



**CSCDA**  
CALIFORNIA STATEWIDE COMMUNITIES  
DEVELOPMENT AUTHORITY



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

**April 23, 2015**

**10:00 a.m.**

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

County of Butte  
7 County Center Drive  
Oroville, CA 95965

County of Yuba  
915 8th Street, Suite 103  
Marysville, CA 95901

709 Portwalk Place,  
Redwood City, CA 94061

County of Monterey  
168 West Alisal Street  
Salinas, CA 93901

- I. Call the Roll (alternates designate which member they are representing).
- II. Consideration of the Minutes of the April 9<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. Episcopal Senior Communities, City of Palo Alto, County of Santa Clara; up to \$9,500,000 in revenue refunding bonds. (Caitlin Lancot)
  - b. American Baptist Homes of the West, City of Los Altos, County of Santa Clara, City of Santa Barbara, County of Santa Barbara, City of Oakland, County of Alameda, City

This \_\_\_ page agenda was posted at 1100 K Street, Sacramento, California on \_\_\_\_\_, 2015 at \_\_: \_\_ m,  
Signed \_\_\_\_\_. Please fax signed page to (925) 933-8457.

of Redlands, County of San Bernardino, City of Bakersfield, County of Kern, City of Fresno, County of Fresno; up to \$70,000,000 in revenue bonds. (Caitlin Lanctot)

- VI. Consideration of an amendment to CSCDA's issuance policies to require the delivery of a sophisticated investor letter for certain transactions. (Cathy Bando)
- VII. Consideration of the financing for Independence Support, LLC (California Preparatory Academies), City of Livermore, County of Alameda; up to \$28,000,000 in revenue bonds. (Caitlin Lanctot)
- VIII. Consideration of IT Consultant Contract with PMC in connection with transitioning CSCDA's website. (Cathy Bando)
- IX. Consideration of Transition Services Agreement with Bridge Strategic Partners. (Cathy Bando)
- X. Public Comment.
- XI. Adjourn.



**CALIFORNIA STATEWIDE COMMUNITIES DEVELOPMENT AUTHORITY  
CONSENT CALENDAR**

1. Consent Calendar:

- a. Inducement of Community Housing Works (Northwest Manors II), City of Pasadena, County of Los Angeles; issue up to \$10 million in multi-family housing revenue bonds.
- b. Inducement of Preservation Partners Development III, LLC (Springdale West Apartments) City of Long Beach, County of Los Angeles; issue up to \$80 million in multi-family housing revenue bonds.

Thursday, April 23<sup>rd</sup>, 2015

**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 April 9<sup>th</sup> Annual Meeting.**

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

League of California Cities  
1400 K Street, Sacramento, California

April 9, 2015

**MINUTES**

Commission chair Larry Combs called the meeting to order at 10:04 am.

**I. Roll Call.**

Commission members present: Larry Combs and Dan Harrison. Commissioners participating by conference telephone: Kevin O'Rourke, Irwin Bornstein, and Alternate Commissioner Ron Holly, representing Terry Schutten.

CSCDA Executive Director, Catherine Bando was present.

Others present included: Perry Stottlemeyer and Norman Coppinger, League of California Cities; Caitlin Lanctot, GPM Municipal Advisors; Laura Labanieh and Nancy Parrish, CSAC Finance Corporation; Darren Hodge, Citigroup; and Mark Paxson, State Treasurer's Office. Shai Markowitz, Citigroup; Trisha Ortiz, Richards Watson & Gershon; Mimi Frusha, Renewable Funding; Chris Lynch, Jones Hall; and Mercedes Baumbach, GPM Municipal Advisors, participated by conference telephone.

**II. Approval of minutes—March 26, 2015.**

The commission approved the minutes for the regular meeting held March 26, 2015.

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

**III. Staff Updates.**

Items V d and VI have been pulled from today's agenda.

**IV. Approval of consent calendar.**

1. Approval of the City of El Cerrito as a program participant.
2. Approval of Authorized Signatory Resolution removing Jean Hurst and adding Dorothey Holzem and Graham Knaus.

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

**V. Approve 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. Stoneman Village LP (Stoneman Village), City of Pittsburgh, County of Contra Costa; issue up to \$14 million in multifamily revenue bonds.

The borrower is seeking to finance the acquisition and renovation of the Stoneman Village Apartments in a 2-year term during construction, and will be publicly sold by Red Capital Mortgage. Following the renovation, the bonds will be redeemed as the project will be financed with an FHA loan. The project consists of 145 units and is located on approximately 2.8 acres in Pittsburgh, providing services to low-income senior residents.

Executive Director Bando has reviewed the transaction, and based on the project's public benefit, as well as compliance with CSCDA's issuance policies, recommends that the Commission approve the project as submitted.

Motion to approve the project, as recommended by Executive Director Bando, by Harrison; second by O'Rourke; unanimously approved by roll-call vote.

- b. IH Seabreeze Vallejo LLC (Seabreeze Apartments), City of Vallejo, County of Solano; up to \$27 million in multifamily housing revenue bonds.

IH Seabreeze Vallejo LLC is seeking to finance the acquisition of the property, which consists of 15 two-story garden-style residential buildings for low income families. The tax-exempt bonds will be placed with East West Bank in Pasadena.

Based on the overall public benefits as outlined in the California Debt Limit Allocation Committee resolution, and conformance with CSCDA issuance policies, except for the subordinate clause (will be sold only to qualified investors as the bonds are not investment grade) Executive Director Bando recommends approval of the project as submitted.

Motion to approve the project, as recommended by Executive Director Bando and subject to the subordinate clause condition as explained, by Harrison; second by Holly; unanimously approved by roll-call vote.

- c. Tuolumne Road Partners LP (Tuolumne Apartments), City of Tuolumne, County of Tuolumne; up to \$6.5 million in multifamily revenue bonds.

The borrower is seeking to finance the acquisition and renovation of the Tuolumne Apartments with an approximately 24-month construction loan, which will then convert to permanent financing. The approximately 5.2% fixed interest rate bonds will be privately placed with Continental Mortgage. The project consists of 52 units and is located on approximately 3 acres in Tuolumne, providing services to low-income families.

Executive Director Bando has reviewed the transaction, and based on the project's public benefit, as well as compliance with CSCDA's issuance policies, recommends that the Commission approve the project as submitted.

Motion to approve the project, as recommended by Executive Director Bando, by Harrison; second by Bornstein; unanimously approved by roll-call vote.

- d. This item pulled from the agenda.

## **VI. Consideration of the Program Administration Agreement between CSCDA and Counterpoint Energy Solutions LLC.**

Pulled from agenda.

## **VII. Discussion of assignment structure and PPA structure for the CaliforniaFIRST Commercial PACE program.**

Mimi Frusha of Renewable Funding explained assignment and PPA structure of the CaliforniaFIRST PACE program due to passage of AB-1883.

## **VIII. Approval of a resolution approving the CaliforniaFIRST Commercial PACE assignment documents and related items:**

- a. Consideration of CaliforniaFIRST Commercial PACE assignment documents.

The resolution allows CSCDA to assign a voluntary contractual assessment to an investor for a specified period of time, not to exceed three years and up to \$50 million.

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

- b. Consideration of approving Hannon Armstrong as a CaliforniaFIRST Commercial PACE investor.

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

- c. Consideration of revised fee structure for CaliforniaFIRST Commercial PACE.

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

## **IX. Discussion of CaliforniaFIRST Residential PACE CAEATFA loss reserve program.**

Mimi Frusha explained that emergency regulations suspending the CAEATFA loss reserve program's administrative fees of 0.25% became effective January 30. The funds collected from each property owner will be credited to their next payment.

## **X. First quarter CaliforniaFIRST Residential PACE update.**

Mimi Frusha provided an overview and update of the CaliforniaFIRST residential PACE program. The program was fully launched in the original counties in September 2014. The program has expanded to a number of new cities and counties. There are currently about 500 participating property owners, and approximately \$10 million in volume was processed in March of 2015, which indicates the program is picking up momentum.

**XI. Public comment.**

None.

**XII. Adjournment.**

Commission chair Larry Combs adjourned the meeting at 10:35 am.

Submitted by: Perry Stottlemeyer, League of California Cities staff

*The next regular meeting of the commission is scheduled for  
Thursday, April 23, at 10:00 a.m.  
in the California State Association of Counties' office at 1100 K Street, Sacramento, California.*



**Item IV.**

**Consideration of Consent Calendar**

- a. Inducement of Community Housing Works (Northwest Manors II), City of Pasadena, County of Los Angeles; issue up to \$10 million in multi-family housing revenue bonds.**
- b. Inducement of Preservation Partners Development III, LLC (Springdale West Apartments) City of Long Beach, County of Los Angeles; issue up to \$80 million in multi-family housing revenue bonds.**

## Applicant Information

Primary Contact E-mail: [lhuff@chworks.org](mailto:lhuff@chworks.org)

Name of Developer: **Community HousingWorks**

TIN or EIN: **33-0317950**

### Primary Contact

First Name: **Lisa**

Last Name: **Huff**

Title: **Project Manager**

#### Address:

Street: **2815 Camino del Rio S**

City: **San Diego**

State: **California**

Suite: **Suite 350**

Phone: **6194508713**

Ext:

Zip: **92108**

Email: [lhuff@chworks.org](mailto:lhuff@chworks.org)

Fax:

#### Borrower Description:

☐ Same as developer ?

Name of Borrowing Entity: **East Mountain Housing Associates, L.P.**

#### Type of Entity:

☐ For-profit Corporation

☐ Non-profit Corporation

☒ Partnership

☐ Other (specify)

☐ Will you be applying for State Volume Cap?

Date Organized: **3/4/15**

No. of Multi-Family Housing Projects Completed in the Last 10 Years: **15**

No. of Low Income Multi-Family Housing Projects Completed in the Last 10 Years: **15**

### Secondary Contact

First Name: **Lisi**

Last Name: **Manriquez**

Title: **Associate Project Manager**

#### Address:

Street : **2815 Camino del Rio S**

City:

State: **California**

Suite: **Suite 350**

Phone: **6194508716**

Ext:

Zip:

Email: [Imanriquez@chworks.org](mailto:Imanriquez@chworks.org)

Fax:

### Primary Billing Contact

Organization: **Community HousingWorks**

First Name: **Kelly**

Last Name: **Swanson**

Title: **Project Accountant**

#### Address

Street: **2815 Camino del Rio S**

City: **San Diego**

State: **California**

Suite:

Phone: **6192824145**

Ext:

Zip: **92108**

Email: [kswanson@chworks.org](mailto:kswanson@chworks.org)

Fax:

## Project Information

### Project Information

Project Name: **Northwest Manors II**

New Project Name(optional):

### Facility Information

#### Facility #1

Facility Name: **Northwest Manors II**

**Facility Bond Amount: \$10,000,000.00**

#### Project Address:

Street or general location: **700 East Mountain St. and 965 North Raymond Avenue**

City: **Pasadena**

State: **California**

Zip: **91104**

County: **Los Angeles**

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

#### Total Number of Units:

Market: **0**

Restricted: **26**

Total: **26**

Lot size: **0.87 / 0.60 acres**

#### Amenities:

This is a two-property, scattered site project. The larger site on E Mountain St. has a large meeting room currently used as an oversized manager's office, a central courtyard, and laundry facility. The N Raymond site has outdoor seating areas and laundry

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

Northwest Manors II has 44 units total. The E Mountain St. site has two buildings with 26 units. The N Raymond site has one building with 18 units. The buildings are all 2-story wood frame.

#### 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: **Housing and Career Services Department**

First Name: **Vic**

Last Name: **Erganian**

Title: **City Treasurer**

Phone: **6267447311**

Ext:

Fax:

Email: **verganian@cityofpasadena.net**

#### Public Benefit Info:

Percentage of Units in Low Income Housing: **96**

Percentage of Area Median Income(AMI) for Low Income Housing Units: **60**

Total Number of Management Units: **2**

#	Bedrooms (Unit Size)	%AMI	No. of restricted units	Restricted rent	Market rent	Expected savings
1.	Studio	50	2	713.00	1,250.00	537.00
2.	1 Bedroom	50	2	764.00	1,550.00	786.00
3.	2 Bedrooms	50	7	917.00	1,800.00	883.00

4.

	2 Bedrooms	50	2	917.00	2,050.00	1,133.00
5.	Studio	60	6	856.00	1,250.00	394.00
6.	1 Bedroom	60	4	917.00	1,550.00	633.00
7.	2 Bedrooms	60	17	1,101.00	1,800.00	699.00
8.	2 Bedrooms	60	2	1,101.00	2,050.00	949.00

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 #:	State Senate District #:	State Assembly/House of Representatives District #:
27	25	41

## Financing Information

### Financing Information

Maturity **18** 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)

Name of Credit Enhancement Provider or Private Placement Purchaser:

#### Permanent Financing:

☐ Credit Enhancement

☐ None

☐ Letter of Credit

☐ Other (specify)

Name of Credit Enhancement Provider or Private Placement Purchaser:

#### Expected Rating:

☒ Unrated

Moody's:

S&P:

Fitch:

#### 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>\$7,200,000.00</u>
Taxable Bond Proceeds:	<u>\$</u>
Projected Tax Credits:	<u>\$3,338,399.00</u>
Developer Equity:	<u>\$</u>
Other Funds (Describe):	
<b>Developer Loan</b>	<u>\$319,201.00</u>
<b>Income from Operations</b>	<u>\$70,925.00</u>
	<u>\$</u>
	<u>\$</u>
	<u>\$</u>
Total Sources:	<u>\$10,928,525.00</u>

#### Uses:

Land Acquisition:	<u>\$1,065,000.00</u>
Building Acquisition:	<u>\$4,260,000.00</u>
Construction or Remodel:	<u>\$2,228,201.00</u>
Cost of Issuance:	<u>\$413,600.00</u>
Capitalized Interest:	<u>\$377,400.00</u>
Reserves:	<u>\$203,300.00</u>
Other Uses (Describe):	
<b>Architecture and Engineering</b>	<u>\$129,900.00</u>
<b>Local Permits and Fees</b>	<u>\$22,000.00</u>
<b>Developer Fee</b>	<u>\$1,147,300.00</u>
<b>Other Soft Costs</b>	<u>\$1,081,824.00</u>
	<u>\$</u>
Total Uses:	<u>\$10,928,525.00</u>

## Financing Team Information

### Bond Counsel

**Firm Name:** Jones Hall

#### Primary Contact

**First Name:** Stephen

**Last Name:** Melikian

**Title:** Attorney

#### Address:

**Street:** 650 California Street, 18th Floor

**Suite:**

**City:** San Francisco

**State:** California

**Zip:** 94108

**Phone:** 4153915780

**Ext:** 205

**Fax:**

**Email:** smelikian@joneshall.com

### Bank/Underwriter/Bond Purchaser

**Firm Name:**

#### Primary Contact

**First Name:**

**Last Name:**

**Title:**

#### Address:

**Street:**

**Suite:**

**City:**

**State:**

**Zip:**

**Phone:**

**Ext:**

**Fax:**

**Email:**

### 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:**

## Applicant Information

Primary Contact E-mail: [chuck@preservationpartners.org](mailto:chuck@preservationpartners.org)

Name of Developer: **Preservation Partners Development III, LLC**  
TIN or EIN: **51-0456835**

### Primary Contact

First Name: **Chuck**  
Title: **Senior Partner**

Last Name: **Treatch**

#### Address:

Street: **21515 Hawthorne Blvd**

City: **Torrance**

Phone: **310-802-6681**

Email: **chuck@preservationpartners.org**

State: **California**

Ext:

Suite: **390**

Zip: **90503**

Fax: **3108026680**

#### Borrower Description:

☐ Same as developer ?

Name of Borrowing Entity: **Springdale West Preservation Limited Partnership**

#### Type of Entity:

☐ For-profit Corporation

☒ Partnership

☐ Non-profit Corporation

☐ Other (specify)

☐ Will you be applying for State Volume Cap?

Date Organized: **1/12/2015**

No. of Multi-Family Housing Projects Completed in the Last 10 Years: **23**

No. of Low Income Multi-Family Housing Projects Completed in the Last 10 Years: **23**

### Secondary Contact

First Name: **Jon**  
Title: **CFO / Senior Partner**

Last Name: **LaLanne**

#### Address:

Street : **21515 Hawthorne Blvd**

City: **Torrance**

Phone: **310 802 6674**

Email: **jon@preservationpartners.org**

State: **California**

Ext:

Suite: **390**

Zip: **90503**

Fax: **3108026680**

### Primary Billing Contact

Organization: **Preservation Partners Development III, LLC**

First Name: **Chuck**

Title: **Senior Partner**

Last Name: **Treatch**

#### Address

Street: **21515 Hawthorne Blvd**

City: **Torrance**

Phone: **310-802-6681**

Email: **chuck@preservationpartners.org**

State: **California**

Ext:

Suite: **390**

Zip: **90503**

Fax: **3108026680**



## Project Information

### Project Information

Project Name: **Springdale West Apartments**

New Project Name(optional):

### Facility Information

#### Facility #1

Facility Name: **City of Long Beach**

**Facility Bond Amount: \$75,000,000.00**

#### Project Address:

Street or general location: **2095 W. Spring Street**

City: **Long Beach**

State: **California**

Zip: **90810**

County: **Los Angeles**

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

#### Total Number of Units:

Market:

Restricted: **410**

Total: **410**

Lot size: **Approx 15 acres**

Amenities:

Community Room , Gated with guards, swimming pool, tot lots, social services for the residents

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

Acquisition Rehab - existing wood frame 2 story 108 building, 6 laundry room, plus one community room.

#### 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: **City of Long Beach - Planning**

First Name: Dale

Last Name: Wiersma

Title: Building / Planning

Phone:

Ext:

Fax:

Email: dale.wiersma@longbeach.gov

#### Public Benefit Info:

Percentage of Units in Low Income Housing: 100

Percentage of Area Median Income(AMI) for Low Income Housing Units: 60

Total Number of Management Units: 4

#	Bedrooms (Unit Size)	%AMI	No. of restricted units	Restricted rent	Market rent	Expected savings
1.	1 Bedroom	50	1	778.00	1,315.00	537.00
2.	1 Bedroom	60	9	917.00	1,315.00	398.00
3.	2 Bedrooms	50	29	933.00	1,585.00	652.00
4.	2 Bedrooms	60	263	1,101.00	1,585.00	484.00
5.	3 Bedrooms	50	10	1,079.00	2,055.00	976.00
6.	3 Bedrooms	60	94	1,272.00	2,055.00	783.00

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 #:

47

State Senate District #:

33

State Assembly/House of Representatives  
District #:

70

## Financing Information

### Financing Information

Maturity **40** 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)

Name of Credit Enhancement Provider or Private Placement Purchaser:

#### Permanent Financing:

☐ Credit Enhancement

☐ None

☐ Letter of Credit

☐ Other (specify)

Name of Credit Enhancement Provider or Private Placement Purchaser:

#### Expected Rating:

☒ Unrated

Moody's:

S&P:

Fitch:

#### 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>\$75,000,000.00</u>
Taxable Bond Proceeds:	<u>\$</u>
Projected Tax Credits:	<u>\$36,821,529.00</u>
Developer Equity:	<u>\$</u>
Other Funds (Describe):	
<b>Seller Note</b>	<u>\$26,768,951.00</u>
<b>Net Operating Income during construction</b>	<u>\$3,000,000.00</u>
	<u>\$</u>
	<u>\$</u>
	<u>\$</u>
Total Sources:	<u>\$141,590,480.00</u>

#### Uses:

Land Acquisition:	<u>\$15,000,000.00</u>
Building Acquisition:	<u>\$90,000,000.00</u>
Construction or Remodel:	<u>\$23,150,977.96</u>
Cost of Issuance:	<u>\$3,389,111.00</u>
Capitalized Interest:	<u>\$3,000,000.00</u>
Reserves:	<u>\$2,019,991.04</u>
Other Uses (Describe):	
<b>Developer Fee</b>	<u>\$2,500,000.00</u>
<b>Third Party Cost - Consultants</b>	<u>\$98,000.00</u>
<b>Relocation</b>	<u>\$2,432,400.00</u>
	<u>\$</u>
	<u>\$</u>
Total Uses:	<u>\$141,590,480.00</u>

## Financing Team Information

### Bond Counsel

Firm Name: Orrick, Herrington & Sutcliffe LLP

#### Primary Contact

First Name: Justin

Last Name: Cooper

Title: Partner / Public Finance

#### Address:

Street: 405 Howard Street

Suite:

City: San Francisco

State: California

Zip: 94105

Phone: 4157735700

Ext:

Fax: 4157735759

Email: jcooper@orrick.com

### Bank/Underwriter/Bond Purchaser

Firm Name: RED Capital

#### Primary Contact

First Name: Nick

Last Name: Hamilton

Title: Managing Director

#### Address:

Street: 402 West Broadway

Suite: 1730

City: San Diegooooo

State: California

Zip: 92101

Phone: 619-471-0117

Ext:

Fax:

Email: nahamilton@redcapitalgroup.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:

**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. **Episcopal Senior Communities, City of Palo Alto, County of Santa Clara;  
up to \$9,500,000 in revenue refunding bonds. (Caitlin Lanctot)**

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## SUMMARY AND APPROVALS

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<b>DATE:</b>	APRIL 23, 2015
<b>APPLICANT:</b>	EPISCOPAL SENIOR COMMUNITIES
<b>AMOUNT:</b>	UP TO \$9,500,000 OF REVENUE REFUNDING BONDS
<b>PURPOSE:</b>	TO REFINANCE THE ACQUISITION, CONSTRUCTION, FURNISHING AND EQUIPPING OF A SKILLED NURSING FACILITY
<b>PRIMARY ACTIVITY:</b>	CONTINUING CARE
<b>LEGAL STRUCTURE:</b>	501(C)(3) CORPORATION

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### **Background:**

Episcopal Senior Communities, a California nonprofit public benefit corporation and an organization described in Section 501(c)(3) of the Internal Revenue Code of 1986 (“ESC” or the “Corporation”), wishes to refinance indebtedness used to finance the cost of acquisition, construction, furnishing and equipping of that certain skilled nursing facility commonly known as Webster House (the “Facility”) to be owned and operated by the Corporation and located in the County of Santa Clara.

ESC is seeking up to \$9,500,000 in nonprofit revenue bonds (the “Bonds”) to finance the acquisition of the Facility.

JTM Communities (“JTM”), formerly John Tennant Memorial Homes, was founded in 1963 and opened Canterbury Woods retirement community in Pacific Grove, California on land originally donated to the Episcopal Diocese of California by Margaret Tennant for the purpose of housing retired Episcopal clergy. Canterbury Woods was subsequently transferred to Episcopal Senior Communities (“ESC”) upon its formation in 1965, and ESC then developed four additional continuing care retirement communities (“CCRCs”) in Oakland, Los Gatos, Santa Rosa and San Francisco. JTM was reorganized in 2007 to become the sole corporate member of ESC in order to facilitate expansion of market rate senior retirement communities, senior affordable housing communities, and home and community-based services through development, acquisition and/or affiliation. Shortly thereafter, JTM affiliated with Lytton Gardens Senior Communities (“LGSC”) and Lytton Gardens, Inc. (“LGI”) by becoming the sole corporate member of both. In 2011, JTM and LGI formed Webster House Senior Living, LLC (“WHSL”) for the purpose of purchasing the CCRC more commonly known as Webster House from Sunrise Senior Living.

JTM is the sole member of ESC and LGI, each of which is a California nonprofit public benefit corporation determined to be exempt from federal income taxation under Section 501(a) of the Internal Revenue Code, as organizations described in Section 501(c)(3) of the Code. Together, JTM and LGI are the members of WHSL; LGI is the managing member of the limited liability company.



LGI owns and operates the 145-bed skilled nursing center in Palo Alto, California more commonly known as the Webster House Health Care Center (the “Care Center”). WHSL owns Webster House, a 37-apartment independent living community immediately adjacent to the Care Center. Webster House and the Care Center are operated together as a single CCRC providing a full continuum of care. ESC plans to purchase certain of LGI’s and WHSL’s assets including the land, buildings, improvements, FF&E, resident contracts, admission agreements and intangibles that comprise the CCRC. The CCRC will be added to the ESC Obligated Group joining the five existing CCRCs in the Group.

ESC’s application was submitted to CSCDA on March 26, 2015. CSCDA issued approximately \$18 million in bonds for ESC in 2003. CSCDA has not issued any subsequent bonds for ESC since then.

**Economic Development:**

- Across the ESC system, ESC and its affiliates employ approximately 1,000 full-time equivalent staff and caregivers.
- ESC employees live, eat, and shop within those communities and support the local economy.

**Public Benefit:**

- The Facilities financed by the Bonds will further enhance ESC’s ability to expand its mission and goals.
- Community outreach – ESC supports a wide range of activities and resources that promote health and wellness for its communities. The outreach program includes charitable contributions and grants to various organizations, research and education activities with local organizations, health and wellness education, and prevention strategies.

**Agency Approvals:**

TEFRA hearing will be held by the County on April 21, 2015. Staff will update the board as to the outcome as soon as available.

**Estimated Sources and Uses:**

## Sources:

Series 2015 Bonds	\$8,849,000
Equity Contribution	<u>73,020</u>
Total Sources	\$8,922,020

## Uses:

Project Costs	\$8,671,233
Costs of Issuance	250,000
Additional Proceeds	<u>787</u>
Total Uses	\$8,922,020

**Finance Team:**

- Bond Counsel: Chapman and Cutler, Chicago
- Authority Counsel: Orrick, Herrington & Sutcliffe, LLP, Sacramento
- Placement Agent: B.C. Ziegler & Company
- Purchaser: J.P. Morgan

**Financing Structure and Objectives:**

The Bonds will mature in no more than twenty-five years and will be issued as variable rate tax-exempt obligations. The ESC financing will be a variable rate direct placement with monthly resets based on 67% of 1-mo LIBOR plus a credit spread of 97bps. The floating rate formula for ESC equates to 1.09% in today's market. The Placement Agent will facilitate a private placement to the Bank in denominations of \$250,000. The financing will comply with the Authority's policies for the issuance of privately placed securities.

**Executive Director Approval:**

Based on the overall public benefits and conformance to CSCDA's issuance guidelines, subject to holding the expected TEFRA hearing scheduled on April 21, 2015, 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 Facility, subject to TEFRA approval by the County; and
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. Original application

## Applicant Information

Primary Contact E-mail: [dbell@ziegler.com](mailto:dbell@ziegler.com)

### Organization

Name of Organization: **Episcopal Senior Communities**

TIN or EIN:

### Primary Contact

First Name: **Diana**

Last Name: **Jamison**

Title: **Chief Financial Officer**

Street: **2185 N California Blvd**

Suite: **575**

City: **Walnut Creek**

State: **California**

Zip: **94596**

Phone: **925-956-7446**

Ext:

Fax:

Email: **djamison@jtm-esc.org**

### Secondary Contact

First Name: **Jon**

Last Name: **Casey**

Title:

#### Address:

Street : **2185 N California Blvd**

Suite: **575**

City: **Walnut Creek**

State: **California**

Zip: **94596**

Phone: **925-956-7400**

Ext:

Fax:

Email: **jcasey@jtm-esc.org**

### Primary Billing Contact

Organization: **Episcopal Senior Communities**

First Name: **Diana**

Last Name: **Jamison**

Title: **Chief Financial Officer**

#### Address:

Street: **2185 N California Blvd**

Suite: **575**

City: **Walnut Creek**

State: **California**

Zip: **94596**

Phone: **925-956-7446**

Ext:

Fax:

Email: **djamison@jtm-esc.org**

## Project Information

Project type: **Healthcare: Continuing care**

Other:

Project Name: **Episcopal Senior Communities**

☐ Small Issue Public Benefit Project?

### Facility #1

Facility Name: **Revenue Refunding Bonds, Series 2015**

Facility Bond Amount: **\$9,000,000.00**

#### Project Address:

Street or general location: **2185 N California Blvd, ste 575**

City: **Walnut Creek**

State: **California**

Zip: **94596**

County: **Santa Clara**

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 #:

State Senate District #:

State Assembly/House of Representatives  
District #:

### Facility #2

Facility Name: **N/A**

Facility Bond Amount: **\$1.00**

#### Project Address:

Street or general location: **N/A**

City: **N/A**

State: **California**

Zip: **94596**

County: **N/A**

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 #:

State Senate District #:

State Assembly/House of Representatives  
District #:

## Financing Information

### Financing Information

Tax Exempt: \$ 9,000,000.00  
Taxable: \$  
Total Principal Amount: \$ 9,000,000.00  
Maturity 25Years

#### 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:

S&P:

Fitch:

## Financing Team Information

### Bond Counsel

**Firm Name:** Chapman and Cutler LLP

**Primary Contact**

**First Name:** John

**Last Name:** Bibby

**Title:** Esquire

**Address:**

**Street:** 111 West Monroe Street

**Suite:** 3500

**City:** Chicago

**State:** Illinois

**Zip:** 60603

**Phone:** 312-845-2964

**Ext:**

**Fax:**

**Email:** jbibby@chapman.com

### Bank/Underwriter/Bond Purchaser

**Firm Name:** JP Morgan Chase

**Primary Contact**

**First Name:** Brendan

**Last Name:** Corrigan

**Title:** Vice President

**Address:**

**Street:** 560 Mission Street

**Suite:** Floor 4

**City:** San Francisco

**State:** California

**Zip:** 94105

**Phone:** 415-315-4961

**Ext:**

**Fax:**

**Email:** brendan.s.corrigan@jpmorgan.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 REFUNDING BONDS IN AN AGGREGATE PRINCIPAL AMOUNT NOT TO EXCEED \$9,500,000 TO REFINANCE THE ACQUISITION, CONSTRUCTION, FURNISHING AND EQUIPPING OF A SKILLED NURSING FACILITY FOR EPISCOPAL SENIOR COMMUNITIES 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 County of Santa Clara (the “*County*”) is a Program Participant, and such County is authorized to acquire and dispose of property, both real and personal, pursuant to the provisions of Chapter 1, Division 1 of Title 3 of the Government Code of the State of California;

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

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

WHEREAS, Episcopal Senior Communities, a California nonprofit public benefit corporation and an organization described in Section 501(c)(3) of the Internal Revenue Code of 1986 (the “*Corporation*”), wishes to refinance indebtedness used to finance the cost of acquisition, construction, furnishing and equipping of that certain skilled nursing facility commonly known as Webster House (the “*Facility*”) to be owned and operated by the Corporation and located in the County;

WHEREAS, the Corporation is requesting the assistance of the Authority in refinancing the Facility;

WHEREAS, pursuant to a Bond Trust Indenture (the “*Bond Indenture*”), between the Authority and U.S. Bank National Association (the “*Bond Trustee*”), the Authority will issue the California Statewide Communities Development Authority Revenue Refunding Bonds, Series 2015 (Episcopal Senior Communities) (the “*Series 2015 Bonds*”) for the purpose, among others, of refinancing the Facility;

WHEREAS, pursuant to a Loan Agreement (the “*Loan Agreement*”), between the Authority and the Corporation, the Authority will loan the proceeds of the Series 2015 Bonds to the Corporation for the purpose, among others, of refinancing the Facility;

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

- (1) Proposed form of the Bond Indenture; and
- (2) Proposed form of the Loan Agreement;

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 Bond Indenture, the Authority is hereby authorized to issue its revenue bonds designated as the “California Statewide Communities Development Authority Revenue Refunding Bonds, Series 2015 (Episcopal Senior Communities)” in an aggregate principal amount not to exceed Nine Million Five Hundred Thousand dollars (\$9,500,000). 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 Bond Indenture, as made available to the Commissioners. The Bonds shall be executed on behalf of the Authority by the manual or facsimile signature of the Chair of the Authority or the manual signature of any member of the Commission of the Authority or their administrative delegates duly authorized pursuant to Resolution No. 15R-11 of the Authority, adopted on April 9, 2015 (each, an “*Authorized Signatory*”), and attested by the manual or facsimile signature of the Secretary of the Authority or the Assistant to the Secretary of the Authority or the manual signature of any Authorized Signatory.

*Section 2.* The proposed form of Bond 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 Bond Indenture in substantially said



form, with such changes and insertions therein as any member of the Commission, with the advice of counsel to the Authority, may approve, such approval to be conclusively evidenced by the execution and delivery thereof. The trustee, dated date, maturity date or dates, interest rate or rates, 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 Bond 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 Bonds, when executed as provided in Section 1, shall be delivered to the Bond Trustee for authentication by the Bond Trustee. The Bond Trustee is hereby requested and directed to authenticate the Bonds by executing the Bond 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 Bond Trustee. Such instructions shall provide for the delivery of the Bonds to the purchaser or purchasers thereof, upon payment of the purchase price thereof.

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

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

*Section 7.* Notwithstanding anything to the contrary in this Resolution, no documents referenced in this Resolution may be executed and delivered until the County has held the hearing pursuant to Section 147(f) of the Internal Revenue Code of 1986, if required by said Section, and has approved the issuance of the Series 2015 Bonds as may be required thereby and in accordance with Section 6 of the Agreement to provide refinancing for the Facility.

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

PASSED AND ADOPTED by the California Statewide Communities Development Authority  
this 23rd day of April, 2015.

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 April 23, 2015.

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

Authorized Signatory  
California Statewide Communities  
Development Authority

- b. American Baptist Homes of the West, City of Los Altos, County of Santa Clara, City of Santa Barbara, City of Oakland, County of Alameda, City of Redlands, County of San Bernardino, City of Bakersfield, County of Kern, City of Fresno, County of Fresno; up to \$70,000,000 in revenue bonds.  
(Caitlin Lanctot)**

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## SUMMARY AND APPROVALS

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**DATE:** APRIL 23, 2015

**APPLICANT:** AMERICAN BAPTIST HOMES OF THE WEST

**AMOUNT:** UP TO \$70,000,000 OF NONPROFIT REVENUE BONDS

**PURPOSE:** TO FINANCE, REFINANCE INDEBTEDNESS USED TO FINANCE, OR REIMBURSE, THE COST OF THE EXPANSION, REMODELING, RENOVATION, FURNISHING AND EQUIPPING OF CONTINUING CARE FACILITIES

**PRIMARY ACTIVITY:** CONTINUING CARE

**LEGAL STRUCTURE:** 501(C)(3) CORPORATION

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### Background:

American Baptist Homes of the West, a California nonprofit public benefit corporation and an organization described in Section 501(c)(3) of the Internal Revenue Code of 1986 (“ABHOW” or “Corporation”), wishes to finance, refinance indebtedness used to finance, or reimburse, the cost of the expansion, remodeling, renovation, furnishing and equipping of continuing care facilities (the “Project”) owned and operated by the Corporation or a tax-exempt affiliate thereof and located in the City of Bakersfield, the City of Fresno, the City of Redlands and the City of Santa Barbara (collectively, the “Cities”), and the County of Alameda and the County of Santa Clara (together, the “Counties”); In connection with the Project, the following TEFRA hearings have been scheduled:

ABHOW is seeking up to \$70,000,000 in nonprofit revenue bonds (the “Bonds”) to finance the Project.

ABHOW, a California nonprofit public benefit corporation, was established in 1949 as Pilgrim Haven Home Corporation with the establishment of Pilgrim Haven retirement community in Los Altos, California. The original purpose and commitment to provide quality housing and health care for retired American Baptist ministers and missionaries has expanded to include older persons regardless of occupation or religious affiliation. ABHOW directly owns and operates seven continuing care retirement communities (“CCRCs”) in California. In addition to these seven CCRCs, ABHOW provides management services to its affiliated senior housing corporations and limited partnerships, to four affiliated CCRCs and 34 low- and moderate-income senior rental housing communities. ABHOW and all of its affiliates except Seniority and certain affordable housing limited partnerships have received determination letters from the IRS that they are exempt from federal income taxation under Section 501(a) of the Code as organizations described in Section 501(c)(3) of the Code.

ABHOW is the sole member of several other corporations that supplement ABHOW’s mission and operations: (i) American Baptist Homes Foundation of the West, Inc., a California nonprofit public benefit corporation that administers charitable endowment funds for the benefit of ABHOW and its

affiliates; (ii) American Baptist Homes of Washington, a Washington nonprofit corporation that owns and operates a CCRC in Des Moines, Washington known as Judson Park; and (iii) American Baptist Properties, Inc., a California nonprofit public benefit corporation (“American Baptist Properties”), created to hold real property to support ABHOW’s growth activities. ABHOW also owns a 100% interest in Seniority, a for-profit California corporation that provides sales, marketing, consulting and management services to the Corporation, ABHOW’s seven CCRCs, and a number of unrelated corporations.

ABHOW communities offer a variety of services and programs for residents. In the continuing care retirement communities (“CCRCs”), at least three levels of care and services are provided: residential living, assisted living and skilled nursing care. In addition to the three levels of care and services provided at the CCRCs, ABHOW has developed special care units called “the Grove” for persons afflicted with Alzheimer’s and other dementias at a number of its communities with plans of providing such services at all of its communities. Continuing care residents receive at least one meal a day, housekeeping and laundry services, social events and activities, transportation, and other supportive services as needed (such as occupational, speech, and physical therapies). Residents pay an entrance fee upon admission to the community for the continuing care promise of services as well as a monthly service fee.

ABHOW’s application was submitted to CSCDA on March 23, 2015. CSCDA has issued bonds for ABHOW in the approximate amount of \$250 million over 4 prior transactions.

**Economic Development:**

- Across the ABHOW system, ABHOW and its affiliates employ approximately 2,200 full-time equivalent staff and caregivers.
- ABHOW employees live, eat, and shop within those communities and support the local economy.

**Public Benefit:**

- Charitable ministry is at the heart of everything ABHOW does. In 1997 the company formally adopted a program of social accountability, the goal of which is to touch as many lives as possible by putting the company’s tax-exempt dollars to work.
- Resident subsidies by ABHOW (continuing care resident contracts and other discounts) during fiscal year 2014 were \$3,931,452. Included are non-contract allowances, administrative discounts, permanent transfers to different levels of care credit, below-market discounts, health center free days credit, life care contract discounts and medical insurance subsidies.
- Direct benevolence to continuing care residents by ABHOW during fiscal year 2014 was \$1,087,055.
- The Project financed by the Bonds will replace older facilities and provide additional services.

- Community outreach – ABHOW supports a wide range of activities and resources that promote health and wellness for its communities. The outreach program includes charitable contributions and grants to various organizations, research and education activities with local organizations, health and wellness education, and prevention strategies.

#### **Agency Approvals:**

TEFRA hearings will be held by the Cities and Counties on the following dates:

05/06/2015	City of Bakersfield
05/05/2015	City of Redlands
04/30/2015	City of Fresno
04/28/2015	City of Santa Barbara
05/05/2015	Santa Clara County
04/21/2015	County of Alameda

Staff will update the board as to the outcome as soon as available.

#### **Estimated Sources and Uses:**

##### Sources:

Series 2015 Bonds	\$51,815,000
Net Original Issue Discount/Premium	5,551,043
Trustee Held Funds	2,731,306
Equity Contribution	<u>1,018,150</u>
Total Sources	\$61,115,499

##### Uses:

Project Costs	\$20,000,000
Refinancing of 2006 Bonds	40,096,016
Costs of Issuance	1,018,150
Additional Proceeds	<u>1,333</u>
Total Uses	\$61,115,499

#### **Finance Team:**

- Bond Counsel: Chapman and Cutler, Chicago
- Authority Counsel: Orrick, Herrington & Sutcliffe, LLP, Sacramento
- Underwriter: B.C. Ziegler & Company

**Financing Structure and Objectives:**

The Bonds will mature in no more than forty years and will be issued as 4% fixed rate tax-exempt obligations. The Underwriter will publicly offer the fixed rate bonds in minimum denominations of \$5,000. This financing will comply with the Authority's policies for the issuance of publicly offered securities.

**Executive Director Approval:**

Based on the overall public benefits and conformance to CSCDA's issuance guidelines, subject to holding the required TEFRA hearings in the jurisdictions where the projects are located and the bonds receiving at least one investment grade credit rating, 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, subject to TEFRA approval by the Cities and Counties; and
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. Original application



## Applicant Information

Primary Contact E-mail: [scarper@cacommunities.org](mailto:scarper@cacommunities.org)

### Organization

Name of Organization: **American Baptist Homes of the West**

TIN or EIN:

### Primary Contact

First Name: **Pamela**

Last Name: **Claassen**

Title: **CFO**

Street: **6120 Stoneridge Mall Road**

Suite: **3rd floor**

City: **Pleasanton**

State: **California**

Zip: **94588**

Phone: **925-924-7117**

Ext:

Fax: **925-924-7101**

Email: **pclaassen@abhow.com**

### Secondary Contact

First Name:

Last Name:

Title:

#### Address:

Street :

Suite:

City:

State:

Zip:

Phone:

Ext:

Fax:

Email:

### Primary Billing Contact

Organization: **American Baptist Homes of the West**

First Name: **Pamela**

Last Name: **Claassen**

Title: **CFO**

#### Address:

Street: **6120 Stoneridge Mall Road**

Suite: **3rd floor**

City: **Pleasanton**

State: **California**

Zip: **94588**

Phone: **925-924-7117**

Ext:

Fax: **925-924-7101**

Email: **pclaassen@abhow.com**

## Project Information

Project type: **Healthcare: Continuing care**

Other:

Project Name: **Multiple Locations**

☐ Small Issue Public Benefit Project?

### Facility #1

Facility Name: **The Terraces at Los Altos**

Facility Bond Amount: **\$1.00**

#### Project Address:

Street or general location: **373 Pine Lane**

City: **Los Altos**

State: **California**

Zip: **94022**

County: **Santa Clara**

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 #:

State Senate District #:

State Assembly/House of Representatives  
District #:

### Facility #2

Facility Name: **The Terraces of Los Gatos**

Facility Bond Amount: **\$1.00**

#### Project Address:

Street or general location: **800 Blossom Hill Road**

City: **Los Gatos**

State: **California**

Zip: **95032**

County: **Santa Clara 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 #:

State Senate District #:

State Assembly/House of Representatives  
District #:

### Facility #3

Facility Name: **Valle Verde**  
Facility Bond Amount: **\$1.00**

**Project Address:**

Street or general location: **900 Calle de los Amigos**

City: **Santa Barbara**

State: **California**

Zip: **93105**

County: **Santa Barbara**

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 #:

State Senate District #:

State Assembly/House of Representatives  
District #:

## Facility #4

Facility Name: **Piedmont Gardens**  
Facility Bond Amount: **\$1.00**

**Project Address:**

Street or general location: **110 41st Street**

City: **Oakland**

State: **California**

Zip: **94611**

County: **Alameda**

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 #:

State Senate District #:

State Assembly/House of Representatives  
District #:

## Facility #5

Facility Name: **Grand Lake Gardens**  
Facility Bond Amount: **\$1.00**

**Project Address:**

Street or general location: **401 Santa Clara Ave**

City: **Oakland**

State: **California**

Zip: **94610**

County: **Alameda**

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 #:

State Senate District #:

State Assembly/House of Representatives  
District #:

## Facility #6

Facility Name: **Plymouth Village Retirement Community**

Facility Bond Amount: **\$1.00**

**Project Address:**

Street or general location: **900 Salem Drive**

City: **Redlands**

State: **California**

Zip: **92373**

County: **San Bernardino**

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 #:

State Senate District #:

State Assembly/House of Representatives  
District #:

## Facility #7

Facility Name: **Rosewood Retirement Community**

Facility Bond Amount: **\$1.00**

**Project Address:**

Street or general location: **1301 New Stine Road**

City: **Bakersfield**

State: **California**

Zip: **93309**

County: **Kern**

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 #:

State Senate District #:

State Assembly/House of Representatives  
District #:

## Financing Information

### Financing Information

Tax Exempt: \$ 62,000,000.00  
Taxable: \$  
Total Principal Amount: \$ 62,000,000.00  
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:

S&P:

Fitch:

BBB+

## Financing Team Information

### Bond Counsel

**Firm Name:** Chapman & Cutler

**Primary Contact**

First Name: **Amy**

Last Name: **Curran**

Title: **Partner**

**Address:**

Street: **111 West Monroe Street**

City: **Chicago**

State: **Illinois**

Suite:

Zip: **60603**

Phone: **(312) 845-3842**

Ext:

Fax:

Email: **curran@chapman.com**

### Bank/Underwriter/Bond Purchaser

**Firm Name:** Ziegler

**Primary Contact**

First Name: **Mary**

Last Name: **Munoz**

Title: **Managing Director**

**Address:**

Street: **8501 N. Scottsdale Road**

City: **Scottsdale**

State: **Arizona**

Suite:

Zip: **85253**

Phone: **(480) 483-5983**

Ext:

Fax:

Email: **mmunoz@ziegler.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 AN AGGREGATE PRINCIPAL AMOUNT NOT TO EXCEED \$70,000,000 TO FINANCE, REFINANCE INDEBTEDNESS USED TO FINANCE, OR REIMBURSE, THE COST OF THE EXPANSION, REMODELING, RENOVATION, FURNISHING AND EQUIPPING OF CONTINUING CARE FACILITIES FOR AMERICAN BAPTIST HOMES OF THE WEST 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 the 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 Bakersfield, the City of Fresno, the City of Redlands and the City of Santa Barbara (collectively, the “*Cities*”) are each a Program Participant, and such Cities are 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, the County of Alameda and the County of Santa Clara (together, the “*Counties*”) are each a Program Participant, and such Counties are authorized to acquire and dispose of property, both real and personal, pursuant to the provisions of Chapter 1, Division 1 of Title 3 of the Government Code of the State of California;



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

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

WHEREAS, American Baptist Homes of the West, a California nonprofit public benefit corporation and an organization described in Section 501(c)(3) of the Internal Revenue Code of 1986 (the "*Corporation*"), wishes to finance, refinance indebtedness used to finance, or reimburse, the cost of the expansion, remodeling, renovation, furnishing and equipping of continuing care facilities (the "*Project*") owned and operated by the Corporation or a tax-exempt affiliate thereof and located in the Cities and the Counties;

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

WHEREAS, pursuant to a Bond Trust Indenture (the "*Bond Indenture*"), between the Authority and U.S. Bank National Association, as bond trustee (the "*Bond Trustee*"), the Authority will issue the California Statewide Communities Development Authority Revenue Bonds, Series 2015 (American Baptist Homes of the West) (the "*Series 2015 Bonds*") for the purpose, among others, of financing and refinancing the Project;

WHEREAS, pursuant to a Loan Agreement (the "*Loan Agreement*"), between the Authority and the Corporation, the Authority will loan the proceeds of the Series 2015 Bonds to the Corporation for the purpose, among others, of financing and refinancing the Project;

WHEREAS, pursuant to a Bond Purchase Agreement, to be dated the date of sale of the Series 2015 Bonds (the "*Purchase Contract*"), among B.C. Ziegler & Company, as underwriter (the "*Underwriter*"), the Authority and the Corporation, the Series 2015 Bonds will be sold to the Underwriter, and the proceeds of such sale will be used as set forth in the Bond Indenture to finance and refinance the Project and to fund a debt service reserve account, if deemed necessary or advisable by the Authority or the Corporation;

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

- (1) A proposed form of the Bond 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 to be used by the Underwriter in connection with the offering and sale of the Series 2015 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 Bond Indenture, the Authority is hereby authorized to issue its revenue bonds designated as the “California Statewide Communities Development Authority Revenue Bonds, Series 2015 (American Baptist Homes of the West)” in an aggregate principal amount not to exceed Seventy Million Dollars (\$70,000,000). The Series 2015 Bonds shall be issued and secured in accordance with the terms of, and shall be in the form set forth in, the Bond Indenture, as made available to the Commissioners. The Series 2015 Bonds shall be executed on behalf of the Authority by the manual or facsimile signature of the Chair of the Authority or the manual signature of any member of the Commission of the Authority or their administrative delegates duly authorized pursuant to Resolution No. 15R-11 of the Authority, adopted on April 9, 2015 (each, an “*Authorized Signatory*”), and attested by the manual or facsimile signature of the Secretary of the Authority or the Assistant to the Secretary of the Authority or the manual signature of any Authorized Signatory.

*Section 2.* The proposed form of the Bond 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 Bond 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 Series 2015 Bonds shall be as provided in the Bond Indenture, as finally executed.

*Section 3.* The proposed form of the 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 forms, 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 Series 2015 Bonds and to deliver the Official Statement in final form to the purchasers of the Series 2015 Bonds, in each case with such changes as may be approved as aforesaid.

*Section 7.* The Series 2015 Bonds, when executed as provided in Section 1, shall be delivered to the Bond Trustee for authentication by the Bond Trustee. The Bond Trustee is hereby requested and directed to authenticate the Series 2015 Bonds by executing the Bond Trustee's Certificate of Authentication appearing thereon, and to deliver the Series 2015 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 Bond Trustee. Such instructions shall provide for the delivery of the Series 2015 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 Series 2015 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 Series 2015 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 each of the City of Bakersfield, the City of Fresno, the City of Redlands, the City of Santa Barbara, the County of Alameda and the County of Santa Clara 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 Series 2015 Bonds as may be required thereby and in accordance with Section 9 of the Agreement to provide financing and refinancing for the Project.

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

PASSED AND ADOPTED by the California Statewide Communities Development Authority  
this 23rd day of April, 2015.

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 April 23, 2015.

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

**Item VI.**

**Consideration of an amendment to CSCDA's issuance policies to require delivery of a sophisticated investor letter for certain transactions. (Cathy Bando)**

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## SUMMARY AND APPROVALS

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**DATE:** APRIL 23, 2015

**SUBJECT:** AMENDMENT TO ISSUANCE POLICY IN REGARDS TO REQUIREMENTS FOR DELIVERY OF SOPHISTICATED INVESTOR LETTER.

**CSCDA PROGRAM:** ALL PROGRAMS

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### **Background:**

CSCDA's current policies require that for unrated transactions and transactions rated BBB- or below, bonds may be sold only to qualified institutional buyers ("QIBs") or to accredited investors. As written, the Authority's policy does not currently require a sophisticated investor letter in connection with a sale of bonds to QIBs. The policy does require a sophisticated investor letter in connection with the sale of bonds to accredited investors and requires a "traveling" investor letter upon each subsequent transfer of the bonds.

We would propose that CSCDA revise its policies to (a) always require a sophisticated investor letter in connection with a sale not involving an underwriter (e.g., a private placement) regardless of the rating of the bonds, (b) require a sophisticated investor letter in connection with sales to QIBs for non-investment grade bonds and (c) eliminate the requirement that a traveling investor letter be delivered in connection with each subsequent transfer of bonds sold to QIBs or to accredited investors.

With respect to items (a) and (b), an investor letter would provide CSCDA with comfort that the investor satisfies the criteria for the purchase, that they have no present intention of reoffering the bonds in a subsequent public offering, that the investor has the sophistication to evaluate the merit and risks of the investment and to suffer the loss of the investment, and that the investor has been furnished all information that they and their advisors requested and that they have had an opportunity to ask the appropriate questions. This is especially, but not only, important in any case in which there is no offering document intended to satisfy the 10b-5 disclosure obligations of the issuer.

In addition and with respect to item (c), CSCDA's 10b-5 disclosure obligation to provide material disclosure runs to initial purchasers and, if those purchasers buy with a view to future sale, then to subsequent purchasers (for example, to an underwriter, to its customers and if that customer resells or "flips" the bonds, to its purchasers), until the bonds have come to rest with purchasers buying for investment purposes and not for resale. In a private placement, a sophisticated investor letter provides assurance to the issuer that the bonds have come to rest because the investor represents that they have taken ownership of the bonds for investment purposes and not with a view toward resale. The Authority's current policy requires a traveling investor letter which makes any subsequent bond resale transaction unclear. This means that any subsequent resale of the Bonds is a secondary market transaction in which the disclosure obligation belongs to the current seller and not to CSCDA, unless, perhaps, CSCDA inserts itself into that subsequent resale, for example by requiring a traveling letter. The law is not clear on such exposure.

In addition to the above considerations, traveling investor letters are unfavorable to investors and can substantially impair the marketability of and interest rate on an unrated bond issue. Traveling investor letters are also difficult to enforce. Consequently, it makes sense at this time to eliminate the Authority's traveling investor letter requirement and require a sophisticated investor letter only in connection with the initial bond issuance. The elimination of the traveling investor letter reduces the Authority's possible exposure in the event the traveling letter requirement is not enforced and it makes the Authority's bonds more marketable to investors.

**Executive Director Approval:**

The Executive Director recommends approval of the elimination of a traveling investor letter requirement for bonds sold to accredited investors and the addition of a requirement for the delivery of sophisticated investor letter in connection with non-rated and non-investment grade bonds sold to QIBs or accredited investors

**Attachments:**

1. CSCDA's Issuance Policy (redline)
2. Form of Investor Letter

## II. Requirements for Financings Rated "BBB- or Baa3" or Better

Financings that have been assigned a minimum of one investment grade credit rating<sup>1</sup> by Standard & Poors, Moody's Investors Service or Fitch Ratings will be subject to the issuance requirements below:

1. Bonds may be issued and sold through a public offering, private placement or limited public offering with appropriate disclosure or offering materials.
2. Bonds may be issued in \$5,000 or such other minimum denominations at the discretion of the applicant and approved by CSCDA.
- ~~2.3.~~ Bonds not sold to an "underwriter" within the meaning of the Securities Act of 1933 (for example, by private placement) shall be sold to purchasers who have executed a sophisticated investor letter in form acceptable to CSCDA.

<sup>1</sup> The lowest investment grade credit rating by S&P and Fitch is BBB- and by Moody's is Baa3.

## III. Requirements for Financings Rated Below "BBB-", -or Non-rated<sup>2</sup>

1. Either: (a) Bonds must be sold to purchasers that are "qualified institutional buyers" as generally defined under Rule 144A of the Securities Act of 1933 or (b) Bonds must be privately placed with purchasers that are "accredited investors" as generally defined under Regulation D of the Securities Act of 1933, in each case who have ~~and all initial and subsequent "accredited investors" shall execute~~ a "traveling" sophisticated investor letter in form acceptable to CSCDA.
2. The offering material/disclosure document, if any, shall prominently indicate on the cover that Bonds can only be sold to qualified institutional buyers or accredited investors, as applicable.
3. The face of each Bond shall contain a legend stating to the effect that such Bond can only be sold to qualified institutional buyers or accredited investors, as applicable.
4. The bond documents shall contain provisions that restrict the ability to transfer the Bonds to only qualified institutional buyers or accredited investors, as applicable.
5. Bonds may be issued and sold through a private placement or limited public offering with appropriate disclosure or offering materials.
6. Bonds sold to "qualified institutional buyers" as specified above shall be sold in minimum denominations of \$25,000 or greater.
7. Bonds sold to "accredited investors" as specified above shall be sold in minimum denominations of \$100,000 or greater.
8. Bonds shall be delivered in book-entry form, if delivered to a broker or dealer subject to MSRB Rule G-15, and otherwise shall be physically delivered.

<sup>2</sup>Except non-rated land secured financings that meet the authority's minimum credit criteria detailed in Section IV.



## **[FORM OF INVESTOR LETTER]**

[Closing Date]

California Statewide Communities  
Development Authority  
1100 K Street, Suite 101  
Sacramento, CA 95814

Ladies and Gentlemen:

The undersigned, authorized representative of \_\_\_\_\_, a \_\_\_\_\_  
(the "Purchaser"), does hereby represent and agree, as follows:

1. [Brief Description of Transaction]
2. The Purchaser has authority to purchase the Bonds and to execute this letter and any other instruments and documents required to be executed by the Purchaser in connection with the purchase of the Bonds.
3. The Purchaser is an "Approved Institutional Buyer" within the meaning of the Indenture, which has sufficient knowledge and experience in financial and business matters, including purchase and ownership of [type of] revenue bonds, to be able to evaluate the risks and merits of the investment represented by the Bonds, and which can bear the economic risk of its investment in the Bonds. The Bonds are a financially suitable investment for the Purchaser consistent with its investment policies, needs and objectives. The Purchaser understands that it may be required to bear the risks of this investment in the Bonds for an indefinite time, as there may be no market for the Bonds.
4. The Bonds are being acquired by the Purchaser for its own account for investment purposes and not with a view to or for resale thereof in any manner that would result in the Purchaser being an agent of the Issuer or an underwriter within the meaning of the 1933 Act, and the Purchaser intends to hold the Bonds for its own account for a period of time, possibly to maturity, and does not intend at this time to dispose of all or any part of the Bonds.
5. The Purchaser understands that the Bonds are not registered under the 1933 Act and that such registration is not legally required as of the date hereof; and further understands that the Bonds (a) are not being registered or otherwise qualified for sale under the "Blue Sky" laws and regulations of any state, (b) will not be listed in any stock or other securities exchange, (c) are not being rated by any national securities rating agency, [and (d) will be delivered in a form which may not be readily marketable].
6. The Purchaser acknowledges that it has made its own inquiry and analysis with respect to the Bonds and security therefor, that it has received the documents

executed or adopted by the Issuer in connection with the Bonds and other documents it has requested, and that it has either been supplied with or been given access to information, including financial statements and other financial information, to which a reasonable investor would consider important in making investment decisions, and the Purchaser has had the opportunity to ask questions and receive answers from knowledgeable individuals concerning the Corporation and the Bonds and the security therefor so that, as a reasonable investor, the Purchaser has been able to make its decision to purchase the Bonds. The Purchaser acknowledges that an informed has not relied upon the Issuer for any information in connection with the Purchaser's decision to purchase the Bonds.

7. Although the Purchaser does not intend at this time to dispose of all or any part of the Bonds, the Purchaser acknowledges that it has the right to sell and transfer the Bonds, in accordance with terms and conditions of the Indenture (including sales limited to "Approved Institutional Buyers" as defined in the Indenture in the minimum denominations set forth therein). The Purchaser acknowledges that it is solely responsible for compliance, and covenants and agrees with the Issuer that it will comply, with the Indenture and all applicable federal or state securities laws then in effect with respect to any subsequent sale, transfer or other disposition of the Bonds, including disclosure of material information (without involving the Issuer in any manner). The Purchaser agrees to indemnify the Issuer for any liabilities or costs incurred by the Issuer (including attorney fees) in connection with any sale, transfer or other disposition of the Bonds in violation of such restrictions or laws.

8. The Purchaser acknowledges that the Bonds are limited obligations of the Issuer, payable solely from [Revenues][the Trust Estate] (as defined in the Indenture), which consists of payments made by the Corporation pursuant to the Loan Agreement. The Issuer shall not be directly, indirectly, contingently or morally obligated to pay the principal of the Bonds or the interest thereon, or any other expenses related to the Bonds, except from funds provided under the Indenture, including payments under the Loan Agreement, and neither the faith and credit or the taxing power of the State of California nor any political subdivision thereof (including the Issuer) is pledged to the payment of the principal of or interest on the Bonds.

Capitalized terms used herein and not otherwise defined have the meanings given such terms in the Indenture.

[NAME OF INVESTOR]

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

**Item VII.**

**Consideration of the financing for Independence Support, LLC (California Preparatory Academies), City of Livermore, County of Alameda; up to \$28,000,000 in revenue bonds. (Caitlin Lanctot)**

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## SUMMARY AND APPROVALS

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**DATE:** APRIL 23, 2015

**APPLICANT:** INDEPENDENCE SUPPORT, LLC

**AMOUNT:** UP TO \$28 MILLION OF TAX-EXEMPT BONDS

**PURPOSE:** FINANCE THE ACQUISITION, CONSTRUCTION, IMPROVEMENT AND EQUIPPING OF EDUCATIONAL FACILITIES

**PRIMARY ACTIVITY:** LEASING TO TRI-VALLEY LEARNING CORPORATION AND CALIFORNIA PREPARATORY ACADEMIES FOR 9TH THROUGH 12TH GRADE CHARTER SCHOOL AND PRIVATE SCHOOL EDUCATION

**LEGAL STRUCTURE:** 501(C)(3) CORPORATION

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### Background:

The proceeds of the Bonds are being loaned by the Authority to Independence Support, LLC, a limited liability company organized under the laws of the State of California (the “Borrower”), pursuant to a Loan Agreement between the Authority and the Borrower (the “Loan Agreement”). The sole member of the Borrower is Livermore Charter Zone Corporation (“LCZC”), a nonprofit public benefit corporation organized under the laws of the State of California and an organization described in Section 501(c)(3) of the Internal Revenue Code of 1986 (the “Code”).

The proceeds of the Bonds will be used to (i) acquire all of the real property improvements located on the Project Site, including a 79,270 square-foot, two-story office building that was constructed in 2002 located in Livermore, California (the “Facilities”), and pay costs incurred in connection with such acquisition; (ii) furnish improvements to the Facilities; (iii) make the required deposit to the Reserve Account established to secure the Bonds; and (iv) pay certain costs of issuance.

The Facilities are located on a 5.56-acre site in Livermore, California called Independence Plaza (the “Project Site”), owned by Goldstone United Investments, LLC, a California limited liability company (the “Land Owner”). The Project Site will be leased to the Borrower free of rent for an approximate 50-year term, plus a 25-year extension term at the option of the Borrower, pursuant to a Ground Lease (the “Ground Lease”), between the Borrower, as lessee, and the Land Owner, as lessor.

The Borrower will lease the Facilities and sublease the Project Site to Tri-Valley Learning Corporation, a California nonprofit public benefit corporation (“TVLC”), and to California Preparatory Academies, a California nonprofit public benefit corporation (“CPA” and, collectively with TVLC, the “Tenants”), pursuant to a Lease Agreement (the “Lease”), by and between the Borrower and the Tenants. Under the Lease, the Tenants are jointly and severally liable for the obligations imposed thereby, including the payment of Base Rent and Additional Rent to the Borrower. The Tenants will utilize the Facilities as the location for Livermore Valley Charter Preparatory High School (“LVCP”), a California public charter school, and the San Francisco Bay Preparatory Academy, a private boarding high school.

TVLC is a California nonprofit public benefit corporation and an organization described in Section 501(c)(3) of the Code, that currently operates five charter schools: LVCP and Livermore Valley Charter School (“LVCS”), located in Livermore, California; Acacia Elementary Charter School (“AECS”) and Acacia Middle Charter School (“AMCS”), located in Stockton, California; and Old Town Academy K-8 Charter School (“OTA”), located in San Diego, California.

LVCP is a charter high school that has been in operation since August 2010 under a charter granted by the State Board of Education (the “SBE”) in July 2009, which was renewed by the Livermore Valley Joint Unified School

District in 2014 and is currently scheduled to expire on June 30, 2020. LVCP currently serves 433 students in grades 9-12. LVCS is a K-8 charter school that was founded in 2004. LVCS operates under a charter originally granted by the SBE in September 2005, which was renewed by the SBE in 2008 through 2013, and by the Livermore District in 2013 (through June 30, 2018). LVCS currently serves 1,115 students in grades K-8.

CPA is a newly-founded organization created to operate top-tier private, secondary preparatory schools in California. The organization's first campus will be San Francisco Bay Preparatory Academy ("SFBPA") in Livermore, California.

SFBPA is a private high school owned and operated by CPA. CPA intends for SFBPA to open for classes in August 2015 at the Facilities. SFBPA is currently projected to have 150 students enrolled for the 2015-16 school year in grades 9 through 12. Management expects SFBPA to serve 600 students in grades 9-12 when it reaches capacity in approximately three years.

#### **TEFRA Information:**

A TEFRA hearing is scheduled to be held on April 21, 2015 by the county of Alameda. Staff will update the authority as to the outcome of the hearing. In speaking with the county we have no concerns regarding the TEFRA hearing..

#### **Finance Team:**

- Bond/Authority Counsel: Orrick, Herrington & Sutcliffe LLP  
Los Angeles, CA
- Borrower's Counsel: Velton Zegelman PC  
Sunnyvale, CA
- Underwriter: Oppenheimer & Co. Inc.  
Fort Lauderdale, FL
- Underwriter's Counsel: Kline Alvarado Veio, P.C.  
Denver, CO
- Trustee: U.S. Bank National Association  
San Francisco, CA

#### **Financing Structure:**

The proceeds of the Bonds will be applied, together with other available moneys, to (i) acquire the Facilities and pay costs incurred in connection with such acquisition; (ii) furnish improvements to the Facilities; (iii) make the required deposit to the Reserve Account; and (iv) pay certain costs of issuance. The Bonds are anticipated to be sold as term bonds (either a single bond maturing in 30 years or multiple bonds, the last one of which matures in 30 years). Principal will be amortized annually to create level annual principal+interest. The interest rate is estimated to be fixed at 6.5%. The proposed issuance is in accordance with CSCDA's issuance guidelines. The bonds will be non-rated and will be marketed to qualified institutional investors ("QIBs") in minimum denominations of \$100,000. They will also be marketed to accredited investors ("AI's"). The Authority will receive sophisticated investor letters from each QIB.

**Estimated Sources and Uses:**

## Sources of Funds

Proceeds of Bonds	\$24,750,000
Borrower Contribution	385,000
CPA Lease Prepayment	987,372
Total Sources	\$26,122,372

## Uses of Funds

Building Purchase Price	\$16,247,503
Construction	6,000,000
Existing Tenant Termination Expenses	975,000
Title Insurance	97,500
Reserve Account Deposit	1,922,369
Costs of Issuance	880,000
Total Uses	\$26,122,372

**Executive Director Approval:**

Based on the overall public benefits, conformance to the CSCDA Issuance Policies, and subject to confirmation that the TEFRA hearing was held on April 21, 2015 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.

## Applicant Information

Primary Contact E-mail: [robert.murstein@opco.com](mailto:robert.murstein@opco.com)

### Organization

Name of Organization: **Independence Support Corporation**

TIN or EIN:

### Primary Contact

First Name: **Bill**

Last Name: **Batchelor**

Title: **Agent**

Street: **3090 Independence Drive**

Suite:

City: **Livermore**

State: **California**

Zip: **94551**

Phone: **(408) 761-2228**

Ext:

Fax:

Email: **bbatchelor@trivalleylearning.org**

### Secondary Contact

First Name:

Last Name:

Title:

**Address:**

Street :

Suite:

City:

State:

Zip:

Phone:

Ext:

Fax:

Email:

### Primary Billing Contact

Organization: **Independence Support Corporation**

First Name: **Bill**

Last Name: **Batchelor**

Title:

**Address:**

Street: **3090 Independence Drive**

Suite:

City: **Livermore**

State: **California**

Zip: **94551**

Phone: **(408) 761-2228**

Ext:

Fax:

Email: **bbatchelor@trivalleylearning.org**

## Project Information

Project type: **Education: K-12**

Other:

Project Name: **California Preparatory Academies**

☐ Small Issue Public Benefit Project?

### Facility #1

Facility Name: **Independence Plaza**

Facility Bond Amount: **\$25,000,000.00**

#### Project Address:

Street or general location: **3090 Independence Drive**

City: **Livermore**

State: **California**

Zip: **94551**

County: **Alameda**

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:

### Public Benefit Info

#### For Private School Facility Only:

Tuition assistance K-8:

Tuition assistance 9-12:

Total tuition K-8:

Total tuition 9-12:

Part reimbursed K-8:

Part reimbursed 9-12:

% students receiving 50% tuition assistance:

### Government Information

#### Project/Facility is in:

Congressional District #:

15

State Senate District #:

7

State Assembly/House of Representatives  
District #:

16



## Financing Information

### Financing Information

Tax Exempt: \$ 25,000,000.00  
Taxable: \$ 500,000.00  
Total Principal Amount: \$ 25,500,000.00  
Maturity 30Years

#### Interest Rate Mode:

☒ Fixed ☐ Variable

Denominations: 100000

#### 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:

S&P:

Fitch:

## Financing Team Information

### Bond Counsel

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

**Primary Contact**

First Name: **Eugene**

Last Name: **Clark-Herrera**

Title: **Partner**

**Address:**

Street: **405 Howard Street**

City: **San Francisco**

State: **California**

Suite:

Phone: **415-773-5911**

Ext:

Zip: **94105**

Email: **ech@orrick.com**

Fax: **415-773-5759**

### Bank/Underwriter/Bond Purchaser

**Firm Name:** Oppenheimer & Co. Inc.

**Primary Contact**

First Name: **Jonathan**

Last Name: **Murstein**

Title: **Executive Director**

**Address:**

Street: **100 NE 3rd Ave**

City: **Fort Lauderdale**

State: **Florida**

Suite: **500**

Phone: **954-356-8302**

Ext:

Zip: **33301**

Email: **jonathan.murstein@opco.com**

Fax: **954-356-8399**

### 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. 15NP-5**

**CALIFORNIA STATEWIDE COMMUNITIES  
DEVELOPMENT AUTHORITY**

**A RESOLUTION AUTHORIZING THE ISSUANCE OF REVENUE BONDS IN A  
PRINCIPAL AMOUNT NOT TO EXCEED \$28,000,000 TO FINANCE THE  
ACQUISITION, CONSTRUCTION, IMPROVEMENT, RENOVATION AND  
EQUIPPING OF CERTAIN EDUCATIONAL FACILITIES FOR INDEPENDENCE  
SUPPORT, LLC, WHOSE SOLE MEMBER IS LIVERMORE CHARTER ZONE  
CORPORATION 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 County of Alameda (the "County") is a Program Participant, and such County is authorized to acquire and dispose of property, both real and personal, pursuant to the provisions of Chapter 1, Division 1 of Title 3 of the Government Code of the State of California;

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

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

WHEREAS, Independence Support, LLC, whose sole member is Livermore Charter Zone Corporation, a California nonprofit public benefit corporation (the “Borrower”), wishes to finance the acquisition, construction, improvement, renovation and equipping (the “Project”) of certain educational facilities (the “Facilities”) to be located in the County and to be owned the Borrower and leased to Tri-Valley Learning Corporation for use as a charter school and California Preparatory Academies for use as a private school;

WHEREAS, the Borrower is requesting the assistance of the Authority in financing and refinancing the Project;

WHEREAS, pursuant to an Indenture (the “Indenture”), between the Authority and U.S. Bank National Association (the “Trustee”), the Authority will issue the California Statewide Communities Development Authority Educational Facilities Revenue Bonds (Livermore Charter Zone Project), Series 2015 (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, to be dated the date of sale of the Bonds (the “Purchase Contract”), among Oppenheimer & Co. Inc., as underwriter (the “Underwriter”), the Authority and the Borrower, the Bonds will be sold to the Underwriter and the proceeds of such sale will be used as set forth in the Indenture to finance and refinance the Project, to fund a debt service reserve account and to pay costs incurred in connection with the issuance of the Bonds;

WHEREAS, the Bonds will be offered for sale to Approved Institutional Buyers (as defined in the Indenture) through a limited offering memorandum;

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 limited offering memorandum (the “Limited Offering Memorandum”) to be used by the Underwriter in connection with the offering and sale of the Bonds; and

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 Educational Facilities Revenue Bonds (Livermore Charter Zone Project)” in one or more series, in an aggregate principal amount not to exceed TWENTY EIGHT MILLION dollars (\$28,000,000). 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 trustee, dated date, maturity date or dates, interest rate or rates or methods of determining rates, tender provisions, interest payment dates, denominations, forms, registration privileges, manner of execution, place or places of payment, terms of redemption and other terms of the Bonds shall be as provided in the Indenture, as finally executed.

**Section 3.** The proposed form of 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 preliminary form of Limited Offering Memorandum, 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 Limited Offering Memorandum, 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’s distribution of the Limited Offering Memorandum in preliminary form, to persons who may be interested in the purchase of the Bonds commencing on April 9, 2015 is hereby ratified.

**Section 7.** The Underwriter is hereby authorized to deliver the Limited Offering Memorandum in final form to the purchasers of the Bonds, in each case with such changes as may be approved as aforesaid.

**Section 8.** 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 9.** 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 10.** 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 11.** Notwithstanding anything to the contrary in this Resolution, no documents referenced in this Resolution may be executed and delivered until the County has held the hearing pursuant to Section 147(f) of the Internal Revenue Code of 1986, if required by said Section, and has approved the issuance of the Bonds as may be required thereby and in accordance with Section 9 of the Agreement to provide financing for the Project.

**Section 12.** This Resolution shall take effect from and after its adoption.

PASSED AND ADOPTED by the California Statewide Communities Development Authority this 23rd day of April, 2015.

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 April 23, 2015.

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

**Item VIII.**

**Consideration of IT Consultant Contract with PMC in connection with transitioning CSCDA's website. (Cathy Bando)**



## **AGREEMENT FOR PROFESSIONAL CONSULTING SERVICES**

THIS AGREEMENT is entered into April 23, 2015 between PMC ("CONSULTANT") and the California Statewide Communities Development Authority ("AUTHORITY"), a municipal corporation.

### **RECITALS**

This Agreement is predicated on the following facts:

1. AUTHORITY requires professional website design services in conjunction with migration of the AUTHORITY's website.
2. CONSULTANT is qualified to provide these services and is willing to provide them according to the terms of this Agreement.

NOW, THEREFORE, the parties agree as follows:

#### **1. DUTIES OF CONSULTANT**

- A. These duties are outlined in two individual proposals, attached as Exhibit A.

#### **2. DUTIES OF AUTHORITY**

- A. AUTHORITY agrees to make available to CONSULTANT relevant public records including copies of reports, maps, and other file materials as may be needed for the CONSULTANT to perform his duties and to cooperate in the collection of information which CONSULTANT may request.
- B. AUTHORITY shall promptly:
  - (1) notify CONSULTANT of any defect in CONSULTANT's performance; and
  - (2) review any documents submitted by CONSULTANT for AUTHORITY's comment.
- C. AUTHORITY agrees that AUTHORITY shall not, during the term of this Agreement, nor for a period of one year after termination, solicit for employment, hire or retain, whether as an employee or independent contractor, any person who is or has been employed by Consultant. Should AUTHORITY desire to hire CONSULTANT's employee, AUTHORITY agrees to pay CONSULTANT equitable compensation for the loss of said employee.

#### **3. CONSULTANT'S STATUS**

CONSULTANT is an independent contractor and is solely responsible for its acts or omissions. CONSULTANT (including its agents and employees) is not AUTHORITY's agent, employee or representative for any purpose, except as specifically designated herein.

4. CONFLICT OF INTEREST

CONSULTANT understands that its professional responsibility is solely to AUTHORITY. CONSULTANT represents that it presently has no interest and will not acquire any direct or indirect interest that would conflict with its performance under this Agreement. CONSULTANT shall not in the performance under this Agreement employ a person having such an interest.

5. COMPENSATION

A. AUTHORITY agrees to pay CONSULTANT for all services described in Exhibit A, performed under this Agreement. Total compensation under this Agreement shall be as outlined in detail in Exhibit A, generally described as tasks related to purchase of a Kentico Small Business CMS License and migration of the website.

B. CONSULTANT may invoice AUTHORITY monthly for work done in the preceding month. AUTHORITY shall pay CONSULTANT within 30 days of receipt of the invoice.

C. Exhibits to this Agreement may contain a list of personnel anticipated to provide services under this Agreement. CONSULTANT reserves the right to use and bill for additional personnel not specifically named in such Exhibits as needed to accomplish the services described in Exhibit A, except such use shall not exceed the amount named herein without the express written permission of the AUTHORITY.

D. CONSULTANT agrees to testify at AUTHORITY's request if litigation is brought against AUTHORITY in connection with CONSULTANT's work. Unless the action is brought by CONSULTANT or is based upon CONSULTANT's negligence, AUTHORITY will compensate CONSULTANT for the testimony at CONSULTANT's standard hourly rate.

6. TIME OF PERFORMANCE

CONSULTANT shall begin performance of its services as of the date this Agreement is executed and shall continue until the project is completed as agreed.

7. TERMINATION/SUSPENSION/DELAY

A. Either party may terminate this Agreement by giving 30 days' written notice to the other party. Upon termination, CONSULTANT shall give AUTHORITY all work done toward completion of its services. AUTHORITY shall pay CONSULTANT for work performed up to the date of termination in accordance with this Agreement.

B. AUTHORITY may suspend work under this Agreement upon written notice to CONSULTANT. Upon such written notice, CONSULTANT shall cause all work to be stopped and shall not proceed with any further work until written notice to proceed is received from AUTHORITY. CONSULTANT may invoice, and AUTHORITY shall pay for all work performed prior to receipt of the notice of suspension, on a percentage completed basis.

C. In the event work under this Agreement is restarted after being suspended or delayed for two months or longer, the parties agree that CONSULTANT may incur unanticipated costs in restarting services. Such costs may include labor hours in re-

familiarization of project staff with the project details and current status of work product; necessary updating of work product or materials; and/or additional meetings to bring the project team up to date. AUTHORITY and CONSULTANT shall work cooperatively to come to agreement on payment of reasonable costs associated with restarting the work however CONSULTANT shall have no right to receive reimbursement of such costs to the extent the suspension or delay was due to the negligence or willful misconduct of CONSULTANT. Mutually approved reactivation costs will be billed on a time and materials basis and will be paid in excess of the budget for performance of the scope of services under this Agreement.

## 8. OWNERSHIP OF WORK

All documents furnished to CONSULTANT by AUTHORITY and all reports and supportive data prepared by CONSULTANT under this Agreement are AUTHORITY's property and shall be given to AUTHORITY at the completion of CONSULTANT's services. Any reuse of such reports or material is done at the sole risk of the AUTHORITY. Computer models used in the preparation of the study shall remain the property of the CONSULTANT.

## 9. LITIGATION

If either party brings an action against the other party to enforce any term under this Agreement, each party agrees to bear the cost of their own attorneys' fees, costs and expenses related to such action.

## 10. ASSIGNMENT; SUBCONTRACTS

CONSULTANT's services are considered unique and personal. CONSULTANT will not assign or transfer its interest or obligation under this Agreement without AUTHORITY's written consent. CONSULTANT shall not subcontract its duties under this Agreement without AUTHORITY's written consent.

## 11. INSURANCE

Without in any way limiting CONSULTANT's liability pursuant to the indemnification described below, CONSULTANT shall maintain, during the term of this contract, the following insurance. Upon request of AUTHORITY, a certificate of insurance will be provided showing AUTHORITY as named additional insured.

Coverage	Minimum Limits
<i>General Liability</i> Comprehensive General Liability, including: Premises and Operations Contractual Liability Personal & Advertising Injury Liability	\$1,000,000 Combined Single Limit Per Occurrence, and Aggregate
<i>Automobile Liability</i> Comprehensive Automobile Liability, including: Non-Owned & Hired Autos	\$1,000,000 Combined Single Limit Per Occurrence
<i>Workers' Compensation and Employer's Liability</i> Workers' Compensation Insurance Employer's Liability	Statutory \$1,000,000

Coverage	Minimum Limits
Professional Liability Professional Liability Insurance	\$1,000,000 Per Claim and Aggregate

## 12. INDEMNIFICATION

CONSULTANT shall defend, indemnify, and hold AUTHORITY harmless from damages, costs or expenses that may arise from damage to property or injury to persons to the extent caused by CONSULTANT's negligent act, error, or omission.

AUTHORITY shall defend, indemnify, and hold CONSULTANT harmless from damages, costs or expenses that may arise from damage to property or injury to persons to the extent caused by AUTHORITY's negligent act, error, or omission.

## 13. EQUAL EMPLOYMENT OPPORTUNITY

CONSULTANT is an Equal Opportunity Employer and agrees to comply with applicable regulations governing equal employment opportunity.

## 14. NOTICES

Any notice given under this Agreement shall be in writing and deemed given when personally delivered or deposited in the mail (certified or registered) addressed to the parties as follows:

### AUTHORITY

CSCDA  
1100 K Street  
Sacramento, CA 95814  
Attn: Catherine Bando, Executive Director

### CONSULTANT

PMC  
2729 Prospect Park Drive, Suite 220  
Rancho Cordova, CA 95670  
Attention: Philip O. Carter

## 15. WAIVERS

Waiver of a breach or default under this Agreement shall not constitute a continuing waiver or a waiver of a subsequent breach of the same or any other provision of this Agreement.

## 16. MODIFICATIONS

No waiver, modification or termination of this Agreement is valid unless made in writing.

## 17. SEVERABILITY

If any term of this Agreement is held invalid by a court of competent jurisdiction, the remainder of this Agreement shall remain in effect.

## 18. ENTIRE AGREEMENT

This Agreement sets forth the entire understanding between the parties. Changes or

amendments shall be made in writing and signed by the parties.

IN WITNESS WHEREOF, the parties have executed this Agreement on the date above written.

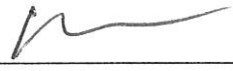
AUTHORITY:  
California Statewide Communities  
Development Authority

By \_\_\_\_\_

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

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

CONSULTANT:  
PMC

By  \_\_\_\_\_  
Philip O. Carter  
Vice-President



## EXHIBIT A



April 15, 2015

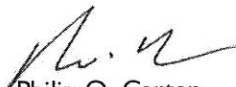
Catherine Bando, Executive Director  
**CSCDA**  
1100 K Street  
Sacramento, CA 95814

**RE: CSCDA SITE MIGRATION**

Dear Ms. Bando:

PMC is pleased to submit the enclosed cost proposal to provide web design and development services for the migration of the CSCDA website. On the following pages, please find the scope and cost for each task. If you have any questions, please contact Steven Parker at (916) 231-2253 or [sparker@pmcworld.com](mailto:sparker@pmcworld.com).

Sincerely,

  
Philip O. Carter  
Vice President

  
Steven Parker  
Project Manager

## **PROJECT OVERVIEW**

PMC is proposing migrating the site to Kentico, a powerful CMS that will give you future flexibility to grow.

### **KENTICO SMALL BUSINESS**

Kentico is a user-friendly, robust CMS which offers direct 24x7 customer support, a seven-day bug fix policy, and no need for third-party plug-ins. Free CMS solutions require the use of third-party plug-ins (sometimes many), and tend to be vulnerable to breaches in security through these plug-ins. In addition to these potential security threats, third-party plug-ins are usually prone to inconsistencies and conflicts of code. This can cause many headaches, because support for these plug-in issues are usually lacking, and hours of labor to fix the issue can be costly.

We propose the use of Kentico, because of its ease of use, reliability of its support team, stability of its software, and extensibility of its already vast library of features. Most, if not all, of your needs will be met by the myriad of features Kentico comes shipped with, including analytic software. If you need anything else, we can make it happen, building the new feature into the framework of the administration panel, as if it were a default feature.

For more details about the Kentico version please see the editions document at the end of this proposal or visit: [www.kentico.com/Product/Product-Editions](http://www.kentico.com/Product/Product-Editions).

## **TIMELINE**

This project would be completed over a four-week timeline:

- Week 1 – Week 2: Site setup and migration
- Week 3: Client review
- Week 4: Make final changes; two-hour web training on using your new site and site launch

## **TRAINING**

- PMC will prepare a quick PDF guide for common editing tasks. A resource guide of links and documentation will also be provided.
- One PMC staff member will provide recorded web training for up to two hours.
- Phone support will be provided throughout the project and after site launch as part of the maintenance contract.

## **MIGRATION DETAILS**

PMC anticipates migrating the site as it is today. There may be additional cost if graphics need to be created or updated. Below we have included some details about the current site:



## CURRENT SITE MAP

- Home
- Resources
  - Calendar
  - Publications
  - Media Center
    - Media Request Form
    - Request for Proposals For the Development and Implementation of a Municipal Telecommunications Asset Monetization Program
    - Huntington Memorial Hospital Addresses Growing Community Healthcare Needs with \$50 Million in Financing through CSCDA
    - Executive Director Appointed for CSCDA
  - Meeting Agendas, Staff Reports & Minutes
- About Us
  - Program Participants
  - Commissioners
  - FAQs
  - CSCDA Program Manager
  - Contact Us
- Apply Online
  - CaLease
  - SCIP
  - 501(c)(3) Nonprofit
  - Affordable Housing
  - IDB / Manufacturing
  - Exempt Facilities / Solid Waste
  - Taxable Bonds
  - Community Facilities District
  - TRIP
- Public Agency Programs
  - California Lease Finance Program (CaLease)
  - Total Road Improvement Programs (TRIP)
  - Statewide Community Infrastructure Program (SCIP)
    - SCIP FAQs
    - SCIP Finance Team
- Private Activity Programs, Public Benefit Projects
  - Small Issue Public Benefit Programs
  - Nonprofit Financing Program
    - Small Issue Public Benefit Programs
    - K-12 Private School Policy
    - Higher Education Policy
  - Affordable Housing Financing Program
    - Small Issue Public Benefit Programs
  - Industrial Development Financing Program
    - Small Issue Public Benefit Programs

- Solid Waste Financing, Wastewater Facility Financing
  - Small Issue Public Benefit Programs
- New Markets Tax Credit Program
  - NMTC Potential Benefits
  - Qualifications
  - How It Works
  - CSCDC Projects
  - Northern California Indian Development Council
  - Open Door Community Health Centers
  - Big Brothers Big Sisters Orange County
  - West Hills Community College District
  - Shasta Community Health Center
  - Alliance
  - Swan's Marketplace
  - About CSCDC
  - NMTC Resources
  - Contact Us
- Open PACE Program
  - Open Pace Opt In
- Community Benefits
- Post Issuance Compliance Program
- Tax Exempt Financing, Public and Private Financing Programs
  - General Policies
  - Issuance Policy
  - Fee Schedule
  - K-12 Private School Policy
  - Higher Education Policy
  - Public Access to Records Policy
- Legal
- Privacy Policy

#### **FILES OVERVIEW**

File Type	Quantity
Pages	73
PDF	190
Word	2

### SPECIAL ELEMENTS

- News
- Agenda Posting Page – create elements and make easy for posting
- Forms
- Calendar – currently does not show anything; assuming it is a list of upcoming meetings

### TASKS AND COST

The following tasks will be completed at the hourly rate of \$126.

	Hours	Cost	Notes
CMS License		\$1,499	Kentico Small Business License. Yearly maintenance plan (after first year) for 30% of original cost.
Set up new hosted environment	4		
Recreate template from current site	18		
Create special elements and templates	6		
Import content			
- Forms creation and styling	4		9 current forms
- News	2		
- Agendas	5		
- Pages	12		
Website Training and Documentation	7		
Launch site	8		
Total		\$9,815	

Features	Kentico CMS Free License	Kentico CMS Small Business License*	Kentico CMS Base License*	Kentico CMS Ultimate License	Kentico EMS
Price per website in US\$	Free	\$1,499	\$3,499	\$7,499	\$14,499
Number of Editors	1 Editor per site	3 Editors per site	Unlimited	Unlimited	Unlimited
Number of Site Members	100	Unlimited	Unlimited	Unlimited	Unlimited
Number of Global Admins	1	Unlimited	Unlimited	Unlimited	Unlimited
Number of Documents	1000	Unlimited	Unlimited	Unlimited	Unlimited
Object Versioning		Yes	Yes	Yes	Yes
Document-level Permissions		Yes	Yes	Yes	Yes
Workflow		Only Edit/Publish workflow, preview and versioning	Yes	Yes	Yes
Multiple Languages		2 Languages	Unlimited	Unlimited	Unlimited
Newsletter	1 Newsletter	1 Newsletter	Unlimited	Unlimited	Unlimited
Newsletter Subscribers	100	Unlimited	Unlimited	Unlimited	Unlimited
On-line Forms	1 Form	10 Forms	Unlimited	Unlimited	Unlimited
Custom Tables	1 Table	5 Tables	Unlimited	Unlimited	Unlimited
Polls	1 Poll	Unlimited	Unlimited	Unlimited	Unlimited
Booking System			Yes	Yes	Yes
Membership		Yes	Yes	Yes	Yes
Webfarm Support			Yes **	Yes **	Yes **
E-commerce	10 Products	100 Products	Unlimited	Unlimited	Unlimited
Forums	3 Forums	3 Forums	Unlimited	Unlimited	Unlimited
Blogs	1 Blog	5 Blogs	Unlimited	Unlimited	Unlimited
User Contributions				Yes	Yes
On-line Users				Yes	Yes
Message Boards				Yes	Yes
Groups				Yes	Yes
Friends				Yes	Yes
Private Messaging				Yes	Yes
Chat				Yes	Yes
Automatic Post to Facebook, Twitter				Yes	Yes
Banned IP Addresses				Yes	Yes
Live ID, Facebook, LinkedIn, OpenID authentication				Yes	Yes
Notifications				Yes	Yes
Mobile Device Layouts				Yes	Yes
Mobile Preview				Yes	Yes
Staging				Yes	Yes
Web Analytics				Yes	Yes
Banner Management				Yes	Yes
Team Development				Yes	Yes
Wireframes				Yes	Yes
Integration Bus				Yes	Yes
Active Directory Integration	only authentication	only authentication	only authentication	AD Import Utility	AD Import Utility
WebDav				Yes	Yes
Document Library				Yes	Yes
Project Management				Yes	Yes
A/B Testing					Yes
Multivariate Testing					Yes
Campaign and Conversion Management					Yes
Content Personalization					Yes
Contact Management					Yes
Lead Scoring					Yes
Segmentation					Yes
E-mail Marketing - A/B Testing					Yes
Salesforce.com Connector					Yes
Data.com Connector					Yes
Visual Workflow Designer					Yes
Translation Management					Yes
Translations.com Connector					Yes
Marketing Automation/Drip Marketing					Yes
Multiple SMTP Servers					Yes
Health Monitoring					Yes
Scheduler Windows Service					Yes

\* available only through Kentico Solution Partners  
\*\* additional servers in a web farm cost extra

**Item IX.**

**Consideration of Transition Services Agreement with Bridge Strategic Partners. (Cathy Bando)**

## **TRANSITION SERVICES AGREEMENT**

This **TRANSITION SERVICES AGREEMENT** ("**Agreement**"), dated as of April 23, 2015, is made and entered into by and between **BRIDGE STRATEGIC PARTNERS LLC**, a California limited liability company ("**BSP**") and **CALIFORNIA STATEWIDE COMMUNITIES DEVELOPMENT AUTHORITY**, a California joint powers authority organized pursuant to Section 6500 et. seq. of the California Government Code ("**Authority**") (collectively the "**Parties**" and each individually a "**Party**").

### **RECITALS**

**WHEREAS**, the Parties have entered into that certain Services Agreement dated as of December 4, 2014 (the "**Services Agreement**"), wherein BSP has agreed to provide comprehensive program origination, development and management services, as well as municipal advisory services to the Authority and its Affiliates beginning on July 1, 2015 or such earlier date agreed upon by the Parties (the "**Services Agreement Effective Date**");

**WHEREAS**, prior to the Services Agreement Effective Date, the Authority requires assistance in connection with the transition of services from its current program manager to BSP; and

**WHEREAS**, the Authority desires to engage BSP, and BSP desires to accept such engagement, to provide certain transition services to the Authority and its Affiliates, according to the terms of this Agreement.

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

### **AGREEMENT**

1. **RECITALS**. Each of the foregoing Recitals is true and correct and incorporated by reference as if fully set forth herein.

2. **DEFINITIONS**. For purposes of this Agreement, in addition to the bold capitalized terms defined elsewhere in this Agreement, the following terms shall have the meanings given to them below:

2.1 "**Affiliate**" means, with respect to a party, any person or entity, directly or indirectly through one or more intermediaries, controlling, controlled by, or under common control with, such party. For purposes of this definition, "control" means the possession, directly or indirectly, of the power to direct or cause the direction of the management and policies of an entity, whether through the ownership of voting securities, common governing bodies, by contract or otherwise.

2.2 "**Authority Programs**" means the financing and economic development programs administered by the Authority and its Affiliates, including, but not limited to its current public agency programs, energy finance programs, private activity bond programs, new markets tax credit programs, housing bond post-issuance compliance, public-private partnerships, and single family housing bonds.

2.3 "**Effective Date**" means April 23, 2015.

2.4 "**Term**" has the meaning given in Section 3.

2.5 **"Transition Services"** has the meaning given in Section 4.

3. **TERM.** This Agreement shall commence on the Effective Date and shall expire on the Services Agreement Effective Date (the "**Term**").

4. **TRANSITION SERVICES.** BSP agrees to perform for the Authority, during the Term of this Agreement, the "**Transition Services**" described in Exhibit A. BSP shall perform the Transition Services (a) in a professional manner; (b) in accordance with all applicable laws, rules, and regulations; and (c) according to the terms of this Agreement. Nothing in this Agreement shall require BSP to perform or cause to be performed any of the Transition Services in any manner that would constitute a violation of applicable laws, rules, or regulations. BSP shall not be required to perform or cause to be performed any of the Transition Services for the benefit of any parties other than the Authority and its Affiliates.

4.1 **Other Service Providers.** BSP may engage certain third parties to assist BSP in connection with BSP's provision of the Transition Services required under this Agreement. In the event that BSP engages any third parties to assist BSP with the provision of Transition Services, BSP shall remain solely responsible to the Authority for the performance of all Transition Services.

5. **FEES.** In consideration of the Transition Services described in Exhibit A, Authority shall pay to BSP a fee of twenty-five thousand dollars (\$25,000) (the "**Transition Services Fee**"). The Transition Services Fee shall be due and payable to BSP within fifteen (15) days of the Effective Date.

6. **REPRESENTATIONS AND WARRANTIES.**

6.1 **General Representations and Warranties.** Each Party represents and warrants to the other that (a) it has full authority to enter into this Agreement, and to fully perform its obligations hereunder; (b) it possesses the necessary rights in order to make the grant of rights, licenses, and permissions, if any, that such party has made herein; (c) it shall not act in any manner which conflicts or interferes with any existing commitment or obligation of such party, and that no agreement previously entered into by such party will interfere with such party's performance of its obligations under this Agreement; and (d) it shall perform its obligations hereunder in compliance with any applicable laws, rules, and regulations of any governmental authority.

6.2 **Mutual Disclaimer.** NO PARTY HERETO MAKES ANY REPRESENTATIONS OR WARRANTIES, EXPRESS OR IMPLIED, EXCEPT FOR THE EXPRESS REPRESENTATIONS AND WARRANTIES MADE BY THE PARTIES IN THIS AGREEMENT AND EACH PARTY EXPRESSLY DISCLAIMS ANY AND ALL OTHER REPRESENTATIONS AND WARRANTIES, EXPRESS OR IMPLIED.

7. **LIMITATION OF LIABILITIES; INDEMNIFICATION; INSURANCE.**

7.1 **Limitation of Liabilities.** IN NO EVENT SHALL THE AUTHORITY OR ITS OFFICERS, DIRECTORS, EMPLOYEES, REPRESENTATIVES, AGENTS, AND MEMBERS ON THE ONE HAND, OR BSP OR ITS AFFILIATES OR THEIR RESPECTIVE OFFICERS, DIRECTORS, EMPLOYEES, REPRESENTATIVES, AGENTS, AND MEMBERS ON THE OTHER HAND, BE LIABLE TO THE OTHER PARTY, IN CONTRACT OR IN TORT, OR UNDER ANY OTHER LEGAL THEORY (INCLUDING STRICT LIABILITY), FOR (I) ANY PUNITIVE, EXEMPLARY, INDIRECT, SPECIAL, INCIDENTAL, CONSEQUENTIAL, OR SIMILAR DAMAGES ARISING FROM OR RELATING TO THIS AGREEMENT, EVEN IF SUCH PARTY HAS BEEN ADVISED OF THE POSSIBILITY OF SUCH CLAIM, OR (II) ANY DIRECT DAMAGES

ARISING OUT OF OR RELATING TO THIS AGREEMENT TO THE EXTENT THAT THE AGGREGATE AMOUNT OF SUCH DAMAGES EXCEEDS THE AGGREGATE AMOUNT OF FEES PAID BY THE AUTHORITY TO BSP UNDER THIS AGREEMENT. THE FOREGOING LIMITATIONS SHALL NOT APPLY TO ANY CLAIM THAT ARISES OUT OF GROSS NEGLIGENCE, WILLFUL MISCONDUCT, OR FRAUD.

7.2 **Indemnification, Hold Harmless and Duty to Defend.** BSP shall defend, indemnify, and hold the Authority, its officials, officers, employees, volunteers and agents serving as independent contractors in the role of Authority officials free and harmless from any and all claims, demands, causes of action, costs, expenses, liability, loss, damage or injury, in law or equity, to property or persons, including wrongful death, in any manner arising out of the gross negligence, willful misconduct or fraud of BSP, its employees, or its agents in connection with the performance of this Agreement, including without limitation the payment of all punitive, exemplary, special, incidental or consequential damages and attorneys' fees and other related costs and expenses. BSP shall reimburse the Authority and its directors, officials, officers, employees, or its agents for any and all legal expenses and costs incurred by each of them in connection therewith or in enforcing the indemnity herein provided. BSP's obligation to indemnify shall not be restricted to insurance proceeds, if any, received by BSP, the Authority, its directors, officials, officers, employees, or its agents. All duties of BSP under this Section shall survive termination of this Agreement.

7.3 **Insurance.** During the Term, BSP shall maintain all insurance required under Section 13.3 of the Services Agreement.

8. **NOTICES.** All notices between the Parties shall be in writing and shall be deemed to have been given if personally delivered or sent by overnight courier to the other Party's address set forth below or such other address as is provided by notice as set forth herein. Notices shall be deemed effective upon receipt if personally delivered, or one (1) business day after it was sent if by overnight courier.

**BSP**

Bridge Strategic Partners LLC  
1700 North Broadway, Suite 405  
Walnut Creek, CA 94596

**AUTHORITY**

California Statewide Communities  
Development Authority  
c/o CSAC  
1100 K Street  
Sacramento, CA 95814

9. **MISCELLANEOUS.**

9.1 **Necessary Acts, Further Assurances.** Upon reasonable request by a Party, the other Party shall execute and deliver such further documents and instruments and shall take such other actions as may be reasonably necessary or appropriate to evidence or carry out the intent and purposes of this Agreement or to show the ability to carry out the intent and purposes of this Agreement.

9.2 **Independent Contractors.** BSP is an independent contractor in all its operations and activities hereunder. BSP and the Authority agree that BSP will render Transition Services according to BSP's own means and methods and is subject to the Authority's control only with regard to the BSP's final product or result. The Authority shall not exercise direct control or supervision over the means that BSP uses to accomplish BSP's work. The Parties understand and agree that BSP is not an employee of the Authority and nothing contained herein shall be deemed to create a joint venture, partnership, or any other relationship, other than that of an independent contractor.



9.3 **Force Majeure.** Neither Party shall be responsible or liable for delays or failures in performance resulting from acts of God, strikes, lockouts, riots, acts of war and terrorism, embargoes, unanticipated changes in governmental regulations, epidemics, fire, communication line failures, power failures, earthquakes, other disasters, or any other reason where failure to perform is beyond the control of, and not caused by, the non-performing party or its vendors, service providers, or suppliers (each, an event of "**Force Majeure**"). If a claim by a party for release of its obligations under this Section 15.3 exceeds ninety (90) calendar days, then the other party shall have the right to terminate this Agreement, whereupon the Term shall end. Neither Party is entitled to relief under this Section 9.3 to the extent that any event otherwise constituting an event of Force Majeure results from the gross negligence or willful misconduct of the applicable party or its vendors, service providers, or suppliers.

9.4 **Governing Law.** This Agreement and any disputes hereunder shall be governed by and construed in accordance with the internal laws of the State of California without giving effect to any choice or conflict of laws provision or rule (whether of the State of California or any other jurisdiction) that would cause the application of laws of any jurisdiction other than those of the State of California.

9.5 **Dispute Resolution.** In the event of any dispute concerning the validity, interpretation, enforcement or breach of this Agreement, the parties unconditionally and irrevocably agree that the dispute will be resolved by arbitration (and accordingly they hereby consent to personal jurisdiction over them) in Sacramento, California, in accordance with the Commercial Arbitration Rules of the American Arbitration Association ("**AAA**"). The arbitration will be heard and determined by a single arbitrator. The arbitrator shall be bound to apply the applicable governing law set forth herein to each dispute. The arbitrator shall decide in accordance with the express terms of this Agreement, and is not empowered to alter, amend, modify or change any of the terms of this Agreement. The dispute resolution proceedings and discovery shall be conducted as expeditiously as reasonably possible. Unless appealed as provided herein, the arbitrator's decision in any such arbitration will be final and binding upon the Parties and may be enforced in any court of competent jurisdiction. The prevailing Party (as determined by the arbitrator) will be entitled to recover its attorneys' fees and arbitration costs from the other Party. Either Party may appeal the arbitrator's award to three (3) neutral arbitrators ("**Appellate Arbitrators**") by filing with the AAA within twenty (20) calendar days after transmittal of the award, a written brief stating the reasons why the arbitrator's decision should be reversed or modified. The opposing party shall file with the AAA and serve on the appealing party, within twenty (20) calendar days after receiving the appeal brief, an opposition brief. The Appellate Arbitrators shall be selected in accordance with the AAA Commercial Arbitration Rules and shall all be retired judges of a court of record in California. Either Party may request oral argument, which must be conducted within fourteen (14) calendar days following the submission of the final brief. The Appellate Arbitrators shall have full authority to review the arbitrator's opinion and award, both as to questions of law and fact, to the same extent as would a state court of appeal in the state in which the arbitration was held. The Appellate Arbitrators shall render a written decision affirming, reversing, modifying, or remanding the arbitrator's decision within twenty (20) calendar days after receiving the final appellate submissions. The Appellate Arbitrators may reverse, modify, or remand the matter for further proceedings by the arbitrator. The Appellate Arbitrators decision shall be final and binding (unless remanded to the arbitrator) as to all matters of substance and procedure. The Parties agree that except as may otherwise be required by applicable laws, rules or regulations, the arbitration and any appellate arbitration will be kept confidential and the existence of the proceeding and any element of it (including, without limitation, any pleadings, briefs or other documents submitted or exchanged and any testimony or other oral submissions and awards) will not be disclosed to any person or entity other than the arbitrator, the Appellate Arbitrators, and the Parties and their respective employees, agents and representatives who have a need to know such information. Notwithstanding the foregoing, the binding arbitration provisions of this Section shall not apply to any conduct involving the gross negligence, willful misconduct or fraud of a Party. The

nonbreaching or harmed Party in such circumstances may pursue any legal or equitable remedy available to it.

9.6 **Trademark License.** Subject to the terms of this Agreement, the Authority hereby grants to BSP and its Affiliates during the Term a limited, non-exclusive, worldwide, fully paid, royalty free, license and right to use the current and future names, trademarks, logos, and other brand elements associated with the Authority for the sole purpose of performing the Transition Services hereunder.

9.7 **Conflict Laws.** BSP and all persons employed by BSP shall comply with all applicable conflict of interest laws and regulations applicable to the Transition Services provided under this Agreement.

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

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

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

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

9.12 **Entire Agreement; Amendments.** This Agreement constitutes the entire understanding and agreement of the parties respecting the subject matter of this Agreement and no modification, change, or amendment of this Agreement shall be binding upon the parties, except by mutual express consent in writing of subsequent date duly signed by the authorized representatives of each of the parties. The Exhibits to this Agreement are a part of this Agreement and are incorporated herein by this reference.

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

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

**CALIFORNIA STATEWIDE COMMUNITIES  
DEVELOPMENT AUTHORITY**

By \_\_\_\_\_

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

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

**BRIDGE STRATEGIC PARTNERS LLC**

By \_\_\_\_\_

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

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

Acknowledged and Agreed to:

**CALIFORNIA STATEWIDE COMMUNITIES  
DEVELOPMENT CORPORATION**

By \_\_\_\_\_

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

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

## **EXHIBIT A**

### (Transition Services)

During the Term, BSP shall provide the following Transition Services:

- Coordinate with Authority and Authority's current program manager to transition pending Authority Program transactions and other program manager responsibilities from Authority's current program manager to BSP.
- Begin pre-marketing of Authority Programs to finance professionals, borrowers, and public agencies. At all times, BSP shall indicate that it will commence actual program management services as of the Services Agreement Effective Date.
- Coordinate marketing strategies and plans with the Authority's Executive Director, League of California Cities, and California State Association of Counties for strategies and plans that will commence on the Services Agreement Effective Date.
- Attend all regularly scheduled meetings of the Authority and its Affiliates.
- Communicate with the Authority's legislative advocacy professionals and the Authority's Executive Director regarding pending legislation that may impact the Authority or Authority Programs.
- Communicate and coordinate with other third party professionals that provide services in connection with Authority Programs with respect to the commencement of program manager services by BSP on the Services Agreement Effective Date.

Upon request by Authority, BSP shall provide the following additional Transition Services:

- Assist the Authority with facilitating the development of a new Authority website.
- Assist the Authority with organizing new banking and trust accounts for the Authority and Authority Programs.



**CSCDA**  
CALIFORNIA STATEWIDE COMMUNITIES  
DEVELOPMENT AUTHORITY



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

**April 23, 2015**

**10:00 a.m. or upon adjournment of the Regularly scheduled CSCDA Board Meeting  
California State Association of Counties  
1100 K Street, 1st Floor  
Sacramento, California**

County of Butte  
7 County Center Drive  
Oroville, CA 95965

County of Yuba  
915 8th Street, Suite 103  
Marysville, CA 95901

709 Portwalk Place,  
Redwood City, CA 94061

County of Monterey  
168 West Alisal Street  
Salinas, CA 93901

- I. Call the Roll (alternates designate which member they are representing).
- II. Closed Session. Conference with Legal Counsel – Initiation of Litigation. One Potential Case. Government Code Section 54956.9(d)(4)
- III. Adjourn.

This \_\_\_ page agenda was posted at 1100 K Street, Sacramento, California on \_\_\_\_\_, 2015 at \_\_: \_\_ m,  
Signed \_\_\_\_\_. Please fax signed page to (925) 933-8457.