



**CSCDA**  
CALIFORNIA STATEWIDE COMMUNITIES  
DEVELOPMENT AUTHORITY



**AGENDA OF THE  
REGULAR MEETING OF THE  
CALIFORNIA STATEWIDE COMMUNITIES DEVELOPMENT AUTHORITY**

**December 18, 2014**

**10:00 a.m.**

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

27788 Hidden Trail Road  
Laguna Hills, CA 92653

3252 Southern Hills Drive  
Fairfield, CA 94534

- I. Call the Roll (alternates designate which member they are representing).
- II. Consideration of the Minutes of the December 4<sup>th</sup> Regular Meeting.
- III. Staff Updates.
- IV. Consideration of the Consent Calendar.
- V. Consideration of the financing; all necessary actions; the execution and delivery of all necessary documents and authorize any member to sign all necessary financing documents for the following:
  - a. Cottage Health System (Santa Barbara Cottage Hospital Master Plan), City of Santa Barbara, County of Santa Barbara; up to \$150 million in tax-exempt revenue bonds. (Staff: Scott Carper)
  - b. Pilgrim Terrace Affordable, LP (Pilgrim Terrace), City of Santa Barbara, County of Santa Barbara; up to \$12 million in multifamily housing revenue bonds. (Staff: Caitlin Lanctot)

This \_\_\_ page agenda was posted at 1100 K Street, Sacramento, California on \_\_\_\_\_, 2014 at \_\_: \_\_ \_\_m,  
Signed \_\_\_\_\_ . Please fax signed page to (925) 933-8457.

- c. Balboa Management Group, LLC (Silverlakes Equestrian & Sports Park), City of Norco, County Riverside; up to \$22 million in taxable revenue bonds. (Staff: Scott Carper)

VI. Update on CaliforniaFIRST Residential and Commercial PACE programs.

VII. Public Comment.

VIII. Adjourn.



**CALIFORNIA STATEWIDE COMMUNITIES DEVELOPMENT AUTHORITY  
CONSENT CALENDAR**

1. Consent Calendar:
  - a. Approval of the City of Newport Beach as a Program Participant.
  - b. Approval of Wells Fargo Corporate Trust Services Invoice #1141578 for \$3,000.00 for trustee fees related to CSCDA SCIP revenue Bonds 2004A.

Thursday, December 18, 2014

**Note: Persons requiring disability-related modification or accommodation to participate in this public meeting should contact (925) 933-9229, extension 225.**

**Item II**

Consideration of the Minutes of the December 4, 2014 Regular Meeting.

**MINUTES OF THE  
REGULAR MEETING OF THE  
CALIFORNIA STATEWIDE COMMUNITIES DEVELOPMENT AUTHORITY**

**December 4, 2014**

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

Commission Chair Larry Combs called the meeting to order at 10:00am.

**I. Call The Roll.**

Commission members present: Larry Combs, Kevin O'Rourke, and Terry Schutten. Tim Snellings, alternate Commissioner Ron Holly, representing Dan Mierzwa, and alternate commissioner Brian Moura, representing Irwin Bornstein, also participated by conference telephone. CSCDA Executive Director Catherine Bando was also present.

Others present included: Scott Carper and Mike LaPierre, HB Capital; Laura Labanieh and Nancy Parrish, CSAC Finance Corporation; Jean Hurst California State Association of Counties; Norman Coppinger and Chris McKenizua, League of California Cities; James Hamill and Jon Penkower, Bridge Strategic Partners; Brandon Diaz, Orrick; Brian Donovan and James Vergara, Deutsche Bank; Nicole Cusick, Leidos; and Mark Paxson, State Treasurer's Office. Caitlin Lanctot, HB Capital; Greg Stepanicich, Richards Watson & Gershon; Cliff Staton, Renewable Funding; and Roger Davis, Trish Eichar, and Erin Pham, Orrick, participated by conference telephone.

**II. Consideration of the Minutes of the November 17, 2014 Special Meeting and the November 20, 2014 Regular Meeting.**

The commission approved the minutes for the special meeting held November 17, 2014 and the regular meeting held November 20, 2014.

Motion by Schutten; Second by Holly; unanimously approved by roll-call vote.

**III. Staff Updates.**

There were no staff updates.

**IV. Consideration of the Consent Calendar.**

There was no consent calendar.

**V. Consideration of CSCDA's 2015 Regular Meeting Calendar.**

The Commission approved the CSCDA 2015 Regular Meeting Calendar as presented.

Motion by O'Rourke; second by Snellings; unanimously approved by roll-call vote.

**VI. Consideration of the financing; all necessary actions; the execution and delivery of all necessary documents and authorize any member to sign all necessary financing documents for the following:**

- a. Palmdale TOD Apartments, LP, (Wright Brothers Court Apartments) City of Palmdale, County of Los Angeles; up to \$2 million in additional multifamily housing revenue bonds.

Motion to approve staff recommendation by Schutten; second by O'Rourke; unanimously approved by roll-call vote.

**VII. Consideration of the following resolution for separate Statewide Community Infrastructure Program (SCIP) Assessment Districts.**

- a. Resolution of intention to finance the payment of public infrastructure improvements and developments impact fees, including approval of proposed boundary map.

Motion to approve the resolution by O'Rourke; second by Holly; unanimously approved by roll-call vote.

- b. Resolution preliminarily approving engineer's report, setting public hearing of protests, and providing property owner ballots.

Motion to approve the engineer's report, set the public hearing, and provide ballots by Schutten; second by O'Rourke; unanimously approved by roll-call vote.

**VIII. CSCDA Open PACE Program:**

- a. Hold a public hearing on the program report for the proposed Open PACE program covering all county members of CSCDA (and incorporated cities therein) and those cities within Los Angeles County that are members of CSCDA.

Commission Chair Larry Combs opened the public hearing. There was no public testimony and after consideration of the proposed resolutions the hearing was closed.

- b. Consideration of a resolution confirming the program report for the proposed Open PACE program

Motion to approve the resolution confirming the program report for the proposed Open PACE program with the provision that the program documents will provide that all local permitting requirements be complied with by Snellings; second by O'Rourke; unanimously approved by roll-call vote.

- c. Consideration of a resolution authorizing the issuance of one or more series of limited obligation improvement bonds, approving and directing the execution of related documents and approving related documents and actions.

Motion to approve the resolution and staff recommendation by Moura; second by O'Rourke; unanimously approved by roll-call vote.

- d. Consideration of a resolution rendering approval under the California Environmental Quality Act for the Open PACE program.

Motion to approve the resolution by Schutten; second by Moura; unanimously approved by roll-call vote.

**IX. Consideration of a Services Agreement between Bridge Strategic Partners and CSCDA and affiliates for CSCDA program development and management services and municipal advisory services.**

Motion to approve the agreement by O'Rourke; second by Schutten; unanimously approved by roll-call vote.

**X. Public Comment.**

There was no public comment.

**XI. Adjourn.**

The meeting was adjourned at 10:32 am.

Submitted by Laura Labanieh, CSAC Finance Corporation staff.

*The next regular meeting of the commission is scheduled for  
**Thursday, December 18<sup>th</sup>, at 10:00 a.m.**  
in the CSAC office at 1100 K Street, Sacramento, California.*

#### Item IV

##### Consent Calendar:

- a. Approval of the City of Newport Beach as a Program Participant.
- b. Approval of Wells Fargo Corporate Trust Services Invoice #1141578 for \$3,000.00 for trustee fees related to CSCDA SCIP revenue Bonds 2004A.



If anyone or more of the terms, provisions, promises, covenants or conditions of this Agreement shall to any extent be adjudged invalid, unenforceable, void or voidable for any reason whatsoever by a court of competent jurisdiction, each and all of the remaining terms, provisions, promises, covenants and conditions of this Agreement shall not be affected thereby, and shall be valid and enforceable to the fullest extent permitted by law.

**Section 20. Successors.**

This Agreement shall be binding upon and shall inure to the benefit of the successors of the parties hereto. Except to the extent expressly provided herein, no party may assign any right or obligation hereunder without the consent of the other parties.

**Section 21. Miscellaneous.**

This Agreement may be executed in several counterparts, each of which shall be an original and all of which shall constitute but one and the same instrument.

The section headings herein are for convenience only and are not to be construed as modifying or governing the language in the section referred to.

Wherever in this Agreement any consent or approval is required, the same shall not be unreasonably withheld.

This Agreement is made in the State of California, under the Constitution and laws of such state and is to be so construed.

This Agreement is the complete and exclusive statement of the agreement among the parties hereto, which supercedes and merges all prior proposals, understandings, and other agreements, including, without limitation, the Initial Agreement, whether oral, written, or implied in conduct, between and among the parties relating to the subject matter of this Agreement.

**IN WITNESS WHEREOF**, the parties here to have caused this Agreement to be executed and attested by their proper officers there unto duly authorized, and their official seals to be here to affixed, as of the day and year first above written.

**Program-Participant: City of Newport Beach**

[SEAL]

By: 

**Name: Rush N. Hill, II**

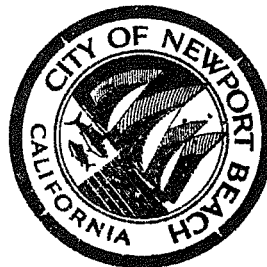
**Title: Mayor**

ATTEST:


By: 

**Name: Leilani I. Brown**

**Title: City Clerk**



**APPROVED AS TO FORM:**

 11/17/14  
**City Attorney** CAM 11/17/14

# Fee Invoice

Corporate Trust Services



|  |                                   |                               |  |
|--|-----------------------------------|-------------------------------|--|
| <b>Invoice Number</b><br>1141578   | <b>Billing Date</b><br>12/03/2014 | <b>Due Date</b><br>01/02/2015 | <b>Amount Due</b><br>\$3,000.00  |
| <b>CSCDA</b><br>Luis Castro<br>2999 Oak Road<br>Suite 710<br><br>Walnut Creek, CA 94597        |                                   |                               | <i>Please mail or wire payment to:</i><br><b>Mailing Address:</b><br>Wells Fargo Bank<br>WF 8113<br>P.O. Box 1450<br>Minneapolis, MN 55485-8113<br><b>Wire Instructions:</b><br>ABA #: 121000248<br>DDA #: 1000031565<br>Swift Code: WFBIUS6S<br>Reference: Invoice #, Acct Name, Attn Name<br><b>ACH Instructions:</b><br>ABA #: 091000019<br>DDA #: 1000031565<br>Memo: Invoice #, Account Name, Attn Name |
| <i>Please return this portion of the statement with your payment in the envelope provided:</i> |                                   |                               |  |
| <i>Please retain this portion for your records</i>   |                                   |                               |  |

Account Number: 16113400

CA Statewide Communities Dev Auth Revenue Bonds Statewide Community Infrastructure Progr Series  
2004 A

Administration Charges

For the Period 12/08/2014 through 12/07/2015

Trustee Fee

\$3,000.00

**Total Amount Due:**

**\$3,000.00**

*Billings past due are subject to an 18% annual finance charge of the balance due.*

## Item V

Consideration of the financing; all necessary actions; the execution and delivery of all necessary documents and authorize any member to sign all necessary financing documents for the following:

- a. Cottage Health System (Santa Barbara Cottage Hospital Master Plan), City of Santa Barbara, County of Santa Barbara; up to \$150 million in tax-exempt revenue bonds. (Staff: Scott Carper)

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## SUMMARY AND APPROVALS

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|                          |  |
|--------------------------|--|
| <b>DATE:</b>             | DECEMBER 18, 2014  |
| <b>APPLICANT:</b>        | SANTA BARBARA COTTAGE HEALTH SYSTEM  |
| <b>AMOUNT:</b>           | UP TO \$150 MILLION OF NONPROFIT REVENUE BONDS   |
| <b>PURPOSE:</b>          | FINANCE AND REFINANCE THE ACQUISITION, CONSTRUCTION, IMPROVEMENT, RENOVATION, REHABILITATION AND REMODELING OF HEALTH FACILITIES |
| <b>PRIMARY ACTIVITY:</b> | HEALTH CARE - HOSPITAL   |
| <b>LEGAL STRUCTURE:</b>  | 501(C)(3) CORPORATION  |

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### **Background:**

Cottage Health System (“CHS”), a California nonprofit public benefit corporation, is the parent organization of three nonprofit public benefit corporations that own and operate acute care hospitals in Santa Barbara County: Santa Barbara Cottage Hospital, Goleta Valley Cottage Hospital and Santa Ynez Valley Cottage Hospital. The CHS Hospitals, located in Santa Barbara, Goleta and Solvang, California, respectively, together provide the majority of acute care hospital services in Santa Barbara County.

With a combined total of more than 20,000 annual admissions, 68,000 annual Emergency Room visits and 2,300 births each year, CHS hospitals have a distinguished record of patient care and patient satisfaction. CHS has a uniquely comprehensive range of services for a hospital system serving a region and population of its size. CHS provides renowned maternal-child and pediatric services; comprehensive cardiac, neurosurgical, and oncology programs; emergency services; a Level II Trauma Center; and outpatient services that include sophisticated diagnostic radiology, outpatient surgery, psychiatric and chemical dependency services, and a comprehensive eye center. The CHS medical staff includes more than 700 physicians with specialists in all major clinical areas. Many of the staff members participate in the training and education of some of the top medical residents in the country through the CHS internal medicine, general surgery, and radiology residency programs.

The proceeds of the 2015 Bonds will be used to finance or refinance projects at Santa Barbara Cottage Hospital, 400 West Pueblo Street, Santa Barbara, California, 93105 (the “Project”).

Over the past several years, Santa Barbara Cottage Hospital has been replacing all of its inpatient care facilities at an estimated cost of more than \$800 million. The Facilities Master Plan consists of seven phases. Phase 4 was completed in 2011, and patients were moved into the new facility wings in February 2012. The rest of the project entails demolishing and rebuilding part of the existing hospital building, which will connect to the new buildings. These last few phases should be completed in 2018.

CHS has requested that the CSCDA issue nonprofit revenue bonds in an aggregate principal amount not to exceed \$150,000,000 (the “bonds”), the proceeds of which will be applied to Phase 5 and Phase 6 of the Facilities Master Plan. Phase 5 consists mostly of preparation for, and demolition of, several buildings in phases, which clears the path for future construction (Phase 6) in late 2015. Proceeds from the Series 2015 Bonds will also be used to refinance the Series 2003B Bonds, the proceeds of which were used to fund projects at Santa Barbara Cottage Hospital and refinance the Series 1985 Bonds.

CHS’s application was submitted to CSCDA on October 21, 2014. CSCDA has issued bonds for CHS in the approximate amount of \$800 million for three prior transactions.

**Agency Approvals:**

A TEFRA hearing is scheduled for December 16, 2014 in the City of Santa Barbara.

**Estimated Sources and Uses:**

Sources:

|                |                       |         |
|----------------|-----------------------|---------|
| Par Amount     | <u>\$ 149,480,000</u> | 100.00% |
| Total Sources: | \$ 149,480,000        | 100.00% |

Uses:

|                              |                     |              |
|------------------------------|---------------------|--------------|
| Refunding Series 2003B Bonds | \$ 47,980,000       | 32.10%       |
| New Money Projects           | \$ 100,000,000      | 66.90%       |
| Costs of Issuance            | <u>\$ 1,500,000</u> | <u>1.00%</u> |
| Total Uses:                  | \$ 149,480,000      | 100.00%      |

**Finance Team:**

- Bond Counsel: Orrick, Herrington & Sutcliffe, LLP, Sacramento
- Authority Counsel: Orrick, Herrington & Sutcliffe, LLP, Sacramento
- Financial Advisor: Kauffman, Hall & Associates, Inc., Skokie, IL
- Underwriter: Morgan Stanley, San Francisco

**Financing Structure:**

CHS is planning to issue uninsured fixed rate bonds based on its own credit ratings (“A+” from Standard & Poor’s and “AA-” from Fitch Ratings). Morgan Stanley has agreed to serve as underwriter for the offering. Since these bonds will not be subject to mandatory tender, CHS will not be obligated to purchase the bonds on demand from bondholders.

**Executive Director Review and Recommendation:**

The Executive Director has reviewed the Huntington transaction and based on the overall Project public benefit, finance related considerations detailed in Attachment 1 and compliance with CSCDA's 501(c)(3) nonprofit healthcare facilities policies and the Authority’s general and issuance

policies, the Executive Director recommends that the Commission approve of the Resolution as submitted to the Commission, which:

1. Approves the granting of the Obligation;
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.

**Attachments:**

1. Attachment 1 – economic and public benefits
2. Benefit Guidelines for 501(c)(3) Nonprofit Healthcare Facilities
3. Original application

## Attachment 1

### **CSCDA Benefit Guidelines for 501(c)(3) Healthcare Facilities**

CHS is a not-for-profit organization which belongs to the community it serves. In 2013, through charity care, shortfalls in government reimbursement, and a broad array of community programs, CHS provided more than \$144 million of services for the benefit of those most in need. These services and benefits include:

#### **Economic Development:**

- CHS employs more than 2,200 staff throughout its campus and support facilities in Santa Barbara, California. CHS employees live, eat, and shop within those communities and support the local economy.
- CHS provides \$4.4 million of Health Education & Research. CHS has teaching programs that offer residencies in internal medicine, diagnostic radiology, and general surgery. In addition, CHS provides ongoing financial support of nursing education through the Associate Degree Nurse program at Santa Barbara City College and the California State University Channel Islands Bachelor of Science in Nursing program. CHS' Reeves Medical Library at Santa Barbara Cottage Hospital is the largest medical library between Los Angeles and San Francisco—and the only one open to the public.

#### **Public Benefit:**

- Health care resource – CHS is the largest hospital of its kind between Los Angeles and the Bay Area. The Hospital admits more than 18,000 patients, nearly 44,000 emergency department visits and 2,350 births annually.
- Community Benefit – CHS provides \$12.5 million of Charity Care. The Charity Care and Community Service Programs provide financial assistance to patients who meet income eligibility requirements. The Charity Care Program offers free or reduced-cost care for emergency services, while the Community Service Program provides free or reduced-cost care for non-emergent but medically necessary services
- Emergency care – CHS provides 24-hour emergency care to all individuals, regardless of their ability to pay.
- Community outreach – CHS provides \$10.3 million of Benefits for Broader Community and Vulnerable Populations through free and reduced-cost programs for community wellness—including parish nursing, health fairs and clinics, classes, seminars, support groups, adapted recreation and therapeutic activities, and financial support and gifts-in-kind.
- Medi-Cal and Medicare acceptance – CHS covers \$117.6 million of Government Underpayment (unreimbursed cost of Medi-Cal, Medicare, and others). Underpayment is the difference between the costs incurred and the reimbursement received for providing care to patients. Payment rates for Medicare and Medi-Cal are set by law.

These rates are currently below the costs of providing care, resulting in underpayment to healthcare providers.



**Benefit Guidelines for 501(c)(3) Nonprofit Healthcare Facilities**

In 1991, CSCDA adopted economic development benefit guidelines based upon the finding that the nonprofit facility promotes economic development within the jurisdiction of a CSCDA Program Participant. Effective March 1, 2006, the CSCDA Commission adopted health care benefit guidelines to be considered in conjunction with the CSCDA economic development guidelines with respect to proposed bond issues for 501(c)(3) nonprofit healthcare facilities.

**Economic Development Benefit\***

A significant and growing opportunity for the creation and retention of employment to the California economy and the enhancement of the quality of life of local Program Participant residents;

The facility being a significant factor in the economic development of an area, promoting residential, commercial and industrial development and increasing the tax base; or

The facility providing the educational background and vocational training which is a necessary element to the development and retention of a capable work force.

**Health Care Benefit\***

Health care resource – consideration given to quality of life for Program Participant and other area residents for access to quality medical care in general;

Emergency care – consideration given to quality of life for Program Participant and other area residents; whether the health care facility provides 24-hour emergency care to all individuals, regardless of ability to pay;

Facility upgrades and increased patient capacity - consideration given to quality of life for Program Participant patients, health facility employees, physicians and staff for new, improved or expanded medical facilities;

SB1953 compliance - consideration given to quality of life for Program Participant patients, health facility employees, physicians and staff for medical facilities being rehabilitated or constructed in compliance with SB1953 and that provide a safer acute health care environment;

Public health facility assistance - consideration given to quality of life for Program Participant owned or operated public health facilities for healthcare applicants that identify programs, contracts or practices where facilities link with or otherwise assist or ease the burden on area public health facilities;

Community outreach – consideration given to quality of life for Program Participant residents from efforts of health facility physicians and staff (such as free health screenings, immunizations for the elderly and disadvantaged, toy drives, holiday events, etc.);

## Attachment 2

Research – consideration given to medical advancements by way of research that benefit Program Participant residents and others;

Medi-Cal and Medicare acceptance - consideration given to quality of life for Program Participant residents for health care providers that serve Medi-Cal and / or Medicare patients; special consideration should be given to disproportionate share hospitals (a government measure for how much care hospitals provide to designated low-income patients);

Non-reimbursed community benefit costs for the poor and the broader community - consideration given to quality of life for Program Participant and other area residents that include:

- a. Charity care and uncompensated care
- b. Unpaid cost of Medi-Cal services
- c. Unpaid cost of Medicare services
- d. Education
- e. Research
- f. Low or negative margin services
- g. Nonbilled services
- h. Cash and in-kind donations
- i. Other benefits to the poor or broader community, as defined by the applicant

\* Although any one of these listed benefits may demonstrate a clear public benefit, the absence of other benefits does not mean that there is a lack of public benefit associated with a project. There may be other benefits not listed which can also be considered to demonstrate public benefit.

Effective March 1, 2006.

### Organization

Name of Organization: **Cottage Health System**

TIN or EIN: **770431902**

### Primary Contact

First Name: **Karen**

Last Name: **Jones**

Title: **Vice President of Finance**

Street: **P.O. Box 689**

Suite:

City: **Santa Barbara**

State: **California**

Zip: **93102**

Phone: **805-569-7578**

Ext:

Fax:

Email: **kjones@sbch.org**

### Secondary Contact

First Name:

Last Name:

Title:

**Address:**

Street :

Suite:

City:

State:

Zip:

Phone:

Ext:

Fax:

Email:

### Primary Billing Contact

Organization: **Cottage Health System**

First Name: **Karen**

Last Name: **Jones**

Title: **Vice President of Finance**

**Address:**

Street: **P.O. Box 689**

Suite:

City: **Santa Barbara**

State: **California**

Zip: **93102**

Phone: **805-569-7578**

Ext:

Fax:

Email:

## Project Information

Project type: **Healthcare: Hospital**

Other:

Project Name: **Santa Barbara Cottage Hospital Master Plan**

Small Issue Public Benefit Project?

### Facility #1

Facility Name: **Santa Barbara Cottage Hospital**

Facility Bond Amount: **\$150,000,000.00**

#### Project Address:

Street or general location: **400 West Pueblo Street**

City: **Santa Barbara**

State: **California**

Zip: **93105**

County: **Santa Barbara County**

Is Project located in an unincorporated part of the County?  Y  N

Has the City or County in which the project is located been contacted? If so, please provide name, title, telephone number and e-mail address of the person contacted:

Name of Agency:

First Name:

Last Name:

Title:

Phone:

Ext:

Fax:

Email:

### Government Information

#### Project/Facility is in:

Congressional District #:

24

State Senate District #:

19

State Assembly District #:

37

## Financing Information

### Financing Information

Tax Exempt: \$ 150,000,000.00  
Taxable: \$  
Total Principal Amount: \$ 150,000,000.00  
Maturity 30Years

#### Interest Rate Mode:

Fixed  Variable

Denominations: \$5,000

#### Type of Offering:

Public Offering  Private Placement  
 New Construction  Acquisition of Existing Facility  
 Refunding

#### Financing:

Credit Enhancement  Letter of Credit  
 None  
 Other

Name of Credit Enhancement Provider or Private Placement Purchaser:

#### Expected Rating:

Unrated

Moody's:

NR

S&P:

A+

Fitch:

AA-

## Financing Team Information

### Bond Counsel

**Firm Name:** Orrick, Herrington & Sutcliffe

**Primary Contact**

First Name: Lina

Last Name: Thoreson

Title: Of Counsel

**Address:**

Street: 400 Capitol Mall

Suite: 3000

City: Sacramento

State: California

Zip: 95814

Phone: 916-329-7920

Ext:

Fax:

Email: lthoreson@orrick.com

### Bank/Underwriter/Bond Purchaser

**Firm Name:** Morgan Stanley

**Primary Contact**

First Name: John

Last Name: Landers

Title: Managing Director

**Address:**

Street: 555 California Street

Suite: 2100

City: San Francisco

State: California

Zip: 94104

Phone: 415-576-2071

Ext:

Fax:

Email: john.landiers@morganstanley.com

### Financial Advisor

**Firm Name:**

**Primary Contact**

First Name:

Last Name:

Title:

**Address:**

Street:

Suite:

City:

State:

Zip:

Phone:

Ext:

Fax:

Email:

### Rebate Analyst

**Firm Name:**

**Primary Contact**

First Name:

Last Name:

Title:

**Address:**

Street:

Suite:

City:

State:

Zip:

Phone:

Ext:

Fax:

Email:

**RESOLUTION NO. \_\_NP-\_\_**

**CALIFORNIA STATEWIDE COMMUNITIES  
DEVELOPMENT AUTHORITY**

**A RESOLUTION AUTHORIZING THE ISSUANCE OF REVENUE BONDS IN A  
PRINCIPAL AMOUNT NOT TO EXCEED \$150,000,000 TO FINANCE AND  
REFINANCE THE ACQUISITION, CONSTRUCTION, IMPROVEMENT, EQUIPPING,  
RENOVATION, REHABILITATION AND REMODELING OF CERTAIN HEALTH  
AND RELATED FACILITIES FOR SANTA BARBARA COTTAGE HOSPITAL, AN  
AFFILIATE OF COTTAGE HEALTH SYSTEM, AND OTHER MATTERS RELATING  
THERETO**

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

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

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

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

WHEREAS, the City of Santa Barbara (the "City") is a Program Participant, and such City is authorized to acquire and dispose of property, both real and personal, pursuant to the provisions of Article 1, Chapter 5, Part 2 of Division 3 of Title 4 of the Government Code of the State of California;

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

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

WHEREAS, Cottage Health System (“CHS”) and its affiliate Santa Barbara Cottage Hospital (“SBCH”), each a California nonprofit public benefit corporation, wishes to finance and refinance the acquisition, construction, improvement, equipping, renovation, rehabilitation and remodeling and other capital projects of certain of SBCH’s health care facilities and support facilities (the “Project”) owned and operated by SBCH and located in the City and refund the California Health Facilities Financing Authority Revenue Bonds (Cottage Health System Obligated Group), Series 2003B, (the “Prior Bonds”), proceeds of which were used to finance or refinance a portion of the costs of the acquisition, construction, improvement, equipping, renovation, rehabilitation, remodeling and other capital projects located at the facilities of SBCH;

WHEREAS, CHS and SBCH are requesting the assistance of the Authority in financing and refinancing the Project and refunding the Prior Bonds;

WHEREAS, pursuant to a Bond Indenture (the “Indenture”), between the Authority and U.S. Bank National Association (the “Trustee”), the Authority will issue the California Statewide Communities Development Authority Revenue Bonds (Cottage Health System Obligated Group, Series 2015, in one or more series (the “Bonds”) for the purpose, among others, of financing and refinancing the Project and refunding the Prior Bonds;

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

WHEREAS, pursuant to a Bond Purchase Contract, to be dated the date of sale of the Bonds (the “Purchase Contract”), among Morgan Stanley & Co. LLC, as underwriter (the “Underwriter”), the Authority as approved by CHS on behalf of the Obligated Group Members (as defined in the Indenture), the Bonds will be sold to the Underwriter, and the proceeds of such sale will be used as set forth in the Indenture to finance and refinance the Project, to refund the Prior Bonds and to pay costs incurred in connection with the issuance of the Bonds;

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

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

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

**Section 1.** Pursuant to the Act and the Indenture, the Authority is hereby authorized to issue its revenue bonds designated as the “California Statewide Communities



Development Authority Revenue Bonds (Cottage Health System Obligated Group), Series 2015” in one or more series in an aggregate principal amount not to exceed one hundred fifty million dollars (\$150,000,000). The Bonds shall be issued and secured in accordance with the terms of, and shall be in the form or forms set forth in, the Indenture. The Bonds shall be executed on behalf of the Authority by the manual or facsimile signature of the Chair of the Authority or the manual signature of any member of the Commission of the Authority or their administrative delegates duly authorized pursuant to Resolution No. 14R-58 of the Authority, adopted on November 6, 2014 (each, an “Authorized Signatory”), and attested by the manual or facsimile signature of the Secretary of the Authority or the Assistant to the Secretary of the Authority or the manual signature of any Authorized Signatory.

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

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

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

**Section 5.** The proposed preliminary form of Official Statement, as made available to the Commissioners, is hereby approved. Any Authorized Signatory is hereby authorized and directed, for and on behalf of the Authority, to execute the Official Statement, in substantially said form, with such changes and insertions therein as any member of the Commission, with the advice of counsel to the Authority, may approve, such approval to be conclusively evidenced by the execution and delivery thereof.

**Section 6.** The Underwriter is hereby authorized to distribute the Official Statement in preliminary form, to persons who may be interested in the purchase of the Bonds and to deliver the Official Statement in final form to the purchasers of the Bonds, in each case with such changes as may be approved as aforesaid.

**Section 7.** The Bonds, when executed as provided in Section 1, shall be delivered to the Trustee for authentication by the Trustee. The Trustee is hereby requested and directed to authenticate the Bonds by executing the Trustee's Certificate of Authentication appearing thereon, and to deliver the Bonds, when duly executed and authenticated, to the purchaser or purchasers thereof in accordance with written instructions executed on behalf of the Authority by an Authorized Signatory, which any Authorized Signatory, acting alone, is authorized and directed, for and on behalf of the Authority, to execute and deliver to the Trustee. Such instructions shall provide for the delivery of the Bonds to the purchaser or purchasers thereof, upon payment of the purchase price thereof.

**Section 8.** The Chair, the Vice Chair, the Secretary, the Treasurer, any other members of the Commission of the Authority and other appropriate officers and agents of the Authority are hereby authorized and directed, jointly and severally, for and in the name and on behalf of the Authority, to execute and deliver any and all documents, including, without limitation, any and all documents and certificates to be executed in connection with securing credit support, if any, for the Bonds, and to do any and all things and take any and all actions which may be necessary or advisable, in their discretion, to effectuate the actions which the Authority has approved in this Resolution and to consummate by the Authority the transactions contemplated by the documents approved hereby, including any subsequent amendments, waivers or consents entered into or given in accordance with such documents.

**Section 9.** All actions heretofore taken by the Chair, the Vice Chair, the Secretary, the Treasurer, any other members of the Commission of the Authority and other appropriate officers and agents of the Authority with respect to the issuance of the Bonds are hereby ratified, confirmed and approved.

**Section 10.** Notwithstanding anything to the contrary in this Resolution, no documents referenced in this Resolution may be executed and delivered until the City has held the hearing pursuant to Section 147(f) of the Internal Revenue Code of 1986, if required by said Section, and has approved the issuance of the Bonds as may be required thereby and in accordance with Section 9 of the Agreement to provide financing and refinancing for the Project and refunding of the Prior Bonds.

**Section 11.** This Resolution shall take effect from and after its adoption.

PASSED AND ADOPTED by the California Statewide Communities Development Authority this 18 day of December, 2014.

I, the undersigned, an Authorized Signatory of the California Statewide Communities Development Authority, DO HEREBY CERTIFY that the foregoing resolution was duly adopted by the Commission of the Authority at a duly called meeting of the Commission of the Authority held in accordance with law on December 18, 2014.

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

Item V

Consideration of the financing; all necessary actions; the execution and delivery of all necessary documents and authorize any member to sign all necessary financing documents for the following:

- b. Pilgrim Terrace Affordable, LP (Pilgrim Terrace), City of Santa Barbara, County of Santa Barbara; up to \$12 million in multifamily housing revenue bonds. (Staff: Caitlin Lanctot)

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## INFORMATION REPORT

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|                       |  |
|-----------------------|--|
| <b>DATE:</b>          | DECEMBER 18, 2014  |
| <b>APPLICANT:</b>     | PILGRIM TERRACE AFFORDABLE, L.P./REINER COMMUNITIES  |
| <b>AMOUNT:</b>        | UP TO \$12,000,000 OF TAX-EXEMPT MULTI-FAMILY HOUSING REVENUE BONDS  |
| <b>PURPOSE:</b>       | FINANCE THE ACQUISITION AND REHABILITATION OF PILGRIM TERRACE APARTMENTS LOCATED AT 649 PILGRIM TERRACE DRIVE IN SANTA BARBARA, CA |
| <b>CSCDA PROGRAM:</b> | HOUSING  |

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### **Background:**

The proposed project, Pilgrim Terrace Apartments (the "Project"), is an 84 unit senior property located in Santa Barbara, California. The Project's application was filed on December 12, 2013 and induced on December 19, 2013.

### **Summary:**

Pilgrim Terrace Affordable, L.P. (the "Borrower") has requested CSCDA to issue and deliver multifamily housing revenue obligations in the anticipated principal amount of \$12,000,000 (the "Bonds") for the purpose of financing the acquisition and rehabilitation of the Project. The Project will continue to provide 76 one-bedroom units and 7 two-bedroom units to low-income seniors in Santa Barbara.

The Property is comprised of 26 residential buildings and 1 community building spread out over nearly 10 acres. Amenities include laundry facilities, a service coordinator, balcony/patio, adjacent park, and community garden. The unit renovations will include new cabinets, countertops, appliances, flooring and fixtures in all kitchens and baths. Windows throughout will be replaced with new high efficiency units. Roofing will be repaired and replaced. Building exteriors will be repaired and repainted and exterior wood trim will be replaced and repaired. The community room will receive a complete remodel with the addition of a commercial grade kitchen, computer lab, media lounge, tenant meeting area and new offices. New furnaces will be installed throughout the property. The site landscape will be upgraded and the exterior common areas will be improved.

Rehabilitation is expected to begin in January 2015 and take approximately 8 months to complete.

The Borrower has previously rehabilitated over 20 multifamily and senior housing properties throughout California. This is their second financing with CSCDA.

### **Public Benefit:**

- Project Affordability
  - 100% of the Project's units will be income restricted:

- 18 units reserved for tenants whose income is at or below 50% AMI
    - 65 units reserved for tenants whose income is at or below 60% AMI
    - 1 manager unit
  - The term of the income and rental restrictions for the Project will be at least 55 years
- Site Amenities
  - The Project is located within a Public Transit Corridor
  - The Project is located within ½ mile of a park
- Economic Benefits
  - Based upon \$23,052,406.00 Project costs using a 1.8 multiplier the Project produces approximately \$41,494,330.80 total economic activity, and at 2.1 jobs per unit produces approximately 176 jobs. (Multipliers based on June 2010 study by Blue Sky Consulting Group and Center for Housing Policy on impact of housing in California using IMPLAN system.)

**Agency Approvals:**

**TEFRA Hearing:** February 11, 2014, City of Santa Barbara, unanimous approval  
**CDLAC Approval:** Forward Commitment received August 25, 2014. Allocation anticipated January 21, 2014.

**Estimated Sources and Uses:**

Sources:

|                                      |                  |              |
|--------------------------------------|------------------|--------------|
| Tax Exempt Bond Proceeds             | \$11,250,000     | 48.80%       |
| Low Income Housing Tax Credit Equity | \$6,082,497      | 26.39%       |
| HUD/Prudential                       | \$2,745,000      | 11.91%       |
| Seller Carry Note                    | \$2,500,000      | 10.84%       |
| Purchase Reserves                    | \$300,000        | 1.30%        |
| Deferred Developer Fee               | <u>\$174,909</u> | <u>0.76%</u> |
| Total Sources                        | \$23,052,406     | 100.00%      |

Uses:

|                              |              |        |
|------------------------------|--------------|--------|
| Acquisition Cost             | \$13,306,300 | 57.72% |
| Hard Construction Costs      | \$4,507,980  | 19.56% |
| Architect & Engineering Fees | \$307,500    | 1.33%  |
| Financing Costs              | \$911,988    | 3.96%  |
| Reserves                     | \$574,385    | 2.49%  |
| Legal                        | \$165,000    | 0.72%  |
| Developer Fee                | \$2,500,000  | 10.84% |
| Accounting/Admin             | \$30,000     | 0.13%  |
| FF&E                         | \$150,000    | 0.65%  |
| Relocation                   | \$100,400    | 0.44%  |

|                              |                  |              |
|------------------------------|------------------|--------------|
| Taxes                        | \$66             | 0.00%        |
| Insurance                    | \$34,439         | 0.15%        |
| Hard & Soft Cost Contingency | <u>\$464,348</u> | <u>2.01%</u> |
| Total Uses                   | \$23,052,406     | 100.00%      |

**Finance Team:**

- Bond Counsel: Orrick, Herrington & Sutcliffe, LLP, San Francisco
- Authority Counsel: Orrick, Herrington & Sutcliffe, LLP, Sacramento
- Lender: Prudential Huntoon Paige Associates, LLC, San Francisco
- Underwriter: Lancaster Pollard

**Financing Structure:**

The bonds will be sold to Lancaster Pollard as underwriter. The bonds will mature in no more than 20 months and will be taken out by a HUD/FHA mortgage, provided by Prudential. The projected true interest cost of the fixed rate FHA loan under current market conditions is estimated to be 4.05% and will have a term of 40 years. Bonds are expected to be rated A-1+ by S&P.

**Policy Compliance:**

The Project complies with the following policies:

- CSCDA General Policies
- CSCDA Issuance Policies
- CDLAC's Qualified Residential Rental Program Requirements

**Executive Director Approval:**

Based on the overall public benefits, approval of the issuance of Bonds by the City of Santa Barbara, and conformance to the CSCDA Issuance Policies, the Executive Director recommends that the Commission approve the Resolution as submitted to the Commission, which:

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

**Attachments:**

1. Original application

## Applicant Information

Primary Contact E-mail: [sburrowes@reinercommunities.com](mailto:sburrowes@reinercommunities.com)

Name of Developer: **Reiner Communities**

TIN or EIN: **20-3821985**

### Primary Contact

First Name: **Sean**

Last Name: **Burrowes**

Title: **Investment Director**

#### Address:

Street: **8105 Irvine Center Drive**

Suite: **830**

City: **Irvine**

State: **California**

Zip: **92618**

Phone: **949-753-0555**

Ext:

Fax:

Email: **sburrowes@reinercommunities.com**

#### Borrower Description:

Same as developer ?

Name of Borrowing Entity: **Entity to be formed "Pilgrim Terrace Affordable, LP"**

#### Type of Entity:

For-profit Corporation

Non-profit Corporation

Partnership

Other (specify)

Will you be applying for State Volume Cap?

Date Organized: to be formed

No. of Multi-Family Housing Projects Completed in the Last 10 Years: **20**

No. of Low Income Multi-Family Housing Projects Completed in the Last 10 Years: **20**

### Secondary Contact

First Name:

Last Name:

Title:

#### Address:

Street :

Suite:

City:

State:

Zip:

Phone:

Ext:

Fax:

Email:

### Primary Billing Contact

Organization: **Reiner Communities**

First Name: **Sean**

Last Name: **Burrowes**

Title: **Investment Director**

#### Address

Street: **8105 Irvine Center Drive**

Suite: **830**

City: **Irvine**

State: **California**

Zip: **92618**

Phone: **949-753-0555**

Ext:

Fax:

Email: **sburrowes@reinercommunities.com**



## Project Information

### Project Information

Project Name: **Pilgrim Terrace Homes**

New Project Name(optional):

### Facility Information

#### Facility #1

Facility Name: **Pilgrim Terrace**

**Facility Bond Amount: \$12,075,000.00**

#### Project Address:

Street or general location: **649 Pilgrim Terrace Drive**

City: **Santa Barbara**

State: **California**

Zip: **93101**

County: **Santa Barbara**

Is Project located in an unincorporated part of the County?  Y  N

#### Total Number of Units:

Market:

Restricted: **84**

Total: **84**

Lot size: **8.25 acres**

Amenities:

Community Room, Laundry Facilities, Service Coordinator, Adjacent Park, Community Garden

Type of Construction (i.e., Wood Frame, 2 Story, 10 Buildings):

Single Story Wood Frame, 26 Buildings

#### Type of Housing:

New Construction

Acquisition/Rehab

#### Facility Use:

Family

Senior

Is this an Assisted Living Facility?

Has the City or County in which the project is located been contacted? If so, please provide name, title, telephone number and e-mail address of the person contacted:

Name of Agency:

First Name:

Last Name:

Title:

Phone:

Ext:

Fax:

Email:

#### Public Benefit Info:

Percentage of Units in Low Income Housing: 100

Percentage of Area Median Income(AMI) for Low Income Housing Units: 50

Total Number of Management Units: 1

| #  | Bedrooms<br>(Unit Size) | %AMI | No. of restricted<br>units | Restricted rent | Market rent | Expected savings |
|----|-------------------------|------|----------------------------|-----------------|-------------|------------------|
| 1. | 1 Bedroom               | 50   | 16                         | 704.00          | 1,465.00    | 761.00           |
| 2. | 1 Bedroom               | 60   | 60                         | 854.00          | 1,465.00    | 611.00           |
| 3. | 2 Bedrooms              | 50   | 2                          | 842.00          | 1,675.00    | 833.00           |
| 4. | 2 Bedrooms              | 60   | 5                          | 1,021.00        | 1,675.00    | 654.00           |

Note: Restricted Rent must be least 10% lower than Market Rent and must be lower than the HUD Rent limit.

## Government Information

**Project/Facility is in:**

Congressional District #:

24

State Senate District #:

19

State Assembly District #:

37

## Financing Information

### Financing Information

Maturity 17 Years

#### Interest Rate Mode:

Fixed  Variable

#### Type of Offering:

Public Offering  Private Placement  
 New Construction  Acquisition of Existing Facility  
 Refunding

(Refunding only) Will you be applying for State Volume Cap?  Yes  No

Is this a transfer of property to a new owner?  Yes  No

#### Construction Financing:

Credit Enhancement  None  
 Letter of Credit  Other (specify) :FMAC

Name of Credit Enhancement Provider or Private Placement Purchaser: TBD, likely FMAC

#### Permanent Financing:

Credit Enhancement  None  
 Letter of Credit  Other (specify) :FMAC

Name of Credit Enhancement Provider or Private Placement Purchaser: TBD, likely FMAC

#### Expected Rating:

Unrated

|                 |             |               |
|-----------------|-------------|---------------|
| Moody's:<br>aaa | S&P:<br>Aa+ | Fitch:<br>aaa |
|-----------------|-------------|---------------|

#### Projected State Allocation Pool:

General  Mixed Income  Rural

Will the project use Tax-Credit as a source of funding?  Y  N

## Sources and Uses

### Sources and Uses

#### Sources Of Funding

|                           |                        |
|---------------------------|------------------------|
| Tax-Exempt Bond Proceeds: | <u>\$12,075,000.00</u> |
| Taxable Bond Proceeds:    | <u>\$</u>              |
| Projected Tax Credits:    | <u>\$6,420,857.00</u>  |
| Developer Equity:         | <u>\$1,758.00</u>      |
| Other Funds (Describe):   |                        |
| <b>Seller Carry Note</b>  | <u>\$2,500,000.00</u>  |
|                           | <u>\$</u>              |
|                           | <u>\$</u>              |
|                           | <u>\$</u>              |
|                           | <u>\$</u>              |
| Total Sources:            | <u>\$20,997,615.00</u> |

#### Uses:

|                          |                        |
|--------------------------|------------------------|
| Land Acquisition:        | <u>\$1,300,000.00</u>  |
| Building Acquisition:    | <u>\$12,006,300.00</u> |
| Construction or Remodel: | <u>\$3,715,218.00</u>  |
| Cost of Issuance:        | <u>\$596,061.00</u>    |
| Capitalized Interest:    | <u>\$</u>              |
| Reserves:                | <u>\$301,483.00</u>    |
| Other Uses (Describe):   |                        |
|                          | <u>\$</u>              |
|                          | <u>\$</u>              |
| <b>Developer Fee</b>     | <u>\$2,427,718.00</u>  |
| <b>Other/Misc/Admin</b>  | <u>\$650,835.00</u>    |
|                          | <u>\$</u>              |
| Total Uses:              | <u>\$20,997,615.00</u> |

## Financing Team Information

### Bond Counsel

Firm Name: Orrick Herrington

#### Primary Contact

First Name: Justin

Last Name: Cooper

Title: Bond Counsel

#### Address:

Street: 405 Howard Street

Suite:

City: San Francisco

State: California

Zip: 94105

Phone: 415-773-5908

Ext:

Fax: 415-773-5759

Email: jcooper@orrick.com

### Bank/Underwriter/Bond Purchaser

Firm Name: Citi

#### Primary Contact

First Name: Jay

Last Name: Abeywardena

Title:

#### Address:

Street: 325 E. Hillcrest Drive

Suite: 160

City: Thousand Oaks

State: California

Zip: 91360

Phone: (805) 557-0943

Ext:

Fax:

Email: jay.m.abeywardena@citi.com

### Financial Advisor

Firm Name: tbd

#### Primary Contact

First Name:

Last Name:

Title:

#### Address:

Street:

Suite:

City:

State:

Zip:

Phone:

Ext:

Fax:

Email:

### Rebate Analyst

Firm Name:

#### Primary Contact

First Name:

Last Name:

Title:

#### Address:

Street:

Suite:

City:

State: California

Zip:

Phone:

Ext:

Fax:

Email:

**RESOLUTION NO. 014H-\_\_**

**A RESOLUTION OF THE CALIFORNIA STATEWIDE COMMUNITIES DEVELOPMENT AUTHORITY AUTHORIZING THE ISSUANCE AND DELIVERY OF MULTIFAMILY HOUSING REVENUE BONDS IN AN AGGREGATE PRINCIPAL AMOUNT NOT TO EXCEED \$12,000,000 FOR THE FINANCING OF A MULTIFAMILY RENTAL HOUSING PROJECT GENERALLY KNOWN AS PILGRIM TERRACE; DETERMINING AND PRESCRIBING CERTAIN MATTERS AND APPROVING AND AUTHORIZING THE EXECUTION OF AND DELIVERY OF VARIOUS DOCUMENTS RELATED THERETO; RATIFYING ANY ACTION HERETOFORE TAKEN AND APPROVING RELATED MATTERS IN CONNECTION WITH THE BONDS**

**WHEREAS**, the California Statewide Communities Development Authority (the “Authority”) is authorized by the Joint Powers Act, commencing with Section 6500 of the California Government Code (the “JPA Law”), and its Amended and Restated Joint Exercise of Powers Agreement, dated as of June 1, 1988, as the same may be amended (the “Agreement”), to issue revenue bonds for the purpose of financing, among other things, the acquisition, construction 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**, Pilgrim Terrace Affordable, L.P., a California limited partnership, and entities related thereto (collectively, the “Borrower”), has requested that the Authority issue and sell revenue bonds to assist in the financing of the acquisition, rehabilitation and development of a 84-unit multifamily rental housing development for seniors located in the City of Santa Barbara (the “City”), County of Santa Barbara, California, and known as Pilgrim Terrace (the “Project”);

**WHEREAS**, the Authority is expected to receive an allocation in the amount of \$12,000,000 (the “Allocation Amount”), on January 21, 2015, from the California Debt Limit Allocation Committee (“CDLAC”) in connection with the Project;

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

**WHEREAS**, the Authority is willing to issue not to exceed \$12,000,000 aggregate principal amount of its Multifamily Housing Revenue Bonds (Pilgrim Terrace) 2015 Series B (the “Bonds”), provided that the aggregate portion of such Bonds issued as federally tax-exempt obligations shall not exceed the Allocation Amount, as finally approved, and loan the proceeds thereof to the Borrower to assist in providing financing for the Project, which will allow the Borrower to reduce the cost of the Project and to assist in providing housing for low income persons;

**WHEREAS**, 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 U.S. Bank National Association, as trustee (the “Trustee”);
- (2) Loan Agreement (the “Loan Agreement”), to be entered into between the Authority and the Borrower;
- (3) Bond Purchase Agreement (the “Purchase Agreement”), to be entered into among the Authority, the Borrower, and Lancaster Pollard & Co., as underwriter of the Bonds (collectively, the “Underwriter”);
- (4) Official Statement (the “Official Statement”), to be used in connection with the offer and sale of the Bonds; and
- (5) 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 (Pilgrim Terrace) 2015 Series B” with appropriate modifications and series and sub-series designations as necessary, in an aggregate principal amount not to exceed \$12,000,000; 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. 14R-58 of the Authority, adopted on November 6, 2014) (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 December 1, 2059), 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 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 6. The form, terms and provisions of the Official Statement in the form presented at this meeting are hereby approved and the Commission hereby approves the distribution of the Official Statement to prospective purchasers of the Bonds. Any Authorized Signatory, acting alone, is authorized to certify on behalf of the Authority that the Official Statement as to the sections therein related directly to the Authority is deemed final as of its date, within the meaning of Rule 15c2-12 promulgated under the Securities Exchange Act of 1934. Any Authorized Signatory, acting alone, is authorized to execute, at the time of the sale of the Bonds, said Official Statement in final form, with such changes and insertions therein as may be necessary to cause the same to carry out the intent of this Resolution and as are hereby approved by counsel to the Authority, such approval to be conclusively evidenced by the delivery thereof.

Section 7. 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 8. 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 9. 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 10. 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. Notwithstanding anything to the contrary in this Resolution, no documents referenced in this Resolution may be executed and delivered until the Allocation Amount has been established by CDLAC in connection with the Project.

Section 11. This Resolution shall take effect upon its adoption.

**PASSED AND ADOPTED** by the California Statewide Communities Development Authority this 18<sup>th</sup> day of December 2014.

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 December 18, 2014.

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

## Item V

Consideration of the financing; all necessary actions; the execution and delivery of all necessary documents and authorize any member to sign all necessary financing documents for the following:

- c. Balboa Management Group, LLC (Silverlakes Equestrian & Sports Park), City of Norco, County Riverside; up to \$22 million in taxable revenue bonds. (Staff: Scott Carper)

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## SUMMARY AND APPROVALS

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|                          |   |
|--------------------------|---|
| <b>DATE:</b>             | DECEMBER 18, 2014   |
| <b>APPLICANT:</b>        | BALBOA MANAGEMENT GROUP, LLC  |
| <b>AMOUNT:</b>           | UP TO \$22 MILLION OF REVENUE BONDS   |
| <b>PURPOSE:</b>          | FINANCE REVENUE BONDS FOR THE CONSTRUCTION, EQUIPPING AND FURNISHING OF AN EQUESTRIAN AND SPORTS PARK |
| <b>PRIMARY ACTIVITY:</b> | RECREATION  |
| <b>LEGAL STRUCTURE:</b>  | LIMITED LIABILITY COMPANY   |

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### **Background:**

Balboa Management Group, LLC (“Balboa” or “Borrower”) is developing the Silverlakes Equestrian and Sports Park facility on a 121 acre site located at 5555 Hamner Avenue in Norco (the “Project” or “Silverlakes”). The Borrower has requested CSCDA to issue and deliver revenue obligations in the anticipated principal amount of \$22,000,000 (the “Bonds”) for the purpose of financing the construction of the sports complex, focused on providing fields for use for youth soccer, parking, stadium seating, equestrian facilities and recreation vehicle parking. The site has already been entitled, graded and prepared for use, and is expected to open in the summer of 2015. Phase I improvements to be completed with the proceeds of the Bonds will include synthetic fields with lighting; natural turf fields; satellite restroom facilities; and paved parking. The Bonds will fund Phase I, pay COI and fund capitalized interest.

Silverlakes is a unique facility designed to capture value from the underserved and undervalued amateur youth sports market, with primary emphasis on youth soccer. The facility will also serve the amateur and professional equestrian market. The facility will have 25 full-size soccer fields, 1,500 horse stall capacity, and a lit stadium field with a 5,000 seat capacity. The primary use of this property will be for sporting events. Secondary use will be for concerts, conferences, corporate events and other outdoor gatherings.

### **Public Benefit:**

Silverlakes provides a much needed supply of fields for youth soccer in Southern California. The Project benefits the City of Norco with state of the art recreation facilities, a favorable tax and fee structure, widening and improvement of Hamner Avenue along the length of the property and the construction of a causeway under the entrance road. Additionally, 1.7 million visitors are expected to visit the facilities annually, creating jobs and revenue for the City.

The Project is also socially and environmentally responsible. Silverlakes inspires and empowers players young and old through involvement in competitive sports. It will also be one of the greenest large-scale outdoor facilities available in its responsible use of materials, energy and resources. As a commitment to the community, Silverlakes will create a number of onsite charitable initiatives. These will support the regional and local constituency through donations to area charities and worthy causes.

**TEFRA Information:**

No TEFRA is required as this is a taxable financing; however, Section 9 approval is scheduled on December 17, 2014.

**Finance Team:**

- Bond Counsel: Orrick, Herrington & Sutcliffe, LLP, Los Angeles
- Authority Counsel: Orrick, Herrington & Sutcliffe, LLP, Sacramento
- Underwriter: Stifel, Nicolaus & Co, Inc., Los Angeles
- Private Placement: RPM Capital Management, Los Angeles

**Financing Structure:**

The Bonds will be privately placed with RPM Capital Management. The interest rate will be 12% fixed for a term of 5 years. The Bonds are expected to be unrated. The borrower is securing this with a personal guarantee which has been agreed to by RPM. The proposed issuance is in accordance with CSCDA’s issuance guidelines.

**Estimated Sources and Uses:**

| <b>SOURCES AND USES OF FUNDS</b>  |                           |
|---|---------------------------|
| California Statewide Community Development Authority<br>Revenue Bonds, Series 2014 (Taxable)<br>(Silverlakes Equestrian Facility) |                           |
| Dated Date  | 12/01/2014                |
| Delivery Date   | 12/01/2014                |
| <b>Sources:</b>   |                           |
| <hr/>   |                           |
| <b>Bond Proceeds:</b>   |                           |
| Par Amount  | 16,000,000.00             |
|   | <hr/> 16,000,000.00 <hr/> |
| <b>Uses:</b>  |                           |
| <hr/>   |                           |
| <b>Project Fund Deposits:</b>   |                           |
| Project Fund  | 13,130,000.00             |
| <b>Other Fund Deposits:</b>   |                           |
| Capitalized Interest Fund   | 1,920,000.00              |
| <b>Delivery Date Expenses:</b>  |                           |
| Cost of Issuance  | 670,000.00                |
| Underwriter's Discount  | 280,000.00                |
|   | <hr/> 950,000.00 <hr/>    |
|   | <hr/> 16,000,000.00 <hr/> |

**Staff Recommendation:**

Based on the overall Project public benefit and finance related considerations detailed above and compliance with CSCDA's general and issuance policies staff recommends that the Commission approve of the Resolution as submitted to the Commission, which:

1. Approves the granting of the Obligation;
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:**

1. Original application

### Organizations

**Name of Organization:** Balboa Management Group, LLC

TIN or EIN: 27-2167687

### Primary Contact

**First Name:** Bicky

**Last Name:** Ross

**Title:** CFO

**Address:**

**Street:** PO Box 609

**Suite:**

**City:** San Juan Capistrano

**State:** California

**Zip:** 92693

**Phone:** 949-488-9292

**Ext:**

**Fax:**

**Email:** [bross@belgravia.com](mailto:bross@belgravia.com)

**Type of Entity:**

For-profit Corporation

Non-profit Corporation

Partnership

Other (specify)

**Date Organized:**

### Secondary Contact

**First Name:**

**Last Name:**

**Title:**

**Address:**

**Street :**

**Suite:**

**City:**

**State:**

**Zip:**

**Phone:**

**Ext:**

**Fax:**

**Email:**

### Primary Billing Contact

**Organization:** Balboa Management Group, LLC

**First Name:** Bicky

**Last Name:** Ross

**Title:** CFO

**Address:**

**Street:** PO Box 609

**Suite:**

**City:** San Juan Capistrano

**State:** California

**Zip:** 92693

**Phone:** 949-488-9292

**Ext:**

**Fax:**

**Email:** [bross@belgravia.com](mailto:bross@belgravia.com)

## Project Information

Project Name: **Silverlakes Soccer & Equestrian Facility**

### Facility #1

Facility Name: **Silverlakes Soccer & Equestrian Facility**

Facility Bond Amount: **\$22,000,000.00**

#### Project Address:

Street or general location: **5555 Hamner Avenue**

City: **Norco**

State: **California**

Zip: **92880**

County: **USA**

Is Project located in an unincorporated part of the County?  Y  N

Has the City or County in which the project is located been contacted? If so, please provide name, title, telephone number and e-mail address of the person contacted:

Name of Agency: **City of Norco**

First Name: **Andy**

Last Name: **Okoro**

Title: **Deputy City Manager/Director of Finance**

Phone: **951-270-5617**

Ext:

Fax: **951-270-5622**

Email: **aokoro@ci.norco.ca.us**

### Government Information

#### Project/Facility is in:

Congressional District #:

42

State Senate District #:

31

State Assembly District #:

60



## Financing Information

Tax Exempt: \$  
Taxable: \$ 22,000,000.00  
Total Principal Amount: \$ 22,000,000.00  
Proposed Closing date: 12/23/2014 Maturity 5 Years

### Interest Rate Mode:

Fixed  Variable

Denominations: 5000

### Type of Offering:

Public Offering  Private Placement

### Financing:

Credit Enhancement  
 None  Letter of Credit  
 Other

Name of Credit Enhancement Provider or Private Placement Purchaser:

### Expected Rating:

Unrated

Moody's:

S&P:

Fitch:

|  |  |  |
|--|--|--|
|  |  |  |
|--|--|--|

## Financing Team Information

### Bond Counsel

Firm Name: Orrick, Herrington & Sutcliffe LLP

#### Primary Contact

First Name: **Bill**

Last Name: **Bothwell**

Title: **Partner**

#### Address:

Street: **777 S. Figueroa Street**

Suite: **3200**

City: **Los Angeles**

State: **California**

Zip: **90017**

Phone: **213-612-2403**

Ext:

Fax:

Email: **wbothwell@orrick.com**

### Bank/Underwriter/Bond Purchaser

Firm Name: Stifel, Nicolaus & Company, Inc.

#### Primary Contact

First Name: **John**

Last Name: **Solarczyk**

Title: **Managing Director**

#### Address:

Street: **515 S. Figueroa Street**

Suite: **1800**

City: **Los Angeles**

State: **California**

Zip: **90071**

Phone: **949-244-1679**

Ext:

Fax:

Email: **jsolarczyk@stifel.com**

### Financial Advisor

Firm Name: Hutchinson Shockey Erley & Company

#### Primary Contact

First Name: **Lauro**

Last Name: **Garcia**

Title: **Senior VP**

#### Address:

Street: **1702 E Highland Avenue**

Suite: **316**

City: **Phoenix**

State: **Arizona**

Zip: **85016**

Phone: **602-263-0163**

Ext:

Fax:

Email: **lgarcia@hsemuni.com**

### Rebate Analyst

Firm Name:

#### Primary Contact

First Name:

Last Name:

Title:

#### Address:

Street:

Suite:

City:

State:

Zip:

Phone:

Ext:

Fax:

Email:

**RESOLUTION NO. \_\_\_-\_\_**

**CALIFORNIA STATEWIDE COMMUNITIES  
DEVELOPMENT AUTHORITY**

**A RESOLUTION AUTHORIZING THE ISSUANCE OF TAXABLE REVENUE BONDS  
IN AN AGGREGATE PRINCIPAL AMOUNT NOT TO EXCEED \$22,000,000 TO  
FINANCE THE SILVERLAKES PROJECT AND OTHER MATTERS RELATING  
THERETO**

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

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

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

**WHEREAS**, the City of Norco (the “City”) is a Program Participant of the Authority and is authorized to acquire and dispose of property, both real and personal, pursuant to the provisions of Article 1, Chapter 5, Part 2 of Division 3 of Title 4 of the Government Code of the State of California;

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

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

**WHEREAS**, certain property (the “Property”), is subject to the Norco Silverlakes Ground Lease, dated July 6, 2011 (the “Ground Lease”) between the City and Balboa Management Group, LLC, a Delaware limited liability company (the “Borrower”);

**WHEREAS**, the City has approved the development of the Property into a project known as the “Silverlakes Equestrian & Sports Park” through a series of approvals, entitlements and agreements, including without limitation, the Ground Lease;

**WHEREAS**, the City and the Borrower intend that the project be developed for park, recreational, sports, entertainment and open space purposes;

**WHEREAS**, in order to facilitate the financing and completion of the first phase of the project (the “Project”), the Borrower has applied for the financial assistance of the Authority in the financing the Project;

**WHEREAS**, pursuant to an Indenture (the “Indenture”), between the Authority and Wilmington Trust, N.A., as trustee (the “Trustee”), the Authority will issue and the Trustee will authenticate bonds to be designated generally as the “California Statewide Communities Development Authority Revenue Bonds (Silverlakes Equestrian & Sports Park) Series 2014 (Taxable),” or such other name or names as may be designated in the Indenture (the “Bonds”) for the purpose, among others, of financing the Project;

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

**WHEREAS**, pursuant to a Bond Purchase Agreement among Stifel, Nicolaus & Company, Incorporated (the “Underwriter”), the Authority and the Borrower (the “Purchase Agreement”), the Bonds will be sold to the Underwriter, and the proceeds of such sale will be used as set forth in the Indenture to finance the Project and to pay costs of issuance incurred in connection with the Bonds; and

**WHEREAS**, the Bonds will be offered for sale to Approved Institutional Buyers (as defined in the Indenture) through a Limited Offering Memorandum (the “Limited Offering Memorandum”);

**WHEREAS**, a form of the Limited Offering Memorandum to be distributed in connection with the offering of the Bonds has been prepared;

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

- (1) A proposed form of the Indenture;
- (2) A proposed form of the Loan Agreement;
- (3) A proposed form of the Purchase Agreement; and
- (4) A Limited Offering Memorandum.

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

**Section 1.** Pursuant to the Act and the Indenture, the Authority is hereby authorized to issue its revenue bonds designated generally as the “California Statewide Communities Development Authority Revenue Bonds (Silverlakes Equestrian & Sports Park)

Series 2014 (Taxable)” in one or more series and in an aggregate principal amount not to exceed \$22,000,000. The Bonds shall be issued and secured in accordance with the terms of, and shall be in the form or forms set forth in, the Indenture. The Bonds shall be executed on behalf of the Authority by the manual or facsimile signature of the Chair of the Authority or the manual signature of any member of the Commission of the Authority or their administrative delegates duly authorized pursuant to Resolution No. 14R-58 of the Authority, adopted on November 6, 2014 (each, an “Authorized Signatory”) and attested by the manual or facsimile signature of the Secretary of the Authority or the Assistant to the Secretary of the Authority or the manual signature of any Authorized Signatory.

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

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

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

**Section 5.** The form of Limited Offering Memorandum relating to the Bonds, as made available to the Commissioners, is hereby approved. Any Authorized Signatory is hereby authorized and directed, for and on behalf of the Borrower, to execute a final Limited Offering Memorandum in substantially said form, with such additions thereto or changes therein as any member of the Commission, with the advice of counsel to the Authority, may approve, such approval to be conclusively evidenced by the execution and delivery thereof. The Underwriter is hereby authorized to distribute the Limited Offering Memorandum to potential purchasers of the Bonds and the Limited Offering Memorandum, as finally executed, to the purchasers of the Bonds.

**Section 6.** The Bonds, when executed as provided in Section 1, shall be delivered to the Trustee for authentication by the Trustee. The Trustee is hereby requested and directed to

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

**Section 7.** The Chair, the Vice Chair, the Secretary, the Treasurer, any other members of the Commission of the Authority and other appropriate officers and agents of the Authority are hereby authorized and directed, jointly and severally, for and in the name and on behalf of the Authority, to execute and deliver any and all documents, including, without limitation, any tax certificate and agreement, and any and all documents and certificates to be executed in connection with securing credit support, if any, for the Bonds, and to do any and all things and take any and all actions which may be necessary or advisable, in their discretion, to effectuate the actions which the Authority has approved in this Resolution and to consummate by the Authority the transactions contemplated by the documents approved hereby, including any subsequent amendments, waivers or consents entered into or given in accordance with such documents.

**Section 8.** All actions heretofore taken by the Chair, the Vice Chair, the Secretary, the Treasurer, any other members of the Commission of the Authority and other appropriate officers and agents of the Authority with respect to the issuance of the Bonds are hereby ratified, confirmed and approved.

**Section 9.** Notwithstanding anything to the contrary in this Resolution, no documents referenced in this Resolution may be executed and delivered until the City has approved the issuance of the Bonds in accordance with Section 9 of the Agreement to provide financing for the Project.

**Section 10.** This Resolution shall take effect from and after its adoption.

PASSED AND ADOPTED by the California Statewide Communities Development Authority this 18th day of December, 2014.

I, the undersigned, an Authorized Signatory of the California Statewide Communities Development Authority, DO HEREBY CERTIFY that the foregoing resolution was duly adopted by the Commission of the Authority at a duly called meeting of the Commission of the Authority held in accordance with law on December 18, 2014.

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

Authorized Signatory  
California Statewide Communities  
Development Authority

## Item VI

Update on CaliforniaFIRST Residential and Commercial PACE programs.

To: California Statewide Communities Development Authority  
From: Renewable Funding  
RE: CaliforniaFIRST Program updates  
Date: December 18, 2014

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### Residential PACE

- As of the end of the day on 12/14, we have nearly 1,500 applications in total (\$31.33M), of which there are **525 active applications totaling \$12.05M** in potential bonds.
- We will have **funded 130 projects totaling nearly \$2.8M** represented by 56 residential PACE bonds, as of 12/18.
- The project costs associated with those bonds are located within the 16 counties and are installed by 51 different contractors. Approximately 64% of projects represent energy efficiency projects and the remainder renewable energy.
- There are **307 approved contractors** in the program as of 12/17.

### Commercial PACE

We currently have 171 active applications for a **potential bond total of \$131 for commercial PACE** projects. In the next two months, we anticipate closing over \$10M in project costs in Q1 2015.

### Validation Update

The statewide validation was completed on October 17, followed by a 30 day appeal period. We have aggressively recruited local governments into CaliforniaFIRST; there are now more than 160 cities in 26 counties, including San Francisco, Sonoma, and many in Contra Costa and Orange counties.

### Legislative Update

Renewable Funding sponsored two bills in the legislature this year to improve PACE law and expand the market. Both passed and were signed into law and take effect in January 2015. AB 1883 (Skinner) expands the commercial PACE market by allowing for the assignment of assessment contract revenue from CSCDA to the investor in advance of issuing a bond; and provides for the PPA and lease structure for commercial properties. Renewable Funding will be returning to the board with a recommendation on how to approach the assignment of assessment contract revenue in January of 2015. AB 2597 (Ting) clarifies that a PACE assessment is an assessment rather than a loan; and increases the lien to value ratio from 10% to 15% for PACE.

### Validation

The statewide validation was complete in mid-November. Since that time, 22 new jurisdictions have joined CaliforniaFIRST. Notably, the city and county of San Francisco joined the program on 12/16. We anticipate at least 30 additional jurisdictions will join CaliforniaFIRST in Q1 2015.