



## **REGULAR MEETING AGENDA**

**May 2, 2019 at 2:00 p.m.**

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

Telephonic Locations:

County of Solano  
675 Texas Street, Fairfield, CA 94533

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

77 De Silva Island Drive  
Mill Valley, CA 94941

City of Lafayette  
3675 Mt. Diablo Blvd., Suite 210  
Lafayette, CA 94549

County of Kern  
1115 Truxton Avenue, Bakersfield, CA 93301

3252 Southern Hills Drive  
Fairfield, CA 94534

709 Portwalk Place  
Redwood City, CA 94061

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

1. Roll Call.

_____ Larry Combs, Chair	_____ Jordan Kaufman, Member
_____ Kevin O'Rourke, Vice Chair	_____ Marcia Raines, Member
_____ Tim Snellings, Secretary	_____ Michael Cooper, Alt. Member
_____ Brian Moura, Treasurer	_____ Niroop Srivatsa, Alt. Member
_____ Dan Mierzwa, Member	
2. Consideration of the Minutes of the April 18, 2019 Regular Meeting.
3. Consent Calendar.
4. Public Comment.

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

**B. ITEMS FOR CONSIDERATION**

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. La Mesa Springs Preservation, LP (La Mesa Springs Apartments), City of La Mesa, County of San Diego; up to \$28,000,000 in multi-family housing revenue bonds.
  - b. WP Sierra Heights Apartments, LP (Sierra Heights Apartments), City of Oroville, County of Butte; up to \$8,000,000 in multi-family housing revenue bonds.
6. Statewide Community Infrastructure Program Revenue Bonds, Series 2019 (Pacific Highlands Ranch)
  - a. Consider resolution of the Commission of the California Statewide Communities Development Authority providing for the issuance of Statewide Community Infrastructure Program Limited Obligation Improvement Bonds; approving the form and substance of a trust agreement and authorizing changes thereto and execution thereof; and authorizing related actions and the execution of related documents to implement the proposed financing program.
  - b. Consider resolution of the Commission of the California Statewide Communities Development Authority authorizing the issuance, sale and delivery of not to exceed \$23,369,439.33 of its Statewide Community Infrastructure Program Revenue Bonds, Series 2019 (Pacific Highlands Ranch); approving the forms of a trust agreement, a bond purchase agreement, and a continuing disclosure certificate, authorizing changes thereto and execution and delivery thereof as modified; approving a preliminary official statement and authorizing changes thereto and delivery thereof as modified; authorizing the preparation of a final official statement substantially derived from the preliminary official statement and execution and delivery thereof; and authorizing certain other actions in connection with the issuance, sale and delivery of such bonds and implementation of the related financing program.
7. Consideration of Agreement for Services with PACE Equity, LLC for commercial PACE under Open PACE.

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

8. Executive Director Update.
9. Staff Updates.
10. Adjourn.

**NEXT MEETING:** Thursday, May 16, 2019 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. Inducement of JFD Affordable Housing, L.P (Pavilion Court Apartments), City of Pico Rivera, County of Los Angeles; issue up to \$38 million in multi-family housing revenue bonds.

May 2, 2019



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

California State Association of Counties  
1100 K Street, Sacramento, California

April 18, 2019

**MINUTES**

Commission chair Larry Combs called the meeting to order at 2:02 pm.

**I. Roll Call.**

Commission members present by teleconference: Kevin O'Rourke, alternate commissioner Michael Cooper, Marcia Raines, Brian Moura, Larry Combs, Jordan Kaufman, and Tim Snellings.

CSCDA Executive Director, Catherine Bando was present by teleconference.

Others also present by teleconference included: Perry Stottlemeyer, League of California Cities; Tricia Ortiz, Richards Watson & Gershon; and James Hamill and Jon Penkower, Bridge Strategic Partners.

**II. Approval of minutes—May 7, 2015.**

The commission approved the minutes for the regular meeting held April 4, 2019.

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

**III. Consent calendar.**

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

**IV. Public comment.**

None. Jordan Kaufman joined the call at this point.

**V. Approval of a resolution relating to Open PACE.**

- a. Approved the operation of the CaliforniaFIRST program as part of and under the name of CSCDA Open PACE;
- b. Authorized Open PACE program administrators to administer and provide financing under the CaliforniaFIRST program; and
- c. Approved amendments to the PACE program administrator agreements with Renew Financial for residential and commercial PACE.

Cathy Bando explained that the CaliforniaFIRST PACE program was established in 2009 under the exclusive administration of Renew Financial Group (Renew). Then in 2014, the CSCDA Commission approved an expansion of the PACE program, but distinguished from CaliforniaFIRST, and referred to as CSCDA Open PACE, which has additional program administrators. Recently, in order to avoid confusion, the PACE ad hoc committee reviewed both programs and recommended operating both under a combined single umbrella with multiple program administrators.

The change requires amendment to the PACE program administration agreement with Renew. The amendments terminate Renew's exclusive administration of the CaliforniaFIRST PACE program. CSCDA's General Counsel has prepared the amendments, which have been reviewed by Renew.

Bando went on to explain that the current agreement with Renew allows for a 30-day cancellation clause, but Renew has requested for a longer termination period. The ad hoc committee recommended to modify the 30-day cancellation clause to a six-month cancellation period.

Executive Director Bando recommends approval of the resolution, to operate the CaliforniaFIRST program and operated under the name of CSCDA Open PACE, and to amend the PACE administration contracts with Renew Financial Group, as modified with respect to the six-month cancellation clause.

There was discussion relating to whether only CSCDA can cancel within the extended cancellation period, or if either party can cancel. It was clarified that either party may cancel during the extended period. Commissioner Moura added that it would be best to be proactive and amend the other administration agreements to include the same cancellation clause. James Hamill also pointed out there was agreement to require administrator execution of the amended agreements by Friday, April 26, 2019.

Motion to approve as amended the following: (i) Renew Financial Group termination provision is amended to a six-month cancellation period; (ii) proactively amend other PACE administration agreements to include a six-month cancellation clause; and (iii) amended agreement to be signed by Renew Financial Group by one week from Friday, or April 26, by Moura; second by Snellings; unanimously approved by roll call vote.

## **VI. Review of third quarter financial reports and bank account activity.**

Cathy Bando explained the third quarter financial reports, including March 30, 2019 status of the two CSCDA bank accounts.

## **VII. Executive Director update.**

Executive Director Bando shared that she recently attended the League of California Cities' Public Works conference in San Diego. This morning she presented an update of CSCDA at CSAC Finance Corporation meeting in Carmel. Next week the League has invited CSCDA staff to a meeting (James will cover) regarding the loss of Redevelopment Agencies. This should play into the possibility of financing solutions for disaster recovery.

## **VIII. Staff update.**

None.

## **IX. Adjournment.**

Commission chair Larry Combs adjourned the meeting at 2:21 pm.

Submitted by: Perry Stottlemeyer, League of California Cities staff

*The next regular meeting of the commission is scheduled for  
**Thursday, May 2, at 2:00 p.m.**  
in the League of California Cities' office at 1400 K Street, 3rd Floor, Sacramento, California.*

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

**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 May 2, 2019.

The undersigned, an Authorized Signatory of the California Statewide Communities Development Authority, DOES HEREBY CERTIFY that the foregoing resolution was duly adopted by the Commission of said Authority at a duly called meeting of the Commission of said Authority held in accordance with law on May 2, 2019.

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

**EXHIBIT A**

<b>Project Name</b>	<b>Project Location</b>	<b>Project Description (units)</b>	<b>New Construction/ Acquisition and Rehabilitation</b>	<b>Legal Name of initial owner/operator</b>	<b>Bond Amount</b>
Pavilion Court Apartments	City of Pico Rivera, County of Los Angeles	130	Acquisition and Rehabilitation	JFD Affordable Housing, L.P.	\$38,000,000



## Agenda Item No. 5a

### Agenda Report

**DATE:** May 2, 2019

**TO:** CSCDA COMMISSIONERS

**FROM:** Cathy Bando, Executive Director

**PROJECT:** La Mesa Springs Apartments

**PURPOSE:** Approve the Financing of Rental Affordable Housing Project Located in the City of La Mesa, County of San Diego

**AMOUNT:** Not to Exceed \$28,000,000

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#### **EXECUTIVE SUMMARY:**

La Mesa Springs Apartments (the “Project”) is an acquisition and rehabilitation of 129 units of rental affordable housing located in the City of La Mesa. 100% of the units will remain rent restricted for low-income senior tenants.

#### **PROJECT DESCRIPTION:**

- Acquisition and rehabilitation of a 129-unit senior affordable rental housing facility located at 8070 Orange Avenue in the City of La Mesa.
- Tower residential building, community room, computer room, library, fitness center and laundry rooms.
- Consists of 128 one-bedroom units and one manager’s unit.

#### **PROJECT ANALYSIS:**

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

Jonathan Rose Companies is a national development, owner’s representative and investment management firm. The company’s mission is to strengthen communities of opportunity by developing innovative real estate solutions that build value, enhance resilience, and cultivate wellbeing. The work of Jonathan Rose Companies touches many aspects of community health. They work with cities and not-for-profits to build green, affordable and mixed-income housing, along with cultural, health and educational infrastructure. They also advocate that neighborhoods be enriched with parks and nature, mass transit, jobs, healthful food and places of contemplation. Since its founding in 1989, the firm has completed over \$2 billion of work. The company is widely

recognized as a leader for design excellence, walkability and economic, social and ecological responsibility, creating successful models that also enhance the ability of their residents, communities and cities to thrive. This is the company's first financing with CSCDA.

**Public Agency Approval:**

**TEFRA Hearing:** May 22, 2018 – City of La Mesa – unanimous approval

**CDLAC Approval:** December 12, 2018

**Public Benefits:**

- 100% of the units will be rent restricted for 55 years.
  - 89% (114 units) restricted to 60% or less of area median income households.
  - 11% (14 units) restricted to 50% or less of area median income households.
- The Project is in walking distance to recreational facilities, grocery stores and other retail establishments.

**Sources and Uses:**

Sources of Funds:

Tax-Exempt Bonds:	\$ 25,000,000
Tax Credit Equity:	\$ 10,823,959
Operations Income:	\$ 20,022
Deferred Developer Fee:	\$ 2,162,335
Seller Carry-Back:	<u>\$ 3,500,000</u>
Total Sources:	\$ 41,506,316

Uses of Funds:

Acquisition:	\$ 28,300,000
Construction Costs:	\$ 4,885,158
Reserves:	\$ 1,130,207
Developer Fee (Paid):	\$ 2,453,292
Developer Fee (Deferred):	\$ 2,162,335
Fees/Financing Costs:	\$ 1,032,777
Soft Costs:	<u>\$ 1,542,547</u>
Total Uses:	\$ 41,506,316

**Finance Partners:**

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

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

Underwriter: Stifel, Atlanta

**Finance Terms:**

<b>Rating:</b>	MIG-1 (Moody's)
<b>Term:</b>	35 years
<b>Structure:</b>	Fixed Rate
<b>Method of Sale:</b>	Public Offering
<b>Estimated Closing:</b>	May 15, 2019

**CSCDA Policy Compliance:**

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

**DOCUMENTS:** (as attachments)

1. CSCDA Resolution (Attachment A)

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

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

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

**ATTACHMENT A**

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

**A RESOLUTION OF THE CALIFORNIA STATEWIDE COMMUNITIES DEVELOPMENT AUTHORITY AUTHORIZING THE ISSUANCE AND DELIVERY OF ONE OR MORE SENIOR AND/OR SUBORDINATE SERIES OF MULTIFAMILY HOUSING REVENUE BONDS IN AN AGGREGATE PRINCIPAL AMOUNT NOT TO EXCEED \$28,000,000 FOR THE FINANCING OF A MULTIFAMILY RENTAL HOUSING DEVELOPMENT GENERALLY KNOWN AS LA MESA SPRINGS APARTMENTS; DETERMINING AND PRESCRIBING CERTAIN MATTERS AND APPROVING AND AUTHORIZING THE EXECUTION AND DELIVERY OF VARIOUS DOCUMENTS RELATED THERETO; RATIFYING ANY ACTION HERETOFORE TAKEN AND APPROVING RELATED MATTERS IN CONNECTION WITH THE BONDS**

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

**WHEREAS**, La Mesa Springs Preservation, LP, a California limited partnership (the “Borrower”), has requested that the Authority issue, sell and deliver revenue bonds to assist in the financing of the acquisition and rehabilitation of a 129-unit multifamily rental housing development (including one manager’s unit) for seniors located in the City of La Mesa, California and known as La Mesa Springs Apartments (the “Project”);

**WHEREAS**, on December 12, 2018, the Authority received an allocation in the amount of \$25,000,000 (the “Allocation Amount”) of private activity volume cap from the California Debt Limit Allocation Committee in connection with the Project;

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

**WHEREAS**, the Authority is willing to issue not to exceed \$28,000,000 aggregate principal amount of its California Statewide Communities Development Authority Multifamily Housing Revenue Bonds (La Mesa Springs Apartments) 2019 Series E (the “Senior Bonds”) and/or California Statewide Communities Development Authority Subordinate Multifamily Housing Revenue Bonds (La Mesa Springs Apartments) 2019 Series E-S (the “Subordinate Bonds,” and together with the Senior Bonds, the “Bonds”), provided that the aggregate portion of such Bonds

issued as federally tax-exempt obligations shall not exceed the Allocation Amount, and to loan the proceeds thereof to the Borrower to assist in providing financing for the Project, which will allow the Borrower to reduce the cost of the Project and to assist in providing housing for low income persons;

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

**WHEREAS**, the Senior Bonds are expected to be initially offered for sale to the public by Stifel, Nicolaus & Company, Inc., as underwriter (the “Underwriter”), and the Subordinate Bonds are expected to be privately placed with La Mesa Springs Associates, a California limited partnership, as the purchaser of the Subordinate Bonds (the “Subordinate Purchaser”) in accordance with the Authority’s private placement policy;

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

(1) Trust Indenture with respect to the Senior Bonds (the “Indenture”), to be entered into between the Authority and U.S. Bank National Association, as trustee (the “Trustee”);

(2) Loan Agreement with respect to the Senior Bonds (the “Loan Agreement”), to be entered into between the Authority 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) Bond Purchase Agreement (the “Bond Purchase Agreement”) relating to the Senior Bonds, to be entered into by the Authority, the Underwriter and the Borrower;

(5) Official Statement with respect to the Senior Bonds (the “Official Statement”), to be used in connection with the offer and sale of the Senior Bonds;

(6) Subordinate Master Pledge and Assignment (the “Pledge and Assignment”) to be entered into among the Authority, the Subordinate Purchaser, in its capacity as initial agent (the “Subordinate Bonds Agent”), and the Subordinate Purchaser, as initial holder, relating to the Subordinate Bonds; and

(7) Subordinate Master Agency Agreement (the “Agency Agreement”) to be entered into between the Authority and the Subordinate Bonds Agent, 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 Indenture and the Pledge and Assignment, and in accordance with the Housing Law, the Authority is hereby authorized to issue one or more series of Bonds. The Bonds shall be designated as “California Statewide Communities Development Authority Multifamily Housing Revenue Bonds (La Mesa Springs Apartments) 2019 Series E” with respect to the Senior Bonds and “California Statewide Communities Development Authority Multifamily Housing Revenue Bonds (La Mesa Springs Apartments) 2019 Series E-S” with respect to the Subordinate Bonds, including, if and to the extent necessary, one or more sub-series, with appropriate modifications and series and sub-series designations as necessary, in an aggregate principal amount not to exceed \$28,000,000, provided that the aggregate principal amount of any tax-exempt Bonds issued shall not exceed the Allocation Amount. The Bonds shall be issued in the respective form set forth in and otherwise in accordance with the Indenture and the Pledge and Assignment, and shall be executed on behalf of the Authority by the facsimile signature of the Chair of the Authority or the manual signature of any Authorized Signatory (as defined below), and, if appropriate, attested by the 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. The Bonds shall be issued and secured in accordance with the terms of the Indenture and the Pledge and Assignment, respectively, presented to this meeting, as hereinafter approved. Payment of the principal and purchase price of, and redemption premium, if any, and interest on, the Bonds shall be made solely from amounts pledged thereto under the Indenture and the Pledge and Assignment, and the Bonds shall not be deemed to constitute a debt or liability of the Authority or any Program Participant or any Member of the Commission of the Authority (each, a “Member”).

Section 3. The Indenture in the form presented at this meeting is hereby approved. Any Member, or any other person as may be designated and authorized to sign for the Authority pursuant to a resolution adopted thereby (including, without limitation, the administrative delegates duly authorized pursuant to Resolution No. 19R-1 of the Authority, adopted on January 24, 2019) (together with the Members, each such person is referred to herein individually as an “Authorized Signatory”), acting alone, is authorized to execute by manual signature and deliver the Indenture, with such changes and insertions therein as may be necessary to cause the same to carry out the intent of this Resolution and as are approved by counsel to the Authority, such approval to be conclusively evidenced by the delivery thereof. The date, maturity date or dates (which shall not extend beyond 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 redemption and other terms of the Senior Bonds shall be as provided in the Indenture as finally executed.

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

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

Section 7. The Official Statement in the form presented at this meeting is hereby approved and the Commission hereby approves the distribution of the Official Statement to prospective purchasers of the Senior Bonds. Any Authorized Signatory, acting alone, is authorized to certify on behalf of the Authority that the Official Statement, as to the sections therein related directly to the Authority, is deemed final as of its date, within the meaning of Rule 15c2-12 promulgated under the Securities Exchange Act of 1934. Any Authorized Signatory, acting alone, is authorized to execute, at the time of the sale of the Senior Bonds, said Official Statement in final form, with such changes and insertions therein as may be necessary to cause the same to carry out the intent of this Resolution and as are hereby approved by counsel to the Authority, such approval to be conclusively evidenced by the delivery thereof.

Section 8. 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 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 redemption and other terms of the Subordinate Bonds shall be as provided in the Pledge and Assignment as finally executed.

Section 9. 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 10. The Senior Bonds, when executed, shall be delivered to the Trustee for authentication. The Trustee is hereby requested and directed to authenticate the Senior Bonds by executing the certificate of authentication of the Trustee appearing thereon, and to deliver the Senior Bonds, when duly executed and authenticated, to or at the direction of the Underwriter, in accordance with written instructions executed and delivered on behalf of the Authority by an Authorized Signatory, which any Authorized Signatory, acting alone, is hereby authorized and directed to execute and deliver such instructions to the Trustee. Such instructions shall provide for the delivery of the Senior Bonds to or at the direction of the Underwriter in accordance with the Bond Purchase Agreement upon payment of the purchase price thereof.

Section 11. The Subordinate Bonds, when executed, shall be delivered to the Paying Agent for authentication. The Paying Agent is 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 Paying Agent. Such instructions shall provide for the delivery of the Subordinate Bonds to the purchasers thereof upon payment of the purchase price thereof.

Section 12. All actions heretofore taken by the officers and agents of the Authority with respect to the financing of the Project and the sale, issuance and delivery of the Bonds are hereby approved, ratified and confirmed, and any Authorized Signatory, acting alone, is hereby authorized and directed, for and in the name and on behalf of the Authority, to do any and all things and take any and all actions and execute and deliver any and all certificates, agreements and other documents, including but not limited to one or more tax certificates, a subordination and/or intercreditor agreement, any endorsement and/or assignment of the deed of trust and such other documents as described in the Indenture, 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 and delivery of the Bonds and to effectuate the purposes thereof and of the documents herein approved in accordance with this resolution and resolutions heretofore adopted by the Authority and otherwise in order to carry out the financing of the Project.

Section 13. All consents, approvals, notices, orders, requests and other actions permitted or required by any of the documents authorized by this Resolution, whether before or after the issuance of the Bonds, including without limitation any of the foregoing that may be necessary or desirable in connection with any default under or amendment of such documents, any transfer or other disposition of the Project, any addition or substitution of security for the Bonds or any redemption of the Bonds, may be given or taken by any Authorized Signatory, as appropriate, without further authorization by the Commission, and each such officer is hereby authorized and directed to give any such consent, approval, notice, order or request and to take any such action that such officer may deem necessary or desirable to further the purposes of this Resolution and the financing of the Project; provided such action shall not create any obligation or liability of the Authority other than as provided in the Indenture, the Pledge and Assignment, and other documents approved herein.

This Resolution shall take effect upon its adoption.

**PASSED AND ADOPTED** by the California Statewide Communities Development Authority this May 2, 2019.

The undersigned, an Authorized Signatory of the California Statewide Communities Development Authority, DOES HEREBY CERTIFY that the foregoing resolution was duly adopted by the Commission of the Authority at a duly called meeting of the Commission of the Authority held in accordance with law on May 2, 2019.

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

## 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: La Mesa Springs Preservation, LP
2. Authority Meeting Date: 5/2/19
3. Name of Obligations: Multifamily Housing Revenue Bonds (La Mesa Springs Apartments) 2019 Series E
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 attached as Schedule A:
  - [(A) The true interest cost of the Obligations, which means the rate necessary to discount the amounts payable on the respective principal and interest payment dates to the purchase price received for Obligations (to the nearest ten-thousandth of one percent): 1.9999%.
  - (B) The finance charge of the Obligations, which means the sum of all fees and charges paid to third parties: \$322,000.
  - (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: \$22,000,000.
  - (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): \$23,423,222.22.]
5. The good faith estimates attached as Schedule A were ☐ presented to the governing board of the Borrower, or ☐ presented to the official or officials or committee designated by the governing board of the Borrower to obligate the Borrower in connection with the Obligations or, in the absence of a governing board, ☒ presented to the official or officials of the Borrower having authority to obligate the Borrower in connection with the Obligations (mark one).

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

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

Dated: April 30, 2019



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

### **Agenda Report**

**DATE:** May 2, 2019

**TO:** CSCDA COMMISSIONERS

**FROM:** Cathy Bando, Executive Director

**PROJECT:** Sierra Heights Apartments

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

**AMOUNT:** Not to Exceed \$8,000,000

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#### **EXECUTIVE SUMMARY:**

Sierra Heights Apartments (the “Project”) is the new construction of a 40-unit rental housing project located in the City of Oroville. 100% of the units will be rent restricted for low-income senior tenants.

#### **PROJECT DESCRIPTION:**

- Construction of a 40-unit affordable rental housing facility located in the City of Oroville.
- Consists of 39 one and two-bedroom units and a manager’s unit.

#### **PROJECT ANALYSIS:**

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

Willow Partners, LLC’s mission is to develop and maintain quality affordable housing for families and seniors throughout the State of California. Since 1997, Willow Partners has obtained Low-Income Housing Tax Credits supplemented with a wide variety of local, state and federal assistance for the development of affordable housing. Together with a professional team of contractors, architects, engineers, and property managers, Willow has developed and is operating over 1,000 units of affordable multi-family housing in California. Each apartment community has the look and feel of market rate properties. The Project is Willow’s fourth financing with CSCDA.

**Public Agency Approval:**

**TEFRA Hearing:** June 5, 2018 – City of Oroville – Unanimous Approval

**CDLAC Approval:** July 18, 2018

**Public Benefits:**

- 100% of the units will be rent restricted for 55 years.
  - 100% (39 units) restricted to 50% or less of area median income households.

**Sources and Uses:**

Sources of Funds:

Tax-Exempt Bonds:	\$ 5,000,000
City Loan:	\$ 660,000
HOME Funds:	\$ 2,377,569
Deferred Developer Fee:	\$ 1,139,968
Seller Carry-Back Loan:	\$ 499,000
Tax Credits:	<u>\$ 622,431</u>
Total Sources:	\$ 10,298,968

Uses of Funds:

Acquisition:	\$ 506,500
Direct Construction Costs:	\$ 6,068,400
Architect/Engineering:	\$ 359,000
Construction Contingency:	\$ 425,000
Indirect & Soft Costs:	\$ 385,800
Financing Costs:	\$ 195,000
Reserves:	\$ 53,169
Impact Fees/Reports:	\$ 1,043,700
Developer Fee:	<u>\$ 1,262,399</u>
Total Uses:	\$ 10,298,968

**Finance Partners:**

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

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

Bond Purchaser: Rabobank



**Finance Terms:**

<b>Rating:</b>	Unrated
<b>Term:</b>	35 years
<b>Structure:</b>	Fixed Rate
<b>Method of Sale:</b>	Private Placement
<b>Estimated Closing:</b>	May 31, 2019

**CSCDA Policy Compliance:**

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

**DOCUMENTS:** (as attachments)

1. CSCDA Resolution (Attachment A)

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

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

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

**ATTACHMENT A**

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

**A RESOLUTION OF THE CALIFORNIA STATEWIDE COMMUNITIES DEVELOPMENT AUTHORITY AUTHORIZING THE ISSUANCE AND DELIVERY OF MULTIFAMILY HOUSING REVENUE BONDS IN AN AGGREGATE PRINCIPAL AMOUNT NOT TO EXCEED \$8,000,000 FOR THE FINANCING OF A MULTIFAMILY RENTAL HOUSING DEVELOPMENT FOR SENIORS TO BE GENERALLY KNOWN AS SIERRA HEIGHTS 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 BONDS.**

**WHEREAS**, the California Statewide Communities Development Authority (the “Authority”) is authorized by the Joint Powers Act, commencing with Section 6500 of the California Government Code (the “JPA Law”), and its Amended and Restated Joint Exercise of Powers Agreement, dated as of June 1, 1988, as the same may be amended (the “Agreement”), to issue revenue bonds for the purpose of financing, among other things, the acquisition, construction, 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**, WP Sierra Heights Apartments, LP, a California limited partnership (the “Borrower”) has requested that the Authority issue and deliver revenue bonds to assist in the financing of the construction, development and equipping of a 40-unit (including one manager’s unit) residential rental housing development for seniors located in the city of Oroville, California, and to be generally known as Sierra Heights Apartments (the “Project”);

**WHEREAS**, on July 18, 2018 the Authority received an allocation in the amount of \$7,000,000 (the “Allocation Amount”) from the California Debt Limit Allocation Committee in connection with the Project;

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

**WHEREAS**, the Authority is willing to issue not to exceed \$8,000,000 aggregate principal amount of its California Statewide Communities Development Authority Multifamily Housing Revenue Bonds (Sierra Heights Apartments) 2019 Series H (the “Bonds”), in one or more series or subseries, provided that the portion of such Bonds issued as federally tax-exempt obligations shall not exceed the Allocation Amount, and to loan the proceeds thereof to the Borrower to assist in providing financing for the Project, which will allow the Borrower to reduce the cost of the Project and to assist in providing housing for low income persons;

**WHEREAS**, the Bonds will be privately placed with Rabobank, N.A. (the “Bank”), as the initial purchaser of the Bonds, in accordance with the Authority’s private placement policy;

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

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

(1) Master Agency Agreement (the “Agency Agreement”) to be entered into between the Authority and the Bank, as agent (the “Agent”);

(2) Master Pledge and Assignment (the “Pledge Agreement”) to be entered into among the Authority, the Agent and the Bank, as bondholder; and

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

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

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

**SECTION 2.** Pursuant to the JPA Law and the Pledge Agreement, and in accordance with the Housing Law, the Authority is hereby authorized to issue one or more series of Bonds. The Bonds shall be designated as “California Statewide Communities Development Authority Multifamily Housing Revenue Bonds (Sierra Heights Apartments) 2019 Series H,” with appropriate modifications and series and sub-series designations as necessary, in an aggregate principal amount not to exceed \$8,000,000; provided that the aggregate principal amount of any tax-exempt Bonds issued shall not exceed the Allocation Amount. The Bonds shall be issued in the form set forth in and otherwise in accordance with the Pledge Agreement, and shall be executed on behalf of the Authority by the facsimile signature of the Chair of the Authority or the manual signature of any Authorized Signatory (as defined below), and attested by the facsimile signature of the Secretary of the Authority or the Assistant to the Secretary of the Authority, or the manual signature of any Authorized Signatory. The Bonds shall be issued and secured in accordance with the terms of the Pledge Agreement presented to this meeting, as hereinafter approved. Payment of the principal and purchase price of, and redemption premium, if any, and interest on, the Bonds shall be made solely from amounts pledged thereto under the Pledge Agreement, and the Bonds shall not be deemed to constitute a debt or liability of the Authority or any Program Participant or Member of the Commission of the Authority (each, a “Member”).

SECTION 3. The Pledge Agreement in the form presented at this meeting is hereby approved. Any Member, or any other person as may be designated and authorized to sign for the Authority pursuant to a resolution adopted thereby (including, without limitation, the administrative delegates duly authorized pursuant to Resolution No. 19R-1 of the Authority, adopted on January 24, 2019) (together with the Members, each such person is referred to herein individually as an “Authorized Signatory”), acting alone, is authorized to execute by manual signature and deliver the Pledge Agreement, with such changes and insertions therein as may be necessary to cause the same to carry out the intent of this Resolution and as are approved by counsel to the Authority, such approval to be conclusively evidenced by the delivery thereof. The date, maturity date or dates (which shall not extend beyond 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 Bonds shall be as provided in the Pledge Agreement as finally executed.

SECTION 4. 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 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 Authority is hereby authorized to sell the Bonds to the Bank pursuant to the terms and conditions of the Pledge Agreement.

SECTION 7. The Bonds, when executed, shall be delivered to the Agent for registration. The Agent is hereby requested and directed to register the Bonds by executing the certificate of registration appearing thereon, and to deliver the 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. Such instructions shall provide for the delivery of the Bonds to the purchasers thereof upon payment of the purchase price thereof.

SECTION 8. All actions heretofore taken by the officers and agents of the Authority with respect to the financing of the Project and the sale and issuance of the Bonds are hereby approved, ratified and confirmed, and any Authorized Signatory, acting alone, is hereby authorized and directed, for and in the name and on behalf of the Authority, to do any and all things and take any and all actions and execute and deliver any and all certificates, agreements and other documents, including but not limited to a tax certificate, loan related documents, an assignment of deed of trust, any endorsements and such other documents as described in the Pledge Agreement and the other documents herein approved, which they, or any of them, may deem necessary or advisable in order to consummate the lawful issuance and delivery of the Bonds and to effectuate

the purposes thereof and of the documents herein approved in accordance with this resolution and resolutions heretofore adopted by the Authority and otherwise in order to carry out the financing of the Project.

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

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

**PASSED AND ADOPTED** by the California Statewide Communities Development Authority this May 2, 2019.

The undersigned, an Authorized Signatory of the California Statewide Communities Development Authority, DOES HEREBY CERTIFY that the foregoing resolution was duly adopted by the Commission of the Authority at a duly called meeting of the Commission of the Authority held in accordance with law on May 2, 2019.

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

## 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: WP Sierra Heights Apartments, LP
2. Authority Meeting Date:
3. Name of Obligations: Construction Loan
4. ☒ Private Placement Lender or Bond Purchaser, ☐ Underwriter or ☐ Financial Advisor (mark one) engaged by the Borrower provided the Borrower with the required good faith estimates relating to the Obligations [as follows / attached as Schedule A]:
  - [(A)] The true interest cost of the Obligations, which means the rate necessary to discount the amounts payable on the respective principal and interest payment dates to the purchase price received for Obligations (to the nearest ten-thousandth of one percent): 4.486%.
  - [(B)] The finance charge of the Obligations, which means the sum of all fees and charges paid to third parties: \$ 100,000.00
  - [(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: \$ 0.00.
  - [(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): \$ 4,500,000.00
5. The good faith estimates [provided above / attached as Schedule A] were ☐ presented to the governing board of the Borrower, or ☒ presented to the official or officials or committee designated by the governing board of the Borrower to obligate the Borrower in connection with the Obligations or, in the absence of a governing board, ☐ presented to the official or officials of the Borrower having authority to obligate the Borrower in connection with the Obligations (mark one).

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

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

Dated: 4-29-19



## **Agenda Item No. 6**

### **Agenda Report**

**DATE:** May 2, 2019

**TO:** CSCDA COMMISSIONERS

**FROM:** Cathy Bando, Executive Director

**PURPOSE:** Statewide Community Infrastructure Program Revenue Bonds, Series 2019 (Pacific Highlands Ranch)

- a. Consider resolution of the Commission of the California Statewide Communities Development Authority providing for the issuance of Statewide Community Infrastructure Program Limited Obligation Improvement Bonds; approving the form and substance of a trust agreement and authorizing changes thereto and execution thereof; and authorizing related actions and the execution of related documents to implement the proposed financing program.
- b. Consider resolution of the Commission of the California Statewide Communities Development Authority authorizing the issuance, sale and delivery of not to exceed \$23,369,439.33 of its Statewide Community Infrastructure Program Revenue Bonds, Series 2019 (Pacific Highlands Ranch); approving the forms of a trust agreement, a bond purchase agreement, and a continuing disclosure certificate, authorizing changes thereto and execution and delivery thereof as modified; approving a preliminary official statement and authorizing changes thereto and delivery thereof as modified; authorizing the preparation of a final official statement substantially derived from the preliminary official statement and execution and delivery thereof; and authorizing certain other actions in connection with the issuance, sale and delivery of such bonds and implementation of the related financing program.

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#### **BACKGROUND:**

- On July 19, 2018 the Commission approved the resolution of intention to form the assessment district for the Pacific Highland Ranch project.
- A public hearing was held on September 6, 2018 with 100% property owner approval of the financing and no comments were received.

The actions requested today are the final steps for the issuance of bonds for the Pacific Highlands Ranch project. The Pacific Highland Ranch project will be a stand-alone SCIP financing rather than a pooled issuance due to the size of the financing.



## **BACKGROUND:**

The financing will fund transportation and park fees and improvements for a 421 single-family unit development in the City of San Diego. Pacific Highlands Ranch includes 1,300 protected, walkable acres of preserved open space, and neighborhoods that embrace an active and healthy lifestyle.

### **Finance Partners:**

Bond Counsel:	Orrick, Herrington & Sutcliffe, LLP, Sacramento
Authority Counsel:	Orrick, Herrington & Sutcliffe, LLP, San Francisco
Underwriter:	RBC Capital Markets, San Francisco
Assessment Engineer:	David Taussig & Associates, Newport Beach

### **SB 450 Good Faith Estimates:**

1. TIC: 4.59%
2. Sum of all fees and charges paid to third parties: \$961,810
3. Net Proceeds: \$20,842,780
4. Total Net Debt Service (+Annual Fees): \$40,174,508.25

## **ESTIMATED SOURCES & USES:**

### **Sources:**

Bond Proceeds	\$19,800,000.00
Premium	<u>\$ 1,360,959.70</u>
	\$21,160,959.70

### **Uses:**

Project Fund	\$17,700,000.00
Capitalized Interest	\$ 1,217,261.11
Debt Service Reserve Fund	\$ 1,308,000.00
Cost of Issuance	\$ 539,698.59
Underwriter Discount	<u>\$ 396,000.00</u>
	\$21,160,959.70

**FINANCE TERMS:**

Rating:	Non-rated
Term:	30 years
Structure:	Fixed Rate
Type of Sale:	Public Offering
Estimated Closing:	May 30, 2019

**RECOMMENDED ACTIONS:**

CSCDA's Executive Director recommends that the Commission approve the following resolutions:

1. Resolution of the Commission of the California Statewide Communities Development Authority providing for the issuance of Statewide Community Infrastructure Program Limited Obligation Improvement Bonds; approving the form and substance of a trust agreement and authorizing changes thereto and execution thereof; and authorizing related actions and the execution of related documents to implement the proposed financing program.
2. Resolution of the Commission of the California Statewide Communities Development Authority authorizing the issuance, sale and delivery of not to exceed \$23,369,439.33 of its Statewide Community Infrastructure Program Revenue Bonds, Series 2019 (Pacific Highlands Ranch); approving the forms of a trust agreement, a bond purchase agreement, and a continuing disclosure certificate, authorizing changes thereto and execution and delivery thereof as modified; approving a preliminary official statement and authorizing changes thereto and delivery thereof as modified; authorizing the preparation of a final official statement substantially derived from the preliminary official statement and execution and delivery thereof; and authorizing certain other actions in connection with the issuance, sale and delivery of such bonds and implementation of the related financing program.

**Resolutions:**

<https://www.dropbox.com/s/98ax3mob05rub92/12.%20SCIP%20Resolutions%20-%20Series%202019%20Pacific%20Highlands%20Ranch.pdf?dl=0>



## **Agenda Item No. 7**

### **Agenda Report**

**DATE:** May 2, 2019

**TO:** CSCDA COMMISSIONERS

**FROM:** Cathy Bando, Executive Director

**PURPOSE:** Consideration of PACE Equity as a commercial PACE administrator for the CSCDA Open PACE program

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#### **EXECUTIVE SUMMARY:**

CSCDA's Open PACE program currently has six program administrators: Renew Financial, AllianceNRG/Counterpointe, PACE Funding, CleanFund Commercial Capital, Petros PACE Finance and Greenworks Lending. The concept of Open PACE is to provide CSCDA member cities and counties with a number of qualified program administrators that have been vetted and approved by the CSCDA Commission.

CSCDA staff received a proposal from PACE Equity for commercial PACE only under the CSCDA Open PACE program. After a review of the proposal by the Executive Director and Commissioners Snellings and Moura, the recommendation before you today is to approve PACE Equity as a program administrator under the CSCDA Open PACE platform.

#### **OVERVIEW:**

##### **PACE Equity:**

Formed in October 2013 with headquarters in Milwaukee, Wisconsin, PACE Equity works in nearly every active commercial PACE market across the country. PACE Equity has worked on over 125 PACE projects, and has had the benefit of working on some of the very first commercial PACE projects in several local markets.

PACE Equity takes an all-inclusive approach to commercial PACE by providing project development, engineering, project management and financing to projects.

PACE Equity is currently operating under the California Municipal Finance Authority (CMFA) PACE platform. They will be terminating the relationship with CMFA due to the exclusivity requirement of the CSCDA Open PACE program.

**RECOMMENDED ACTION:**

CSCDA's Executive Director recommends the approval of PACE Equity as a new commercial program administrator and the attached agreement for services under Open PACE. The agreement for services has been reviewed by CSCDA General Counsel.

## **CSCDA OPEN PACE PROGRAM ADMINISTRATOR PROFESSIONAL SERVICES AGREEMENT**

This Professional Services Agreement (“Agreement”) is dated May 2, 2019 (“Effective Date”) and is between the California Statewide Communities Development Authority, a California joint powers authority (the “Authority” or “CSCDA”) and PACE Equity, a Limited Liability Company (“Administrator”). CSCDA and Administrator are sometimes individually referred to as “Party” and collectively as “Parties” in this Agreement.

### **RECITALS**

A. On November 6, 2014, the Authority Commission adopted its resolution entitled “Resolution of Intention” to establish the CSCDA Open PACE Program (the “Program”) to finance the cost of installation of distributed generation renewable energy resources or energy efficiency or water conservation improvements.

B. CSCDA desires to utilize the services of Administrator as an independent contractor to administer the Program.

C. Administrator represents that it is fully qualified to perform such services by virtue of its experience and the training, education and expertise of its principals and employees.

D. CSCDA desires to retain Administrator and Administrator desires to serve CSCDA to perform these services in accordance with the terms and conditions of this Agreement.

The parties therefore agree as follows:

#### **1. Term of Agreement.**

The term of this Agreement shall be from the Effective Date through May 31, 2022, unless sooner terminated as provided in Section 15 of this Agreement.

The Parties may, upon mutual, written agreement, extend the contract for two additional one year terms.

#### **2. Administrator’s Services.**

A. Scope of Services. Administrator shall perform the services described in the Scope of Services, attached as **Exhibit A** (the “Services”). CSCDA may request, in writing, changes in the scope of services to be performed. Any changes mutually agreed upon by the parties, and changes in compensation, shall be incorporated by written amendments to this Agreement.

B. Non-Exclusivity. CSCDA has appointed and retains the right to appoint additional administrators for the Program. The Administrator has no rights to exclusivity in administering the Program. Administrator shall reimburse the existing Administrators for such actual and reasonable costs in an amount that represents Administrator’s share of such costs associated with the Program’s validation proceedings.

C. Party Representatives. For the purposes of this Agreement, the CSCDA Representative shall be the CSCDA Executive Director, or such other person designated in writing by the CSCDA Executive Director (the “CSCDA Representative”). For the purposes of this Agreement, the Administrator Representative shall be Kevin Moyer, Chief Investment Officer (the “Administrator Representative”). The Administrator Representative shall directly manage Administrator’s services under this Agreement. Administrator shall not change the Administrator Representative without CSCDA’s prior written consent.

D. Standard of Performance. Administrator shall perform all services under this Agreement in accordance with the standard of care generally exercised by like professionals under similar circumstances and in a manner reasonably satisfactory to CSCDA.

E. Personnel. Administrator has, or will secure at its own expense, all personnel required to perform the services required under this Agreement. All of the services required under this Agreement shall be performed by Administrator or under its supervision, and all personnel engaged in the work shall be qualified to perform such services.

F. Compliance with Laws. The Administrator shall keep itself informed of all local, state and federal ordinances, laws and regulations which in any manner affect those employed by it or in any way affect the performance of its service pursuant to this Agreement. The Administrator shall at all times observe and comply with all such ordinances, laws and regulations. The CSCDA and its agents shall not be liable at law or in equity occasioned by failure of the Administrator to comply with this section.

G. Permits and Licenses. Administrator shall obtain and maintain during the Agreement term all necessary licenses, permits and certificates required by law for the provision of services under this Agreement.

H. Exclusivity. Administrator shall not enter into an agreement for services to administer a property assessed clean energy program with another joint powers authority or governmental agency that directly competes with the Program.

I. Green Attributes. Property owners or third party ownership leasing firms shall retain rights to any Federal Investment Tax Credit or State Incentives or Rebates related to renewable energy projects. Property owners or third party ownership leasing firms shall retain rights to all of the green attributes that result from projects financed through the Program, including but not limited to Carbon Credits, Renewable Energy Certificates, Green Tags, Tradable Renewable Certificates, Renewable Energy Credits and Green House Gas offsets (“Carbon Credits”).

### **3. Compensation.**

A. Compensation. As full compensation for Administrator's services provided under this Agreement, CSCDA shall pay Administrator as set forth in the Approved Fee Schedule, attached hereto as **Exhibit B**. Any terms in Exhibit B, other than the payment rates and schedule of payment, are null and void. Notwithstanding any provision in this agreement to the contrary, neither CSCDA nor the participating municipalities will have any obligation to pay any fees to the Administrator for, or to reimburse Administrator for, expenses incurred by Administrator in connection with, providing, or causing to be provided, the Services except as earned from administration of the Program as described in Exhibit B. Such fees will be the Administrator's sole compensation for providing, or causing to be provided, the Services.

B. Additional Services. CSCDA shall not allow any claims for additional services performed by Administrator, unless the CSCDA Commission and the Administrator Representative authorize the additional services in writing prior to Administrator's performance of the additional services or incurrence of additional expenses. Any additional services or expenses authorized by the CSCDA Commission shall be compensated at the rates set forth in **Exhibit B**, or, if not specified, at a rate mutually agreed to by the parties.

### **4. Audit of Records.**

Administrator shall make all records, invoices, time cards, cost control sheets and other records maintained by Administrator in connection with this agreement available during Administrator's regular working hours to CSCDA for review and audit by CSCDA.

**5. Ownership of Documents.** Upon completion of, or in the event of termination or suspension of this Agreement, all original documents, designs, drawings, maps, models, computer files containing data generated for the work, surveys, notes, and other documents prepared in the course of providing the services to be performed ("written products") pursuant to this Agreement shall become the sole property of the CSCDA without restriction or limitation upon its use and may be used, reused, disseminated or otherwise disposed of by the CSCDA without the permission of the Administrator. With respect to computer files containing data generated for the work, Administrator shall make available to the CSCDA, upon reasonable written request by the CSCDA, the necessary computer software and hardware for purposes of accessing, compiling, transferring and printing computer files. Administrator may take and retain copies of the written products as desired, but the written products shall not be the subject of a copyright application by Administrator.

### **6. Independent Contractor.**

A. Administrator is, and shall at all times remain as to CSCDA, a wholly independent contractor. The personnel performing the services under this Agreement on behalf of Administrator shall at all times be under Administrator's exclusive direction and control. Neither CSCDA nor any of its agents shall have control over the conduct of Administrator or any of Administrator's employees, except as set forth in this Agreement. Administrator shall not, at any

time, or in any manner, represent that it or any of its officers, agents or employees are in any manner employees of CSCDA.

B. No employee benefits shall be available to Administrator in connection with the performance of this Agreement. Except for the fees paid to Administrator as provided in the Agreement, CSCDA shall not pay salaries, wages, or other compensation to Administrator for performing services hereunder for CSCDA. CSCDA shall not be liable for compensation or indemnification to Administrator for injury or sickness arising out of performing services hereunder.

**7. Confidentiality.** The Administrator agrees to establish such systems and procedures as may be reasonable to maintain the confidentiality of non-public information relating to CSCDA and the Program which may be obtained by Administrator in connection with this Agreement; provided, however, that such information may be disclosed (i) as required by law or in connection with any legal proceeding, (ii) to governmental or regulatory authorities having jurisdiction over the Administrator (iii) to its legal counsel and auditors, (iv) if it has become publicly available other than as a result of a breach of this Section, (v) if such information was already in the possession of the Administrator prior to its becoming involved in this transaction, and (vi) to its affiliates and its and their existing and future investors and funding sources and to the relevant rating agencies.

**8. Conflicts of Interest.** Administrator and its officers, employees, associates and subcontractors, if any, shall comply with all conflict of interest statutes of the State of California applicable to Administrator's services under this Agreement, including the Political Reform Act (Gov. Code, § 81000 *et seq.*) and Government Code Section 1090. During the term of this Agreement, Administrator may perform similar services for other clients, but Administrator and its officers, employees, associates and subcontractors shall not, without the CSCDA Representative's prior written approval, perform work for another person or entity for whom Administrator is not currently performing work that would require Administrator or one of its officers, employees, associates or subcontractors to abstain from a decision under this Agreement pursuant to a conflict of interest statute. Administrator shall incorporate a clause substantially similar to this Section 8 into any subcontract that Administrator executes in connection with the performance of this Agreement.

**9. Indemnification.**

A. Indemnities for Third Party Claims. Administrator shall defend, indemnify, and hold harmless CSCDA, its officers, commissioners, employees, representatives, attorneys and agents (collectively, the "Indemnified Parties") from and against any and all actions, suits, proceedings, claims, demands, losses, damages, and liabilities (collectively, "Covered Losses") to which the Indemnified Parties, or any of them, may become subject under or any statutory law (including federal or state securities laws) or at common law or otherwise, arising out of this Agreement, including but not limited to:

1) Transactions contemplated by this Agreement, including but not limited to, any assessment contract originated or proposed to be originated by Administrator ("Covered



Assessment Contracts”), any property improved or proposed to be improved thereby (“Covered Property”), any owner of such property (“Covered Property Owners”), any improvements financed or proposed to be financed on such property (“Covered Improvements”), or any bonds or other financing, proposed or otherwise, in connection therewith (“Covered Financings”);

2) Negligence of Administrator or any of its licensees, agents, affiliates, contractors, vendors, servants, employees, owners, directors, representatives or consultants, including without limitation sales personnel and contractors selected, registered, or approved by Administrator to perform marketing and sales of the CSCDA Open PACE Program or to procure or install Improvements (the “Covered Parties”) in connection with the CSCDA Open PACE Program including but not limited negligence of a Covered Party in connection with the condition, environmental or otherwise, occupancy, use, possession, conduct or management of work done in, on or about, or from the planning, design, acquisition, installation or construction of, any Covered Improvements or Covered Property;

3) any lien or charge upon payments by Administrator to CSCDA, or any taxes (including, without limitation, all ad valorem taxes and sales taxes), assessments, impositions and other charges imposed on the Authority in respect of any portion of any Covered Improvements or Covered Property;

4) any violation of any laws, regulations or orders with respect to, or the release of any hazardous substances from, any Covered Property or Covered Improvements or any part thereof;

5) the refinancing, reissuance, defeasance, redemption or prepayment, in whole or in part, of any Covered Financing;

6) any untrue statement or misleading statement or alleged untrue statement or alleged misleading statement of a material fact contained in any offering statement or disclosure or continuing disclosure document for any Covered Financing or any of the documents relating to a Covered Financing, or any omission or alleged omission from any offering statement or disclosure or continuing disclosure document for a Covered Financing of any material fact necessary to be stated therein in order to make the statements made therein, in the light of the circumstances under which they were made, not misleading; or

7) the trustee’s acceptance or administration of the trust of any indenture or trust agreement in connection with a Covered Financing, or the exercise or performance of any of its powers or duties thereunder or under any of the documents relating to a Covered Financing to which it is a party; except to the extent such damages are caused by the willful misconduct of such Indemnified Party or are otherwise not permitted to be the subject of this indemnification as a matter of law. In the event that any claim, action or proceeding is brought against any Indemnified Party with respect to which indemnity may be sought hereunder, Administrator, upon written notice from the Indemnified Party, shall assume the investigation and defense thereof, including the employment of counsel selected by the Indemnified Party, and shall assume the payment of all expenses related thereto, with full power to litigate, compromise or settle the same in its sole discretion; provided that the Indemnified Party shall have the right to review and approve or

disapprove any such compromise or settlement. Each Indemnified Party shall have the right to employ separate counsel in any such action or proceeding and participate in the investigation and defense thereof, and Administrator shall pay the reasonable fees and expenses of such separate counsel; provided, however, that such Indemnified Party may only employ separate counsel at the expense of Administrator if in the judgment of such Indemnified Party a conflict of interest exists by reason of common representation or if all parties commonly represented do not agree as to the action (or inaction) of such counsel.

B. Independent Contractor Relationship. Administrator shall pay all required taxes on amounts paid to Administrator under this Agreement, and indemnify and hold CSCDA harmless from any and all taxes, assessments, penalties and interest asserted against CSCDA by reason of the independent contractor relationship created by this Agreement. Administrator shall fully comply with the workers' compensation law regarding Administrator and Administrator's employees. Administrator shall indemnify and hold CSCDA harmless from any failure of Administrator to comply with applicable workers' compensation laws. CSCDA may offset against the amount of any fees due to Administrator under this Agreement any amount due to CSCDA from Administrator as a result of Administrator's failure to promptly pay to CSCDA any reimbursement or indemnification arising under this Subparagraph A. 2).

C. Subcontractors. Administrator shall obtain executed indemnity agreements with provisions identical to those in this Section from each and every subcontractor or any other person or entity involved by, for, with or on behalf of Administrator in the performance of this Agreement. If Administrator fails to obtain such indemnity obligations, Administrator shall be fully responsible and indemnify, hold harmless and defend the Indemnitees from and against any and all Liabilities in law or equity, whether actual, alleged or threatened, which arise out of, are claimed to arise out of, pertain to, or relate to the acts or omissions of Administrator's subcontractor, its officers, agents, servants, employees, subcontractors, materialmen, contractors or their officers, agents, servants or employees (or any entity or individual that Administrator's subcontractor shall bear the legal liability thereof) in the performance of this Agreement, including the Indemnitees' active or passive negligence, except for Liabilities arising from the sole negligence or willful misconduct of the Indemnitees, as determined by final arbitration or court decision or by the agreement of the parties.

D. Workers' Compensation Acts not Limiting. Administrator's indemnifications and obligations under this Section, or any other provision of this Agreement, shall not be limited by the provisions of any workers' compensation act or similar act. Administrator expressly waives its statutory immunity under such statutes or laws as to CSCDA, its officers, agents, employees and volunteers.

E. Insurance Requirements not Limiting. CSCDA does not, and shall not, waive any rights that it may possess against Administrator because of the acceptance by CSCDA, or the deposit with CSCDA, of any insurance policy or certificate required pursuant to this Agreement. The indemnities in this Section 9 shall apply regardless of whether or not any insurance policies are determined to be applicable to the Liability, tax, assessment, penalty or interest asserted against CSCDA.

F. Survival of Terms. Administrator's indemnifications and obligations under this Section 9 shall survive the expiration or termination of this Agreement.

## **10. Insurance.**

A. Minimum Scope and Limits of Insurance. Administrator shall procure and at all times during the term of this Agreement carry, maintain, and keep in full force and effect, insurance as follows:

1) Commercial General Liability Insurance with a minimum limit of Two Million Dollars (\$2,000,000) per occurrence for bodily injury, personal injury and property damage and a general aggregate limit of Two Million Dollars (\$2,000,000) per project or location. If Administrator is a limited liability company, the commercial general liability coverage shall be amended so that Administrator and its managers, affiliates, employees, agents and other persons necessary or incidental to its operation are insureds.

2) Automobile Liability Insurance for any owned, non-owned or hired vehicle used in connection with the performance of this Agreement with a combined single limit of Two Million Dollars (\$2,000,000) per accident for bodily injury and property damage. If Administrator does not use any owned, non-owned or hired vehicles in the performance of services under this Agreement, Administrator shall obtain a non-owned auto endorsement to the Commercial General Liability policy required under Subparagraph A. 1) of this Section 10.

3) Workers' Compensation Insurance as required by the State of California and Employer's Liability Insurance with a minimum limit of One Million Dollars (\$1,000,000) per accident for bodily injury or disease. If Administrator has no employees while performing services under this Agreement, workers' compensation policy is not required, but Administrator shall provide an executed declaration that it has no employees.

4) Professional Liability Insurance or Errors and Omissions Insurance with minimum limits of Two Million Dollars (\$2,000,000) per claim and in aggregate.

B. Acceptability of Insurers. The insurance policies required under this Section 10 shall be issued by an insurer admitted to write insurance in the State of California with a rating of A:VII or better in the latest edition of the A.M. Best Insurance Rating Guide. Self insurance shall not be considered to comply with the insurance requirements under this Section 10.

C. Additional Insured. The commercial general and automobile liability policies shall contain an endorsement naming the CSCDA, its officers, employees, agents and volunteers as additional insureds.

D. Primary and Non-Contributing. The insurance policies required under this Section 10 shall apply on a primary non-contributing basis in relation to any other insurance or self-insurance available to CSCDA. Any insurance or self-insurance maintained by CSCDA, its officers, employees, agents or volunteers, shall be in excess of Administrator's insurance and shall not contribute with it.

E. Administrator's Waiver of Subrogation. The insurance policies required under this Section 10 shall not prohibit Administrator and Administrator's employees, agents or subcontractors from waiving the right of subrogation prior to a loss. Administrator hereby waives all rights of subrogation against CSCDA.

F. Deductibles and Self-Insured Retentions. Any deductibles or self-insured retentions must be approved by CSCDA. At CSCDA's option, Administrator shall either reduce or eliminate the deductibles or self-insured retentions with respect to CSCDA, or Administrator shall procure a bond guaranteeing payment of losses and expenses.

G. Cancellations or Modifications to Coverage. Administrator shall not cancel, reduce or otherwise modify the insurance policies required by this Section 10 during the term of this Agreement. The commercial general and automobile liability policies required under this Agreement shall be endorsed to state that should the issuing insurer cancel the policy before the expiration date, the issuing insurer will endeavor to mail thirty (30) calendar days' prior written notice to CSCDA. If any insurance policy required under this Section 10 is canceled or reduced in coverage or limits, Administrator shall, within two (2) business days of notice from the insurer, phone, fax or notify CSCDA via certified mail, return receipt requested, of the cancellation of or changes to the policy.

H. CSCDA Remedy for Noncompliance. If Administrator does not maintain the policies of insurance required under this Section 10 in full force and effect during the term of this Agreement, or in the event any of Administrator's policies do not comply with the requirements under this Section 10, CSCDA may either immediately terminate this Agreement or, if insurance is available at a reasonable cost, CSCDA may, but has no duty to, take out the necessary insurance and pay, at Administrator's expense, the premium thereon. Administrator shall promptly reimburse CSCDA for any premium paid by CSCDA or CSCDA may withhold amounts sufficient to pay the premiums from payments due to Administrator.

I. Evidence of Insurance. Prior to the performance of services under this Agreement, Administrator shall furnish CSCDA's Representative with a certificate or certificates of insurance and all original endorsements evidencing and effecting the coverages required under this Section 10. The endorsements are subject to CSCDA's approval. Administrator may provide complete, certified copies of all required insurance policies to CSCDA. Administrator shall maintain current endorsements on file with CSCDA's Representative. Administrator shall provide proof to CSCDA's Representative that insurance policies expiring during the term of this Agreement have been renewed or replaced with other policies providing at least the same coverage. Administrator shall furnish such proof at least two (2) weeks prior to the expiration of the coverages.

J. Indemnity Requirements not Limiting. Procurement of insurance by Administrator shall not be construed as a limitation of Administrator's liability or as full performance of Administrator's duty to indemnify CSCDA under Section 9 of this Agreement.

K. Subcontractor Insurance Requirements. Administrator shall require each of its subcontractors that perform services under this Agreement to maintain insurance coverage that meets all of the requirements of this Section 10.

## **11. Mutual Cooperation.**

A. CSCDA's Cooperation. CSCDA shall provide Administrator with all pertinent data, documents and other requested information as is reasonably available for Administrator's proper performance of the services required under this Agreement.

B. Administrator's Cooperation. In the event any claim or action is brought against the CSCDA relating to Administrator's performance or services rendered under this Agreement, Administrator shall render any reasonable assistance that CSCDA requires.

**12. Intellectual Property.** Administrator shall not obtain trademarks, copyrights or other intellectual property rights that contain or are reasonably likely to be confused with the California Statewide Communities Development Authority. CSCDA expressly acknowledges and agrees that any and all computer software and all source code thereof, developed by Administrator ("Proprietary Software") in performing the Services, including all intellectual property rights contained therein, is property of Administrator or its licensors.

Administrator acknowledges and agrees that all intellectual property rights to the name "CSCDA Open PACE Program" shall belong to CSCDA. Notwithstanding the foregoing, Administrator may market or brand its PACE product so long as any marketing materials acknowledge it is offered through or in association with the CSCDA Open PACE Program.

**13. Records and Inspections.** Administrator shall maintain full and accurate records with respect to all matters covered under this Agreement. Such records shall include, but not be limited to, a database of the financings under the Program including the property address, block and lot number, assessor's property number (APN), ownership information, original financing amount, annual assessment amount and related bond, and amortization schedules for each of the financings under the Program. Administrator shall, without charge, provide CSCDA with access to the records during normal business hours. CSCDA may examine and audit the records and make transcripts therefrom, and inspect all program data, documents, proceedings and activities.

**14. Reporting.** Administrator shall provide funding reports to CSCDA on a quarterly basis, or as mutually agreed between the CSCDA Representative and Administrator Representative, with such information as may be reasonably be requested by CSCDA.

## **15. Termination or Suspension of Agreement.**

A. Right to Terminate or Suspend. CSCDA may terminate or suspend this Agreement at any time, at will, for any reason or no reason, after giving written notice to the other Party at least one hundred and eighty (180) calendar days before the termination or suspension is to be effective. Administrator may terminate this Agreement at any time, at will, for any reason or no reason, after giving written notice to CSCDA at least one hundred eighty (180) calendar days before the termination is to be effective."

B. Obligations upon Termination. Administrator shall cease all work under this Agreement on or before the effective date of termination specified in the notice of termination. In the event of CSCDA's termination of this Agreement due to no fault or failure of performance by

Administrator, CSCDA shall pay Administrator based on the percentage of work satisfactorily performed up to the effective date of termination. In no event shall Administrator be entitled to receive more than the amount that would be paid to Administrator for the full performance of the services required by this Agreement.

**16. Force Majeure.** Administrator shall not be liable for any failure to perform its obligations under this Agreement if Administrator presents acceptable evidence, in CSCDA's sole judgment, that such failure was due to strikes, lockouts, labor disputes, embargoes, acts of God, inability to obtain labor or materials or reasonable substitutes for labor or materials, governmental restrictions, governmental regulations, governmental controls, judicial orders, enemy or hostile governmental action, civil commotion, fire or other casualty, or other causes beyond Administrator's reasonable control and not due to any act by Administrator.

**17. Notices.** Any notices, consents, requests, demands, bills, invoices, reports or other communications which either party may desire to give to the other party under this Agreement must be in writing and conclusively deemed effective: (a) on personal delivery, (b) on confirmed delivery by reputable document delivery service or courier service during Administrator's and CSCDA's regular business hours, or (c) five business days after deposit in the United States mail, by first class mail, postage prepaid, and addressed to the party to be notified as set forth below:

If to CSCDA:  
California Statewide Communities  
Development Authority

\_\_\_\_\_

Attn: \_\_\_\_\_

If to Administrator:

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

Attn: \_\_\_\_\_

**18. Non-Discrimination and Equal Employment Opportunity.** In the performance of this Agreement, Administrator shall not discriminate against any employee, subcontractor or applicant for employment because of race, color, religious creed, sex, gender, gender identity, gender expression, marital status, national origin, ancestry, age, physical disability, mental disability, medical condition, genetic information, sexual orientation or other basis prohibited by law. Administrator will take affirmative action to ensure that subcontractors and applicants are employed, and that employees are treated during employment, without regard to their race, color, religious creed, sex, gender, gender identity, gender expression, marital status, national origin, ancestry, age, physical disability, mental disability, medical condition, genetic information or sexual orientation.

**19. Subcontracting.** The Administrator shall not subcontract any portion of the work required by this Agreement without prior written approval of CSCDA, provided that Administrator shall remain primarily responsible for any work performed.

**20. Prohibition of Assignment and Delegation.** Administrator shall not assign any of its rights or delegate any of its duties under this Agreement, either in whole or in part, without CSCDA's prior written consent. CSCDA's consent to an assignment of rights under this Agreement shall not release Administrator from any of its obligations or alter any of its primary

obligations to be performed under this Agreement. Any attempted assignment or delegation in violation of this Section 20 shall be void and of no effect and shall entitle CSCDA to terminate this Agreement. As used in this Section 20, “assignment” and “delegation” means any sale, gift, pledge, hypothecation, encumbrance or other transfer of all or any portion of the rights, obligations, or liabilities in or arising from this Agreement to any person or entity, whether by operation of law or otherwise, and regardless of the legal form of the transaction in which the attempted transfer occurs.

**21. No Third Party Beneficiaries Intended.** Except as otherwise provided in Section 9, this Agreement is made solely for the benefit of the parties to this Agreement and their respective successors and assigns, and no other person or entity may have or acquire a right by virtue of this Agreement.

**22. No Recourse Against Constituent Members Of CSCDA.** CSCDA is organized as a Joint Powers Authority in accordance with the Joint Exercise of Powers Act of the State of California (Government Code Section 6500, et seq.) pursuant to the Joint Powers Agreement and is a public entity separate from its constituent members. CSCDA shall solely be responsible for all debts, obligations and liabilities accruing and arising out of this Agreement. Administrator shall have no rights and shall not make any claims, take any actions or assert any remedies against any of CSCDA’s constituent members in connection with this Agreement.

**23. Waiver.** No delay or omission to exercise any right, power or remedy accruing to CSCDA under this Agreement shall impair any right, power or remedy of CSCDA, nor shall it be construed as a waiver of, or consent to, any breach or default. No waiver of any breach, any failure of a condition, or any right or remedy under this Agreement shall be (1) effective unless it is in writing and signed by the party making the waiver, (2) deemed to be a waiver of, or consent to, any other breach, failure of a condition, or right or remedy, or (3) deemed to constitute a continuing waiver unless the writing expressly so states.

**24. Exhibits.** Exhibits A and B constitute a part of this Agreement and are incorporated into this Agreement by this reference. If any inconsistency exists or arises between a provision of this Agreement and a provision of any exhibit, the provisions of this Agreement shall control.

**25. Entire Agreement.** This Agreement and all exhibits referred to in this Agreement constitute the final, complete and exclusive statement of the terms of the agreement between the parties pertaining to the subject matter of this Agreement and supersede all other prior or contemporaneous oral or written understandings and agreements of the parties. No party has been induced to enter into this Agreement by, nor is any party relying on, any representation or warranty except those expressly set forth in this Agreement.

**26. Amendment of Agreement.** This Agreement may be amended only by a writing signed by both parties. The CSCDA Executive Director is authorized to sign an amendment to this Agreement on the CSCDA Commission’s behalf and without the CSCDA Commission’s prior approval to make the following non-substantive modifications to the Agreement: (a) name changes; (b) extensions of time; (c) non-monetary changes in the scope of work; and (d) termination of the Agreement.

**27. Headings.** The headings in this Agreement are included solely for convenience of reference and shall not affect the interpretation of any provision of this Agreement or any of the rights or obligations of the parties to this Agreement.

**28. Word Usage.** Unless the context clearly requires otherwise, (a) the words “shall,” “will” and “agrees” are mandatory and “may” is permissive; (b) “or” is not exclusive; and (c) “includes” or “including” are not limiting.

**29. Time of the Essence.** Time is of the essence in respect to all provisions of this Agreement that specify a time for performance; provided, however, that the foregoing shall not be construed to limit or deprive a party of the benefits of any grace or use period allowed in this Agreement.

**30. Governing Law and Choice of Forum.** This Agreement, and any dispute arising from the relationship between the parties to this Agreement, shall be governed by and construed in accordance with the laws of the State of California, except that any rule of construction to the effect that ambiguities are to be resolved against the drafting party shall not be applied in interpreting this Agreement. Any dispute that arises under or relates to this Agreement (whether contract, tort or both) shall be resolved in a municipal, superior or federal court with geographic jurisdiction over CSCDA.

**31. Attorneys’ Fees.** In any litigation or other proceeding by which on party seeks to enforce its rights under this Agreement (whether in contract, tort or both) or seeks a declaration of any rights or obligations under this Agreement, the prevailing party shall be awarded reasonable attorneys’ fees together with any costs and expenses, to resolve the dispute and to enforce the final judgment.

**32. Severability.** If a court of competent jurisdiction holds any provision of this Agreement to be illegal, invalid or unenforceable for any reason, the validity of and enforceability of the remaining provisions of this Agreement shall not be affected and continue in full force and effect.

**29. Authority to Execute Agreement.** The person or persons executing this Agreement on behalf of Administrator warrants and represents that he or she has the authority to execute this Agreement on behalf of the Administrator and has the authority to bind Administrator to the performance of its obligations hereunder.



The parties, through their duly authorized representatives, are signing this Agreement on the date stated in the introductory clause.

CSCDA:

CSCDA,  
a California joint powers authority

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

ATTEST:

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

APPROVED AS TO FORM:

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

Administrator:

[Administrator's Legal Name],  
a [Legal Form of Entity]

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

*(Two signatures of corporate officers required for corporations under Corporations Code Section 313, unless corporate documents authorize only one person to sign this Agreement on behalf of the corporation.)*

## **EXHIBIT A**

### **SCOPE OF SERVICE**

The scope of work for the Administrator is outlined below.

**A. Document and Process Development**

- a. Development of program reports, program handbook, application and all process-related materials.

**B. Coordination of Local Governments**

- a. Recruitment, support and management of local government activities to opt into the program.
- b. Reply to local government inquiries received from staff of participating or interested cities and counties, and provide updates on program activities (such as number of application from within a participating region or status of program formation in interested regions.).
- c. Cooperation with other Open PACE Administrators for recruitment, support and management of local government.

**C. Marketing and Outreach**

- a. Development of marketing materials such as FAQs, flyers, brochures and digital media.
- b. Development and maintenance of Administrator's website that will be linked to the CSCDA Open PACE website.
- c. Outreach to program stakeholders such as property owners and bond investors.
- d. Education of property owners and other stakeholders through creation of a program website, which includes information on the program, financing terms and other details, and approved improvements.

**D. Application Processing**

- a. The Administrator will develop, implement and administer systems that:
  - i. Processes applications and funding requests.
  - ii. Provides loan repayment projections and bond debt service schedules.
  - iii. Provides real-time reports on the number of projects financed and total amount financed through the program.
- b. Approve or deny applications based on eligibility requirements.

- c. Manage projects through reservation and installation period, including expiration and/or cancelation of applications.
  - d. Manage funding request documents including but not limited to final permit inspection certificate, final contractor invoice, and mechanic's lien release for review and approval.
  - e. Coordinate program team for disbursement of bond proceeds throughout installation period.
- E. Quality Assurance**
  - a. Create and implement a quality assurance protocol to ensure projects meet program requirements. .
- F. Bond Document Coordination**
  - a. Intake of property owner-signed bond documents.
  - b. Generate amortization schedule.
  - c. Coordination with program team on lien recordation and bond closing documents.
- G. Customer Service**
  - a. Provide website, email and phone support for interested property owners and stakeholders.
  - b. Respond to emails and phone calls within 1 business day.
  - c. Address and manage stakeholder issues associated with participation in the program in consultation with CSCDA staff.
- H. Reporting**
  - a. Tracking and reporting to CSCDA of program progress such as applications received, executed assessment contracts, environmental benefits and participating local government participation.
  - b.
- I. Team Coordination**
  - a. Oversight and facilitation of program team including CSCDA, Bond Counsel, Issuer's Counsel, Tax Administrator and Fund Trustee
  - b. Coordination of intra-team processes such as bond closing and tax roll preparation.
  - c. Review county records on each January 31<sup>st</sup> and March 31<sup>st</sup> to determine delinquencies.
  - d. Begin delinquency control process including the commencement of the foreclosure of defaulting properties in consultation with CSCDA staff.

**EXHIBIT B**  
**FEE SCHEDULE**

**FEE SCHEDULE**

The Administrator will be paid a Fee computed as the amount of charges that the Administrator imposes on a property owner for each assessment contract that is funded, less an amount paid to the Authority based on the following schedule (expressed as a percentage of the project costs financed by the assessment contract):

At issuance of the Bond: 0.75%\*

Alternatively, if an assignment structure is used at origination:  
At initial assignment of the assessment, 0.25%; and at issuance thereafter of a Bond secured by such assessment, 0.50% with a minimum of \$10,000 and a maximum of \$250,000\*

\*Subject to change by resolution of CSCDA Commission.



## **SPECIAL MEETING AGENDA**

**May 2, 2019**

**2:15 p.m. or upon adjournment of the Regular CSCDA Meeting**

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

Telephonic Locations:

County of Solano  
675 Texas Street, Fairfield, CA 94533

County of Kern  
1115 Truxton Avenue, Bakersfield, CA 93301

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

3252 Southern Hills Drive  
Fairfield, CA 94534

77 De Silva Island Drive  
Mill Valley, CA 94941

709 Portwalk Place  
Redwood City, CA 94061

City of Lafayette  
3675 Mt. Diablo Blvd., Suite 210  
Lafayette, CA 94549

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

1. Roll Call.

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

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

2. Consent Calendar.

3. Public Comment.

4. Adjourn.

**NEXT MEETING:** Thursday, May 16, 2019 at 2:00 p.m.  
California State Association of Counties  
1100 K Street, 1st Floor, Sacramento, CA 95814

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

**CALIFORNIA STATEWIDE COMMUNITIES DEVELOPMENT AUTHORITY**

**CONSENT CALENDAR**

1. Inducement of Pine View Preservation LP (Pine View Apartments), unincorporated County of San Diego; issue up to \$20 million in multi-family housing revenue bonds.

May 2, 2019

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

**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 May 2, 2019.

The undersigned, an Authorized Signatory of the California Statewide Communities Development Authority, DOES HEREBY CERTIFY that the foregoing resolution was duly adopted by the Commission of said Authority at a duly called special meeting of the Commission of said Authority held in accordance with law on May 2, 2019.

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

**EXHIBIT A**

<b>Project Name</b>	<b>Project Location</b>	<b>Project Description (units)</b>	<b>New Construction/ Acquisition and Rehabilitation</b>	<b>Legal Name of initial owner/operator</b>	<b>Bond Amount</b>
Pine View Apartments	unincorporated County of San Diego	101	Acquisition and Rehabilitation	Pine View Preservation LP	\$20,000,000