



## **REGULAR MEETING AGENDA**

**November 5, 2015 at 10:00 a.m.**

**League of California Cities  
1400 K Street, 3<sup>rd</sup> Floor, Sacramento, CA 95814**

Telephonic Locations:

3252 Southern Hills Drive, Fairfield, CA 94534

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

City of Sausalito  
420 Litho Street, Sausalito, CA 94965

27788 Hidden Trail Road  
Laguna Hills, CA 92653

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

1. Roll Call.

_____ Larry Combs, Chair	_____ Tim Snellings, Member
_____ Kevin O'Rourke, Vice Chair	_____ Dan Mierzwa, Member
_____ Terry Schutten, Treasurer	_____ Ron Holly, Alt. Member
_____ Dan Harrison, Secretary	_____ Brian Moura, Alt. Member
_____ Irwin Bornstein, Member	
2. Consideration of the minutes of the October 22, 2015 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. UHC 0558 Oxnard, L.P. (Las Cortes Apartments), City of Oxnard, County of Ventura, up to \$33,000,000 in multi-family housing revenue bonds.
  - b. Essex Portfolio (Fountain Park Apartments & Belmont Station Apartments) City of Los Angeles, County of Los Angeles, (Hidden Valley Apartments) City of Simi Valley, County of Ventura, up to \$150,000,000 in multi-family housing refunding bonds.

This \_\_\_ page agenda was posted at 1100 K Street, Sacramento, California on \_\_\_\_\_, 2015 at \_\_\_: \_\_\_ m, Signed \_\_\_\_\_. Please email signed page to [info@cscda.org](mailto:info@cscda.org)

6. Consideration of resolution adopting a new fee reduction policy for borrowers experiencing substantial financial hardship.
7. Consideration of revised fee schedule for community facilities district financings.
8. Consideration of the award and proposed contract for housing compliance services with Urban Futures Bond Administration in connection with CSCDA transactions closed prior to July 1, 2015 per request for proposals authorized on September 24, 2015.
9. Consideration of Second Amendment to Services Agreement by and between CSCDA and Bridge Strategic Partners.
10. Consideration of First Amendment to Intellectual Property License, Royalty and Administrative Agreement by and between CSCDA, the League of California Cities, and the California State Association of Counties to expand the services to be provided to CSCDA to include billing and collection of bond administration fees for transactions that closed prior to July 1, 2015.

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

11. Executive Director Update.
12. Staff Updates.
13. Adjourn.

**NEXT MEETING:** Thursday, November 19, 2015 at 10:00 a.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 Chelsea Investment Corporation (Villa Stora), City of Oceanside, County of San Diego; issue up to \$7 million in multi-family housing revenue bonds.

November 5, 2015



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

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

October 22, 2015

**MINUTES**

Commission chair Larry Combs called the meeting to order at 10:05 am.

1 Roll Call.

Commission members present: Dan Harrison. Irwin Bornstein, Alternate commissioner Brian Moura (representing Kevin O'Rourke), Larry Combs, Dan Mierzwa and Tim Snellings participated by conference telephone.

CSCDA Executive Director, Catherine Bando also participated by conference telephone.

Others present included: Perry Stottlemeyer, League of California Cities; Alan Fernandes, CSAC Finance Corporation, Jon Penkower, Bridge Strategic Partners, and Mark Paxson, State Treasurer's Office. Norman Coppinger, League of California Cities; Laura Labanieh, CSAC Finance Corporation; Tricia Ortiz, Richards Watson & Gershon; Erin Pham, Orrick Herrington Sutcliffe; James Hamill, Bridge Strategic Partners; and Allison Burns, Stradling Yocca Carlson & Rauth participated by conference telephone.

2 Approval of the minutes of the October 8, 2015 regular meeting.

Motion to approve by Moura; second by Snellings; unanimously approved by roll-call vote.

3 Approval of consent calendar.

- a Approve and ratify the addition of the City of Imperial Beach and the City of Fountain Valley as members of CSCDA.

Motion to approve by Harrison; second by Moura; unanimously approved by roll-call vote.

4 Public comment.

None.

5 Approval 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 Beverly Community Hospital Association, City of Montebello, County of Los Angeles, up to \$43 million in nonprofit health facility revenue bonds.

Beverly Hospital has requested CSCDA issue nonprofit revenue bonds no to exceed \$43 million to refinance two taxable bank loans and for the construction, improvement and equipping of healthcare facilities located in the City of Montebello. The project will provide extensive benefits for the community in terms of jobs provided and services rendered without regard to ability to pay. The 30-year fixed rate bonds will be offered to the public.

Executive Director Bando recommends approval of the project.

Motion to approve Executive Director Bando's recommendation by Snellings; second by Moura; unanimously approved by roll-call vote.

- b Preservation Duarte Manor, LP (Duarte Manor Apartments), City of Duarte, County of Los Angeles, up to \$9.5 million in multi-family housing revenue bonds.

Western America Properties, Inc. (WAP) is a housing sponsor created to acquire, rehabilitate and manage low-income housing facilities, including this 42-unit affordable housing facility in Duarte. WAP has extensive experience with this type of project. The 35-year unrated bonds will be privately placed.

Executive Director Bando recommends approval of the project.

Motion to approve Executive Director Bando's recommendation by Harrison; second by Bornstein; unanimously approved by roll-call vote.

- c Preservation Vista Park Chino II, LP (Vista Park Chino Apartments), City of Chino, County of San Bernardino, up to \$9.8 million in multi-family housing revenue bonds.

Western America Properties, Inc. (WAP) is a housing sponsor created to acquire, rehabilitate and manage low-income housing facilities, including this 40-unit affordable housing facility in Chino. WAP has extensive experience with this type of project. The 35-year unrated bonds will be privately placed.

Executive Director Bando recommends approval of the project.

Motion to approve Executive Director Bando's recommendation by Bornstein; second by Harrison; unanimously approved by roll-call vote.

- d Moreno Valley Cottonwood I, LP (Cottonwood Place Apartments), City of Moreno Valley, County of Riverside, up to \$11 million in multi-family revenue bonds.

Dan Mierzwa joined the meeting at the beginning of this item.

Palm Communities is an integrated real estate developer that specializes in producing high-quality, service enriched affordable housing for seniors, families and those with special needs. Palm Communities' portfolio consists of more than 1,800 affordable multi-family units throughout Southern California. This project finances the acquisition and rehabilitation of 108 units in Moreno Valley and is Palm Communities' second financing with CSCDA. The 35-year unrated bonds will be privately placed.

Executive Director Bando recommends approval of the project.

Motion to approve Executive Director Bando's recommendation by Snellings; second by Moura; unanimously approved by roll-call vote.

- e Samoa Avenue Housing, LP (Samoa Avenue Apartments), City of Los Angeles, County of Los Angeles, up to \$12 million in multi-family revenue bonds.

Milare Housing Investment, Inc. (MHI) is a developer of low income housing communities located in Los Angeles. MHI's executives have extensive experience with multi-family affordable housing projects. This is MHI's first financing with CSCDA and the project includes the new construction of a 48-unit affordable housing facility in Los Angeles. The 30-year unrated bonds will be offered publicly.

Executive Director Bando has a conflict of interest with regard to this project and did not participate in discussion, nor makes a recommendation of the project. Jon Penkower presented the project to Commissioners and indicated the project meets CSCDA requirements and policies, and recommends approval.

Motion to approve staff recommendation by Snellings; second by Harrison; unanimously approved by roll-call vote.

- f Huntington Villa Yorba Perseveration, LP (Huntington Villa Yorba Apartments), City of Huntington Beach, County of Orange, up to \$43 million in multi-family housing revenue bonds.

On March 28, 2014, CSCDA issued \$31 million in multi-family housing revenue bonds on behalf of Huntington Villa Yorba Preservation LP (borrower) for the acquisition and rehabilitation of the Huntington Villa Yorba Apartments, a 396 unit multi-family housing complex in Huntington Beach. The borrower is now able to access a new financing tool from Freddie Mac that permits the borrower to finance more capital for the project at a lower interest rate. The project requires reissuance of the existing bonds. Because the bonds are less than two years old, the borrower is requesting accommodation on the issuance fees that relate to reissuance of the original bonds. The proposed accommodation results in a 50% reduction to issuance fees on the first \$31 million, with the regular issuance fee on the remaining \$7 million in supplemental bonds. The 35-year bonds are unrated and will be privately placed.

Executive Director Bando recommends approval of the project.

Motion to approve Executive Director Bando's recommendation by Harrison; second by Mierzwa; unanimously approved by roll-call vote.

- 6 Statewide Communities Infrastructure Program (SCIP) 2015 (Emerson Ranch): approval of resolution authorizing the issuance, sale and delivery of SCIP revenue bonds up to \$15.3 million, Series 2015 (Emerson Ranch Project), City of Oakley, County of Contra Costa, and approving the forms of a trust agreement, a bond purchase agreement, a continuing disclosure agreement, and a preliminary official statement and authorizing certain other actions.

Executive Director Bando explained that Brookfield Residential has been an active and successful real estate developer for more than 50 years and has operations in Canada and the United States. This project will ultimately consist of 567 detached single family homes including six neighborhoods, a 10-acre park and a 25-acre commercial site. The 29-year fixed rate bonds will be offered publicly.

Motion to approve Executive Director Bando's recommendation by Mierzwa; second by Moura; unanimously approved by roll-call vote.

- 7 Conduct public hearing with respect to the Statewide Community Infrastructure Program Assessment District No. 15-01 (City of Roseville, County of Placer, State of California). Hearing to be continued to November 19, 2015 at 10:00 am at CSAC.

Motion to approve continuation to November 19 by Harrison; second by Mierzwa; unanimously approved by roll-call vote.

- 8 Approval of proposed settlement agreement regarding delinquent assessment under Statewide Community Infrastructure Program Assessment District No. 15-01 (San Mateo) APN 080-085-100.

This agenda item was moved up and discussed earlier in the meeting by request, immediately after item 2, approval of the minutes.

Executive Director Bando explained that Statewide Community Infrastructure Program (SCIP) Assessment District No. 15-01 is delinquent in its debt payments, but has agreed to cure the \$9,128 delinquency by paying \$5,000 within ten days of execution of the settlement agreement, plus \$688 per month for six months.

Bando recommended approval of the settlement agreement.

Motion to approve Executive Director Bando's recommendation by Harrison; second by Bornstein; unanimously approved by roll-call vote.

- 9 Approval of agreement with Jones Hall, PC for legal services related to CaliforniaFIRST and Renewable Funding.

Executive Director Bando explained that Renewable Funding, as a representative of CSCDA, has engaged Jones Hall to act as counsel for its CaliforniaFIRST PACE program. The agreement has been reviewed by General Counsel and meets CSCDA requirements. Therefore, Bando recommends approval.

Motion to approve Executive Director Bando's recommendation by Snellings; second by Bornstein; unanimously approved by roll-call vote.

- 10 Approval of the form of the deposit reimbursement agreement for CSCDA Community Facilities Districts and Statewide Community Infrastructure Program.

Executive Director Bando explained that for CSCDA to recover third party professional services expenses incurred in connection with the establishment of a community facilities district, a deposit and reimbursement agreement is established between the CSCDA and the developer. Funds are kept in a separate trust account and paid via a requisition for the professional services incurred. To effect an efficient process and avoid having to come before the Commission with every such transaction, establishment of a standard form of the agreement would be beneficial.



Bando explained that CSCDA General Counsel has reviewed and approved the form of the agreement, so she recommends approval.

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

11 Approval of 2016 CSCDA meeting calendar.

James Hamill noted that the meeting time is changed to 2:00 pm from 10:00 am for all of 2016.

Motion to approve by Bornstein; second by Harrison; unanimously approved by roll-call vote.

12 Approval of adding Alan Fernandes from CSAC Finance Corporation as an authorized signatory and removal of Nancy Parrish as an authorized signatory.

Motion to approve by Harrison; second by Mierzwa; unanimously approved by roll-call vote.

13 Executive Director update.

Executive Director Bando shared that CSCDA has received five proposals for housing compliance services. The ad hoc committee hopes to be reviewing the proposals and make a recommendation on November 5.

14 Staff updates.

None.

15 Commission chair Larry Combs adjourned the meeting at 10:44 am.

Submitted by: Perry Stottlemeyer, League of California Cities staff

*The next regular meeting of the commission is scheduled for  
**Thursday, November 5, at 10:00 am**  
in the League of California Cities' office at 1400 K Street, 3rd Floor, Sacramento, California.*

**RESOLUTION NO. 15H-\_\_**

**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 5, 2015.

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 5, 2015.

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>
Villa Storia	City of Oceanside, County of San Diego	38	New Construction	Chelsea Investment Corporation	\$7,000,000



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

### **Agenda Report**

**DATE:** November 5, 2015

**TO:** CSCDA COMMISSIONERS

**FROM:** Cathy Bando, Executive Director

**PROJECT:** Las Cortes Apartments

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

**AMOUNT:** Not to Exceed \$33,000,000

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#### **EXECUTIVE SUMMARY:**

Las Cortes Apartments (the “Project”) is the new construction of a 144-unit rental affordable housing project located in the City of Oxnard. 100% of the units will be rent restricted for low-income tenants.

#### **PROJECT DESCRIPTION:**

- Construction of 144-unit affordable rental housing facility located at 100 Amelia Court in the City of Oxnard.
- 12 acre site.
- 10 two-story wood frame buildings and one three-story building.
- Consists of 48 one-bedroom units, 42 two-bedroom units, 39 three-bedroom units, and 15 four-bedroom units.
- Construction is anticipated to begin in January, 2016 and be completed by July, 2017.

#### **PROJECT ANALYSIS:**

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

Urban Housing Communities (UHC) is a family-owned, mission-driven company dedicated to developing affordable, sustainable housing that benefits communities and stakeholders. UHC communities offer seniors and families earning 60% or less than area median income, attractive, safe, healthy, vital places to live in California. UHC’s on-site social services ensure their residents’ basic needs are met: health, education, and financial stability. Then UHC programming goes beyond the basics, tailoring services to a resident’s specific needs. UHC has established strong relationships with local vendors, jurisdictional departments, state organizations, and

political leadership throughout California. Las Cortes Apartments is UHC's 8th financing with CSCDA.

**Public Agency Approval:**

**TEFRA Hearing:** July 7, 2015 – City of Oxnard – unanimous approval

**CDLAC Approval:** September 26, 2015

**Public Benefits:**

- 100% of the units will be rent restricted for 55 years.
  - 65% (92 units) restricted to 60% or less of area median income households.
  - 35% (50 units) restricted to 50% or less of area median income households.
- The Project is in walking distance to recreational facilities, grocery stores, and public K-12 schools.

**Sources and Uses:**

Sources of Funds:

Tax-Exempt Bonds:	\$ 29,560,000
Tax Credits:	\$ 1,174,131
Soft Loan Deferred Impact Fee	\$ 3,778,883
Deferred Reserves	\$ 597,000
Deferred Developer Fee	\$ 1,899,482
Construction Loan:	<u>\$ 22,301,489</u>
Total Sources:	\$ 59,310,985

Uses of Funds:

Construction Costs:	\$ 34,261,180
Architecture & Engineering:	\$ 2,103,612
Construction Interest/Fees:	\$ 5,064,079
Permanent Interest/Fees:	\$ 1,256,181
Relocation:	\$ 808,800
Legal Fees:	\$ 360,000
Developer Fee:	\$ 2,500,000
Impact Fees/Soft Costs:	\$ 9,283,469
Reserves:	\$ 1,960,605
Contingency:	<u>\$ 1,713,059</u>
Total Uses:	\$ 59,310,985

**Finance Partners:**

Bond Counsel: Orrick, Herrington & Sutcliffe, LLP, San Francisco

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

Private Placement Purchaser: Bank of America

**Finance Terms:**

**Rating:** Unrated  
**Term:** 24-month construction bonds; then converting to a FHA/HUD loan  
**Structure:** Private Placement  
**Estimated Closing:** December 15, 2015

**CSCDA Policy Compliance:**

The financing for Las Cortes Apartments complies with CSCDA's general and issuance policies for unrated debt.

**DOCUMENTS:** (as attachments)

1. CSCDA Resolution (Attachment A)

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

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



**ATTACHMENT A**

**RESOLUTION NO. 15H-\_\_**

**A RESOLUTION OF THE CALIFORNIA STATEWIDE COMMUNITIES DEVELOPMENT AUTHORITY AUTHORIZING THE EXECUTION AND DELIVERY OF MULTIFAMILY HOUSING REVENUE BONDS IN AN AGGREGATE PRINCIPAL AMOUNT NOT TO EXCEED \$33,000,000 FOR THE FINANCING OF A MULTIFAMILY RENTAL HOUSING PROJECT TO BE GENERALLY KNOWN AS LAS CORTES; 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 and execute and deliver revenue bonds for the purpose of financing, among other things, the acquisition, construction, rehabilitation, and development of multifamily rental housing projects in accordance with Chapter 7 of Part 5 of Division 31 of the California Health and Safety Code (the “Housing Law”);

**WHEREAS**, UHC 00558 Oxnard, L.P., a California limited partnership, and entities related thereto (collectively, the “Borrower”), has requested that the Authority execute and deliver its California Statewide Communities Development Authority Multifamily Housing Revenue Bonds (Las Cortes Apartments) 2015 Series S-1 and its California Statewide Communities Development Authority Multifamily Housing Revenue Bonds (Las Cortes Apartments) 2015 Series S-2 (collectively, the “Bonds”) to assist in the financing of the construction and development of a 144-unit multifamily housing rental development located in the City of Oxnard, California, and to be known as Las Cortes (the “Project”);

**WHEREAS**, on September 16, 2015, the Authority received an allocation in the amount of \$29,560,000 the (“Allocation Amount”) from the California Debt Limit Allocation Committee in connection with the Project;

**WHEREAS**, the City of Oxnard (the “City”) is a Program Participant (as defined in the Agreement) of the Authority and has authorized the execution and delivery of the Bonds;

**WHEREAS**, the Authority is willing to execute and deliver the Bonds in an aggregate principal amount not to exceed \$33,000,000, provided that the portion of such Bonds executed and delivered as federally tax-exempt obligations shall not exceed the Allocation Amount, and to loan the proceeds thereof to the Borrower to assist in providing financing for the Project, which will allow the Borrower to reduce the cost of the Project and to assist in providing housing for low income persons;

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

(1) Trust Indenture (the “Indenture”), to be entered into between the Authority and Wells Fargo Bank, National Association, as trustee (the “Trustee”);

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

(3) Bond Purchase Agreement (the “Purchase Agreement”), to be entered into among the Authority, the Borrower, and Banc of America Public Capital Corp, as purchaser of the Bonds (the “Purchaser”);

(4) Regulatory Agreement and Declaration of Restrictive Covenants (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 as follows:

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

Section 2. Pursuant to the JPA Law and the Indenture, and in accordance with the Housing Law, the Authority is hereby authorized to issue one or more series of Bonds. The Bonds shall be designated as “California Statewide Communities Development Authority Multifamily Housing Revenue Bonds (Las Cortes Apartments) 2015 Series S-1” and “California Statewide Communities Development Authority Multifamily Housing Revenue Bonds (Las Cortes Apartments) 2015 Series S-2” with appropriate modifications and series and sub-series designations as necessary, in an aggregate principal amount not to exceed \$33,000,000; provided that the aggregate principal amount of any tax-exempt Bonds issued shall not exceed the Allocation Amount. The Bonds shall be issued in the form set forth in and otherwise in accordance with the Indenture, 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, 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 Bonds shall not be deemed to constitute a debt or liability of the Authority or any Program Participant or any Member of the Commission of the Authority (each, a “Member”).

Section 3. The Indenture in the form presented at this meeting is hereby approved. Any Member, or any other person as may be designated and authorized to sign for the Authority pursuant to a resolution adopted thereby (including, without limitation, the administrative delegates duly authorized pursuant to Resolution No. 15R-11 of the Authority, adopted on April

9, 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, 2060), interest rate or rates (which shall not exceed 12%), interest payment dates, denominations, form, registration privileges, manner of execution, place of payment, terms of redemption and other terms of the Bonds shall be as provided in the Indenture as finally executed.

Section 4. The Loan Agreement in the form presented at this meeting is hereby approved. Any Authorized Signatory, acting alone, is authorized to execute by manual signature and deliver the Loan Agreement, with such changes and insertions therein as may be necessary to cause the same to carry out the intent of this Resolution and as are approved by counsel to the Authority, such approval to be conclusively evidenced by the delivery thereof.

Section 5. The Authority is hereby authorized to sell the Bonds 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.

Section 6. The Regulatory Agreement in the form presented at this meeting is hereby approved. Any Authorized Signatory, acting alone, is authorized to execute by manual signature and deliver the Regulatory Agreement, with such changes and insertions therein as may be necessary to cause the same to carry out the intent of this Resolution and as are approved by counsel to the Authority, such approval to be conclusively evidenced by the delivery thereof.

Section 7. The Bonds, when executed, shall be delivered to the Trustee for authentication. The Trustee is hereby requested and directed to authenticate the Bonds by executing the certificate of authentication of the Trustee appearing thereon, and to deliver the Bonds, when duly executed and authenticated, to or at the direction of the Purchaser, in accordance with written instructions executed and delivered on behalf of the Authority by an Authorized Signatory, which any Authorized Signatory, acting alone, is hereby authorized and directed to execute and deliver such instructions to the Trustee. Such instructions shall provide for the delivery of the Bonds to or at the direction of the Purchaser in accordance with the Purchase Agreement upon payment of the purchase price thereof.

Section 8. All actions heretofore taken by the officers and agents of the Authority with respect to the financing of the Project and the sale and issuance of the Bonds are hereby approved, ratified and confirmed, and any Authorized Signatory, acting alone, is hereby authorized and directed, for and in the name and on behalf of the Authority, to do any and all things and take any and all actions and execute and deliver any and all certificates, agreements and other documents, including but not limited to a tax certificate, a subordination or intercreditor agreement, any endorsement and/or assignment of the deed of trust and such other documents as described in the Indenture, the Purchase Agreement, and the other documents herein approved,

which they, or any of them, may deem necessary or advisable in order to consummate the lawful issuance and delivery of the Bonds and to effectuate the purposes thereof and of the documents herein approved in accordance with this resolution and resolutions heretofore adopted by the Authority and otherwise in order to carry out the financing of the Project.

Section 9. All consents, approvals, notices, orders, requests and other actions permitted or required by any of the documents authorized by this Resolution, whether before or after the issuance of the Bonds, including without limitation any of the foregoing that may be necessary or desirable in connection with any default under or amendment of such documents, any transfer or other disposition of the Project, any addition or substitution of security for the Bonds or any redemption of the Bonds, may be given or taken by any Authorized Signatory, as appropriate, without further authorization by the Commission, and each such officer is hereby authorized and directed to give any such consent, approval, notice, order or request and to take any such action that such officer may deem necessary or desirable to further the purposes of this Resolution and the financing of the Project; provided such action shall not create any obligation or liability of the Authority other than as provided in the Indenture, and other documents approved herein.

Section 10. This Resolution shall take effect upon its adoption.

**PASSED AND ADOPTED** by the California Statewide Communities Development Authority this November 5, 2015.

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 5, 2015.

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



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

### **Agenda Report**

**DATE:** November 5, 2015

**TO:** CSCDA COMMISSIONERS

**FROM:** Cathy Bando, Executive Director

**PROJECT:** Essex Multifamily Housing Portfolio

**PURPOSE:** Approve the multifamily refunding bonds for Fountain Park Apartments & Belmont Station Apartments, City of Los Angeles, County of Los Angeles, and Hidden Valley Apartments, City of Simi Valley, County of Ventura.

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

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#### **EXECUTIVE SUMMARY:**

Fountain Park Apartments, Belmont Station Apartments and Hidden Valley Apartments (collectively, the “Projects”) is a refunding of three affordable housing projects located in the City of Los Angeles and City of Simi Valley. Belmont Station Apartments bonds were issued by CSCDA in 2009, Fountain Park Apartments bonds were issued in 2004 by the City of Los Angeles, and Hidden Valley Apartments bonds were issued by the City of Simi Valley in 2004. Twenty percent of the units within each of the Projects will remain rent restricted for low-income tenants.

Due to the bond size of the refunding transaction, the project sponsor, Essex, has requested a reduction in the issuance fee from \$193,750 to \$158,000. In order for CSCDA to remain competitive for this size of a transaction and provide economies of scale to the three independent projects, it is recommended such request be approved.

#### **PROPERTY DESCRIPTIONS:**

##### **Fountain Park**

Fountain Park is a 705-unit apartment community comprised of 608,900 square feet and located at 13141 Fountain Park Drive in Playa Vista, California. The property was built in 2002 in the master-planned community of Playa Vista and was purchased by Essex in 2004. Of the total 705 units, 20% (142 units) are below market/affordable units.

##### **Belmont Station**

Belmont Station is a 275-unit apartment community located 1304 W. 2<sup>nd</sup> Street in downtown Los Angeles. It was built by Essex in 2009 and is comprised of studios, one-bedroom, and two-

bedroom homes, loft units as well as 2 three bedroom two bathroom penthouses. The community also includes 20% (55) affordable housing units.

**Hidden Valley**

Hidden Valley is a 324-unit apartment community comprised of 310,900 square feet and located at 5065 Hidden Park Court in Simi Valley, California. The property was built by Essex in 2004 and consists of 12 three-story buildings with 20% (65 units) set aside as affordable.

**PROJECT ANALYSIS:**

**Background on Applicant:**

Essex is a fully integrated real estate investment trust (REIT) that acquires, develops, redevelops, and manages multifamily apartment communities located in supply-constrained markets. The portfolio is concentrated in select submarkets along the West Coast, including Southern California, Northern California, and the Seattle metropolitan area.

Essex has financed four prior multifamily housing projects with CSCDA.

**Public Agency Approval:**

**TEFRA Hearing:** TEFRA is not required, however pursuant to Section 9 of the CSCDA JPA Agreement even if TEFRA is not required the local jurisdictions need to provide a form of approval of the financing. Section 9 approval is scheduled with the City of Simi Valley on November 5, 2015 and the City of Los Angeles will provide such approval the week of November 9, 2015. Staff has been informed that both the City of Simi Valley and City of Los Angeles are supportive of the refunding by CSCDA. All CSCDA approvals are subject to Section 9 approval from the City of Simi Valley and City of Los Angeles.

**Public Benefits:**

- The Project refunding preserves the affordable units of the projects. The alternative was to take-out the current bonds with taxable financings that would not require an affordable component.
- The savings from the refunding will be between \$600,000 and \$700,000 annually which can be used for general maintenance of the properties.

**Sources and Uses:**

Sources of Funds:

Tax-Exempt Bonds:	\$142,924,000
Equity:	<u>\$ 3,897,311</u>
Total Sources:	\$146,821,311

Uses of Funds:

Refunding Bonds:	\$142,924,000
Costs of Issuance:	\$ 657,311
Soft Debt Repayment:	<u>\$ 3,240,000</u>
Total Uses:	\$146,821,311

**Finance Partners:**

Bond Counsel: Orrick, Herrington & Sutcliffe, LLP, San Francisco

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

Private Placement Purchaser: Deutsche Bank, New York

**Finance Terms:**

<b>Rating:</b>	Unrated
<b>Term:</b>	12/1/2027 (Fountain Park) 7/1/2029 (Hidden Valley) 11/1/2033 (Belmont Station)
<b>Structure:</b>	Private Placement
<b>Estimated Closing:</b>	November 16, 2015

**CSCDA Policy Compliance:**

The financing for the Essex Portfolio complies with CSCDA's general and issuance policies.

**DOCUMENTS:** (as attachments)

1. CSCDA Resolutions (Attachment A)

**COMMISSION ACTION RECOMMENDED:**

1. Approves the issuance of the Bonds and the financing of the Project, subject to Section 9 approval by the City of Los Angeles and City of Simi Valley;
2. Approves the fee reduction request;

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



**ATTACHMENT A**

**RESOLUTION NO. 15H-**

**RESOLUTION OF THE CALIFORNIA STATEWIDE  
COMMUNITIES DEVELOPMENT AUTHORITY  
AUTHORIZING THE ISSUANCE AND DELIVERY  
OF REFUNDING REVENUE BONDS RELATED TO  
THE REFINANCING OF BELMONT STATION  
APARTMENTS IN THE CITY OF LOS ANGELES,  
CALIFORNIA, AUTHORIZING THE EXECUTION  
AND DELIVERY OF RELATED DOCUMENTS AND  
APPROVING ACTIONS IN CONNECTION  
THEREWITH**

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

WHEREAS, the Authority hereby finds and declares that it is necessary, essential and a public purpose for the Authority to engage in a program (the “Program”) of issuing revenue obligations of the Authority to finance and refinance the acquisition, construction/rehabilitation and development of multifamily rental housing, and has determined to borrow money for such purpose by the issuance and delivery of revenue bonds as authorized by the Act;

WHEREAS, the Authority hereby finds and declares that this resolution is being adopted pursuant to the powers granted by the Act;

WHEREAS, the Authority, previously issued its \$41,800,000 California Statewide Communities Development Authority Variable Rate Demand Multifamily Housing Revenue Bonds (Northwest Gateway Apartments) Series 2004 C, \$30,450,000 aggregate principal amount of which remains outstanding (the “Refunded Bonds”);

WHEREAS, Northwest Gateway Apartments, L.P., a California limited partnership (the “Borrower”), has requested that the Authority issue and deliver its California

Statewide Communities Development Authority Multifamily Housing Revenue Refunding Bonds (Belmont Station Project) 2015 Series C (the “Bonds”) for the purpose of making a loan to the Borrower to refinance the acquisition, construction and development of a multifamily housing rental development located in the City of Los Angeles, California, commonly known as “Belmont Station Apartments” (the “Project”), through the refunding of the Refunding Bonds;

WHEREAS, there has been presented to the Authority the following:

(1) A proposed form of Trust Indenture (the “Indenture”) to be entered into by the Authority and U.S. Bank National Association, as trustee (the “Trustee”);

(2) A proposed form of Loan Agreement (the “Loan Agreement”) to be entered into by the Authority and the Borrower;

(3) A proposed form of Third Amended and Restated Regulatory Agreement and Declaration of Restrictive Covenants, (the “Regulatory Agreement”) to be entered into by the Authority and the Borrower, and identifying the City as a third-party beneficiary; and

(4) A proposed form of Bond Purchase Agreement (the “Purchase Agreement”), to be entered into among the Authority, the Borrower, and Stifel, Nicolaus & Company, Incorporated, as underwriter of the Bonds (the “Underwriter”).

WHEREAS, the principal amount of the Bonds will not exceed the current outstanding principal balance of the Refunded Bonds, which is expected to be \$30,450,000 as of the date of issuance of the Bonds;

WHEREAS, the Authority hereby finds and declares that this resolution is being adopted pursuant to the powers granted by the Act; and

WHEREAS, all conditions, things and acts required to exist, to have happened and to have been performed precedent to and in the issuance and delivery of the Bonds and the implementation of the Program as contemplated by this resolution and the documents referred to herein exist, have happened and have been performed in due time, form and manner as required by the laws of the State of California, including the Act, and the Authority now desires to authorize the issuance and delivery of the Bonds, as provided herein.

NOW, THEREFORE, BE IT RESOLVED by the Board of Directors of the CALIFORNIA STATEWIDE COMMUNITIES DEVELOPMENT AUTHORITY as follows:

**Section 1.** The Authority hereby finds and declares that the above recitals are true and correct.

**Section 2.** Pursuant to the Act and the Indenture, the issuance and delivery of the Bonds, in an aggregate principal amount not to exceed \$30,450,000, is hereby authorized; provided that the principal amount of the Bonds issued as federally tax-exempt obligations will not exceed the current outstanding principal balance of the Refunded Bonds. Any member of the Commission of the Authority 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-11 of the Authority, adopted on April 9, 2015 (each, an “Authorized Signatory”)), each acting alone, is hereby authorized and directed to execute the Bonds for and in behalf of the Authority by manual or facsimile signature, in the form set forth in the Indenture, with such changes, deletions and insertions as may be approved by such Authorized Signatory and legal counsel to the Authority (the “Authority Counsel”), such approvals being conclusively evidenced by the execution and delivery thereof, provided that the final maturity date of the Bonds shall not be more than 35 years from the date of execution and delivery thereof. The Bonds, when executed, shall be delivered to or upon the order of the Bond Purchaser.

**Section 3.** The Indenture, in the form presented to the Authority, is hereby approved. The Authorized Signatories, each acting alone, are hereby authorized for and in behalf of the Authority to execute and deliver the Indenture with such changes, additions or deletions as may be approved by such Authorized Signatory and Authority Counsel, such approvals to be conclusively evidenced by the execution and delivery thereof.

**Section 4.** The Loan Agreement, in the form presented to the Authority, is hereby approved. The Authorized Signatories, each acting alone, are hereby authorized for and in behalf of the Authority to execute and deliver the Loan Agreement with such changes, additions or deletions as may be approved by such Authorized Signatory and Authority Counsel, such approvals to be conclusively evidenced by the execution and delivery thereof.

**Section 5.** The Regulatory Agreement, in the form presented to the Authority, is hereby approved. The Authorized Signatories, each acting alone, are hereby authorized for and in behalf of the Authority to execute and deliver the Regulatory Agreement with such changes, additions or deletions as may be approved by such Authorized Signatory and Authority Counsel, such approvals to be conclusively evidenced by the execution and delivery thereof.

**Section 6.** The Authority is hereby authorized to sell the Bonds to the Underwriter pursuant to the terms and conditions of the Purchase Agreement. The form, terms and provisions of the Purchase Agreement in the form presented at this meeting are hereby approved. Any Authorized Signatory, acting alone, is authorized to execute by manual signature and deliver the Purchase Agreement with such changes and insertions

therein as may be necessary to cause the same to carry out the intent of this Resolution and as are hereby approved by counsel to the Authority, such approval to be conclusively evidenced by the delivery thereof.

**Section 7.** The Bonds, when executed, shall be delivered to the Trustee for authentication. The Trustee is hereby requested and directed to authenticate the Bonds by executing the certificate of authentication of the Trustee appearing thereon, and to deliver the Bonds, when duly executed and authenticated, to or at the direction of the Underwriter, in accordance with written instructions executed and delivered on behalf of the Authority by an Authorized Signatory, which any Authorized Signatory, acting alone, is hereby authorized and directed to execute and deliver such instructions to the Trustee. Such instructions shall provide for the delivery of the Bonds to or at the direction of the Underwriter in accordance with the Purchase Agreement upon payment of the purchase price thereof.

**Section 8.** All actions heretofore taken by the officers of the Authority with respect to the establishment of the Program and the execution and delivery of the Bonds are hereby approved, confirmed and ratified, and the proper officers of the Authority, including the Authorized Signatories, the Secretary of the Authority and Authority Counsel, are 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 which they, or any of them, may deem necessary or advisable in order to consummate the lawful execution and delivery of the Bonds in accordance with this Resolution and resolutions heretofore adopted by the Authority and in order to carry out the Program, including but not limited to those certificates, agreements and other documents described in the documents herein approved and any certificates, agreements or documents as may be necessary to further the purpose hereof or provide additional security for the Bonds, but which shall not create any obligation or liability of the Authority other than with respect to the revenues and assets derived from the proceeds of the Bonds or otherwise under the documents listed above.

**Section 9.** Each Authorized Signatory, acting alone, is hereby authorized to execute and deliver any future amendments to the documents authorized to be executed and delivered pursuant to this Resolution, without further action of the Authority, for the purposes of (i) adding to the covenants and agreements of the Borrower; (ii) assigning or pledging additional security for the Bonds; (iii) curing any ambiguity, inconsistency or omission or supplement any defective provision of the Indenture, the Loan Agreement, the Regulatory Agreement or the Purchase Agreement; (iv) the addition or deletion of provisions relating to the transfer or sale of the Bonds; and (v) providing for any additional procedures, covenants or agreements necessary to maintain the tax-exempt status of interest on the Bonds; provided such amendments are (1) made pursuant to the terms of such documents, (2) are consistent with such documents, (3) do not require the consent of the holder of the Bonds and (4) do not provide for any additional duties or costs with respect to the Authority.

**Section 10.** This Resolution shall take effect immediately upon its adoption.

**PASSED AND ADOPTED** by the California Statewide Communities Development Authority this November 5, 2015.

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 5, 2015.

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

**RESOLUTION NO. 15H-**

**RESOLUTION OF THE CALIFORNIA STATEWIDE  
COMMUNITIES DEVELOPMENT AUTHORITY  
AUTHORIZING THE ISSUANCE AND DELIVERY  
OF REFUNDING REVENUE BONDS RELATED TO  
THE REFINANCING OF FOUNTAIN PARK  
APARTMENTS IN THE CITY OF LOS ANGELES,  
CALIFORNIA, AUTHORIZING THE EXECUTION  
AND DELIVERY OF RELATED DOCUMENTS AND  
APPROVING ACTIONS IN CONNECTION  
THEREWITH**

ARTICLE II WHEREAS, the CALIFORNIA STATEWIDE COMMUNITIES DEVELOPMENT AUTHORITY (the “Authority”) is authorized by the Joint Powers Act, commencing with Section 6500 of the California Government Code (the “JPA Law”), and its Amended and Restated Joint Exercise of Powers Agreement, dated as of June 1, 1988, as the same may be amended (the “Agreement”), to issue revenue bonds and execute and deliver revenue notes for the purpose of, among other things, refinancing the acquisition, construction, rehabilitation, and development of multifamily rental housing projects in accordance with Chapter 7 of Part 5 of Division 31 of the California Health and Safety Code (the “Housing Law”);

ARTICLE III WHEREAS, the Authority hereby finds and declares that it is necessary, essential and a public purpose for the Authority to engage in a program (the “Program”) of issuing revenue obligations of the Authority to finance and refinance the acquisition, construction/rehabilitation and development of multifamily rental housing, and has determined to borrow money for such purpose by the issuance and delivery of revenue bonds as authorized by the Act;

ARTICLE IV WHEREAS, the Authority hereby finds and declares that this resolution is being adopted pursuant to the powers granted by the Act;

ARTICLE V WHEREAS, the City of Los Angeles, a member of the Authority (the “City”), previously issued its \$40,000,000 The City of Los Angeles Variable Rate Demand Multifamily Housing Revenue Bonds (Fountain Park Project) Series 1999P (the “1999 Bonds”), its \$33,615,000 The City of Los Angeles Variable Rate Demand Multifamily Housing Revenue Bonds (Fountain Park Phase II Project) Series 2000B (the “2000 Bonds”) and its \$9,564,000 City of Los Angeles Variable Rate Demand Multifamily Housing Revenue Bonds (Fountain Park Project) Series 2002A (the “2002 Bonds” and together with the 1999 Bonds and the 2000 Bonds, the “Refunded Bonds”), all of which remain outstanding;

ARTICLE VI WHEREAS, Essex Fountain Park Apartments, L.P., a California limited partnership (the “Borrower”), has requested that the Authority issue and deliver its California Statewide Communities Development Authority Multifamily Housing Revenue Refunding Bonds (Fountain Park Project) 2015 Series A (the “Bonds”) for the purpose of making a loan to the Borrower to refinance the acquisition, construction and development of a multifamily housing rental development located in the City, commonly known as “Fountain Park Apartments” (the “Project”), through the refunding of the Refunding Bonds;

ARTICLE VII WHEREAS, there has been presented to the Authority the following:

- (1) A proposed form of Trust Indenture (the “Indenture”) to be entered into by the Authority and U.S. Bank National Association, as trustee (the “Trustee”);
- (2) A proposed form of Loan Agreement (the “Loan Agreement”) to be entered into by the Authority and the Borrower;
- (3) A proposed form of Regulatory Agreement and Declaration of Restrictive Covenants, in regards to Fountain Park Apartments Phase I (the “Phase I Regulatory Agreement”) to be entered into by the Authority and the Borrower, and identifying the City as a third-party beneficiary; and
- (4) A proposed form of Regulatory Agreement and Declaration of Restrictive Covenants, in regards to Fountain Park Apartments Phase II (the “Phase II Regulatory Agreement” and together with the Phase I Regulatory Agreement, the “Regulatory Agreements”), to be entered into by the Authority and the Borrower, and identifying the City as a third-party beneficiary; and
- (5) A proposed form of Bond Purchase Agreement (the “Purchase Agreement”), to be entered into among the Authority, the Borrower, and Stifel, Nicolaus & Company, Incorporated, as underwriter of the Bonds (the “Underwriter”).

ARTICLE VIII WHEREAS, the principal amount of the Bonds will not exceed the current outstanding principal balance of the Refunded Bonds, which is expected to be \$83,179,000 as of the date of issuance of the Bonds;

ARTICLE IX WHEREAS, the Authority hereby finds and declares that this resolution is being adopted pursuant to the powers granted by the Act; and

ARTICLE X WHEREAS, all conditions, things and acts required to exist, to have happened and to have been performed precedent to and in the issuance and delivery of the Bonds and the implementation of the Program as contemplated by this resolution and the documents referred to herein exist, have happened and have been performed in due time,



form and manner as required by the laws of the State of California, including the Act, and the Authority now desires to authorize the issuance and delivery of the Bonds, as provided herein.

ARTICLE XINOW, THEREFORE, BE IT RESOLVED by the Board of Directors of the CALIFORNIA STATEWIDE COMMUNITIES DEVELOPMENT AUTHORITY as follows:

**Section 11.** The Authority hereby finds and declares that the above recitals are true and correct.

**Section 12.** Pursuant to the Act and the Indenture, the issuance and delivery of the Bonds, in an aggregate principal amount not to exceed \$83,179,000, is hereby authorized; provided that the principal amount of the Bonds issued as federally tax-exempt obligations will not exceed the current outstanding principal balance of the Refunded Bonds. Any member of the Commission of the Authority 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-11 of the Authority, adopted on April 9, 2015 (each, an “Authorized Signatory”), each acting alone, is hereby authorized and directed to execute the Bonds for and in behalf of the Authority by manual or facsimile signature, in the form set forth in the Indenture, with such changes, deletions and insertions as may be approved by such Authorized Signatory and legal counsel to the Authority (the “Authority Counsel”), such approvals being conclusively evidenced by the execution and delivery thereof, provided that the final maturity date of the Bonds shall not be more than 35 years from the date of execution and delivery thereof. The Bonds, when executed, shall be delivered to or upon the order of the Bond Purchaser.

**Section 13.** The Indenture, in the form presented to the Authority, is hereby approved. The Authorized Signatories, each acting alone, are hereby authorized for and in behalf of the Authority to execute and deliver the Indenture with such changes, additions or deletions as may be approved by such Authorized Signatory and Authority Counsel, such approvals to be conclusively evidenced by the execution and delivery thereof.

**Section 14.** The Loan Agreement, in the form presented to the Authority, is hereby approved. The Authorized Signatories, each acting alone, are hereby authorized for and in behalf of the Authority to execute and deliver the Loan Agreement with such changes, additions or deletions as may be approved by such Authorized Signatory and Authority Counsel, such approvals to be conclusively evidenced by the execution and delivery thereof.

**Section 15.** The Regulatory Agreements, in the form presented to the Authority, are hereby approved. The Authorized Signatories, each acting alone, are hereby authorized for and in behalf of the Authority to execute and deliver the Regulatory Agreements with such changes, additions or deletions as may be approved by such Authorized Signatory and

Authority Counsel, such approvals to be conclusively evidenced by the execution and delivery thereof.

**Section 16.** The Authority is hereby authorized to sell the Bonds to the Underwriter pursuant to the terms and conditions of the Purchase Agreement. The form, terms and provisions of the Purchase Agreement in the form presented at this meeting are hereby approved. Any Authorized Signatory, acting alone, is authorized to execute by manual signature and deliver the Purchase Agreement with such changes and insertions therein as may be necessary to cause the same to carry out the intent of this Resolution and as are hereby approved by counsel to the Authority, such approval to be conclusively evidenced by the delivery thereof.

**Section 17.** The Bonds, when executed, shall be delivered to the Trustee for authentication. The Trustee is hereby requested and directed to authenticate the Bonds by executing the certificate of authentication of the Trustee appearing thereon, and to deliver the Bonds, when duly executed and authenticated, to or at the direction of the Underwriter, in accordance with written instructions executed and delivered on behalf of the Authority by an Authorized Signatory, which any Authorized Signatory, acting alone, is hereby authorized and directed to execute and deliver such instructions to the Trustee. Such instructions shall provide for the delivery of the Bonds to or at the direction of the Underwriter in accordance with the Purchase Agreement upon payment of the purchase price thereof.

**Section 18.** All actions heretofore taken by the officers of the Authority with respect to the establishment of the Program and the execution and delivery of the Bonds are hereby approved, confirmed and ratified, and the proper officers of the Authority, including the Authorized Signatories, the Secretary of the Authority and Authority Counsel, are 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 which they, or any of them, may deem necessary or advisable in order to consummate the lawful execution and delivery of the Bonds in accordance with this Resolution and resolutions heretofore adopted by the Authority and in order to carry out the Program, including but not limited to those certificates, agreements and other documents described in the documents herein approved and any certificates, agreements or documents as may be necessary to further the purpose hereof or provide additional security for the Bonds, but which shall not create any obligation or liability of the Authority other than with respect to the revenues and assets derived from the proceeds of the Bonds or otherwise under the documents listed above.

**Section 19.** Each Authorized Signatory, acting alone, is hereby authorized to execute and deliver any future amendments to the documents authorized to be executed and delivered pursuant to this Resolution, without further action of the Authority, for the purposes of (i) adding to the covenants and agreements of the Borrower; (ii) assigning or pledging additional security for the Bonds; (iii) curing any ambiguity, inconsistency or omission or supplement any defective provision of the Indenture, the Loan Agreement, the

Regulatory Agreements or the Purchase Agreement; (iv) the addition or deletion of provisions relating to the transfer or sale of the Bonds; and (v) providing for any additional procedures, covenants or agreements necessary to maintain the tax-exempt status of interest on the Bonds; provided such amendments are (1) made pursuant to the terms of such documents, (2) are consistent with such documents, (3) do not require the consent of the holder of the Bonds and (4) do not provide for any additional duties or costs with respect to the Authority.

**Section 20.** This Resolution shall take effect immediately upon its adoption.

**PASSED AND ADOPTED** by the California Statewide Communities Development Authority this November 5, 2015.

ARTICLE XIIThe 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 5, 2015.

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

**RESOLUTION NO. 15H-**

**RESOLUTION OF THE CALIFORNIA STATEWIDE  
COMMUNITIES DEVELOPMENT AUTHORITY  
AUTHORIZING THE ISSUANCE AND DELIVERY  
OF REFUNDING REVENUE BONDS RELATED TO  
THE REFINANCING OF HIDDEN VALLEY  
APARTMENTS IN THE CITY OF SIMI VALLEY,  
CALIFORNIA, AUTHORIZING THE EXECUTION  
AND DELIVERY OF RELATED DOCUMENTS AND  
APPROVING ACTIONS IN CONNECTION  
THEREWITH**

ARTICLE XIII WHEREAS, the CALIFORNIA STATEWIDE COMMUNITIES DEVELOPMENT AUTHORITY (the “Authority”) is authorized by the Joint Powers Act, commencing with Section 6500 of the California Government Code (the “JPA Law”), and its Amended and Restated Joint Exercise of Powers Agreement, dated as of June 1, 1988, as the same may be amended (the “Agreement”), to issue revenue bonds and execute and deliver revenue notes for the purpose of, among other things, refinancing the acquisition, construction, rehabilitation, and development of multifamily rental housing projects in accordance with Chapter 7 of Part 5 of Division 31 of the California Health and Safety Code (the “Housing Law”);

ARTICLE XIV WHEREAS, the Authority hereby finds and declares that it is necessary, essential and a public purpose for the Authority to engage in a program (the “Program”) of issuing revenue obligations of the Authority to finance and refinance the acquisition, construction/rehabilitation and development of multifamily rental housing, and has determined to borrow money for such purpose by the issuance and delivery of revenue bonds as authorized by the Act;

ARTICLE XV WHEREAS, the Authority hereby finds and declares that this resolution is being adopted pursuant to the powers granted by the Act;

ARTICLE XVI WHEREAS, the City of Simi Valley, a member of the Authority (the “City”), previously issued its \$30,000,000 City of Simi Valley, California, Variable Rate Demand Multifamily Housing Revenue Bonds (Parker Ranch Project) Series 2002A, \$29,700,000 aggregate principal amount of which remains outstanding (the “Refunded Bonds”);

ARTICLE XVII WHEREAS, ESG Properties I, LLC, a California limited liability company (the “Borrower”), has requested that the Authority issue and deliver its California Statewide Communities Development Authority Multifamily Housing Revenue Refunding Bonds (Hidden Valley Project) 2015 Series B (the “Bonds”) for the purpose of making a loan to the Borrower to refinance the acquisition, construction and development of a

multifamily housing rental development located in the City, commonly known as “Hidden Valley Apartments” (the “Project”), through the refunding of the Refunding Bonds;

ARTICLE XVIII WHEREAS, there has been presented to the Authority the following:

(1) A proposed form of Trust Indenture (the “Indenture”) to be entered into by the Authority and U.S. Bank National Association, as trustee (the “Trustee”);

(2) A proposed form of Loan Agreement (the “Loan Agreement”) to be entered into by the Authority and the Borrower;

(3) A proposed form of Regulatory Agreement and Declaration of Restrictive Covenants, (the “Regulatory Agreement”) to be entered into by the Authority and the Borrower, and identifying the City as a third-party beneficiary; and

(4) A proposed form of Bond Purchase Agreement (the “Purchase Agreement”), to be entered into among the Authority, the Borrower, and Stifel, Nicolaus & Company, Incorporated, as underwriter of the Bonds (the “Underwriter”).

ARTICLE XIX WHEREAS, the principal amount of the Bonds will not exceed the current outstanding principal balance of the Refunded Bonds, which is expected to be \$29,700,000 as of the date of issuance of the Bonds;

ARTICLE XX WHEREAS, the Authority hereby finds and declares that this resolution is being adopted pursuant to the powers granted by the Act; and

ARTICLE XXI WHEREAS, all conditions, things and acts required to exist, to have happened and to have been performed precedent to and in the issuance and delivery of the Bonds and the implementation of the Program as contemplated by this resolution and the documents referred to herein exist, have happened and have been performed in due time, form and manner as required by the laws of the State of California, including the Act, and the Authority now desires to authorize the issuance and delivery of the Bonds, as provided herein.

ARTICLE XXII NOW, THEREFORE, BE IT RESOLVED by the Board of Directors of the CALIFORNIA STATEWIDE COMMUNITIES DEVELOPMENT AUTHORITY as follows:

**Section 21.** The Authority hereby finds and declares that the above recitals are true and correct.

**Section 22.** Pursuant to the Act and the Indenture, the issuance and delivery of the Bonds, in an aggregate principal amount not to exceed \$29,700,000, is hereby authorized; provided that the principal amount of the Bonds issued as federally tax-exempt obligations will not exceed the current outstanding principal balance of the Refunded Bonds. Any member of the Commission of the Authority 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-11 of the Authority, adopted on April 9, 2015 (each, an “Authorized Signatory”), each acting alone, is hereby authorized and directed to execute the Bonds for and in behalf of the Authority by manual or facsimile signature, in the form set forth in the Indenture, with such changes, deletions and insertions as may be approved by such Authorized Signatory and legal counsel to the Authority (the “Authority Counsel”), such approvals being conclusively evidenced by the execution and delivery thereof, provided that the final maturity date of the Bonds shall not be more than 35 years from the date of execution and delivery thereof. The Bonds, when executed, shall be delivered to or upon the order of the Bond Purchaser.

**Section 23.** The Indenture, in the form presented to the Authority, is hereby approved. The Authorized Signatories, each acting alone, are hereby authorized for and in behalf of the Authority to execute and deliver the Indenture with such changes, additions or deletions as may be approved by such Authorized Signatory and Authority Counsel, such approvals to be conclusively evidenced by the execution and delivery thereof.

**Section 24.** The Loan Agreement, in the form presented to the Authority, is hereby approved. The Authorized Signatories, each acting alone, are hereby authorized for and in behalf of the Authority to execute and deliver the Loan Agreement with such changes, additions or deletions as may be approved by such Authorized Signatory and Authority Counsel, such approvals to be conclusively evidenced by the execution and delivery thereof.

**Section 25.** The Regulatory Agreement, in the form presented to the Authority, is hereby approved. The Authorized Signatories, each acting alone, are hereby authorized for and in behalf of the Authority to execute and deliver the Regulatory Agreement with such changes, additions or deletions as may be approved by such Authorized Signatory and Authority Counsel, such approvals to be conclusively evidenced by the execution and delivery thereof.

**Section 26.** The Authority is hereby authorized to sell the Bonds to the Underwriter pursuant to the terms and conditions of the Purchase Agreement. The form, terms and provisions of the Purchase Agreement in the form presented at this meeting are hereby approved. Any Authorized Signatory, acting alone, is authorized to execute by manual signature and deliver the Purchase Agreement with such changes and insertions therein as may be necessary to cause the same to carry out the intent of this Resolution and as are hereby approved by counsel to the Authority, such approval to be conclusively evidenced by the delivery thereof.



**Section 27.** The Bonds, when executed, shall be delivered to the Trustee for authentication. The Trustee is hereby requested and directed to authenticate the Bonds by executing the certificate of authentication of the Trustee appearing thereon, and to deliver the Bonds, when duly executed and authenticated, to or at the direction of the Underwriter, in accordance with written instructions executed and delivered on behalf of the Authority by an Authorized Signatory, which any Authorized Signatory, acting alone, is hereby authorized and directed to execute and deliver such instructions to the Trustee. Such instructions shall provide for the delivery of the Bonds to or at the direction of the Underwriter in accordance with the Purchase Agreement upon payment of the purchase price thereof.

**Section 28.** All actions heretofore taken by the officers of the Authority with respect to the establishment of the Program and the execution and delivery of the Bonds are hereby approved, confirmed and ratified, and the proper officers of the Authority, including the Authorized Signatories, the Secretary of the Authority and Authority Counsel, are 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 which they, or any of them, may deem necessary or advisable in order to consummate the lawful execution and delivery of the Bonds in accordance with this Resolution and resolutions heretofore adopted by the Authority and in order to carry out the Program, including but not limited to those certificates, agreements and other documents described in the documents herein approved and any certificates, agreements or documents as may be necessary to further the purpose hereof or provide additional security for the Bonds, but which shall not create any obligation or liability of the Authority other than with respect to the revenues and assets derived from the proceeds of the Bonds or otherwise under the documents listed above.

**Section 29.** Each Authorized Signatory, acting alone, is hereby authorized to execute and deliver any future amendments to the documents authorized to be executed and delivered pursuant to this Resolution, without further action of the Authority, for the purposes of (i) adding to the covenants and agreements of the Borrower; (ii) assigning or pledging additional security for the Bonds; (iii) curing any ambiguity, inconsistency or omission or supplement any defective provision of the Indenture, the Loan Agreement, the Regulatory Agreement or the Purchase Agreement; (iv) the addition or deletion of provisions relating to the transfer or sale of the Bonds; and (v) providing for any additional procedures, covenants or agreements necessary to maintain the tax-exempt status of interest on the Bonds; provided such amendments are (1) made pursuant to the terms of such documents, (2) are consistent with such documents, (3) do not require the consent of the holder of the Bonds and (4) do not provide for any additional duties or costs with respect to the Authority.

**Section 30.** This Resolution shall take effect immediately upon its adoption.

**PASSED AND ADOPTED** by the California Statewide Communities Development Authority this November 5, 2015.

ARTICLE XXIII 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 5, 2015.

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



## **Agenda Item No. 6**

### **Agenda Report**

**DATE:** November 5, 2015

**TO:** CSCDA COMMISSIONERS

**FROM:** Cathy Bando, Executive Director

**PURPOSE:** Consideration of resolution adopting a new fee reduction policy for borrowers experiencing substantial financial hardship

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#### **BACKGROUND AND SUMMARY:**

CSCDA adjusted its bond administration fee policy approximately ten years ago. The Authority's prior annual administration fees were calculated on the original principal amount of the bonds issued by CSCDA. CSCDA changed the policy for new bond issues so that fees are now calculated as a percentage of the outstanding principal.

CSCDA's bond administration fees are contributing to the financial burden for certain projects. For projects that can demonstrate considerable financial hardship we are asking the Commission to consider a fee policy change to provide fiscal relief for distressed situations.

The proposed new policy is as follows:

- CSCDA may consider fee reduction requests from borrowers that pay fees which are calculated in a manner that is not consistent with CSCDA's current methodology. CSCDA may adjust fees to more closely align with its current fee policy if a CSCDA borrower can demonstrate that a project has experienced net operating losses for three of the prior five years, including the most recent year. Approval by the Executive Committee of the CSCDA Commission is required for all fee reduction requests and a granted fee reduction may not reduce the borrower's fee below the amount of the then current fee policy adopted by the Commission.

CSCDA's General Counsel has reviewed and approved the proposed policy being considered today.

#### **RECOMMENDED ACTION:**

CSCDA's Executive Director recommends approval of the resolution as presented to the Commission which adopts a new fee reduction policy for borrowers experiencing substantial financial hardship as described above.



## Agenda Item No. 7

### Agenda Report

**DATE:** November 5, 2015  
**TO:** CSCDA COMMISSIONERS  
**FROM:** Cathy Bando, Executive Director  
**PURPOSE:** Consideration of revised fee schedule for community facilities district financings

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#### EXECUTIVE SUMMARY:

CSCDA conducts district formation proceedings for two types of land secured bonds financings: (1) Assessment Bonds for the Statewide Community Infrastructure Program (SCIP) and (2) Special Tax Bonds for Community Facility Districts (CFDs). CSCDA's current fee structure for SCIP includes an issuance fee of 1.5% plus an annual bond administration fee of .10% calculated on the principal amount of bonds issued. CSCDA's current fee structure for CFDs includes a .25% issuance fee plus an annual bond administration fee of .25% calculated on the principal amount of bonds issued.

The current CFD fee structure does not adequately compensate CSCDA for the cost of conducting the formation proceedings. Staff recommends adjusting the issuance fee for CFDs to 1% and changing the annual administration fee to a flat \$10,000 per project. The proposed fee adjustment will bring the issuance fees for CFDs more in line with SCIP issuance fees. Based upon the fact that most CFDs have one property owner, whereas SCIP transactions typically involve multiple property owners and more administrative tasks, a flat annual fee for CFDs is recommended. A flat fee is also more conducive to the method of apportioning and collecting fees for CFDs. A chart comparing the proposed fee change is provided below:

	SCIP	Current CFDs	Proposed CFDs
<b>Issuance Fee</b>	1.50%	0.25%	1.00%
<b>Annual Administration Fee</b>	0.10%	0.25%	\$10,000*

**\* Flat Annual Fee Per Bond Issue**

Staff has reviewed the proposed fee structure change with market participants who support the new fee structure for CFDs.

**RECOMMENDED ACTION:**

CSCDA's Executive Director recommends approval of the revised fee schedule for community facilities districts.

## **Agenda Item No. 8**

### **Agenda Report**

**DATE:** November 5, 2015

**TO:** CSCDA COMMISSIONERS

**FROM:** Cathy Bando, Executive Director

**PURPOSE:** Consideration of the award and proposed contract for housing compliance services with Urban Futures Bond Administration in connection with CSCDA transactions closed prior to July 1, 2015 per request for proposals authorized on September 24, 2015

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#### **EXECUTIVE SUMMARY:**

CSCDA issued a Request for Proposals on September 28, 2015 from qualified firms to provide housing compliance monitoring services for the Authority's existing portfolio of affordable multifamily and senior housing projects that closed prior to July 1, 2015. On or prior to October 16, 2015, CSCDA received proposals from five firms.

#### **Proposal Overview**

The CSCDA Program Management Ad Hoc reviewed and ranked the proposals and unanimously recommends the appointment of Urban Futures Bond Administration, Inc. (UFBA). UFBA has provided compliance services for more than 35 years and currently monitors over 1,700 projects with 70,000 restricted units. CSCDA's portfolio represents approximately 640 projects and slightly fewer than 70,000 units. UFBA recently demonstrated their ability to transition a large portfolio of over 400 projects and is sufficiently staffed with over 10 highly qualified compliance specialists.

UFBA has developed a highly advanced web-based compliance monitoring system for collecting, tracking and processing data. Property owners/managers can use the UFBA system to efficiently upload information on-line that will efficiently monitor projects, produce customized reports and automate CSCDA's inventory of housing projects.

UFBA is positioned to transition CSCDA's portfolio during the month of November with a December 1, 2015 start date. Notifications to property owners/managers will be made well in advance of the date the new system goes live.

UFBA currently provides compliance monitoring services, under a subcontract with Bridge Strategic Partners, on CSCDA's housing projects that have closed since July 1, 2015.

### **Proposed Fees**

CSCDA negotiated a competitive fee arrangement with UFBA which will result in a cost savings of approximately \$400,000 from CSCDA's current service provider. UFBA's fee will be \$23 per restricted housing unit with a fee cap per project of \$2,300. UFBA has agreed to provide reporting services for other CSCDA projects (fewer than 30 projects) that have CDLAC reporting requirements (including Industrial Development Bonds, Recovery Zone Facility Bonds and Solid Waste Bonds) at no additional cost to CSCDA.

### **Term of Contract**

The proposed contract is for a three year term (ending December 31, 2018) with the ability to renew for up to two consecutive years. If approved, the contract will commence immediately for transition services with a December 1, 2015 start date.

### **DOCUMENTS: (Attachment A)**

1. Compliance Monitoring Services Contract by and between California Statewide Communities Development Authority and Urban Futures Bond Administration, Inc. dated November 5, 2015 with a December 1, 2015 effective date.

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

1. Appoint Urban Futures Bond Administration, Inc. to a three year contract for compliance monitoring services.
2. Approve Compliance Monitoring Services Contract with UFBA.

## ATTACHMENT A

### CALIFORNIA STATEWIDE COMMUNITIES DEVELOPMENT AUTHORITY COMPLIANCE MONITORING SERVICES CONTRACT

This Compliance Monitoring Services Contract (the "Contract"), dated as of December 1, 2015, is made by and between California Statewide Communities Development Authority, with offices at 1700 N. Broadway, Suite 405, Walnut Creek, CA ("Authority"), and Urban Futures Bond Administration, Inc., a California Corporation, with offices at 3111 N. Tustin, Suite 110, Orange, CA ("Contractor") (collectively, the "Parties" and each individually, a "Party").

Authority and Contractor agree as follows:

**1.0 ENGAGEMENT OF CONTRACTOR.** Authority agrees to engage Contractor and Contractor agrees to perform the services hereinafter set forth as authorized by Authority beginning on December 1, 2015 (the "Effective Date").

**2.0 SCOPE OF SERVICES.**

**2.1** Contractor shall provide to Authority (a) housing covenant compliance monitoring services for Multi-family House Projects ("Projects"), and (b) compliance filings for Industrial Development Bonds ("IDBs"), Recovery Zone Facility Bonds ("RZFDs") and Solid Waste Bonds ("Solid Waste") (collectively, "Other Projects") issued by the Authority before July 1, 2015, as set forth in the Scope of Services (Exhibit A) (the "Services").

**2.2** Contractor shall perform the Services (a) in a professional manner according to the highest ethical standards recognized in the industry; (b) in a quality, competent, timely and workmanlike manner, consistent with industry standards for analogous services; and (c) in accordance with all applicable laws, rules, and regulations (including all regulations governing the affected covenanted properties).



### **3.0 PERSONNEL.**

**3.1** Contractor represents that it employs, or will employ, at its own expense, all personnel required to perform the Services under this Contract. Said personnel shall not be employees of Authority or have any contractual relationship with Authority. Contractor shall not subcontract, outsource or otherwise engage any third parties to perform any of the Services without the prior written consent of Authority.

### **4.0 TERM OF CONTRACT.**

**4.1** Contract Term. The term of this Contract begins on the Effective Date and ends on December 31, 2018, unless sooner terminated as provided in Section 4.2 and 4.3 herein (the "Initial Term"). The Parties may mutually agree to renew the Contract for up to two (2) successive one (1) year terms (each a "Renewal Term" and together with the Initial Term, the "Term") by exercising such Renewal Term in writing prior to the expiration of the then current Term.

**4.2** Termination for Convenience. At its sole discretion, Authority may terminate this Contract without cause and without further liability or obligation to the Contractor, upon giving Contractor one hundred twenty (120) days written notice of its intention to do so.

**4.3** Resignation of Contractor. At its sole discretion, Contractor may resign from its position and terminate this Contract by giving Authority one hundred twenty (120) days written notice of its intention to do so.

**4.4** Termination for Breach. If there is any material breach of this Contract by one Party, the other Party may (reserving cumulatively all other remedies and rights under this Contract and in law and in equity) terminate this Contract by giving thirty (30) days prior written notice to the breaching Party, and the Term shall end; provided, however, that such termination shall not be effective if the breach has been cured to the satisfaction of the non-breaching party prior to the expiration of the thirty (30) day notice period.

**4.5** Survival. The provisions of Sections 5, 6 and 7, with the exception of 7.3.3, shall survive termination or expiration of this Contract.

**5.0 COMPENSATION AND FEES.**

**5.1** Compensation. For the Services rendered pursuant hereto and all costs expenses incurred hereunder, Contractor shall be paid an annual fee per Project based on the number of housing units subject to income restrictions ("Units") in each Project and based on a per Unit rate as set forth in the attached Fee Schedule (Exhibit B). The annual fees shall be paid to Contractor by Authority according to the terms of Section 6 and Exhibit B. In the event this Contract is terminated pursuant to Section(s) 4.2 or 4.3, the annual fees shall be prorated from the preceding periods to the date of termination.

5.1.1 Services performed outside Scope of Services, if requested by Authority, will be billed at Contractor's hourly rates as set for in Fee Schedule (Exhibit B). No services outside the scope of the Services shall be performed by Contractor, and no additional hourly fees shall be charged by Contractor, without the prior written consent of Authority.

**6.0 PAYMENT**

**6.1** Beginning January 1, 2016, Contractor will receive payment on a monthly basis, calculated as 1/12<sup>th</sup> of the annualized amount for each Project, for services rendered during the prior month based on the collection of bond administration fees.

**6.2** Authority shall pay Contractor within thirty (30) calendar days after the first of each month.

**7.0 GENERAL TERMS AND CONDITIONS.**

**7.1** Representations and Warranties of the Contractor. The Contractor makes the following representations and warranties:

7.1.1 It is a corporation duly organized, validly existing and in good standing under the laws of the State of California and has the power and authority to carry on its business as now being conducted.

7.1.2 It has the power to execute and deliver this Contract and to carry out the transactions contemplated hereby; and it has duly authorized the execution, delivery and performance of this Contract.

7.1.3 It is independent from and not under the domination of the Authority, does not have any substantial interest, direct or indirect, in the Authority, and is not an officer or employee of the Authority.

**7.2** Ownership of Work. All records, reports, data and support documentation, relating to contracted Projects with Authority, prepared by Contractor in furtherance of the work shall be delivered to the Authority in an electronic format acceptable to Authority upon termination of the contract and payment in full of all monies due to the Contractor. However, all electronic spreadsheet templates are and shall remain the exclusive property of Contractor, while the output from such devices prepared in furtherance of the work shall be the property of the Authority. Contractor shall keep such documents and materials on file and available for audit by the Authority for at least three (3) years after completion or early termination of this Contract. Contractor may make duplicate copies of such materials and documents for its own file or for promotional purposes.

**7.3** Compliance Monitoring System.

**7.3.1** Ownership. The Compliance Monitoring System (custom web application) used by the Contractor in the performance of its duties under this Contract is and shall remain under the full control and ownership of the Contractor. The Compliance Monitoring System (custom web application), developed and owned by the Contractor

cannot be duplicated or licensed without the written permission of the Contractor.

**7.3.2 Intellectual Property.** Contractor will hold and own all intellectual property rights relating to the Compliance Monitoring System.

**7.3.3 Access.** Contractor hereby grants to Authority access to use the Compliance Monitoring System during the Term of this Agreement.

**7.4 Insurance.** Contractor shall maintain during the Term the following insurance policies: Commercial General Liability coverage of \$1,000,000 each occurrence and \$2,000,000 in the aggregate. The insurance coverage provided under this Section 7.4 shall include Authority as an additional insured in connection with the Services. The above required insurance policy shall contain a waiver of rights of subrogation against Authority and CSCDA. Certificates of insurance shall be provided to Authority evidencing all of the above insurance and conditions. Such certificates shall stipulate that the insurance coverage stipulated therein shall not be cancelled without at least thirty (30) calendar days' prior written notice to Authority.

**7.5 Successors and Assigns.** Subject to the consent requirement of Section 7.10, this Contract shall inure to the benefit of, and shall be binding upon, the Parties hereto and their respective heirs, successors and/or assigns.

**7.6 Execution in Counterparts.** This Contract may be executed in any number of counterparts, each of which shall be deemed to be an original, and such counterparts shall constitute but one and the same instrument.

**7.7 Business Days.** If any action is required to be taken hereunder on a date which falls on other than a Business Day, such action shall be taken on the next succeeding Business Day.

**7.8 Governing Law; Arbitration.** This Contract will be governed by and interpreted in accordance with the laws of the State of California without regard to any conflict of laws principles. In the event of any dispute concerning the validity, interpretation, enforcement or breach of this Contract, the Parties unconditionally and irrevocably agree that the dispute will be resolved by

arbitration (and accordingly they hereby consent to personal jurisdiction over them) in San Francisco, California, in accordance with JAMS pursuant to its Comprehensive Arbitration Rules and Procedures. The arbitration will be heard and determined by a single arbitrator. The arbitrator's decision in any such arbitration will be final and binding upon the Parties and may be enforced in any court of competent jurisdiction. The prevailing Party is entitled to recover its attorneys' fees and arbitration costs from the other Party. .

**7.9 Indemnification.** Contractor shall indemnify, hold harmless, defend, or settle, and pay damages awarded pursuant to, any claim, demand, action or other proceeding brought against the Authority, its affiliates, or any of its officers, directors, employees, representatives, and agents (collectively, the "Indemnified Parties"), to the extent that such claim, demand, action, or other proceeding (collectively, a "Claim") arises out of or relates to any actual or alleged breach of Consultant's representations, warranties, or covenants contained in this Contract or any actual or alleged negligence or willful misconduct arising out of or related to Contractor's performance under this Contract. The parties understand and agree that the duty of Contractor to indemnify and hold harmless includes the duty to defend as set forth in Section 2778 of the California Civil Code.

**7.9 Notices.** All notices, certificates or other communications hereunder shall be sufficiently given and shall be deemed given when delivered via email, mail or delivery service, addressed to the Appropriate Notice Address as set forth:

7.9.1 The Notice Address of the Authority is:

California Statewide Communities Development Authority

Ms. Catherine Bando

CSCDA Executive Director

1700 North Broadway, Suite 405

Walnut Creek, CA 94596

cbando@cscda.org

213-700-4137

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**7.9.2** The Notice Address of the Contractor is:

Urban Futures Bond

Administration, Inc.

Raette Frazeur, Managing

Director

Marshall Linn, CEO

3111 N. Tustin Ave., Suite 110

Orange, CA 92865

raette@ufbahc.com

marshall@ufbahc.com

(714) 332-1000

**7.10** Assignment. Neither Party may assign any of its rights or obligations hereunder, whether by operation of law or otherwise, without the prior written consent of the other Party.

**7.11** Independent Contractors. Contractor, on the one hand, and Authority, on the other, are independent contractors, and nothing in this Contract shall be deemed or construed to create, or have been intended to create a partnership, joint venture, employment, or agency relationship between the Parties. Contractor, on the one hand, and Authority, on the other, do not possess (and will not give the appearance or impression of possessing) the legal authority to bind or commit the other Party in any way.

**7.12** Severability. If any provision of this Contract is held unlawful or invalid by court or administrative decision, it shall be deemed severable and such unlawfulness or invalidity shall not in any way affect any other provision of this Contract which can be given effect without the unlawful or invalid provision.

**7.13** Waiver. Any failure of a Party to enforce, for any period of time, any of the provisions under this Contract shall not be construed as a waiver of such provisions or of the right of said Party thereafter to enforce each and every provision under this Contract.

**7.14** Counterparts. This Contract may be executed in two or more counterparts, each of which, when so executed, shall be deemed an original, but all of which counterparts together shall constitute one and the same document.

**7.15** Drafting. In the event of a dispute between any of the Parties hereto over the meaning of this Contract, all Parties shall be deemed to have been the drafter hereof, and any applicable law that states that contracts are construed against the drafter shall not apply.

**7.16** Entire Agreement. This Contract, including any Exhibits attached hereto, constitutes the entire agreement and understanding between the Parties regarding its subject matter and supersedes all prior or contemporaneous negotiations, representations, understandings, correspondence, documentation and contracts (written or oral).

*[Remainder of Page Intentionally Left Blank – Signatures Follow]*

IN WITNESS WHEREOF, the Parties hereto have caused this Contract to be executed by their duly authorized representatives as of the date set forth below.

“AUTHORITY”

California Statewide Communities Development Authority

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Cathy Bando, Executive Director

“CONTRACTOR”

Urban Futures Bond Administration, Inc.

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Marshall F. Linn, CEO/President



## **Exhibit “A”**

### **SCOPE OF SERVICES**

Contractor shall perform the tasks specified below which comprise the Scope of Services for this Contract. As of the Effective Date, this Scope of Services encompasses the compliance monitoring for the Regulatory Agreements and Declaration of Covenants relating to the California Statewide Communities Development Authority (CSCDA) Multifamily Housing Revenue Bond Issues.

#### **FULL COMPLIANCE ADMINISTRATION**

##### **TASK 1 - Review and Set-up of Project Requirements:**

- Review all Project documents including Agreements, pertinent Government Codes, Covenants and Conditions to establish compliance parameters/processes
- Set-up rent and income limits using the appropriate resource chart(s) and in conformance with the Agreements(s) and Covenants(s)
- Identify and ensure that appropriate forms are utilized for all facets of certifications and reporting
- Organize documentation into a comprehensive electronic filing system
- Set-up monitoring/reporting cycles and communication procedures including introduction packages containing sample forms and reporting instructions, reminder notices, late notices, compliant and non-compliant notices, etc.

##### **TASK 2 – Transition of Existing Portfolio:**

- Work with CSCDA to identify the most efficient means of transitioning the existing portfolio
- Set-up Projects in CMS
- Identify current reporting status for each existing Project
- Confirm Project contacts
- Notify Project owners/property managers of transition and reporting requirements
- Establish user access for all owners/property managers not in CMS
- Provide training for all owners/property managers not familiar with CMS
- Provide training for CSCDA staff to access Project information
- Develop reports as requested by CSCDA

##### **TASK 3 – Compliance Monitoring:**

- Prepare and disseminate annual rent and income limits to property owners/managers annually within 30 days of publication
- Reminder notices will be sent to property owners/managers 60 days prior to reporting due date, providing them with a list of the required documents
- UFBA will conduct a thorough review of the documentation received from each Project:
  - Review tenant(s) certification, lease, addendum(s), and income/asset verification documentation;

- Verify household income & assets do not exceed Income Limits
- Verify tenant rental portion does not exceed Rent Limits, including utility allowance (if applicable);

Verify required forms are completed correctly and signed accordingly

- Upon review of Project reporting information, UFBA will document all findings and provide the property owner/manager with an overview report indicating compliance status and requesting any corrections and/or missing information to be provided within two weeks for further review
- Final determination of compliance or non-compliance for the Project reporting period will be sent to CSCDA and a final overview report will be sent to the property owner/manager
- Non-compliant Projects will be referred to the CSCDA identifying non-compliance issues
- Contractor to obtain property status reports from property owners and managers

**TASK 4 – CDLAC Annual Certifications:**

- Obtain annual “Certification of Compliance” from Projects relating to CDLAC Resolutions
- Obtain documentation relating to CDLAC program restrictions/public benefits
- Complete and submit “Annual Applicant Public Benefits and Ongoing Compliance Self-Certification” for signature by Issuer and submission to CDLAC

**TASK 5 – IDB, RZFD & Solid Waste (Other Projects) Required Filings:**

- Obtain any/all necessary documentation to complete and submit certifications/filings as required for Other Projects.

## Exhibit "B"

### FEE SCHEDULE

Contractor will perform the Services for Authority based on the following fee schedule. Hourly rates will be applied only to services performed outside of the Scope of Services, as requested in writing by the Authority:

#### Hourly Rates:

Manager Director	\$ 140
Compliance Supervisor	\$ 95
Compliance Specialist	\$ 65
Compliance Assistant	\$ 50
Administrative Assistant	\$ 40

#### Annual Compliance Monitoring Services

PER UNIT FEE SCHEDULE	
	PER UNIT RATE
TASKS 1 – 4 Annual Compliance Monitoring	
<b>Fee for Each Restricted Unit (Not to exceed \$2,300 per Project)</b>	<b>\$ \$23</b>
TASK 5 Compliance Filings for Other Projects	
<b>Required Filings for IDB, RZFD &amp; Solid Waste Bonds (Other Projects) to be performed at no cost</b>	<b>No Charge</b>

**PAYMENT SCHEDULE – 1/12<sup>th</sup> of the annualized fees will be paid on a per Project basis, monthly in arrears for services performed.**

## **Agenda Item No. 9**

### **Agenda Report**

**DATE:** November 5, 2015

**TO:** CSCDA COMMISSIONERS

**FROM:** Cathy Bando, Executive Director

**PURPOSE:** Consideration of Second Amendment to Services Agreement by and between CSCDA and Bridge Strategic Partners

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#### **EXECUTIVE SUMMARY:**

CSCDA entered into a Services Agreement with Bridge Strategic Partners (BSP) on December 4, 2014 that became effective on July 1, 2015 (the “BSP Services Agreement”). Under the BSP Services Agreement, BSP provides comprehensive program origination, development and management services, as well as municipal advisory services to CSCDA and its affiliates. A First Amendment to the BSP Services Agreement was approved by the Commission on August 20, 2015.

#### **Proposed Amendment**

The Second Amendment to the BSP Services Agreement makes the following changes to the Services Agreement, as amended. The scope of services described in Exhibit A to the BSP Services Agreement will be amended to add the following language:

“For Authority transactions closed prior to July 1, 2015:

- Respond to all inquiries related to these transactions; and
- Facilitate post-issuance finance restructuring, workouts, or other necessary Authority approvals in accordance with financing documents.”

BSP has agreed to provide bond administration services for CSCDA transactions that closed prior to July 1, 2015 at no additional cost to the Authority.

#### **DOCUMENTS: (Attachment A)**

1. Second Amendment to Services Agreement by and between CSCDA and Bridge Strategic Partners.

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

The Executive Director recommends that the Commission approve the Second Amendment to the BSP Services Agreement.

## ATTACHMENT A

### **SECOND AMENDMENT TO SERVICES AGREEMENT**

This **SECOND AMENDMENT TO SERVICES AGREEMENT** ("**Second Amendment**") is entered into as of November 5, 2015 (the "**Effective Date**"), by and between **BRIDGE STRATEGIC PARTNERS LLC**, a California limited liability company ("**BSP**") and **CALIFORNIA STATEWIDE COMMUNITIES DEVELOPMENT AUTHORITY**, a California joint powers authority organized pursuant to Section 6500 et. seq. of the California Government Code ("**Authority**") (collectively the "**Parties**" and each individually a "**Party**").

### **RECITALS**

**WHEREAS**, BSP and Authority have entered into that certain Services Agreement dated as of December 4, 2014, as amended by that certain First Amendment to Services Agreement dated as of August 20, 2015 (as amended, the "**Agreement**"); and

**WHEREAS**, the Parties wish to further amend the Agreement as more particularly described herein.

**NOW, THEREFORE**, in consideration of the foregoing and of the covenants, conditions, representations, and warranties contained herein, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Parties agree as follows:

### **AGREEMENT**

1. **CAPITALIZED TERMS**. All capitalized terms used but not otherwise defined herein shall have the meanings ascribed to them in the Agreement.

2. **AMENDED TERMS AND CONDITIONS**. Section 1 of Exhibit A of the Agreement is hereby amended by adding the following to the end thereto:

“For Authority transactions closed prior to July 1, 2015:

- Respond to all inquiries related to these transactions; and
- Facilitate post-issuance finance restructuring, workouts, or other necessary Authority approvals in accordance with financing documents.”

3. **MISCELLANEOUS**.

3.1 **Severability**. If any provision of this Second Amendment is held unlawful or invalid by court or administrative decision, it shall be deemed severable and such unlawfulness or invalidity shall not in any way affect any other provision of this Second Amendment which can be given effect without the unlawful or invalid provision.

3.2 **Waiver**. Any failure of a party to enforce, for any period of time, any of the provisions under this Second Amendment shall not be construed as a waiver of such provisions or of the right of said party thereafter to enforce each and every provision under this Second Amendment.

3.3 **Construction**. The language in and provisions of this Second Amendment shall in all cases be simply construed according to their fair meaning and not strictly construed for or against BSP or the Authority.

3.4 **Counterparts.** This Second Amendment may be executed in two or more counterparts, each of which, when so executed, shall be deemed an original, but all of which counterparts together shall constitute one and the same document.

3.5 **Conflicts.** In the event of any conflict between the terms of the Agreement and the Second Amendment, the terms of the Second Amendment shall control.

3.6 **Entire Agreement; Amendments.** This Second Amendment constitutes the entire understanding and agreement of the parties respecting the subject matter of this Amendment and no modification, change, or amendment of this Second Amendment shall be binding upon the parties, except by mutual express consent in writing of subsequent date duly signed by the authorized representatives of each of the parties.

*[Remainder of Page Left Intentionally Blank – Signatures Follow]*

IN WITNESS WHEREOF, the parties have executed this Second Amendment as of the Effective Date by their duly authorized representatives as set forth below.

**CALIFORNIA STATEWIDE COMMUNITIES  
DEVELOPMENT AUTHORITY**

By \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_

**BRIDGE STRATEGIC PARTNERS LLC**

By \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_

Acknowledged and Agreed to:

**CALIFORNIA STATEWIDE COMMUNITIES  
DEVELOPMENT CORPORATION**

By \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_



## **Agenda Item No. 10**

### **Agenda Report**

**DATE:** November 5, 2015

**TO:** CSCDA COMMISSIONERS

**FROM:** Cathy Bando, Executive Director

**PURPOSE:** Consideration of First Amendment to Intellectual Property License, Royalty and Administrative Agreement by and between CSCDA, the League of California Cities, and the California State Association of Counties to expand the services to be provided to CSCDA to include billing and collection of bond administration fees for transactions that closed prior to July 1, 2015

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#### **EXECUTIVE SUMMARY:**

CSCDA entered into an Intellectual Property License, Royalty and Administrative Agreement (the "Agreement") by and among the League of California Cities ("LCC") and the California State Association of Counties ("CSAC") effective July 1, 2015. The Agreement reflects LCC and CSAC's sponsorship, licensing of intellectual property, financial and administrative relationships, and establishment of other duties among the parties, as well as the terms of a royalty fee to be paid to the LCC and CSAC by CSCDA for their intellectual property and performance of specific services.

The purpose of the First Amendment is to expand the services to be provided by LCC. LCC has agreed to provide CSCDA additional accounting services that include the billing and collections of CSCDA's annual administrative fees for transactions that closed prior to July 1, 2015.

#### **Cost of Additional Services**

CSCDA may incur system set-up costs in connection with transitioning the billing and collection to the LCC. System set-up costs have been estimated to be \$15,000 - \$20,000. LCC currently does not expect to receive additional fees for the additional services to be provided. To the extent LCC needs to increase staff to accommodate providing the additional services to CSCDA, LCC may request offsetting compensation.

#### **Proposed Amendment**

The First Amendment will be presented to the Commission at the November 19, 2015 meeting.

The date of the First Amendment will be the approval date with an expected effective date of January 1, 2016 when all billing and collections are expected to be transitioned to LCC.



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

The Executive Director recommends that the Commission approve the appointment of LCC to provide billing and collection services. A First Amendment to the Intellectual Property License, Royalty, and Administrative Agreement with LCC and CSAC will be considered by the Commission on November 19, 2015.