



## REGULAR MEETING AGENDA

July 20, 2017 at 2:00 p.m.

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

Telephonic Locations:

709 Portwalk Place  
 Redwood City, CA 94061

27788 Hidden Trail Road  
 Laguna Hills, CA 92653

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

County of Butte  
 7 County Drive, Oroville, CA 95965

### A. OPENING AND PROCEDURAL ITEMS

1. Roll Call.
 

_____ Dan Harrison, Chair	_____ Jordan Kaufman, Member
_____ Larry Combs, Vice Chair	_____ Dan Mierzwa, Member
_____ Kevin O'Rourke, Treasurer	_____ Irwin Bornstein, Member
_____ Tim Snellings, Secretary	_____ Brian Moura, Alt. Member
2. Consideration of the Minutes of the June 15, 2017 and July 6, 2017 Regular Meetings.
3. Public Comment.

### B. ITEMS FOR CONSIDERATION

4. Consideration of the issuance of revenue bonds or other obligations to finance or refinance the following projects, the execution and delivery of related documents, and other related actions:
  - a. Front Porch Communities and Services, City of Anaheim, County of Orange; City of Pasadena, County of Los Angeles; County of San Diego; issue up to \$175,000,000 in nonprofit revenue and refunding bonds.
  - b. Lake Merritt II Preservation Limited Partnership (Lake Merritt Apartments), City of Oakland, County of Alameda; issue up to \$35,000,000 in multifamily housing revenue bonds.

This \_\_\_ page agenda was posted at 1100 K Street, Sacramento, California on \_\_\_\_\_, 2017 at \_\_\_: \_\_\_m, Signed \_\_\_\_\_. Please email signed page to [info@cscda.org](mailto:info@cscda.org)

- c. Heninger 2016 LP (Heninger Village Apartments), City of Santa Ana, County of Orange; issue up to \$14,000,000 in multifamily housing revenue bonds.
  - d. Meadows Holly Partners LP (Meadows Court and Holly Lane Apartments), City of Vacaville, County of Solano; issue up to \$15,000,000 in multifamily housing revenue bonds.
5. Conduct second reading and adopt “Ordinance Levying a Special Tax for Fiscal Year 2017-2018 and Following Fiscal Years Solely Within and Relating to California Statewide Communities Development Authority Community Facilities District No. 2015-01, Improvement Area No. 2 (University District), City of Rohnert Park, County of Sonoma, State of California.

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

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

**NEXT MEETING:** Thursday, August 3, 2017 at 2:00 p.m.  
League of California Cities  
1400 K Street, 3rd Floor, Sacramento, CA 95814



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## MINUTES

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

June 15, 2017

California State Association of Counties  
1100 K Street, 1<sup>st</sup> Floor, Sacramento, CA 95814

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

1. Roll Call.

Commission members present: Larry Combs, Tim Snellings  
Commission members participating via teleconference: Kevin O'Rourke, Jordan Kaufman, Dan Mierzwa, Brian Moura

Others present: James Hamill Bridge Strategic Partners; Norman Coppinger, League of California Cities; Sandy Young, CSAC Finance Corporation

Others participating via teleconference: Cathy Bando, CSCDA Executive Director, Tricia Ortiz, Richards, Watson & Gershon, Jon Penkower, Bridge Strategic Partners

2. Consideration of the Minutes of the June 1, 2017 Regular Meeting.

The commission approved the minutes.

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

3. Consideration of the Consent Calendar.

The Commission approved the following items on the Consent Calendar:

- a. Inducement of Cienega Garden Preservation LP (Cienega Gardens Apartments), City of Covina, County of Los Angeles; issue up to \$60 million in multi-family housing revenue bonds.

***Motion to approve by J. Kaufman. Second by B. Moura. Unanimously approved by roll-call vote.***

4. Public Comment.

There was no public comment.

5. Consideration of the issuance of revenue bonds or other obligations to finance or refinance the following projects, the execution and delivery of related documents, and other related actions:

- a. Community Hospital of the Monterey Peninsula, Cities of Monterey and Marina, County of Monterey; issue up to \$97,000,000 in nonprofit revenue notes and refunding bonds.

Executive Director Bando provided an overview of the project and indicated that the financing complies with CSCDA general and issuance policies. This will be the 5<sup>th</sup> project financed by CHOMP through CSCDA. Part of the finance will be used to update the hospital's electronic billing system.

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

- b. The California School of Mechanical Arts (Lick-Wilmerding High School), City and County of San Francisco; issue up to \$53,300,000 in nonprofit revenue bonds.

***Item pulled from agenda due to higher loan amount no longer needed.***

- c. Camellia Place 2, LP (Camellia Place II Apartments), unincorporated County of Kern; issue up to \$5,500,000 in multifamily housing revenue bonds.

Executive Director Bando provided an overview of the project and indicated that the financing complies with CSCDA general and issuance policies. J. Kaufman abstained from voting because of his involvement with the Kern Advisory Committee.

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

- d. Lilly Affordable Communities, LP (Lilly Gardens Apartments), City of Gilroy, County of Santa Clara; issue up to \$36,070,000 in multifamily housing revenue bonds.

***Item pulled from agenda due to higher loan amount no longer needed.***

6. Consideration of recommendation for appointment of CSCDA Auditor pursuant to responses to request for proposals.

Executive Director Bando recommended that the Board consider Mann, Urrutia & Nelson (MUN) as the new auditor.

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

7. Consideration of CSCDA Marketing and Sponsorship recommendation by Charitable Contributions Ad Hoc Committee.

The Commission asked the Ad Hoc Committee to provide in writing what exactly is expected of CSCDA in regards of charitable contributions. They recommend that a process be established that

requires approval for any contributions over \$5,000 and a quarterly report. The Charitable Contributions Ad Hoc Committee recommendations will become part of CSCDA's policy.

***Motion to revise, by L. Combs. Second by T. Snellings. Unanimously approved by roll-call vote.***

8. Update regarding PACE and Consideration of Appointment of an Open PACE Advisory Board.

The Ad Hoc Committee recommends that CSCDA establish an Open Pace Advisory Board made up of six local government official members (3 city and 3 counties).

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

9. Update by Professional services Ad Hoc Committee regarding annual review of CSCDA Program Manager.

The Board was informed that Bridge Strategic Partners would continue to function as CSCDA's Program Manager. The Board thanked them for their continued hard work in contributing to CSCDA's growth.

10. Executive Director Update.

Executive Director Bando informed the committee that budget is expected to be finalized by July 6<sup>th</sup>.

11. Staff Updates.

There were no staff updates.

12. Adjourn.

The meeting was adjourned at 2:50pm.

Submitted by: Sendy Young, CSAC Finance Corporation

**NEXT MEETING:** Thursday, July 6, 2017 at 2:00 p.m.  
League of California Cities  
1400 K Street, 3<sup>rd</sup> Floor, Sacramento, CA 95814



## **MINUTES**

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

**July 6, 2017**

League of California Cities  
1400 K K Street, 3<sup>rd</sup> Floor, Sacramento, CA 95814

Commission Chair Dan Harrison called the meeting to order at 2:00pm.

1. Roll Call.

Commission members present: Dan Harrison

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

Others present: James Hamill Bridge Strategic Partners; Norman Coppinger, League of California Cities; Laura Labanieh and Sendy Young, CSAC Finance Corporation

Others participating via teleconference: Cathy Bando, CSCDA Executive Director; Tricia Ortiz, Richards, Watson & Gershon, and Patricia Eichar, Orrick, Herrington & Sutcliffe.

2. Consideration of the Minutes of the May 18, 2017 Regular Meeting.

Commission Chair Harrison requested the approval of the minutes be postponed to the July 20, 2017 meeting for updates to submitted drafts.

3. Consideration of the Consent Calendar.

The Commission approved the following items on the Consent Calendar:

- a. Approval of Orrick, Herrington & Sutcliffe/ HERO Legal Services Agreement.
- b. Approval of agreement with David Taussig & Associates for services related to the Statewide Community Infrastructure Program (SCIP).

- c. Approval of San Diego Housing Federation Sponsorship.

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

4. Public Comment.

There was no public comment.

5. Consider the following resolutions to initiate proceedings to form multiple Statewide Community Infrastructure Program (SCIP) Assessment Districts:

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

The Commission approved the resolution of intention to form assessment districts through SCIP for the following 13 projects:

Contra Costa	City of Antioch	Heidorn	Meritage Homes	Residential	1,187,550.00
Contra Costa	City of Brentwood	Sellers Ave	Meritage Homes	Residential	2,400,000.00
Placer	City of Lincoln	Lakeside 6 Phase 2	John Mourier Construction, Inc	Residential	1,769,500.50
Placer	City of Roseville	Campus Oaks Apartments - Phase	Campus Oaks Apartments 1 LP	Commercial	4,576,324.84
Placer	City of Roseville	Project One	Roseville 80 Land, LLC	Light industrial	2,519,696.53
Placer	County of Placer	Morgan Ranch	HBT of Morgan Ranch LLC	Residential	1,643,823.75
Riverside	Coachella Valley Water	Espana	GID Espana, LLC	Residential	1,311,033.80
San Diego	City of San Diego	Pacific Highlands Ranch (Unit 17)	Pardee Homes	Residential	8,454,286.78
San Diego	City of San Diego	Pacific Highlands Ranch (Unit 20)	Pardee Homes	Residential	1,366,935.89
San Joaquin	City of Manteca	Evans Estates #5	Rina's Grove, LP	Residential	898,484.10
San Joaquin	City of Manteca	Silva Estates	Meritage Homes	Residential	786,655.07
San Joaquin	City of Manteca	Sundance, Unit 2	Beacon Land Company	Residential	2,376,000.00
San Joaquin	City of Manteca	Shadowbrook	Trumark Homes LLC	Residential	10,000,000.00
					39,290,291.26

***Motion to approve by L. Combs. Second by D. Mierzwa. Unanimously approved by roll-call vote.***

- b. Resolution preliminarily approving the engineer's reports, setting the public hearing date of protests for September 7, 2017 and providing property owner ballots.

The Commission approved the preliminary engineer's reports for the above-referenced SCIP projects, and the scheduling of the public hearing of protest and providing property owner ballots to take place at the League of California Cities on September 7, 2017.

***Motion to approve by L. Combs. Second by I. Bornstein. Unanimously approved by roll-call vote.***

6. Conduct proceedings with respect to the SCIP 2017-02 (hearing to be held at 2pm or shortly afterwards:
- a. Open Public Hearing for Assessment District No. 17-02, City of San Diego, County of San Diego
  - b. Close Public Hearing.
  - c. Open assessment ballots and announce results.

Commission Chair Dan Harrison opened the public hearing for the Pardee Homes project. There were oral or written comments from the public. The hearing was closed. The Project will be financing approximately \$10,842.870 in impact fees. The final approval for the issuance of bonds will be approved in September/October 2017.

***Motion to close the public hearing by D. Mierzwa. Second by I. Bornstein. Unanimously approved by roll-call vote.***

Consideration of the following resolutions with respect to SCIP 2017-02:

- a. Resolution approving final engineer's report, levying assessments, ordering the financing of specified development fees, and confirming unpaid assessment amounts.

***Motion to approve I. Bornstein. Second by D. Mierzwa. Unanimously approved by roll-call vote.***

- b. Resolution providing for the issuance of a separate series of SCIP limited obligation for improvement bonds and approving the form and substance of a trust agreement.

***Motion to approve by L. Combs. Second by D. Mierzwa. Unanimously approved by roll-call vote.***

7. Consideration of the following resolutions for the designation of Improvement Area No. 2 for community Facilities District No. 2015-01 (University District), City of Rohnert Park, County of Sonoma, State of California (the "University District CFD"):

- a. Conduct proceedings with respect to designation of improvement area:
  1. Open Public Hearing.
  2. Close Public Hearing.

Commission Chair Dan Harrison opened the public hearing with respect to designation of the University District improvement area. There were no oral or written comments from the public. The hearing was closed. The financing will not exceed \$50,000,00. All improvements to be financed will be those that were approved by the CSCDA Commission on May 18, 2017.

***Motion to close the public hearing by J. Kaufman. Second by L. Combs. Unanimously approved by roll-call vote.***

- b. Consider the following resolutions relating to the designation of and special election within Improvement Area No. 2:
  1. Resolution designating Improvement Area No. 2 and authorizing the levy of a special tax within said improvement area.

***Motion to approve by L. Combs. Second by I. Bornstein. Unanimously approved by roll-call vote.***

2. Resolution deeming it necessary to incur bonded indebtedness to finance certain development impact fees and the acquisition and construction of certain public facilities to mitigate the impacts of development within the University District CFD.

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

3. Resolution calling special mailed-ballot election within Improvement Area No. 2.

***Motion to approve by I. Bornstein. Second by D. Mierzwa. Unanimously approved by roll-call vote.***

- c. Conduct special election within Improvement Area No. 2.
- d. Consider resolutions declaring results of special mailed-ballot election within Improvement Area No. 2.
- e. Conduct first reading of “Ordinance Levying a Special Tax for Fiscal Year 2017-2018 and Following Fiscal Years Solely Within and Relating to California Statewide Communities Development Authority Community Facilities District No. 2015-01, Improvement Area No. 2 (University District), City of Rohnert Park, County of Sonoma, State of California.”

Patricia Eichar from Orrick, Herrington & Sutcliffe announced the results of the special election with 100% approval by the property owner.

***Motion to approve items d and e and waive the reading of the first reading of the Ordinance Levying a Special Tax and read by title only, by L. Combs. Second by D. Mierzwa. Unanimously approved by roll-call vote.***

8. Consider the following resolutions to initiate proceedings to form Community Facilities District No. 2017-01 (Horse Creek Ridge):
  - a. Resolution approving joint community facilities agreement and declaring intention to establish Community Facilities District No. 2017-01 (Horse Creek Ridge) and to levy a special tax to finance the acquisition and construction of certain public facilities and to finance certain development impact fees.

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

- b. Resolution to incur bonded indebtedness to finance certain development impact fees and the acquisition and construction of certain public facilities for Community Facilities District No. 2017-01 (Horse Creek Ridge) and calling for a public hearing on August 17, 2017.

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

Executive Director Bando recommended approval of both motions. The financing would not exceed \$28,000,000 and will be brought back to the Commission for completion of the formation of the CFD and for final approval of bond issuance.

9. Consideration of 2017/18 CSCDA Budget.

Executive Director Bando recommended approval of the 2017-18 budget. She informed the Board that PACE issuance fees will continue to rise in the next year. She informed the Board of three significant changes in general administrative cost (1) the discontinuation of the legislative services contract with Nielsen Merksamer, (2) new contract terms with Orrick, and (3) increased Marketing and Sponsorships from \$30,000 to \$100,000.

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

10. Executive Director Update.

Executive Director Bando had no updates.

11. Staff Updates.

No Staff Updates.

12. Adjourn.

The meeting was adjourned at 2:51pm.

Submitted by: Sindy Young, CSAC Finance Corporation

**NEXT MEETING:** Thursday, July 20, 2017 at 2:00 p.m.  
California State Association of Counties  
1100 K Street, 1<sup>st</sup> Floor, Sacramento, CA 95814



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

### **Agenda Report**

**DATE:** July 20, 2017

**TO:** CSCDA COMMISSIONERS

**FROM:** Cathy Bando, Executive Director

**PROJECT:** Front Porch Communities and Services

**PURPOSE:** Authorize the Issuance of Bonds for Financing and Refinancing the Acquisition, Construction, Renovation, Equipping and Furnishing of Senior Living Communities located throughout Southern California

**AMOUNT:** Not to Exceed \$175,000,000

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#### **EXECUTIVE SUMMARY:**

Front Porch Communities and Services, a 501c3 nonprofit organization (“Front Porch”), has requested that CSCDA issue revenue bonds in an amount not to exceed \$175,000,000 (the “Bonds”) for financing and refinancing the acquisition, construction, improvement, equipping and furnishing of senior living communities located throughout Southern California (collectively, the “Project”).

#### **PROJECT ANALYSIS:**

##### **About Front Porch Communities and Services:**

Front Porch is a premier nonprofit developer, owner and operator of market rate senior housing communities, primarily in the Southern California area. These continuing care retirement communities (“CCRC’s”), some of which have been in operation for more than 100 years, serve a variety of income levels and the full continuum of care and currently provide services to more than 3,000 residents. Front Porch provides support, financial and otherwise, to organizations engaged in housing, health and human services, education and research, and sponsors affordable housing communities. Their mission is “meeting needs through excellence in health and human services.”

Front Porch serves approximately 3,000 residents in its market rate retirement communities by providing a warm and friendly place to live along with personal care for many residents in their independent living, assisted living, memory care and care center accommodations. Each year, Front Porch provides services to residents with limited means and benefits to the broader community.

**About the Project:**

Approximately \$103 million of Project bond proceeds will be used to refinance outstanding fixed rate bonds issued in 2007 and variable rate bonds issued in 2012 and 2015. Refinancing the Series 2007 fixed rate bonds produces approximately \$7.6 million in present value savings. Refinancing the Series 2012 variable rate bonds to fixed helps manage variable interest rate risk and allows Front Porch to use a draw-down loan to finance the remainder of the Wesley Palms project (described below). Using a draw-down loan will save Front Porch approx. \$1.7 million in interest expense during construction. The remainder of the bond proceeds will help fund certain capital improvements at the following Front Porch communities:

**Wesley Palms**, constructed in 1962 and located in San Diego, California, is licensed as a residential care facility for the elderly (“RCFE”). The campus contains 231 independent living units and 49 assisted living units. Wesley Palms is in the middle of a six year comprehensive renovation and construction plan.

**Villa Gardens**, constructed in 1987 and located in Pasadena, California, is licensed as an RCFE. The campus includes 190 independent living units and 39 assisted living units. All of the assisted living units and 23 of the independent living units were constructed in 1998. There is an adjacent skilled nursing community, the Villa Gardens Health Center, which was constructed in 1990 and is licensed for 54 skilled nursing beds.

**Walnut Village**, constructed in 1950 and located in Anaheim, California, is licensed as an RCFE. Walnut Village finished a complete renovation, reconstruction and repositioning project in 2009. Residential facilities consist of 149 independent living units, 9 cottages and 14 assisted living units, for a total of 172 independent and assisted living units. An adjacent skilled nursing community, Walnut Village Care Center, is licensed for 99 skilled nursing beds.

Front Porch will also be prepaying its 1999 Certificates of Participation (“COPs”) that were originally issued by CSCDA. A Litigation Escrow Fund (“Litigation Fund”) was established in connection with the COPs and Front Porch also requests that the Litigation Fund be released as no COPs will remain outstanding. The Litigation Fund was established when the 1999 COPs were issued and CSCDA’s issuance policies did not permit unrated bonds to be issued. Staff has confirmed with Bond Counsel that the release of the Litigation Fund is warranted and in line with current CSCDA policies.

**Public Agency Approval:**

**TEFRA Hearings:** City of Pasadena – June 19, 2017 – unanimous approval  
City of Anaheim – June 20, 2017 – unanimous approval  
County of San Diego – June 20, 2017 – unanimous approval

**Public Benefit:**

- The benefits of the proposed Series 2017 bonds will accrue to the current residents of their communities through: 1) lower interest cost on outstanding fixed rate debt; 2) a more stable capital structure by refunding outstanding variable rate debt to a long term, fixed interest

rate; and 3) funding much needed projects that will help sustain and improve Front Porch's operations.

- Front Porch and its subsidiaries employ more than 2,200 employees in the various Front Porch communities, predominantly in Southern California.
- Medi-Cal and Medicare Acceptance – Approximately half of the people served at Front Porch and its subsidiaries receive financial assistance through federal or state government programs, including Medicare and Medi-Cal.
- Volunteerism – Residents have volunteered more than 16,000 hours outside their Front Porch community and more than 75,000 hours to their Front Porch community since the inception of the programs.
- Housing and Health Care Resources – Front Porch serves more than 1,500 people each day by providing a warm and friendly place to live along with personal care for many residents in their independent living, assisted living and care center communities.

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

##### Sources of Funds:

Bond Proceeds:	\$ 107,232,583
Reserves/Interest:	\$ 6,153,051
Total Sources:	\$ 113,385,634

##### Uses of Funds:

Project Fund:	\$ 5,000,000
Refunded Bonds:	\$ 106,968,427
Costs of Issuance:	\$ 1,417,207
Total Uses:	\$ 113,385,634

#### **Finance Partners:**

Bond Counsel:	Orrick, Herrington & Sutcliffe, LLP, Sacramento
Authority Counsel:	Orrick, Herrington & Sutcliffe, LLP, Sacramento
Underwriter:	Bank of America Merrill Lynch, San Francisco

#### **Finance Terms:**

<b>Anticipated Rating:</b>	A (Fitch)
<b>Term:</b>	30 years at a fixed interest rate
<b>Structure:</b>	Public Offering
<b>Estimated Closing:</b>	August 23, 2017

**CSCDA Policy Compliance:**

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

**DOCUMENTS:** (as attachments)

1. CSCDA Resolution (Attachment A)

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

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

**ATTACHMENT A**

**RESOLUTION NO. \_\_NP-\_\_**

**CALIFORNIA STATEWIDE COMMUNITIES  
DEVELOPMENT AUTHORITY**

**A RESOLUTION AUTHORIZING THE ISSUANCE OF ONE OR MORE SERIES OF  
REVENUE BONDS IN A PRINCIPAL AMOUNT NOT TO EXCEED \$175,000,000 TO  
FINANCE AND REFINANCE THE ACQUISITION, CONSTRUCTION,  
IMPROVEMENT, RENOVATION AND EQUIPPING OF SENIOR LIVING  
COMMUNITIES FOR FRONT PORCH COMMUNITIES AND SERVICES AND OTHER  
MATTERS RELATING THERETO**

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

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

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

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

WHEREAS, the Cities of Anaheim and Pasadena, both in California (together, the "Cities" and individually, a "City") are Program Participants, and each such City is authorized to acquire and dispose of property, both real and personal, pursuant to the provisions of Article 1, Chapter 5, Part 2 of Division 3 of Title 4 of the Government Code of the State of California;

WHEREAS, the County of San Diego (the "County") is a Program Participant, and such County is authorized to acquire and dispose of property, both real and personal, pursuant to the provisions of Chapter 1, Division 1 of Title 3 of the Government Code of the State of California;

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

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

WHEREAS, Front Porch Communities and Services, a California nonprofit public benefit corporation duly organized and existing under the laws of the State of California (the "Corporation"), wishes to finance and refinance the acquisition, construction, improvement, renovation and equipping of senior living communities owned and operated by the Corporation and located in the Cities of Anaheim and Pasadena and the County of San Diego (collectively, the "Project");

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

WHEREAS, pursuant to a Bond Indenture (the "Bond Indenture"), between the Authority and The Bank of New York Mellon Trust Company, N.A., as bond trustee (the "Bond Trustee"), the Authority will issue the California Statewide Communities Development Authority Revenue Bonds (Front Porch Communities and Services), Series 2017A, in one or more series (the "Bonds") for the purpose, among others, of financing and refinancing the Project;

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

WHEREAS, pursuant to one or more bond purchase contracts, to be dated the date of sale of the Bonds (collectively, the "Purchase Contract"), among Merrill Lynch, Pierce, Fenner & Smith Incorporated, as underwriter (the "Underwriter"), the Authority and the Corporation, the Bonds will be sold to the Underwriter, and the proceeds of such sale will be used as set forth in the Bond Indenture to finance and refinance the Project and to pay costs incurred in connection with the issuance of the Bonds;

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

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

WHEREAS, Certificates of Participation were previously executed and delivered pursuant to a Trust Agreement, dated as of March 1, 1999, among the Authority, U.S. Trust Company, National Association (the “1999 Trustee”) and The Internext Group (now known as the Corporation and referred to herein as the “Corporation”) (the “1999 Certificates”) and in connection with such execution and delivery, the Corporation previously deposited funds into an escrow fund (the “Escrow Fund”) established pursuant to a Litigation Escrow Agreement, dated as of March 1, 1999, among the Authority, the 1999 Trustee and the Corporation (the “Escrow Agreement”); and

WHEREAS, the Corporation desires to use its funds to prepay and defease the 1999 Certificates such that the 1999 Certificates are no longer outstanding and requests that the Authority authorize the early release of the amounts held in the Escrow Fund.

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

**Section 1.** Pursuant to the Act and the Bond Indenture, the Authority is hereby authorized to issue its revenue bonds, designated as the “California Statewide Communities Development Authority Revenue Bonds (Front Porch Communities and Services), Series 2017A” in an aggregate principal amount not to exceed one hundred seventy five million dollars (\$175,000,000), from time to time, in one or more series, with such other name or names of the Bonds or series thereof as designated in the Bond Indenture pursuant to which the Bonds will be issued. The Bonds shall be issued and secured in accordance with the terms of, and shall be in the form or forms set forth in, the Bond Indenture. The Bonds shall be executed on behalf of the Authority by the manual or facsimile signature of the Chair of the Authority or the manual signature of any member of the Commission of the Authority or their administrative delegates duly authorized pursuant to Resolution No. 17R-4 of the Authority, adopted on March 2, 2017, or any other resolution of the Authority (each, an “Authorized Signatory”), and attested by the manual or facsimile signature of the Secretary of the Authority or the Assistant to the Secretary of the Authority or the manual signature of any Authorized Signatory.

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

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

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

**Section 5.** The proposed preliminary form of Official Statement, as made available to the Commissioners, is hereby approved. The Underwriter is hereby authorized to distribute the Official Statement in preliminary form, to persons who may be interested in the purchase of the Bonds and to deliver the Official Statement in final form, in substantially the form of the preliminary Official Statement, to the purchasers of the Bonds.

**Section 6.** The Bonds, when executed as provided in Section 1, shall be delivered to the Bond Trustee for authentication by the Bond Trustee. The Bond Trustee is hereby requested and directed to authenticate the Bonds by executing the Bond Trustee's Certificate of Authentication appearing thereon, and to deliver the Bonds, when duly executed and authenticated, to the purchaser or purchasers thereof in accordance with written instructions executed on behalf of the Authority by an Authorized Signatory, which any Authorized Signatory, acting alone, is authorized and directed, for and on behalf of the Authority, to execute and deliver to the Bond Trustee. Such instructions shall provide for the delivery of the Bonds to the purchaser or purchasers thereof, upon payment of the purchase price thereof.

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

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

**Section 9.** The early release of all amounts in the Escrow Fund to the Corporation is hereby approved. The Chair, the Vice Chair, the Secretary, the Treasurer, any other members of the Commission of the Authority and other appropriate officers and agents of the Authority are hereby authorized and directed, jointly and severally, for and in the name and on behalf of the Authority, to execute and deliver any and all documents, and to do any and all things and take any and all actions which may be necessary or advisable, in their discretion, to disburse all funds remaining in the Escrow Fund, as such time as the Corporation may request, to the Corporation.

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

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

PASSED AND ADOPTED by the California Statewide Communities Development Authority this 24th day of July, 2017.

I, the undersigned, an Authorized Signatory of the California Statewide Communities Development Authority, DO HEREBY CERTIFY that the foregoing resolution was duly adopted by the Commission of the Authority at a duly called meeting of the Commission of the Authority held in accordance with law on July 24, 2017.

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



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

### **Agenda Report**

**DATE:** July 20, 2017

**TO:** CSCDA COMMISSIONERS

**FROM:** Cathy Bando, Executive Director

**PROJECT:** Lake Merritt Apartments

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

**AMOUNT:** Not to Exceed \$32,000,000

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#### **EXECUTIVE SUMMARY:**

Lake Merritt Apartments (the “Project”) is an acquisition and rehabilitation of a 55-unit rental affordable housing project located in the City of Oakland. 100% of the units will remain rent restricted for low-income tenants.

#### **PROJECT DESCRIPTION:**

- Acquisition and rehabilitation of 55-unit affordable rental housing facility located at 1417 First Avenue in the City of Oakland.
- 0.57 acre site.
- One four-story residential building, parking, laundry room, recreation and picnic areas.
- Consists of 54 one-bedroom units and one manager’s unit.

#### **PROJECT ANALYSIS:**

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

Preservation Partners Development (PPD) acquires, rehabilitates and permanently preserves “at-risk” affordable housing resources which were originally developed under U.S. Department of Housing and Urban Development (HUD) financing and direct rental subsidy programs. PPD’s objective is to provide long term, secure housing communities, and in partnership with affiliated nonprofit corporations, provide supportive social services focused on the most basic needs of very low income families and seniors. PPD has previously constructed or rehabilitated more than 30 multifamily properties and this is PPD’s eighth financing with CSCDA.

**Public Agency Approval:**

**TEFRA Hearing:** May 24, 2017 – City of Oakland – unanimous approval

**CDLAC Approval:** Expected at CDLAC’s July 19, 2017 meeting. CSCDA staff will confirm CDLAC’s approval at CSCDA’s meeting on July 20th.

**Public Benefits:**

- 100% of the units will be rent restricted for 55 years.
  - 100% (54 units) restricted to 60% or less of area median income households.
- The Project is in walking distance to recreational facilities, grocery stores, and public K-12 schools.

**Sources and Uses:**

Sources of Funds:

Tax-Exempt Bonds:	\$ 30,137,500
Seller Note:	\$ 1,362,500
Sponsor Equity:	\$ 28,300
Tax Credits:	\$ 921,270
Operating Income:	\$ 864,001
Deferred Developer Fee:	\$ 2,133,706
Total Sources:	\$ 35,447,277

Uses of Funds:

Acquisition:	\$ 21,300,000
Construction Costs:	\$ 6,841,994
Architecture & Engineering:	\$ 102,000
Capitalized Interest	\$ 1,511,958
Developer Fee:	\$ 4,133,706
Tax Credit Fees:	\$ 91,836
Bond Costs:	\$ 187,819
Cost of Issuance:	\$ 455,700
Soft Costs:	\$ 480,366
Reserves:	\$ 341,898
Total Uses:	\$ 35,447,277

**Finance Partners:**

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

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

Underwriter: Citibank

**Finance Terms:**

**Rating:** Unrated  
**Term:** 35 years at a fixed interest rate  
**Structure:** Private Placement  
**Estimated Closing:** August 31, 2017

**CSCDA Policy Compliance:**

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

**DOCUMENTS:** (as attachments)

1. Photo of Lake Merritt Apartments (Attachment A)
2. CSCDA Resolution (Attachment B)

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

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

**ATTACHMENT A**



**ATTACHMENT B**

**RESOLUTION NO. 17H-\_\_**

**A RESOLUTION OF THE CALIFORNIA STATEWIDE COMMUNITIES DEVELOPMENT AUTHORITY AUTHORIZING THE ISSUANCE, EXECUTION AND DELIVERY OF MULTIFAMILY HOUSING REVENUE OBLIGATIONS IN AN AGGREGATE PRINCIPAL AMOUNT NOT TO EXCEED \$35,000,000 FOR THE FINANCING OF A MULTIFAMILY RENTAL HOUSING PROJECT GENERALLY KNOWN AS LAKE MERRITT APARTMENTS; DETERMINING AND PRESCRIBING CERTAIN MATTERS AND APPROVING AND AUTHORIZING THE EXECUTION OF AND DELIVERY OF VARIOUS DOCUMENTS RELATED THERETO; RATIFYING ANY ACTION HERETOFORE TAKEN AND APPROVING RELATED MATTERS IN CONNECTION WITH THE OBLIGATIONS.**

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

**WHEREAS**, Lake Merritt II Preservation Limited Partnership, a California limited partnership, and entities related thereto (collectively, the “Borrower”), has requested that the Authority execute and deliver its California Statewide Communities Development Authority Multifamily Housing Revenue Note (Lake Merritt Apartments) 2017 Series S-1 and its California Statewide Communities Development Authority Multifamily Housing Revenue Taxable Note (Lake Merritt Apartments) 2017 Series S-2 (collectively, the “Notes”), and issue and sell its California Statewide Communities Development Authority Multifamily Housing Revenue Bonds (Lake Merritt Apartments) 2017 Series S-S (Subordinate Series) (the “Subordinate Bonds” and together with the Notes, the “Obligations”) to assist in the financing of the acquisition, rehabilitation and development of a 54-unit plus one manager’s unit multifamily housing rental development located in the City of Oakland, California (the “City”), and known or to be known as Lake Merritt Apartments (the “Project”);

**WHEREAS**, on July 19, 2017, the Authority expects to have received an allocation in the amount of \$23,127,500 (the “Allocation Amount”) from the California Debt Limit Allocation Committee in connection with the Project;

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

**WHEREAS**, the Authority is willing to issue, execute and deliver the Obligations in an aggregate principal amount not to exceed \$35,000,000, provided that the portion of such Obligations issued, executed and delivered as federally tax-exempt obligations shall not exceed the Allocation Amount, and to loan the proceeds thereof to the Borrower to assist in providing financing for the Project, which will allow the Borrower to reduce the cost of the Project and to assist in providing housing for low income persons;

**WHEREAS**, the Notes will be executed and delivered to Citibank, N.A. (the "Funding Lender"), as the initial holder of the Notes, and the Subordinate Bonds will be privately placed with Lake Merritt Preservation Limited Partnership, a California limited partnership, or a related entity (the "Holder"), as the initial purchaser of the Subordinate Bonds, in each case in accordance with the Authority's private placement policy;

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

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

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

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

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

(5) Subordinate Master Pledge and Assignment (the "Pledge and Assignment") to be entered into among the Authority, Lake Merritt Preservation Limited Partnership, a California limited partnership, as agent (the "Subordinate Bonds Agent"), and the Holder, relating to the Subordinate Bonds;

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

(7) Paying Agent Agreement (the "Paying Agent Agreement") to be entered into between a paying agent, to be selected (the "Paying Agent"), and the Borrower, relating to the Subordinate Bonds;

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

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

Section 2. Pursuant to the JPA Law, the Funding Loan Agreement and the Pledge and Assignment, and in accordance with the Housing Law, the Authority is hereby authorized to execute and deliver the Notes and issue and sell the Subordinate Bonds in one or more series. The Notes shall be designated as “California Statewide Communities Development Authority Multifamily Housing Revenue Note (Lake Merritt Apartments) 2017 Series S-1” and “California Statewide Communities Development Authority Multifamily Housing Revenue Taxable Note (Lake Merritt Apartments) 2017 Series S-2” and the Subordinate Bonds shall be designated as “California Statewide Communities Development Authority Multifamily Housing Revenue Bonds (Lake Merritt Apartments) 2017 Series S-S (Subordinate Series)” including, if and to the extent necessary, Obligations in one or more sub-series, with appropriate modifications and series and sub-series designations as necessary, in an aggregate principal amount not to exceed \$35,000,000; provided that the aggregate principal amount of any tax-exempt Obligations issued, executed and delivered shall not exceed the Allocation Amount. The Obligations shall be issued, executed and delivered in the form set forth in and otherwise in accordance with the Funding Loan Agreement and the Pledge and Assignment, and shall be executed on behalf of the Authority by the manual or facsimile signature of the Chair of the Authority or the manual signature of any Authorized Signatory (as defined below), and attested by the facsimile signature of the Treasurer and Secretary of the Authority, or the manual signature of any Authorized Signatory. The Obligations shall be secured in accordance with the terms of the Funding Loan Agreement and Pledge and Assignment presented to this meeting, as hereinafter approved. Payment of the principal and purchase price of, and prepayment or redemption premium, if any, and interest on, the Obligations shall be made solely from amounts pledged thereto under the Funding Loan Agreement and the Pledge and Assignment, and the Obligations shall not be deemed to constitute a debt or liability of the Authority or any Program Participant or Member of the Commission of the Authority (each, a “Member”).

Section 3. The Funding Loan Agreement in the form presented at this meeting is hereby approved. Any Member, or any other person as may be designated and authorized to sign for the Authority pursuant to a resolution adopted thereby (including, without limitation, the administrative delegates duly authorized pursuant to Resolution No. 17R-4 of the Authority, adopted on March 2, 2017) (together with the Members, each such person is referred to herein individually as an “Authorized Signatory”), acting alone, is authorized to execute by manual signature and deliver the Funding Loan Agreement, with such changes and insertions therein as may be necessary to cause the same to carry out the intent of this Resolution and as are approved by counsel to the Authority, such approval to be conclusively evidenced by the delivery thereof. The date, maturity date or dates (which shall not extend beyond July 1, 2062), interest rate or rates (which shall not exceed 12%), interest payment dates, denominations, form, registration privileges, manner of execution, place of payment, terms of prepayment and other terms of the Notes shall be as provided in the Funding Loan Agreement as finally executed.

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

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

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

Section 6. The Contingency Draw-Down Agreement in the form presented at this meeting is hereby approved.

Section 7. The Pledge and Assignment in the form presented at this meeting is hereby approved. Any Authorized Signatory, acting alone, is authorized to execute by manual signature and deliver the Pledge and Assignment, with such changes and insertions therein as may be necessary to cause the same to carry out the intent of this Resolution and as are approved by counsel to the Authority, such approval to be conclusively evidenced by the delivery thereof. The date, maturity date or dates (which shall not extend beyond June 1, 2062), interest rate or rates (which shall not exceed 12%), interest payment dates, denominations, form, registration privileges, manner of execution, place of payment, terms of redemption and other terms of the Subordinate Bonds shall be as provided in the Pledge and Assignment as finally executed.

Section 8. The Agency Agreement in the form presented at this meeting is hereby approved. Any Authorized Signatory, acting alone, is authorized to execute by manual signature and deliver the Agency Agreement, with such changes and insertions therein as may be necessary to cause the same to carry out the intent of this Resolution and as are approved by counsel to the Authority, such approval to be conclusively evidenced by the delivery thereof.

Section 9. The Paying Agent Agreement in the form presented at this meeting is hereby approved.

Section 10. The Authority is hereby authorized to execute and deliver the Notes to the Funding Lender pursuant to the terms and conditions of the Funding Loan Agreement.

Section 11. Subordinate Bonds, when executed, shall be delivered to the Agent for authentication. The Agent is hereby requested and directed to authenticate the Subordinate Bonds by executing the certificate of authentication appearing thereon, and to deliver the Subordinate Bonds, when duly executed and authenticated, to or at the direction of the purchasers thereof in accordance with written instructions executed and delivered on behalf of the Authority by an Authorized Signatory, which any Authorized Signatory, acting alone, is hereby authorized and directed to execute and deliver such instructions to the Agent. Such instructions shall provide for the delivery of the Subordinate Bonds to the purchasers thereof upon payment of the purchase price thereof.

Section 12. All actions heretofore taken by the officers and agents of the Authority with respect to the financing of the Project and the issuance, execution and delivery of

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

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

This Resolution shall take effect upon its adoption.

**PASSED AND ADOPTED** by the California Statewide Communities Development Authority this July 24, 2017.

The undersigned, an Authorized Signatory of the California Statewide Communities Development Authority, DOES HEREBY CERTIFY that the foregoing resolution was duly adopted by the Commission of the Authority at a duly called meeting of the Commission of the Authority held in accordance with law on July 24, 2017.

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



## **Agenda Item No. 4c**

### **Agenda Report**

**DATE:** July 20, 2017

**TO:** CSCDA COMMISSIONERS

**FROM:** Cathy Bando, Executive Director

**PROJECT:** Heninger Village Apartments

**PURPOSE:** Approve the Financing of Rental Affordable Housing Project Located in the City of Santa Ana, County of Orange

**AMOUNT:** Not to Exceed \$14,000,000

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#### **EXECUTIVE SUMMARY:**

Heninger Village Apartments (the “Project”) is an acquisition and rehabilitation of a 58-unit rental affordable housing project located in the City of Santa Ana. 100% of the units will remain rent restricted for low-income tenants.

#### **PROJECT DESCRIPTION:**

- Acquisition and rehabilitation of 58-unit affordable rental housing facility located at 200 Sycamore Street in the City of Santa Ana.
- 1.28 acre site.
- 5 two-story wood frame buildings.
- Consists of 38 one-bedroom units, 19 two-bedroom units and one manager’s unit.

#### **PROJECT ANALYSIS:**

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

KDF Communities LLC, a California limited liability company, is an affordable housing development company based in Newport Beach, California that was founded in 1996. Since that time, KDF has emerged as one of the largest developers and owners of affordable family and senior housing developments in California. KDF has been involved in the construction, acquisition and rehabilitation of more than 5,300 affordable rental units in 44 properties throughout California. KDF’s success is evident through its long-term city and financial relationships that support the team’s commitment to quality and integrity. KDF’s ground-up new construction expertise and renovation turnaround stories that comprise the company’s portfolio

exemplify a true focus on quality and building community. KDF has financed more than 20 prior affordable housing projects with CSCDA.

**Public Agency Approval:**

**TEFRA Hearing:** August 2, 2016 – City of Santa Ana – unanimous approval

**CDLAC Approval:** December 14, 2016

**Public Benefits:**

- 100% of the units will be rent restricted for 55 years.
  - 86% (49 units) restricted to 60% or less of area median income households.
  - 14% (8 units) restricted to 50% or less of area median income households.
  - 1 manager's unit.
- The Project is in close proximity to parks, grocery stores, a shopping center and public K-12 schools.

**Sources and Uses:**

Sources of Funds:

Tax-Exempt Bonds:	\$ 9,500,000
Tax Credits:	\$ 1,373,691
Seller Carry-Back Loan:	\$ 2,400,000
Reserves/Income:	<u>\$ 21,756</u>
Total Sources:	\$ 13,295,447

Uses of Funds:

Acquisition:	\$ 10,000,000
Construction Costs:	\$ 1,664,592
Consultant Fees:	\$ 150,000
Interest Expense:	\$ 618,348
Cost of Issuance:	\$ 318,086
Soft Costs:	<u>\$ 544,421</u>
Total Uses:	\$ 13,295,447

**Finance Partners:**

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

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

Private Placement Purchasers: R4 Capital Funding, LLC

**Finance Terms:**

**Rating:** Unrated  
**Term:** 35 years at a fixed interest rate  
**Structure:** Private Placement  
**Closing:** August 1, 2017

**CSCDA Policy Compliance:**

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

**DOCUMENTS:** (as attachments)

1. CSCDA Resolution (Attachment A)

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

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

**ATTACHMENT A**

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

**A RESOLUTION OF THE CALIFORNIA STATEWIDE COMMUNITIES DEVELOPMENT AUTHORITY AUTHORIZING THE ISSUANCE AND DELIVERY OF MULTIFAMILY HOUSING REVENUE BONDS IN AN AGGREGATE PRINCIPAL AMOUNT NOT TO EXCEED \$14,000,000 FOR THE FINANCING OF A MULTIFAMILY RENTAL HOUSING PROJECT GENERALLY KNOWN AS HENINGER VILLAGE APARTMENTS; DETERMINING AND PRESCRIBING CERTAIN MATTERS AND APPROVING AND AUTHORIZING THE EXECUTION OF AND DELIVERY OF VARIOUS DOCUMENTS RELATED THERETO; RATIFYING ANY ACTION HERETOFORE TAKEN AND APPROVING RELATED MATTERS IN CONNECTION WITH THE BONDS**

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

**WHEREAS**, Heninger 2016 LP, a California limited partnership, and entities related thereto (collectively, the “Borrower”), has requested that the Authority issue and sell revenue bonds to assist in the financing of the acquisition, rehabilitation and development of a 58-unit multifamily rental housing development for seniors located in the City of Santa Ana (the “City”), County of Orange, California, and known as Heninger Village Apartments (the “Project”);

**WHEREAS**, (i) on December 14, 2016, the Authority received an allocation in the amount of \$9,000,000 from the California Debt Limit Allocation Committee (“CDLAC”); and (ii) on July 19, 2017, the Authority received a supplemental allocation in the amount of \$500,000 from CDLAC (collectively, the “Allocation Amount”) in connection with the Project

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

**WHEREAS**, the Authority is willing to issue not to exceed \$14,000,000 aggregate principal amount of its Multifamily Housing Revenue Bonds (Heninger Village Apartments) 2017 Series U-1 and its Multifamily Housing Revenue Bonds (Heninger Village

Apartments) 2017 Series U-2 (collectively the “Bonds”), provided that the aggregate portion of such Bonds issued as federally tax-exempt obligations shall not exceed the Allocation Amount, and loan the proceeds thereof to the Borrower to assist in providing financing for the Project, which will allow the Borrower to reduce the cost of the Project and to assist in providing housing for low income persons;

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

(1) Trust Indenture (the “Indenture”), to be entered into between the Authority and Wilmington Trust, National Association, as trustee (the “Trustee”);

(2) Loan Agreement (the “Loan Agreement”), to be entered into between the Authority and the Borrower;

(3) Regulatory Agreement and Declaration of Restrictive Covenants (the “Regulatory Agreement”), to be entered into among the Borrower, the Authority and the Trustee.

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

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

Section 2. Pursuant to the JPA Law and the Indenture, and in accordance with the Housing Law, the Authority is hereby authorized to issue one or more series of Bonds. The Bonds shall be designated as “California Statewide Communities Development Authority Multifamily Housing Revenue Bonds (Heninger Village Apartments) 2017 Series U-1” and “California Statewide Communities Development Authority Multifamily Housing Revenue Bonds (Heninger Village Apartments) 2017 Series U-2” with appropriate modifications and series and sub-series designations as necessary, in an aggregate principal amount not to exceed \$14,000,000; provided that the aggregate principal amount of any tax-exempt Bonds issued shall not exceed the Allocation Amount. The Bonds shall be issued in the form set forth in and otherwise in accordance with the Indenture, and shall be executed on behalf of the Authority by the facsimile signature of the Chair of the Authority or the manual signature of any Authorized Signatory (as defined below), and attested by the facsimile signature of the Secretary of the Authority, or the manual signature of any Authorized Signatory. The Bonds shall be issued and secured in accordance with the terms of the Indenture, presented to this meeting, as hereinafter approved. Payment of the principal and purchase price of, and redemption premium, if any, and interest on, the Bonds shall be made solely from amounts pledged thereto under the Indenture, and the Bonds shall not be deemed to constitute a debt or liability of the Authority or any Program Participant or any Member of the Commission of the Authority (each, a “Member”).

Section 3. The Indenture in the form presented at this meeting is hereby approved. Any Member, or any other person as may be designated and authorized to sign for the Authority

pursuant to a resolution adopted thereby (including, without limitation, the administrative delegates duly authorized pursuant to Resolution Resolution No. 17R-4 of the Authority, adopted on March 2, 2017) (together with the Members, each such person is referred to herein individually as an "Authorized Signatory"), acting alone, is authorized to execute by manual signature and deliver the Indenture, with such changes and insertions therein as may be necessary to cause the same to carry out the intent of this Resolution and as are approved by counsel to the Authority, such approval to be conclusively evidenced by the delivery thereof. The date, maturity date or dates (which shall not extend beyond August 1, 2062), interest rate or rates (which shall not exceed 12%), interest payment dates, denominations, form, registration privileges, manner of execution, place of payment, terms of redemption and other terms of the Bonds shall be as provided in the Indenture as finally executed.

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

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

Section 6. The Bonds, when executed, shall be delivered to the Trustee for authentication. The Trustee is hereby requested and directed to authenticate the Bonds by executing the certificate of authentication of the Trustee appearing thereon, and to deliver the Bonds, when duly executed and authenticated, to or at the direction of the Underwriter, in accordance with written instructions executed and delivered on behalf of the Authority by an Authorized Signatory, which any Authorized Signatory, acting alone, is hereby authorized and directed to execute and deliver such instructions to the Trustee.

Section 7. All actions heretofore taken by the officers and agents of the Authority with respect to the financing of the Project and the sale and issuance of the Bonds are hereby approved, ratified and confirmed, and any Authorized Signatory, acting alone, is hereby authorized and directed, for and in the name and on behalf of the Authority, to do any and all things and take any and all actions and execute and deliver any and all certificates, agreements and other documents, including but not limited to a tax certificate, a subordination or intercreditor agreement, any endorsement and/or assignment of the deed of trust and such other documents as described in the Indenture, and the other documents herein approved, which they, or any of them, may deem necessary or advisable in order to consummate the lawful issuance and delivery of the Bonds and to effectuate the purposes thereof and of the documents herein approved in accordance with this resolution and resolutions heretofore adopted by the Authority and otherwise in order to carry out the financing of the Project.

Section 8. All consents, approvals, notices, orders, requests and other actions permitted or required by any of the documents authorized by this Resolution, whether before or after the issuance of the Bonds, including without limitation any of the foregoing that may be

necessary or desirable in connection with any default under or amendment of such documents, any transfer or other disposition of the Project, any addition or substitution of security for the Bonds or any redemption of the Bonds, may be given or taken by any Authorized Signatory, as appropriate, without further authorization by the Commission, and each such officer is hereby authorized and directed to give any such consent, approval, notice, order or request and to take any such action that such officer may deem necessary or desirable to further the purposes of this Resolution and the financing of the Project; provided such action shall not create any obligation or liability of the Authority other than as provided in the Indenture, and other documents approved herein.

This Resolution shall take effect upon its adoption.

**PASSED AND ADOPTED** by the California Statewide Communities Development Authority this 20th day of July 2017.

The undersigned, an Authorized Signatory of the California Statewide Communities Development Authority, DOES HEREBY CERTIFY that the foregoing resolution was duly adopted by the Commission of the Authority at a duly called meeting of the Commission of the Authority held in accordance with law on July 20, 2017.

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



## **Agenda Item No. 4d**

### **Agenda Report**

**DATE:** July 20, 2017

**TO:** CSCDA COMMISSIONERS

**FROM:** Cathy Bando, Executive Director

**PROJECT:** Meadows Court/Holly Lane Apartments

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

**AMOUNT:** Not to Exceed \$15,000,000

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#### **EXECUTIVE SUMMARY:**

Meadows Court/Holly Lane Apartments (the “Project”) is an acquisition and rehabilitation of an 82-unit scattered site rental affordable housing project located in the City of Vacaville (the “City”). 100% of the units will remain rent restricted for low-income tenants.

#### **PROJECT DESCRIPTION:**

- Acquisition and rehabilitation of 82-units of affordable rental housing located at various sites throughout the City of Vacaville.
- 3.94 acres.
- 18 wood frame buildings.
- Consists of 15 one-bedroom units, 65 two-bedroom units and two manager’s unit.

#### **PROJECT ANALYSIS:**

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

Community Development Partners (CDP) develops and operates sustainable, life-enhancing affordable housing with a focus on long term community engagement. CDP is a leader of transformative change – responsible for creating life-enhancing affordable development projects that adhere to strict standards of environmentally, socially and economically responsible buildings and communities. CDP’s mission is to repair and strengthen the fabric of cities and towns by meeting the housing needs of local citizens through the thoughtful planning and development of affordable communities. CDP is dedicated to providing the highest quality life-enhancing housing for qualifying low income residents. Founded in 2012, CDP’s multi-disciplinary team is comprised of real estate development experts who contribute diverse

backgrounds in both affordable and market-rate development. Its goal is to weave a sense of community into each of the projects completed. The Project is CDP's fourth financing with CSCDA.

**Public Agency Approval:**

**TEFRA Hearing:** October 25, 2016 – City of Vacaville – unanimous approval

**CDLAC Approval:** December 14, 2016

**Public Benefits:**

- 100% of the units will be rent restricted for 55 years.
  - 89% (71 units) restricted to 60% or less of area median income households.
  - 11% (9 units) restricted to 50% or less of area median income households.
- The Project is in close proximity to recreational facilities, grocery stores and public K-12 schools.

**Sources and Uses:**

Sources of Funds:

Tax-Exempt Bonds:	\$ 11,889,899
Seller Carryback:	\$ 1,705,210
Income:	\$ 385,412
Deferred Developer Fee:	\$ 1,182,092
Tax Credits:	<u>\$ 6,905,101</u>
Total Sources:	\$ 22,067,714

Uses of Funds:

Acquisition:	\$ 11,063,421
Construction Costs:	\$ 5,258,232
Construction Contingency:	\$ 525,823
Developer Fee:	\$ 2,403,062
Costs of Issuance:	\$ 865,606
Reserves:	\$ 265,395
Soft Costs:	<u>\$ 1,686,175</u>
Total Uses:	\$ 22,067,714

**Finance Partners:**

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

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

Private Placement Purchaser: Citibank, N.A.

**Finance Terms:**

**Rating:** Unrated  
**Term:** 35 years  
**Structure:** Private Placement  
**Closing:** August 14, 2017

**CSCDA Policy Compliance:**

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

**DOCUMENTS:** (as attachments)

1. CSCDA Resolution (Attachment A)

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

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

**ATTACHMENT A**

**RESOLUTION NO. 17-\_\_**

**A RESOLUTION OF THE CALIFORNIA STATEWIDE COMMUNITIES DEVELOPMENT AUTHORITY AUTHORIZING THE EXECUTION AND DELIVERY OF MULTIFAMILY HOUSING REVENUE NOTES IN AN AGGREGATE PRINCIPAL AMOUNT NOT TO EXCEED \$15,000,000 FOR THE FINANCING OF A MULTIFAMILY RENTAL HOUSING PROJECT GENERALLY KNOWN AS MEADOWS COURT & HOLLY LANE APARTMENTS; DETERMINING AND PRESCRIBING CERTAIN MATTERS AND APPROVING AND AUTHORIZING THE EXECUTION OF AND DELIVERY OF VARIOUS DOCUMENTS RELATED THERETO; RATIFYING ANY ACTION HERETOFORE TAKEN AND APPROVING RELATED MATTERS IN CONNECTION WITH THE NOTES.**

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

**WHEREAS**, Meadows Holly Partners L.P., a California limited partnership, and entities related thereto (collectively, the “Borrower”), has requested that the Authority execute and deliver its California Statewide Communities Development Authority Multifamily Housing Revenue Construction/Permanent Note (Meadows Court & Holly Lane Apartments) 2017 Series W-1 and its California Statewide Communities Development Authority Multifamily Housing Revenue Construction Note (Meadows Court & Holly Lane Apartments) 2017 Series W-2 (collectively, the “Notes”) to assist in the financing of the acquisition and rehabilitation of an 82-unit scattered-site multifamily housing rental development located in the City of Vacaville, California, and known, respectively, as Meadows Court and Holly Lane Apartments (the “Project”);

**WHEREAS**, on December 14, 2016, the Authority received an allocation in the amount of \$12,670,451 (the “Allocation Amount”) from the California Debt Limit Allocation Committee (“CDLAC”) in connection with the Project;

**WHEREAS**, the City of Vacaville (the “City”) is a Program Participant (as defined in the Agreement) of the Authority and has authorized the execution and delivery of the Notes;

**WHEREAS**, the Authority is willing to execute and deliver the Notes in an aggregate principal amount not to exceed \$15,000,000, provided that the portion of such Notes

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

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

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

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

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

(3) Regulatory Agreement and Declaration of Restrictive Covenants relating to each Project site (collectively, the “Regulatory Agreement”), each to be entered into between the Authority and the Borrower; and

(4) Contingency Draw-Down Agreement (the “Contingency Draw-Down Agreement”) to be entered into by the Funding Lender and the Borrower;

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

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

Section 2. Pursuant to the JPA Law and the Funding Loan Agreement, and in accordance with the Housing Law, the Authority is hereby authorized to execute and deliver the Notes in one or more series. The Notes shall be designated as “California Statewide Communities Development Authority Multifamily Housing Revenue Construction/Permanent Note (Meadows Court & Holly Lane Apartments) 2017 Series W-1” and “California Statewide Communities Development Authority Multifamily Housing Revenue Construction Note (Meadows Court & Holly Lane Apartments) 2017 Series W-2” including, if and to the extent necessary, one or more sub-series, with appropriate modifications and series and sub-series designations as necessary, in an aggregate principal amount not to exceed \$15,000,000; provided that the aggregate principal amount of any tax-exempt Notes executed and delivered shall not exceed the Allocation Amount. The Notes shall be executed and delivered in the form set forth in and otherwise in accordance with the Funding Loan Agreement, and shall be executed on behalf of the Authority by the manual or facsimile signature of any Authorized Signatory (as defined below). The Notes shall be secured in accordance with the terms of the Funding Loan Agreement presented to this meeting, as hereinafter approved. Payment of the principal and purchase price of, and prepayment premium, if any, and

interest on, the Notes shall be made solely from amounts pledged thereto under the Funding Loan Agreement, and the Notes shall not be deemed to constitute a debt or liability of the Authority or any Program Participant or Member of the Commission of the Authority (each, a “Member”).

Section 3. The Funding Loan Agreement in the form presented at this meeting is hereby approved. Any Member, or any other person as may be designated and authorized to sign for the Authority pursuant to a resolution adopted thereby (including, without limitation, the administrative delegates duly authorized pursuant to Resolution No. 17R-4 of the Authority, adopted on March 2, 2017) (together with the Members, each such person is referred to herein individually as an “Authorized Signatory”), acting alone, is authorized to execute by manual signature and deliver the Funding Loan Agreement, with such changes and insertions therein as may be necessary to cause the same to carry out the intent of this Resolution and as are approved by counsel to the Authority, such approval to be conclusively evidenced by the delivery thereof. The date, maturity date or dates (which shall not extend beyond August 1, 2062), interest rate or rates (which shall not exceed 12%), interest payment dates, denominations, form, registration privileges, manner of execution, place of payment, terms of prepayment and other terms of the Notes shall be as provided in the Funding Loan Agreement as finally executed.

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

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

Section 6. The Contingency Draw-Down Agreement in the form presented at this meeting is hereby approved.

Section 7. The Authority is hereby authorized to execute and deliver the Notes to the Funding Lender pursuant to the terms and conditions of the Funding Loan Agreement.

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

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

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

This Resolution shall take effect upon its adoption.

**PASSED AND ADOPTED** by the California Statewide Communities Development Authority this July 24, 2017.

The undersigned, an Authorized Signatory of the California Statewide Communities Development Authority, DOES HEREBY CERTIFY that the foregoing resolution was duly adopted by the Commission of the Authority at a duly called meeting of the Commission of the Authority held in accordance with law on July 24, 2017.

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

**ORDINANCE NO. 17ORD-[ ]**

**CALIFORNIA STATEWIDE COMMUNITIES  
DEVELOPMENT AUTHORITY**

**ORDINANCE LEVYING A SPECIAL TAX FOR FISCAL YEAR 2017-2018  
AND FOLLOWING FISCAL YEARS SOLELY WITHIN AND RELATING TO  
CALIFORNIA STATEWIDE COMMUNITIES DEVELOPMENT AUTHORITY  
COMMUNITY FACILITIES DISTRICT NO. 2015-01, IMPROVEMENT AREA NO. 2  
(UNIVERSITY DISTRICT), CITY OF ROHNERT PARK, COUNTY OF SONOMA,  
STATE OF CALIFORNIA**

BE IT ENACTED BY THE COMMISSION OF THE CALIFORNIA  
STATEWIDE COMMUNITIES DEVELOPMENT AUTHORITY:

SECTION 1. Pursuant to California Government Code Sections 53316 and 53340, and in accordance with the Rate and Method of Apportionment (the “RMA”), as set forth in Exhibit D of Resolution No. 17SCIP-30 (the “Resolution of Intention”) adopted May 18, 2017, incorporated by reference to Resolution No. 17SCIP-51 (the “Resolution of Designation”) adopted by July 6, 2017, with respect to the California Statewide Communities Development Authority Community Facilities District No. 2015-01 (University District), City of Rohnert Park, County of Sonoma, State of California (the “Community Facilities District”) designating Improvement Area No. 2 therein (the “Improvement Area”), a special tax is hereby levied on all taxable parcels within the Improvement Area for the 2017-2018 fiscal year and for all subsequent fiscal years in the amount determined by the Community Facilities District in accordance with the RMA, until collection of the Special Tax by the Commission ceases and a Notice of Cessation of Special Tax is recorded in accordance with Section 53330.5 of the Act, provided that this amount may in any fiscal year be levied at a lesser amount by resolution of the Commission.

SECTION 2. The Authority’s special tax consultant, currently David Taussig & Associates, Inc., 5000 Birch Street, Suite 6000, Newport Beach, California 92660, telephone (949) 955-1500, is authorized and directed, with the aid of the appropriate officers and agents of the Authority, to determine each year, without further action of the Commission, the appropriate amount of the Special Tax (pursuant to, and as that term is defined in, the Resolution of Intention) to be levied for the Improvement Area, to prepare the annual Special Tax roll in accordance with the RMA, and to present the roll to the Commission for consideration.

SECTION 3. Upon approval by the Commission, whether as submitted or as modified by the Commission, the special tax consultant is authorized and directed, without further action of the Commission, to provide all necessary and appropriate information to the Sonoma County Auditor in proper form, and in proper time, necessary to effect the correct and timely billing and collection of the Special Tax on the secured property tax roll of the County; provided, that as stated in the Resolution of Intention and in Section 53340 of the California Government Code, the Commission has reserved the right to utilize any method of collecting the Special Tax which it shall, from time to time, determine to be in the best interests of the Authority, including but not limited to, direct billing by the Authority to the property owners, supplemental billing and,

under the circumstances provided by law, judicial foreclosure, all or any of which the Commission may implement in its discretion by resolution.

SECTION 4. The appropriate officers and agents of the Authority are authorized to make adjustments to the Special Tax roll prior to the final posting of the Special Tax to the Sonoma County tax roll each fiscal year, as may be necessary to achieve a correct match of the Special Tax levy with the assessor's parcel numbers finally utilized by the Sonoma County Auditor in sending out property tax bills.

SECTION 5. The Authority agrees that, in the event the Special Tax is collected on the secured tax roll of Sonoma County, the County may charge its reasonable and agreed charges for collecting the Special Tax as allowed by law, prior to remitting the Special Tax collections to the Authority.

SECTION 6. Taxpayers claiming that the amount of the Special Tax on their property is not correct are referred to Section F of the RMA for the proper claims procedure.

SECTION 7. If for any cause any portion of this Ordinance is found to be invalid, or if the Special Tax is found inapplicable to any particular parcel by a court of competent jurisdiction, the balance of this Ordinance, and the application of the Special Tax to all other parcels, shall not be affected.

SECTION 8. This Ordinance shall take effect and be in force thirty (30) days after its final passage; and before the expiration of fifteen (15) days after its passage the same shall be published, with the names of the members voting for and against the same, at least once in a newspaper of general circulation published and circulated in the area of the Community Facilities District.

\* \* \*

I, the undersigned, the duly appointed and qualified representative of the Commission of the California Statewide Communities Development Authority, DO HEREBY CERTIFY that the foregoing ordinance was first read at a regular meeting of the Commission on July 6, 2017, and was duly passed and adopted by the Commission of the Authority at a duly called meeting of the Commission of the Authority held in accordance with law on July 24, 2017.

AYES:

NOES:

ABSENT:

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



**CSCDC**  
 CALIFORNIA STATEWIDE COMMUNITIES  
 DEVELOPMENT CORPORATION



## MEETING AGENDA

**July 20, 2017**

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

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

Telephonic Locations:

709 Portwalk Place  
 Redwood City, CA 94061

27788 Hidden Trail Road  
 Laguna Hills, CA 92653

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

County of Butte  
 7 County Drive, Oroville, CA 95965

### A. OPENING AND PROCEDURAL ITEMS

1. Roll Call.
 

_____ Dan Harrison, President	_____ Jordan Kaufman, Member
_____ Larry Combs, Vice President	_____ Dan Mierzwa, Member
_____ Kevin O'Rourke, Treasurer	_____ Irwin Bornstein, Member
_____ Tim Snellings, Secretary	_____ Brian Moura, Alt. Member
2. Consideration of the minutes of the June 15, 2017 Meeting.
3. Public Comment.

### B. ITEMS FOR CONSIDERATION

4. Approve all necessary actions; the execution and delivery of all necessary documents; and authorize any signatory to sign all necessary documents in connection with the following:
  - a. Approve the making of \$14,000,000 in qualified low income community investments by CSCDC 11 LLC to LA Prep Properties II LLC, City of Los Angeles, California.

This \_\_\_ page agenda was posted at 1100 K Street, Sacramento, California on \_\_\_\_\_, 2017 at \_\_\_: \_\_\_ m, Signed \_\_\_\_\_. Please email signed page to [info@cscda.org](mailto:info@cscda.org)

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

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

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



## MINUTES

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

**June 15, 2017**

League of Cities  
1100K Street, 1<sup>st</sup> Floor, Sacramento, CA 95814

Commission Vice Chair Larry Combs called the meeting to order at 2:50.

1. Roll Call.

Commission members present: Larry Combs, Tim Snellings  
Commission members participating via teleconference: Kevin O'Rourke, Jordan Kaufman, Dan Mierzwa, Brian Moura

Others present: James Hamill Bridge Strategic Partners; Norman Coppinger, League of California Cities; Sendy Young, CSAC Finance Corporation

Others participating via teleconference: Cathy Bando, CSCDA Executive Director, Tricia Ortiz, Richards, Watson & Gershon, Jon Penkower, Bridge Strategic Partners

2. Consideration of the Minutes of the June 1, 2017 Regular Meeting.

The commission approved the minutes.

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

3. Public Comment.

There was no public comment.

4. Consideration of resolution approving the filing of an application requesting an allocation of New Markets Tax Credits.

The commission approved the authority to submit the application to the US Treasury.

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

5. Executive Director Update

There was no update.

6. Staff Updates.

There was no update.

7. Adjourn.

The meeting was adjourned at 2:52pm.

Submitted by: Sendy Young, CSAC Finance Corporation

## **Agenda Report**

**DATE:** July 20, 2017

**TO:** CSCDC BOARD OF DIRECTORS

**FROM:** Cathy Bando, Executive Director

**PURPOSE:** Approve the Making of \$14,000,000 in Qualified Low Income Community Investments by CSCDC 11 LLC to LA Prep Properties II LLC, City of Los Angeles, California

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### **BACKGROUND:**

L.A. Prep South (the “Project”) is a venture sponsored by Civic Enterprise Development, LLC (“CED”), which has built its reputation as one of Los Angeles’ premier mid-size developers through projects that capitalize on Southern California’s rich architectural history and create energized, community-oriented places. CED specializes in both new construction and adaptive reuse projects and has entitled, developed, or rehabilitated more than \$200 million in real estate projects. Some of CED’s projects include ground-up construction of 36-unit homeownership project in Echo Park; historic preservation project in Silver Lake; adaptive reuse of an old Salvation Army hospital into a charter school; ground-up affordable housing project in South L.A. and various other developments in Los Angeles and Orange counties.

CED developed the first L.A. Prep project in 2014 and completed the project in 2015. The L.A. Prep concept started in 2012, when CED Food collaborated with the L.A. County Department of Public Health (“DPH”) to create innovative regulations that allowed for an expedited government approval process for small food manufacturers and allowed them access to the wholesale market. Through this partnership, certain portions of the health code were amended to create a new class of permit, called Food Complex. This pioneering regulatory reform, which is now County policy, allowed for the development of L.A. Prep, providing top-quality space at an affordable price to small businesses. Prior to the amendments of the health code, a food manufacturing business typically had to spend approximately \$200,000 to \$500,000 and up to 18 months to obtain a licensed facility built for its commercial needs. Now with the existing Food Complex license, small businesses and start-ups located in L.A. Prep can obtain a license within 2-5 days for minimal costs and move into turnkey facility.

### **PROJECT OVERVIEW:**

CED has requested that CSCDC provide \$14,000,000 in New Markets Tax Credit (NMTC) for the Project which is the second location of L.A. Prep and builds on the model pioneered by CED. This new location will be in South Los Angeles and will offer each tenant an exclusive, turnkey food production space along with essential shared amenities including flexible storage, packing areas, office and onsite logistics (i.e. receiving dock). The facility will be built to help food companies

scale production faster and with lower capital requirements than any other option available to such companies. Facility costs, infrastructure, and permitting are typically significant barriers to entry for small food businesses which the already established L.A. Prep model removes.

L.A. Prep South will comprise of approximately 59,445 SF of building area located in two buildings on a single site. The Project will offer 62 pre-inspected, ready-to-occupy, private kitchen spaces. Common areas will provide access to major equipment such as walk-in refrigeration and freezers, packaging equipment, dry storage, shipping and receiving and other amenities. Building upon the experience of the first L.A. Prep, the new location will address lessons learned from the initial project, including: centralized placement of storage facilities to create greater efficiency; more medium and large sized kitchen spaces; and expanded amenities, such as larger locker rooms. These changes are the result of feedback from current tenants as potential improvements to the model.

### **COMMUNITY OUTCOMES:**

- Job Creation: The Project is expected to create approximately 30 FTE construction and 262 new permanent FTE jobs (250 of which are expected to be hired by tenant businesses and 12 of which will be hired by CED to operate the facility).
- Quality Jobs: CED estimates that 60% of the permanent tenant jobs (150) are expected to be jobs paying a living wage or higher (\$13.08 per hour), and 100% of the jobs hired by the sponsor will pay a living wage or higher and will offer health insurance and PTO. All jobs hired by CED will have access to training in food safety, quality control and other food-manufacturing-related areas.
- Accessible Jobs: CED estimates that 75% of the permanent tenant jobs (188) are expected to be filled by residents from low-income communities in and surrounding South LA, and 100% of facility jobs will from the local community or be low-income persons. CED intends to work with Community Coalition, trade schools and hiring fairs and the office of Councilman Curren D. Price Jr. to coordinate the community outreach efforts for local hiring.
- Commercial Goods or Services to Low-Income Communities: The Project will provide capacity to 62 small and medium size food businesses and help them ramp up their production at a much lower cost than if they were to rent space on their own and pay for permitting and startup costs. CED will also provide tenants with access to the Food Industry Business Roundtable and the Specialty Foods Association.
- Financing Minority Businesses: CED anticipates 10-15% of the construction contract value will be awarded to minority-owned businesses and approximately 20-30% of the tenants at the facility will be minority-owned businesses. Based on its experience at L.A. Prep, CED anticipates that approximately 2/3 of the tenants at the Project will be woman-owned companies and 1/3 of the tenants will be minority-owned companies
- Flexible Lease Rates: The lease rates offered to the tenants are at a much lower cost than if the tenants were to rent space on their own and pay for permitting and startup costs (approximately \$200,000 to \$500,000 and up to 18 months to obtain a licensed facility built for its commercial needs).

- Community Involvement: Support has been indicated by L.A. City Councilman Curren Price Jr. and Supervisor Mark Ridley Thomas. The Project will redevelop an old, blighted, and abandoned commercial building that formerly served as a Carnation brand grainery and will contribute to the revitalization of the surrounding neighborhood. It will bring new commerce and economic development to a highly distressed neighborhood in South LA and serve as an incubator of small, locally owned businesses that might not otherwise have an opportunity to flourish.
- Environmentally sustainable development: The Project will include significant new infrastructure, such as plumbing, ventilation, HVAC, etc. which will be built to current state and local green building codes that have been designed to promote energy and water efficiency.

#### **ADVISORY BOARD APPROVAL:**

On December 19, 2016, CSCDC's Advisory Board unanimously recommended approval of the Project.

#### **FINANCE TEAM:**

- Tax Credit Investor: JPMorgan Chase Bank, N.A.
- Investor Counsel: Applegate & Thorne-Thomsen, Chicago, IL
- CSCDC Counsel: Nixon Peabody, LLP, Washington, DC
- Borrower Counsel: Buchalter Nemer, PC, Los Angeles, CA

## ESTIMATED SOURCES AND USES:

### L.A. Prep South

Multi-Level S&U  
As of 7/9/17

#### Investment Fund

Sources	
Leverage Loan	\$ 16,886,224
NMTC Equity	\$ 8,482,500
<b>Total</b>	<b>\$ 25,368,724</b>

Uses	
QEI	\$ 25,000,000
Investment Fund Level CDE Fees	\$ 200,000
Nonprofit Finance Fund Loan Origination Fee	\$ 168,724
<b>Total</b>	<b>\$ 25,368,724</b>

#### CDE

Sources	
QEI	\$ 25,000,000
<b>Total</b>	<b>\$ 25,000,000</b>

Uses	
QLICI A	\$ 16,886,224
QLICI B	\$ 7,493,776
CSCDC Upfront Fee	\$ 420,000
GLA Upfront Fee	\$ 200,000
<b>Total</b>	<b>\$ 25,000,000</b>

#### QALICB

Sources	
CSCDC QLICI A	\$ 9,343,155
CSCDC QLICI B	\$ 4,236,845
GLA QLICI A	\$ 6,875,701
GLA QLICI B	\$ 2,924,299
PNC QLICI A	\$ 667,368
PNC QLICI B	\$ 332,632
Sponsor Contribution	\$ 3,877,056
<b>Total</b>	<b>\$ 28,257,056</b>

Uses	
Acquisition	\$ 9,149,367
Hard Costs	\$ 11,850,000
Soft Costs	\$ 1,921,221
Furnishings Fixtures & Equipment	\$ -
Other	\$ 2,104,336
Tax Credits Costs and Reserves	\$ 3,232,133
<b>Total</b>	<b>\$ 28,257,057</b>

## DOCUMENTS:

1. Resolutions (Attachment A)

## ACTIONS RECOMMENDED BY THE EXECUTIVE DIRECTOR:

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

## **ATTACHMENT A**

### **RESOLUTION OF THE BOARD OF DIRECTORS OF CALIFORNIA STATEWIDE COMMUNITIES DEVELOPMENT CORPORATION (LA Prep)**

At a meeting duly called on July 20, 2017, the Board of Directors of California Statewide Communities Development Corporation, a California nonprofit public benefit corporation (the “Allocatee”), for itself and in its capacity as managing member the Sub-CDE (defined below), does hereby adopt the following resolutions:

**WHEREAS**, the Allocatee and CSCDC 11 LLC, a California limited liability company (“Sub-CDE”), were organized for the purpose of participating in the federal New Markets Tax Credit (“NMTC”) program, designed by Congress to encourage investment in (i) the rehabilitation and construction of commercial, retail, office and manufacturing space in low-income communities; (ii) businesses and nonprofits active in low-income communities; and (iii) the provision of technical assistance and other services to businesses active in low-income communities; and

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

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

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

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

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

**WHEREAS**, pursuant to a Sub-Allocation Agreement, by and between the Allocatee and Sub-CDE, the Allocatee will sub-allocate a \$14,000,000 portion of the Allocation to the Sub-CDE (the “Sub-Allocation”); and

**WHEREAS**, the Allocatee and Investor Member seek to amend and restate the Initial Sub-CDE Operating Agreement (as amended and restated, the “A&R Sub-CDE Operating Agreement”) pursuant to which the Investor Member will make an equity investment in the Sub-CDE by making a capital contribution in an amount equal

to \$14,000,000 in return for a 99.99% equity interest in the Sub-CDE (the “CDE Investment”); and

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

**WHEREAS,** in accordance with the A&R Sub-CDE Operating Agreement, the Sub-CDE will use substantially all of the QEI proceeds to make one or more loans to LA Prep Properties II LLC, a California limited liability company (“QALICB”), in the aggregate original principal amount of \$13,580,000 (the “CDE Loan”); and

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

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

**NOW, THEREFORE, BE IT**

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

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

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

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

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

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

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

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

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Dan Harrison  
President

ATTEST:

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Tim Snellings  
Secretary

## EXHIBIT A

### Transaction Documents

1. CDE Recapture Indemnification Agreement, by and among Allocatee, Sub-CDE, and Chase Community Equity, LLC, a Delaware limited liability company (“Chase”),
2. A&R Sub-CDE Operating Agreement,
3. New Markets Fee and Expense Agreements, by and among QALICB, CED Food II LLC, a Delaware limited liability company (“Guarantor”), the Allocatee, and Sub-CDE,
4. Sub-Allocation Agreement,
5. [Credit Agreement], by and among the Sub-CDE, CNMC Sub-CDE 154, LLC, Delaware limited liability company, GLA Sub-CDE XXI, LLC, Delaware limited liability company (collectively, the “CDE Lenders”), and QALICB,
6. Community Benefits Agreement, by and among QALICB, Sponsor, and the CDE Lenders,
7. Certification Regarding Debarment, Suspension, Ineligibility and Voluntary Exclusion, by Sub-CDE,
8. Certification Regarding Debarment, Suspension, Ineligibility and Voluntary Exclusion, by Allocatee,
9. Account Pledge and Control Agreement (Disbursement Account) by and among the CDE Lenders, QALICB, and JPMorgan Chase Bank, N.A. (“JPMC”),
10. Account Pledge and Control Agreement (CDE Reserve Account) by and among the Sub-CDE, QALICB, and JPMC,
11. Construction Monitoring and Disbursement Agreement by and among QALICB, the CDE Lenders, and JPMC, and
12. Other related documents.

**RESOLUTIONS ADOPTED BY  
WRITTEN CONSENT OF THE MANAGING MEMBER OF  
CSCDC 11 LLC**

The undersigned, managing member of CSCDC 11 LLC (the “Sub-CDE”) hereby adopts the following resolutions as of July 20, 2017:

- WHEREAS,** the California Statewide Communities Development Corporation, a California nonprofit public benefit corporation (“CSCDC” or the “Managing Member”) received an allocation of New Markets Tax Credits under Section 45D of the Internal Revenue Code of 1986, as amended (the “Code”), in the amount of \$70,000,000 (the “CSCDC Allocation”);
- WHEREAS,** CSCDC and the Community Development Financial Institutions Fund entered into certain allocation agreements relating to the CSCDC Allocation, pursuant to which the Sub-CDE and certain other subsidiary allocatees of CSCDC were added as parties to the allocation agreements;
- WHEREAS,** CSCDC has made sub-allocations of portions of the CSCDC Allocation in the aggregate amount of \$14,000,000 (the “CSCDC Sub-Allocation”) pursuant to a Sub-Allocation Agreement, dated as of the date hereof;
- WHEREAS,** CSCDC and Chase NMTC LA Prep South Investment Fund, LLC, a Delaware limited liability company (the “Fund”), as investor member, have negotiated a certain Amended and Restated Operating Agreement of the Sub-CDE (as amended, supplemented or otherwise modified from time to time, the “Sub-CDE Operating Agreement”), which contains provisions relating to the making of the Sub-CDE Loan (as defined below) and the payment of certain fees, and otherwise sets forth all of the provisions governing the Sub-CDE;
- WHEREAS,** in accordance with the Sub-CDE Operating Agreement, the Fund is making an equity investment in the amount of \$14,000,000 (the “Sub-CDE Investment”);
- WHEREAS,** in accordance with the Sub-CDE Operating Agreement, the entire proceeds of the Sub-CDE Investment will be designated as a “qualified equity investment” as such term is defined in Section 45D of the Code (a “QEI”);
- WHEREAS,** in accordance with the Sub-CDE Operating Agreement, the Sub-CDE will use substantially all of the Sub-CDE Investment to make one or more loans to LA Prep Properties II LLC, a California limited liability company (the “Borrower”), which Borrower is expected to constitute a “qualified active low-income community business,” as such term is defined in Section 45D of the Code, in the aggregate original principal amount of \$13,580,000 (the “Sub-CDE Loan”);
- WHEREAS,** the Sub-CDE Loan is expected to constitute a “qualified low-income community investment” (as defined in Section 45D of the Code and the Treasury Regulations and Guidance) (“QLICI”), which have flexible, non-conventional, or non-conforming terms and conditions; and

**WHEREAS,** it is the intention of the Managing Member that the Sub-CDE enter into certain transaction documents in connection with the above described transactions and “qualified low-income community investments” as such term is defined in Section 45D of the Code that are necessary to evidence and govern such transactions, including, but not limited to the documents (the “Transaction Documents”) set forth on Exhibit A, attached hereto and made a part of.

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

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

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

**RESOLVED,** that any and all documents, instruments and other writings previously executed and delivered or acts performed by the Authorized Signatories, in the name and on behalf of the Sub-CDE, in connection with the transactions, be, and the same hereby are, consented to in all respects and are hereby ratified, confirmed and approved.

The undersigned has signed this Written Consent as of the date hereof.

MANAGING MEMBER

**CALIFORNIA STATEWIDE  
COMMUNITIES DEVELOPMENT  
CORPORATION,**  
a California nonprofit public benefit corporation

By: \_\_\_\_\_  
Name: Jonathan Penkower  
Title: Authorized Signatory

**EXHIBIT A**  
**Transaction Documents**

1. CDE Indemnification Agreement, by and among CSCDC, Sub-CDE, and JPMorgan Chase Bank, N.A. (“JPMC”),
2. Amended and Restated Operating Agreement of the Sub-CDE,
3. New Markets Fee and Expense Agreements, by and among Borrower, CED Food II LLC, a Delaware limited liability company (“Guarantor”), CSCDC, and Sub-CDE,
4. Sub-Allocation Agreement, by and between CSCDC and Sub-CDE,
5. Credit Agreement, by and among the CDE Lenders and Borrower,
6. Assignment of Contracts and Ancillary Documents, by and among CDE Lenders and Borrower,
7. Environmental Indemnity Agreement, by and among CDE Lenders and Borrower,
8. Community Benefits Agreement, by and among Borrower, Sponsor, and the CDE Lenders,
9. Certification Regarding Debarment, Suspension, Ineligibility and Voluntary Exclusion, by Sub-CDE and Allocatee,
10. Account Pledge and Control Agreement (Disbursement Account) by and among the CDE Lenders, Borrower, and JPMC,
11. Account Pledge and Control Agreement (CDE Reserve Account) by and among the Sub-CDE, Borrower, and JPMC,
12. Construction Monitoring and Disbursement Agreement by and among JPMC, Borrower, and the CDE Lenders, and
13. Other related documents.