



## **REGULAR MEETING AGENDA**

**December 5, 2019 at 2:00 p.m.**

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

Telephonic Locations:

County of Solano  
675 Texas Street, Fairfield, CA 94533

77 De Silva Island Drive  
Mill Valley, CA 94941

County of Kern  
1115 Truxtun Avenue, Bakersfield, CA 93301

County of Butte  
7 County Drive, Oroville, CA 95965  
Lafayette, CA 94549

247 Electric Street  
Auburn, CA 95603

City of Sausalito  
420 Litho Street, Sausalito, CA 94965

709 Portwalk Place  
Redwood City, CA 94061

3252 Southern Hills Drive  
Fairfield, CA 94534

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

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

1. Roll Call.

\_\_\_\_ Larry Combs, Chair  
\_\_\_\_ Kevin O'Rourke, Vice Chair  
\_\_\_\_ Tim Snellings, Secretary  
\_\_\_\_ Brian Moura, Treasurer  
\_\_\_\_ Dan Mierzwa, Member

\_\_\_\_ Jordan Kaufman, Member  
\_\_\_\_ Marcia Raines, Member  
\_\_\_\_ Michael Cooper, Alt. Member  
\_\_\_\_ Niroop Srivatsa, Alt. Member

2. Consideration of the Minutes of the November 21, 2019 Regular Meeting.

3. Public Comment.

This \_\_\_\_ page agenda was posted at 1100 K Street, Sacramento, California on \_\_\_\_\_, 2019 at \_\_\_\_: \_\_\_\_m, Signed \_\_\_\_\_. Please email signed page to [info@cscda.org](mailto:info@cscda.org)

**B. ITEMS FOR CONSIDERATION**

4. 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. Centralia Affordable Communities, L.P. (Hawaiian Gardens Apartments), City of Hawaiian Gardens, County of Los Angeles; issue up to \$130,000,000 in multi-family housing revenue bonds.
  - b. El Centro Affordable Communities, L.P. (Desert Villas), City of El Centro, County of Imperial; issue up to \$25,000,000 in multi-family housing revenue bonds.

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

5. Executive Director Update.
6. Staff Updates.
7. Adjourn.

**NEXT MEETING:** Thursday, December 19, 2019 at 2:00 p.m.  
California State Association of Counties  
1100 K Street, 1st Floor, Sacramento, CA 95814



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## MINUTES

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

November 21, 2019 at 2:00 p.m.

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

Commission Chair Larry Combs called the meeting to order at 2:03 pm.

#### 1. Roll Call.

Commission members present:

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

Others present: Sendy Young, CSAC Finance Corporation

Others participating via teleconference: Cathy Bando, CSCDA Executive Director; James Hamill, Bridge Strategic Partners; Jon Penkower, Bridge Strategic Partners; Tricia Ortiz, Richards Watson & Gershon; and Patricia Eichar, Orrick, Herrington & Sutcliffe.

#### 2. Consideration of the Minutes of November 7, 2019 Regular Meeting and Special Meeting.

The Commission approved the November 7, 2019 Regular Meeting and Special Meeting minutes.

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

#### 3. Consideration of the Consent Calendar.

The Commission approved the Consent Calendar.

1. Consideration of Amendment to Services Agreement with Rahill Capital for its commercial PACE Program.

***Motion to approve by J. Kaufman. Second by M. Cooper. Unanimously approved by roll-call vote. M. Raines did not vote.***

4. Public Comment.

There was no public comment.

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. Tripp Avenue Housing Associates, LP (Parkside Terrace Apartments), City of San Jose, County of Santa Clara; up to \$61,963,318 in multi-family housing revenue bonds.

Executive Director Bando gave an overview of the project, and the financing complies with CSCDA's general and issuance policies. The project is the acquisition and rehabilitation of a 201-unit rental affordable housing project. 100% of the units will remain rent restricted for low-income tenants and 40% of the units are restricted for senior tenants. This is the company's 10<sup>th</sup> financing with CSCDA. Staff recommended that the Commission adopt the resolution.

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

- b. Vision 17, LP (Liberty Square Apartments), City of Stockton, County of San Joaquin; up to \$13,527,000 in multi-family housing revenue bonds.

Executive Director Bando gave an overview of the project, and the financing complies with CSCDA's general and issuance policies. Liberty Square Apartments is a new construction of a 43-unit rental housing project. 100% of the units will remain rent restricted for low-income tenants. This is Visionary's first financing with CSCDA. CSCDA's Executive Director recommended that the Commission adopt the resolution.

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

6. Consideration of the inclusion of additional territory for Renovate America's residential Open PACE program.

Executive Director Bando informed the Commission that a request has been made to authorize Renovate America to operate in the cities and counties under CSCDA's Open PACE program. CSCDA's Executive Director recommends authorizing Renovate America to operate in the cities and counties under CSCDA's Open PACE program, subject to a contract amendment which will be brought back to the Commission at a future meeting after review by CSCDA's General Counsel.

***Motion to approve by B. Moura. Second by T. Snellings. Unanimously approved by roll-call vote.***

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

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

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

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

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

8. Consideration of Open PACE Handbook & Documents for Menlo PACE.

Executive Director Bando gave a quick review on the program handbook and documents Menlo PACE, LLC is proposing to utilize. Staff and counsel, Jones Hall, have reviewed the program handbook and related documents. The documents meet all of CSCDA's general, issuance and PACE guidelines. All commercial PACE transactions originated by Menlo PACE, LLC will be brought back to the Commission for approval. Executive Director Bando recommends approval of the program handbook and documents for Menlo PACE, LLC relating to commercial PACE projects.

***Motion to approve by B. Moura. Second by J. Kaufman. Unanimously approved by roll-call vote. M. Raines did not vote.***

9. Consideration of CSCDA Audited Financial Statement for the Year Ended June 30, 2019.

Executive Director Bando gave a quick review of CSCDA audited financial statements for the Year Ended June 30, 2019. Mann, Urrutia, Nelson, CPAs & Associates, LLP prepared the reports working with the League of California Cities and CSCDA staff. CSCDA's Executive Director recommended approval of the Audited Financial Statement for the Year Ended June 30, 2019.

***Motion to approve by B. Moura. Second by K. O'Rourke. Unanimously approved by roll-call vote. M. Raines did not vote.***

10. Executive Director Update.

Executive Director Bando announced that Commission Chair Combs would be leaving CSCDA. She thanked him for all of his years of dedication to the Commission. The CSAC Executive Committee has voted Brian Stiger, Chief Legislative Representative, from L.A. County to fill the recently vacant seat.

11. Staff Update.

Staff informed the Commission that the CalRISE, unfortunately, has decided not move forward with CSCDA. Staff will keep the Commission updated on the situation.

12. Adjourn.

The meeting was adjourned at 2:27 p.m.

Submitted by: Sendy Young, CSAC Finance Corporation

**NEXT MEETING:** Thursday, December 5, 2019 at 2:00 p.m.  
League of California Cities  
1400 K Street, 3rd Floor, Sacramento, CA 95814



## **Agenda Item No. 4a**

### **Agenda Report**

**DATE:** December 5, 2019

**TO:** CSCDA COMMISSIONERS

**FROM:** Cathy Bando, Executive Director

**PROJECT:** Hawaiian Gardens Apartments

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

**AMOUNT:** Not to Exceed \$130,000,000

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#### **EXECUTIVE SUMMARY:**

Hawaiian Gardens Apartments (the “Project”) is an acquisition and rehabilitation of a 264-unit rental affordable housing project located in the City of Hawaiian Gardens. 100% of the units will remain rent restricted for low-income tenants.

#### **PROJECT DESCRIPTION:**

- Acquisition and rehabilitation of 264-unit affordable rental housing facility located at 11950 Centralia Road in the City of Hawaiian Gardens.
- 10.8 acre site.
- 32 two-story residential buildings.
- Consists of 210 two-bedroom units, 52 three-bedroom units and two manager’s units.

#### **PROJECT ANALYSIS:**

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

Islas Development, LLC (“Islas”) was formed by Mr. Ruben Islas in December 2001 as a vehicle to develop and provide affordable housing in the communities that need it most. Through Islas Development, Mr. Islas and his business partner, Mr. Jules Arthur of Suffolk Development, LLC have been able to acquire ownership interests in over 2900 affordable units across the Western United States, with the most significant holdings being in California. Islas has previously constructed or rehabilitated more than 18 multifamily properties including more than 15 financings with CSCDA.



**Public Agency Approval:**

**TEFRA Hearing:** August 27, 2019 - City of Hawaiian Gardens. Unanimous approval.

**CDLAC Approval:** October 16, 2019

**Public Benefits:**

- 100% of the units will be rent restricted for 55 years.
  - 90% (184 units) restricted to 60% or less of area median income households.
  - 10% (27 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:	\$ 78,000,000
Seller Carry-Back Loan:	\$ 13,150,000
Taxable Loan:	\$ 22,300,000
Tax Credits:	\$ 10,646,259
Deferred Developer Fee:	<u>\$ 13,193,124</u>
Total Sources:	\$ 137,289,383

Uses of Funds:

Acquisition:	\$ 98,614,400
Rehabilitation:	\$ 17,493,377
Financing Costs:	\$ 4,016,134
Soft Costs:	\$ 1,425,700
Operating Reserves:	\$ 529,329
Developer Fee:	<u>\$ 15,210,443</u>
Total Uses:	\$ 137,289,383

**Finance Partners:**

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

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

Bond Purchaser: Citibank

**Finance Terms:**

**Rating:** Unrated  
**Term:** 35 years at a fixed interest rate  
**Method of Sale:** Private Placement  
**Estimated Closing:** January 14, 2020

**CSCDA Policy Compliance:**

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

**DOCUMENTS:** (as attachments)

1. Photo of the Project (Attachment A)
2. CSCDA Resolution (Attachment B)

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

CSCDA's Executive Director recommends that the Commission adopt the resolution, which:

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**



**ATTACHMENT B**

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

**A RESOLUTION OF THE CALIFORNIA STATEWIDE COMMUNITIES DEVELOPMENT AUTHORITY AUTHORIZING THE EXECUTION AND DELIVERY OF MULTIFAMILY HOUSING REVENUE OBLIGATIONS IN AN AGGREGATE PRINCIPAL AMOUNT NOT TO EXCEED \$130,000,000 FOR THE FINANCING OF A MULTIFAMILY RENTAL HOUSING PROJECT TO BE GENERALLY KNOWN AS HAWAIIAN GARDENS APARTMENTS; DETERMINING AND PRESCRIBING CERTAIN MATTERS AND APPROVING AND AUTHORIZING THE EXECUTION OF AND DELIVERY OF VARIOUS DOCUMENTS RELATED THERETO; RATIFYING ANY ACTION HERETOFORE TAKEN AND APPROVING RELATED MATTERS IN CONNECTION WITH THE OBLIGATIONS.**

**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 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**, Centralia Affordable Communities, 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 Construction/Permanent Note (Hawaiian Gardens Apartments) 2020 Series A-1 (the “Construction/Permanent Note”), its California Statewide Communities Development Authority Multifamily Housing Revenue Construction Note (Hawaiian Gardens Apartments) 2020 Series A-2 (the “Construction Note” and collectively, the “Notes”) and issue its California Statewide Communities Development Authority Multifamily Housing Revenue Bonds (Hawaiian Gardens Apartments) 2020 Tax-Exempt Subordinate Series A-S (the “Subordinate Bonds” and, together with the Notes, the “Obligations”) to assist in the financing of the acquisition, rehabilitation and development of a 264-unit multifamily housing rental development located in the City of Hawaiian Gardens, County of Los Angeles, California, and known as Hawaiian Gardens Apartments (the “Project”);

**WHEREAS**, on October 16, 2019, the Authority received an allocation in the amount of \$121,400,000 (such amount as finally approved, the “Allocation Amount”) from the California Debt Limit Allocation Committee in connection with the Project;

**WHEREAS**, the City of Hawaiian Gardens is a Program Participant (as defined in the Agreement) of the Authority and has authorized the execution and delivery of the Obligations in an amount that is not materially less than the amount authorized under this resolution;

**WHEREAS**, the Authority is willing to execute and deliver the Obligations in an aggregate principal amount not to exceed \$130,000,000, provided that the portion of such Obligations 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 and very low income persons;

**WHEREAS**, the Notes will be executed and delivered to Citibank, N.A. (the "Funding Lender"), as the initial holder of the Notes;

**WHEREAS**, the Subordinate Bonds will be privately placed with Hawaiian Gardens Housing Partners, L.P., a California limited partnership, or an affiliate thereof (the "Subordinate Bonds Purchaser"), as the initial purchaser of the Subordinate Bonds, in accordance with the Authority's private placement policy;

**WHEREAS**, pursuant to Section 5852.1 of the California Government Code, the Authority, as a conduit financing provider, has received certain representations and good faith estimates from the Borrower and has disclosed such good faith estimates as set forth in Exhibit A attached hereto;

**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, execution and delivery of the Obligations, and such documents are now in substantial form and appropriate instruments to be executed and delivered for the purposes intended:

(1) Funding Loan Agreement (the "Funding Loan Agreement") to be entered into between the Funding Lender and the Authority;

(2) Borrower Loan Agreement (the "Borrower Loan Agreement") to be entered into between the Authority and Borrower;

(3) Regulatory Agreement and Declaration of Restrictive Covenants (the "Regulatory Agreement") to be entered into among the Authority, the Borrower and Wilmington Trust, National Association, as trustee for the Subordinate Bonds (the "Subordinate Bonds Trustee");

(4) Indenture of Trust (the "Subordinate Indenture") to be entered into between the Authority and the Subordinate Bonds Trustee, relating to the Subordinate Bonds;

(5) Financing Agreement (the "Subordinate Financing Agreement") to be entered into among the Authority, the Subordinate Bonds Trustee and the Borrower, relating to the Subordinate Bonds; and

(6) Contingency Draw-Down Agreement (the "Contingency Draw-Down Agreement") to be entered into by the Funding Lender and the Borrower.

**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, the Funding Loan Agreement and the Subordinate Indenture, and in accordance with the Housing Law, the Authority is hereby authorized to execute and deliver the Obligations in one or more series. The Obligations shall be designated as (i) "California Statewide Communities Development Authority Multifamily Housing Revenue Construction/Permanent Note (Hawaiian Gardens Apartments) 2020 Series A-1" (ii) California Statewide Communities Development Authority Multifamily Housing Revenue Construction Note (Hawaiian Gardens Apartments) 2020 Series A-2, and (iii) "California Statewide Communities Development Authority Multifamily Housing Revenue Bonds (Hawaiian Gardens Apartments) 2020 Tax-Exempt Subordinate Series A-S" including, if and to the extent necessary, one or more sub-series, with appropriate modifications and series and sub-series designations as necessary, in an aggregate principal amount not to exceed \$130,000,000; provided that the aggregate principal amount of any tax-exempt Obligations executed and delivered shall not exceed the Allocation Amount. The Notes shall be executed and delivered and the Subordinate Bonds shall be issued in the form set forth in and otherwise in accordance with the Funding Loan Agreement and the Subordinate Indenture, respectively, and 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 Authorized Signatory (as defined below) and the Subordinate Bonds shall be attested to by the manual or facsimile signature of the Secretary of the Authority or the manual signature of any Authorized Signatory. The Notes and the Subordinate Bonds shall be secured in accordance with the terms of the Funding Loan Agreement and the Subordinate Indenture, respectively, presented to this meeting, as hereinafter approved. Payment of the principal and purchase price of, and prepayment premium, if any, and interest on, the Notes and the Subordinate Bonds shall be made solely from amounts pledged thereto under the Funding Loan Agreement and the Subordinate Indenture, respectively, and the Obligations shall not be deemed to constitute a debt or liability of the Authority or any Program Participant or Member of the Commission of the Authority (each, a "Member").

Section 3. The Funding Loan Agreement in the form presented at this meeting is hereby approved. Any Member, or any other person as may be designated and authorized to sign for the Authority pursuant to a resolution adopted thereby (including, without limitation, the administrative delegates duly authorized pursuant to Resolution No. 19R-1 of the Authority, adopted on January 24, 2019) (together with the Members, each such person is referred to herein individually as an "Authorized Signatory"), acting alone, is authorized to execute by manual signature and deliver the Funding Loan Agreement, with such changes and insertions therein as may be necessary to cause the same to carry out the intent of this Resolution and as are approved by counsel to the Authority, such approval to be conclusively evidenced by the delivery thereof. The date, maturity date or dates (which shall not extend beyond January 1, 2065), interest rate or rates (which shall not exceed 12%), interest payment dates, denominations, form, registration privileges, manner of execution, place of payment, terms of prepayment and other terms of the Notes shall be as provided in the Funding Loan Agreement as finally executed.

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

Section 5. The Regulatory Agreement in the form presented at this meeting is hereby approved. Any Authorized Signatory, acting alone, is authorized to execute by manual signature and deliver the Regulatory Agreement, with such changes and insertions therein as may be necessary to cause the same to carry out the intent of this Resolution and as are approved by counsel to the Authority, such approval to be conclusively evidenced by the delivery thereof.

Section 6. The Subordinate Indenture 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 Subordinate 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 January 1, 2065), interest rate or rates (which shall not exceed 12%), interest payment dates, denominations, form, registration privileges, manner of execution, place of payment, terms of redemption and other terms of the Subordinate Bonds shall be as provided in the Subordinate Indenture as finally executed.

Section 7. The Subordinate Financing 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 Subordinate Financing 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 Contingency Draw-Down Agreement in the form presented at this meeting is hereby approved.

Section 9. The Authority is hereby authorized to execute and deliver the Notes to the Funding Lender pursuant to the terms and conditions of the Funding Loan Agreement.

Section 10. The Authority is hereby authorized to issue and sell the Subordinate Bonds to the Subordinate Bonds Purchaser pursuant to the terms and conditions of the Subordinate Indenture.

Section 11. The Subordinate Bonds, when executed, shall be delivered to the Subordinate Bonds Trustee for authentication. The Subordinate Bonds Trustee is hereby requested and directed to authenticate the Subordinate Bonds by executing the certificate of authentication of the Subordinate Bonds Trustee appearing thereon, and to deliver the Subordinate Bonds, when duly executed and authenticated, to the Subordinate Bonds 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 Subordinate Bonds Trustee. Such instructions shall provide for the delivery of the Subordinate Bonds to the Subordinate Bonds Purchaser in accordance with the Subordinate Indenture upon payment of the purchase price thereof.

Section 12. All actions heretofore taken by the officers and agents of the Authority with respect to the financing of the Project and the issuance, execution and delivery of the Obligations 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, loan related documents, an assignment of any deed of trust, a termination of regulatory agreement, an endorsement, allonge or assignment of any note and such other documents as described in the Funding Loan Agreement, the Subordinate Indenture and the other documents herein approved, which they, or any of them, may deem necessary or advisable in order to consummate the lawful issuance, execution and delivery of the Obligations 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 13. 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 execution and delivery of the Obligations, 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 Obligations or any prepayment or redemption of the Obligations, may be given or taken by any Authorized Signatory, as appropriate, without further authorization by the Commission, and each such officer is hereby authorized and directed to give any such consent, approval, notice, order or request and to take any such action that such officer may deem necessary or desirable to further the purposes of this Resolution and the financing of the Project; provided such action shall not create any obligation or liability of the Authority other than as provided in the Funding Loan Agreement, the Subordinate Indenture and other documents approved herein.

This Resolution shall take effect upon its adoption.

**PASSED AND ADOPTED** by the California Statewide Communities Development Authority this December 5, 2019.

The undersigned, an Authorized Signatory of the California Statewide Communities Development Authority, DOES HEREBY CERTIFY that the foregoing resolution was duly adopted by the Commission of the Authority at a duly called meeting of the Commission of the Authority held in accordance with law on December 5, 2019.





## PUBLIC DISCLOSURES RELATING TO CONDUIT REVENUE OBLIGATIONS

Pursuant to California Government Code Section 5852.1, the borrower (the "Borrower") identified below has provided the following required information to the California Statewide Communities Development Authority (the "Authority") as conduit financing provider, prior to the Authority's regular meeting (the "Meeting") of its Commission (the "Commission") at which Meeting the Commission will consider the authorization of conduit revenue obligations (the "Obligations") as identified below.

1. Name of Borrower: **Centralia Affordable Communities, L.P.**
2. Authority Meeting Date: **December 5, 2019**
3. Name of Obligations: **California Statewide Communities Development Authority Housing Revenue Notes (Hawaiian Gardens) Tax-Exempt Subordinate 2020A-1 and 2020A-2**
4. ☒ Private Placement Lender or Bond Purchaser, ☐ Underwriter or ☐ Financial Advisor (mark one) engaged by the Borrower provided the Borrower with the required good faith estimates relating to the Obligations as follows / attached as Schedule A:
  - (A) The true interest cost of the Obligations, which means the rate necessary to discount the amounts payable on the respective principal and interest payment dates to the purchase price received for Obligations (to the nearest ten-thousandth of one percent): **3.56% estimated as of 11/27/19; final interest rate to be set closer to Note closing, estimated on 1/31/2020.**
  - (B) The finance charge of the Obligations, which means the sum of all fees and charges paid to third parties: **\$2,125,074.74**
  - (C) The amount of proceeds received by the public body for sale of the Obligations less the finance charge of the Obligations described in subparagraph (B) and any reserves or capitalized interest paid or funded with proceeds of the Obligations: **\$92,374,927.26.**
  - (D) The total payment amount, which means the sum total of all payments the Borrower will make to pay debt service on the Obligations plus the finance charge of the Obligations described in subparagraph (B) not paid with the proceeds of the Obligations (which total payment amount shall be calculated to the final maturity of the Obligations): **\$120,216,693.21.**
5. The good faith estimates provided above / attached as Schedule A were ☐ presented to the governing board of the Borrower, or ☐ presented to the official or officials or committee designated by the governing board of the Borrower to obligate the Borrower in connection with the Obligations or, in the absence of a governing board, ☐ presented

to the official or officials of the Borrower having authority to obligate the Borrower in connection with the Obligations (mark one).

The foregoing estimates constitute good faith estimates only. The actual principal amount of the Obligations issued and sold, the true interest cost thereof, the finance charges thereof, the amount of proceeds received therefrom and total payment amount with respect thereto may differ from such good faith estimates due to a variety of factors. The actual interest rates borne by the Obligations and the actual amortization of the Obligations will depend on market interest rates at the time of sale thereof. Market interest rates are affected by economic and other factors beyond the control of the Borrower.

The Authority is authorized to make this document available to the public at the Meeting of the Authority.

Dated: 12/5/19



## **Agenda Item No. 4b**

### **Agenda Report**

**DATE:** December 5, 2019

**TO:** CSCDA COMMISSIONERS

**FROM:** Cathy Bando, Executive Director

**PROJECT:** Desert Villas

**PURPOSE:** Approve the Financing of Rental Affordable Housing Project Located in the City of El Centro, County of Imperial

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

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#### **EXECUTIVE SUMMARY:**

Desert Villas (the “Project”) is an acquisition and rehabilitation of a 172-unit rental affordable housing project located in the City of El Centro. 100% of the units will remain rent restricted for low-income tenants.

#### **PROJECT DESCRIPTION:**

- Acquisition and rehabilitation of 172-unit affordable rental housing facility located at 1755 West Main Street in the City of El Centro.
- 3.96 acre site.
- 11 two-story residential buildings.
- Consists of 171 two-bedroom units and one manager’s unit.

#### **PROJECT ANALYSIS:**

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

Islas Development, LLC (“Islas”) was formed by Mr. Ruben Islas in December 2001 as a vehicle to develop and provide affordable housing in the communities that need it most. Through Islas Development, Mr. Islas and his business partner, Mr. Jules Arthur of Suffolk Development, LLC have been able to acquire ownership interests in over 2900 affordable units across the Western United States, with the most significant holdings being in California. Islas has previously constructed or rehabilitated more than 18 multifamily properties including more than 15 financings with CSCDA.

**Public Agency Approval:**

**TEFRA Hearing:** September 3, 2019 - City of El Centro. Unanimous approval.

**CDLAC Approval:** October 16, 2019

**Public Benefits:**

- 100% of the units will be rent restricted for 55 years.
  - 90% (153 units) restricted to 60% or less of area median income households.
  - 10% (18 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:	\$ 12,550,000
Seller Carry-Back Loan:	\$ 4,100,000
Taxable Loan:	\$ 4,300,000
Tax Credit Equity	\$ 1,521,944
Deferred Developer Fee:	\$ <u>1,861,189</u>
Total Sources:	\$ 24,333,133

Uses of Funds:

Acquisition:	\$ 13,734,380
Rehabilitation:	\$ 6,152,620
Financing Costs:	\$ 638,518
Soft Costs:	\$ 1,118,700
Operating Reserves:	\$ 297,655
Developer Fee:	\$ <u>2,391,260</u>
Total Uses:	\$ 24,333,133

**Finance Partners:**

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

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

Bond Purchaser: Citibank

**Finance Terms:**

**Rating:** Unrated  
**Term:** 35 years at a fixed interest rate  
**Method of Sale:** Private Placement  
**Estimated Closing:** January 28, 2020

**CSCDA Policy Compliance:**

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

**DOCUMENTS:** (as attachments)

1. Photo of the Project (Attachment A)
2. CSCDA Resolution (Attachment B)

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

CSCDA's Executive Director recommends that the Commission adopt the resolution, which:

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**



**ATTACHMENT B**

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

**A RESOLUTION OF THE CALIFORNIA STATEWIDE COMMUNITIES DEVELOPMENT AUTHORITY AUTHORIZING THE EXECUTION AND DELIVERY OF MULTIFAMILY HOUSING REVENUE OBLIGATIONS IN AN AGGREGATE PRINCIPAL AMOUNT NOT TO EXCEED \$25,000,000 FOR THE FINANCING OF A MULTIFAMILY RENTAL HOUSING PROJECT TO BE GENERALLY KNOWN AS DESERT VILLAS APARTMENTS; DETERMINING AND PRESCRIBING CERTAIN MATTERS AND APPROVING AND AUTHORIZING THE EXECUTION OF AND DELIVERY OF VARIOUS DOCUMENTS RELATED THERETO; RATIFYING ANY ACTION HERETOFORE TAKEN AND APPROVING RELATED MATTERS IN CONNECTION WITH THE OBLIGATIONS.**

**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 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**, El Centro Affordable Communities, 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 Construction/Permanent Note (Desert Villas Apartments) 2020 Series B-1 (the “Construction/Permanent Note”), its California Statewide Communities Development Authority Multifamily Housing Revenue Construction Note (Desert Villas Apartments) 2020 Series B-2 (the “Construction Note” and collectively, the “Notes”) and issue its California Statewide Communities Development Authority Multifamily Housing Revenue Bonds (Desert Villas Apartments) 2020 Tax-Exempt Subordinate Series B-S (the “Subordinate Bonds” and, together with the Notes, the “Obligations”) to assist in the financing of the acquisition, rehabilitation and development of a 172-unit multifamily housing rental development located in the City of El Centro, County of Imperial, California, and known as Desert Villas Apartments (the “Project”);

**WHEREAS**, on October 16, 2019, the Authority received an allocation in the amount of \$22,600,000 (such amount as finally approved, the “Allocation Amount”) from the California Debt Limit Allocation Committee in connection with the Project;

**WHEREAS**, the City of El Centro is a Program Participant (as defined in the Agreement) of the Authority and has authorized the execution and delivery of the Obligations in an amount that is not materially less than the amount authorized under this resolution;



**WHEREAS**, the Authority is willing to execute and deliver the Obligations in an aggregate principal amount not to exceed \$25,000,000, provided that the portion of such Obligations 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 and very low income persons;

**WHEREAS**, the Notes will be executed and delivered to Citibank, N.A. (the "Funding Lender"), as the initial holder of the Notes;

**WHEREAS**, the Subordinate Bonds will be privately placed with Plaza Seniors Housing Partners, L.P., a California limited partnership, or an affiliate thereof (the "Subordinate Bonds Purchaser"), as the initial purchaser of the Subordinate Bonds, in accordance with the Authority's private placement policy;

**WHEREAS**, pursuant to Section 5852.1 of the California Government Code, the Authority, as a conduit financing provider, has received certain representations and good faith estimates from the Borrower and has disclosed such good faith estimates as set forth in Exhibit A attached hereto;

**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, execution and delivery of the Obligations, and such documents are now in substantial form and appropriate instruments to be executed and delivered for the purposes intended:

(1) Funding Loan Agreement (the "Funding Loan Agreement") to be entered into between the Funding Lender and the Authority;

(2) Borrower Loan Agreement (the "Borrower Loan Agreement") to be entered into between the Authority and Borrower;

(3) Regulatory Agreement and Declaration of Restrictive Covenants (the "Regulatory Agreement") to be entered into among the Authority, the Borrower and Wilmington Trust, National Association, as trustee for the Subordinate Bonds (the "Subordinate Bonds Trustee");

(4) Indenture of Trust (the "Subordinate Indenture") to be entered into between the Authority and the Subordinate Bonds Trustee, relating to the Subordinate Bonds;

(5) Financing Agreement (the "Subordinate Financing Agreement") to be entered into among the Authority, the Subordinate Bonds Trustee and the Borrower, relating to the Subordinate Bonds; and

(6) Contingency Draw-Down Agreement (the "Contingency Draw-Down Agreement") to be entered into by the Funding Lender and the Borrower.

**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, the Funding Loan Agreement and the Subordinate Indenture, and in accordance with the Housing Law, the Authority is hereby authorized to execute and deliver the Obligations in one or more series. The Obligations shall be designated as (i) "California Statewide Communities Development Authority Multifamily Housing Revenue Construction/Permanent Note (Desert Villas Apartments) 2020 Series B-1" (ii) California Statewide Communities Development Authority Multifamily Housing Revenue Construction Note (Desert Villas Apartments) 2020 Series B-2, and (iii) "California Statewide Communities Development Authority Multifamily Housing Revenue Bonds (Desert Villas Apartments) 2020 Tax-Exempt Subordinate Series B-S" including, if and to the extent necessary, one or more sub-series, with appropriate modifications and series and sub-series designations as necessary, in an aggregate principal amount not to exceed \$25,000,000; provided that the aggregate principal amount of any tax-exempt Obligations executed and delivered shall not exceed the Allocation Amount. The Notes shall be executed and delivered and the Subordinate Bonds shall be issued in the form set forth in and otherwise in accordance with the Funding Loan Agreement and the Subordinate Indenture, respectively, and 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 Authorized Signatory (as defined below) and the Subordinate Bonds shall be attested to by the manual or facsimile signature of the Secretary of the Authority or the manual signature of any Authorized Signatory. The Notes and the Subordinate Bonds shall be secured in accordance with the terms of the Funding Loan Agreement and the Subordinate Indenture, respectively, presented to this meeting, as hereinafter approved. Payment of the principal and purchase price of, and prepayment premium, if any, and interest on, the Notes and the Subordinate Bonds shall be made solely from amounts pledged thereto under the Funding Loan Agreement and the Subordinate Indenture, respectively, and the Obligations shall not be deemed to constitute a debt or liability of the Authority or any Program Participant or Member of the Commission of the Authority (each, a "Member").

Section 3. The Funding Loan Agreement in the form presented at this meeting is hereby approved. Any Member, or any other person as may be designated and authorized to sign for the Authority pursuant to a resolution adopted thereby (including, without limitation, the administrative delegates duly authorized pursuant to Resolution No. 19R-1 of the Authority, adopted on January 24, 2019) (together with the Members, each such person is referred to herein individually as an "Authorized Signatory"), acting alone, is authorized to execute by manual signature and deliver the Funding Loan Agreement, with such changes and insertions therein as may be necessary to cause the same to carry out the intent of this Resolution and as are approved by counsel to the Authority, such approval to be conclusively evidenced by the delivery thereof. The date, maturity date or dates (which shall not extend beyond February 1, 2065), interest rate or rates (which shall not exceed 12%), interest payment dates, denominations, form, registration privileges, manner of execution, place of payment, terms of prepayment and other terms of the Notes shall be as provided in the Funding Loan Agreement as finally executed.

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

Section 5. The Regulatory Agreement in the form presented at this meeting is hereby approved. Any Authorized Signatory, acting alone, is authorized to execute by manual signature and deliver the Regulatory Agreement, with such changes and insertions therein as may be necessary to cause the same to carry out the intent of this Resolution and as are approved by counsel to the Authority, such approval to be conclusively evidenced by the delivery thereof.

Section 6. The Subordinate Indenture 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 Subordinate 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 February 1, 2065), interest rate or rates (which shall not exceed 12%), interest payment dates, denominations, form, registration privileges, manner of execution, place of payment, terms of redemption and other terms of the Subordinate Bonds shall be as provided in the Subordinate Indenture as finally executed.

Section 7. The Subordinate Financing 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 Subordinate Financing 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 Contingency Draw-Down Agreement in the form presented at this meeting is hereby approved.

Section 9. The Authority is hereby authorized to execute and deliver the Notes to the Funding Lender pursuant to the terms and conditions of the Funding Loan Agreement.

Section 10. The Authority is hereby authorized to issue and sell the Subordinate Bonds to the Subordinate Bonds Purchaser pursuant to the terms and conditions of the Subordinate Indenture.

Section 11. The Subordinate Bonds, when executed, shall be delivered to the Subordinate Bonds Trustee for authentication. The Subordinate Bonds Trustee is hereby requested and directed to authenticate the Subordinate Bonds by executing the certificate of authentication of the Subordinate Bonds Trustee appearing thereon, and to deliver the Subordinate Bonds, when duly executed and authenticated, to the Subordinate Bonds 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 Subordinate Bonds Trustee. Such instructions shall provide for the delivery of the Subordinate Bonds to the Subordinate Bonds Purchaser in accordance with the Subordinate Indenture upon payment of the purchase price thereof.

Section 12. All actions heretofore taken by the officers and agents of the Authority with respect to the financing of the Project and the issuance, execution and delivery of the Obligations 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, loan related documents, an assignment of any deed of trust, a termination of regulatory agreement, an endorsement, allonge or assignment of any note and such other documents as described in the Funding Loan Agreement, the Subordinate Indenture and the other documents herein approved, which they, or any of them, may deem necessary or advisable in order to consummate the lawful issuance, execution and delivery of the Obligations 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 13. 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 execution and delivery of the Obligations, 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 Obligations or any prepayment or redemption of the Obligations, may be given or taken by any Authorized Signatory, as appropriate, without further authorization by the Commission, and each such officer is hereby authorized and directed to give any such consent, approval, notice, order or request and to take any such action that such officer may deem necessary or desirable to further the purposes of this Resolution and the financing of the Project; provided such action shall not create any obligation or liability of the Authority other than as provided in the Funding Loan Agreement, the Subordinate Indenture and other documents approved herein.

Section 14. This Resolution shall take effect upon its adoption.

**PASSED AND ADOPTED** by the California Statewide Communities Development Authority this December 5, 2019.

The undersigned, an Authorized Signatory of the California Statewide Communities Development Authority, DOES HEREBY CERTIFY that the foregoing resolution was duly adopted by the Commission of the Authority at a duly called meeting of the Commission of the Authority held in accordance with law on December 5, 2019.



## PUBLIC DISCLOSURES RELATING TO CONDUIT REVENUE OBLIGATIONS

Pursuant to California Government Code Section 5852.1, the borrower (the “Borrower”) identified below has provided the following required information to the California Statewide Communities Development Authority (the “Authority”) as conduit financing provider, prior to the Authority’s regular meeting (the “Meeting”) of its Commission (the “Commission”) at which Meeting the Commission will consider the authorization of conduit revenue obligations (the “Obligations”) as identified below.

1. Name of Borrower: **El Centro Affordable Communities, L.P.**
2. Authority Meeting Date: **December 5, 2019**
3. Name of Obligations: **California Statewide Communities Development Authority Housing Revenue Notes (Desert Villas) Tax-Exempt Subordinate 2020B-1 and 2020B-2**
4. X Private Placement Lender or Bond Purchaser, \_\_\_ Underwriter or \_\_\_ Financial Advisor (mark one) engaged by the Borrower provided the Borrower with the required good faith estimates relating to the Obligations as follows / attached as Schedule A:
  - (A) The true interest cost of the Obligations, which means the rate necessary to discount the amounts payable on the respective principal and interest payment dates to the purchase price received for Obligations (to the nearest ten-thousandth of one percent): **3.71% estimated as of 11/27/19; final interest rate to be set closer to Note closing, estimated on 1/31/2020).**
  - (B) The finance charge of the Obligations, which means the sum of all fees and charges paid to third parties: **\$646,962.15.**
  - (C) The amount of proceeds received by the public body for sale of the Obligations less the finance charge of the Obligations described in subparagraph (B) and any reserves or capitalized interest paid or funded with proceeds of the Obligations: **\$13,953,037.85.**
  - (D) The total payment amount, which means the sum total of all payments the Borrower will make to pay debt service on the Obligations plus the finance charge of the Obligations described in subparagraph (B) not paid with the proceeds of the Obligations (which total payment amount shall be calculated to the final maturity of the Obligations): **\$22,727,561.91**
5. The good faith estimates provided above / attached as Schedule A were \_\_\_ presented to the governing board of the Borrower, or \_\_\_ presented to the official or officials or committee designated by the governing board of the Borrower to obligate the Borrower in connection with the Obligations or, in the absence of a governing board, \_\_\_ presented

to the official or officials of the Borrower having authority to obligate the Borrower in connection with the Obligations (mark one).

The foregoing estimates constitute good faith estimates only. The actual principal amount of the Obligations issued and sold, the true interest cost thereof, the finance charges thereof, the amount of proceeds received therefrom and total payment amount with respect thereto may differ from such good faith estimates due to a variety of factors. The actual interest rates borne by the Obligations and the actual amortization of the Obligations will depend on market interest rates at the time of sale thereof. Market interest rates are affected by economic and other factors beyond the control of the Borrower.

The Authority is authorized to make this document available to the public at the Meeting of the Authority.

Dated: 12/5/19