



**CSCDA**  
CALIFORNIA STATEWIDE COMMUNITIES  
DEVELOPMENT AUTHORITY



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

**May 29, 2014**

**2:00 p.m.**

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

27788 Hidden Trail Road  
Laguna Hills, CA 92653

12715 Lookout Circle  
Nevada City, CA 95959

247 Electric St.  
Auburn, CA 95603

3252 Southern Hills Drive  
Fairfield, CA 94534

Yuba County  
915 8<sup>th</sup> Street, Suite 103  
Marysville, CA 95901

County of Monterey  
168 West Alisal Street  
Salinas, CA 93901

- I. Call the Roll (alternates designate which member they are representing).
- II. Consideration of the Minutes of the May 22, 2014 Regular Meeting.
- III. Staff Updates.
- IV. Consideration of the Consent Calendar
- V. Presentation by G.H. Palmer Associates and staff on the preliminary consideration of whether CSCDA should proceed with the preparation of documentation for the acquisition of a student housing facility in the City of Los Angeles.

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

- VI. Presentation by Meyers Nave and staff on the preliminary consideration of whether CSCDA should proceed with the preparation of documentation for the acquisition of an outpatient services building in the City of Citrus Heights.
- VII. Consideration of Wilmington Trust, N.A. as successor Trustee to the Bank of New York Mellon Trust Company, N.A. on behalf of the CSCDA Sunrise of Danville Series 2000 A and Series 2000 A-T bonds. (Staff: Caitlin Lanctot)
- VIII. Public Comment
- IX. Adjourn



**CALIFORNIA STATEWIDE COMMUNITIES DEVELOPMENT AUTHORITY  
CONSENT CALENDAR**

1. Consent Calendar:
  - a. Wells Fargo Corporate Trust Services Invoice #1075154 for \$3,500.00 for trustee fees related to the 2006 CSCDA CRA/ERAF Program.

Thursday, May 29, 2014

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

## Item II

Consideration of the Minutes of the May 22, 2014 Regular Meeting.

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

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

May 22, 2014

**MINUTES**

Commissioner Terry Schutten, sitting in for Chair Larry Combs, called the meeting to order at 10:02 am.

**I. Roll Call**

Commission members present: Terry Schutten, and Dan Harrison. Dan Mierzwa, alternate Commissioner Ron Holly, representing Tim Snellings, and alternate commissioner Brian Moura, representing Irwin Bornstein also participated by conference telephone.

CSCDA Executive Director, Catherine Bando was also present.

Others present included: Perry Stottlemeyer, Norman Coppinger and Chris McKenzie, League of California Cities; Caitlin Lanctot and Scott Carper, HB Capital; Laura Labanieh Campbell and Nancy Parrish, CSAC Finance Committee; Mark Paxson, State Treasurer's Office; and Cliff Staton and Mimi Frusha, Renewable Funding. Mike LaPierre, HB Capital; Greg Stepanicich, Richards Watson & Gershon; Josh Anzel, Jones Hall, participated by conference telephone.

**II. Approval of minutes—May 8, 2014**

The commission approved the minutes for the regular meeting held May 8, 2014.

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

**III. Staff Updates**

Special meeting requested for next Thursday, May 29 at 10:00 am, to hear from possibly two developers.

Item V. b. is being pulled from today's agenda and will be considered at a future meeting.

Also, one item on the consent calendar, Uptown Newport II, is being reduced from \$110 million to \$100 million.

**IV. Approval of Consent Calendar**

1. Approve the following invoices for payment:
  - a. David Taussig & Associates invoice #1403160

- b. David Taussig & Associates invoice #1403023
- c. Orrick Herrington & Sutcliffe invoice #1473772

2. Induce the following projects:

- a. Preservation Vista Park Chino II, LP (Vista Park Chino Apartments), City of Chino, County of San Bernardino; issue up to \$8 million in multi-family housing debt obligations.
- b. New Zion Manor, LP (New Zion Apartments), City of San Bernardino, County of San Bernardino; issue up to \$12 million in multi-family housing debt obligations.
- c. TPG/TSG Venture I Acquisition, LLC (Uptown Newport I), City of Newport Beach, County of Orange; issue up to \$92 million in multi-family housing debt obligations.
- d. TPG/TSG Venture I Acquisition, LLC (Uptown Newport II), City of Newport Beach, County of Orange; issue up to \$100 million in multi-family housing debt obligations.
- e. Park Kingsmore Senior Apartments, LP (Park Kingsmore Apartments), City of Los Angeles, County of Los Angeles; issue up to \$50 million in multi-family housing debt obligations.

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

**V. Approve the financing, all necessary actions, the execution and delivery of all necessary documents and authorize any member to sign all necessary financing documents for the following:**

- a. Heritage II (Heritage II Apartments), unincorporated County of Santa Barbara; issue up to \$10 million in multi-family housing revenue bonds.

Motion to approve staff recommendation by Holly; second by Mierzwa; unanimously approved by roll-call vote.

- b. LIH Liberty Village, LP (Liberty Village Apartments), City of Richmond, County of Contra Costa; up to \$12.25 million in multi-family housing revenue bonds.

Pulled from agenda until subsequent meeting.

- c. Retirement Housing Foundation (RHF), City of Long Beach, County of Los Angeles, City of Placerville, County of El Dorado, City of Lancaster, County of Los Angeles, and Sun City, County of Riverside; up to \$45 million 501(c)(3) nonprofit revenue bonds, which will be refunding CSCDA variable rate demand refunding bonds, 2008 series..

Motion to approve staff recommendation by Harrison; second by Mierzwa; unanimously approved by roll-call vote.

## **VI. Consideration of resolution approving modifications to the CaliforniaFIRST program policies and approving conforming modifications to the program report.**

The CaliforniaFIRST residential PACE financing program is scheduled to launch in Alameda County next week, and across the state in late summer 2014. Significant updates to the Program Report include: (i) identification of program fees associated with participation in the California Alternative Energy and Advanced Transportation Finance Authority (CAEATFA) PACE Loss Reserve program; (ii) removal of the requirement for lender notification of residential financing; and (iii) revisions to the Agreement to Pay Assessment and Finance Improvements.

Additionally, the resolution requests the Commission to approve a fee schedule for the partners participating in the CaliforniaFIRST program that is on file with the Secretary, and copies were distributed to Commissioners.

Mimi Frusha, Renewable Funding, explained that due to the timing of the rollout, it's expected a few properties will make the tax roll this year, but the majority will occur after the current tax roll, so no principal payment will be made for a year.

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

## **VII. Consideration of resolution authorizing issuance of limited obligation improvement bonds not to exceed \$50 million for the CaliforniaFIRST program.**

Staff requests the Commission approve the Master and Supplemental indenture documents to support financing under the CaliforniaFIRST program. The initial aggregate principal amount of the indentures is not to exceed \$50 million. Additional resolutions may be approved quarterly, or on an as-needed basis to extend the financing amount.

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

## **VIII. Consideration of a deposit and reimbursement agreement for proposed Community Facilities District No. 2014-01(Bakersfield Rio Bravo).**

The deposit and reimbursement agreement provides the means by which each individual developer seeking formation of an assessment district or community facilities district, will provide a deposit to pay the initial costs of formation, including engineer's reports, appraisals and legal fees, that will ultimately be reimbursed from the proceeds of a bond sale for the newly formed district. The adoption and execution of the deposit and reimbursement agreement does not obligate the Authority to form districts, but does obligate the Authority to take reasonable action toward formation.

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

## **IX. Public Comment.**

None.

## **X. Adjournment.**

Commissioner Terry Schutten adjourned the meeting at 10:28 am.

Submitted by: Perry Stottlemeyer, League of California Cities staff

*The next regular meeting of the commission is scheduled for  
**Thursday, June 12, at 10:00 a.m.**  
in the League's office at 1400 K Street, Sacramento, California.*



Item IV.

Approve Consent Calendar

1. Approve the following invoice for payment:
  - a. Wells Fargo Corporate Trust Services Invoice #1075154 for \$3,500.00 for trustee fees related to the 2006 CSCDA CRA / ERAF Program.

# Fee Invoice

## Corporate Trust Services

**WELLS  
FARGO**

|  |                                   |                               |  |
|--|-----------------------------------|-------------------------------|--|
| <b>Invoice Number</b><br>1075154   | <b>Billing Date</b><br>05/09/2014 | <b>Due Date</b><br>06/08/2014 | <b>Amount Due</b><br><b>\$3,500.00</b><br><i>Please mail or wire payment to:</i>   |
| <div>CSCDA<br/>Luis Castro<br/>2999 Oak Road<br/>Suite 710<br/><br/>Walnut Creek, CA 94597</div> |                                   |                               | <b>Mailing Address:</b><br>Wells Fargo Bank<br>WF 8113<br>P.O. Box 1450<br>Minneapolis, MN 55485-8113                                    |
|  |                                   |                               | <b>Wire Instructions:</b><br>ABA #: 121000248<br>DDA #: 1000031565<br>Swift Code: WFBIUS6S<br>Reference: Invoice #, Acct Name, Attn Name |
|  |                                   |                               | <b>ACH Instructions:</b><br>ABA #: 091000019<br>DDA #: 1000031565<br>Memo: Invoice #, Account Name, Attn Name                            |
|  |                                   |                               | <i>Please return this portion of the statement with your payment in the envelope provided:</i>   |
| <i>Please retain this portion for your records</i>   |                                   |                               |  |

Account Number: 20124300

CSCDA CRA/ERAF Program 2006

Administration Charges

For the Period 05/03/2014 through 05/02/2015

Trustee Fee

\$3,500.00

**Total Amount Due:****\$3,500.00***Billings past due are subject to an 18% annual finance charge of the balance due.*

## Item V

Presentation by G.H. Palmer Associates and staff on the preliminary consideration of whether CSCDA should proceed with the preparation of documentation for the acquisition of a student housing facility in the City of Los Angeles.

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## SUMMARY AND APPROVALS

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|--------------------------|--|
| <b>PURPOSE:</b>          | PRELIMINARY CONSIDERATION OF WHETHER CSCDA SHOULD PROCEED WITH THE PREPARATION OF DOCUMENTATION FOR THE ACQUISITION OF A STUDENT HOUSING FACILITY IN THE CITY OF LOS ANGELES |
| <b>PRIMARY ACTIVITY:</b> | STUDENT HOUSING  |
| <b>LEGAL STRUCTURE:</b>  | P3 ASSET OWNERSHIP   |
| <b>REVIEW DATE:</b>      | MAY 29, 2014   |

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### **Background:**

CSCDA staff has been in discussions with representatives of G.H. Palmer Associates (the “Developer”) about a possible acquisition of a student housing facility known as the Lorenzo (the “Project”) near the University of Southern California campus in Los Angeles, CA. The proposed acquisition by the CSCDA would be similar to the financing and acquisition of a student housing project at San Diego State University which led to the CSCDA’s adoption of its Ownership (P3) Structure policy on May 8, 2014. The Project acquisition is estimated to be in the \$700 million to \$800 million range.

### **Discussion:**

The Project is a mixed use development consisting of approximately 1,050 multifamily housing residential units, health and wellness center, ancillary common areas, recreational amenities, and retail / commercial space in a total project floor area of approximately 1.4 million square feet. The Project opened on June 1, 2013, and today is at approximately 41% leased up, predominantly to students that attend the University of Southern California and surrounding universities / colleges.

As a condition for gaining land use entitlements and permits to develop the Project, the Developer worked closely with City of Los Angeles and a host of coalition organizations (see Attachment A) to develop a community benefits program memorialized in a Cooperation Agreement to maximize the Project’s benefits to the South Los Angeles community. The Community Benefits Program (see Attachment B) details the numerous community benefits agreed to by the Developer that would need to be assumed by CSCDA should it proceed with the Project ownership. Among other things, these community benefits include:

- Development of a Health and Wellness Center dedicated to health care, improving nutrition, wellness, health awareness and education, and fitness solely for low-income and indigent families and individuals in South Los Angeles.
- Set aside of five (5%) percent (approx. 46 units) of the Project’s units to individuals or families earning at or below 50% of the area median income.
- Employment of local low-income and at-risk job applicants to facilitate the Project construction in accordance with the City’s Living Wage Ordinance.

- Permanent employment opportunities for local low-income job applicants for which 60% of the permanent jobs meet the City's Living Wage Ordinance
- Promotion of small business development by way of the Developer's contribution of \$300,000 to a Community Benefits Fund to be used as a revolving loan fund for small business in South Los Angeles.
- Improvement of transit oriented development by way of the Developer's contribution of \$200,000 to the Community Benefits Fund to improve transit oriented designs and create smart growth projects in South Los Angeles.

The proposed acquisition by CSCDA of the Project will assist in the continued provision of these community benefits and will facilitate the Lorenzo to satisfy the local universities' needs to provide high quality additional housing to fulfill their respective educational missions. The project can continue to be committed exclusively for student housing with this ownership structure in place, primarily for USC but also for Loyola, St. Mary's, Pepperdine, Occidental, Los Angeles City College, UCLA, and other surrounding campuses.

#### **Approvals:**

Based on the preliminary public benefit findings of the proposed acquisition of a student housing facility in the City of Los Angeles, the CSCDA Commission shall authorize the preparation of project documentation in accordance with the CSCDA Ownership (P3) Structure Policy subject to further review and consideration by the Commission.

## **Attachment A**

The list of community groups and nonprofits that are party to the Cooperation Agreement include:

- Coalition for Responsible Community Development, a California [nonprofit] corporation;
- Community Development Technology Center, a California nonprofit corporation;
- Esperanza Community Housing Corporation ("Esperanza"), a California [nonprofit] corporation;
- Tenemos que Reclamar y Unidos Salvar La Tierra-South LA ("T.R.U.S.T. South LA"), a California nonprofit corporation;
- Natural Resources Defense Council, Inc., a New York nonprofit corporation;
- Playa Vista Job Opportunities and Business Services, a California non-profit corporation;
- Strategic Actions for a Just Economy ("SAJE");
- St. Francis Center, a California non-profit corporation;
- St. John's Well Child & Family Center, Inc., a California non-profit corporation;
- United University Church, a California [nonprofit] corporation; and
- Vermont Village Community Development Corporation, a California [nonprofit] corporation.

## **Attachment B**

Community Benefits Program – Lorenzo Project

Lorenzo: Community Benefits Program Framework  
02/09/11

| Issue   | Amount/Obligation   | Timing   |
|---|---|--|
| <p>1. Health and Wellness Center (§ III, pp. 26-29)</p> | <ul style="list-style-type: none"> <li>Center: 7,500 s.f. on-site wellness center on 23<sup>rd</sup> St., rent free for 20 years (§§ III.B, B(1) (est'd value ≈ \$4.5M over 20 years)               <ul style="list-style-type: none"> <li>Palmer and Coalition to agree on initial and future Center Operators during 20-year term (§§ III.B, B(2), pp. 26-27)</li> <li>Operator must enter lease (§ III.B, p. 27)</li> <li>Operator responsible for utilities (§ III.B(1), p. 27)</li> <li>Operator then Coalition have first rights to negotiate new lease under market terms after 20 years (§§ III.B(2),(3), p. 27)</li> <li>If Center is vacant for two years during 20-year term, Palmer may find a new tenant at sole discretion (§ III.B(2), p. 27)</li> </ul> </li> <li>Design: Palmer to make architect available and pay for design of TIs and preparation of plans; Palmer and St. John's to mutually agree on design/plans (§ III.B(4), p. 28)</li> <li>Construction: Palmer to construct TIs at reasonable level of quality for clinics serving at-risk populations (§ III.B(5), p. 28)</li> <li>Payments: \$2,103,000 in operating support, equipment, and supplies (§ III.C, p. 29)</li> </ul> | <ul style="list-style-type: none"> <li>TI (est'd cost to Palmer ≈ \$75/sq. ft (\$562,000) + architect fees (§§ III.B(4),(5), p. 28.)               <ul style="list-style-type: none"> <li>TIs to be complete before any residential or retail tenant occupancy (§ III.B(5), p. 28.)</li> </ul> </li> <li>Rent free for 20 years (§ III.B(1), p. 27)</li> <li>Plus, \$2,103,000 in operating support, supplies, and equipment (§ III.C, p. 29), paid thus:               <ul style="list-style-type: none"> <li>\$220,000 for medical supplies three (3) months before any retail or residential tenant occupancy (§ III.C(1), p. 29)</li> <li>\$365,000 for medical equipment three (3) months before any retail or residential tenant occupancy (§ III.C(2), p. 29)</li> <li>\$649,000 for operations two (2) weeks before any retail or residential tenant occupancy (§ III.C(1), p. 29)</li> <li>\$869,000 for operations one (1) year after \$649,000 payment (§ III.C(1), p. 29)</li> </ul> </li> </ul> |
| <p>2. Health Promoters (§ III.D, p. 29)</p>             | <ul style="list-style-type: none"> <li>Payment: \$160,000 for Community Health Promoters (Esperanza program) (§ III.D, p. 29)</li> </ul>  | <ul style="list-style-type: none"> <li>\$160,000 six (6) months before any retail or residential tenant occupancy (§ III.D, p. 29)</li> </ul>  |
| <p>3. Affordable Housing (§ IV, pp. 29-32)</p>          | <ul style="list-style-type: none"> <li>Leasing: 5% on-site Very Low (§ IV.C, p. 30)               <ul style="list-style-type: none"> <li>Dispersed throughout project and in comparable size and bedroom mix to market units (§ IV.C(1), p. 30)</li> <li>Operated in compliance with City and LAHD requirements (§ IV.C(1), p. 30)</li> <li>Covenants must be recorded restricting units for 30 years (§ IV.C(6), p. 31)</li> </ul> </li> </ul>   | <ul style="list-style-type: none"> <li>\$40,000 for oversight six (6) months before Cofo for any residential uses (§ IV.C(7), p. 32)               <ul style="list-style-type: none"> <li>Documents sent to compliance reviewer when sent to LAHD (§ IV.C(7), p. 32)</li> </ul> </li> <li>Coordination with Coalition designee prior to initial lease-up and when affordable units become vacant (§§ IV.C(3),(4), p. 31)</li> </ul>  |



| Issue   | Amount / Obligation   | Fining  |
|---|---|---|
|   | <ul style="list-style-type: none"> <li>Priority to tenants working/living in LA (§ IV.C(5), p. 31)</li> <li>Palmer must apply additional eligibility criteria to students (for details, see § IV.C(2), pp. 30-31)</li> <li>Palmer must coordinate with Coalition designee prior to lease-up and upon unit vacancies for tenant referrals (for details, see §§ IV.C(3),(4), p. 31)</li> <li><u>Oversight</u>: \$40,000 for compliance oversight of on-site affordable (§ IV.C(7), p. 32) <ul style="list-style-type: none"> <li>Palmer must provide designated reviewer with all LAHD documentation at the time it is provided to LAHD (§ IV.C(7), p. 32)</li> </ul> </li> <li><u>Additional Payments</u>: \$1,050,000 for affordable housing trust fund (§ IV.B, p. 30)</li> </ul>  | <ul style="list-style-type: none"> <li>Plus, \$1,050,000 to affordable housing trust fund (§ IV.B, p. 30), thus: <ul style="list-style-type: none"> <li>\$500,000 at residential building permit (§ IV.B(1), p. 30)</li> <li>\$550,000 one (1) year after first payment (§ IV.B(1), p. 30)</li> </ul> </li> </ul>   |
| <b>4. Construction Jobs</b><br>(§ V, pp. 32-36) | <ul style="list-style-type: none"> <li><u>Jobs Program</u>: 30% local hiring goal (§ V.D(1), p. 33) <ul style="list-style-type: none"> <li>Incl. 10% at-risk hiring goal (at least 8% must be referred by Jobs Coordinator), with priority to residents within 3 miles of Project site (§§ V.D(2),(4), p. 33)</li> <li>Measured in total hours worked (§§ V.D(1),(2), p. 33)</li> <li>Best efforts standard for compliance (§§ V.D(1),(2), p. 33)</li> <li>Enforceable on on-site contractors (§§ V.D(1),(2), p. 33)</li> <li>Workers hired to meet goals must receive at least a Living Wage (§ V.D(6), p. 34)</li> </ul> </li> <li><u>Monitoring and Compliance</u>: Detailed notification, reporting and record keeping procedures for compliance (for details see §§ V.D(3),(5) and (7), pp. 33-34; § V.F, pp. 34-35) <ul style="list-style-type: none"> <li>Damages for Non-Compliance = \$168 (\$21 per hour) for each work-day (i.e., 8 hours of work for one employee) where performance falls short of goals (§ V.F(4), p. 36)</li> </ul> </li> <li><u>Payments</u>: <ul style="list-style-type: none"> <li>\$60,000 for coordination, training (§ V.B, p. 32)</li> <li>\$40,000 for third party oversight (§ V.C, p. 32)</li> </ul> </li> </ul> | <ul style="list-style-type: none"> <li>Notification, reporting and record keeping during construction (for details see §§ V.D(3),(5) and (7), pp. 33-34; § V.F, pp. 34-35)</li> <li>\$60,000 for coordination/training at residential building permit issuance (§ V.B, p. 32)</li> <li>\$40,000 for oversight at residential building permit issuance (§ V.C, p. 32)</li> </ul> |

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| Issue   | Amount / Obligation  | Timing   |
|---|--|--|
| <p><b>5. Permanent Jobs</b><br/>(\$ VI, pp. 36-41)</p>          | <ul style="list-style-type: none"> <li>Local Hiring Goal: 40% local worker goal for entire Project (incl. residential, retail and health center) (§ VILC(1), p. 36)               <ul style="list-style-type: none"> <li>Best efforts standard for compliance (§ VILC(1), p. 36)</li> <li>Notification requirements when jobs become available to receive referrals (applies only to companies with 15 or more employees) (for details see §§ VILC(2)(a),(b), p. 37)</li> <li>Exclusive hiring of local workers during three weeks following notification of job opportunities before initial operations and for five days following notification of future job opportunities (unless goal is met) (applies only to companies with 15 or more employees) (§ VILC(2)(c), p. 37)</li> <li>Quarterly reporting (incl. info. from tenants) during first year of operations, annually thereafter (§ VILC(2)(e), p. 38)</li> </ul> </li> <li>Living Wage Requirement: 60% living wage guarantee for entire Project applicable to companies with 15+ employees (incl. residential, retail and health center) (§ VLD, pp. 39-40)</li> <li>Detailed annual reporting (§ VLD(c), pp. 39-40)</li> <li>Compliance:               <ul style="list-style-type: none"> <li>Local Hiring: If Palmer is not in good-faith compliance in any year, must pay \$21 per hour for each hour short of goal (for details see § VLE(a), p. 40)</li> <li>Living Wage: If Palmer is not in compliance (based on average over five years), must pay \$21 per hour for each hour short of requirement during five year period (for details, see § VLE(b), pp. 40-41)</li> </ul> </li> <li>Payments: \$300,000 for job training, referral services, monitoring and enforcement (§ VLB, p. 36)</li> </ul> | <ul style="list-style-type: none"> <li>Local Hiring Goal and Living Wage Requirement during operations (including notification and reporting) (§§ VILC(1),(2), pp. 37-38; VLD, pp. 39-40)</li> <li>Plus, \$300,000 for job training, referral services, monitoring and enforcement (§ VLB, p. 36), thus:               <ul style="list-style-type: none"> <li>\$200,000 six (6) months before any retail or residential tenant occupancy (§ VLB(1), p. 36)</li> <li>\$100,000 at CofO for residential or retail (§ VLB(1), p. 36)</li> </ul> </li> </ul> |
| <p><b>6. Small Business Support</b><br/>(\$ VII, pp. 41-42)</p> | <ul style="list-style-type: none"> <li>Retail Space: 10% of retail space set aside for 10 years for local small businesses (privately owned by local residents, less than \$300,000/year, less than 15 employees, not affiliated with national or corporate chain) (§ VILC, p. 41)</li> </ul>  | <ul style="list-style-type: none"> <li>Retail set-aside for 10 years (§ VILC, p. 41)</li> <li>Rent subsidy for 10 years (§ VILC, p. 41)</li> <li>Detailed reporting obligations for 10 years (§ VILE, p. 42)</li> </ul>  |

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| Issue  | Amount / Obligation   | Timing  |
|--|---|---|
|  | <ul style="list-style-type: none"> <li>o Rent subsidy for local small businesses (decreases from 50% to 10% of market value over time) (for details see § VII.C, p. 41)</li> <li>• <u>Monitoring</u>: Annual reporting once operations commence (§ VII.E, p. 42)</li> <li>• <u>Payments</u>: \$300,000 for small business loans (§ VII.B, p. 41)</li> </ul>   | <ul style="list-style-type: none"> <li>• Plus, \$300,000 for small business loan fund (§ VII.B, p. 41), thus: <ul style="list-style-type: none"> <li>o \$200,000 six (6) months before any retail or residential tenant occupancy (§ VII.B(1), p. 41)</li> <li>o \$100,000 at CoFo for residential or retail (§ VII.B(1), p. 41)</li> </ul> </li> </ul> |
| 7. TOD Planning (§ VIII, pp. 42)                     | <ul style="list-style-type: none"> <li>• <u>Payments</u>: \$200,000 for TOD planning fund (§ VIII.B, p. 42)</li> </ul>  | <ul style="list-style-type: none"> <li>• \$200,000 for TOD planning fund (§ VIII.B, p. 42), thus: <ul style="list-style-type: none"> <li>o \$100,000 at residential building permit issuance (§ VIII.B(1), p. 42)</li> <li>o \$100,000 at CoFo for residential or retail (§ VIII.B(1), p. 42)</li> </ul> </li> </ul>                                    |
| 8. Legal Fees (Cooperation Agreement ¶ 11, p. 11)    | <ul style="list-style-type: none"> <li>• <u>Payments</u>: \$200,000 for legal fees (Cooperation Agreement ¶ 11, p. 11)</li> </ul>   | <ul style="list-style-type: none"> <li>• \$200,000 for legal fees 90 days following issuance of discretionary Project Approvals enabling Palmer to obtain building permits for Site A (Cooperation Agreement ¶ 11, p. 11)</li> </ul>  |
| 9. Reporting (Cooperation Agreement ¶ 10, p. 11)     | <ul style="list-style-type: none"> <li>• <u>Reporting</u>: Palmer to provide Coalition designee with reports on compliance with Cooperation Agreement <ul style="list-style-type: none"> <li>o Quarterly reports starting three (3) months after commencement of construction on Site A and continuing for one (1) year after first CoFo for residential or retail (Cooperation Agreement ¶ 10, p. 11)</li> <li>o Annual reporting starting twelve (12) months after last quarterly report (Cooperation Agreement ¶ 10, p. 11)</li> </ul> </li> </ul> | <ul style="list-style-type: none"> <li>• Term of settlement agreement</li> </ul>  |
| 10. Enforcement (Cooperation Agreement ¶ 7, pp. 7-8) | <ul style="list-style-type: none"> <li>• Contract rights (Cooperation Agreement ¶ 7(c),(d), pp. 7-8)</li> <li>• Damages/specific performance (Cooperation Agreement ¶ 7(c),(d), pp. 7-8)</li> <li>• ADR process (Cooperation Agreement ¶ 7(b), p. 7)</li> <li>• Legal fees to opponents if prevail (Cooperation Agreement ¶ 7(c),(d), pp. 7-8)</li> </ul>   | <ul style="list-style-type: none"> <li>• Term of settlement agreement</li> </ul>  |

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| <u>TOTAL CASH</u><br>(excl. TIs est'd at \$562,000) | <u>90 Days After Site A Approval</u> | <u>At Bldg Permit</u>                          | <u>1 yr after Bldg Permit</u> | <u>6 months before CofO</u> | <u>6 months before any tenant</u>   | <u>3 months before any tenant</u> | <u>2 weeks before any tenant</u> | <u>CofO</u>                         | <u>1 Year later</u> |
|---|--------------------------------------|--|-------------------------------|-----------------------------|-------------------------------------|-----------------------------------|----------------------------------|-------------------------------------|---------------------|
|   | \$200,000                            | \$500,000<br>\$60,000<br>\$40,000<br>\$100,000 | \$550,000                     | \$40,000                    | \$160,000<br>\$200,000<br>\$200,000 | \$220,000<br>\$365,000            | \$649,000                        | \$100,000<br>\$100,000<br>\$100,000 | \$869,000           |
| \$4,453,000   | \$200,000                            | \$700,000                                      | \$550,000                     | \$40,000                    | \$560,000                           | \$585,000                         | \$649,000                        | \$300,000                           | \$869,000           |

## COMMUNITY BENEFITS PROGRAM LORENZO PROJECT

### I. PURPOSE

The purpose of this Community Benefits Program for the Lorenzo Project is to provide for a coordinated effort between Coalition Organizations and Palmer to maximize the Project's benefits to the South Los Angeles community. This Community Benefits Program is agreed to by the Parties in connection with, and as a result of, the Cooperation Agreement to which it is attached. The Community Benefits Program will provide community-serving health and wellness space and funding for a community-serving health and wellness center, community health promotion, affordable housing promotion, small business support, transit oriented development support in the community, and support to address issues of local jobs and living wages for jobs provided at the Project and during Project construction.

### II. DEFINITIONS

As used in this Community Benefits Program, the following capitalized terms shall have the following meanings. All definitions include both the singular and plural form. Any capitalized terms not specifically defined in this Community Benefits Program shall have the meanings as set forth in the Cooperation Agreement to which it is attached.

"At-Risk Resident" shall mean a Local Resident who either has a household income of less than 50% of the Area Median Income in Los Angeles County or has one of the following barriers to employment at the time of program entry: being homeless; history of substance abuse; receiving public assistance; lacking a GED or high school diploma; having a history of involvement with the justice system (including ex-gang affiliated); being a single custodial parent; or suffering from chronic unemployment.

"Certificate of Occupancy" shall mean either a Certificate of Occupancy or a Temporary Certificate of Occupancy for any residential unit or retail space in the Project (for these purposes, the Health and Wellness Center is neither residential nor retail space).

"Community Benefits Fund" shall mean a nonprofit fund or trust account that shall be established with and administered by The California Endowment or another qualified third party designated by the Coalition Organizations' Representative, established to hold and distribute funds provided to it by Palmer according to procedures established by agreement between the third party entity and the Coalition Organizations' Representative, with such funds to be used only for purposes as set forth in this Program.

"Construction Employer" shall mean any Contractor performing Project Work, including subcontractors of any tier.

"Contractor" shall mean any individual firm, partnership, owner operator, or corporation, or combination thereof, including joint ventures, performing Project Work.

"Cooperation Agreement" shall mean the Cooperation Agreement to which this Community Benefits Program is attached.

"Health and Wellness Center" shall mean a 7,500 square-foot community health facility on the ground floor of the Project dedicated to the following uses: health care, improving nutrition, wellness, health awareness, fitness and health education, for low-income and indigent families and individuals who are underserved, uninsured, and underinsured.

"Health and Wellness Center Operator" shall mean St. John's or another non-profit medical or health services provider or providers mutually approved by the Coalition Organizations' Representative and Palmer. Palmer shall not unreasonably refrain from approving a provider other than St. John's.

"Jobs Coordinator" shall mean an entity designated by the Coalition Organizations' Representative, subject to Palmer's approval which shall not unreasonably be withheld; to perform referral services and related services pertaining to Section V of this Program.

"LAHD" shall mean the Los Angeles Housing Department.

"Lease" shall mean the lease agreement that shall be entered into by and between Palmer and the Health and Wellness Center Operator (or Operators) and that shall contain terms and conditions consistent with this Program and the Cooperation Agreement.

"Local Hire Schedule" shall mean a schedule that establishes the hiring process and the approximate timetable to be followed by Palmer and all Construction Employers to achieve the overall requirements of the Jobs Program set forth in Section V.D of this Program.

"Local Resident" shall mean an individual whose primary place of residence is within (3) three miles of the Project or in a Poverty ZIP Code at the time of hire.

"Local Small Business" shall mean a local business that: (1) is privately owned and operated; (2) has fewer than fifteen (15) employees; (3) makes no more than \$300,000 in annual gross sales at the time of lease execution; (4) is not affiliated with a national, corporate chain; and (5) is owned by an individual or individuals residing within three

miles of the Project, or in any Poverty Zip Code that is within five miles of the Project at the time of lease execution.

"On-Site Work" shall mean work, other than construction work, performed on the Project site by an individual whose employment position is performed in whole or in part at the Project Site.

"Permanent Employer" shall mean Palmer and any entity that employs at least fifteen (15) employees in performance of On-Site Work, excluding any owners of the entity or the owners' family members.

"Poverty ZIP Code" shall mean a zip code within in the City of Los Angeles that contains all or part of a census tract in which the rate of unemployment exceeds 150% of the average for Los Angeles County.

"Program" shall mean this Community Benefits Program.

"Project Work" shall mean construction work physically performed on the Project Site.

"St. John's" shall mean St. John's Well Child & Family Center, Inc., a California nonprofit corporation.

"Term" shall mean the twenty (20) year period commencing on the date the initial Health and Wellness Center Operator accepts possession of the Health and Wellness Center space.

### **III. HEALTH SERVICES**

- A. Purpose.** The purpose of this Section is to address the deficit of community-serving health care uses in the South Los Angeles community. This Section establishes a Health and Wellness Center on the ground floor of the Project dedicated to the following uses: health care, improving nutrition, wellness, health awareness and education, and fitness solely for low-income and indigent families and individuals who are underserved, uninsured, and underinsured. The Health and Wellness Center will be maintained for local residents of South Los Angeles in an easily accessible and responsive manner. The community-serving health efforts under this Section will help address this deficit, providing a lasting benefit to the South Los Angeles community.
- B. Designated Health and Wellness Center Space.** Palmer shall provide 7,500 square feet in the Project's ground floor in the approximate location shown on Exhibit 1 to this Program for the Health and Wellness Center. Palmer agrees to provide the

Health and Wellness Center space to the Health and Wellness Center Operator, who shall enter a Lease for the Health and Wellness Center.

1. **Rent-Free.** The Health and Wellness Center space shall be provided rent-free and real estate tax-free for the Term, but the Health and Wellness Center Operator will be required to pay all utilities and other operating expenses for the Health and Wellness Center.
2. **Selection of New Health and Wellness Center Operator.** If at any time during the Term the Health and Wellness Center Operator is unable to continue operation of the Health and Wellness Center, the Coalition Organizations' Representative may nominate for Palmer's approval, which shall not unreasonably be withheld, one or more other qualified community health and wellness providers to operate the Health and Wellness Center. Any such new provider or providers shall then become the Health and Wellness Center Operator for purposes of this Program and shall enter a new Lease with Palmer for the remainder of the Term, on the same terms as the previous Lease with the previous Health and Wellness Center Operator. If the Coalition Organizations' Representative cannot identify a qualified new community health and wellness provider such that the space designated for the Health and Wellness Center remains vacant for two (2) years, then Palmer shall no longer be obligated to make that space available for the Health and Wellness Center and may find another tenant for that space. Under no circumstances can the Health and Wellness Center be operated so as to create a nuisance to the Project or the community, nor can it be operated in violation of any federal, state, or local law, nor can it be used as a dispensary for medical marijuana, methadone, or other similar substances.
3. **Expiration of Term and Right of First Refusal.** If a Health and Wellness Center Operator in possession of the Health and Wellness Center wants to continue to operate the Health and Wellness Center at the end of the Term, then six (6) months prior to the end of the Term the Health and Wellness Center Operator shall make this intention known to Palmer in writing and the parties may, in their mutual discretion, negotiate a new lease in good faith under market terms. After the expiration of the Term, if a Health and Wellness Center Operator elects not to negotiate a new lease, the Coalition Organizations' Representative shall be offered the right of first refusal to negotiate with Palmer a new lease in good faith under market terms for the



Health and Wellness Center space to provide health, wellness, and education services.

4. Design of Physical Layout and Architect Fees Paid. The design and layout of the Health and Wellness Center shall be reasonably consistent with the sample schematic St. John's has provided to Palmer and that is attached as Exhibit 2 to this Program. Any changes to that design shall be mutually agreed upon by St. John's and Palmer. Palmer shall cover all reasonable architectural expenses related to the design of the Health and Wellness Center, including the design of all reasonably requested tenant improvements.
5. Complete Construction of Physical Layout. Prior to the first tenant occupancy of the residential or retail portions of the Project, Palmer shall construct the tenant improvements to the Health and Wellness Center consistent with the mutually agreed upon design and layout at its sole expense. The finished quality of the tenant improvements will be of reasonable quality for such a nonprofit medical health center serving an at-risk population in the City of Los Angeles.
6. Signage. Clear and appropriate signage shall be provided to direct patients to the Health and Wellness Center. Signage shall be provided at the same standards of quality and size as what is provided for retail spaces at the Project.
7. Parking. Parking for the Health and Wellness Center patrons will be sufficient to meet the reasonable needs of the Health and Wellness Center, taking into account that many patients are expected to travel by public transit and taking into account that Coalition Organizations have advocated for de-coupling parking and space leases to discourage car trips. Reasonable parking shall be provided for employees of the Health and Wellness Center.
8. Access. Pedestrians must have direct access to the Health and Wellness Center from 23<sup>rd</sup> Street, and the Health and Wellness Center shall be in the approximate location shown on Exhibit 1 to this Program.
9. Safety. Palmer shall act in good faith and not treat the employees and patrons of the Health and Wellness Center any differently than retail

tenants of the Project with respect to secure and harassment-free means of entry and exit to the Health and Wellness Center.

- C. **Funding for Health Services.** Palmer shall pay a total of \$2,103,000 to the Community Benefits Fund to fund the establishment and operation of the Health and Wellness Center. That total sum shall be apportioned as follows.
1. **Initial Operating Expenses.** Palmer shall pay \$220,000 to the Community Benefits Fund no later than three (3) months prior to occupancy by the first retail or residential tenant of the Project. These funds may be used to purchase medical supplies and pharmaceuticals for the Health and Wellness Center. Palmer shall pay \$649,000 to the Community Benefits Fund at least two (2) weeks prior to occupancy by the first retail or residential tenant of the Project. Palmer shall pay \$869,000 to the Community Benefits Fund no later than 365 days after the Community Benefits Fund receives the second payment required under this provision. These funds shall only be used to help fund the Health and Wellness Center's operations.
  2. **Medical Equipment.** Palmer shall pay \$365,000 to the Community Benefits Fund no later than three (3) months prior to occupancy by the first retail or residential tenant of the Project. These funds shall only be used to purchase medical equipment for the Health and Wellness Center.
- D. **Community Health Outreach.** Palmer shall pay \$160,000 to the Community Benefits Fund, which shall be used for health promotion services in South Los Angeles, including outreach to local residents regarding health care services and other health related information. These funds shall be paid to the Community Benefits Fund no later than six (6) months prior to occupancy by the first retail or residential tenant of the Project.

#### IV. AFFORDABLE HOUSING

- A. **Purpose.** The purpose of this Section IV is to address affordable housing needs in the South Los Angeles community. Palmer has included approximately 1,051 residential units as part of the Project. Palmer has committed to restrict five (5) percent of the Project's units to individuals or families at the Very Low income level. This Section provides for monitoring of this commitment, and funding for the development or retention of additional affordable housing at other locations in South Los Angeles. The

affordable housing efforts under this Section will provide a lasting benefit to the South Los Angeles community.

B. **Affordable Housing Funding.** Palmer shall pay a total of \$1,050,000 (exclusive of the funding requirement of Section C.7, below) to the Community Benefits Fund, which shall only be used to acquire or develop new affordable housing units, or to rehabilitate or preserve existing affordable housing units in South Los Angeles.

1. **Timing of Distribution of Funds.** Palmer shall pay \$500,000 to the Community Benefits Fund within thirty (30) days following the issuance of a building permit for the residential portion of the Project. Palmer shall pay a second installment of \$550,000 to the Community Benefits Fund no later than 365 days after the Community Benefits Fund receives the first payment required under this provision.

C. **Affordable Housing Leasing and Monitoring.**

1. **Project Set Aside for Very Low Income Housing.** Pursuant to the Los Angeles Density Bonus Ordinance (Los Angeles Municipal Code Section LAMC 12.22.A.25), Palmer shall set aside five (5) percent of the total housing units actually built in the Project for residents at the Very Low income level (the "Affordable Housing Units"). Palmer shall operate those Affordable Housing Units in full compliance with all of City of Los Angeles and LAHD requirements for Very Low income housing, including but not limited to the Los Angeles City Density Bonus Ordinance and the Density Bonus Agreement (hereinafter, the "Density Bonus Agreement") that shall be finalized and agreed upon with LAHD, a sample of which is included as Exhibit 3 for illustrative purposes (it is understood that Exhibit 3 contains a sample draft provided by LAHD, and is not the final version that LAHD and Palmer will execute). Affordable Housing Units shall be built on site, dispersed within the development, and comparable in size and bedroom unit mix to the market-rate units in the Project, consistent with the Los Angeles Density Bonus Ordinance and final Density Bonus Agreement. For purposes of this Agreement, the term "Very Low income" shall be as defined in the Los Angeles City Density Bonus Ordinance.
2. **Eligibility of Student Applicants.** In addition to complying with LAHD's requirements for Very Low income housing, Palmer shall apply the following additional eligibility restriction for applicants who are also full-time students. If all of the proposed occupants of an Affordable Housing

Unit are full-time students (as defined by the school the student attends), the proposed occupants shall be eligible for an Affordable Housing Unit only if, in addition to meeting all other eligibility requirements for Very Low income housing, at least one of the full-time student applicants meets one or more of the following criteria: (a) receives Temporary Assistance for Needy Families (TANF) assistance; or (b) is a single parent with a dependent child in the household; or (c) is a participant in a South LA job training program for at risk or disadvantaged persons. Students that are claimed as dependents on their parent's federal income taxes or whose parent(s) are guarantors of the rental/lease agreement must include parental household income information on their tenant income survey in order to determine affordable housing eligibility.

3. Initial Lease-up. Project leasing staff will meet with a representative designated by the Coalition Organizations ("Program Representative") to discuss the requirements of the leasing application process for the Affordable Housing Units at least two (2) months prior to initiation of the initial lease-up period for the Affordable Housing Units. Palmer also shall provide the Program Representative with marketing materials at least two (2) weeks prior to the initiation of the initial lease-up period for the Affordable Housing Units. The Program Representative can make referrals for the Affordable Housing Units and Palmer shall advise the Program Representative about the status of the Program Representative's referred applications and the reasons for denial, if any.
4. Vacancies. When vacancies occur or Palmer learns vacancies are about to occur in the Affordable Housing Units, Palmer shall notify the Program Representative on the earlier of the date that Palmer is required to provide notice of same to LAHD under the Density Bonus Agreement, or the date that is at least two (2) weeks prior to marketing a vacated or to be vacated unit.
5. Tenant Selection. Selection of tenants for the Affordable Housing Units shall be based on LAHD requirements. Further, and in addition to good faith consideration of the Program Representative's referrals for the Affordable Housing Units, Palmer shall give first priority to applicants who live and work in the City of Los Angeles.
6. Covenants. Prior to issuance of a Certificate of Occupancy, Palmer shall record affordability covenants required by LAHD on the Affordable

Housing Units guaranteeing that the units will be affordable to, and occupied by, Very Low Income households for at least a period of thirty (30) years from the issuance of the initial Certificate of Occupancy.

7. Compliance Reviewer. Not later than six (6) months before issuance of a Certificate of Occupancy for residential uses at the Project, Palmer shall provide \$40,000 to the Community Benefits Fund to retain an entity to assist with reviewing all of Palmer's submissions to LAHD concerning the Affordable Housing Units, and, on at least a bi-annual basis, all applications and income verification information submitted for the Affordable Housing Units, along with access to the waitlist that is kept for those units, and to confirm that Palmer has met LAHD's requirements and complied fully with the affordable housing obligations in the Program. Palmer shall provide the reviewing entity with all of the aforementioned documentation and all documentation required by LAHD for monitoring the Affordable Housing Units at the time such documentation is provided to LAHD, and the reviewing entity shall conduct a peer-review of that documentation. In the event that the reviewing entity determines that Palmer is not in compliance with LAHD requirements, the reviewing entity or any Coalition Organization may report such non-compliance to LAHD for enforcement consistent with the provisions in the Affordable Housing Units' affordability covenants. Additionally, Coalition Organizations may take any other action under the Program to enforce in full Palmer's affordable housing commitments, including the right to enforce the provisions of the Density Bonus Agreement.

## V. CONSTRUCTION JOBS

- A. Purpose. The purpose of this Section is to facilitate the employment of local low-income and at-risk job applicants in construction jobs associated with Project construction (the "Jobs Program").
- B. Construction Jobs Funding. No later than the issuance of a building permit for the Project's first residential units, Palmer shall pay \$60,000 to the Community Benefits Fund. These funds shall only be used to support activities of the Jobs Coordinator in relation to the Project.
- C. Compliance Reviewer. No later than two weeks prior to the issuance of a building permit for the Project's first residential units, Palmer shall provide \$40,000 to Coalition Organizations, to be used for retention of an entity to assist

in monitoring and enforcement of requirements of this Section (the "Compliance Reviewer").

D. Jobs Program.

1. Construction Jobs Reserved for Local Residents. Palmer shall require that all Construction Employers working on the Project Site use their best efforts to achieve a goal of having thirty (30) percent of all hours of Project Work physically performed at the Project Site be performed by Local Residents (the "Local Hiring Goal"). The Local Hiring Goal shall be measured based on the total number of hours of Project Work, and not on the number of hours of Project Work performed by a particular Contractor or Contractors.
2. Construction Jobs Reserved for At-Risk Residents. Palmer shall require that all Construction Employers working on the Project Site use their best efforts to achieve a goal of having at least ten (10) percent of all hours of Project Work be performed by At-Risk Residents (the "At-Risk Hiring Goal"), which shall be divided as follows: at least eight (8) percent shall be worked by candidates referred by the Jobs Coordinator and the remaining two (2) percent may be worked by candidates from any source. The At-Risk Hiring Goal shall be measured based on the total number of hours of Project Work, and not on the number of hours of Project Work performed by a particular Contractor or Contractors. At-Risk Residents shall be counted towards the Local Hiring Goal.
3. Notification. Palmer shall require that each Construction Employer provides notification to the Jobs Coordinator of job openings at least thirty (30) days in advance of commencement of hiring for positions performing Project Work, where feasible and consistent with the Local Hiring Schedule. Notification includes the number and descriptions of available positions, job qualifications, salary, expected hours, duration of employment, and special job requirements (language skills, drivers' license, etc.).
4. Hiring Priority. Palmer shall require that, in hiring At-Risk Residents for Project Work, each Construction Employer gives preference to At-Risk Residents whose primary place of residence is within a three (3) mile radius of the Project.

5. **Hiring Orientation.** At least thirty (30) days prior to commencement of construction activities by each Construction Employer, and at all pre-bid and pre-construction meetings for each Construction Employer, Palmer shall schedule an orientation with the Construction Employers who will be performing Project Work, and with the Jobs Coordinator and the Compliance Reviewer. The purpose of this orientation is to help all Construction Employers understand the provisions of this Section and, to ensure that they have a plan for compliance, including the preparation of a Local Hiring Schedule.
6. **Living Wage.** Palmer shall require that any construction worker hired to meet the Local Hiring Goal or the At-Risk Hiring Goal receives at least a Living Wage as defined by the City's Living Wage Ordinance, Los Angeles Administrative Code, Section 10.37.
7. **Local Hire Report.** Palmer shall report quarterly to the Jobs Coordinator on the progress of its compliance with this Section in a format to be determined by mutual agreement of Palmer and the Jobs Coordinator. In compiling Local Hire Reports, Palmer shall be entitled to rely on information provided by Construction Employers, without responsibility to perform independent investigation, unless Palmer receives an allegation or discovers evidence that a Construction Employer's reporting is inaccurate. Local Hire Reports shall detail each Construction Employer working on the Project Site, and shall include, at a minimum:
  - a. Residency of each Local Resident and At-Risk Resident hire;
  - b. Wage rates of each Local Resident and At-Risk Resident hire;
  - c. Hours of construction work performed by each Local Resident and At-Risk Resident hire (monthly and cumulative); and
  - d. Total hours performed by all construction workers on the Project Site (monthly and cumulative).
- F. **Monitoring and Compliance.** Palmer shall provide the Jobs Coordinator and the Compliance Reviewer with a Local Hiring Schedule and Local Hire Reports that shall provide the basis for establishing compliance with this Section.
  1. **Policies and Procedures.** No later than ninety (90) days following the issuance of all discretionary Project Approvals necessary to obtain building permits for the portion of the Project on Site A, provided that no litigation has been filed challenging those Project Approvals or, if so, that

the litigation is dismissed or Palmer prevails in it such that the Project Approvals are upheld in full and a judgment to that effect has become final, the Jobs Coordinator shall provide Palmer for its approval, which shall not be unreasonably withheld, policies and procedures for this Section V, that are consistent with the requirements of this Section. Palmer shall comply with the mutually agreed upon policies and procedures. The Jobs Coordinator shall refer all construction workers possessing required skills that satisfy the Local Hiring Goal or At-Risk Hiring Goal to Palmer.

2. **Goal Achievement.** If Palmer has met or exceeded the Local Hiring Goal and the At-Risk Hiring Goal upon the completion of Project construction, Palmer shall be in compliance with this Section V.
3. **Other Demonstrations of Compliance.** If Palmer has not met the Local Hiring Goal or the At-Risk Hiring Goal upon the completion of Project construction, but Palmer has substantially and in good faith performed the requirements of this Section V and documented the list of required activities below, Palmer shall be deemed in compliance with this Section V even if any Construction Employer on an individual basis fails to comply with the requirements of this Section or the list of required activities below:
  - a. Develop and submit a Local Hiring Schedule 30 days prior to construction start;
  - b. Contractually agree to comply with this Section and obtain letters of assent from each Construction Employer;
  - c. Work with the Jobs Coordinator; regularly contact and document contact with the Jobs Coordinator;
  - d. Use and document the use of the Jobs Coordinator-approved craft request forms to be sent to the Jobs Coordinator;
  - e. Document waiting period for requested referrals and any lack of responses from the Jobs Coordinator;
  - f. Document reasons for not hiring candidates referred by the Jobs Coordinator to meet Local Hiring Goal or At-Risk Hiring Goal, if applicable;
  - g. Submit quarterly Local Hire Reports in a timely manner; and
  - h. Allow the Jobs Coordinator and the Compliance Monitor reasonable access to documentation of those activities, in a timely manner.



4. Liquidated Damages for Non-Compliance. If Palmer has not met the Local Hiring Goal or the At-Risk Hiring Goal and has not substantially and in good faith performed the requirements of this Section V and documented performance of the list of required activities in Section V.F.3, Palmer shall pay liquidated damages to the Community Benefits Fund in the amount of \$168 (\$21 per hour) for each work-day by which performance fell short of the Local Hiring Goal or the At-Risk Hiring Goal. A work-day is defined as eight (8) hours of work for one employee.

## VI. PERMANENT JOBS

- A. Purpose. The purpose of this Section is to facilitate the employment of local low-income job applicants in permanent, quality employment positions associated with the Project.
- B. Permanent Jobs Funding. Palmer shall pay a total of \$300,000 to the Community Benefits Fund: \$200,000 of which shall only be used to fund job training and referral services, including training and referral of workers for employment with Permanent Employers; and \$100,000 of which shall be used by Coalition Organizations for the purposes of monitoring, implementing and enforcing this Program.
  1. Timing of Distribution of Funds. Palmer shall pay \$200,000 to the Community Benefits Fund no later than six (6) months prior to occupancy by the first retail or residential tenant of the Project. Palmer shall pay the remaining \$100,000 to the Community Benefits Fund within thirty (30) days of the issuance of the first Certificate of Occupancy for any residential or retail portion of the Project.
- C. Permanent Jobs First Source Hiring Requirements.
  1. Local Resident Hiring Requirement. Palmer shall use its best efforts to achieve the goal of having at least forty (40) percent of employee hours of On-Site Work performed in the aggregate for the Project's Permanent Employers be worked by Local Residents (the "Permanent Hiring Goal"). Employees of the Health and Wellness Center and employees providing health promotion services through the funding provided under Section III.D who are Local Residents shall be counted towards the Permanent Hiring Goal to the extent inclusion of such employees helps achieve the Permanent Hiring Goal.

2. Hiring process.

- a. Long-Range Planning. Within a reasonable time after the information is available following agreement by a Permanent Employer to commence operations within the Project, the Permanent Employer shall provide to the Referral System, as defined in Section VI.C.3, a written description of the approximate number and type of jobs that will need to be filled and the basic qualifications necessary.
- b. Notification of Job Opportunities. Prior to hiring for any job for performance of On-Site Work, the Permanent Employer will notify the Referral System of available job openings and provide a description of job responsibilities and qualifications, including expectations, salary, work schedule, duration of employment, required standard of appearance, and any special requirements (e.g. language skills, drivers' license, etc.). Job qualifications shall be limited to skills directly related to performance of job duties, in the reasonable discretion of the Permanent Employer.
- c. Hiring. The Permanent Employer may at all times consider applicants referred or recruited through any source. When making initial hires for the commencement of the Permanent Employer's operations in the Project, the Permanent Employer will hire only Local Residents until the earlier of a three-week period following the notification of job opportunities described above or the Permanent Hiring Goal is met, based on the number of job opportunities then available for that Permanent Employer. When making hires after the commencement of operations in the Project, the Permanent Employer will hire only Local Residents for a five-day period following the notification of job opportunities, unless the Permanent Hiring Goal has already been met, based on the number of job opportunities then available for that Permanent Employer. During such periods, Permanent Employers may hire Local Residents recruited or referred through any source. During such periods Permanent Employers will use normal hiring practices, including interviews, to consider all applicants referred by the Referral System. After such periods, Permanent Employers

shall make good-faith efforts to hire Local Residents, but may hire any applicant recruited or referred through any source.

- d. **No Referral Fees.** Permanent Employers shall not be required to pay any fee, cost or expense of the Referral System or any potential employees referred to the Permanent Employer by the Referral System in connection with such referral.
  - e. **Reporting and Recordkeeping.** Palmer will provide reports to the Coalition Organizations' Representative regarding the number, by job classification, of Local Residents hired by the Permanent Employers during the previous reporting period and the total number of employees hired by the Permanent Employers during the previous reporting period (as provided below). In compiling these reports, Palmer shall be entitled to rely on information provided by Permanent Employers, without responsibility to perform independent investigation, unless Palmer receives an allegation or discovers evidence that a Permanent Employer's reporting is inaccurate. Each Permanent Employer shall retain records sufficient to assess compliance with requirements of this Section VI.C, including records of referrals from the Referral System, job applications, and number of Local Residents hired. These reports shall be provided quarterly for the first year following commencement of operations of any retail uses on Site A, and then annually thereafter. These reports shall be provided within thirty days after the end of the preceding reporting period.
3. **Referral System.** Coalition Organizations shall create and implement a referral system to refer qualified, trained applicants to Permanent Employers (the "Referral System"). After receiving notification of job openings from a Permanent Employer, the Referral System will attempt to promptly identify and refer to the Permanent Employer Local Residents and other applicants that meet the Permanent Employer's requested qualifications. The Referral System shall prioritize referrals in the following order:
- a. **First Priority:** Local Residents residing within a two-mile radius of the Project;
  - b. **Second Priority:** Local Residents residing within a five mile radius of the Project;

- c. Third Priority: other applicants meeting the Permanent Employer's requested qualifications.

**D. Living Wage Requirement.** Palmer shall ensure that 60% of the jobs in the Project performed for Permanent Employers for On-Site Work are Living Wage Jobs, as defined below (the "Living Wage Requirement"). Palmer and the Coalition Organizations agree that this is a reasonable requirement in light of all of the circumstances. Compliance with this requirement shall be measured every five years from issuance of the first Certificate of Occupancy for the residential or retail portion of the Project. Employees of the Health and Wellness Center and employees providing health promotion services through the funding provided under Section III.D shall be counted towards the Living Wage Requirement to the extent inclusion of such employees helps achieve the Living Wage Requirement.

- a. Definition of Living Wage Jobs. For purposes of this Program, the following jobs shall be considered Living Wage Jobs:

- i. jobs covered by the City's Living Wage Ordinance;
- ii. jobs for which the employee is paid on a salaried basis at least \$20,600 per year if the employee is provided with employer-sponsored health insurance, or \$23,100 per year otherwise (these amounts will be adjusted in concert with cost-of-living adjustments to wages required under the City's Living Wage Ordinance);
- iii. jobs for which the employee is paid at least \$10.30 per hour if the worker is provided with employer-sponsored health insurance, or \$11.55 per hour otherwise (these amounts will be adjusted in concert with cost-of-living adjustments to wages required under the City's Living Wage Ordinance); and
- iv. jobs covered by a collective bargaining agreement.

- b. Compliance Calculation. The percentage of Living Wage Jobs in the Project will be calculated as the number of workers performing On-Site Work for Permanent Employers in jobs that qualify as Living Wage Jobs, divided by the total number of employees performing On-Site Work for Permanent Employers.

- c. Reporting Requirements. Palmer will provide an annual report to the Coalition Organizations' Representative regarding the percentage of jobs in the Project that

are Living Wage Jobs. The report will contain Project-wide data as well as data regarding each Permanent Employer. Data regarding Permanent Employers will not include precise salaries; rather, such data will only include the number of jobs and the percentage of these jobs that are Living Wage Jobs. If the report indicates that the Living Wage Requirement is not being met, Palmer will include as part of the report a discussion of the reasons why that is the case. In compiling this report, Palmer shall be entitled to rely on information provided by employers, without responsibility to perform independent investigation, unless Palmer receives an allegation or discovers evidence that an employers' wage reporting is inaccurate. This report shall be filed for any given year or partial year by April 30th of the succeeding year.

**E. Compliance.**

- a. **Permanent Hiring Goal.** If Palmer and its Permanent Employers have substantially and in good faith complied with the hiring process in Section VI.C.2, Palmer shall be in compliance with the Permanent Hiring Goal even if it has not met the Permanent Hiring Goal in any one (1) year period. If Palmer has met the Permanent Hiring Goal for its own employees, but has not met the Permanent Hiring Goal when accounting for the employees of other Permanent Employers, Palmer shall nonetheless be in compliance with the Permanent Hiring Goal if Palmer includes in the annual report written evidence demonstrating best efforts to enforce the Permanent Hiring Goal on Permanent Employers, which evidence may include, but shall not be limited to, issuance of default or other enforcement letters under leases with Permanent Employers for failure to assist Palmer in meeting the Permanent Hiring Goal. If Palmer has not substantially and in good faith complied with the hiring process in Section VI.C.2 and has not met the Permanent Hiring Goal in any one (1) year period, Palmer agrees to pay into the Community Benefits Fund \$21 per hour for each hour short of the Permanent Hiring Goal in that year.
- b. **Living Wage Requirement.** Palmer shall be deemed in compliance with the Living Wage Requirement if the requirement is met on average over the 5-year period, even if in any one year during the five-year period, less than 60% of the jobs in the Project performed for Permanent Employers for On-Site Work are Living Wage Jobs. If Palmer has met the Living Wage Requirement for its own employees; but has not met the Living Wage Requirement when accounting for the employees of other Permanent Employers, Palmer shall nonetheless be in compliance with the Living Wage Requirement if Palmer includes in the annual report written evidence demonstrating best efforts to enforce the Living Wage Requirement on Permanent Employers, which evidence may include, but shall not

be limited to, issuance of default or other enforcement letters under leases with Permanent Employers for failure to assist Palmer in meeting the Living Wage Requirement. If Palmer has not met the Living Wage Requirement at the end of the 5-year compliance period established in Section VI.D, Palmer agrees to pay into the Community Benefits Fund \$21 per hour for each hour short of the Living Wage Requirement during that 5-year compliance period.

## **VII. SMALL BUSINESS**

- A. Purpose.** The purpose of this Section is to promote small business development in the area surrounding the Project and the 23<sup>rd</sup> Street Exposition Light Rail Station. With the understanding that the South Los Angeles Area already suffers from a lack of technical assistance and financial investment in commercial areas, the goal is to provide economic opportunities that are not currently readily accessible to small business owners in the South Los Angeles community.
- B. Funding for Small Businesses.** Palmer shall pay a total of \$300,000 to the Community Benefits Fund, which shall only be used to create and facilitate the use of a revolving loan fund for small businesses in South Los Angeles.
  - 1. Timing of Distribution of Funds.** Palmer shall pay \$200,000 to the Community Benefits Fund no later than six (6) months prior to occupancy by the first retail or residential tenant of the Project. Palmer shall pay the remaining \$100,000 to the Community Benefits Fund within thirty (30) days of the issuance of a Certificate of Occupancy.
- C. Local Small Business Space.** Palmer shall set aside ten (10) percent of the Project's retail space for Local Small Businesses (the "Reserved Space"). The Reserved Space shall be provided to Local Small Businesses at a discount off of market rate rents for a ten (10) year period. The discounted rates will be the following:
  - 1. Years 1-3:** fifty (50) percent market value rent discount;
  - 2. Years 4-7:** twenty-five (25) percent market value rent discount; and
  - 3. Years 8-10:** ten (10) percent market value rent discount.
- D. Small Business Referrals.** An entity selected by Coalition Organizations shall identify and refer Local Small Businesses to Palmer as potential retail tenants in the Project. These referrals by the entity selected by Coalition Organizations shall be given priority consideration for the Reserved Space, which consideration shall result in leasing of available Reserved Space unless Palmer has a good faith

reason for selecting another tenant who conforms to the definition of Local Small Business.

- E. **Monitoring.** Palmer shall provide annual reports to Coalition Organizations' Representative starting one year from the date retail operations of the Project commence identifying the percentage of retail space in the Project occupied by Local Small Businesses.

#### **VIII. FUNDING FOR TRANSIT ORIENTED DEVELOPMENT STRATEGIES**

- A. **Purpose.** The purpose of this Section is to promote transit oriented development strategies and designs and/or implementation of those strategies in the communities surrounding the Project Site and in South Los Angeles. The goal of these provisions is to establish a fund to improve transit oriented designs and create smart growth projects, so as to avoid conflicts with the local community's access to transit.
- B. **Funding.** Palmer shall pay a total of \$200,000 to the Community Benefits Fund, which shall only be used to improve and facilitate transit oriented development strategies and smart growth strategies in South Los Angeles, and may not be used to specifically oppose any development project proposed by Palmer or the Palmer Releasees. This provision does not preclude use of such funds to support development of generalized policies regarding Transit Oriented Development and other smart growth practices or proposed means to improve any project, including any development project proposed by Palmer or the Palmer Releasees.
  - 1. **Timing of Distribution of Funds.** Palmer shall pay \$100,000 to the Community Benefits Fund no later than the issuance of a building permit for the Project's residential units. Palmer shall pay the remaining \$100,000 to the Community Benefits Fund within thirty (30) days of the issuance of a Certificate of Occupancy.

#### **IX. POTENTIAL RE-ALLOCATION OF FUNDS**

The Coalition Organizations may, in their discretion, use any of the funds paid to the Community Benefits Fund for any of the purposes detailed in this Program or for the administration, oversight, or enforcement of this Program or the Cooperation Agreement, without regard to the provisions in this Program discussing the currently planned uses for such funds. The Coalition Organizations shall not use any of the funds paid to the Community Benefits Fund for any other purposes. The Coalition Organizations shall have discretion to establish terms and procedures through which the entity holding the

Community Benefits Fund shall maintain and distribute such funds, so long as such terms and procedures, and the uses of such funds, are consistent with terms of this Program.



Item VI.

Presentation by Meyers Nave and staff on the preliminary consideration of whether CSCDA should proceed with the preparation of documentation for the acquisition of an outpatient services building in the City of Citrus Heights.

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## SUMMARY AND APPROVALS

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|--------------------------|--|
| <b>PURPOSE:</b>          | PRELIMINARY CONSIDERATION OF WHETHER CSCDA SHOULD PROCEED WITH THE PREPARATION OF DOCUMENTATION FOR THE ACQUISITION OF AN OUTPATIENT SERVICES FACILITY IN THE CITY OF CITRUS HEIGHTS |
| <b>PRIMARY ACTIVITY:</b> | HEALTHCARE   |
| <b>LEGAL STRUCTURE:</b>  | P3 ASSET OWNERSHIP   |
| <b>REVIEW DATE:</b>      | MAY 29, 2014   |

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### **Background:**

CSCDA staff has been in discussions with representatives of Meyers Nave about a possible acquisition of an outpatient services facility in Citrus Heights, CA. for the use of Dignity Health. The proposed acquisition by the CSCDA would be similar to the financing and acquisition of a student housing project at San Diego State University which led to the CSCDA's adoption of its Ownership (P3) Structure policy on May 8, 2014. The Project acquisition is estimated to be \$14 Million.

### **Discussion:**

The purpose of this staff report is to provide you a summary of the deal points on the proposed transaction involving Dignity Health and the City of Citrus Heights. The summary is set forth below.

1. The City will lease the City Hall property ("Property") to Panattoni Development Company, Inc. ("Panattoni"), which will build an outpatient services building for Dignity Health, using the proceeds of a taxable construction loan. The lease (the "Ground Lease") will be for a term of 15-1/2 years at rent equal to \$6,904,916, of which \$1,000,000 will be payable up front and the remainder payable in annual installments over the term of the lease. Panattoni will have the option to buy the Property for \$1 at the end of the term.
2. The City has previously purchased a parcel of property on which to build a new city hall. Upon entering into the ground lease, the City will vacate the Property and relocate its offices to temporary space. It will then build a new city hall on the new property, borrowing necessary funds from its reserves. It will use lease payment from the Ground Lease to pay the costs of moving and temporary space and to repay the loan of funds from its reserves.
3. Pannatoni will enter into a purchase and sale agreement with California Statewide Communities Development Authority ("CSCDA"), whereby CSCDA will purchase the outpatient services building and assume all of Panattoni's rights and obligations under the Ground Lease for a purchase price of \$13,806,608.

4. To pay for the acquisition of the Building and the Ground Lease, CSCDA will borrow the funds from a lender at tax-exempt interest rates and from mezzanine financing, with total debt service costs not to exceed \$1,366,100 a year. The City will subordinate its interest in the Property to the deed of trust securing the financing.

5. CSCDA will lease the completed building to Dignity Health for \$1,567,800 per year with 2% annual increases. At the end of the term, Dignity has an option to purchase the building and property for \$1 from CSCDA. Once the lease is effective, Dignity Health will have sole responsibility for landscaping, maintenance and utilities on the Property. Similarly, Dignity Health will indemnify and hold harmless the City for any damages, claims, liabilities, etc. stemming from their use of the Property.

**Public Benefits:**

- Redevelop an under-utilized site in a prime location within City of Citrus Heights
- Enable the city of Citrus Heights to replace its aging and obsolete city hall
- Allow Dignity Health to provide access to high quality healthcare to city residents

**Approvals:**

Based on the preliminary public benefit findings of the proposed acquisition of an outpatient services facility in the City of Citrus Heights, the CSCDA Commission shall authorize the preparation of project documentation in accordance with the CSCDA Ownership (P3) Structure Policy subject to further review and consideration by the Commission.

**Attachments:**

- A. Detailed Term sheet
- B. Ground Rent Schedule

**Attachment A**  
**TERM SHEET**

**2014**

**PARTIES**

1. City of Citrus Heights, a California general law city ("City"). The City is the current owner of the parcel of property, shown on Exhibit A attached hereto and incorporated herein (the "Property"). The City will lease the Property to Developer under a Ground Lease
2. California Statewide Communities Development Authority, a California joint powers authority, (the "Authority"), a public agency whose members are certain cities and counties. . Developer shall assign the Ground Lease and will transfer ownership of the Medical Office Building and related improvements ("Improvements"), upon their completion, to the Authority pursuant to the Purchase and Sale Agreement discussed herein. .
3. Dignity Health Foundation, a California nonprofit public benefit corporation ("Dignity"). Dignity will lease from the Authority the Property and Improvements to be developed thereon pursuant to the Facility Lease, described herein.
4. Panattoni Development Company, Inc., a California corporation ("Developer"). Developer will lease the Property from the City pursuant to the Ground Lease and, upon Developer's completion of the Improvements, will assign the Ground Lease and transfer ownership of the Improvements to the Authority. , under the terms of Purchase and Sale Agreement with the Authority, as described herein. The Developer may use CDP Development, Inc., a California Company, a wholly owned subsidiary

**THE PROPERTY**

The City currently owns the Property, upon which are located the City Hall, and certain other structures and buildings. It is proposed that the City lease the Property to the Developer or its affiliate under the terms of the Ground Lease described below and that the Developer or its affiliate assign the Ground Lease to the Authority under the terms of the Purchase and Sale Agreement. The Developer will demolish all of the existing structures on the Property

**THE MEDICAL OFFICE BUILDING**

The Developer shall develop the Medical Office Building, as designed by Vitae Architecture and constructed by Alston Construction Company, in accordance with the Purchase and Sale Agreement. The Medical Office Building will be a new building, comprising +/- 66,500 square feet, built for use by Dignity solely and exclusively for the operation of hospital outpatient services in furtherance of its tax-exempt purposes.

## **THE GROUND LEASE**

The City will lease the Property (the “Ground Lease”) to the Developer, which will assign it to the Authority pursuant to the Purchase and Sale Agreement). The City shall retain a non-exclusive easement to use, after normal business hours, all parking to be developed on the Property (the “Easement”). The term of the Ground Lease will be 15-1/2 years at rent not less than \$6,904,916, payable in the amount of \$1,000,000 at closing and the remainder payable annually, after the first six months, as set forth in Exhibit B, attached hereto and incorporated herein. The Authority shall also pay, as additional ground rent, any surplus revenues of the Authority not otherwise required to make payments pursuant to the terms of the transaction. At the end of the 15 1/2 year term, the Authority shall have the option to purchase the Property for \$1.00. The City shall subordinate its fee simple interest in the Property to the deed of trust securing the Authority’s senior indebtedness, described below. The City shall agree to and sign a Security, Non-Disturbance and Attornment Agreement and an Estoppel Agreement as required by the senior construction and permanent financing lenders.

## **THE FACILITY LEASE**

The Authority and Dignity will enter into a facility lease (the “Facility Lease”) prior to the start of construction with the following terms:

- a. Property: The Facility Lease will cover the Property and the Improvements to be constructed thereon.
- b. Parties: The Authority will be the lessor and Dignity will be the lessee.
- c. Term: The Facility Lease will have a term of 15 years of rent and 6 months of early occupancy to complete the tenant improvements.
- d. Rent: Rent will be paid monthly commencing on the date of commencement of the rent of the Facility Lease, through the end of the 15<sup>th</sup> year of the term. Rent will be in an amount equal to \$1,567,800 per year with 2% annual increases. Rent shall be as applied (i) first to any required property or operating related expenses, (ii) second to the Senior Permanent Loan Debt Service, (iii) third to debt service on the Mezzanine loan, (iv) fourth to Property rent to the City under the payment schedule outlined in Exhibit B, (v) fifth to Panattoni in the amount of \$108,000 per year paid monthly as an asset management fee and (vi) any surplus after the foregoing payments to the City.
- e. Option to Purchase: Dignity shall have the option to purchase the Property and the Improvements thereon at the end of the term for an option price of \$1.00. The option shall be exercised by Dignity giving written notice not less than 60 days or more than 180 days prior to the termination of the Facility Lease.
- f. Encumbrances. The Authority shall agree to keep the Property free from encumbrances during the term of the Facility Lease, except for (i) mechanics liens related to work for which a payment and performance bond is in place on which the City and the Authority will be named as beneficiaries, (ii) the parking easement in favor of the City, and (iii) liens securing indebtedness described herein.
- g. Other terms and conditions: The Facility Lease shall contain other terms and conditions customary for a lease and not inconsistent with the foregoing.

## **THE PURCHASE AND SALE AGREEMENT**

The Developer will enter into a Purchase and Sale Agreement with the Authority for assigning the Ground Lease and the sale of the Medical Office Building; which the Developer will develop as a design-build facility to Dignity's specifications. The Purchase and Sale Agreement will guarantee a maximum cost of construction, together with compensation to include a Development Management Fee of 4% of the total project costs and reimbursement for general personnel expenses associated with the project. Reimbursable costs include: (i) the architect fee; (ii) payment to Bill Swettenham of Colliers International, Dignity's representative, of a market lease commission of 4% of rent for the first 5 years and 2% of rent for years 6-10, no commission after year 10 and no commission on the sale of the Medical Office Building to Dignity upon exercise of its option under the Ground Lease; (iii) Developer compensation for the procurement of the tenant to the site, the negotiation of the lease, the completion and cost guarantees and non-recourse carve-out guarantees its affiliate shall provide to the lender, the sourcing and procurement of construction and long term financing, the management of the development and the ongoing tenant and asset management. The Purchase and Sale Agreement will contain other terms and conditions customary for such an agreement and not inconsistent with the foregoing, including compliance with any legal requirements related to public agencies that might be required. The Purchase and Sale Agreement will guarantee assignment of the Ground Lease and delivery of the Medical Office Building for a total purchase price in an amount not to exceed an estimated \$13,806,008, as determined upon pricing.

## **FINANCING**

Developer shall, as borrower, originate construction financing to cover the cost of construction. The construction financing shall be replaced by permanent financing upon the Developer conveying the Medical Office Building to the Authority. Permanent financing will be in the form of a loan or bond issue, interest on which is exempt under Section 103 of the Internal Revenue Code. In addition, Developer will provide or arrange for mezzanine financing in an amount equal to project costs less the amount of senior debt financing interest on which will, to the extent possible, be exempt under Section 103 of the Internal Revenue Code. Upon the commencement of debt service payments under the permanent financing, the fully amortizing debt service, inclusive of the permanent financing and the mezzanine financing, shall not exceed \$1,366,100 in annual debt service payments, secured by a first deed of trust and a second deed of trust, respectively. Once the construction is complete, the loan will be repaid over a 15 year term in equal annual installments of principal and interest and shall have a zero balance upon the completion of the Dignity lease term.

EXHIBIT B

GROUND RENT SCHEDULE

|         |           |
|---------|-----------|
|         | 1,000,000 |
| Year 2  |           |
| Year 3  | 129,933   |
| Year 4  | 169,939   |
| Year 5  | 210,944   |
| Year 6  | 252,975   |
| Year 7  | 296,057   |
| Year 8  | 340,215   |
| Year 9  | 385,477   |
| Year 10 | 431,872   |
| Year 11 | 479,425   |
| Year 12 | 528,168   |
| Year 13 | 578,129   |
| Year 14 | 629,340   |
| Year 15 | 681,380   |
| Year 16 | 690,651   |





Item VII.

Consideration of Wilmington Trust, N.A. as successor Trustee to the Bank of New York Mellon Trust Company, N.A. on behalf of the CSCDA Sunrise of Danville Series 2000 A and Series 2000 A-T bonds.

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## SUMMARY AND APPROVALS

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**DATE:** MAY 29, 2014

**PURPOSE:** AUTHORIZE THE APOINTMENT OF A SUCCESSOR TRUSTEEE FOR THE  
SUNRISE OF DANVILLE APARTMENTS

**PROGRAM:** HOUSING

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### **Background:**

CSCDA issued 2000 Series A and 2000 Series A-T bonds on behalf of the Sunrise of Danville Project (the "Project"). The current Trustee of the Project, Bank of New York Mellon Trust Company, N.A., has resigned and the Authority has appointed Wilmington Trust, N.A. as the successor trustee for the Projects. The Borrower consents to the appointment of Wilmington Trust as the replacement Trustee.

### **Recommendations:**

It is recommended that this Commission approve the Resolution as submitted to the Commission, which:

1. Approves the resignation of Bank of New York Mellon Trust Company, N.A. as trustee;
2. Appoints Wilmington Trust, N.A. as the successor trustee; and
3. Authorizes any member of the Commission or Authorized Signatory to sign all necessary documents.

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

**RESOLUTION OF THE COMMISSION OF THE CALIFORNIA STATEWIDE  
COMMUNITIES DEVELOPMENT AUTHORITY APPROVING THE REMOVAL OF  
BANK OF NEW YORK MELLON AS TRUSTEE IN CONNECTION WITH A  
MULTIFAMILY BOND ISSUANCES ISSUED BY THE AUTHORITY AND  
CURRENTLY OUTSTANDING (THE “BONDS”); AUTHORIZING THE  
APPOINTMENT OF A SUCCESSOR TRUSTEE FOR THE BONDS; AUTHORIZING  
THE EXECUTION OF DOCUMENTS NECESSARY TO CARRY OUT THE PURPOSES  
OF THIS RESOLUTION**

**WHEREAS**, the Commission of the California Statewide Communities Development Authority, a public entity of the State of California, has been created pursuant to Chapter 5 of Division 7 of Title 1 (commencing with Section 6500) of the Government Code of the State of California (the “Authority”);

**WHEREAS**, The Bank of New York Mellon Trust Company, N.A. has been appointed and currently serves as trustee for the Authority’s Multifamily Housing Revenue Bonds (Sunrise of Danville Project), 2000 Series A and Series A-T (collectively, the “Bonds”) and;

**WHEREAS**, the Authority desires to remove The Bank of New York Mellon Trust Company, N.A. as trustee for the Bonds and to appoint a successor trustee for such Bonds pursuant to the terms of the trust indenture relating to Bonds (the “Indenture”).

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

**Section 1.** The foregoing recitals are true and correct and the Authority hereby so finds and determines.

**Section 2.** The Authority hereby accepts the removal of The Bank of New York Mellon Trust Company, N.A. as trustee and appoints Wilmington Trust, National Association as successor trustee for the Bonds.

**Section 3.** The Chair, The Vice Chair, The Secretary, the Treasurer, any other member of the Commission of the Authority and other appropriate officers and agents of the Authority are hereby authorized and directed, jointly and severally, for and in the name and on behalf of the Authority, to execute and deliver any and all documents, agreements, certificates, contracts, instruments, releases, letters of instruction, written requests and other papers, whether or not mentioned herein, as may be necessary or convenient to carry out or assist in carrying out purposes of this Resolution.

**Section 4.** All actions heretofore taken by the Chair, The Vice Chair, The Secretary, the Treasurer, any other member of the Commission of the Authority and other appropriate officers and agents of the Authority with respect to the purposes of this Resolution are hereby ratified, confirmed and approved.

**Section 5.** This Resolution shall take effect from and after its adoption.

PASSED AND ADOPTED by the California Statewide Communities Development Authority this 29<sup>th</sup> day of May, 2014.

I, the undersigned, an Authorized Sgnatory of the California Statewide Communities Development Authority, DO HEREBY CERTIFY that the foregoing resolution was duly adopted by the Commission of said Authority at a duly called meeting of the Commission of said Authority held in accordance with law on May 29, 2014.

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

Authorized Signature  
California Statewide Communities  
Development Authority