officers on October 21.

## **10. Staff Updates.**

James Hamill indicated that due to scheduling conflicts that prevent Sacramento County chief executive officer Nav Gill from participating in CSCDA meetings, Gill has resigned from serving as an alternate commissioner. Hamill noted the California State Association of Counties will appoint a new alternate.

Hamill also reported that he attended a PACE meeting in Washington D.C. at the White House that included representatives from the U.S. Department of Energy and Department of Housing and Urban Development. Hamill reported the CSCDA PACE program was recognized as a model program.

## **11. Adjournment**

Commission Chair Harrison adjourned the meeting at 2:30 p.m.

Submitted by: Norman Coppinger, Assistant to the Secretary

*The next regular meeting of the commission is scheduled for  
**Thursday, November 3, 2016, at 2:00 P.M.**  
in the League of California Cities Office at 1400 K Street, Sacramento, CA (3<sup>rd</sup> floor).*

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

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

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

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

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

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

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

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

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

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



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

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

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

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

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

**PASSED AND ADOPTED** by the California Statewide Communities Development Authority this November 3, 2016.

The undersigned, an Authorized Signatory of the California Statewide Communities Development Authority, DOES HEREBY CERTIFY that the foregoing resolution was duly adopted by the Commission of said Authority at a duly called meeting of the Commission of said Authority held in accordance with law on November 3, 2016.

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

**EXHIBIT A**

<b>Project Name</b>	<b>Project Location</b>	<b>Project Description (units)</b>	<b>New Construction/ Acquisition and Rehabilitation</b>	<b>Legal Name of initial owner/operator</b>	<b>Bond Amount</b>
Lindsay Village Apartments	City of Lindsay, County of Tulare	50	New Construction	Self-Help Enterprises	\$18,000,000
Alamo Gardens Apartments	City of Vacaville, County of Solano	187	Acquisition and Rehabilitation	Alamo Garden Family Apartments, LP	\$30,000,000
Mission Trail Apartments	City of Lake Elsinore, County of Riverside	81	New Construction	C&C Development Co., LLC	\$25,000,000



## **Agenda Item No. 5a**

### **Agenda Report**

**DATE:** November 3, 2016

**TO:** CSCDA COMMISSIONERS

**FROM:** Cathy Bando, Executive Director

**PROJECT:** Hebrew Home for Aged Disable d/b/a Jewish Home of San Francisco

**PURPOSE:** Authorize the Issuance of Bonds for the Acquisition, Construction, Renovation, Equipping and Furnishing of Continuing Care Retirement Facilities located in the City and County of San Francisco

**AMOUNT:** Not to Exceed \$150,000,000

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#### **EXECUTIVE SUMMARY:**

Hebrew Home for Aged Disabled d/b/a Jewish Home of San Francisco, a 501c3 nonprofit organization, has requested that CSCDA issue revenue bonds in an amount not to exceed \$150,000,000 (the “Bonds”) for the acquisition, construction, improvement, equipping and furnishing of continuing care retirement facilities located in San Francisco, California (collectively, the “Project”).

#### **PROJECT ANALYSIS:**

##### **About Jewish Home of San Francisco:**

Jewish Home of San Francisco serves approximately 1,800 patients and residents each year on its nine-acre campus. Non-residential care is offered through the Home’s short-term and rehabilitation services unit for patients who require geriatric-specialized, interdisciplinary rehabilitation to recover from surgery or an acute illness, and through its acute geriatric psychiatry hospital. The Jewish Home is affiliated with the University of California, San Francisco for teaching and research. Admission to the Jewish Home is not limited by religious or cultural affiliation. As a U.S. Centers for Medicare & Medicaid Services five-star rated facility and with a complement of over 650 compassionate, experienced clinical and allied health personnel, the Jewish Home provides seniors with a variety of life-enriching healthcare programs and services in a welcoming, stimulating environment.

**About the Project:**

Jewish Home of San Francisco plans to construct a 265,000 square foot new campus at the site of its existing facilities in the Excelsior District of San Francisco. Residential options will include approximately 250 skilled-nursing suites, and about 111 new assisted/catered-living apartments and 75 new memory support assisted-living suites. For individuals needing short-term care, the Project will expand to 120 rehabilitation suites and as many as 25 acute psychiatric suites. An underground parking garage will accommodate 224 parking spaces. As part of the Project, Jewish Home also plans to develop a bustling common area of services, support, retail programs, education and entertainment to service the broader senior citizen community.

**Public Agency Approval:**

**TEFRA Hearing:** The TEFRA hearing was held on October 11, 2016 by the City and County of San Francisco. The TEFRA resolution is expected to be approved by the Board of Supervisors and Mayor within the next two weeks. CSCDA's approval will be conditioned upon final TEFRA approval.

**Public Benefit:**

- The Jewish Home has a charitable care policy that provides financial assistance to older adults who have depleted their resources. Through diligent fundraising efforts, the Jewish Home has been able to provide excellent care and services for all its residents by supplementing the cost of care at various levels when needed.
- The Jewish Home serves the most medically/cognitively frail, as well as financially indigent elders (95 percent of Jewish Home residents are indigent and/or Medi-Cal recipients who do not pay the full cost of care), with an average age of 85.
- The Jewish Home regularly opens its doors to civic causes, professional organizations and community groups, offering them free meeting space, continuing education credits when appropriate, refreshments or more elaborate fare.
- The Jewish Home is a mid-size employer in the city of San Francisco and provides employment to almost 700 employees each year, ranging from skilled labor to executive-level positions. The average length of tenure is 8.4 years of service.
- The Jewish Home is one of the only enterprises in 14 Bay Area counties that ensures the emotional and mental health of seniors through its on-site acute geriatric psychiatry hospital.
- The Jewish Home partners with local high schools that aim to involve youth in their community by encouraging them to fulfill needs in their respective milieus. During this past fiscal year, students from Abraham Lincoln High School, Archbishop Riordan High School, Mercy High School, Lowell High School, Phillip & Sala Burton High School, and Saint Ignatius completed their community service requirements at the Home.
- Over the past 42 years, the Jewish Home has partnered with San Francisco City College in offering several adult education classes to the general community.

**Sources and Uses:**

Sources of Funds:

Bond Proceeds:	\$ 134,182,000
Equity:	<u>\$ 15,420,000</u>
Total Sources:	\$ 149,602,000

Uses of Funds:

Project Fund:	\$ 132,000,000
Capitalized Interest:	\$ 4,124,324
Debt Service Reserve Fund:	\$ 5,196,728
Cal-Mortgage Fees:	\$ 5,891,232
Costs of Issuance:	<u>\$ 2,389,716</u>
Total Uses:	\$ 149,602,000

**Finance Partners:**

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

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

Underwriter: Cain Brothers, San Francisco

**Finance Terms:**

**Anticipated Rating:** AA- (S&P), Cal-Mortgage Insured

**Term:** 30 years at a fixed interest rate

**Structure:** Public Offering

**Estimated Closing:** November 24, 2016

**CSCDA Policy Compliance:**

The financing complies with CSCDA's general and issuance policies.

**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, subject to final TEFRA approval by the City and County of San Francisco;
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. 16NP-\_\_**

**CALIFORNIA STATEWIDE COMMUNITIES  
DEVELOPMENT AUTHORITY**

**A RESOLUTION AUTHORIZING THE ISSUANCE OF REVENUE BONDS IN A  
PRINCIPAL AMOUNT NOT TO EXCEED \$150,000,000 TO FINANCE THE COSTS OF  
OR REIMBURSEMENT FOR THE ACQUISITION, CONSTRUCTION, RENOVATION,  
EQUIPPING AND FURNISHING OF SENIOR RESIDENTIAL AND CARE SERVICES  
FACILITIES FOR HEBREW HOME FOR AGED DISABLED, DBA JEWISH HOME OF  
SAN FRANCISCO, AND JEWISH SENIOR LIVING GROUP AND OTHER MATTERS  
RELATING THERETO**

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

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

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

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

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

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

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

WHEREAS, Hebrew Home for Aged Disabled, DBA Jewish Home of San Francisco, and Jewish Senior Living Group, each a California nonprofit public benefit corporation (collectively, the “Corporation”), wish to acquisition, construction, renovation, equipping and furnishing of senior residential and care services facilities (the “Project”) owned and operated by the Corporation and located in the County;

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

WHEREAS, pursuant to an Indenture (the “Indenture”), between the Authority and U.S. Bank National Association (the “Trustee”), the Authority will issue the California Statewide Communities Development Authority Insured Revenue Bonds (Jewish Home of San Francisco Project), Series 2016 (the “Bonds”) for the purpose, among others, of financing the Project;

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

WHEREAS, payment of the principal of and interest on the Bonds will be insured pursuant to a Contract of Insurance (the “Contract of Insurance”) among the Authority, the Corporation and the Office of Statewide Health Planning and Development of the State of California (the “Office”);

WHEREAS, pursuant to a Purchase Contract, to be dated the date of sale of the Bonds (the “Bond Purchase Contract”), among Cain Brothers and Company, LLC, as underwriter (the “Underwriter”), the Authority and the Corporation, the Bonds will be sold to the Underwriter, and the proceeds of such sale will be used as set forth in the Indenture to finance and refinance the Project, to fund a bond reserve account, if required, and to pay costs incurred in connection with the issuance of the Bonds;

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

- (1) A proposed form of the Indenture;
- (2) A proposed form of the Loan Agreement;
- (3) A proposed form of the Bond Purchase Contract;
- (4) A proposed form of the official statement (the “Official Statement”) to be used by the Underwriter in connection with the offering and sale of the Bonds;
- (5) A proposed form of the Contract of Insurance;



(6) A proposed form of the Regulatory Agreement between the Corporation, the Office and the Authority (the “Regulatory Agreement”); and

(8) A proposed form of the Deed of Trust with Fixture Filing, Security Agreement and Assignment Agreement (the “Deed of Trust”) by the Corporation;

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

**Section 1.** Pursuant to the Act and the Indenture, the Authority is hereby authorized to issue its revenue bonds designated as the “California Statewide Communities Development Authority Insured Revenue Bonds (Jewish Home of San Francisco Project), Series 2016” in an aggregate principal amount not to exceed one hundred fifty million dollars (\$150,000,000). The Bonds shall be issued and secured in accordance with the terms of, and shall be in the form or forms set forth in, the Indenture. The Bonds shall be executed on behalf of the Authority by the manual or facsimile signature of the Chair of the Authority or the manual signature of any member of the Commission of the Authority or their administrative delegates duly authorized pursuant to Resolution No. 15R-53 of the Authority, adopted on October 22, 2015 (each, an “Authorized Signatory”), and attested by the manual or facsimile signature of the Secretary of the Authority or the Assistant to the Secretary of the Authority or the manual signature of any Authorized Signatory.

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

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

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

**Section 5.** The proposed preliminary form of Official Statement, as made available to the Commissioners, is hereby approved. The Underwriter is hereby authorized to

distribute the Official Statement in preliminary form, to persons who may be interested in the purchase of the Bonds and to deliver the Official Statement in final form, in substantially the form of the preliminary Official Statement, to the purchasers of the Bonds.

**Section 6.** The proposed form of Contract of Insurance, as made available to the Commissioners, is hereby approved. Any Authorized Signatory is hereby authorized and directed, for and on behalf of the Authority, to execute and deliver the Contract of Insurance, in substantially said form, with such changes and insertions therein as any member of the Commission, with the advice of counsel to the Authority, may approve, such approval to be conclusively evidenced by the execution and delivery thereof.

**Section 7.** The proposed form of Regulatory Agreement, as made available to the Commissioners, is hereby approved. Any Authorized Signatory is hereby authorized and directed, for and on behalf of the Authority, to execute and deliver the Regulatory Agreement, in substantially said form, with such changes and insertions therein as any member of the Commission, with the advice of counsel to the Authority, may approve, such approval to be conclusively evidenced by the execution and delivery thereof.

**Section 8.** The proposed form of Deed of Trust, as made available to the Commissioners, is hereby approved. Any Authorized Signatory is hereby authorized and directed, for and on behalf of the Authority, to execute and deliver the Deed of Trust, in substantially said form, with such changes and insertions therein as any member of the Commission, with the advice of counsel to the Authority, may approve, such approval to be conclusively evidenced by the execution and delivery thereof.

**Section 9.** The Bonds, when executed as provided in Section 1, shall be delivered to the Trustee for authentication by the Trustee. The Trustee is hereby requested and directed to authenticate the Bonds by executing the Trustee's Certificate of Authentication appearing thereon, and to deliver the Bonds, when duly executed and authenticated, to the purchaser or purchasers thereof in accordance with written instructions executed on behalf of the Authority by an Authorized Signatory, which any Authorized Signatory, acting alone, is authorized and directed, for and on behalf of the Authority, to execute and deliver to the Trustee. Such instructions shall provide for the delivery of the Bonds to the purchaser or purchasers thereof, upon payment of the purchase price thereof.

**Section 10.** The Chair, the Vice Chair, the Secretary, the Treasurer, any other members of the Commission of the Authority and other appropriate officers and agents of the Authority are hereby authorized and directed, jointly and severally, for and in the name and on behalf of the Authority, to execute and deliver any and all documents, including, without limitation, any and all documents and certificates to be executed in connection with securing credit support, if any, for the Bonds, and to do any and all things and take any and all actions which may be necessary or advisable, in their discretion, to effectuate the actions which the Authority has approved in this Resolution and to consummate by the Authority the transactions contemplated by the documents approved hereby, including any subsequent amendments, waivers or consents entered into or given in accordance with such documents.

**Section 11.** All actions heretofore taken by the Chair, the Vice Chair, the Secretary, the Treasurer, any other members of the Commission of the Authority and other appropriate officers and agents of the Authority with respect to the issuance of the Bonds are hereby ratified, confirmed and approved.

**Section 12.** Notwithstanding anything to the contrary in this Resolution, no documents referenced in this Resolution may be executed and delivered until the County has held the hearing pursuant to Section 147(f) of the Internal Revenue Code of 1986, if required by said Section, and have approved the issuance of the Bonds as may be required thereby and in accordance with Section 9 of the Agreement to provide financing for the Project.

**Section 13.** Notwithstanding anything to the contrary in this Resolution, no documents referenced in this Resolution may be executed and delivered until the Office has indicated its willingness to insure the Bonds.

**Section 14.** This Resolution shall take effect from and after its adoption.

PASSED AND ADOPTED by the California Statewide Communities Development Authority this 3rd day of November 2016.

I, the undersigned, an Authorized Signatory of the California Statewide Communities Development Authority, DO HEREBY CERTIFY that the foregoing resolution was duly adopted by the Commission of the Authority at a duly called meeting of the Commission of the Authority held in accordance with law on November 3, 2016.

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



## **Agenda Item No. 5b**

### **Agenda Report**

**DATE:** November 3, 2016

**TO:** CSCDA COMMISSIONERS

**FROM:** Cathy Bando, Executive Director

**PROJECT:** Hollenbeck Palms

**PURPOSE:** Authorize the Issuance of Bonds to Refinance the Construction, Improvement, and Equipping of Continuing Care Retirement Facilities located in the City of Los Angeles, County of Los Angeles

**AMOUNT:** Not to Exceed \$25,000,000

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#### **EXECUTIVE SUMMARY:**

Hollenbeck Palms, a 501c3 nonprofit organization has requested that CSCDA issue revenue bonds in an amount not to exceed \$25,000,000 (the “Bonds”) to refinance existing CSCDA bonds originally issued for the construction, improvement and equipping of its continuing care retirement facilities located in Los Angeles, California (collectively, the “Project”).

#### **PROJECT ANALYSIS:**

##### **About Hollenbeck Palms:**

Serving the Greater Los Angeles area for more than a century, older adults have enjoyed Hollenbeck’s vibrant, rewarding and comfortable environment, where friendships grow as personal interests are pursued. Located on a beautiful 8 acre, park-like campus with panoramic views of Downtown Los Angeles, Hollenbeck was the former home of John and Elizabeth Hollenbeck who gifted their estate to create “Hollenbeck Home” in 1890. Since then, Hollenbeck Palms has been transformed into one of Los Angeles’ premiere Continuing Care Retirement Communities. Offering a wide array of residential and assisted living accommodations, award-winning activities and wellness programs, along with 24 hour care that can be accessed as needed, its residents have less worry and more time to pursue their interests and lifestyle choices.

##### **About the Project:**

Hollenbeck Palms plans to refinance its outstanding CSCDA Series 2007A Bonds which were originally issued to finance the construction, improvement and equipping of the Magnolia Court

Project, a three-story residential facility on the Hollenbeck Palms campus. Refinancing the Series 2007A bonds produces net present value savings of \$1.2 million, with average annual debt service savings of roughly \$200,000. These annual savings will allow Hollenbeck Palms to pursue other strategic initiatives, such as investments in plant, marketing, and general operations, with the ultimate effect of providing better care for its residents.

**Public Agency Approval:**

**TEFRA Hearing:** The proposed bond issuance is a current refunding of prior issued CSCDA bonds and bond counsel has confirmed that a TEFRA hearing is not required.

**Public Benefit:**

Hollenbeck Palms participates in both the Medicare and MediCal programs and accepts patients directly into its nursing care beds. As a nonprofit corporation exempt from corporate taxation, Hollenbeck is committed to providing its residents with financial security and peace of mind. Residents who are unable to pay their monthly services fees are given discounts and are not evicted from the campus.

**Sources and Uses:**

Sources of Funds:

Bond Proceeds:	\$ 20,435,000
Release of Reserves:	\$ 1,626,635
Total Sources:	\$ 22,061,635

Uses of Funds:

Refunding Escrow Deposits:	\$ 21,658,924
Costs of Issuance:	\$ 401,087
Additional Proceeds:	\$ 1,624
Total Uses:	\$ 22,061,635

**Finance Partners:**

Bond Counsel:	Squire Patton Boggs, Los Angeles
Authority Counsel:	Orrick, Herrington & Sutcliffe, LLP, Sacramento
Placement Agent:	Cain Brothers, San Francisco
Private Placement Purchaser:	Western Alliance Bank, Los Angeles

**Finance Terms:**

**Anticipated Rating:** Unrated  
**Term:** 21 years at a fixed interest rate  
**Structure:** Private Placement  
**Estimated Closing:** December 1, 2016

**CSCDA Policy Compliance:**

The financing complies with CSCDA's general and issuance policies.

**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. \_\_-NP -\_\_**

**CALIFORNIA STATEWIDE COMMUNITIES DEVELOPMENT AUTHORITY**

**A RESOLUTION AUTHORIZING THE ISSUANCE OF REVENUE BONDS IN A PRINCIPAL AMOUNT NOT TO EXCEED \$25,000,000 TO REFINANCE THE COSTS OF CONSTRUCTING, IMPROVING AND EQUIPPING CONTINUING CARE RETIREMENT FACILITIES FOR HOLLENBECK PALMS AND OTHER MATTERS RELATING THERETO**

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

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

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

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

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

**WHEREAS**, at the request of Hollenbeck Palms, a California nonprofit public benefit corporation (the "Borrower"), the Authority previously issued its Assisted Living Facilities Revenue Bonds (Hollenbeck Palms/Magnolia Court) 2007 Series A (the "Series A Bonds") and its Taxable Assisted Living Facilities Revenue Bonds (Hollenbeck Palms/Magnolia Court) 2007 Series A-T (the "Series A-T Bonds" and together with the Series A Bonds, the "Series 2007 Bonds"), pursuant to that certain Indenture of Trust, dated as of February 1, 2007 (the "Original Indenture"), between the Authority and Wells Fargo Bank, National Association, as trustee (the "Trustee");

**WHEREAS**, the proceeds of the Series 2007 Bonds were loaned to the Borrower to finance the expansion, renovation and construction of continuing care retirement facilities, including, but not limited to, construction of assisted living units and parking, to be commonly known as Magnolia

Court, together with community amenities and other improvements, located in the City of Los Angeles, California (the “Magnolia Court Project”);

**WHEREAS**, the Series A-T Bonds were paid in full at their maturity on February 1, 2015 and are no longer outstanding;

**WHEREAS**, the Series A Bonds maturing by their terms on or after February 1, 2018, are subject to optional redemption on any date on or after February 1, 2017 (the “Redemption Date”), as a whole or in part, at a redemption price equal to 100% of the principal amount of the Series A Bonds called for redemption, together with interest accrued thereon to the Redemption Date;

**WHEREAS**, at the request of the Borrower, the Authority previously issued its Senior Living Facilities Revenue Bonds (Hollenbeck Palms Project) Series 2014 (the “Series 2014 Bonds”), pursuant to that certain First Supplemental Indenture of Trust, dated as of July 1, 2014 (the “First Supplemental Indenture”), between the Authority and the Trustee;

**WHEREAS**, the Borrower wishes to refinance the costs of the Magnolia Court Project through the defeasance and current refunding of the Series A Bonds, which were used to finance the Magnolia Court Project;

**WHEREAS**, the Magnolia Court Project is located within the territorial limits of the City of Los Angeles, being a program participant of the Authority (the “Program Participant”), and a substantial portion of the persons employed by the Borrower at the Magnolia Court Project are residents of the Program Participant;

**WHEREAS**, the Borrower is requesting the Authority to issue revenue bonds to (1) refund the Series A Bonds, (2) pay interest with respect to the Series 2016 Bonds (defined below), and (3) to pay costs of issuance with respect to the Series 2016 Bonds (collectively referred to as the “Series 2016 Project”);

**WHEREAS**, pursuant to the Original Indenture, as supplemented by the First Supplemental Indenture and the Second Supplemental Indenture (defined below), the Authority will issue, in one or more series, not to exceed \$[25,000,000] aggregate principal amount, the California Statewide Development Authority Senior Living Facilities Refunding Revenue Bonds (Hollenbeck Palms Project) Series 2016 (the “Series 2016 Bonds”), or such other designation as provided in the Second Supplemental Indenture, the proceeds of which will be loaned to the Borrower to pay costs of the Series 2016 Project, pursuant to the Loan Agreement, dated as of February 1, 2007 (the “Original Loan Agreement”) as amended and supplemented by the First Supplemental Loan Agreement, dated as of June 1, 2014 (the “First Supplemental Loan Agreement”) and the Second Supplemental Loan Agreement, dated as of December 1, 2016 (the “Second Supplemental Loan Agreement” and together with the First Supplemental Loan Agreement and the Original Loan Agreement, the “Loan Agreement”), each among the Authority, the Borrower and the Trustee; and

**WHEREAS**, the Series 2016 Bonds will be issued as Additional Bonds under the Original Indenture and secured on a parity with the Series 2014 Bonds, pursuant to the Original Indenture, as amended and supplemented by the First Supplemental Indenture and by that certain Second Supplemental Indenture of Trust, dated as of December 1, 2016 (the “Second Supplemental



Indenture” and together with the First Supplemental Indenture and the Original Indenture, the “Indenture”), between the Authority and the Trustee;

**WHEREAS**, there have been made available to the Commissioners the following documents and agreements, which have been presented to this meeting and are on file with the Authority in draft form and relating to the Series 2016 Bonds (collectively, the “Bond Documents”):

- 1) A proposed form of the Second Supplemental Indenture; and
- 2) A proposed form of the Second Supplemental Loan Agreement;

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

**Section 1.** Pursuant to the Act and the Indenture, the Authority is hereby authorized to issue its revenue bonds designated as the “California Statewide Communities Development Authority Senior Living Facilities Refunding Revenue Bonds (Hollenbeck Palms Project) Series 2016” in an aggregate principal amount not to exceed Twenty-Five Million dollars (\$25,000,000). The Bonds shall be issued and secured in accordance with the terms of, and shall be in the form or forms set forth in, the Second Supplemental Indenture as made available to the Commissioners. The Bonds shall be executed on behalf of the Authority by the manual or facsimile signature of the Chair of the Authority or the manual signature of any member of the Commission of the Authority or their administrative delegates duly authorized pursuant to Resolution No. 15R-53 of the Authority, adopted on October 22, 2015 (each, an “Authorized Signatory”), and attested by the manual or facsimile signature of the Secretary of the Authority or the Assistant to the Secretary of the Authority or the manual signature of any Authorized Signatory.

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

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

**Section 4.** The Bonds, when executed as provided in Section 1, shall be delivered to the Trustee for authentication by the Trustee. The Trustee is hereby requested and directed to

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

**Section 5.** The Chair, the Vice Chair, the Secretary, the Treasurer, any other members of the Commission of the Authority and other appropriate officers and agents of the Authority are hereby authorized and directed, jointly and severally, for and in the name and on behalf of the Authority, to execute and deliver any and all documents, including, without limitation, any escrow agreements to be executed in connection with the current refunding of the Series A Bonds and any and all documents and certificates to be executed in connection with securing credit support, if any, for the Bonds, and to do any and all things and take any and all actions which may be necessary or advisable, in their discretion, to effectuate the actions which the Authority has approved in this Resolution and to consummate by the Authority the transactions contemplated by the documents approved hereby, including any subsequent amendments, waivers or consents entered into or given in accordance with such documents.

**Section 6.** All actions heretofore taken by the Chair, the Vice Chair, the Secretary, the Treasurer, any other members of the Commission of the Authority and other appropriate officers and agents of the Authority with respect to the issuance of the Bonds are hereby ratified, confirmed and approved.

**Section 7.** It is found and determined that all formal actions of the Authority concerning and relating to the adoption of this Resolution were adopted in an open meeting, and that all deliberations that resulted in those formal actions were in meeting open to the public and in compliance with all legal requirements of the State of California and the Authority.

**Section 8.** This Resolution shall take effect from and after its adoption.

**PASSED AND ADOPTED** by the California Statewide Communities Development Authority this 3rd day of November, 2016.

CALIFORNIA STATEWIDE  
COMMUNITIES  
DEVELOPMENT  
AUTHORITY

By \_\_\_\_\_

Title  
\_\_\_\_\_



## **Agenda Item No. 5c**

### **Agenda Report**

**DATE:** November 3, 2016

**TO:** CSCDA COMMISSIONERS

**FROM:** Jon Penkower, Managing Director

**PROJECT:** Watts Arms I Apartments

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

**AMOUNT:** Not to Exceed \$23,000,000

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#### **EXECUTIVE SUMMARY:**

Watts Arms I Apartments (the “Project”) is an acquisition and rehabilitation of a 104-unit rental affordable housing project located in the City of Los Angeles. 100% of the units will remain rent restricted for low-income tenants.

#### **PROJECT DESCRIPTION:**

- Acquisition and rehabilitation of 104-unit affordable rental housing facility located at 10130 South Beach Street in the City of Los Angeles.
- 6.58 acre site.
- 19 townhome-style residential buildings.
- Consists of 18 one-bedroom units, 49 two-bedroom units, 36 three-bedroom units and one manager’s unit.

#### **PROJECT ANALYSIS:**

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

The National Foundation for Affordable Housing (the “Foundation”) was organized in 1990 and since its inception recognized the tax implications being faced by general partners and limited partners in the multifamily industry. The Foundation has been able to structure creative transactions for current owners seeking exit strategies. Since 1991, the Foundation has been integrally involved in the recapitalization and preservation of over 50,000 units of multifamily housing with transaction values totaling in excess of \$2.5 billion. The Foundation, through its 509(a)(3) supporting organizations, has acquired a portfolio of properties in Alabama, Delaware, Illinois, Maryland, Minnesota, New Jersey, Pennsylvania, Virginia, Tennessee and Washington,

DC with additional focus now on target markets in California, Kentucky, New York, Oregon, Texas, Washington and West Virginia. This will be the Foundation's first financing with CSCDA.

**Public Agency Approval:**

**TEFRA Hearing:** June 17, 2016 – City of Los Angeles – unanimous approval

**CDLAC Approval:** July 20, 2016

**Public Benefits:**

- 100% of the units will be rent restricted for 55 years.
  - 15% (16 units) restricted to 50% or less of area median income households.
  - 85% (87 units) restricted to 60% or less of area median income households.
- The Project is within walking distance to mass transit including a bus stop and the 103<sup>rd</sup> Street/Watts Towers Station rail station, which provides access to the Metro Blue Line, which runs north to Downtown Los Angeles and south to the Long Beach Station. In addition, within walking distance to the Project is a CVS pharmacy, the Jordan Downs Recreation Center, the Los Angeles Public Library, the Ted Watkins Memorial Park, schools, and various retail stores.

**Sources and Uses:**

Sources of Funds:

Tax-Exempt Bonds:	\$ 18,350,000
Tax Credits:	\$ 14,310,023
Deferred Developer Fee:	\$ 1,945,911
CDLAC Performance Deposit:	\$ 100,000
Seller Carry-Back Note:	\$ 4,500,000
Interim Income:	<u>\$ 514,127</u>
Total Sources:	\$ 39,720,061

Uses of Funds:

Acquisition:	\$ 24,900,000
Construction Costs:	\$ 6,059,725
Architecture & Engineering:	\$ 109,500
Permits & Impact Fees:	\$ 155,000
Other Fees/Interest:	\$ 659,668
Loan Fees/Costs of Issuance:	\$ 791,354
Project Contingency:	\$ 591,490
Reserves:	\$ 1,233,095
Developer Fee:	\$ 4,436,836
Soft Costs:	<u>\$ 783,394</u>
Total Uses:	\$ 39,720,061

**Finance Partners:**

Bond Counsel: Orrick, Herrington & Sutcliffe, LLP, San Francisco  
Authority Counsel: Orrick, Herrington & Sutcliffe, LLP, Sacramento  
Underwriter: Stifel Nicolaus, San Francisco & Atlanta

**Finance Terms:**

Rating: Unrated  
Term: 35 years  
Structure: Direct Placement  
Estimated Closing: November 15, 2016

**CSCDA Policy Compliance:**

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

**DOCUMENTS:** (as attachments)

1. Photos of Watts Arms I Apartments (Attachment A)
2. CSCDA Resolution (Attachment B)

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

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

**ATTACHMENT A**

**Watts Arms I Apartments**



**RESOLUTION NO. 016H-\_\_**

**A RESOLUTION OF THE CALIFORNIA STATEWIDE COMMUNITIES DEVELOPMENT AUTHORITY AUTHORIZING THE ISSUANCE AND DELIVERY OF MULTIFAMILY HOUSING REVENUE BONDS IN AN AGGREGATE PRINCIPAL AMOUNT NOT TO EXCEED \$23,000,000 FOR THE FINANCING OF THE ACQUISITION AND DEVELOPMENT OF A MULTIFAMILY RENTAL HOUSING PROJECT GENERALLY KNOWN AS WATTS ARMS APARTMENTS; DETERMINING AND PRESCRIBING CERTAIN MATTERS AND APPROVING AND AUTHORIZING THE EXECUTION OF AND DELIVERY OF VARIOUS DOCUMENTS RELATED THERETO; RATIFYING ANY ACTION HERETOFORE TAKEN AND APPROVING RELATED MATTERS IN CONNECTION WITH THE BONDS**

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

**WHEREAS**, Watts Arms I Renewal, L.P. a California limited partnership, and entities related thereto (collectively, the “Borrower”), have requested that the Authority issue tax-exempt revenue bonds to assist in the financing of the acquisition and development of a 104-unit multifamily rental housing development located in the City of Los Angeles, California and known as Watts Arms Apartments (the “Project”);

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

**WHEREAS**, the Authority is willing to issue not to exceed \$23,000,000 aggregate principal amount of its tax-exempt obligations, consisting of (i) its Multifamily Tax-Exempt Mortgage-backed Securities (M-TEMS) Series 2016-1(FN) (the “Senior Certificates”) and (ii) its Multifamily Housing Revenue Bonds (Watts Arms Apartments Project) 2016 Series Z-S (Subordinate Series) (the “Subordinate Bonds” and, together with the Senior Certificates, the “Bonds”) and loan the proceeds thereof, directly or indirectly, 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 Senior Certificates will be secured by a mortgage-backed security issued by Fannie Mae; and

**WHEREAS**, the Subordinate Bonds will be privately placed in accordance with the Authority's policies; and

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

1. Indenture of Trust with respect to the Senior Certificates (the "Indenture"), to be entered into between the Authority and Zions Bank, a division of ZB, National Association, as trustee (the "Trustee"); and

2. Subordinate Master Pledge and Assignment (the "Subordinate Pledge and Assignment") by and among the Authority, Foundation Housing Capital III LLC, as agent (the "Agent") and Foundation Housing Capital III LLC, as holder (the "Holder"); and

3. Subordinate Master Agency Agreement (the "Subordinate Agency Agreement") to be entered into between the Authority and the Agent; and

4. Securities Purchase Agreement with respect to the Senior Certificates (the "Purchase Agreement"), to be entered into among the Authority, the Borrower, and Stifel, Nicolaus & Company, Incorporated, as purchaser of the Senior Certificates (the "Purchaser"); and

5. Disclosure Statement with respect to the Senior Certificates (the "Official Statement"), to be used in connection with the offer and sale of the Senior Certificates; and

6. Regulatory Agreement and Declaration of Restrictive Covenants with respect to the Bonds (the "Regulatory Agreement"), to be entered into among the Borrower, the Authority and the Trustee.

**NOW, THEREFORE, BE IT RESOLVED** by the members of the Commission of the Authority (the "Commission"), as follows:

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



Pursuant to the JPA Law, and in accordance with the Housing Law, the Authority is hereby authorized to issue the Bonds. The Senior Certificates and the Subordinate Bonds shall be designated as set forth in the recitals hereto, with appropriate modifications and series and sub-series designations as necessary, in an original aggregate principal amount not to exceed \$23,000,000. The Bonds shall be issued in the form set forth in and otherwise in accordance with the Indenture and the Subordinate Pledge and Assignment, as applicable, and shall be executed on behalf of the Authority by the facsimile signature of the Chair of the Authority or the manual signature of any Authorized Signatory (as defined below), and attested by the facsimile signature of the Secretary of the Authority, or the manual signature of any Authorized Signatory. The Bonds shall be issued and secured in accordance with the terms of the Indenture and the Subordinate Pledge and Assignment, as applicable, presented to this meeting, as hereinafter approved. Payment of the principal and purchase price of, and redemption premium, if any, and interest on, the Bonds shall be made solely from amounts pledged thereto under the Indenture and the Subordinate Pledge and Assignment, as applicable, and the Bonds shall not be deemed to constitute a debt or liability of the Authority or any Program Participant or Member of the Authority.

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

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

The form, terms and provisions of the Disclosure Statement in the form presented at this meeting are hereby approved and the Commission hereby approves the distribution of the Disclosure Statement to prospective purchasers of the Senior Certificates. Any Authorized Signatory, acting alone, is authorized to certify on behalf of the Authority that the Disclosure Statement as to the sections therein related directly to the Authority is deemed final as of its date, within the meaning of rule 15c2-12 promulgated under the Securities Exchange Act of 1934. Any Authorized Signatory, acting alone, is authorized to execute, at the time of sale of the Senior Certificates, said Disclosure Statement in final form, with such changes and insertions therein as may be necessary to cause the same to carry out the intent of this Resolution and as are hereby approved by counsel to the Authority, such approval to be conclusively evidenced by the delivery thereof.

The Subordinate Pledge and Assignment in the form presented at this meeting is hereby approved. Any Authorized Signatory, acting alone, is authorized to execute by manual signature and deliver the Pledge and Assignment, with such changes and insertions therein as may be necessary to cause the same to carry out the intent of this Resolution and as are approved by counsel to the Authority, such approval to be conclusively evidenced by the delivery thereof. The date, maturity date or dates (which shall not extend beyond November 1, 2016), interest rate or rates (which shall not exceed 12%), interest payment dates, denominations, form, registration privileges, manner of execution, place of payment, terms of redemption and other terms of the Subordinate Bonds shall be as provided in the Subordinate Pledge and Assignment as finally executed.

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

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.

The Bonds, when executed, shall be delivered to the Trustee or to the initial purchaser, as applicable, for authentication. The Bonds shall be authenticated and delivered in accordance with written instructions executed and delivered on behalf of the Authority by an Authorized Signatory, which any Authorized Signatory, acting alone, is hereby authorized and directed to execute and deliver. Such instructions shall provide for the delivery of the Bonds to or at the direction of the purchasers thereof upon payment of the purchase price thereof.

All actions heretofore taken by the officers and agents of the Authority with respect to the financing of the Project and the sale and issuance of the Bonds are hereby approved, ratified and confirmed, and any Authorized Signatory, acting alone, is hereby authorized and directed, for and in the name and on behalf of the Authority, to do any and all things and take any and all actions and execute and deliver any and all certificates, agreements and other documents, including but not limited to a tax certificate, a subordination or intercreditor agreement, closing and/or settlement certificates and documents, any endorsement and/or assignment of the deed of trust and such other documents as described in the documents herein approved, which they, or any of them, may deem necessary or advisable in order to consummate the lawful issuance and delivery of the Bonds and to effectuate the purposes thereof and of the documents herein approved in accordance with this resolution and resolutions heretofore adopted by the Authority and otherwise in order to carry out the financing of the Project.

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

This Resolution shall take effect upon its adoption.

**PASSED AND ADOPTED** by the California Statewide Communities Development Authority this November 3, 2016.

The undersigned, an Authorized Signatory of the California Statewide Communities Development Authority, DOES HEREBY CERTIFY that the foregoing resolution was duly adopted by the Commission of the Authority at a duly called meeting of the Commission of the Authority held in accordance with law on November 3, 2016.

Section 1. By \_\_\_\_\_

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