



REGULAR MEETING AGENDA

April 5, 2018 at 2:00 p.m.

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

Telephonic Locations:

County of Kern
1115 Truxtun Avenue, Bakersfield, CA 93301

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

27788 Hidden Trail Road
Laguna Hills, CA 92653

Town of Colma
1198 El Camino Real, Colma, CA 94014

County of Solano
675 Texas Street, Fairfield, CA 94533

A. OPENING AND PROCEDURAL ITEMS

1. Roll Call.

_____ Dan Harrison, Chair _____ Larry Combs, Vice Chair _____ Kevin O'Rourke, Treasurer _____ Tim Snellings, Secretary _____ Michael Cooper, Alt. Member	_____ Jordan Kaufman, Member _____ Dan Mierzwa, Member _____ Irwin Bornstein, Member _____ Brian Moura, Alt. Member
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2. Consideration of the Minutes of the March 15, 2018 Regular Meeting.
3. Consent Calendar.
4. Public Comment.

B. ITEMS FOR CONSIDERATION

5. Consideration of the issuance of revenue bonds or other obligations to finance or refinance the following projects, the execution and delivery of related documents, and other related actions:
 - a. Viamonte Senior Living 1, Inc., City of Walnut Creek, County of Contra Costa; issue up to \$250,000,000 in nonprofit revenue bonds.

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- b. Marin General Hospital, unincorporated County of Marin; issue up to \$270,000,000 in nonprofit revenue bonds.
 - c. Claremont Village Venture, LP (Claremont Village Apartments), City of Claremont, County of Los Angeles; issue up to \$49,000,000 in multi-family housing bonds.
 - d. Pioneer Gardens Venture, LP (Pioneer Gardens Apartments), City of Santa Fe Springs, County of Los Angeles; issue up to \$53,000,000 in multi-family housing bonds.
6. Update on action related to lead generation activities associated with PACE contractors.

C. STAFF ANNOUNCEMENTS, REPORTS ON ACTIVITIES OR REQUESTS

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

NEXT MEETING: Thursday, April 19, 2018 at 2:00 p.m.
California State Association of Counties
1100 K Street, 1st Floor, Sacramento, CA 95814

CALIFORNIA STATEWIDE COMMUNITIES DEVELOPMENT AUTHORITY

CONSENT CALENDAR

1. Consideration and Approval of Consulting Agreement with The Santa Maria Group, Inc.
2. Approve the Sacramento Municipal Utility District (SMUD) as a CSCDA Program Participant.
3. Inducement of La Mesa Springs Preservation, LP (La Mesa Springs Apartments), City of La Mesa, County of San Diego; issue up to \$25 million in multi-family housing revenue bonds.
4. Inducement of Miramar Tower Preservation, LP (Miramar Tower Apartments), City of Los Angeles, County of Los Angeles; issue up to \$30 million in multi-family housing revenue bonds.

April 5, 2018

**SPECIAL MEETING AGENDA OF
THE CALIFORNIA STATEWIDE FINANCING AUTHORITY (CSFA)**

**April 5, 2018 at 2:15 p.m.
or upon adjournment of the Regular CSCDA Meeting**

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

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County of Solano
675 Texas Street, Fairfield, CA 94533

A. OPENING AND PROCEDURAL ITEMS

1. Roll Call.

<input type="checkbox"/> Dan Harrison, Chair	<input type="checkbox"/> Jordan Kaufman, Member
<input type="checkbox"/> Larry Combs, Vice Chair	<input type="checkbox"/> Dan Mierzwa, Member
<input type="checkbox"/> Kevin O'Rourke, Treasurer	<input type="checkbox"/> Irwin Bornstein, Member
<input type="checkbox"/> Tim Snellings, Secretary	<input type="checkbox"/> Brian Moura, Alt. Member
<input type="checkbox"/> Michael Cooper, Alt. Member	
2. Consideration of the minutes of the February 16, 2017 Regular Meeting.
3. Public Comment.
4. Consideration of Audited Financial Statements for Fiscal Year Ending June 30, 2017.
5. Executive Director Update.
6. Staff Updates.
7. Adjourn.

**SPECIAL MEETING AGENDA OF
THE CALEASE PUBLIC FUNDING CORPORATION**

**April 5, 2018 at 2:15 p.m.
or upon adjournment of the Regular CSCDA Meeting**

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

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A. OPENING AND PROCEDURAL ITEMS

1. Roll Call.

<div style="display: flex; justify-content: space-between;"><div><div>_____ Dan Harrison, Chair</div><div>_____ Larry Combs, Vice Chair</div><div>_____ Kevin O'Rourke, Treasurer</div><div>_____ Tim Snellings, Secretary</div><div>_____ Michael Cooper, Alt. Member</div></div></div> <div style="width: 50%; vertical-align: top;"><div style="display: flex; justify-content: space-between;"><div></div><div><div>_____ Jordan Kaufman, Member</div><div>_____ Dan Mierzwa, Member</div><div>_____ Irwin Bornstein, Member</div><div>_____ Brian Moura, Alt. Member</div></div></div></div>

2. Consideration of the minutes of the January 24, 2013 Special Meeting.
3. Public Comment.
4. Consideration of new CaLease fee schedule.
5. Consideration of authorized signatories resolution.
6. Consideration of financing for County of Madera heating, ventilation and air conditioning (HVAC) system for the county jail in an amount not to exceed \$4,700,000.
7. Consideration of financing for the County of Madera for three new fire trucks in an amount not to exceed \$1,825,000.
8. Executive Director Update.
9. Staff Updates.
10. Adjourn.



CSCDC
CALIFORNIA STATEWIDE COMMUNITIES
DEVELOPMENT CORPORATION



MEETING AGENDA

April 5, 2018

2:15 p.m. or upon adjournment of the regularly scheduled CSCDA Commission Meeting

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

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675 Texas Street, Fairfield, CA 94533

A. OPENING AND PROCEDURAL ITEMS

1. Roll Call.

____ Dan Harrison, President
____ Larry Combs, Vice President
____ Kevin O'Rourke, Treasurer
____ Tim Snellings, Secretary
____ Michael Cooper, Alt. Member

____ Jordan Kaufman, Member
____ Dan Mierzwa, Member
____ Irwin Bornstein, Member
____ Brian Moura, Alt. Member

2. Consideration of the minutes of the February 1, 2018 Meeting.

3. Public Comment.

B. ITEMS FOR CONSIDERATION

4. Approve all necessary actions; the execution and delivery of all necessary documents; and authorize any signatory to sign all necessary documents in connection with the following:

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- a. Approve the making of up to \$15,000,000 in qualified low income community investments by CSCDC 13 LLC to Primestor Jordan Downs, LLC, City of Los Angeles, County of Los Angeles, California.

C. ANNOUNCEMENTS, REPORTS ON ACTIVITIES OR REQUESTS

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



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MINUTES

REGULAR MEETING OF THE CALIFORNIA STATEWIDE COMMUNITIES DEVELOPMENT AUTHORITY

March 15, 2018 at 2:00 p.m.

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

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

1. Roll Call.

Commission members present: Dan Harrison, Larry Combs, Kevin O'Rourke, Tim Snellings
Commission members participating via teleconference: Jordan Kaufman (non-voting member) and Dan Mierzwa.

Others present: Cathy Bando, CSCDA Executive Director; Jon Penkower, Bridge Strategic Partners; James Hamill, Bridge Strategic Partners; Matt Cate, CSAC; Laura Labanieh, CSAC Finance Corporation, Sindy Young, CSAC Finance Corporation, and Alex Gilliland, CSAC.

Others participating via teleconference: Tricia Ortiz, Richards Watson & Gershon

2. Consideration of the Minutes of the March 1, 2018 Regular Meeting.

The Commission approved the set of minutes.

Motion to approve by L. Combs. Second by K. O'Rourke. Unanimously approved by roll-call vote.

3. Consideration of the Consent Calendar.

The Commission approved the Consent Calendar.

1. Inducement of Channel Island Apartments, L.P. (Channel Island Park Apartments), City of Oxnard, County of Ventura; issue up to \$45 million in multi-family housing revenue bonds.
2. Inducement of Summercrest Apartment Associates, L.P. (Summercrest Apartments), City of National City, County of San Diego; issue up to \$80 million in multi-family housing revenue bonds.



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

4. Public Comment.

There was no public comment.

5. Recognition of Matt Cate's commitment to CSCDA.

The Commission thanked Matt for all of his work with CSCDA, wished him well in his future endeavors.

6. Consider resolution approving issuance of not to exceed \$37,500,000 in connection with the execution and delivery Certificates of Participation Series 2018 for the City of Salinas (Total Road Improvement Program).

- a. Huntington Memorial Hospital, City of Pasadena, County of Los Angeles; issue up to \$135,000,000 in non-profit revenue bonds.

Executive Director Bando gave an overview of the Project, and the financing of the Project complies with CSCDA's general and issuance policies. Huntington Memorial Hospital is a 501c3 nonprofit organization. The Bonds are being issued to make seismic safety related upgrades to Huntington's facilities. This will be the fourth CSCDA financing for Huntington. Executive Director Bando recommended approval of the project.

Motion to approve and adopt by T. Snellings. Second by D. Mierzwa. Unanimously approved by roll-call vote.

- b. PCSD 701 105th Ave LLC (Lodestar Charter School), City of Oakland, County Alameda; issue up to \$10,000,000 in Tax-exempt obligations.

Executive Director Bando gave an overview of the Project, and the financing of the Project complies with CSCDA's general and issuance policies. The Project will consist of rehabilitation of two buildings to create more classrooms and educational spaces. This project is to be completed by the end of July 2018. Executive Director Bando recommended approval of the project.

Motion to approve and adopt by L. Combs. Second by K. O'Rourke. Unanimously approved by roll-call vote.

- c. Hayward Maple & Main Apartment, L.P. (Maple & Main Apartment), City of Hayward, County of Alameda; issue up to \$110,000,000 in multi-family housing bonds.



Executive Director Bando gave an overview of the Project, and the financing of the Project complies with CSCDA's general and issuance policies. Maple & Main Apartments is the new construction of a mixed income 240-unit rental affordable housing project. Twenty-percent of the units will be rent restricted for low-income tenants. Executive Director Bando recommended approval of the project.

Motion to approve and adopt by K. O'Rourke. Second by L. Combs. Unanimously approved by roll-call vote.

7. Consideration of update to CSCDA Open Pace Handbook.

Executive Director Bando reviewed the proposed changes to the CSCDA Open Pace Handbook. The Commission requested the following additional changes to the handbook; 1) modification of the second sentence in section 2.2 to remove the ability of program administrators to make changes without Commission approval, and 2) correction of the address in section 6. The Commission requested that a list of Eligible Products will be provided at a future CSCDA meeting and that the handbook will be presented to the Commission for review on an annual basis at the CSCDA Annual Meeting. Executive Director Bando recommended approval of the proposed updates with the additional modifications suggested by the Commission.

Motion to approve and adopt by K O'Rourke. Second by L. Combs. Unanimously approved by roll-call vote

8. Update and consideration of action related to lead generation activities associated with PACE contractors.

Executive Director Bando informed the Commission that CSCDA's General Counsel and staff would be exploring CSCDA's legal remedies over contractors that are engaging with lead generation companies that are distributing misleading postcards regarding PACE to cities and counties in the Bay Area. A report of the General Counsel's findings will be reported back to the Commission at the next meeting. Executive Bando recommended that the Commission authorize staff to work with CSCDA General Counsel to identify possible remedies.

Motion to approve and adopt by L. Combs. Second by T. Snellings. Unanimously approved by roll-call vote.

9. Executive Director Update.



Executive Director Bando had no updates. Commission Member Kevin O'Rourke asked Trisha Ortiz to provide an overview of the requirements of the Brown Act to all Commissioners.

10. Staff Update.

Laura Labanieh reminded the Commission of the deadline for all Form 700s that are due on April 2nd.

11. Adjourn.

The meeting was adjourned at 2:47 pm.

Submitted by: Sendy Young, CSAC Finance Corporation

NEXT MEETING: Thursday, April 5, 2018 at 2:00 p.m.
League of California Cities
1400 K Street, 3rd Floor, Sacramento, CA 95814



Agenda Item No. 3

Agenda Report

DATE: April 5, 2018
TO: CSCDA COMMISSIONERS
FROM: Cathy Bando, Executive Director
PURPOSE: Consent Calendar

SUMMARY:

1. Consideration and Approval of Consulting Agreement with The Santa Maria Group, Inc.

The City of Los Angeles is considering amendments to its multifamily affordable housing policies. The Executive Director recommends that CSCDA engage The Santa Maria Group on a short-term basis to assist CSCDA in promoting CSCDA's ability to preserve and increase the critically necessary affordable housing supply within the City. CSCDA's General Counsel has reviewed and approved the form of the agreement.



THE SANTA MARIA GROUP, INC.

THIS AGREEMENT, executed in duplicate at Los Angeles, California, is made by and between **CALIFORNIA STATEWIDE COMMUNITIES DEVELOPMENT AUTHORITY**, with offices located at 1700 North Broadway, Suite 405 Walnut Creek, CA 94596, hereinafter referred to as the "Client", and **THE SANTA MARIA GROUP, INC.** with offices located at 555 West 5th Street, 35th Floor, Los Angeles, CA 90013, hereinafter referred to as the "Consultant".

WITNESSETH

WHEREAS, The Client and the Consultant have entered into an Agreement which authorizes the Consultant to provide certain services.

NOW THEREFORE, in consideration of the mutual covenants and premises contained herein, the Client and Consultant agree as follows:

AGREEMENT

1. Statement of Work and Schedule

The Consultant shall perform services for the client on the project specified in the Statement of Work and Schedule. Consultant services and client responsibilities are provided and the payment terms are set forth in the Statement of Work and Schedule and any amendments thereto, which is attached hereto as Attachment 1 and by this reference incorporated herein. The rights and obligations of the parties to this Agreement shall be subject to and governed by said Statement of Work and Schedule as well as by the general provisions herein.

2. Client's and Consultant's Duties.

Client is expected to, and agrees to, fully cooperate with Consultant and to assist in any manner directed at accomplishing the purposes for which Client has retained Consultant. Consultant may request that Client be available for telephone conversations, meetings, hearing appearances, and office conferences, and for all other reasonable purposes at all reasonable times, as such may be reasonably requested by Consultant. Consultant accepts employment by Client and agrees to take such steps as are reasonably advisable and/or necessary and/or appropriate in furtherance of the purpose of this retainer, including but not limited to meetings, conferences, preparation of documents, hearings, and other necessary matters to adequately represent Client. Consultant will not make any decision, disposition and/or proposal regarding the Project as defined in the Statement of Work and Schedule without prior knowledge and consent of the Client.

3. Time of Performance

The term of this agreement shall commence on March 1, 2018 and will be terminated on June 1, 2018. This Agreement may be terminated by the Client at any time upon written notice by the Client to the Consultant.

4. Amendments to Agreement

Any change in the terms of this Agreement, including changes in the services to be performed by the Consultant and any increase or decrease in the amount of compensation which is agreed to by the Client and the Consultant shall be incorporated into this Agreement by a written amendment properly executed by both parties.

5. Permits and Licenses

The Consultant shall hold valid permits, licenses, certificates (including the Business Tax Registration Certificate required by the City's Business Tax Ordinance, Article 1. Chapter 2 of the Los Angeles Municipal Code) and other documents as are required by the State, County, City or other governmental or regulatory body to legally engage in and perform the services to be provided under this Agreement.

6. Independent Contractor Status

The parties agree that the Consultant is an independent contractor subject to prevailing jurisdictional statutes and the terms and conditions of this Agreement only. Federal, State and local taxes shall be the responsibility of the Consultant as an independent contractor and not as an employee of the Client.

7. Assignment or Transfer or Interest

The Consultant shall not assign or transfer any interest in this Agreement without prior written consent of the Client.

8. Discrimination Prohibited

The Consultant shall not discriminate against anyone because of race, color, religion, sex, age, national origin sexual preference or physical condition.

9. Indemnity and Liability

The Consultant agrees to defend, indemnify, and hold harmless the Client, its officers, employees and assigns, against any and all claims arising from acts, omissions, or negligence of the Consultant, its officers or employees.

10. Insurance CONSULTANT shall procure and maintain for the duration of the contract insurance against claims for injuries to persons or damages to property which may arise from or in connection with the performance of the work hereunder by the CONSULTANT, its agents, representatives, or employees, as follows:

a) Commercial General Liability coverage (occurrence Form CG 00 01) with minimum limits of \$1,000,000 per occurrence for bodily injury, personal injury, products and completed operations, and property damage. If Commercial General Liability or other form with a general aggregate limit is used, either the general aggregate limit shall apply separately to this project/location or the general aggregate limit shall be twice the required occurrence limit.

b) Professional Liability Insurance / Errors and Omissions Liability in the minimum amount of \$1,000,000 per occurrence.

c) Automobile Liability coverage (Form CA 00 01 with Code 1 – any auto) with minimum limits of \$1,000,000 per accident for bodily injury and property damage.

d) Workers' Compensation insurance as required by the State of California and Employers' Liability insurance, each in the amount of \$1,000,000 per accident for bodily injury or disease.

e) The general and automobile liability policies are to contain, or be endorsed to contain, the following provisions:

- i) The Client, its officers, officials, employees and volunteers are to be covered as insureds as respects: liability arising out of work or operations performed by or on behalf of the CONSULTANT; products and completed operations of the CONSULTANT; premises owned, occupied or used by the CONSULTANT; and automobiles owned, leased, hired or borrowed by the CONSULTANT. The coverage shall contain no special limitations on the scope of protection afforded to the Client, its officers, officials, employees or volunteers.
- ii) For any claims related to this project, the CONSULTANT'S insurance coverage shall be primary insurance as respects the Client, its officers, officials, employees and volunteers. Any insurance or self-insured maintained by the Client, its officers, officials, employees or volunteers shall be excess of the CONSULTANT'S insurance and shall not contribute with it.

11. Compliance with Statutes and Regulations

In the performance of this agreement, the Consultant shall obey all laws of the United States, the State of California and the ordinances regulations, policies, Code and Charter provisions of the City of Los Angeles, including but not limited to provisions pertaining to hours of employment and compensation therefore preferential employment of United States citizens and Los Angeles residents, and the nondiscrimination provision of the Los Angeles Administrative Code. Section 10.8.

12. Complete Agreement

This Agreement contains the full and complete Agreement between the two parties. No verbal agreement or conversation with any officer or employee of either party shall affect or modify any of the terms and conditions of this Agreement.

13. Client's Ownership of Consultant's Work Product

Consultant agrees that all work product created by the Consultant shall belong exclusively to the Client. Consultant agrees to provide copies of the work product to the Client upon request.

IN WITNESSES WHEREOF, Client and Consultant have caused this Agreement to be executed by their duly authorized representatives.

Executed this ____ day of _____, 2018

FOR:
**CALIFORNIA STATEWIDE COMMUNITIES
DEVELOPMENT AUTHORITY** ("Client")

By:

Name _____
Title _____

Executed this ____ day of _____, 2018

FOR:
**THE SANTA MARIA GROUP,
INC.** ("Consultant")

By: **James Santa Maria**

ATTACHMENT 1- STATEMENT OF WORK AND SCHEDULE
Professional Services Agreement Between
CALIFORNIA STATEWIDE COMMUNITIES DEVELOPMENT AUTHORITY
AND
THE SANTA MARIA GROUP, INC.

I. Consultant Services

During the Time of Performance, as set forth in item 3 of this Agreement, Consultant shall provide services related to the Client including:

1. Advocate on behalf of CALIFORNIA STATEWIDE COMMUNITIES DEVELOPMENT AUTHORITY (CSCDA) to remain as a conduit issuer with the City of Los Angeles.
2. Ensure that there is a workable administrative or legislative solution for the Housing + Community Investment Department of Los Angeles ("HCID") funded projects to have the option to be funded through CSCDA as an "outside issuer".
3. Expand City of Los Angeles housing opportunities for CSCDA through a more formalized bond process with HCID including Bond Resolution Approvals, TEFRA's and City Council processing.
4. Work with HCID to contract or coordinate with CSCDA to ensure CDLAC compliance on affordable housing projects.
5. Consultant will interface directly with assigned client staff to ensure proper accountability through periodic verbal and written reports on action and projects undertaken.
6. Consultant will use best efforts to expedite the processing of the financing Resolution by the City Council, including all reasonable available means to obtain Council approval.

II. Compensation

The Consultant will be paid a monthly retainer fee of \$3,750.00 per month to begin on March 1, 2018 and to be paid no later than the 1st of every month thereafter for three (3) months. After the designated time period of three months, the contract may be renewed by the mutual written consent of the parties.

The Consultant will register the Client with the City of Los Angeles under the Municipal Lobbying Ordinance.

RESOLUTION NO. 18R-1

RESOLUTION OF THE CALIFORNIA STATEWIDE COMMUNITIES DEVELOPMENT AUTHORITY APPROVING AND RATIFYING THE ADDITION OF PROGRAM PARTICIPANTS TO THE AUTHORITY

WHEREAS, the California Statewide Communities Development Authority (the “Authority”) is a public entity of the State of California, duly organized and existing pursuant to the provisions relating to the joint exercise of powers found in Chapter 5 of Division 7 of Title 1 of the California Government Code, and the Amended and Restated Joint Exercise of Powers Agreement, dated as of June 1, 1988 (the “JPA Agreement”); and

WHEREAS, pursuant to Section 13 of the JPA Agreement, the Authority may add a qualifying public agency to become a Program Participant (as defined in the JPA Agreement) upon (i) receipt from such public agency of an executed counterpart of the JPA Agreement, together with a certified copy of the resolution of the governing body of such public agency approving the JPA Agreement and the execution and delivery thereof and (ii) the approval of the Commission of the Authority to add such public agency as a Program Participant; and

WHEREAS, this Commission of the Authority desires to approve and ratify the admission of the public entities listed in Schedule A attached hereto and incorporate herein by reference (the “Applicants”) as Program Participants of the Authority; and

WHEREAS, this Commission hereby finds and determines that the Applicants are qualified to be added as parties to the JPA Agreement and to become Program Participants of the Authority; and

WHEREAS, the Applicants have, respectively, filed with the Authority executed counterparts to the JPA Agreement, together with certified copies of the resolutions approving the JPA Agreement and the execution and delivery thereof;

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

Section 1. This Commission hereby finds and determines that the foregoing recitals are true and correct.

Section 2. The addition of the Applicants as Program Participants is hereby approved, confirmed and ratified, and any actions heretofore taken on behalf of any such Applicants is hereby approved, confirmed and ratified.

Section 3. This resolution shall take effect immediately upon its passage.

PASSED AND ADOPTED by the California Statewide Communities Development Authority on April 5, 2018.

* * * * *

I, the undersigned, a duly appointed, and qualified Authorized Signatory of the Commission of the California Statewide Communities Development Authority, DO HEREBY CERTIFY that the foregoing resolution was duly adopted by the Commission of said Authority at a duly called meeting of the Commission of said Authority held in accordance with law on April 5, 2018.

By _____
Authorized Signatory

EXHIBIT A
CALIFORNIA STATEWIDE COMMUNITIES DEVELOPMENT AUTHORITY
PROGRAM PARTICIPANTS

1. Sacramento Municipal Utility District (SMUD)

RESOLUTION NO. 18H-__

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

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

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

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

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

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

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

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

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

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

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

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

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

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

PASSED AND ADOPTED by the California Statewide Communities Development Authority this April 5, 2018.

The undersigned, an Authorized Signatory of the California Statewide Communities Development Authority, DOES HEREBY CERTIFY that the foregoing resolution was duly adopted by the Commission of said Authority at a duly called meeting of the Commission of said Authority held in accordance with law on April 5, 2018.

By: _____
Authorized Signatory

EXHIBIT A

Project Name	Project Location	Project Description (units)	New Construction/ Acquisition and Rehabilitation	Legal Name of initial owner/operator	Bond Amount
La Mesa Springs Apartments	City of La Mesa, County of San Diego	129	Acquisition and Rehabilitation	La Mesa Springs Preservation, LP	\$25,000,000
Miramar Tower Apartments	City of Los Angeles, County of Los Angeles	157	Acquisition and Rehabilitation	Miramar Tower Preservation, LP	\$30,000,000



Agenda Item No. 5a

Agenda Report

DATE: April 5, 2018

TO: CSCDA COMMISSIONERS

FROM: Cathy Bando, Executive Director

PROJECT: Viamonte Senior Living

PURPOSE: Authorize the Issuance of Bonds for the Acquisition, Construction, Renovation, Equipping and Furnishing of Continuing Care Retirement Facilities located in the City of Walnut Creek

AMOUNT: Not to Exceed \$250,000,000

EXECUTIVE SUMMARY:

Viamonte Senior Living 1, Inc., a 501c3 nonprofit organization, has requested that CSCDA issue revenue bonds in an amount not to exceed \$250,000,000 (the “Bonds”) for the acquisition, construction, improvement, equipping and furnishing of continuing care retirement facilities located in Walnut Creek, California, known as Viamonte Senior Living (the “Project”). The Project will be developed and managed by Northern California Presbyterian Homes and Services (“NCPHS”).

PROJECT ANALYSIS:

About NCPHS:

NCPHS was established in 1958 as a California nonprofit public benefit corporation headquartered in San Francisco, California. NCPHS’s purpose is to improve the quality of life of older persons from all economic levels and cultural backgrounds. NCPHS owns and operates three other continuing care retirement communities: The Tamalpais in Greenbrae, California, The Sequoias San Francisco in San Francisco, California, and The Sequoias Portola Valley in Portola Valley, California. NCPHS also manages three affordable housing communities, a manufactured housing development for people aged 55 and older, and programs that serve seniors throughout the Bay Area.

About the Project:

The Project will provide housing, activities and other support services specifically designed to promote the health and well-being of older adults. The Project is designed to include 191 total

accommodations, including 174 independent living apartments, 7 assisted living apartments and 10 memory care assisted living apartments in a four story building of approximately 298,000 square feet of space. Below grade parking will occupy approximately 120,000 square feet of space and provide approximately 240 parking spaces. The Project will be located in the northwestern portion of a larger, approximately 24.7-acre, mixed-use development known as “The Orchards at Walnut Creek,” featuring retail and outdoor recreational spaces.

Public Agency Approval:

TEFRA Hearing: March 6, 2018 – City of Walnut Creek – Unanimous Approval

Public Benefit:

- NCPHS employs more than 700 staff members and provides housing for more than 2,000+ older adults.
- Through its Community Services programs, the NCPHS mission extends into the greater Bay Area community, creating a lasting positive impact on older adults. Each year, NCPHS Community Services programs help more than 10,000 Bay Area seniors maintain their health, remain independent, and stay engaged in society.
- NCPHS’s Living at Home Program connects seniors and disabled adults with social workers who help them gain access to available health, financial, and other support services.
- Through the Services Connection Program, NCPHS social workers help older adults and people with disabilities in the San Francisco Housing Authority’s housing communities access services that help them remain self-sufficient and housed.
- NCPHS’s WellElder program enables low income seniors in NCPHS affordable housing communities to access health and wellness services and health screenings.

Sources and Uses:

Sources of Funds:

Bond Proceeds:	\$ 191,160,000
Premium:	\$ 6,953,472
Equity:	<u>\$ 25,031,690</u>
Total Sources:	\$ 223,145,162

Uses of Funds:

Project Fund:	\$ 186,721,272
Reserve Funds:	\$ 25,778,515
Underwriter’s Discount:	\$ 995,800

Cal-Mortgage Fees:	\$ 8,647,614
Additional Proceeds:	\$ 1,961
Costs of Issuance:	<u>\$ 1,000,000</u>
Total Uses:	\$ 223,145,162

Finance Partners:

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

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

Underwriter: Bank of America, Merrill Lynch, San Francisco

Finance Terms:

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

Term: 30 years at a fixed interest rate

Structure: Public Offering

Estimated Closing: May 7, 2018

CSCDA Policy Compliance:

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

DOCUMENTS: (as attachments)

1. CSCDA Resolution (Attachment A)

COMMISSION ACTION RECOMMENDED BY THE EXECUTIVE DIRECTOR:

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

RESOLUTION NO. 18NP-4

**CALIFORNIA STATEWIDE COMMUNITIES
DEVELOPMENT AUTHORITY**

**A RESOLUTION AUTHORIZING THE ISSUANCE OF ONE OR MORE SERIES OF
REVENUE BONDS IN A PRINCIPAL AMOUNT NOT TO EXCEED \$250,000,000 TO
FINANCE THE ACQUISITION, CONSTRUCTION AND EQUIPPING OF THE
CONTINUING CARE RETIREMENT COMMUNITY FACILITIES FOR VIAMONTE
SENIOR LIVING 1, INC. AND OTHER MATTERS RELATING THERETO**

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

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

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

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

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

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

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

WHEREAS, Viamonte Senior Living 1, Inc., a California nonprofit public benefit corporation (the “Corporation”), wishes to finance the acquisition, construction and equipping, including capitalized interest, of certain continuing care retirement community facilities of the Corporation (the “Project”) owned and to be operated by the Corporation and located in the City;

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

WHEREAS, pursuant to one or more Indentures (collectively, the “Indenture”), between the Authority and The Bank of New York Mellon Trust Company, N.A. (the “Trustee”), the Authority will issue the California Statewide Communities Development Authority Insured Revenue Bonds, Series 2018 (Viamonte Senior Living 1 Project), in one or more series (the “Bonds”), for the purpose, among others, of financing the Project;

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

WHEREAS, pursuant to one or more Bond Purchase Agreements, to be dated the date of sale of the Bonds (collectively, the “Purchase Agreement”), between Merrill Lynch, Pierce, Fenner & Smith Incorporated (the “Underwriter”) and the Authority, as approved by the Corporation, the Bonds will be sold to the Underwriter, and the proceeds of such sale will be used as set forth in the Indenture to finance the Project and to pay costs incurred in connection with the issuance of the Bonds, including an insurance premium and related fees to the Office of Statewide Health Planning and Development of the State of California (the “Office”);

WHEREAS, the Bonds will be insured by the Office pursuant to a Contract of Insurance (the “Contract of Insurance”), among the Authority, the Corporation and the Office and a Regulatory Agreement (the “Regulatory Agreement”), among the Authority, the Corporation and the Office;

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

- (1) A proposed form of the Indenture;
- (2) A proposed form of the Loan Agreement;
- (3) A proposed form of the Purchase Agreement;
- (4) A proposed form of the Contract of Insurance;
- (5) A proposed form of the Regulatory Agreement; and
- (6) A proposed form of one or more the official statements (collectively, the “Official Statement”) to be used by the Underwriter in connection with the offering and sale of the Bonds;

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

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

Section 1. Pursuant to the Act and the Indenture, the Authority is hereby authorized to issue its revenue bonds, designated as the “California Statewide Communities Development Authority Insured Revenue Bonds, Series 2018 (Viamonte Senior Living 1 Project)” in an aggregate principal amount not to exceed two hundred fifty million dollars (\$250,000,000), from time to time, in one or more series, with such other name or names of the Bonds or series thereof as designated in the Indenture pursuant to which the Bonds will be issued. 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. 17R-4 of the Authority, adopted on March 2, 2017 or any other resolution of the Authority (each, an “Authorized Signatory”), and attested by the manual or facsimile signature of the Secretary of the Authority or the Assistant to the Secretary of the Authority or the manual signature of any Authorized Signatory.

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

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

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

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

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

Section 7. The proposed form of Official Statement, as made available to the Commissioners, is hereby approved. The Underwriter is hereby authorized to distribute the Official Statement in preliminary form, to persons who may be interested in the purchase of the Bonds and to deliver the Official Statement in final form, in substantially the form of the preliminary Official Statement, to the purchasers of the Bonds.

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

Section 11. All actions heretofore taken by the Chair, the Vice Chair, the Secretary, the Treasurer, any other members of the Commission of the Authority and other

appropriate officers and agents of the Authority with respect to the issuance of the Bonds are hereby ratified, confirmed and approved.

Section 12. Notwithstanding anything to the contrary in this Resolution, no documents referenced in this Resolution may be executed and delivered until the City has held the hearing pursuant to Section (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 13. This Resolution shall take effect from and after its adoption.

PASSED AND ADOPTED by the California Statewide Communities Development Authority this 5th day of April, 2018.

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 5, 2018.

By: _____
Authorized Signatory
California Statewide Communities
Development Authority

EXHIBIT A

Public Disclosures Relating to Conduit Revenue Obligations

[CSCDA staff will provide the certificate to Underwriter/Financial Advisor/Corporation during the application process, and CSCDA staff will attach completed certificate to resolution prior to the meeting]

PUBLIC DISCLOSURES RELATING TO CONDUIT REVENUE OBLIGATIONS

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

1. Name of Borrower: Viamonte Senior Living 1.
2. Authority Meeting Date: March 15, 2018.
3. Name of Obligations: Insured Revenue Bonds, Series 2018
(Viamonte Senior Living 1 Project)
4. ☐ Private Placement Lender or Bond Purchaser, ☒ Underwriter or ☐ Financial Advisor (mark one) engaged by the Borrower provided the Borrower with the required good faith estimates relating to the Obligations as follows.
 - (A) The true interest cost of the Obligations, which means the rate necessary to discount the amounts payable on the respective principal and interest payment dates to the purchase price received for Obligations less premiums and fees associated with Cal Mortgage insurance (to the nearest ten-thousandth of one percent): 4.8512%.
 - (B) The finance charge of the Obligations, which means the sum of all fees and charges paid to third parties, which includes premiums and fees associated with Cal Mortgage insurance: \$10,643,000.
 - (C) The amount of proceeds received by the public body for sale of the Obligations less the finance charge of the Obligations described in subparagraph (B) and any reserves or capitalized interest paid or funded with proceeds of the Obligations: \$161,690,000.
 - (D) The total payment amount, which means the sum total of all payments the Borrower will make to pay debt service on the Obligations plus the finance charge of the Obligations described in subparagraph (B) not paid with the proceeds of the Obligations (which total payment amount shall be calculated to the final maturity of the Obligations): \$262,199,000.
5. The good faith estimates provided above were ☐ presented to the governing board of the Borrower, or ☒ presented to the official or officials or committee designated by the governing board of the Borrower to obligate the Borrower in connection with the Obligations or, in the absence of a governing board, ☐ presented to the official or officials of the Borrower having authority to obligate the Borrower in connection with the Obligations (mark one).

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

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

Dated: March 6, 2018



Agenda Item No. 5b

Agenda Report

DATE: April 5, 2018

TO: CSCDA COMMISSIONERS

FROM: Jon Penkower, Managing Director

PROJECT: Marin General Hospital

PURPOSE: Authorize the Issuance of Bonds to Finance and Refinance the Acquisition, Construction, Improvement, and Equipping, Including Working Capital Costs, of Replacement Healthcare Facilities located in the County of Marin

AMOUNT: Not to Exceed \$270,000,000

EXECUTIVE SUMMARY:

Marin General Hospital, a 501c3 nonprofit organization (“MGH”), has requested that CSCDA issue nonprofit revenue bonds in an amount not to exceed \$270,000,000 (the “Bonds”) to finance and refinance the acquisition, construction, improvement, and equipping, including working capital costs, of replacement healthcare facilities located in the County of Marin (the “Project”). The Bonds are being issued to finance the replacement of MGH’s existing hospital facilities. This will be MGH’s first financing with CSCDA.

PROJECT ANALYSIS:

MGH currently operates a 235-bed tertiary care hospital located in Greenbrae, California. A mainstay of Marin County healthcare since 1952, MGH is at a crucial turning point in its history. MGH has seen a five-fold population increase since it first opened its doors. MGH is the only labor and delivery unit in Marin County and its Level III Trauma Center and Emergency Department receives 70% of the County’s ambulance traffic. Plans for MGH’s new facilities include a four-story, 260,000 square-foot hospital replacement building; a five-story, 100,000 square-foot ambulatory services building; and parking structure. Every aspect of the new hospital will meet or exceed the latest state-mandated standards for earthquake safety.

Public Agency Approvals:

TEFRA Hearing: March 27, 2018 – County of Marin – Unanimous Approval

Economic Development:

- MGH employs more than 1,700 physicians, nurses and other staff throughout its facilities. In addition, many MGH employees live, eat and shop within the community and support the local economy.

Public Benefit:

- MGH absorbs more than \$2 million in charity care costs where no reimbursement is received and more than \$32 million in Medi-Cal and other programmatic shortfall, which is the difference between what MGH is reimbursed for care to beneficiaries and the actual cost of providing that care.
- During calendar year 2016, MGH made more than \$51.4 million in community benefit contributions.
- Fourteen percent of the annual operating expenses for MGH was spent on community benefits. \$50.5 million (98%) of the total community benefit contributions helped to increase access to care and provide direct patient care to its community. The remainder was allocated for community building, community benefit operations, and other health improvement services.
- MGH supports primary care and specialty care services for the uninsured provided by Marin Healthcare District's clinics. In 2016, the clinics served 3,091 low-income patients over 10,305 visits, including Medi-Cal and Charity Care patients.
- MGH partners with community-based organizations to increase the number of individuals who receive primary healthcare services and other health related services that help them manage chronic conditions such as diabetes or hypertension; access ambulatory care services such as dental and mental healthcare; and transition to stable housing to maintain their health and wellness.
- During 2016, MGH made eleven grants to other nonprofit organizations in Marin County, totaling \$556,000.

Sources and Uses:

Sources of Funds:

Series 2018 Par Amount:	\$ 122,810,000
Premium:	<u>\$ 12,753,982</u>
Total Sources:	\$ 135,563,982

Uses of Funds:

Project:	\$ 134,025,166
Cost of Issuance:	\$ 1,535,125
Additional Proceeds:	<u>\$ 3,691</u>
Total Uses:	\$ 135,563,982

Finance Partners:

Bond Counsel: Orrick, Herrington & Sutcliffe, LLP, Sacramento
Authority Counsel: Orrick, Herrington & Sutcliffe, LLP, Sacramento
Underwriters: Stifel & Morgan Stanley

Finance Terms:

Rating: A- (S&P)
Term: 30 Years
Structure: Public Offering
Estimated Closing: May 23, 2018

CSCDA Policy Compliance:

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

DOCUMENTS: (as attachments)

1. CSCDA Resolution (Attachment A)

COMMISSION ACTION RECOMMENDED BY THE EXECUTIVE DIRECTOR:

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

Attachment A

RESOLUTION NO. __NP-__

**CALIFORNIA STATEWIDE COMMUNITIES
DEVELOPMENT AUTHORITY**

**A RESOLUTION AUTHORIZING THE ISSUANCE OF ONE OR MORE SERIES OF
REVENUE BONDS IN A PRINCIPAL AMOUNT NOT TO EXCEED \$270,000,000 TO
FINANCE AND REFINANCE THE ACQUISITION, CONSTRUCTION,
IMPROVEMENT AND EQUIPPING, INCLUDING WORKING CAPITAL COSTS, OF
CERTAIN HEALTH CARE FACILITIES FOR MARIN GENERAL HOSPITAL 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 Marin (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, Marin General Hospital, a California nonprofit public benefit corporation (the “Corporation”), wishes to finance and refinance the acquisition, construction, improvement and equipping, including working capital costs, of health care facilities operated by the Corporation and located in the County (the “Project”);

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

WHEREAS, pursuant to one or more Bond Indentures (collectively, the “Bond Indenture”), between the Authority and The Bank of New York Mellon Trust Company, N.A., as bond trustee (the “Bond Trustee”), the Authority will issue the California Statewide Communities Development Authority Revenue Bonds (Marin General Hospital), Series 2018, in one or more series (the “Bonds”) for the purpose, among others, of financing and refinancing the Project;

WHEREAS, pursuant to one or more Loan Agreements (collectively, the “Loan Agreement”), between the Authority and the Corporation, the Authority will loan the proceeds of the Bonds to the Corporation for the purpose, among others, of financing and refinancing the Project;

WHEREAS, pursuant to one or more Bond Purchase Agreements, to be dated the date of sale of the Bonds (collectively, the “Purchase Agreement”), among Morgan Stanley & Co. LLC, as underwriter and representative of the other underwriters named therein (collectively, the “Underwriters”), the Authority and the Corporation, the Bonds will be sold to the Underwriters, and the proceeds of such sale will be used as set forth in the Bond Indenture to finance and refinance the Project and to pay costs incurred in connection with the issuance of the Bonds;

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

- (1) A proposed form of the Bond Indenture;
- (2) A proposed form of the Loan Agreement;
- (3) A proposed form of the Purchase Agreement; and
- (4) A proposed form of one or more official statements (collectively, the “Official Statement”) to be used by the Underwriters in connection with the offering and sale of the Bonds.

WHEREAS, payments of principal and interest on the Bonds will be secured pursuant to an obligation of an obligated group, which members will be the Corporation and Prima Medical Foundation (“Prima”);

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

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 (Marin General Hospital), Series 2018” in an aggregate principal amount not to exceed two hundred seventy million dollars (\$270,000,000), from time to time, in one or more series, as federally tax-exempt bonds or federally taxable bonds, with such other name or names of the Bonds or series thereof as designated in the Bond Indenture pursuant to which the Bonds will be issued. 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. 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. 17R-4 of the Authority, adopted on March 2, 2017, or any other resolution of the Authority (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, including, without limitation, insertions, deletions or changes therein appropriate to provide for the issuance and sale of Bonds as federally taxable Bonds, 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, whether the particular series of Bonds will be issued as federally tax-exempt bonds or federally taxable bonds, 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, including, without limitation, insertions, deletions or changes therein appropriate to provide for the issuance and sale of Bonds as federally taxable Bonds, 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 Agreement, as made available to the Commissioners, is hereby approved. Any Authorized Signatory is hereby authorized and directed, for and on behalf of the Authority, to execute and deliver the Purchase Agreement, in substantially said form, with such changes and insertions therein, including, without limitation, insertions, deletions or changes therein appropriate to provide for the issuance and sale of Bonds as federally taxable Bonds, as any member of the Commission, with the advice of counsel to the Authority, may approve, such approval to be conclusively evidenced by the execution and delivery thereof.

Section 5. The proposed preliminary form of Official Statement, as made available to the Commissioners, is hereby approved. The Underwriters are hereby authorized to distribute the Official Statement in preliminary form, including, without limitation, insertions, deletions or changes therein appropriate to provide for the issuance and sale of Bonds as federally taxable Bonds, to persons who may be interested in the purchase of the Bonds and to deliver the Official Statement in final form, in substantially the form of the preliminary Official Statement, to the purchasers of the Bonds.

Section 6. The 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 7. The Chair, the Vice Chair, the Secretary, the Treasurer, any other members of the Commission of the Authority and other appropriate officers and agents of the Authority are hereby authorized and directed, jointly and severally, for and in the name and on behalf of the Authority, to execute and deliver any and all documents, including, without limitation, any and all documents and certificates to be executed in connection with securing credit support, if any, for the Bonds, and to do any and all things and take any and all actions which may be necessary or advisable, in their discretion, to effectuate the actions which the Authority has approved in this Resolution and to consummate by the Authority the transactions contemplated by the documents approved hereby, including any subsequent amendments, waivers or consents entered into or given in accordance with such documents.

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

Section 9. Notwithstanding anything to the contrary in this Resolution, no documents referenced in this Resolution may be executed and delivered until the 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 and refinancing for the Project.

Section 10. The Authority acknowledges that Norton Rose Fulbright US LLP ("Norton Rose") will be acting as a counsel to the Underwriters in the financing and refinancing of the Project and will also be delivering an opinion on Prima's status under Section 501(c)(3) of the Internal Revenue Code of 1986. The Authority consents to Norton Rose acting in both capacities.

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

PASSED AND ADOPTED by the California Statewide Communities Development Authority this 5th day of April, 2018.

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 5, 2018.

By:

Authorized Signatory
California Statewide Communities
Development Authority

PUBLIC DISCLOSURES RELATING TO CONDUIT REVENUE OBLIGATIONS

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

1. Name of Borrower: Marin General Hospital.
2. Authority Meeting Date: April 5, 2018.
3. Name of Obligations: Revenue Bonds (Marin General Hospital) Series 2018A.
4. ☐ Private Placement Lender or Bond Purchaser, ☒ Underwriter or ☐ Financial Advisor (mark one) engaged by the Borrower provided the Borrower with the required good faith estimates relating to the Obligations:
 - (A) The true interest cost of the Obligations, which means the rate necessary to discount the amounts payable on the respective principal and interest payment dates to the purchase price received for Obligations (to the nearest ten-thousandth of one percent): 3.9076%.
 - (B) The finance charge of the Obligations, which means the sum of all fees and charges paid to third parties: \$1,142,438.
 - (C) The amount of proceeds received by the public body for sale of the Obligations less the finance charge of the Obligations described in subparagraph (B) and any reserves or capitalized interest paid or funded with proceeds of the Obligations: \$99,803,189.
 - (D) The total payment amount, which means the sum total of all payments the Borrower will make to pay debt service on the Obligations plus the finance charge of the Obligations described in subparagraph (B) not paid with the proceeds of the Obligations (which total payment amount shall be calculated to the final maturity of the Obligations): \$165,787,102.
5. The good faith estimates were ☐ presented to the governing board of the Borrower, or ☒ presented to the official or officials or committee designated by the governing board of the Borrower to obligate the Borrower in connection with the Obligations or, in the absence of a governing board, ☐ presented to the official or officials of the Borrower having authority to obligate the Borrower in connection with the Obligations (mark one).

The foregoing estimates constitute good faith estimates only. The actual principal amount of the Obligations issued and sold, the true interest cost thereof, the finance charges thereof, the amount

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

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

Dated: March 29, 2018



Agenda Item No. 5c

Agenda Report

DATE: April 5, 2018

TO: CSCDA COMMISSIONERS

FROM: Cathy Bando, Executive Director

PROJECT: Claremont Village Apartments

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

AMOUNT: Not to Exceed \$49,000,000

EXECUTIVE SUMMARY:

Claremont Village Apartments (the “Project”) is the acquisition and rehabilitation of a 150-unit rental affordable housing project located in the City of Claremont. 100% of the units will remain rent restricted for low-income tenants.

PROJECT DESCRIPTION:

- Acquisition and rehabilitation of 150-unit affordable rental housing facility located at 965 West Arrow Highway in the City of Claremont.
- 8.84 acre site.
- 18 one and two-story residential buildings.
- Project is comprised of 95 two-bedroom units, 54 three-bedroom units and a manager’s unit.

PROJECT ANALYSIS:

Background on Applicant:

MRK Partners, Inc. (MRK) is a privately held real estate investment and asset management company specializing in the acquisition, repositioning, and preservation of affordable housing. MRK’s portfolio currently consists of projects located throughout California, Michigan, Florida, Maryland and Virginia. In building its portfolio, MRK seeks to diversify across core, value-add, and opportunistic assets. Its programs provide a comprehensive service plan specific to the detailed needs of the residents. Resident services including after school programs, adult education classes, computer lab access, scholarship programs, ESL, resume building, and

financial planning. Health and wellness initiatives include on-site health screenings, flu shots, vision/hearing tests, and exercise classes. Claremont Village and Pioneer Gardens are MRK's first two financings with CSCDA.

Public Agency Approval:

TEFRA Hearing: February 13, 2018 – City of Claremont – unanimous approval

CDLAC Approval: March 21, 2018

Public Benefits:

- 100% of the units will be rent restricted for 55 years.
 - 37% (55 units) restricted to 50% or less of area median income households.
 - 63% (95 units) restricted to 60% or less of area median income households.
- The Project is in walking distance to grocery stores, parks, recreational facilities and public K-12 schools.

Sources and Uses:

Sources of Funds:

Tax-Exempt Bonds:	\$ 41,151,000
Tax Credits:	\$ 25,596,738
Seller Note:	\$ 2,500,000
Excess Funds:	\$ 779,269
Deferred Developer Fee:	\$ 6,255,357
Total Sources:	\$ 76,282,364

Uses of Funds:

Acquisition:	\$ 53,800,000
Construction Costs:	\$ 10,270,613
Developer Fee:	\$ 9,255,357
Bond Costs:	\$ 114,280
Cost of Issuance:	\$ 1,666,069
Soft Costs:	\$ 433,263
Reserves:	\$ 742,782
Total Uses:	\$ 76,282,364

Finance Partners:

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

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

Bond Purchaser: CBRE Capital Markets, Inc.

Finance Terms:

Rating: Unrated
Term: 35 years at a fixed interest rate
Structure: Private Placement
Estimated Closing: April 30, 2018

CSCDA Policy Compliance:

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

DOCUMENTS: (as attachments)

1. Project Photos (Attachment A)
2. CSCDA Resolution (Attachment B)

COMMISSION ACTION RECOMMENDED BY THE EXECUTIVE DIRECTOR:

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

ATTACHMENT A



ATTACHMENT B

RESOLUTION NO. 18H-__

A RESOLUTION OF THE CALIFORNIA STATEWIDE COMMUNITIES DEVELOPMENT AUTHORITY AUTHORIZING THE ISSUANCE, EXECUTION AND DELIVERY OF MULTIFAMILY HOUSING REVENUE OBLIGATIONS IN AN AGGREGATE PRINCIPAL AMOUNT NOT TO EXCEED \$49,000,000 FOR THE FINANCING OF A MULTIFAMILY RENTAL HOUSING PROJECT GENERALLY KNOWN AS CLAREMONT VILLAGE APARTMENTS; DETERMINING AND PRESCRIBING CERTAIN MATTERS AND APPROVING AND AUTHORIZING THE EXECUTION OF AND DELIVERY OF VARIOUS DOCUMENTS RELATED THERETO; RATIFYING ANY ACTION HERETOFORE TAKEN AND APPROVING RELATED MATTERS IN CONNECTION WITH THE OBLIGATIONS.

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

WHEREAS, Claremont Village Venture LP, a California limited partnership, and entities related thereto (collectively, the “Borrower”), has requested that the Authority execute and deliver its California Statewide Communities Development Authority Multifamily Housing Revenue Note (Claremont Village Apartments) 2018 Series E (the “Note”) and issue and sell its California Statewide Communities Development Authority Multifamily Housing Revenue Bonds (Claremont Village Apartments) 2018 Series E-S (Subordinate Series) (the “Subordinate Bonds”) and together with the Note, the “Obligations”) to assist in the financing of the acquisition and rehabilitation of a 150-unit multifamily housing rental development located in the City of Claremont, California (the “City”), and known or to be known as Claremont Village Apartments (the “Project”);

WHEREAS, on March 21, 2017, the Authority received an allocation in the amount of \$47,322,343 (the “Allocation Amount”) from the California Debt Limit Allocation Committee in connection with the Project;

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

WHEREAS, the Authority is willing to issue, execute and deliver the Obligations in an aggregate principal amount not to exceed \$49,000,000, provided that the portion of such Obligations issued, executed and delivered as federally tax-exempt obligations

shall not exceed the Allocation Amount, and to loan the proceeds thereof to the Borrower to assist in providing financing for the Project, which will allow the Borrower to reduce the cost of the Project and to assist in providing housing for low and very low income persons;

WHEREAS, the Note will be executed and delivered to CBRE Capital Markets, Inc. (the "Funding Lender"), as the initial holder of the Note, and the Subordinate Bonds will be privately placed with KDF Claremont, L.P., a California limited partnership, or a related entity (the "Holder"), as the initial purchaser of the Subordinate Bonds, in each case in accordance with the Authority's private placement policy;

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

WHEREAS, there have been prepared and made available to the members of the Commission of the Authority (the "Commission") the following documents required for the execution and delivery of the Obligations, and such documents are now in substantial form and appropriate instruments to be executed and delivered for the purposes intended:

(1) Funding Loan Agreement (the "Funding Loan Agreement") to be entered into among the Funding Lender, Wilmington Trust, National Association, as fiscal agent (the "Fiscal Agent") and the Authority;

(2) Project Loan Agreement (the "Project Loan Agreement") to be entered into among the Authority, the Fiscal Agent and the Borrower;

(3) Regulatory Agreement and Declaration of Restrictive Covenants (the "Regulatory Agreement") to be entered into between the Authority and the Borrower;

(4) Subordinate Master Pledge and Assignment (the "Pledge and Assignment") to be entered into among the Authority, KDF Claremont, L.P., a California limited partnership, as agent (the "Subordinate Bonds Agent"), and the Holder, relating to the Subordinate Bonds;

(5) Subordinate Master Agency Agreement (the "Agency Agreement") to be entered into between the Authority and the Subordinate Bonds Agent, relating to the Subordinate Bonds; and

(6) Paying Agent Agreement (the "Paying Agent Agreement") to be entered into between Wilmington Trust, National Association, as paying agent (the "Paying Agent"), and the Borrower, relating to the Subordinate Bonds;

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

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

Section 2. Pursuant to the JPA Law, the Funding Loan Agreement and the Pledge and Assignment, and in accordance with the Housing Law, the Authority is hereby authorized to execute and deliver the Note and issue and sell the Subordinate Bonds in one or more series. The Note shall be designated as “California Statewide Communities Development Authority Multifamily Housing Revenue Note (Claremont Village Apartments) 2018 Series E” and the Subordinate Bonds shall be designated as “California Statewide Communities Development Authority Multifamily Housing Revenue Bonds (Claremont Village Apartments) 2018 Series E-S (Subordinate Series)” including, if and to the extent necessary, Obligations in one or more sub-series, with appropriate modifications and series and sub-series designations as necessary, in an aggregate principal amount not to exceed \$49,000,000; provided that the aggregate principal amount of any tax-exempt Obligations issued, executed and delivered shall not exceed the Allocation Amount. The Obligations shall be issued, executed and delivered in the form set forth in and otherwise in accordance with the Funding Loan Agreement and the Pledge and Assignment, respectively, and shall be executed on behalf of the Authority by the manual or facsimile signature of the Chair of the Authority or the manual signature of any Authorized Signatory (as defined below), and attested by the facsimile signature of the Treasurer and Secretary of the Authority, or the manual signature of any Authorized Signatory. The Obligations shall be secured in accordance with the respective terms of the Funding Loan Agreement and the Pledge and Assignment presented to this meeting, as hereinafter approved. Payment of the principal and purchase price of, and prepayment or redemption premium, if any, and interest on, the Obligations shall be made solely from amounts pledged thereto under the Funding Loan Agreement and the Pledge and Assignment, respectively, and the Obligations shall not be deemed to constitute a debt or liability of the Authority, any Program Participant of the Authority or any Member of the Commission of the Authority (each, a “Member”).

Section 3. The Funding Loan Agreement in the form presented at this meeting is hereby approved. Any Member, or any other person as may be designated and authorized to sign for the Authority pursuant to a resolution adopted thereby (including, without limitation, the administrative delegates duly authorized pursuant to Resolution No. 17R-4 of the Authority, adopted on March 2, 2017) (together with the Members, each such person is referred to herein individually as an “Authorized Signatory”), acting alone, is authorized to execute by manual signature and deliver the Funding Loan Agreement, with such changes and insertions therein as may be necessary to cause the same to carry out the intent of this Resolution and as are approved by counsel to the Authority, such approval to be conclusively evidenced by the delivery thereof. The date, maturity date or dates (which shall not extend 45 years from the date of execution and delivery thereof), interest rate or rates (which shall not exceed 12%), interest payment dates, denominations, form, registration privileges, manner of execution, place of payment, terms of prepayment and other terms of the Note shall be as provided in the Funding Loan Agreement as finally executed.

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

approved by counsel to the Authority, such approval to be conclusively evidenced by the delivery thereof.

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

Section 6. The Pledge and Assignment in the form presented at this meeting is hereby approved. Any Authorized Signatory, acting alone, is authorized to execute by manual signature and deliver the Pledge and Assignment, with such changes and insertions therein as may be necessary to cause the same to carry out the intent of this Resolution and as are approved by counsel to the Authority, such approval to be conclusively evidenced by the delivery thereof. The date, maturity date or dates (which shall not extend beyond 45 years from the date of issuance thereof), interest rate or rates (which shall not exceed 12%), interest payment dates, denominations, form, registration privileges, manner of execution, place of payment, terms of redemption and other terms of the Subordinate Bonds shall be as provided in the Pledge and Assignment as finally executed.

Section 7. The Agency Agreement in the form presented at this meeting is hereby approved. Any Authorized Signatory, acting alone, is authorized to execute by manual signature and deliver the Agency Agreement, with such changes and insertions therein as may be necessary to cause the same to carry out the intent of this Resolution and as are approved by counsel to the Authority, such approval to be conclusively evidenced by the delivery thereof.

Section 8. The Paying Agent Agreement in the form presented at this meeting is hereby approved.

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

Section 10. The Note, when executed, shall be delivered to the Fiscal Agent, for authentication. The Fiscal Agent is hereby requested and directed to authenticate the Note by executing the certificate of authentication appearing thereon, and to deliver the Note, when duly executed and authenticated, to or at the direction of the purchaser or purchasers thereof in accordance with written instructions executed and delivered on behalf of the Authority by an Authorized Signatory, which any Authorized Signatory, acting alone, is hereby authorized and directed to execute and deliver such instructions to the Fiscal Agent. Such instructions shall provide for the delivery of the Note to the purchaser or purchasers thereof upon payment of the purchase price thereof.

Section 11. The Authority is hereby authorized to execute and deliver the Subordinate Bonds to the Agent and the registrar, if any, pursuant to the terms and conditions of the Pledge and Assignment.

Section 12. The Subordinate Bonds, when executed, shall be delivered to the Agent and the registrar, if any, for authentication. The Agent and the registrar, if any, are hereby requested and directed to authenticate the Subordinate Bonds by executing the certificate of authentication appearing thereon, and to deliver the Subordinate Bonds, when duly executed and authenticated, to or at the direction of the purchasers thereof in accordance with written instructions executed and delivered on behalf of the Authority by an Authorized Signatory, which any Authorized Signatory, acting alone, is hereby authorized and directed to execute and deliver such instructions to the Agent and the registrar, if any. Such instructions shall provide for the delivery of the Subordinate Bonds to the purchasers thereof upon payment of the purchase price thereof.

Section 13. All actions heretofore taken by the officers and agents of the Authority with respect to the financing of the Project and the issuance, execution and delivery of the Obligations are hereby approved, ratified and confirmed, and any Authorized Signatory, acting alone, is hereby authorized and directed, for and in the name and on behalf of the Authority, to do any and all things and take any and all actions and execute and deliver any and all certificates, agreements and other documents, including but not limited to a tax certificate, loan related documents, assignments of deed of trust, a subordination or intercreditor agreement, a termination of regulatory agreement, an endorsement, allonge or assignment of any note and such other documents as described in the Funding Loan Agreement, the Pledge and Assignment and the other documents herein approved, which they, or any of them, may deem necessary or advisable in order to consummate the lawful issuance, execution and delivery of the Obligations and to effectuate the purposes thereof and of the documents herein approved in accordance with this Resolution and resolutions heretofore adopted by the Authority and otherwise in order to carry out the financing of the Project.

Section 14. All consents, approvals, notices, orders, requests and other actions permitted or required by any of the documents authorized by this Resolution, whether before or after the issuance, execution and delivery of the Obligations, including without limitation any of the foregoing that may be necessary or desirable in connection with any default under or amendment of such documents, any transfer or other disposition of the Project, any addition or substitution of security for the Obligations or any prepayment or redemption of the Obligations, may be given or taken by any Authorized Signatory, as appropriate, without further authorization by the Commission, and each such officer is hereby authorized and directed to give any such consent, approval, notice, order or request and to take any such action that such officer may deem necessary or desirable to further the purposes of this Resolution and the financing of the Project; provided such action shall not create any obligation or liability of the Authority other than as provided in the Funding Loan Agreement, the Pledge and Assignment and other documents approved herein.

Section 15. This Resolution shall take effect upon its adoption.

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PASSED AND ADOPTED by the California Statewide Communities Development Authority this April 5, 2018.

The undersigned, an Authorized Signatory of the California Statewide Communities Development Authority, DOES HEREBY CERTIFY that the foregoing resolution was duly adopted by the Commission of the Authority at a duly called meeting of the Commission of the Authority held in accordance with law on April 5, 2018.

By _____
Authorized Signatory

Agenda Item No. 5d

Agenda Report

DATE: April 5, 2018

TO: CSCDA COMMISSIONERS

FROM: Cathy Bando, Executive Director

PROJECT: Pioneer Gardens Apartments

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

AMOUNT: Not to Exceed \$53,000,000

EXECUTIVE SUMMARY:

Pioneer Gardens Apartments (the “Project”) is the acquisition and rehabilitation of a 141-unit rental affordable housing project located in the City of Santa Fe Springs. 100% of the units will remain rent restricted for low-income tenants.

PROJECT DESCRIPTION:

- Acquisition and rehabilitation of 141-unit affordable rental housing facility located at 11011 Cultura Street in the City of Santa Fe Springs.
- 7.66 acre site.
- 22 one and two-story residential buildings.
- Project is comprised of one, two, three and four-bedroom units and a manager’s unit.

PROJECT ANALYSIS:

Background on Applicant:

MRK Partners, Inc. (MRK) is a privately held real estate investment and asset management company specializing in the acquisition, repositioning, and preservation of affordable housing. MRK’s portfolio currently consists of projects located throughout California, Michigan, Florida, Maryland and Virginia. In building its portfolio, MRK seeks to diversify across core, value-add, and opportunistic assets. Its programs provide a comprehensive service plan specific to the detailed needs of the residents. Resident services including after school programs, adult education classes, computer lab access, scholarship programs, ESL, resume building, and financial planning. Health and wellness initiatives include on-site health screenings, flu shots,

vision/hearing tests, and exercise classes. Pioneer Gardens and Claremont Village are MRK's first two financings with CSCDA.

Public Agency Approval:

TEFRA Hearing: February 8, 2018 – City of Santa Fe Springs – unanimous approval

CDLAC Approval: March 21, 2018

Public Benefits:

- 100% of the units will be rent restricted for 55 years.
 - 49% (69 units) restricted to 50% or less of area median income households.
 - 51% (72 units) restricted to 60% or less of area median income households.
- The Project is in walking distance to grocery stores, parks and public K-12 schools.

Sources and Uses:

Sources of Funds:

Tax-Exempt Bonds:	\$ 44,330,000
Seller Note:	\$ 3,500,000
Tax Credits:	\$ 23,170,140
Equity Contribution:	\$ 214,910
Deferred Developer Fee:	<u>\$ 6,553,640</u>
Total Sources:	\$ 77,768,690

Uses of Funds:

Acquisition:	\$ 54,800,000
Construction Costs:	\$ 10,680,303
Developer Fee:	\$ 9,463,640
Bond Costs:	\$ 115,380
Cost of Issuance:	\$ 1,131,000
Soft Costs:	\$ 174,766
Reserves:	<u>\$ 1,403,601</u>
Total Uses:	\$ 77,768,690

Finance Partners:

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

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

Bond Purchaser: CBRE Capital Markets, Inc.

Finance Terms:

Rating: Unrated
Term: 35 years at a fixed interest rate
Structure: Private Placement
Estimated Closing: April 30, 2018

CSCDA Policy Compliance:

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

DOCUMENTS: (as attachments)

1. Project Photos (Attachment A)
2. CSCDA Resolution (Attachment B)

COMMISSION ACTION RECOMMENDED BY THE EXECUTIVE DIRECTOR:

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

ATTACHMENT A



ATTACHMENT B

RESOLUTION NO. 18H-__

A RESOLUTION OF THE CALIFORNIA STATEWIDE COMMUNITIES DEVELOPMENT AUTHORITY AUTHORIZING THE ISSUANCE, EXECUTION AND DELIVERY OF MULTIFAMILY HOUSING REVENUE OBLIGATIONS IN AN AGGREGATE PRINCIPAL AMOUNT NOT TO EXCEED \$53,000,000 FOR THE FINANCING OF A MULTIFAMILY RENTAL HOUSING PROJECT GENERALLY KNOWN AS PIONEER GARDENS APARTMENTS; DETERMINING AND PRESCRIBING CERTAIN MATTERS AND APPROVING AND AUTHORIZING THE EXECUTION OF AND DELIVERY OF VARIOUS DOCUMENTS RELATED THERETO; RATIFYING ANY ACTION HERETOFORE TAKEN AND APPROVING RELATED MATTERS IN CONNECTION WITH THE OBLIGATIONS.

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

WHEREAS, Pioneer Gardens Venture LP, a California limited partnership, and entities related thereto (collectively, the “Borrower”), has requested that the Authority execute and deliver its California Statewide Communities Development Authority Multifamily Housing Revenue Note (Pioneer Gardens Apartments) 2018 Series E (the “Note”) and issue and sell its California Statewide Communities Development Authority Multifamily Housing Revenue Bonds (Pioneer Gardens Apartments) 2018 Series E-S (Subordinate Series) (the “Subordinate Bonds”) and together with the Note, the “Obligations”) to assist in the financing of the acquisition and rehabilitation of a 141-unit multifamily housing rental development located in the City of Santa Fe Springs, California (the “City”), and known or to be known as Pioneer Gardens Apartments (the “Project”);

WHEREAS, on March 21, 2017, the Authority received an allocation in the amount of \$51,038,310 (the “Allocation Amount”) from the California Debt Limit Allocation Committee in connection with the Project;

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

WHEREAS, the Authority is willing to issue, execute and deliver the Obligations in an aggregate principal amount not to exceed \$53,000,000, provided that the portion of such Obligations issued, executed and delivered as federally tax-exempt obligations

shall not exceed the Allocation Amount, and to loan the proceeds thereof to the Borrower to assist in providing financing for the Project, which will allow the Borrower to reduce the cost of the Project and to assist in providing housing for low and very low income persons;

WHEREAS, the Note will be executed and delivered to CBRE Capital Markets, Inc. (the “Funding Lender”), as the initial holder of the Note, and the Subordinate Bonds will be privately placed with KDF Pioneer, L.P., a California limited partnership, or a related entity (the “Holder”), as the initial purchaser of the Subordinate Bonds, in each case in accordance with the Authority’s private placement policy;

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

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

(1) Funding Loan Agreement (the “Funding Loan Agreement”) to be entered into among the Funding Lender, Wilmington Trust, National Association, as fiscal agent (the “Fiscal Agent”) and the Authority;

(2) Project Loan Agreement (the “Project Loan Agreement”) to be entered into among the Authority, the Fiscal Agent and the Borrower;

(3) Regulatory Agreement and Declaration of Restrictive Covenants (the “Regulatory Agreement”) to be entered into between the Authority and the Borrower;

(4) Subordinate Master Pledge and Assignment (the “Pledge and Assignment”) to be entered into among the Authority, KDF Pioneer, L.P., a California limited partnership, as agent (the “Subordinate Bonds Agent”), and the Holder, relating to the Subordinate Bonds;

(5) Subordinate Master Agency Agreement (the “Agency Agreement”) to be entered into between the Authority and the Subordinate Bonds Agent, relating to the Subordinate Bonds; and

(6) Paying Agent Agreement (the “Paying Agent Agreement”) to be entered into between Wilmington Trust, National Association, as paying agent (the “Paying Agent”), and the Borrower, relating to the Subordinate Bonds;

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

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

Section 2. Pursuant to the JPA Law, the Funding Loan Agreement and the Pledge and Assignment, and in accordance with the Housing Law, the Authority is hereby authorized to execute and deliver the Note and issue and sell the Subordinate Bonds in one or more series. The Note shall be designated as “California Statewide Communities Development Authority Multifamily Housing Revenue Note (Pioneer Gardens Apartments) 2018 Series E” and the Subordinate Bonds shall be designated as “California Statewide Communities Development Authority Multifamily Housing Revenue Bonds (Pioneer Gardens Apartments) 2018 Series E-S (Subordinate Series)” including, if and to the extent necessary, Obligations in one or more sub-series, with appropriate modifications and series and sub-series designations as necessary, in an aggregate principal amount not to exceed \$53,000,000; provided that the aggregate principal amount of any tax-exempt Obligations issued, executed and delivered shall not exceed the Allocation Amount. The Obligations shall be issued, executed and delivered in the form set forth in and otherwise in accordance with the Funding Loan Agreement and the Pledge and Assignment, respectively, and shall be executed on behalf of the Authority by the manual or facsimile signature of the Chair of the Authority or the manual signature of any Authorized Signatory (as defined below), and attested by the facsimile signature of the Treasurer and Secretary of the Authority, or the manual signature of any Authorized Signatory. The Obligations shall be secured in accordance with the respective terms of the Funding Loan Agreement and the Pledge and Assignment presented to this meeting, as hereinafter approved. Payment of the principal and purchase price of, and prepayment or redemption premium, if any, and interest on, the Obligations shall be made solely from amounts pledged thereto under the Funding Loan Agreement and the Pledge and Assignment, respectively, and the Obligations shall not be deemed to constitute a debt or liability of the Authority, any Program Participant of the Authority or any Member of the Commission of the Authority (each, a “Member”).

Section 3. The Funding Loan Agreement in the form presented at this meeting is hereby approved. Any Member, or any other person as may be designated and authorized to sign for the Authority pursuant to a resolution adopted thereby (including, without limitation, the administrative delegates duly authorized pursuant to Resolution No. 17R-4 of the Authority, adopted on March 2, 2017) (together with the Members, each such person is referred to herein individually as an “Authorized Signatory”), acting alone, is authorized to execute by manual signature and deliver the Funding Loan Agreement, with such changes and insertions therein as may be necessary to cause the same to carry out the intent of this Resolution and as are approved by counsel to the Authority, such approval to be conclusively evidenced by the delivery thereof. The date, maturity date or dates (which shall not extend 45 years from the date of execution and delivery thereof), interest rate or rates (which shall not exceed 12%), interest payment dates, denominations, form, registration privileges, manner of execution, place of payment, terms of prepayment and other terms of the Note shall be as provided in the Funding Loan Agreement as finally executed.

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

approved by counsel to the Authority, such approval to be conclusively evidenced by the delivery thereof.

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

Section 6. The Pledge and Assignment in the form presented at this meeting is hereby approved. Any Authorized Signatory, acting alone, is authorized to execute by manual signature and deliver the Pledge and Assignment, with such changes and insertions therein as may be necessary to cause the same to carry out the intent of this Resolution and as are approved by counsel to the Authority, such approval to be conclusively evidenced by the delivery thereof. The date, maturity date or dates (which shall not extend beyond 45 years from the date of issuance thereof), interest rate or rates (which shall not exceed 12%), interest payment dates, denominations, form, registration privileges, manner of execution, place of payment, terms of redemption and other terms of the Subordinate Bonds shall be as provided in the Pledge and Assignment as finally executed.

Section 7. The Agency Agreement in the form presented at this meeting is hereby approved. Any Authorized Signatory, acting alone, is authorized to execute by manual signature and deliver the Agency Agreement, with such changes and insertions therein as may be necessary to cause the same to carry out the intent of this Resolution and as are approved by counsel to the Authority, such approval to be conclusively evidenced by the delivery thereof.

Section 8. The Paying Agent Agreement in the form presented at this meeting is hereby approved.

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

Section 10. The Note, when executed, shall be delivered to the Fiscal Agent, for authentication. The Fiscal Agent is hereby requested and directed to authenticate the Note by executing the certificate of authentication appearing thereon, and to deliver the Note, when duly executed and authenticated, to or at the direction of the purchaser or purchasers thereof in accordance with written instructions executed and delivered on behalf of the Authority by an Authorized Signatory, which any Authorized Signatory, acting alone, is hereby authorized and directed to execute and deliver such instructions to the Fiscal Agent. Such instructions shall provide for the delivery of the Note to the purchaser or purchasers thereof upon payment of the purchase price thereof.

Section 11. The Authority is hereby authorized to execute and deliver the Subordinate Bonds to the Agent and the registrar, if any, pursuant to the terms and conditions of the Pledge and Assignment.

Section 12. The Subordinate Bonds, when executed, shall be delivered to the Agent and the registrar, if any, for authentication. The Agent and the registrar, if any, are hereby requested and directed to authenticate the Subordinate Bonds by executing the certificate of authentication appearing thereon, and to deliver the Subordinate Bonds, when duly executed and authenticated, to or at the direction of the purchasers thereof in accordance with written instructions executed and delivered on behalf of the Authority by an Authorized Signatory, which any Authorized Signatory, acting alone, is hereby authorized and directed to execute and deliver such instructions to the Agent and the registrar, if any. Such instructions shall provide for the delivery of the Subordinate Bonds to the purchasers thereof upon payment of the purchase price thereof.

Section 13. All actions heretofore taken by the officers and agents of the Authority with respect to the financing of the Project and the issuance, execution and delivery of the Obligations are hereby approved, ratified and confirmed, and any Authorized Signatory, acting alone, is hereby authorized and directed, for and in the name and on behalf of the Authority, to do any and all things and take any and all actions and execute and deliver any and all certificates, agreements and other documents, including but not limited to a tax certificate, loan related documents, assignments of deed of trust, a subordination or intercreditor agreement, a termination of regulatory agreement, an endorsement, allonge or assignment of any note and such other documents as described in the Funding Loan Agreement, the Pledge and Assignment and the other documents herein approved, which they, or any of them, may deem necessary or advisable in order to consummate the lawful issuance, execution and delivery of the Obligations and to effectuate the purposes thereof and of the documents herein approved in accordance with this Resolution and resolutions heretofore adopted by the Authority and otherwise in order to carry out the financing of the Project.

Section 14. All consents, approvals, notices, orders, requests and other actions permitted or required by any of the documents authorized by this Resolution, whether before or after the issuance, execution and delivery of the Obligations, including without limitation any of the foregoing that may be necessary or desirable in connection with any default under or amendment of such documents, any transfer or other disposition of the Project, any addition or substitution of security for the Obligations or any prepayment or redemption of the Obligations, may be given or taken by any Authorized Signatory, as appropriate, without further authorization by the Commission, and each such officer is hereby authorized and directed to give any such consent, approval, notice, order or request and to take any such action that such officer may deem necessary or desirable to further the purposes of this Resolution and the financing of the Project; provided such action shall not create any obligation or liability of the Authority other than as provided in the Funding Loan Agreement, the Pledge and Assignment and other documents approved herein.

Section 15. This Resolution shall take effect upon its adoption.

[Remainder of Page Intentionally Left Blank]

PASSED AND ADOPTED by the California Statewide Communities Development Authority this April 5, 2018.

The undersigned, an Authorized Signatory of the California Statewide Communities Development Authority, DOES HEREBY CERTIFY that the foregoing resolution was duly adopted by the Commission of the Authority at a duly called meeting of the Commission of the Authority held in accordance with law on April 5, 2018.

By _____
Authorized Signatory

Agenda Item No. 6

Agenda Report

DATE: April 5, 2018

TO: CSCDA COMMISSIONERS

FROM: Cathy Bando, Executive Director

PURPOSE: Update and consideration of action related to lead generation activities associated with PACE contractors

SUMMARY AND RECOMMENDATION:

Per the attached report the Commission authorized staff to work with General Counsel to identify possible remedies related to issues related to lead generation activities associated with PACE contractors.

After consulting with General Counsel the Executive Director recommends the following actions to be taken:

Prohibit PACE administrators from approving a property owner application that identifies a contractor who is working with a lead generator distributing materials that represent a city or county. This will require the PACE Administrators to update their “Qualified Contractor” list to exclude contractors who are working with a lead generator distributing misleading information. The prohibition would require an amendment to the PACE Administration agreements between CSCDA and each PACE Administrator.

For any PACE administrator that refuses to enter into such an amendment, CSCDA could exercise its right to terminate the PACE administrator agreement. For any PACE administrator that enters into such an amendment but fails to comply with the requirement, CSCDA could exercise its right to terminate the PACE administrator agreement.

Any changes to the PACE administrator agreement will be brought back to the Commission for review and approval.



Agenda Item No. 8

Agenda Report

DATE: March 15, 2018

TO: CSCDA COMMISSIONERS

FROM: Cathy Bando, Executive Director

PURPOSE: Update and consideration of action related to lead generation activities associated with PACE contractors.

BACKGROUND AND SUMMARY:

CSCDA staff has received complaints from cities that are part of CSCDA's Open PACE program where lead generation postcards have been received by residential property owners. The postcards are misleading in a number of ways: (1) the language in the postcard indicates that the city is a "sponsor" of PACE; (2) the website link incorporates the name of the city to make it appear that the postcard is associated with the city; (3) some of the postcards state the program is using "government authorized funds". A sample of a lead generation postcard is provided in Attachment A. The affected cities include Albany, San Jose, El Cerrito, Hercules, and Pleasanton, to name a few.

The postcards are not coming from and are not generated by CSCDA Open PACE Administrators. They are coming from lead generation companies hired by contractors who use PACE as a financing tool. Some cities have complained directly to the lead generation firm, but the firm has been unapologetic and continues to utilize the postcard marketing campaign. Renew Financial, administrator of the CaliforniaFirst program, has sent a cease and desist letter to the lead generation company and the postcards have continued to be sent.

The affected cities are very frustrated. CSCDA staff has been working with the affected cities together with Open PACE Administrators to identify contractors who are using the lead generation company.

Executive Director Recommendation:

The Executive Director recommends that the Commission authorize staff to work with CSCDA General Counsel to identify possible remedies which may include:

1. Require that Open PACE Administrators terminate contractors who are engaged with the lead generation company.

2. Not execute assessment contracts generated by contractors engaged with the lead generation company.
3. Development of a list of possible legal remedies that could be used by the affected cities.

ATTACHMENT A

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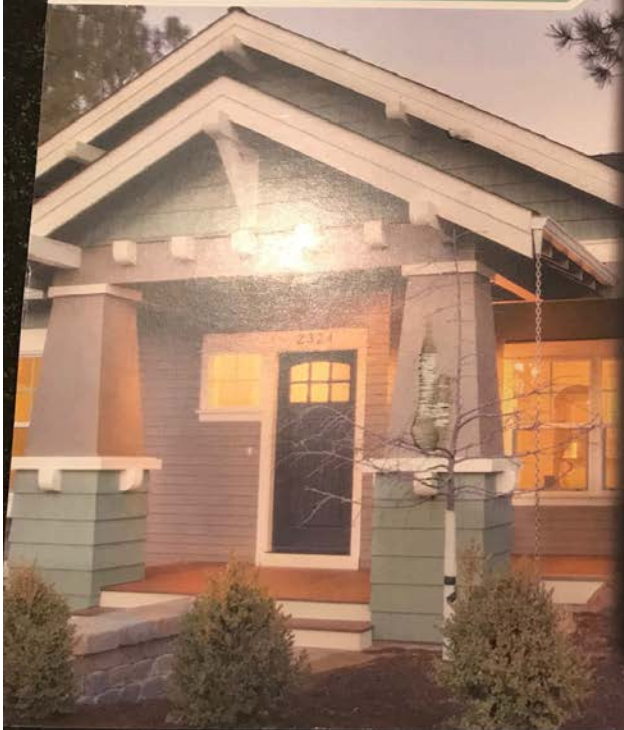
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**SPECIAL MEETING OF THE
CALIFORNIA STATEWIDE FINANCING AUTHORITY
(CSFA)**

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

February 16, 2017

MINUTES

Commission chair Dan Harrison called the meeting to order at 2:28 pm.

1. Roll Call.

Commission members present: Dan Harrison; and Kevin O'Rourke. Irwin Bornstein; Alternate commissioner Brian Moura (not voting); Dan Mierzwa (not voting because his location was not noticed); Ron Holly; Tim Snellings; and alternate commissioner Jordan Kaufman (representing Larry Combs) participated by conference telephone.

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

Others present included: Norman Coppinger and Perry Stottlemeyer, League of California Cities; Laura Labanieh, CSAC Finance Corporation; and James Hamill and Jon Penkower, Bridge Strategic Partners. Tricia Ortiz, Richards Watson Gershon participated by conference telephone.

2. Consideration of the minutes of the May 21, 2015.

The commission approved the minutes for the May 21, 2015 meeting.

Motion to approve by O'Rourke; second by Snellings; approved by majority roll-call vote (Kaufman abstained).

3. Public comment.

None.

4. Approval of audited financial statements for the fiscal year ended June 30, 2016.

Executive Director Bando explained that CSFA is a single-purpose entity created to issue the asset-backed securities relating to the tobacco settlement on behalf of eleven counties back in 2002. The audited financial statements relate to that settlement and are different from other financial statements that people usually see, because of the nature of the financing. The assets of the Authority are investments or endowments for the eleven counties and money is released as bond debt service is paid off. CSFA is in a deficit position because the bonds created more interest, which is monetized in the bonds and resulted in more bond expense than paydown.

CSFA considered refinancing the bonds a few years ago, but that did not move forward because of a tax issue, which is still not resolved. There was then some discussion amongst commissioners.

Bando recommends approval of the audited financial statements.

Motion to approve by Holly; second by Kaufman; unanimously approved by roll-call vote (Snellings dropped off the conference call).

5. Executive Director update.

None.

6. Staff update.

None.

7. Adjournment.

Commission chair Dan Harrison adjourned the meeting at 2:40 pm.

Submitted by: Perry Stottlemeyer, League of California Cities staff

Agenda Report

DATE: April 5, 2018

TO: CSCDA COMMISSIONERS

FROM: Cathy Bando, Executive Director

PURPOSE: Consideration of Audited Financial Statements for Fiscal Year Ending June 30, 2017

BACKGROUND AND SUMMARY:

CSFA was created in 2002 as a joint powers authority to finance payments from the nationwide Tobacco Settlement Agreement. The participants include: Colusa, Imperial, Kings, Madera, Modoc, San Benito, Solano, Tehama, Tuolumne, Yolo and Yuba counties.

The following is a summary of the year ended June 30, 2017 financial statements:

- The largest asset of the CSFA (76% of the assets) is investments primarily comprised of unspent bond proceeds.
- The only asset recorded for the pledged tobacco settlement proceeds is the receivable attributable to the current period.
- The CSFA's net position is in a deficit of approximately \$247 million and \$243.1 million as of June 30, 2017 and 2016 respectively.
- The revenue activity in 2017 was \$1.4 million more than 2016 due to an increase in tobacco settlement proceeds in 2017.
- During the year long term debt increase by \$5.6 million attributable to principal payments in the amount of \$3 million, amortization of the bond discount of .2 million and the accretion of interest in the amount of \$8.5 million.
- In 2016, Fitch withdrew its ratings assigned to all U.S. tobacco settlement securities.
- The decline in the overall consumption of cigarettes below level estimated, could have a material effect on the payments received by CSFA used to pay its debt service. CSFA is currently on track to meet the maturity dates of the bonds, but is presently behind on the expected final turbo redemption dates.

RECOMMENDATION:

CSCDA's Executive Director recommends approval of the June 30, 2017 financial statements for CSFA.

CALIFORNIA STATEWIDE FINANCING AUTHORITY

Independent Auditor's Report
Financial Statements
and Supplementary Information

June 30, 2017

MANN, URRUTIA, NELSON, CPAS & ASSOCIATES, LLP
2515 VENTURE OAKS WAY, SUITE 135
SACRAMENTO, CALIFORNIA 95833

CALIFORNIA STATEWIDE FINANCING AUTHORITY
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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
California Statewide Financing Authority
Sacramento, California

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities and the debt service fund of the California Statewide Financing Authority (the Authority), as of and for the year ended June 30, 2017 and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statement

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the governmental activities and the debt service fund of the California Statewide Financing Authority, as of June 30, 2017 and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note 8 to the financial statements, the Authority has a deficit net position as a result of the full amount of the long-term liabilities being presented on the face of the financial statements, but only a portion of the tobacco settlement revenues being presented on the face of the financial statements. In addition, Fitch withdrew all ratings assigned to U.S. tobacco asset-backed securities, and Moody's ratings on the Authority's Series 2002 term bonds range from Ba3 to Baa2. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis as listed in the table of contents, be presented to supplement the basic financial statement. Such information, although not a part of the basic financial statement, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statement in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statement, and other knowledge we obtained during our audit of the basic financial statement. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Reporting Required by *Government Auditing Standards*

In accordance with Government Auditing Standards, we have also issued our report dated March 6, 2018 on our consideration of the Authority's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Authority's internal control over financial reporting and compliance.

Maann, Winita, Nelson CPA's

Sacramento, California
March 6, 2018

CALIFORNIA STATEWIDE FINANCING AUTHORITY MANAGEMENT'S DISCUSSION AND ANALYSIS

Management's Discussion and Analysis (Unaudited)

The California Statewide Financing Authority (the Authority) is a public entity created by a Joint Exercise of Powers Agreement (Agreement) effective as of June 14, 2002 between the California counties of Colusa, Imperial, Kings, Madera, Modoc, San Benito, Solano, Tehama, Tuolumne, Yolo, and Yuba (the participating counties). A seven-member board of directors (Board) made up of the Commission of the California Statewide Communities Development Authority, a joint powers agency created pursuant to an amended and restated joint exercise of powers agreement dated as of June 1, 1998, governs it. The Authority was created for the purpose of empowering the Authority to finance the payments to be received by the participating counties from the nation-wide Tobacco Settlement Agreement (Payments) for such purposes, but not limited to, issuance, sale, execution and delivery of Bonds secured by those Payments or the lending of money based on thereof, or to securitize, sell, purchase or otherwise dispose of some or all of such Payments of the participating counties.

The Authority is a public entity legally separate and apart from the participating counties. The debts and liabilities of the Authority belong solely to it, and none of the participating counties are in any way responsible for those liabilities.

As management of the Authority, we offer readers of our financial statements this narrative overview and analysis of the financial activities for the year ended June 30, 2017.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the Authority's basic financial statements. The Authority's basic financial statements are comprised of two components: 1) the financial statements and 2) notes to the financial statements.

Financial Statements. The financial statements combine what are known as the government-wide and fund financial statements.

The *government-wide financial statements* are designed to provide readers with a broad overview of the Authority's finances, in a manner similar to a private sector business, and include the following statements:

The *statement of net position* presents information on the Authority's assets and liabilities, with the difference between the two reported as *net position*. The statement of net position is presented as the right column on page 7.

The *statement of activities* presents information showing how the Authority's net position changed during the year ended June 30, 2017. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, *regardless of the timing of related cash flows*. Thus revenues and expenses are reported in the statement for some items that will only result in cash flows in future fiscal periods (e.g. accrued interest payable). The statement of activities is presented as the right column on page 8.

Fund financial statements reflect a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Authority, like other local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. Fund financial statements report essentially the same functions as those reported in the government-wide financial statements. However, unlike the government-wide financial statements, fund financial statements focus on *near-term inflows and outflows of spendable resources*, as well as on *balances of spendable resources* available at the end of the period. The debt service fund financial statements are presented as the left columns on pages 7 and 8.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented. Reconciliations between both the governmental fund balance sheet and statement of revenues, expenditures, and change in fund balance and the government-wide statement of net position and statement of activities, respectively, are provided to facilitate the comparison. These reconciliations are presented as the adjustments columns on pages 7 and 8.

Notes to the Basic Financial Statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the basic financial statements can be found on pages 9 - 15 of this report.

**CALIFORNIA STATEWIDE FINANCING AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS**

Government-wide Financial Analysis

Net position may serve over time as a useful indicator of a government's financial position. The largest asset of the Authority (76% of total assets) is investments, primarily comprised of unspent bond proceeds, most of which is set aside for the bond reserve requirement. The majority of the Authority's liabilities (99%) relate to outstanding bonds. Because the only asset recorded for the pledged tobacco settlement proceeds is the receivable attributable to the current period, the Authority's net position is in a deficit position of approximately \$247.0 and \$243.1 million as of June 30, 2017 and 2016, respectively. Both the outstanding bonds and the deficit net position amounts will increase or decrease in tandem as tobacco settlement proceeds are received and bonds are paid. Since the interest accreted during the year of \$8,461,336 was more than the principal paid of \$3,000,000, the overall outstanding bond liability and deficit net position increased. While outstanding, the bonds will remain the primary liability of the Authority.

Net Position		
	<u>2017</u>	<u>2016</u>
Current and other assets	\$ 29,036,582	\$ 27,387,976
Long-term liabilities	274,617,730	268,996,602
Other liabilities	<u>1,464,741</u>	<u>1,491,327</u>
Total liabilities	<u>276,082,471</u>	<u>270,487,929</u>
Unrestricted net position	\$ <u>(247,045,889)</u>	\$ <u>(243,099,953)</u>

Activity for the years ended June 30, 2017 and 2016 were as follows:

Change in Net Position		
	<u>2017</u>	<u>2016</u>
Program revenues	\$ 13,711,074	\$ 12,318,608
Expenses	<u>17,657,010</u>	<u>17,321,719</u>
Change in unrestricted net position	(3,945,936)	(5,003,111)
Unrestricted net position, beginning of year	<u>(243,099,953)</u>	<u>(238,096,842)</u>
Unrestricted net position, end of year	\$ <u>(247,045,889)</u>	\$ <u>(243,099,953)</u>

The revenue activity in 2017 was \$1.4 million more than 2016 due to an increase in the settlement proceeds received during 2017. Interest and fiscal charge activity between the two years remained relatively consistent.

Governmental Activities

The Authority does not have business-type activities, and so the analysis presented above for the government-wide financial statements also represents an analysis of the Authority's governmental activities.

Financial Analysis of the Authority's Governmental Fund

As noted earlier, the Authority uses fund accounting to ensure and demonstrate compliance with finance related legal requirements.

As of June 30, 2017 and 2016, the Authority reported ending fund balances of \$22.2 and \$21.3 million, respectively, which is all restricted for debt service purposes. For the year ended June 30, 2017, the Authority's fund balance increased by \$838,000 to \$22.2 million as a result of the Authority incurring approximately \$12.1 million for debt service expenditures, net of \$12.1 million in tobacco settlement proceeds and \$756,000 in interest income.

**CALIFORNIA STATEWIDE FINANCING AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS**

Capital Assets and Debt Administration

Capital Assets

At the end of the current period, the Authority did not have any capital assets.

Debt Administration

Tobacco Settlement Asset-Backed Bonds, Series 2002 Bonds were issued July 17, 2002 and Series 2006 Bonds were issued April 13, 2006, for the purpose of allowing the Authority to finance and secure a specific level of receipts in lieu of the actual payments to be received by the participating counties from the nation-wide Tobacco Settlement Agreement (Payments). The settlement was based on a number of lawsuits by states and local governments against the various tobacco corporations to recover the cost of health and related other costs attributed to smoking. A Master Settlement Agreement was created among the impacted parties, which delineated the receipts the participating counties would be entitled to receive from the settlement. The proceeds were used to purchase the tobacco settlement rights.

The participating counties expect to use the proceeds to fund escrow endowments and, from the endowments and interest earnings thereon, to finance or refinance over a period of years capital projects and/or other county non-capital programs not specifically identified.

- **\$98,770,000** for two issues of Series 2002A Bonds. The first series is for \$10,090,000 in serial bonds, issued with interest rates ranging from 3.125% to 5.125%, which final matured on May 1, 2017. The second series of A bonds represent three issues of term bonds. The first term bond is for \$28,045,000 with an interest rate of 5.625%, and due on May 1, 2029. The second term bond is for \$27,540,000 with an interest rate of 6%, with an expected final turbo redemption date of May 1, 2019, and due on May 1, 2037. The third term bond is for \$33,095,000 with an interest rate of 6%, with an expected final turbo redemption date of May 1, 2022, and due on May 1, 2043.
- **\$97,775,000** for two issues of Series 2002B Bonds. The first series is for \$9,980,000 in serial bonds, issued with interest rates ranging from 3.125% to 5.125%, which final matured on May 1, 2017. The second series of B bonds represent three issues of term bonds. The first term bond is for \$27,765,000 with an interest rate of 5.625%, due on May 1, 2029. The second term bond is for \$27,265,000 with an interest rate of 6%, with an expected final turbo redemption date of May 1, 2019, and due on May 1, 2037. The third term bond is for \$32,765,000 with an interest rate of 6%, with an expected final turbo redemption date of May 1, 2022, and due on May 1, 2043.
- **\$25,566,106** Series 2006A Turbo Capital Appreciation Bonds with an interest rate of 6.25%, with an expected final turbo redemption date of June 1, 2028, and due on June 1, 2046.
- **\$6,466,114** Series 2006B Turbo Capital Appreciation Bonds with an interest rate of 6.375%, with an expected final turbo redemption date of June 1, 2030, and due on June 1, 2046.
- **\$18,913,518** Series 2006C Turbo Capital Appreciation Bonds with an interest rate of 7%, with an expected final turbo redemption date of June 1, 2035, and due on June 1, 2055.
- **\$10,804,800** Series 2006D Turbo Capital Appreciation Bonds with an interest rate of 7.875%, with an expected final turbo redemption date of June 1, 2040, and due on June 1, 2055.

During the year ended June 30, 2017, long-term debt increased by \$5.6 million attributable to principal payments in the amount of \$3.0, amortization of the bond discount of \$0.2 million, and the accretion of interest in the amount of \$8.5 million.

The Moody's ratings on the Series 2002 Bonds are Baa2 on the term bonds maturing on May 1, 2029, Ba2 on the term bonds maturing on May 1, 2037, and Ba3 on the term bonds maturing on May 1, 2043. Moody's hasn't rated the Series 2006 Bonds.

**CALIFORNIA STATEWIDE FINANCING AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS**

On June 15, 2016, Fitch withdrew all ratings assigned to U.S. tobacco asset-backed securities because modifications to material calculations originally part of the base Master Settlement Agreement have eroded Fitch's confidence that ratings can be consistently maintained, as insufficient information exists to predict the likelihood and effect of future modifications, or that insufficient information will exist to support new, material variables included in the modifications.

Economic Factors and Next Year's Budget

The bond covenants relating to the borrowing restrict the Authority's annual budget to no more than \$300,000 per year. Bond rating services fees are estimated to be \$20,000. The other significant fee is \$60,000 for continuing disclosure services from Bondlogistix.

The bond repayment is subject to a debt repayment schedule, but it can be accelerated, dependent upon greater than expected receipts from the Nation-wide Tobacco Settlement Lawsuit pool. The actual receipts are predicated upon cigarette sales (for the annual gross amount available for distribution) and certain demographic factors (which determine the amount any litigant receives). Although the Authority is currently on track to meet the maturity dates of the Bonds, it is presently behind on the expected final turbo redemption dates of those same Bonds.

Requests for Information

This financial report is designed to provide a general overview of the Authority's finances for all those interested. Questions concerning any of the information provided in this report or requests for additional information should be addressed to:

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

CALIFORNIA STATEWIDE FINANCING AUTHORITY
STATEMENT OF NET POSITION AND
GOVERNMENTAL FUND BALANCE SHEET
AS OF JUNE 30, 2017

	<u>Debt Service Fund</u>	<u>Adjustments (Note 3)</u>	<u>Statement of Net Position</u>
ASSETS			
Restricted investments (Note 5)	\$ 22,176,243	\$ -	\$ 22,176,243
Interest receivable	2,643	-	2,643
Pledged tobacco settlement proceeds receivable	<u>6,857,696</u>	<u>-</u>	<u>6,857,696</u>
Total Assets	<u>\$ 29,036,582</u>	<u>\$ -</u>	<u>\$ 29,036,582</u>
LIABILITIES			
Accrued interest payable	\$ -	\$ 1,464,741	\$ 1,464,741
Long-term liabilities (Note 6):			
Due within one year	-	2,110,000	2,110,000
Due after one year	<u>-</u>	<u>272,507,730</u>	<u>272,507,730</u>
Total Liabilities	<u>-</u>	<u>276,082,471</u>	<u>276,082,471</u>
DEFERRED INFLOWS OF RESOURCES			
Unavailable revenue	<u>6,857,696</u>	<u>(6,857,696)</u>	<u>-</u>
FUND BALANCE/NET POSITION			
Fund balance:			
Restricted for debt service	<u>22,178,886</u>	<u>(22,178,886)</u>	<u>-</u>
Total liabilities, deferred inflows of resources, and fund balance	<u>\$ 29,036,582</u>		
Net position:			
Unrestricted deficit		<u>\$ (247,045,889)</u>	<u>\$ (247,045,889)</u>

See accompanying notes to the financial statement

CALIFORNIA STATEWIDE FINANCING AUTHORITY
STATEMENT OF ACTIVITIES AND
GOVERNMENTAL FUND STATEMENT OF REVENUES, EXPENDITURES, AND CHANGE IN FUND BALANCE
FOR THE YEAR ENDED JUNE 30, 2017

	<u>Debt Service Fund</u>	<u>Adjustments (Note 4)</u>	<u>Statement of Activities</u>
EXPENDITURES/EXPENSES			
Debt service:			
Principal	\$ 3,000,000	\$ (3,000,000)	\$ -
Interest and fiscal charges	<u>9,062,468</u>	<u>8,594,542</u>	<u>17,657,010</u>
Total expenditures/expenses	<u>12,062,468</u>	<u>5,594,542</u>	<u>17,657,010</u>
PROGRAM REVENUES			
Investment income	756,866	-	756,866
Pledged tobacco settlement proceeds	<u>12,144,167</u>	<u>810,041</u>	<u>12,954,208</u>
Total revenues	<u>12,901,033</u>	<u>810,041</u>	<u>13,711,074</u>
Change in fund balance/net position	838,565	(4,784,501)	(3,945,936)
Fund balance/net position - July 1, 2016	<u>21,340,321</u>	<u>(264,440,274)</u>	<u>(243,099,953)</u>
Fund balance/net position - June 30, 2017	<u>\$ 22,178,886</u>	<u>\$ (269,224,775)</u>	<u>\$ (247,045,889)</u>

See accompanying notes to the financial statement

CALIFORNIA STATEWIDE FINANCING AUTHORITY
NOTES TO THE FINANCIAL STATEMENT
JUNE 30, 2017

NOTE 1 - NATURE OF ORGANIZATION

The California Statewide Financing Authority (the Authority) was created by a Joint Exercise of Powers Agreement (Agreement) effective as of June 14, 2002 between the counties of Colusa, Imperial, Kings, Madera, Modoc, San Benito, Solano, Tehama, Tuolumne, Yolo, and Yuba (the participating counties). A seven-member board of directors (Board) made up of the Commission of the California Statewide Communities Development Authority, a joint powers agency created pursuant to an amended and restated joint exercise of powers agreement dated as of June 1, 1998, governs it. The Authority was created for the purpose of empowering the Authority to finance the payments to be received by the participating counties from the nation-wide Tobacco Settlement Agreement (Payments) for such purposes, but not limited to, issuance, sale, execution and delivery of Bonds secured by those Payments or the lending of money based on thereof, or to securitize, sell, purchase or otherwise dispose of some or all of such Payments of the participating counties.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Government-wide and Fund Financial Statements

The Authority's financial statements have been condensed to present both the government-wide and debt service governmental fund financial information in one set of financial statements.

The government-wide financial information (i.e., statement of net position and statement of activities) is presented as the right hand column of the financial statements presented on pages 7 and 8. This information includes the financial activities of the overall Authority. Eliminations have been made to minimize the double counting of internal activities.

The statement of net position is designed to display the financial position of the entity.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular segment or function. Revenues that are not classified as program revenues, including all taxes, are presented instead as general revenues.

The debt service governmental fund financial information is presented as the left hand column of the financial statements presented on pages 7 and 8. The middle column of these financial statements reconciles the two other columns, and the reconciling amounts are explained in further detail in notes 3 and 4.

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses when the liability is incurred, regardless of the timing of related cash flows.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the Authority considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures are recorded only when payment is due.

CALIFORNIA STATEWIDE FINANCING AUTHORITY
NOTES TO THE FINANCIAL STATEMENT
JUNE 30, 2017

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Pledged tobacco settlement proceeds are considered 'measurable' when the event giving rise to recognition - the domestic shipment of cigarettes (sales) - occurs. Because the annual pledged tobacco settlement proceeds are based on cigarette sales from the preceding calendar year, the Authority accrues half of the pledged tobacco settlement proceeds received in the subsequent year, which represents sales derived from January 1 to June 30. However, since those proceeds are not received until April of the following year, they are not considered available, and therefore are reported as deferred inflows of resources at year end.

The Authority reports the following major governmental fund:

- The debt service fund accounts for the resources accumulated and payments made for principal and interest on long-term general obligation debt.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results could differ from those estimates.

Net Position/Fund Balance

The government-wide financial statements utilize a net position presentation. Although the Authority's activities are restricted for debt service, its net position is categorized as unrestricted because of the deficit position.

The governmental fund utilizes a classified fund balance presentation. Fund balance is reported in classifications that comprise a hierarchy based primarily on the extent to which the government is bound to honor constraints on the specific purpose for which amounts can be spent. The Authority's fund balance is restricted for future debt service payments as its resources are legally segregated for that specific purpose.

When both restricted and unrestricted resources are available for use, it is the Authority's policy to use restricted resources first, then unrestricted resources as they are needed.

CALIFORNIA STATEWIDE FINANCING AUTHORITY
NOTES TO THE FINANCIAL STATEMENT
JUNE 30, 2017

NOTE 3 - ADJUSTMENTS BETWEEN GOVERNMENTAL FUND BALANCE SHEET AND STATEMENT OF NET POSITION

The financial statement presented on page 7 includes an adjustments column that reconciles the balance sheet of the debt service governmental fund and the government-wide statement of net position. These adjustments are further detailed below while reconciling the fund balance of the debt service governmental fund and net position of the government-wide financial information.

Fund balance	\$ 22,178,886
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Certain long-term assets are not available to pay for current-period expenditures and, therefore, are reported as deferred inflows of resources in the fund.	6,857,696
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Long-term liabilities, including bonds payable and related discounts, are not due and payable in the current period and therefore are not reported in the governmental fund. Interest on long-term liabilities is not accrued in the governmental fund, but rather is recognized as an expenditure when it is due. Accrued interest payable is reported in the statement of net position.

Accrued interest payable	(1,464,741)
Bonds payable	(209,945,538)
Accreted interest	(68,800,132)
Discounts on bonds	<u>4,127,940</u>

Net position	\$ <u>(247,045,889)</u>
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NOTE 4 - ADJUSTMENTS BETWEEN GOVERNMENTAL FUND REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE AND STATEMENT OF ACTIVITIES

The financial statement presented on page 8 includes an adjustments column that reconciles the debt service governmental fund revenues, expenditures, and changes in fund balance and the government-wide statement of activities. These adjustments are further detailed below while reconciling the change in fund balance of the debt service governmental fund and the change in net position of the government-wide financial information.

Change in fund balance	\$ 838,565
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The payment of the principal of long-term liabilities consumes the current financial resources of the governmental fund. However, this transaction has no effect on net position.	3,000,000
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Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in the governmental fund.

Change in accrued interest payable	26,586
Change in accreted interest	(8,461,336)
Amortization of bonds discounts	(159,792)

Revenues in the statement of activities that do not provide current financial resources are reported as unavailable revenue in the fund. This amount represents the change in the unavailable revenue from the previous year.	<u>810,041</u>
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Change in net position	\$ <u>(3,945,936)</u>
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CALIFORNIA STATEWIDE FINANCING AUTHORITY
NOTES TO THE FINANCIAL STATEMENT
JUNE 30, 2017

NOTE 5 - RESTRICTED INVESTMENTS

Investments at June 30, 2017 totaling \$22,176,243 are held by the indenture trustee and are restricted for the payment of future debt service.

Funds held by the indenture trustee may be invested in eligible investments as governed by the provisions of the indenture.

The following are eligible investments:

- a) Defeasance collateral;
- b) Direct obligations of, or obligations guaranteed by, the Federal Home Loan Mortgage Corporation, the Federal National Mortgage Association, or the Federal Farm Credit System;
- c) Demand and time deposits or certificates of deposit, or bankers' acceptances;
- d) General obligations of, or obligations guaranteed by, any state of the United States or the District of Columbia;
- e) Commercial or finance company paper;
- f) Repurchase obligations;
- g) Corporate securities;
- h) Investment agreements or guaranteed investment contracts;
- i) Money market funds;
- j) The State of California Local Agency Investment Fund or any state administered pool investment fund in which any participant is statutorily permitted or required to invest;
- k) Any other investment described in California Government Code Section 53601, as it may be amended or supplemented; and
- l) Other obligations, securities, agreements, or contracts that are non-callable and that are acceptable to each rating agency.

Provided that eligible investments shall not include any obligations of any of the participating counties.

Interest Rate Risk

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value is to changes in market interest rates. As a means of limiting its exposure to fair value losses arising from rising interest rates, one of the ways that the indenture trustee manages the Authority's exposure to interest rate risk is by purchasing a combination of shorter term and longer term investments and by timing cash flows from maturities so that a portion of the portfolio is maturing or coming close to maturing evenly over time as necessary to provide the cash flow and liquidity needed for operations.

Custodial Credit Risk

The custodial credit risk for investments is the risk that, in the event of the failure of the counterparty to a transaction, an entity will not be able to recover the value of its investment or collateral securities that are in the possession of another party. The indenture does not contain legal or policy requirements that would limit the exposure to custodial credit risk for investments.

Investments in external investment pools and mutual funds are not exposed to custodial credit risk because their existence is not evidenced by securities that exist in physical or book entry form. The commercial paper is also not exposed to custodial credit risk.

Concentration of Credit Risk

The indenture between the Authority and indenture trustee contains no limitations on the amount that can be invested in any one issuer. Investments issued or explicitly guaranteed by the U.S. government and investments in mutual funds, external investment pools, and other pooled investments are excluded from this requirement. At June 30, 2017 there were no investments in any one issuer that represented 5 percent or more of total investments.

CALIFORNIA STATEWIDE FINANCING AUTHORITY
NOTES TO THE FINANCIAL STATEMENT
JUNE 30, 2017

NOTE 5 - RESTRICTED INVESTMENTS (Continued)

Credit Risk

Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. Debt proceeds held by the indenture trustee were used to purchase investments with the minimum ratings required by the indenture. As of June 30, 2017, the Authority's investments and credit ratings are as follows:

	<u>Credit Rating</u>	<u>Maturities Less than 30 days</u>	<u>Fair Value</u>
Investments held by fiscal agent:			
Money Market Funds	Aaa	\$ <u>22,176,243</u>	\$ <u>22,176,243</u>
Total		\$ <u>22,176,243</u>	\$ <u>22,176,243</u>

Fair Value Measurements

The Authority categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles (GASB 72). The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; and Level 3 inputs are significant unobservable inputs. The Authority has the following recurring fair value measurements as of June 30, 2017:

<u>Investment Type</u>	<u>Total</u>	<u>Fair Value Measurements Using:</u>	
		<u>Level 1</u>	<u>Level 2</u>
Money Market Funds	\$ <u>22,176,243</u>	\$ <u>-</u>	\$ <u>22,176,243</u>
Total	\$ <u>22,176,243</u>	\$ <u>-</u>	\$ <u>22,176,243</u>

NOTE 6 - LONG-TERM LIABILITIES

Long-term liabilities consisted of the following original issues:

\$98,770,000 for two issues of Series 2002A Bonds, including \$10,090,000 in serial bonds, issued with interest rates ranging from 3.125% to 5.125%, which final matured on May 1, 2017. The second series of A bonds represent three issues of term bonds. The first term bond is for \$28,045,000 with an interest rate of 5.625%, and due on May 1, 2029. The second term bond is for \$27,540,000 with an interest rate of 6%, with an expected final turbo redemption date of May 1, 2019, and due on May 1, 2037. The third term bond is for \$33,095,000 with an interest rate of 6%, with an expected final turbo redemption date of May 1, 2022, and due on May 1, 2043.

\$97,775,000 for two issues of Series 2002B Bonds, including \$9,980,000 in serial bonds, issued with interest rates ranging from 3.125% to 5.125%, which final matured on May 1, 2017. The second series of B bonds represent three issues of term bonds. The first term bond is for \$27,765,000 with an interest rate of 5.625%, due on May 1, 2029. The second term bond is for \$27,265,000 with an interest rate of 6%, with an expected final turbo redemption date of May 1, 2019, and due on May 1, 2037. The third term bond is for \$32,765,000 with an interest rate of 6%, with an expected final turbo redemption date of May 1, 2022, and due on May 1, 2043.

CALIFORNIA STATEWIDE FINANCING AUTHORITY
NOTES TO THE FINANCIAL STATEMENT
JUNE 30, 2017

NOTE 6 - LONG-TERM LIABILITIES (Continued)

\$25,566,106 Series 2006A Turbo Capital Appreciation Bonds with an interest rate of 6.25%, with an expected final turbo redemption date of June 1, 2028, and due on June 1, 2046.

\$6,466,114 Series 2006B Turbo Capital Appreciation Bonds with an interest rate of 6.375%, with an expected final turbo redemption date of June 1, 2030, and due on June 1, 2046.

\$18,913,518 Series 2006C Turbo Capital Appreciation Bonds with an interest rate of 7%, with an expected final turbo redemption date of June 1, 2035, and due on June 1, 2055.

\$10,804,800 Series 2006D Turbo Capital Appreciation Bonds with an interest rate of 7.875%, with an expected final turbo redemption date of June 1, 2040, and due on June 1, 2055.

Future debt service requirements at June 30, 2017 are as follows:

<u>Years Ended June 30,</u>	<u>Principal</u>	<u>Interest</u>
2018	\$ 2,110,000	\$ 8,788,464
2019	-	8,788,464
2020	-	8,788,464
2021	-	8,788,464
2022	-	8,788,464
2023-2027	-	43,942,320
2028-2032	27,530,000	39,296,628
2033-2037	54,805,000	36,199,500
2038-2042	-	19,758,000
2043-2047	95,782,220	295,107,000
2048-2052	-	-
2053-2054	<u>29,718,318</u>	<u>938,916,194</u>
	<u>\$ 209,945,538</u>	<u>\$1,417,161,962</u>

The following summarizes the long-term liabilities activity during the year:

	<u>Balance July 1, 2016</u>	<u>Additions</u>	<u>Retirements</u>	<u>Balance June 30, 2017</u>	<u>Due within One Year</u>
Bonds payable	\$ 212,945,538	\$ -	\$ (3,000,000)	\$ 209,945,538	\$ 2,110,000
Add accreted interest	60,338,796	8,461,336	-	68,800,132	-
Less discounts	<u>(4,287,732)</u>	<u>-</u>	<u>159,792</u>	<u>(4,127,940)</u>	<u>-</u>
Long-term liabilities	<u>\$ 268,996,602</u>	<u>\$ 8,461,336</u>	<u>\$ (2,840,208)</u>	<u>\$ 274,617,730</u>	<u>\$ 2,110,000</u>

NOTE 7 - PLEDGED TOBACCO SETTLEMENT PROCEEDS

In November 1998, 46 states (including California), six other United States jurisdictions and participating cigarette manufacturers entered into a Master Settlement Agreement (MSA) in settlement of certain cigarette smoking litigation. The MSA calls for the cigarette manufacturers to make annual payments to the settling states, beginning in 2000 and continuing in perpetuity.

The State of California entered into a separate Memorandum of Understanding (MOU) with all California counties and certain affected cities regarding the distribution and use of the State's share of tobacco settlement revenues (TSRs). The MOU calls for 45% of the State's allocation to be distributed to the counties and certain affected cities based on population.

CALIFORNIA STATEWIDE FINANCING AUTHORITY
NOTES TO THE FINANCIAL STATEMENT
JUNE 30, 2017

NOTE 8 - DEFICIT IN NET POSITION

Under the terms of the MSA as described in Note 7, the tobacco companies have agreed to make annual TSR payments in perpetuity. Under GASB Statement No. 48, *Sales and Pledges of Receivables and Future Revenues and Intra-Entity Transfers of Assets and Future Revenues*, these rights do not meet the criteria for recognition as an asset in the financial statements as the tobacco companies have no obligation to make TSR payments until cigarettes are shipped. The event that results in the recognition of an asset and revenue by the Authority is therefore the domestic shipment of cigarettes (sales). And since only the domestic shipment of cigarettes for the period of January 2017 through June 2017 had occurred and not been received by year end, this is the only receivable recognized by the Authority, which can only be estimated as it won't be received until 2018. That amount is estimated to be \$6,857,696, which is one half of the \$13,715,392 in TSRs estimated to be received for calendar year 2017 based on the analysis contained in the official statement of the California Statewide Financing Authority, Tobacco Settlement Asset-Backed Bonds, Series 2006, adjusted downward based on actual TSRs received in recent years.

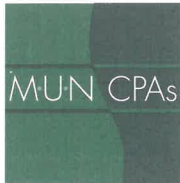
As a result of the full amount of the long-term liabilities in the amount of \$274,617,730 being presented on the face of these financial statements, but only \$6,857,696 in TSRs accrued on the face of these financial statements, net position is shown as a deficit of \$247,045,889 at June 30, 2017.

It should be noted that a decline in the overall consumption of cigarettes below the levels estimated, based on the analysis contained in the official statement of the California Statewide Financing Authority, Tobacco Settlement Asset-Backed Bonds, Series 2006, could have a material adverse effect on the payments received by the Authority used to pay its debt service payments of the Bonds. Although the Authority is currently on track to meet the maturity dates of the Bonds, it is presently behind on the expected final turbo redemption dates of those same Bonds.

As a result, on June 15, 2016, Fitch withdrew all ratings assigned to U.S. tobacco asset-backed securities because modifications to material calculations originally part of the base Master Settlement Agreement have eroded Fitch's confidence that ratings can be consistently maintained, as insufficient information exists to predict the likelihood and effect of future modifications, or that insufficient information will exist to support new, material variables included in the modifications.

Moody's ratings on the Series 2002 Bonds are Baa2 on the term bonds maturing on May 1, 2029, Ba2 on the term bonds maturing on May 1, 2037, and Ba3 on the term bonds maturing on May 1, 2043. Moody's hasn't rated the Series 2006 Bonds.

OTHER REPORT



MANN • URRUTIA • NELSON CPAs & ASSOCIATES, LLP
GLENDALE • ROSEVILLE • SACRAMENTO • SOUTH LAKE TAHOE • KAUAI, HAWAII

**Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance
and Other Matters Based on an Audit of Financial Statements Performed in Accordance with
Government Auditing Standards**

To the Board of Directors
California Statewide Financing Authority
Sacramento, California

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities and the debt service fund of California Statewide Financing Authority as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise California Statewide Financing Authority's basic financial statements, and have issued our report thereon dated March 6, 2018.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered California Statewide Financing Authority's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of California Statewide Financing Authority's internal control. Accordingly, we do not express an opinion on the effectiveness of California Statewide Financing Authority's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether California Statewide Financing Authority's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Authority's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Authority's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Mann, Urrutia, Nelson CPAs

Sacramento, California
March 6, 2018

Agenda Report

DATE: April 5, 2018
TO: CSCDA COMMISSIONERS
FROM: Cathy Bando, Executive Director
PURPOSE: Consideration of new CaLease fee schedule.

BACKGROUND AND SUMMARY:

CaLease is a lease-purchase program (“CaLease”) created in 1996 that provides cities, counties and special districts access to cost-effective tax-exempt financing for equipment and real property. The fee schedule for CaLease has historically been based upon a percentage of the amount of the financing ranging from 30 – 50 basis points. In order to make CaLease more cost-effective and easier to use the following fees are recommended. There are no annual administration fees assessed on a CaLease financing.

<u>Amount to be Financed</u>	<u>Fee:</u>
\$500,000 up to \$2,500,000:	\$7,500
\$2,500,000 up to \$5,000,000:	\$10,000
\$5,000,000 or higher:	\$15,000

RECOMMENDATION:

CSCDA’s Executive Director recommends approval of the above-referenced fee schedule for CaLease.

Agenda Report

DATE: April 5, 2018
TO: CSCDA COMMISSIONERS
FROM: Cathy Bando, Executive Director
PURPOSE: Consideration of resolution for authorized signatories

BACKGROUND AND SUMMARY:

Currently the following staff at CSAC, the League, CSCDA's Executive Director and Bridge Strategic Partners are authorized signatories to sign documents approved by the Commission: Alan Fernandes, Dorothy Holzem, Graham Knaus, Catherine Bando, Laura Labanieh, Norman Coppinger, James Hamill and Jon Penkower. The current authorized signatories for the CaLease program are the previous program managers for CSCDA. The attached resolution authorizes the above-referenced signatories to sign documents approved by the Commission related to CaLease, and also removes the authorization that no Commission approval is required for financings under \$1 million.

ATTACHMENTS:

Attachment A: CaLease Designation Resolution

RECOMMENDATION:

CSCDA's Executive Director recommends approval of the resolution authorizing signatories for CaLease.

RESOLUTION

A RESOLUTION OF CALEASE PUBLIC FUNDING CORPORATION AUTHORIZING DELEGATION TO CERTAIN AUTHORIZED SIGNATORIES TO EXECUTE INSTRUMENTS IN THE NAME OF THE CORPORATION AND APPROVING CERTAIN ACTIONS IN CONNECTION THEREWITH

WHEREAS, the board of directors (the “Board”) of CaLease Public Funding Corporation, a California nonprofit public benefit corporation (the “Corporation”), is authorized by Article V, Section 10 of the bylaws of the Corporation to authorize one or more officers, employees or agents of the Corporation to execute instruments in the name of the Corporation;

WHEREAS, the Corporation acts as lessor in connection with various equipment and facilities financings (the “Lease Program”) for the program participants of the California Statewide Communities Development Authority (the “Authority”) pursuant to various agreements with such program participants, each a lessee, including, without limitation, a Master Lease Agreement and Supplement thereto or a Lease and Leaseback Agreement, as appropriate for the financing under the Lease Program (each, an “Agreement”), each Agreement in substantially final form having been previously approved by the Board; and

WHEREAS, the Board has determined that it is in the best interests of the Corporation to authorize James Hamill, Jon Penkower, Alan Fernandes, Dorothy Holzem, Graham Knaus, Catherine Bando, Laura Labanieh and Norman Coppinger (each, an “Authorized Signatory” and a “Program Manager”) to execute any and all instruments, agreements and certificates, including any Agreement, in the name of the Corporation in connection with the Program;

THEREFORE, BE IT RESOLVED, that any Authorized Signatory is authorized to execute the Agreement (and any related instruments and certificates) in the name of the Corporation, as lessor, and a program participant of the Authority, as lessee, provided that the conditions described in the third preamble hereof are satisfied.

PASSED AND ADOPTED this 5th day of April, 2018.

By: _____
Authorized Signatory

Agenda Report

DATE: April 5, 2018
TO: CSCDA COMMISSIONERS
FROM: Cathy Bando, Executive Director
PURPOSE: Consideration of financing for County of Madera heating, ventilation and air conditioning (HVAC) system for the county jail in an amount not to exceed \$4,700,000

EXECUTIVE SUMMARY:

The County of Madera (the “County”) has requested that the CaLease Public Funding Corporation (“CaLease”) assist in the financing of a new HVAC system for the Madera County Jail Central Plant the “Project”) not to exceed \$4,700,000 (the “Financing”).

PROJECT ANALYSIS:

About the Project:

The Project will increase the capacity of the Madera County Jail Central Plant in order for it to provide the entire cooling needs of the County Jail.

Public Agency Approval:

County Board of Supervisors: March 27, 2018 – Unanimous Approval

Finance Partners:

Special Counsel: Gilmore & Bell, Kansas City, Missouri
Private Placement Purchaser: Opus Bank, Roseville
Purchaser Counsel: Nixon Peabody, Los Angeles

Finance Terms:

Anticipated Rating: Unrated
Term: 10 years at a fixed interest rate of 3.21%
Structure: Private Placement
Estimated Closing: April 6, 2018

CSCDA Policy Compliance:

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

DOCUMENTS: (as attachments)

1. CaLease Resolution (Attachment A)

CALEASE DIRECTORS ACTION RECOMMENDED BY THE EXECUTIVE DIRECTOR:

1. Approves the financing for the County of Madera;
2. Approves all necessary actions and documents in connection with the financing;
and
3. Authorizes any member of the Board or Authorized Signatory to sign all
necessary documents.

ATTACHMENT A

RESOLUTION

A RESOLUTION OF THE CALEASE PUBLIC FUNDING CORPORATION APPROVING A LEASE TRANSACTION WITH THE COUNTY OF MADERA, CALIFORNIA, AND APPROVING CERTAIN ACTIONS IN CONNECTION THEREWITH

WHEREAS, the County of Madera, California (the “County”), has deemed it essential for its own governmental purpose and in the best interest of the County to obtain funds in an amount not to exceed \$4,700,000 to pay the costs of (i) the acquisition, construction, improving, furnishing and equipping of the County Jail with new heating, ventilation and air conditioning system and related improvements located at 14191 Road 38, Madera, California 93638 (the “Project”), and (ii) certain related expenses, by leasing to CaLease Public Funding Corporation (the “Corporation”) the Sheriff Substation, 48267 Liberty Drive, Oakhurst, CA 93644; the Evidence Building, 48267 Liberty Drive, Oakhurst, CA 93644, and the Oakhurst Fire Station, 48355 Liberty Drive, Oakhurst, CA 93644, including the land on which such buildings are located (collectively, the “Property”), and leasing back from the Corporation the Property pursuant to a drawdown-structure Lease and Leaseback Agreement (the “Lease Agreement”); and

WHEREAS, the County has requested that the Corporation enter into the Lease Agreement and assign without recourse its right, title and interest in and to the Lease Agreement, including its right to receive Rental Payments thereunder, and the Project to Opus Bank, a California chartered bank (the “Assignee”), pursuant to an Assignment Agreement (the “Assignment Agreement”); and

NOW, THEREFORE, be it resolved by the Board of Directors of the Corporation as follows:

Section 1. Authorization and Approval of Corporation Documents. The Lease Agreement, the Assignment Agreement (together, the “Corporation Documents”), in substantially the forms submitted to this meeting, be and they hereby are approved, with such changes therein as are approved by the officer of the Corporation signing those documents on behalf of the Corporation, the execution of those documents by that officer to be conclusive evidence of that officer’s approval and the Corporation’s approval thereof.

Section 2. Execution of Corporation Documents. Any Authorized Signatory of the Corporation is hereby authorized, empowered and directed to execute and deliver the Corporation Documents for and in the name and on behalf of the Corporation.

Section 3. Further Authority. Any Authorized Signatory of the Corporation is hereby authorized, empowered and directed to do all other acts and things and to execute, acknowledge and deliver all other documents, agreements, certificates and instruments that may, in that Authorized Signatory’s discretion, be necessary or desirable to carry out and comply with this resolution and the Corporation Documents.

Section 4. Effective Date. This resolution shall take effect and be in full force and effect immediately upon its adoption by the Board of Directors of the Corporation.

* * *

The undersigned, being the duly elected, qualified and acting officer of the Corporation indicated below, does hereby certify that the foregoing resolution was duly adopted at a meeting of the Board of Directors of the Corporation duly called, convened and held on April 5, 2018, after appropriate notice as required by the bylaws of the Corporation and the laws of the State of California, at which meeting a quorum was present and acting throughout and the foregoing resolution has not been amended, modified or rescinded and is in full force and effect.

Dated: April 5, 2018.

By: _____
Name: _____
Title: _____
CaLease Public Funding Corporation

Agenda Report

DATE: April 5, 2018
TO: CSCDA COMMISSIONERS
FROM: Cathy Bando, Executive Director
PURPOSE: Consideration of financing for the County of Madera for 3 new fire trucks in an amount not to exceed \$1,825,000

EXECUTIVE SUMMARY:

The County of Madera (the “County”) has requested that the CaLease Public Funding Corporation (“CaLease”) assist in the financing of three (3) new fire trucks (the “Project”) not to exceed \$1,825,000 (the “Financing”).

PROJECT ANALYSIS:

About the Project:

The Project will replace the aging rolling stock of the Madera County Fire Department.

Public Agency Approval:

County Board of Supervisors: March 27, 2018 – Unanimous Approval

Finance Partners:

Special Counsel: Gilmore & Bell, Kansas City, Missouri

Private Placement Purchaser: Baystone Government Finance, Phoenix, Arizona

Finance Terms:

Anticipated Rating: Unrated
Term: 10 years at a fixed interest rate of 3.92%
Structure: Private Placement
Estimated Closing: April 6, 2018

CSCDA Policy Compliance:

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

DOCUMENTS: (as attachments)

1. CaLease Resolution (Attachment A)

CALEASE DIRECTORS ACTION RECOMMENDED BY THE EXECUTIVE DIRECTOR:

1. Approves the financing for the County of Madera;
2. Approves all necessary actions and documents in connection with the financing;
and
3. Authorizes any member of the Board or Authorized Signatory to sign all
necessary documents.

ATTACHMENT A

RESOLUTION

A RESOLUTION OF THE CALEASE PUBLIC FUNDING CORPORATION APPROVING A LEASE TRANSACTION WITH THE COUNTY OF MADERA, CALIFORNIA, AND APPROVING CERTAIN ACTIONS IN CONNECTION THEREWITH

WHEREAS, the County of Madera, California (the “County”) has deemed it essential for its own governmental purpose and in the best interest of the County to obtain funds to pay the cost of acquiring three (3) new fire vehicles (the “Equipment”), by leasing from CaLease Public Funding Corporation (the “Corporation”) the Equipment pursuant to a Master Lease Agreement, including Master Lease Agreement Supplement No. 1 thereto (together, the “Lease Agreement”); for Base Rental Payments in an aggregate principal amount of not to exceed \$1,825,000; and

WHEREAS, the County has requested that the Corporation enter into the Lease Agreement and assign without recourse its right, title and interest in and to the Lease Agreement, including its right to receive Base Rental Payments thereunder, and the Equipment to a lender to be named therein (the “Assignee”) pursuant to an Assignment Agreement between the Corporation and the Assignee named therein (the “Assignment Agreement”);

WHEREAS, upon execution and delivery of the Lease Agreement, the proceeds thereof will be deposited in an escrow fund established under an Escrow Agreement (the “Escrow Agreement”), among the Lessee, the Corporation and the escrow agent named therein, as escrow agent;

NOW, THEREFORE, be it resolved by the Board of Directors of the Corporation as follows:

Section 1. Authorization and Approval of Documents. The Lease Agreement, the Assignment Agreement and the Escrow Agreement, in substantially the forms submitted to this meeting, be and they hereby are approved, with such changes therein as are approved by the officer of the Corporation signing those documents on behalf of the Corporation, the execution of those documents by that officer to be conclusive evidence of that officer’s approval and the Corporation’s approval thereof.

Section 2. Execution of Documents. The CaLease Program Manager or any officer or director of the Corporation is hereby authorized, empowered and directed to execute and deliver the Lease Agreement, the Assignment Agreement and the Escrow Agreement, for and in the name and on behalf of the Corporation.

Section 3. Further Authority. The CaLease Program Manager or any officer or director of the Corporation is hereby authorized, empowered and directed to do all other acts and things and to execute, acknowledge and deliver all other documents that may in that officer’s discretion be necessary or desirable to carry out and comply with this resolution, the Lease Agreement, the Assignment Agreement and the Escrow Agreement.

Section 4. Effective Date. This resolution shall take effect and be in full force and effect immediately upon its adoption by the Board of Directors of the Corporation.

* * *

The undersigned, being the duly elected, qualified and acting officer of the Corporation indicated below, does hereby certify that the foregoing resolution was duly adopted at a meeting of the Board of Directors of the Corporation duly called, convened and held on April 5, 2018, after appropriate notice as required by the bylaws of the Corporation and the laws of the State of California, at which meeting a quorum was present and acting throughout and the foregoing resolution has not been amended, modified or rescinded and is in full force and effect.

Dated: April __, 2018.

Title: Authorized Signatory
CaLease Public Funding Corporation



CSCDC
CALIFORNIA STATEWIDE COMMUNITIES
DEVELOPMENT CORPORATION



MINUTES

REGULAR MEETING OF THE CALIFORNIA STATEWIDE COMMUNITIES DEVELOPMENT CORPORATION

February 1, 2018

League of California Cities
1400 K Street, Sacramento, CA 95814

Commission Chair Dan Harrison called the meeting to order at 2:22 pm.

1. Roll Call.

Commission members present: Dan Harrison

Commission members participating via teleconference: Larry Combs, Jordan Kaufman, Dan Mierzwa, and Brian Moura.

Others present: Jon Penkower, Bridge Strategic Partners and Sendy Young, CSAC Finance Corporation.

Others participating via teleconference: Cathy Bando, CSCDA Executive Director; Tricia Ortiz, Richards Watson & Gershon; Michael Cooper, Sonoma County; Laura Labanieh, CSAC Finance Corporation.

2. Election of Officers.

Commission Chair Harrison reported the tradition that the same slate of officers from CSCDA serves as the officers of CSCDC. The CSCDA officers are:

Dan Harrison as President
Larry Combs as Vice Chair
Kevin O'Rourke as Treasurer
Tim Snellings as Secretary

Motion to approve the slate of CSCDA officers for 2018 was made by J. Kaufman. Second by D. Mierzwa. Unanimously approved by roll-call vote.

3. Consideration of the Minutes of the October 5, 2017 Regular Meeting.

The commission approved the minutes.

Motion to approve by J. Kaufman. Second by D. Mierzwa. Unanimously approved by roll-call vote.

4. Public Comment.

There was no public comment.

5. Consideration of CSCDC audited financial statements for fiscal year 2016/17.

Executive Director Bando reported that there were no closings in FY 2016 or 2017 resulting in very little activity. \$120,000 was received in reservation fees for transactions that will close in FY 2018. The Executive Director recommended approval of CSCDC audited financial statements for fiscal year 2016/17.

Motion to approve by J. Kaufman. Second by L. Combs. Unanimously approved by roll-call vote.

5. Executive Director Update

There was no Executive Director update.

6. Staff Updates.

Jon Penkower announced that the New Markets Tax Credit awards would be made this month. Hopefully, in February CSCDC will know if it was awarded any New Markets Tax Credits. There is a 25% success rate to be awarded any funds.

7. Adjourn.

The meeting was adjourned at 2:29 pm.

Submitted by: Sendy Young, CSAC Finance Corporation

Agenda Report

DATE: April 5, 2018

TO: CSCDC BOARD OF DIRECTORS

FROM: Cathy Bando, Executive Director

PURPOSE: Approve the Making of \$15,000,000 in Qualified Low Income Community Investments by CSCDC 13 LLC to Primestor Jordan Downs, LLC, City of Los Angeles, County of Los Angeles, California

SPONSOR BACKGROUND:

Primestor Development (“Primestor”) is a minority-owned, for-profit developer based in Los Angeles that specializes in retail projects in urban locations throughout the country. Since its establishment in 1992, Primestor has aimed to build community-supported projects in areas overlooked by other developers. Primestor’s track record consists of developments with thoughtful, culturally-specific designs, desirable tenants selected with community input, and extensive community outreach.

PROJECT OVERVIEW:

Primestor has requested that CSCDC provide \$15,000,000 in New Markets Tax Credit (NMTC) for the Jordan Downs Plaza (the “Project”) located in the City of Los Angeles. Through an RFP process with the City of Los Angeles, Primestor was selected as the developer for the Project, which is the retail component of a new master-planned community located at the current Jordan Downs Housing Project. The housing portion of the overall redevelopment will be managed separately by Bridge Housing.

Located on the eastern edge of the Watts neighborhood, the Jordan Downs redevelopment site is owned by the Housing Authority of the City of Los Angeles (HACLA) and consists of approximately 100 acres with 700 public housing units. Originally built by the federal government in the mid-1940s as the country’s first Veterans Housing Project, over the decades the community has been plagued with poverty, crime and racial tension, and is severely underserved in terms of basic services. Current residents do not have convenient options for purchasing groceries, for example, and must take multiple buses to access basic dry goods and services.

The proposed Jordan Downs master plan is an ambitious five-phase plan to rebuild one of Los Angeles’ most distressed public housing estates, and is one of the most significant urban revival projects currently being undertaken in the country. The overall plan proposes to build up to 1,400 affordable and market rate units together with a family resource center, a new shopping center (the Project), and eight acres of park space.

The Project is the approximately \$46 million retail portion of the master redevelopment – an 114,000 SF neighborhood shopping center that will encompass 9.6 acres, and will include a full-service 30,000 SF grocery store in conjunction with several service, food/beverage, and retail shops. Primestor conducted community outreach by meeting with neighbors, the neighborhood council, community leaders, and local organizations in order to help guide the tenant selection for the Project and build support and enthusiasm in the neighborhood.

COMMUNITY OUTCOMES:

- **Job Creation:** The Project is expected to result in 100+ construction jobs, 13 new permanent FTE jobs related to management of the site, and 230 new permanent FTE retail jobs at third-party Project tenants.
- **Quality Jobs:** Based on Primestor's prior track record of developing community-focused retail centers in low-income areas that focus on providing quality employment opportunities, it is expected that Primestor will make similar efforts here to ensure that a significant portion of the jobs created will pay living wages.
- **Accessible Jobs:** In line with Primestor's general goal of providing employment opportunities to local residents, the Sponsor is expected to make substantial efforts to hire local residents for jobs whenever possible. As a condition of their support for the Project, HACLA is requiring that at least 30% of all jobs created be filled with local residents.
- **Commercial Goods or Services to Low-Income Communities:** The Project will provide critically needed commercial goods and services to the community through multiple retail tenants – most particularly a full-service grocery store. Assuming the Project is available to everyone within a 1-mile radius, it will benefit approximately 11,000 households (or 51,000 people), of which about 70% have a household income of less than \$50,000.
- **Environmental Sustainability:** Per the Sponsor, the Project will be developed with green principles in mind and energy efficiency measures will be included throughout the buildings. In addition, on-site contamination was remediated as part of the Project scope and the construction of the Project will include the use of on-going human health and safety measures related to the environmental remediation that occurred at the site.
- **Community Involvement:** This Project is a top priority for HACLA, which had applied for HUD Choice Funding for this project but was not successful in its efforts. HACLA's goal is that this Project will change the landscape of Jordan Downs/Watts and revitalize an area that has been neglected and underinvested. HACLA worked with local residents to develop a Community Needs Assessment, which drove programming for the site. In addition to this city support, Primestor has worked closely with local residents through a series of community meetings to solicit input and generate excitement for the Project, as noted above.

ADVISORY BOARD APPROVAL:

On January 20, 2017, CSCDC's Advisory Board unanimously recommended approval of the Project.

FINANCE TEAM:

- Tax Credit Investor: JPMorgan Chase Bank, N.A.
- Investor Counsel: Applegate & Thorne-Thomsen, Chicago, IL
- CSCDC Counsel: Nixon Peabody, LLP, Washington, DC

ESTIMATED SOURCES AND USES:

Sources of Funds:

CSCDC Loans:	\$ 14,550,000
Genesis LA Loans:	\$ 12,740,000
LADF Loans:	\$ 9,065,000
Chase Loans:	\$ 1,500,000
HACLA Loan:	\$ 2,423,328
Equity:	<u>\$ 5,959,304</u>
Total Sources:	\$ 46,237,632

Uses of Funds:

Construction Costs:	\$ 31,520,674
FF&E:	\$ 350,000
Cost of Issuance:	\$ 465,000
Soft Costs:	\$ 12,011,192
Fees & Reserves:	<u>\$ 1,890,766</u>
Total Uses:	\$ 46,237,632

DOCUMENTS:

1. Resolutions (Attachment A)

ACTIONS RECOMMENDED BY THE EXECUTIVE DIRECTOR:

1. Approve the financing of the Project;
2. Approve all necessary actions and documents in connection with the financing;
and
3. Authorize any member of the Board of Directors or Authorized Signatory to sign all necessary documents.

ATTACHMENT A

RESOLUTION OF THE BOARD OF DIRECTORS OF CALIFORNIA STATEWIDE COMMUNITIES DEVELOPMENT CORPORATION (Jordan Down)

At a meeting duly called on April 5, 2018, the Board of Directors of California Statewide Communities Development Corporation, a California nonprofit public benefit corporation (the “Allocatee”), for itself and in its capacity as managing member the Sub-CDE (defined below), does hereby adopt the following resolutions:

WHEREAS, the Allocatee and CSCDC 13 LLC, a California limited liability company (“Sub-CDE”), were organized for the purpose of participating in the federal New Markets Tax Credit (“NMTC”) program, designed by Congress to encourage investment in (i) the rehabilitation and construction of commercial, retail, office and manufacturing space in low-income communities; (ii) businesses and nonprofits active in low-income communities; and (iii) the provision of technical assistance and other services to businesses active in low-income communities; and

WHEREAS, by law, NMTC investments must be made through a qualified community development entity (a “CDE”), which is a legal entity that (i) has as its primary mission serving or providing investment capital for low-income communities or low-income persons, and (ii) maintains accountability to residents of low-income communities through their representation on an advisory board to the CDE; and

WHEREAS, the Allocatee was certified by the Community Development Financial Institutions Fund (the “CDFI Fund”) as a CDE, and the Allocatee submitted a Thirteenth Round (2015–2016) New Markets Tax Credit Allocation Application (the “Application”); and

WHEREAS, Sub-CDE was certified by the CDFI Fund as a subsidiary CDE of the Allocatee; and

WHEREAS, the Allocatee received an allocation of NMTCs under Section 45D of the Internal Revenue Code of 1986, as amended, in the amount of \$70,000,000 of NMTC authority (the “Allocation”) in connection with its Application; and

WHEREAS, the Allocatee, as managing member, and CSCDC Manager, LLC, as the non-member manager, entered into that certain operating agreement of Sub-CDE dated March 31, 2015 (the “Initial Sub-CDE Operating Agreement”) to govern the Sub-CDE; and

WHEREAS, pursuant to a Sub-Allocation Agreement, by and between the Allocatee and Sub-CDE, the Allocatee will sub-allocate a \$15,000,000 portion of the Allocation to the Sub-CDE (the “Sub-Allocation”); and

WHEREAS, the Allocatee and Chase NMTC Jordan Downs Investment Fund, LLC, a Delaware limited liability company (the “Investor Member”) seek to amend and restate the Initial Sub-CDE Operating Agreement (as amended and restated, the “A&R Sub-CDE Operating Agreement”) pursuant to which the Investor Member will make an equity investment in the Sub-CDE by making a capital contribution in an

amount equal to \$15,000,000 in return for a 99.99% equity interest in the Sub-CDE (the “CDE Investment”); and

WHEREAS, the CDE Investment will be designated as a “qualified equity investment” as such term is defined in Section 45D of the Code (“QEI”, collectively the “QEIs”); and

WHEREAS, in accordance with the A&R Sub-CDE Operating Agreement, the Sub-CDE will use substantially all of the QEI proceeds to make one or more loans to Primestor Jordan Downs, LLC, a Delaware limited liability company (“QALICB”), in the aggregate original principal amount of \$14,550,000 (the “CDE Loan”); and

WHEREAS, the CDE Loan is expected to constitute a “qualified low-income community investment” (as defined in Section 45D of the Code and the Treasury Regulations and Guidance) (a “QLICI”) for purposes of the NMTC program which have flexible, non-conventional, or non-conforming terms and conditions; and

WHEREAS, it is the intention of the Board that the Allocatee enter into certain transaction documents, for itself or in its capacity as the managing member of the Sub-CDE, in connection with the above described transactions and QEIs that are necessary to evidence and govern such transactions, including, but not limited to the agreements set forth on Exhibit A attached hereto and made a part hereof (collectively, the “Transaction Documents”).

NOW, THEREFORE, BE IT

RESOLVED, that each of the Transaction Documents and the transactions contemplated thereby are hereby approved, ratified and confirmed in all respects;

RESOLVED, that each of the following individuals (each an “Authorized Signatory”) be, and each of them hereby is singly or jointly, authorized, empowered and directed, to execute, deliver and perform any Transaction Document for or in the name of the Allocatee and on behalf of the Allocatee as managing member of the Sub-CDE, and with such changes, variations, omissions and insertions as they shall approve, the execution and delivery thereof by them to constitute conclusive evidence of such approval: Norman Coppinger, Catherine Bando, Laura Labanieh, Jonathan Penkower, and James Hamill; and be it further

RESOLVED, that the Authorized Signatories, acting singly or jointly be, and hereby are, authorized and directed to execute and deliver all other affidavits, certificates, agreements, instruments and documents, to pay all fees, charges and expenses, and to do or cause to be done all other acts and things which are required or provided for under the terms of the Transaction Documents or which may be necessary or, in his or her or their opinion, desirable and proper in order to effect the purposes of the foregoing resolution and to cause compliance by the Allocatee or Sub-CDE, as the case may be, with all of the terms, covenants and conditions of the Transaction Documents on the part of the Allocatee or Sub-CDE, as the case may be, to be performed or observed; and be it further; and be it further

RESOLVED, that any and all documents, instruments and other writings previously executed and delivered or acts performed by the Authorized Signatories, in the name and on behalf of the Allocatee or the Sub-CDE, as the case may be, in connection with the

transactions, be, and the same hereby are, consented to in all respects and are hereby ratified, confirmed and approved.

RESOLVED, that the Authorized Signatories, acting singly or jointly be, and hereby are, authorized and directed to execute and deliver all other documents approved by the Board and to do or cause to be done all other acts and things which may be necessary in the ordinary course of the business of Allocatee and/or the Sub-CDE; and be it further

RESOLVED, that these resolutions may be executed in counterparts, including by signature pages provided by facsimile or in PDF format, which together shall constitute one and the same instrument.

IN WITNESS WHEREOF, the Board of Directors of the Allocatee have executed and adopted these Resolutions at its meeting duly called and held on the date first written above, at which a quorum of the Board of Directors was present or represented.

Dan Harrison
President

EXHIBIT A

Transaction Documents

1. CDE Recapture Indemnification Agreement, by and among Allocatee, Sub-CDE, and JPMorgan Chase Bank, N.A., a national banking association (“JPMC”),
2. A&R Sub-CDE Operating Agreement by and among Allocatee and Investor Member,
3. New Markets Fee and Expense Agreements, by and among QALICB, Primestor Development, Inc., a Nevada corporation (“Sponsor”), the Allocatee, and Sub-CDE,
4. Sub-Allocation Agreement by and among Allocatee and Sub-CDE,
5. Loan Agreement by and among the Sub-CDE, GLA Sub-CDE XXII, LLC, a Delaware limited liability company, LADF XVII, LLC, a California limited liability company, and CNMC SUB-CDE 166, LLC, a Delaware limited liability company (collectively, the “CDE Lenders”), and QALICB,
6. Community Benefits Agreement, by and among QALICB, Sponsor, and the CDE Lenders,
7. Certification Regarding Debarment, Suspension, Ineligibility and Voluntary Exclusion, by Sub-CDE,
8. Certification Regarding Debarment, Suspension, Ineligibility and Voluntary Exclusion, by Allocatee,
9. Account Pledge and Control Agreement (Disbursement Account) by and among the CDE Lenders, QALICB, and JPMC,
10. Account Pledge and Control Agreement (CDE Reserve Account) by and among the Sub-CDE, QALICB, and JPMC,
11. Construction Monitoring and Disbursement Agreement by and among QALICB, the CDE Lenders, and JPMC, and
12. Other related documents.

OFFICER'S CERTIFICATE
CALIFORNIA STATEWIDE COMMUNITIES DEVELOPMENT CORPORATION

As of _____, 2018

The undersigned certifies that he is the duly appointed, qualified and acting President of California Statewide Communities Development Corporation, a California nonprofit public benefit corporation (the "Company"), which is the managing member of CSCDC 13 LLC, a California limited liability company (the "Sub-CDE") and does hereby further certify as follows:

1. Attached hereto as Exhibit A is a true, correct and complete copy of the Articles of Incorporation of the Company, together with all amendments thereto, in effect as of the date hereof.
2. Attached hereto as Exhibit B is a true, correct and complete copy of the Bylaws of the Company, together with all amendments thereto, in effect as of the date hereof.
3. The Resolutions dated as of _____, attached hereto as Exhibit C, were adopted by the Board of Directors of the Company and are in full force and effect as of the date hereof.
4. Attached hereto as Exhibit D is a true, correct and complete copy of the Articles of Organization of the Sub-CDE, together with all amendments thereto, in effect as of the date hereof.
5. Attached hereto as Exhibit E is a true, correct and complete copy of the Amended and Restated Operating Agreement of the Sub-CDE, entered into as of the date hereof.
6. Attached hereto as Exhibit F are current Certificates of Status for the Company and Sub-CDE issued by the State of California on _____.
7. The person whose name appears on Exhibit G is a duly authorized signatory of the Corporation, and the signature set forth opposite his name is the true signature of said person. Such individual is authorized to execute and deliver any and all instruments, certificates, documents, and agreements in his capacity as an authorized signatory of the Corporation on behalf of the Corporation and CSCDC 13 LLC.
8. Attached hereto as Exhibit H, is a true, correct and complete copy of the Resolutions Adopted by Written Consent of the Managing Member of CSCDC 13 LLC as of the date hereto.

Executed as of the date first above written.

Dan Harrison
President