



CSCDA
CALIFORNIA STATEWIDE COMMUNITIES
DEVELOPMENT AUTHORITY



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

**August 15, 2013
10:00 a.m.**

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

Teleconference Locations

Butte County
7 County Center Drive
Orville, CA 95965

County of Monterey
168 West Alisal Street
Salinas, CA 93901

City of Santa Ana
20 Civic Center Plaza
Santa Ana, CA 92701

- I. Call the Roll (alternates designate which member they are representing).
- II. Approve the Minutes of the August 1, 2013 Regular Meeting.
- III. Staff Updates.
- IV. Approve Consent Calendar.
- V. Approve the financing; all necessary actions; the execution and delivery of all necessary documents and authorize any member to sign all necessary financing documents for the following:

This ___ page agenda was posted at 1100 K Street, Sacramento, California on _____, 2013 at __: __ m,
Signed _____ . Please fax signed page to (925) 933-8457.

- a. Cortez Preservation, L.P. (Casa De Cortez Apartments), unincorporated County of San Diego; up to \$5 million in multi-family housing debt obligations.
- b. Marin Primary, City of Larkspur, County of Marin; up to \$4,000,000 in 501(c)3 nonprofit bonds.
- c. University Retirement Community at Davis, City of Davis, County of Yolo; up to \$34 million in variable rate demand revenue bonds.
- d. Statewide Communities Infrastructure Program (SCIP); up to \$17,000,000 in refunding revenue bonds.

VI. Discussion and consideration of CaliforniaFirst Residential PACE Program

VII. Appoint Ad Hoc Committee for Review of SCIP Assessment Engineer Proposals

VIII. Public Comment.

IX. Adjourn to CSCDC Meeting



**CALIFORNIA STATEWIDE COMMUNITIES DEVELOPMENT AUTHORITY
CONSENT CALENDAR**

1. Approve the following invoice for payment:
 - a. Wells Fargo Invoice #983817
2. Emerson Ranch Assessment Engineer Contract w/ David Taussig & Associates
3. Manteca Lifestyle Center Administration Contract w/ Goodwin Consulting

Thursday, August 15, 2013

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

Item II

Approve the Minutes of the August 1, 2013 Regular Meeting.

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

League of California Cities
1400 K Street, Sacramento, California

August 1, 2013

MINUTES

Commission Chair Larry Combs called the meeting to order at 10:03 am.

I. Roll Call

Commission members present: Larry Combs, Chair, Terry Schutten and Dwight Stenbakken. Irwin Bornstein, Tim Snellings and alternate Commissioner Ron Holly, representing Dan Mierzwa, participated by conference telephone.

Others present included: Perry Stottlemeyer, League of California Cities; Nancy Parrish and Laura Labanieh Campbell, CSAC Finance Corporation; Scott Carper, CSCDA; and Mark Paxson, State Treasurer's Office. Caitlin Lanctot, CSCDA participated by conference telephone.

II. Approval of minutes—July 18, 2013

The commission approved the minutes for the annual meeting held July 18, 2013.

Motion by Stenbakken; second by Schutten; unanimously approved by roll-call vote.

III. Staff Updates

Scott Carper indicated agenda item VI will be pulled from today's agenda because documents are not ready and will be discussed at the next meeting on August 15th.

IV. Approval of Consent Calendar

1. Approve the annual Special Tax roll for California Statewide Communities Development Authority Community Facilities District No. 2012-01, Improvement Area 1 (Fancher Creek), City of Fresno, County of Fresno, State of California.
2. Approve the annual Special Tax roll for the California Statewide Communities Development Authority Community Facilities District No. 2007-01 (Orinda Wilder Project), City of Orinda, County of Contra Costa, State of California
3. Approve the following invoices for payment:
 - a. Willdan Invoice #010-21114.
 - b. Willdan Invoice #010-21115.

- c. Willdan Invoice #010-21116.
- d. Willdan Invoice #010-21117.
- e. Willdan Invoice #010-21118.
- f. Willdan Invoice #010-21119.
- g. Willdan Invoice #010-21120.
- h. Willdan Invoice #010-21121.
- i. Willdan Invoice #010-21122.
- j. Willdan Invoice #010-21123.
- k. Willdan Invoice #010-21124.
- l. Willdan Invoice #010-21125.
- m. Willdan Invoice #010-21126.
- n. Willdan Invoice #010-21127.
- o. Willdan Invoice #010-21128.
- p. Willdan Invoice #010-21129.
- q. Willdan Invoice #010-21130.
- r. BLX Invoice #41987-401/071113.
- s. BLX Invoice #41987-520/071113.
- t. BLX Invoice #41987-597/071113.
- u. BLX Invoice #41987-768/071113.
- v. BLX Invoice #41987-847/071113.
- w. BLX Invoice #41987-916/071113.
- x. BLX Invoice #41987-1007/071113.
- y. BLX Invoice #41987-1255/071113.
- z. BLX Invoice #41987-1400/071113.
- aa. Fitch Ratings, Inc. Invoice #7119008843.
- bb. Fitch Ratings, Inc. Invoice #7119014719.
- cc. David Taussig & Associates Invoice #1306025.
- dd. Burke, Williams, & Sorensen, LLP Invoice #168185.
- ee. Burke, Williams, & Sorensen, LLP Invoice #168186.
- ff. Burke, Williams, & Sorensen, LLP Invoice #168187.
- gg. Burke, Williams, & Sorensen, LLP Invoice #168188.
- hh. Burke, Williams, & Sorensen, LLP Invoice #168189.
- ii. Burke, Williams, & Sorensen, LLP Invoice #168190.
- jj. Burke, Williams, & Sorensen, LLP Invoice #168194.
- kk. Burke, Williams, & Sorensen, LLP Invoice #168195.
- ll. Burke, Williams, & Sorensen, LLP Invoice #168196.
- mm. Burke, Williams, & Sorensen, LLP Invoice #168197.
- nn. Burke, Williams, & Sorensen, LLP Invoice #168198.
- oo. Moody's Investor Service Invoice #C1754638 – 000.
- pp. Moody's Investor Service Invoice #C1798671 – 000.
- qq. Moody's Investor Service Invoice #US12013565.
- rr. Moody's Investor Service Invoice #US13012325.

Motion by Schutten; second by Stenbakken; unanimously approved by roll-call vote.

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

- a. Park Village Family Apartments, LP (Park Village Apartments), City of Compton, County of Los Angeles; up to \$28,000,000 in multi-family housing revenue bonds.

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

VI. Discuss and approve Executive Director Job Description

None. To be continued next meeting.

VII. Update on Enterprise Zone legislation

None. To be continued next meeting.

VIII. Public comment

None.

IX. Adjournment

Commission Chair Larry Combs adjourned the meeting at 10:11 am.

Submitted by: Perry Stottlemeyer, League of California Cities staff

*The next regular meeting of the commission is scheduled for
Thursday, August 15, at 10:00 a.m.
in CSAC's office at 1100 K Street, Sacramento, California.*

Item IV

Approve Consent Calendar

1. Approve the following invoice for payment:
 - a. Wells Fargo Invoice #983817

Fee Invoice

Corporate Trust Services

**WELLS
FARGO**

Invoice Number 983817	Billing Date 07/22/2013	Due Date 08/21/2013	Amount Due \$3,000.00 <i>Please mail or wire payment to:</i>
CSCDA Luis Castro 2999 Oak Road Suite 710 Walnut Creek, CA 94597			Mailing Address: Wells Fargo Bank WF 8113 P.O. Box 1450 Minneapolis, MN 55485-8113
			Wire Instructions: ABA #: 121000248 DDA #: 1000031565 Swift Code: WFBUS6S Reference: Invoice #, Acct Name, Attn Name
			ACH Instructions: ABA #: 091000019 DDA #: 1000031565 Memo: Invoice #, Account Name, Attn Name

Please return this portion of the statement with your payment in the envelope provided:

Please retain this portion for your records

Account Number: 22992600
SCIP Revenue Bonds 2008A

Administration Charges

Trustee Fee

For the Period 07/09/2013 through 07/08/2014

\$3,000.00

Total Amount Due:

\$3,000.00

Billings past due are subject to an 18% annual finance charge of the balance due.

Item V

Approve the financing; all necessary actions; the execution and deliveries of all necessary documents and authorize any member to sign all necessary financing documents for the following:

- a. Cortez Preservation, L.P. (Casa De Cortez Apartments), unincorporated County of San Diego; up to \$5,000,000 in multifamily housing debt obligations.

SUMMARY AND APPROVALS

DATE:	AUGUST 15, 2013
APPLICANT:	CORTEZ PRESERVATION LIMITED PARTNERSHIP / PRESERVATION PARTNERS III, LLC
AMOUNT:	UP TO \$5,000,000 OF TAX-EXEMPT MULTI-FAMILY HOUSING REVENUE BONDS
PURPOSE:	FINANCE THE ACQUISITION AND REHABILITATION OF CASA DE CORTEZ APARTMENTS LOCATED AT 528 DELUZ ROAD, FALLBROOK, CA
CSCDA PROGRAM:	HOUSING

Background:

The proposed project, Casa De Cortez Apartments (the “Project”), is a 32-unit property located in Fallbrook, California. The Project application was filed on January 24, 2013 and induced on February 7, 2013.

Summary:

Cortez Preservation Limited Partnership (the “Borrower”) has requested CSCDA to issue and deliver multifamily housing revenue obligations in the anticipated principal amount of \$5,000,000 (the “Bonds”) for the purpose of financing the acquisition and rehabilitation of the Project. The Project will continue to provide 8 one-bedroom units, 14 two-bedroom units, 10 three-bedroom units to low-income families in Fallbrook California.

The Project, initially constructed in 1971, is comprised of 6 two-story garden style buildings containing 32 affordable units. The rehabilitation includes new appliances, counters, cabinets, roofs, carpet, windows and paint in each unit. The Project will also receive a new playground and picnic area.

The anticipated construction start date is September 2013 with a completion date of February 2014.

The Borrower has previously rehabilitated 28 multifamily and senior housing properties throughout the United States. This is their second financing with CSCDA.

Public Benefit:

- Project Affordability
 - 100% of the Project’s units will be income restricted:
 - 4 units reserved for tenants whose income is at or below 50% AMI
 - 27 units reserved for tenants whose income is at or below 60% AMI
 - 1 manager unit
 - The term of the income and rental restrictions for the Project will be at least 55 years

- Site Amenities
 - The Project is located within ½ mile of a park or recreational facility
 - The Project is located within ½ mile of a grocery store
 - The Project is located within ¼ mile of a bus stop
 - The Project is located within ½ mile of a public library

- Economic Benefits
 - Based upon \$6,046,917 Project costs using a 1.8 multiplier the Project produces \$10,884,450 total economic activity, and at 2.1 jobs per unit produces approximately 64 jobs. (Multipliers based on June 2010 study by Blue Sky Consulting Group and Center for Housing Policy on impact of housing in California using IMPLAN system.)

Agency Approvals:

TEFRA Hearing: February 26, 2013, County of San Diego, unanimous approval

CDLAC Approval: July 17, 2013

Estimated Sources and Uses:

Sources:

Taxable Debt	\$412,000	6.81%
Tax Exempt Bond Proceeds	\$3,200,000	52.93%
Low Income Housing Tax Credit Equity	\$1,682,081	27.82%
NOI	\$127,610	2.11%
Deferred Developer Fee	<u>\$623,806</u>	<u>10.32%</u>
Total Sources	\$6,046,197	100.00%

Uses:

Acquisition Cost	\$2,880,000	47.63%
Hard Construction Costs	\$1,222,841	20.22%
Architect & Engineering Fees	\$58,700	0.97%
Contractor Overhead & Profit	\$242,945	4.02%
Contingency	\$135,000	2.23%
Developer Fee	\$646,720	10.70%
Relocation	\$63,000	1.04%
Cost of Issuance	\$185,000	3.06%
Capitalized Interest	\$81,351	1.35%
Deposits to Reserves	\$190,000	3.14%
Permanent Loan Cost	\$206,117	3.41%
Other Soft Costs (Marketing, Etc.)	<u>\$134,523</u>	<u>2.22%</u>
Total Uses	\$6,046,197	100.00%

Finance Team:

- Bond Counsel: Orrick, Herrington & Sutcliffe, LLP, San Francisco
- Authority Counsel: Orrick, Herrington & Sutcliffe, LLP, Sacramento
- Lender: Red Capital Group, San Diego

Financing Structure:

The construction bonds will have a term of 12 months and will carry an interest rate of approximately 4.18%. The Bonds will then convert to the permanent phase for 40 years. The projected true interest cost of the fixed rate loan under current market conditions is estimated to be 4.18%.

By using \$3,200,000 in CSCDA Bonds the Project is able to leverage an additional \$2,846,197 in other resources.

Policy Compliance:

The Project complies with the following policies:

- CSCDA General Policies
- CSCDA Issuance Policies
- CDLAC's Qualified Residential Rental Program Requirements

Financing Approval:

Based on the overall public benefits as outlined in the California Debt Limit Allocation Committee resolution, as described on the attached Exhibit A, approval of the issuance of Bonds by the County of San Diego, and conformance to the CSCDA Issuance Policies, the Commission shall approve the Resolution as submitted to the Commission, which:

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

Attachments:

1. Original application
2. County of San Diego TEFRA Resolution
3. CDLAC Approval

RESOLUTION NO. 013H-__

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 \$5,000,000 FOR THE FINANCING OF A MULTIFAMILY RENTAL HOUSING PROJECT GENERALLY KNOWN AS CASA DE CORTEZ 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 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, Cortez Preservation Limited Partnership, 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 rehabilitation and development of a 32-unit multifamily rental housing development located in the City of Fallbrook, County of San Diego, California and known as Casa de Cortez Apartments (the “Project”);

WHEREAS, on July 17, 2013, the Authority received an allocation in the amount of \$3,400,000 (the “Allocation Amount”) from the California Debt Limit Allocation Committee (“CDLAC”) in connection with the Project;

WHEREAS, the County of San Diego 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 \$5,000,000 aggregate principal amount of its Multifamily Housing Revenue Bonds (Casa de Cortez Apartments Project), 2013 Series P (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 among the Authority and the Borrower;
- (3) Bond Purchase Agreement (the “Purchase Agreement”), to be entered into among the Authority, the Borrower, and Red Capital Markets, LLC, as underwriter of the Bonds (collectively, the “Underwriter”);
- (4) Official Statement (the “Official Statement”), to be used in connection with the offer and sale of the Bonds; and
- (5) 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 (Casa de Cortez Apartments Project), 2013 Series P” with appropriate modifications and series and sub-series designations as necessary, in an aggregate principal amount not to exceed \$5,000,000; 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 No. 13R-12 of the Authority, adopted on

May 30, 2013) (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, 2058), 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 Authority is hereby authorized to sell the Bonds to the Underwriter pursuant to the terms and conditions of the Purchase Agreement. The form, terms and provisions of the Purchase Agreement in the form presented at this meeting are hereby approved. Any Authorized Signatory, acting alone, is authorized to execute by manual signature and deliver the Purchase Agreement with such changes and insertions therein as may be necessary to cause the same to carry out the intent of this Resolution and as are hereby approved by counsel to the Authority, such approval to be conclusively evidenced by the delivery thereof.

Section 6. The form, terms and provisions of the Official Statement in the form presented at this meeting are hereby approved and the Commission hereby approves the distribution of the Official Statement to prospective purchasers of the Bonds. Any Authorized Signatory, acting alone, is authorized to certify on behalf of the Authority that the Official Statement as to the sections therein related directly to the Authority is deemed final as of its date, within the meaning of Rule 15c2-12 promulgated under the Securities Exchange Act of 1934. Any Authorized Signatory, acting alone, is authorized to execute, at the time of the sale of the Bonds, said Official Statement in final form, with such changes and insertions therein as may be necessary to cause the same to carry out the intent of this Resolution and as are hereby approved by counsel to the Authority, such approval to be conclusively evidenced by the delivery thereof.

Section 7. 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 8. 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. Such instructions shall provide for the delivery of the Bonds to or at the direction of the Underwriter in accordance with the Purchase Agreement upon payment of the purchase price thereof.

Section 9. 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, the Purchase Agreement, and the other documents herein approved, which they, or any of them, may deem necessary or advisable in order to consummate the lawful issuance and delivery of the Bonds and to effectuate the purposes thereof and of the documents herein approved in accordance with this resolution and resolutions heretofore adopted by the Authority and otherwise in order to carry out the financing of the Project.

Section 10. 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.

Section 11. This Resolution shall take effect upon its adoption.

PASSED AND ADOPTED by the California Statewide Communities Development Authority this August 15, 2013.

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 August 15, 2013.

By _____
Authorized Signatory



Building Communities, Investing in Local Government Since 1988

Housing Bond Application

APPLICANT INFORMATION

Application Number: **2013027**
Name of Developer: **Preservation Partners Development III, LLC**
Primary Contact: **Chuck Treach**
Title: **Development Officer**
Address: **21515 Hawthorne Blvd, Suite 125
Torrance, CA 90503**
Telephone Number: **(310) 802-6681**
Fax Number: **(310) 802-6680**
E-mail: **chuck@preservationpartners.org**

BORROWER DESCRIPTION

Type of Entity: For-profit Corporation Non-profit Corporation
 Municipality Partnership
 Other (specify): _____

For Non-profits only: Will you be applying for State Volume Cap? **No**

Name of Borrowing Entity: **TBD**

Date Established: **to be set up**

Number of Multi-Family Housing Projects Completed in the Last 10 Years: **15**

Number of Low Income Multi-Family Housing Projects Completed in the Last 10 Years: **15**

PRINCIPAL FINANCE TEAM INFORMATION

UNDERWRITER/PLACEMENT AGENT

Firm: **RED Capital**

Contact: **Nicholas Hamiton**

Address: **3033 5th Ave, Suite 210
San Diego, CA 92103**

Telephone: **(619) 471-0110**

Fax: **(619) 471-0123**

E-mail: **nahamilton@redcapitalgroup.com**

BOND COUNSEL

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

Contact: **Justin Cooper**

Address: **405 Howard Street
San Francisco, CA 94105**

Telephone: **(415) 392-1122**

Fax: **(415) 773-5759**

E-mail: **jcooper@orrick.com**

Application Number: **2013027 - Casa De Cortez**
 Name of Borrower: **Preservation Partners Development III, LLC**

PROJECT DESCRIPTION

Current Project Name: **Casa De Cortez**
 New Project Name:
 Project Street Address: **528 De Luz Road**
 City: **Fallbrook** State: **CA** Zip Code: **92028**
 County: **San Diego**
 Is Project located in unincorporated part of the County? **Yes**
 Total Number of Units: Market: **0** Restricted: **32** Total Units: **32**
 Lot Size: **.92 acres**
 Amenities: **Tot Lot, BBQ Area, Laundry Facility**

Type of Construction (i.e., Wood Frame, 2 Story, 10 Buildings): **Wood Frame, Stucco, 2 Story, 6 Buildings**

Type of Housing: New Construction Family
 Acq/Rehab Senior Is this an Assisted Living Facility? _____

City or county contact information:
 Contact Name: _____
 Title: _____
 Phone Number: _____ Ext. _____
 Fax Number: _____
 E-mail: _____

PUBLIC BENEFIT

Percentage of Units in Low Income Housing: **100% - 28 out of 32 units have a Section 8 Project Base Contract**
 Percentage of Area Median Income(AMI) for Low Income Housing Units: **10% at 50%ami 90% at 60% ami**
 Total Number of Management Units: **1**

Unit Size	% AMI	# of Restricted Units	Restricted Rent	Market Rent	Expected Savings
1 Bedroom	50	1	\$756	\$1,000	\$244
1 Bedroom	60	7	\$875	\$1,000	\$125
2 Bedrooms	50	1	\$907	\$1,150	\$243
2 Bedrooms	60	13	\$990	\$1,150	\$160
3 Bedrooms	50	1	\$1,045	\$1,300	\$255
3 Bedrooms	60	9	\$1,045	\$1,300	\$255

Remarks: **28 of the units are covered under a Section 8 project based contract. We will be preserving the affordable housing on this site. It is our intention to receive a 20 year Section 8 project base contract from HUD. All utilities are paid by the landlord. Section 8 rent levels will be requested at market levels.**

OTHER PUBLIC BENEFIT

SERVICES PROVIDED

- High-speed internet service in each affordable unit of an on-going nature for a minimum of 10 years.
- After school program of an on going nature for the minimum of 10 years.
- Educational classes (which are not the same as the after school program) for a minimum of 10 years.
- Licensed childcare providing 20 hours or more per week(Monday through Friday) to residents of the development.
- Contract for services, such as assistance with the daily living activities, or provision of senior counseling services.

ENVIRONMENT

Energy

- Does the facility exceed Title 24 Standards? Yes No N/A
 If Yes, by what percent? _____%
- Does the facility have solar(PV) panels? Yes No N/A
 If Yes, what is the size in kWh? _____
- Does the facility purchase carbon credits? Yes No N/A
 If Yes, what is the annual consumption? _____

Water

- Does the facility provide any of the following:
- Efficient Toilets? Yes No N/A
 Water-saving showerheads? Yes No N/A
 Drought tolerant landscaping? Yes No N/A
 Other, specify: _____

Transportation

- Does the entity provide carpooling or mass-transit subsidies? Yes No N/A
 Does the entity maintain a fuel efficient fleet? Yes No N/A

Waste

- Does the project provide recycling facilities? Yes No N/A

WORKFORCE

Employment Creation

Job Type/Description	During Construction	Post Construction
<u>Construction Workers</u>	<u>30</u>	<u>0</u>

GOVERNMENTAL INFORMATION

Congressional District # _____ State Senate District # 36 State Assembly District # 66

Application Number: **2013027 - Casa De Cortez**
 Name of Borrower: **Preservation Partners Development III, LLC**

FINANCING STRUCTURE

Type of Financing: Public Sale Private Placement Refunding

For Refundings only: Will you be applying for State Volume Cap? **No**
 For Refundings only: Is this a transfer of property to a new owner? _____

Maturity: **40 Years** Interest Rate Mode: Fixed Variable

CONSTRUCTION FINANCING:

Credit Enhancement: None Letter of Credit
 FNMA(Fannie Mae) Freddie Mac
 Bond Insurance Other (specify): **GNMA**

Name of Credit Enhancement Provider or Private Placement Purchaser: **GNMA**

PERMANENT FINANCING:

Credit Enhancement: None Letter of Credit
 FNMA(Fannie Mae) Freddie Mac
 Bond Insurance Other (specify): **FHA 221 D4 loan**

Name of Credit Enhancement Provider or Private Placement Purchaser: **FHA**

Expected Rating: Unrated S & P _____
 Moody's _____ Fitch _____

Projected State Allocation Pool: General Mixed Income Rural

Will the project use Tax-Credit as a source of funding?: **Yes**

SOURCES & USES

CONSTRUCTION SOURCES		USES	
Tax-Exempt Bond Proceeds:	\$3,400,000	Land Acquisition:	\$539,280
Taxable Bond Proceeds:		Building Acquisition:	\$2,340,720
Tax Credits:	\$1,748,984	Construction or Remodel:	\$1,762,896
Developer Equity:	\$296,726	Cost of Issuance:	\$416,147
Other Funds(Describe):		Capitalized Interest:	\$84,289
Construction Period NOI	\$155,990	Reserves:	\$159,600
_____	.....	Other Funds(Describe):	
_____	.....	Relocation	\$63,000
_____	.....	Consultants	\$50,000
_____	.....	Other Soft Cost	\$94,950
TOTAL:	\$5,601,700	Developer Fee	\$68,333
		TCAC Fees	\$22,485
		TOTAL:	\$5,601,700

Application Number: **2013027 - Casa De Cortez**
Name of Borrower: **Preservation Partners Development III, LLC**

PRINCIPAL FINANCE TEAM INFORMATION (continued)

FINANCIAL ADVISOR		REBATE ANALYST	
Firm:	N/A	Firm:	TBD
Contact:		Contact:	
Address:		Address:	
Telephone:		Telephone:	
Fax:		Fax:	
E-mail:		E-mail:	

ADDITIONAL REQUIREMENT

Please provide the following as an additional attachment:

Attachment Description of Information

A \$5,000 non-refundable* issuance fee deposit payable to "California Communities."

*Refundable only if financing not approved.

MAILING ADDRESS

California Communities®
2999 Oak Road, Suite 710
Walnut Creek, CA 94597



CALIFORNIA DEBT LIMIT ALLOCATION COMMITTEE

915 Capitol Mall, Room 311
Sacramento, CA 95814
p (916) 653-3255
f (916) 653-6827
cdlac@treasurer.ca.gov
www.treasurer.ca.gov/cdlac

MEMBERS

BILL LOCKYER, CHAIRMAN
State Treasurer

EDMUND G. BROWN JR.
Governor

JOHN CHIANG
State Controller

EXECUTIVE DIRECTOR

Sean L. Spear

July 17, 2013

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

RE: RESOLUTION ATTESTING TO THE TRANSFER OF PRIVATE ACTIVITY BOND ALLOCATION

Dear Mr. Schutten,

Enclosed is a copy of Resolution No. 13-44, adopted by the California Debt Limit Allocation Committee (the "Committee") on July 17, 2013, authorizing the California Statewide Communities Development Authority to use \$3,400,000 of its unused 2011 Carryforward Allocation, for the Casa de Cortez Apartments Project.

While your application was for a portion of the 2013 State Ceiling on Qualified Private Activity Bonds, because you had remaining carryforward allocation, the Committee decided to transfer some or all of that allocation to this Project. The Resolution establishes the terms and conditions under which the allocation has been granted. Please read it carefully and keep a copy in your permanent files. You are advised to consult bond counsel regarding the making of a carryforward election pursuant to the rules of the Internal Revenue Service.

The following is additional information pertaining to the use of the allocation for this Project:

1. Performance Deposit: Pursuant to Section 5050 of the Committee's Regulations, the performance deposit certified in support of this project (\$17,000) is to remain on deposit until you receive written authorization from the Committee that it may be released. This written release will be provided once the Committee receives the "Report of Action Taken" form indicating that the allocation transferred was used for the issuance of bonds for the specific Project and the payment of the second installment of the CDLAC filing fee. The full amount of the deposit will be released upon the Committee's approval if at least 80% of the allocation is used for the issuance of bonds. If an amount less than 80% of the allocation is used to issue bonds, a proportionate amount of the deposit will be subject to forfeiture.

2. Reporting of Issuance: Enclosed is a "Report of Action Taken" form to be used to report the issuance of bonds pursuant to Section 9 of the Resolution.

3. IRS Certification: The IRS-required certification will be prepared and sent to bond counsel once the Committee receives the "Report of Action Taken" form.

4. Second Installment of Filing Fee: **Enclosed is an invoice for this Project.** Please note that this is a change from past practice where the Committee's invoice for the second installment of the filing fee was sent with the IRS Certification after the Report of Action Taken. The Committee will no longer forward an invoice with the IRS Certification. The invoice attached herein should be considered final, due and payable upon the issuance of bonds.

5. Certification of Compliance: Enclosed is a Certification of Compliance to be submitted to the Committee annually on March 1st of each year on sponsor letterhead pursuant to Section 13 of the Resolution. In addition, an Annual Applicant Public Benefits and On-going Compliance Self-Certification form must be submitted annually on March 1st of each year pursuant to Section 5144 of the CDLAC Regulations. A copy of the form may be found at this website location: <http://www.treasurer.ca.gov/cdlac>.

Please consult the Committee's Regulations for a full explanation of the use of allocation. Do not hesitate to contact me should you have questions.

Sincerely,



SEAN L. SPEAR
Executive Director

Enclosures

c: Scott Carper, California Statewide Communities Development Authority
Justin Cooper, Esq., Orrick, Herrington & Sutcliffe LLP
Nicholas Hamilton, Red Capital Group, LLL, MAP Lender
Chuck Treatch, Cortez Preservation Limited Partnership

THE CALIFORNIA DEBT LIMIT ALLOCATION COMMITTEE

RESOLUTION NO. 13-44

**A RESOLUTION TRANSFERRING A PORTION OF THE 2013 STATE CEILING
ON QUALIFIED PRIVATE ACTIVITY BONDS FOR A
QUALIFIED RESIDENTIAL RENTAL PROJECT**

WHEREAS, the California Debt Limit Allocation Committee ("Committee") has received an application ("Application") from the California Statewide Communities Development Authority ("Applicant") for the transfer to the Applicant of a portion of the 2013 State Ceiling on Qualified Private Activity Bonds under Section 146 of the internal Revenue Code of 1986, as amended, for use by the Applicant to issue bonds or other obligations ("Bonds") for a Project as specifically described in Exhibit A ("Project") (capitalized terms used herein and not otherwise defined shall have the meanings ascribed thereto in the Regulations of the Committee implementing the Allocation of the State Ceiling on Qualified Private Activity Bonds); and

WHEREAS, the Project Sponsor has represented and the Applicant has confirmed in the Application certain facts and information concerning the Project; and

WHEREAS, in evaluating the Project and allocating a portion of the State Ceiling on Qualified Private Activity Bonds to the Applicant for the benefit of the Project, the Committee has relied upon the written facts and information represented in the Application by the Project Sponsor and the Applicant; and

WHEREAS, previously the Committee transferred to the Applicant a portion of the 2011 State Ceiling on Private Activity Bonds for rental projects on a carryforward basis ("Carryforward Allocation"); and

WHEREAS, to fully utilize the remaining Carryforward Allocation, the Committee must approve its transfer to other projects with the same issuer; and

WHEREAS, it is appropriate for the Committee to make a transfer of a portion of the 2013 State Ceiling on Qualified Private Activity Bonds ("Allocation") in order to benefit such Project described in the Application and/or to authorize the transfer of remaining Carryforward Allocation to the Projects described in the Application; and

NOW, THEREFORE, the California Debt Limit Allocation Committee resolves as follows:

Section 1. There is hereby transferred to the Applicant authorization to use \$3,400,000 of its remaining 2011 Carryforward for the Project. Such Allocation may be used only by the Applicant and only for the issuance of Bonds for the Project, as specifically described in Exhibit A. All of the terms and conditions of Exhibit A are incorporated herein as though set forth in full (this resolution, together with Exhibit A are hereafter referred to collectively as this "Resolution").

Section 2. The terms and conditions of this Resolution shall be incorporated in appropriate documents relating to the Bonds. The Project Sponsor and the Applicant, and all their respective successors and assignees, will be bound by such terms and conditions. The Applicant shall monitor the Project for compliance with the terms and conditions of this Resolution. In addition, the Project shall be subject to the monitoring provisions of California Code of Regulations, title 4, section 10337(c) and section 5220 of the Committee's Regulations.

Section 3. Any modification to the Project made prior to the issuance of the Bonds must be reported to the Executive Director and, if the Executive Director determines such modification to be material in light of the Committee's Regulations, shall require reconsideration by the Committee before the Allocation may be used for the Project. Once the Bonds are issued, the terms and conditions set forth in this Resolution shall be enforceable by the Committee through an action for specific performance or any other available remedy. The Committee may consent to changes in the terms and conditions set forth in this Resolution as changed circumstances may dictate.

Section 4. Any material changes in the structure of the bond sale structure prior to the issuance of the Bonds and not previously approved by the Committee shall require approval of the Committee Chair or the Executive Director.

Section 5. The transfer of proceeds from the sale of bonds to a project other than the Project subject to this Resolution is allowable only with the prior approval of the Executive Director in consultation with the Chair, except when the Project is unable to utilize any of its allocation and the Applicant is requesting the transfer of the entire Allocation to different project(s). In such case, prior approval of the Committee must be obtained. Any transfer made pursuant to this section may only be made to another project of the same issuer that has been previously approved by the Committee.

Section 6. The Applicant is not authorized to use any Allocation transferred hereby from the 2013 State Ceiling to make a carryforward election with respect to the Project. The Applicant is not authorized to transfer any Allocation or Carryforward Allocation to any governmental unit in the State other than this Committee.

Section 7. The Allocation transferred herein to the Applicant shall automatically revert to this Committee unless the Applicant has issued Bonds for the Project by the close of business on **October 15, 2013**. Upon the discretion of the Executive Director, the expiration may be extended pursuant to the provisions in Article 8, Chapter 1 of the Committee's Regulations.

Section 8. Within twenty-four (24) hours of using the Allocation to issue Qualified Private Activity Bonds, the Applicant shall notify the Committee by facsimile communication to the fax number listed in Section 5140 of the Committee's Regulations that the Allocation has been used. This facsimile notice shall identify the Applicant, the project or program, the date the Allocation and the Carryforward Allocation were used, and the amount of Allocation and Carryforward Allocation used.

Section 9. Within fifteen (15) calendar days of the Bond closing, the Applicant or its counsel shall formally transmit to the Committee information regarding the issuance of the Bonds by submitting a completed Report of Action Taken in a form prescribed by and made available by the Committee.

Section 10. Any differences between the amount of Bonds issued and the amount of the Allocation granted in Section 1 of this Resolution shall automatically revert to the Committee. If at any time prior to the expiration date set forth in Section 7 hereof the Applicant determines that part or all of the Allocation will not be used to issue Bonds by that date, the Applicant shall take prompt action by resolution of its governing Board or by action of its authorized officer to return such unused Allocation to the Committee. Any unused amount of the Carryforward Allocation authorized in Section 1 of the Resolution shall be retained by the Applicant for the period allowed by Section 146.f.3.A. of the Internal Revenue Code regarding carryforward elections. Use of any unused Carryforward Allocation shall be in accordance with Section 5132 of the Committee's Regulations regarding carryforward elections.

Section 11. The staff of the Committee is authorized and directed to transmit a copy of this Resolution to the Applicant together with a request that the Applicant retain a copy of this Resolution in the Applicant's official records for the term of the Bonds under this Allocation or the term of the income and rental restrictions, whichever is longer. The Committee staff is further directed to retain a copy of this Resolution in the files of the Committee (or any successor thereto) for the same period of time.

Section 12. In consideration of the Allocation transferred to, and the Carryforward Allocation authorized for use by the Applicant and the Project Sponsor, the Applicant and the Project Sponsor shall comply with all of the terms and conditions contained in this Resolution and ensure that these terms and conditions are included in the documents related to the Bonds. Further, the Applicant and the Project Sponsor expressly agree that the terms and conditions of this Resolution may be enforced by the Committee through an action for specific performance or any other available remedy, provided however, that the Committee agrees not to take such action or enforce any such remedy that would be materially adverse to the interests of Bondholders. In addition, the Applicant and the Project Sponsor shall ensure that the Bond documents, as appropriate, expressly provide that the Committee is a third party beneficiary of the terms and conditions set forth in this Resolution.

Section 13. The Project Sponsor or its successor-in-interest shall provide certifications of compliance with the terms and conditions set forth in this Resolution annually on March 1st of each year or when reasonably requested by the Committee.

Section 14. This Resolution shall take effect immediately upon its adoption.

CERTIFICATION

I, SEAN L. SPEAR, Executive Director of the California Debt Limit Allocation Committee, hereby certify that the above is a full, true, and correct copy of the Resolution adopted at a meeting of the Committee held in the Jesse Unruh Building, 915 Capitol Mall, Room 587, Sacramento, California 95814, on July 17, 2013 at 11:02 a.m. with the following votes recorded:

AYES: Michael Papanian for State Treasurer Bill Lockyer
Jennifer Rockwell for Governor Edmund G. Brown Jr.
Julio Martinez for State Controller John Chiang

NOES: None
ABSTENTIONS: None
ABSENCES: None


SEAN L. SPEAR, Executive Director

Date: July 17, 2013

RESOLUTION NO. 13-44
(QUALIFIED RESIDENTIAL RENTAL PROJECT)
EXHIBIT A

1. Applicant: California Statewide Communities Development Authority
2. Application No.: 13-048
3. Project Sponsor: Cortez Preservation Limited Partnership (*Cortez Cornucopia LLC; Cortez Preservation Partners LLC*)
4. Project Management Co.: Preservation Partners Management Group Inc.
5. Project Name: Casa de Cortez Apartments
6. Type of Project: Acquisition and Rehabilitation/Family/Federally Assisted At-Risk
7. Location: Fallbrook, CA
8. Credit Enhancement Provider: HUD, Red Capital Group, LLC, MAP Lender
9. The Credit Enhancement Provider at the time of issuance will be the same as represented in the application.
10. Total Number of Units: **31** plus **1** manager unit
11. Total Number of Restricted Rental Units: **31**
12. The term of the income and rental restrictions for the Project will be at least **55** years.
13. The Project will utilize Gross Rents as defined in Section 5170 of the Committee's Regulations.
Applicable
14. Income and Rental Restrictions:
For the entire term of the income and rental restrictions, the Project will have:

At least **4** Qualified Residential units rented or held vacant for rental for persons or families whose income is at 50% or below of the Area Median Income.

At least **27** Qualified Residential units rented or held vacant for rental for persons or families whose income is at 60% or below of the Area Median Income.
15. For acquisition and rehabilitation projects, a minimum of \$10,000 in hard construction costs will be expended for each Project unit.
Applicable
16. A minimum of \$0,000 of public funds will be expended for the Project.
Not Applicable

RESOLUTION NO. 13-44

Exhibit A

Page 2 of 4

17. At a minimum, the financing for the Project shall include a Taxable Tail in the amount of \$830,400. Taxable debt may only be utilized for Project related expenses, not for the cost of issuance, for which the Project Sponsor could otherwise have used tax-exempt financing.
Applicable
18. If the Project received points for having large family units, for the entire term of the income and rental restrictions, the Project will have at least 10 three-bedroom or larger units.
Applicable
19. For a period of ten (10) years after the Project is placed in use, the Project will provide to Project residents high-speed Internet or wireless (WiFi) service in each Project unit.
Not Applicable
20. For a period of ten (10) years after the Project is placed in use, the Project will offer to Project residents an after school programs of an ongoing nature on-site or there must be an after school program available to Project residents within 1/4 mile of the Project. The programs shall include, but are not limited to: tutoring, mentoring, homework club, and art and recreation activities to be provided weekdays throughout the school year for at least 10 hours per week.
Not Applicable
21. For a period of ten (10) years after the Project is placed in use, the Project will offer to Project residents instructor-led educational, health and wellness, or skill building classes. The classes shall include, but are not limited to: financial literacy, computer training, home-buyer education, GED, resume building, ESL, nutrition, exercise, health information/awareness, art, parenting, on-site food cultivation and preparation and smoking cessation. Classes shall be provided at a minimum of 84 hours per year (drop-in computer labs, monitoring and technical assistance shall not qualify) and be located within 1/4 mile of the Project.
Not Applicable
22. For a period of ten (10) years after the Project is placed in use, the Project will offer to Project residents 20 hours or more per week of licensed childcare on-site or there must be 20 hours or more per week of licensed childcare available to Project residents within 1/4 mile of the Project.
Not Applicable
23. For a period of ten (10) years after the Project is placed in use, the Project will offer to Project residents health and wellness services and programs within 1/4 mile of the Project. Such services and programs shall provide individualized support for tenants (not group classes) but need to be provided by licensed individuals or organizations. The services shall include, but are not limited to: visiting nurses programs, intergenerational visiting programs, and senior companion programs. Services shall be provided for a minimum of 100 hours per year.
Not Applicable
24. For a period of ten (10) years after the Project is placed in use, the Project will offer to Project residents a bona fide service coordinator. The responsibilities must include, but are not limited to: (a) providing tenants with information about available services in the community, (b) assisting tenants to access services through referral and advocacy, and (c) organizing community-building and/or enrichment activities for tenants (such as holiday events, tenant council, etc.)
Not Applicable
25. All projects that receive points for being a Federally Assisted At-Risk Project will renew all Section 8 HAP Contracts or equivalent Project-based subsidies for their full term, and will seek additional renewals, if available, throughout the Project's useful life.
Applicable
26. All projects that receive points for being a Federally Assisted At-Risk Project based on an expiring Low Income Housing Tax Credit Regulatory Agreement or Tax-Exempt Bond Regulatory Agreement shall have a plan in place to re-certify the incomes of the existing tenants and shall not cause involuntary displacement of any tenant whose income may exceed the Project's income limits.
Not Applicable

27. Applicants shall meet the multiple sustainable building standards utilizing landscaping and construction materials which are compatible with the neighborhood in which the proposed project is to be located, and that the architectural design and construction materials will provide for low maintenance and durability, as well as be suited to the environmental conditions to which the project will be subjected:

Applicable

Section Waived:

- Energy Efficiency
- CALGreen Compliance
- Landscaping
- Roofs
- Exterior Doors
- Appliances
- Window Coverings
- Water Heater
- Floor Coverings
- Paint
- Insulation

28. The project commits to becoming certified under any one of the following programs upon completion:

- a. Leadership in Energy & Environmental Design (LEED) **Not Applicable**
- b. Green Communities **Not Applicable**
- c. GreenPoint Rated Multifamily Guidelines **Not Applicable**

29. The project is a New Construction or Adaptive Reuse Project exceeding the Standards of Title 24, Part 6, of the California Building Code by:

- a. 17.5% **Not Applicable**
- b. 20% **Not Applicable**
- c. 25% **Not Applicable**

30. The Project will exceed the minimum energy efficiency certification requirements for New Construction/ Adaptive Reuse:

- a. LEED for Homes (Silver) **Not Applicable**
- b. LEED for Homes (Gold) **Not Applicable**
- c. Green Point Rated (100) **Not Applicable**
- d. Green Point Rated (125) **Not Applicable**

31. The project is a Home Energy Rating System (HERS II) Rehabilitation Project that commits to improve energy efficiency above the current modeled energy consumption of the building(s) by:

- a. 15% **Not Applicable**
- b. 20% **Not Applicable**
- c. 25% **Not Applicable**
- d. 30% **Not Applicable**

32. The project is a Rehabilitation Project that commits to developing, and/or managing the Project with the following Photovoltaic generation or solar energy:

- a. Photovoltaic generation that offsets tenants loads **Not Applicable**
- b. Photovoltaic generation that offsets 50% of common area load **Not Applicable**
- c. Solar hot water for all tenants who have individual water meters **Not Applicable**

RESOLUTION NO. 13-44

Exhibit A

Page 4 of 4

33. The project will implement sustainable building management practices that include: 1) development of a percent-specific maintenance manual including replacement specifications and operating information on all energy and green building features; 2) Certification of building management staff in sustainable building operations per BPI Multifamily Building Operator or equivalent training program; and 3) Undertaking formal building systems commissioning, retro-commissioning or re-commissioning as appropriate (continuous commissioning is not required):

Not Applicable

34. The project will sub-meter centralized hot water systems for all tenants:

Not Applicable

The following certification must be submitted by the Project Sponsor (on Project Sponsor letterhead) to the Applicant (Issuer) who will then forward it to the California Debt Limit Allocation Committee annually on March 1st (or at such other time as requested by the Committee).

CERTIFICATION OF COMPLIANCE

Project Name: Casa de Cortez Apartments

(If project has changed name since the award of allocation please note the original project name as well as the new project name)

Name of Bond Issuer: California Statewide Communities Development Authority

CDLAC Application No.: 13-048

Pursuant to Section 13 of Resolution No. 13-44 (the "Resolution"), adopted by the California Debt Limit Allocation Committee (the "Committee") on July 17, 2013, I, _____, an Officer of the Project Sponsor, hereby certify under penalty of perjury that, as of the date of this Certification, the above-mentioned Project is in compliance with all of the terms and conditions set forth in the Resolution.

I further certify that I have read and understand the CDLAC Resolution, which specifies that once the Bonds are issued, the terms and conditions set forth in the Resolution Exhibit A, shall be enforceable by the Committee through an action for specific performance, negative points, withholding future allocation or any other available remedy.

Please check or write N/A to the items list below :

_____ The project is currently in the Construction or Rehabilitation phase.

_____ The project has incorporated the minimum specifications into the project design for all new construction and rehabilitation projects as evidenced by attached the applicable thirty party certification (HERS Rater, Green Point Rater or US Green Building Council). For projects under construction or rehabilitation, the information is due following receipt of the verification but in no event shall the documentation be submitted more than two years after the issuance of bonds.

_____ For projects that received point for exceeding the minimum requirements please attach the appropriate California Energy Commission compliance form for the project which shows the necessary percentage improvement better than the appropriate standards. The compliance form must be signed by a California Association of Building Consultants, Certified Energy Plans Examiner or HERS Rater as applicable.

Signature of Officer

Date

Printed Name of Officer

Title of Officer

Phone Number

STATE OF CALIFORNIA
CALIFORNIA DEBT LIMIT ALLOCATION COMMITTEE
ACCOUNTING SERVICES
915 Capitol Mall, Room 311
Sacramento, CA 95814
(916) 653-3255

FILING FEE INVOICE

PAYMENT IS DUE WITHIN 30 DAYS OF BOND CLOSING

Date: July 17, 2013

Invoice No.: FY 13-008
Application No.: 13-048
Analyst Initials: LC

To: Scott Carper
Program Manager
California Statewide Communities Development Authority
2999 Oak Road, Suite 710
Walnut Creek, CA 94597

2nd Installment of fee levied pursuant to Section 8869.90 of the California Government Code:

NAME OF ISSUER: California Statewide Communities Development Authority
NAME OF PROJECT: Casa de Cortez Apartments
ALLOCATION AWARD DATE: July 17, 2013
ALLOCATION AWARD AMOUNT: \$3,400,000
AMOUNT DUE:
Allocation award x .00035 = \$ 1,190.00
Less initial application fee = -\$ 600.00
Amount Due = \$ 590.00

Issuer or bond trustee to complete the following (please use ink):

BOND ISSUANCE DATE:

PRINCIPAL AMOUNT OF BOND ISSUE: \$

AMOUNT OF BOND ALLOCATION USED: \$

The application fee is based on the amount of allocation used to issue bonds. Please complete the following *only if* the amount of allocation used is less than the amount of allocation awarded, and remit the *revised* amount due.

REVISED AMOUNT DUE:
Amount issued x .00035 = \$
Less initial application fee = -\$ 600.00
Revised Amount Due = \$

**PLEASE WRITE APPLICATION NUMBER ON YOUR CHECK, OR
RETURN A COPY OF THIS INVOICE WITH YOUR PAYMENT.**

Item V

Approve the financing; all necessary actions; the execution and deliveries of all necessary documents and authorize any member to sign all necessary financing documents for the following:

- a. Marin Primary, City of Larkspur, County of Marin; up to \$4,000,000 in 501(c)3 nonprofit bonds.

SUMMARY AND APPROVALS

DATE:	AUGUST 15, 2013
APPLICANT:	MARIN PRIMARY & MIDDLE SCHOOL
AMOUNT:	UP TO \$4 MILLION TAX-EXEMPT OBLIGATIONS
PURPOSE:	SCHOOL IMPROVEMENTS
PRIMARY ACTIVITY:	PRESCHOOL THROUGH 8TH GRADE EDUCATION
LEGAL STRUCTURE:	501(C)(3) CORPORATION

Background:

Marin Primary & Middle School (“MP&MS” or “School”), founded in 1975, is a preschool through eighth grade coeducational independent school located in Larkspur, California. Marin Primary, as it was first known, opened its doors as a preschool in the basement of a Lutheran church. Five years later, the school moved to its present eight-acre location on the border between Larkspur and Corte Madera in the former LCM school site. One grade level was added each year until the school encompassed preschool through fifth grades.

In 1994, the school added sixth grade and changed its name to Marin Primary & Middle School. The MP&MS student body now includes 365 students from preschool through eighth grade. The three divisions, preschool, primary and middle school, are structured to meet the unique needs of students at these developmental levels.

The School is a tax-exempt organization under Internal Revenue Service Code Section 501(c)(3) and the California tax code.

The proceeds from the issuance will be used to provide funds for the construction of capital improvements (school yard as part of Phase II of the School’s master plan) on the campus of the School.

The School’s property consists of three main buildings, four detached classroom buildings, play areas, parking lot, Public Park and sports fields. The site includes asphalt play yards that are currently under renovation with new play structures, an outdoor amphitheater and new outdoor basketball courts. The property is currently leased to MP&MS under a long-term lease that expires in 2045. The School has modified, repaired and renovated the building areas throughout the last 5 to 10 years into a good quality school facility currently in good overall condition.

TEFRA Information:

A TEFRA hearing was held by the County of Marin on August 6, 2013 and received unanimous approval.

Finance Team:

- Bond Counsel: Hawkins Delafield & Wood, San Francisco
- Authority Counsel: Orrick, Herrington & Sutcliffe, LLP, Sacramento
- Private Placement Bank: First Republic Bank, San Francisco

Financing Structure:

The Loan will mature in no more than 25 years and bear interest at a fixed rate of 3.95%. The proposed issuance is in accordance with CSCDA's issuance guidelines.

Estimated Sources and Uses:

Sources:

Loan Proceeds:	\$3,500,000
Original Issue Discount	\$ 35,000
Total	<u>\$3,465,000</u>

Uses:

School Improvements	\$3,430,000
Cost of Issuance	\$ 35,000
Total	<u>\$3,465,000</u>

Financing Approval:

Based on the overall Project public benefit and finance related considerations detailed on Attachment 1, the Commission shall approve the Resolution as submitted to the Commission, which:

1. Approves the issuance of the Loan;
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

K-12 Public Benefit Requirements:

Marin Primary must be able to demonstrate that the community will receive a public benefit as a result of the financing of MP&MS facilities, including, but not limited to, one or more of the following:

- **Community Outreach:** The Applicant undertakes community outreach programs providing educational, cultural or philanthropic benefits to the community.
- **Public Access to Facilities:** The Applicant permits public access to its athletic fields, recreational facilities or other school facilities.
- **Financial Assistance:** The Applicant provides a reasonable amount of financial assistance to its students.

A sense of community involvement is integral to the MP&MS academic experience. One example is below:

- Students have established a relationship with the senior housing facility neighboring the school, which has included the students performing for the residents during the holidays.

The School does provide public access to the campus, primarily by making the gymnasium available to local athletic leagues.

Attachments:

1. Original application
2. CSCDA K-12 Private School Policy

RESOLUTION NO. _____

**CALIFORNIA STATEWIDE COMMUNITIES
DEVELOPMENT AUTHORITY**

A RESOLUTION AUTHORIZING THE ISSUANCE OF AN OBLIGATION IN A PRINCIPAL AMOUNT NOT TO EXCEED \$4,000,000, TO REFINANCE THE VARIABLE RATE DEMAND REVENUE BONDS ISSUED FOR THE BENEFIT OF MARIN PRIMARY & MIDDLE SCHOOL, FINANCE CERTAIN CAPITAL EXPENDITURES OF MARIN PRIMARY & MIDDLE SCHOOL, AND OTHER MATTERS RELATING THERETO

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

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

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

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

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

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

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

WHEREAS, Marin Primary & Middle School, a California nonprofit public benefit corporation (the "Corporation"), wishes to finance the costs of certain construction, renovation and improvements to facilities located at 20 Magnolia Avenue, Larkspur, California leased by the Corporation from the Larkspur-Corte Madera School District (the "Facilities"), including but not limited to expansion of existing structures and construction of an amphitheater, outdoor play space and a storage building, and;

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

WHEREAS, pursuant to a Master Loan Agreement to be executed by First Republic Bank (the "Lender"), the Authority and the Corporation (the "Master Loan Agreement"), the Authority will grant a tax-exempt loan to the Corporation in a principal amount not exceeding \$4,000,000 (the "Obligation"), for the purpose of refunding the Refunded Bonds and financing the Project;

WHEREAS, pursuant to the policies of the Authority, the Obligation may only be assigned to Qualified Institutional Buyers (as defined in the Master Loan Agreement) and the Lender will sign an investor letter confirming that it is a Qualified Institutional Buyer and certain other related matters;

WHEREAS, there has been made available to the Commissioners of the Authority the proposed form of the Master Loan Agreement.

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

Section 1. Pursuant to the Act and the Master Loan Agreement, the Authority is hereby authorized to issue the Obligation in an aggregate principal amount not to exceed Five Million Dollars (\$4,000,000). The Obligation shall be issued and secured in accordance with the terms of the Master Loan Agreement.

Section 2. The proposed form of Master Loan Agreement, as made available to the Commissioners, is hereby approved. Any member of the Commission of the Authority or their administrative delegates duly authorized pursuant to Resolution No. 13R-12 of the Authority, adopted on May 30, 2013 (each an "Authorized Signatory") is hereby authorized and directed, for and on behalf of the Authority, to execute and deliver the Master 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. The dated date, maturity date or dates, interest rate or rates, methods of determining rates, interest payment dates, denominations, forms, registration privileges, manner of execution, place or places of payment, terms of

redemption, tender provisions, and other terms of the Obligation shall be as provided in the Master Loan Agreement, as finally executed.

Section 3. 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 Obligation, 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 4. 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 Obligation are hereby ratified, confirmed and approved.

Section 5. Notwithstanding anything to the contrary in this resolution, no documents referenced in this resolution may be executed and delivered until the County has held the hearing pursuant to Section 147(f) of the Internal Revenue Code of 1986, if required by said Section, and has approved the issuance of the Obligation as may be required thereby and in accordance with Section 9 of the Agreement to provide financing and/or refinancing for the Project.

Section 6. This resolution shall take effect from and after its adoption.

PASSED AND ADOPTED by the California Statewide Communities Development Authority this 30th day of May, 2013.

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 May 30, 2013.

By: _____
Authorized Signatory
California Statewide Communities
Development Authority

Organization

Name of Organization: **Marin Primary**

TIN or EIN:

Primary Contact

First Name: **David**

Last Name: **Brown**

Title: **Finance**

Street: **20 Magnolia Avenue**

City: **Larkspur**

State: **California**

Suite:

Phone: **415-924-9057**

Ext:

Zip: **94939**

Email: **dbrown@mpms.org**

Fax: **415-924-5780**

Primary Billing Contact

Organization: **Marin Primary**

First Name: **David**

Last Name: **Brown**

Title: **Finance**

Address:

Street: **20 Magnolia Avenue**

City: **Larkspur**

State: **California**

Suite:

Phone: **415-924-9057**

Ext:

Zip: **94939**

Email: **dbrown@mpms.org**

Fax: **415-924-5780**

Project Information

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

Other:

Project Name: **Marin Primary**

Facility #1

Facility Name: **Marin Primary**

Facility Bond Amount: **\$3,500,000.00**

Project Address:

Street: **20 Magnolia Avenue**

City: **Larkspur**

State: **California**

Zip: **94939**

County: **Marin County**

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

Has the City or County in which the project is located been contacted? If so, please provide name, title, telephone number and e-mail address of the person contacted:

First Name:

Last Name:

Title:

Phone:

Ext:

Fax:

Email:

Public Benefit Info

For Private School Facility Only:

Tuition assistance K-8:

Tuition assistance 9-12:

Total tuition K-8:

Total tuition 9-12:

Part reimbursed K-8:

Part reimbursed 9-12:

% students receiving 50% tuition assistance:

Government Information

Project/Facility is in:

Congressional District #:

State Senate District #:

State Assembly District #:

Financing Information

Financing Information

Tax Exempt: \$ 3,500,000.00
Taxable: \$
Total Principal Amount: \$ 3,500,000.00
Maturity 30 Years

Interest Rate Mode:

Fixed Variable

Denominations: 5,000

Type of Offering:

Public Offering Private Placement
 New Construction Acquisition of Existing Facility
 Refunding

Financing:

Credit Enhancement Letter of Credit
 None
 Other

Name of Credit Enhancement Provider or Private Placement Purchaser:

Expected Rating:

Unrated

Moody's:

S&P:

Fitch:

Financing Team Information

Bond Counsel

Firm Name: Hawkins Delafield

Primary Contact

First Name: Sean

Last Name: Tierney

Title: Partner

Address:

Street: One Embarcadero Center

Suite: 3820

City: San Francisco

State: California

Zip: 94111

Phone: 415-486-4201

Ext:

Fax: 415-397-1513

Email: stierney@hawkins.com

Bank/Underwriter/Bond Purchaser

Firm Name: First Republic Bank

Primary Contact

First Name: Dirk

Last Name: ten Grotenhuis

Title: Managing Director

Address:

Street: 111 Pine Street

Suite: 9th Floor

City: San Francisco

State: California

Zip: 94111

Phone: 415-262-2428

Ext:

Fax: 415-262-2570

Email: dteng@firstrepublic.com

Financial Advisor

Firm Name:

Primary Contact

First Name:

Last Name:

Title:

Address:

Street:

Suite:

City:

State:

Zip:

Phone:

Ext:

Fax:

Email:

Rebate Analyst

Firm Name:

Primary Contact

First Name:

Last Name:

Title:

Address:

Street:

Suite:

City:

State:

Zip:

Phone:

Ext:

Fax:

Email:

CSCDA K-12 Private School Policy

It is the policy of the California Statewide Communities Development Authority (the "Authority") to consider favorably the issuance of bonds, notes or other evidences of indebtedness (the "Bonds") for the financing or refinancing of K-12 educational facilities to be utilized by a non-profit organization (the "Applicant") provided that the Applicant does not discriminate on the basis of a student's national or ethnic origin, disability, race, creed, color, sexual preference or religion in the administration of its admission policies and is able to demonstrate that the community will receive a public benefit as a result of the financing or refinancing of the Applicant's facilities, including, but not limited to, one or more of the following:

- a. The Applicant undertakes community outreach programs providing educational, cultural or philanthropic benefits to the community.
- b. The Applicant permits public access to its athletic fields, recreational facilities or other school facilities.
- c. The Applicant can demonstrate to the Authority that it provides reasonable financial assistance to those students in need by outlining the following: (1) total number of students receiving financial assistance; (2) total amount of financial assistance provided to individual students or entire student population; (3) other financial assistance offered to students.

The requirements as listed above will apply to the financing or refinancing of facilities that will be used for educating children in the elementary, middle and/or upper grade levels (pre-school to the twelfth grade). The Authority will consider each request for approval of projects not adhering to the Authority's requirements as described above on a case-by-case basis.

The Authority may review the requirements as listed above from time to time and at such time will make any modifications to such requirements as the Authority deems appropriate.

Effective Date: April 20, 2011.

Item V

Approve the financing; all necessary actions; the execution and deliveries of all necessary documents and authorize any member to sign all necessary financing documents for the following:

- a. University Retirement Community at Davis, City of Davis, County of Yolo; up to \$34,000,000 in variable rate demand revenue bonds.

SUMMARY AND APPROVALS

DATE: AUGUST 15, 2013
APPLICANT: UNIVERSITY RETIREMENT COMMUNITY AT DAVIS
AMOUNT: UP TO \$34,000,000 OF TAX-EXEMPT NONPROFIT BONDS
PURPOSE: REFINANCING OUTSTANDING INDEBTEDNESS
CSCDA PROGRAM: 501(C)(3) NONPROFIT

Background:

University Retirement Community at Davis Inc. (“URCAD”) was incorporated in 1995 and opened a Continuing Care Retirement Community (“CCRC”) on February 21, 2000. The effort to build URCAD was spearheaded by several dedicated, hardworking local Davis citizens whose dream was to build a CCRC that offered residents a continuum of health care within the City of Davis.

URCAD includes 205 independent living units, including 18 cottages and 16 garden apartments, 36 assisted living apartments, 14 bed Dementia Care Center, 37 bed Skilled Nursing Facility, and supporting common areas. In 2000 URCAD was named Grand Prize Winner of the Gold Key Awards. This award recognized URCAD for its outstanding achievement in design. In 2003, URCAD was accredited by the Continuing Care Accreditation Commission (now CARF-CCAC). In 2003, UCRAD became one of the youngest CCRC’s in the country to receive an investment grade rating by Standard and Poors.

The facility attracts seniors of various financial levels in accordance with an Affordable Housing Covenant (“AHC”) with the City of Davis. Under the terms of URCAD’s residency agreement, the resident agrees to pay an entrance fee and a monthly service fee, which entitles him or her to occupy a resident unit. Sixty-three apartments are available to moderate income individuals under the AHC. In addition, as a component to its federal tax-exempt status, URCAD has a general policy of not evicting residents for inability to pay subject to the corporation’s financial ability. In addition to housing, residents have access to URCAD’s health services program. The health center offers 24-hour nursing care by skilled professionals. Residents also have access to specialized services such as rehab therapy, lab, pharmacy, radiology, podiatry, activities, meals and other medical and non-medical services to meet residents personalized needs.

In 2011 URCAD expanded the existing facility. The expansion consist of a two-story wellness center which includes an indoor pool, therapy pool, spa, sauna, shower and dressing rooms, and complete fitness center with state of the art exercise equipment. The expansion also included a four story housing wing, with eleven expanded independent living apartments and six assisted living apartments. The expansion also included an underground parking structure with approximately 78 new parking spaces. The total square footage of the project, including underground parking spaces, is approximately 64,450 square feet.

Description of Project:

URCAD intends to undertake a tax-exempt bond financing to: (i) refund all of the outstanding California Statewide Communities Development Authority Variable Rate Demand Revenue Bonds, Series 2008 (University Retirement Community at Davis Project), which funded renovation of the existing physical plant and the addition of a four-story housing wing; (ii) refund all of the outstanding California Statewide Communities Development Authority Variable Rate Demand Revenue Refunding Bonds, Series 2010A (University Retirement Community at Davis Project), which refinanced the then outstanding California Statewide Communities Development Authority Insured Revenue Refunding Bonds, Series 2003 Bonds (University Retirement Community at Davis); (iii) finance capital projects and improvements at URCAD's existing facility; and (iv) pay the costs of issuing the bonds.

TEFRA Hearing:

A TEFRA hearing is scheduled for Tuesday, August 27, 2013 at the City of Davis.

Finance Team:

- Bond Counsel: Orrick, Herrington & Sutcliffe, LLP
- Authority Counsel: Orrick, Herrington & Sutcliffe, LLP
- Private Placement Lender: Banc of America Public Capital Corp

Financing Structure:

The variable rate Bonds will mature in no more than 20 years. The interest rate on the variable rate bonds is anticipated to be 1.4%. URCAD expects to save roughly \$1.8M through this refunding. The proposed issuance of Bonds is in accordance with the Authority's Issuance Policy.

Estimated Sources and Uses:

Par Amount	\$ 31,930,000
Existing 2010 DSRF	2,099,588
Total Sources	\$ 34,029,588
Cash Deposit for Refunding	\$ 33,563,516
Cost of Issuance	462,580
Additional Proceeds	3,492
Total Uses	\$ 34,029,588

Recommendations:

Based on the overall Project public benefit and finance related considerations detailed above, it is recommended that this Commission approve the Resolution as submitted to the Commission, which:

1. Approves the issuance of the Bonds and the financing of the Project; Subject to TEFRA approval by city of Davis.
2. Approves all necessary actions and documents for the issuance of the Bonds; and
3. Authorizes any member of the Commission or authorized signatory to sign all necessary documents.

RESOLUTION NO. 13NP-__

**CALIFORNIA STATEWIDE COMMUNITIES
DEVELOPMENT AUTHORITY**

**A RESOLUTION AUTHORIZING THE ISSUANCE OF REVENUE BONDS IN A
PRINCIPAL AMOUNT NOT TO EXCEED \$34,000,000 TO FINANCE CERTAIN
CAPITAL IMPROVEMENTS AND TO REFUND AND REDEEM THE AUTHORITY'S
VARIABLE RATE DEMAND REVENUE BONDS, SERIES 2008, AND ITS VARIABLE
RATE DEMAND REVENUE REFUNDING BONDS, SERIES 2010A, EACH ISSUED
FOR THE BENEFIT OF UNIVERSITY RETIREMENT COMMUNITY AT DAVIS,
INC., AND CERTAIN OTHER MATTERS RELATING THERETO**

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

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

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

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

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

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

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

WHEREAS, pursuant to an Indenture, dated as of April 1, 2008 (the “2008 Indenture”), between the Authority and U.S. Bank National Association (the “Trustee”), the Authority issued its Variable Rate Demand Revenue Bonds, Series 2008 (University Retirement Community at Davis Project) (the “Series 2008 Bonds”);

WHEREAS, the proceeds of the Series 2008 Bonds were loaned to University Retirement Community at Davis, Inc., a California nonprofit public benefit corporation (the “Corporation”) pursuant to a Loan Agreement, dated as of April 1, 2008 (the “2008 Loan Agreement”), between the Authority and the Corporation;

WHEREAS, pursuant to an Indenture, dated as of July 1, 2010 (the “2010A Indenture”), between the Authority and the Trustee, the Authority issued its Variable Rate Demand Revenue Refunding Bonds, Series 2010A (University Retirement Community at Davis Project) (the “Series 2010A Bonds”);

WHEREAS, the proceeds of the Series 2010A Bonds were loaned to the Corporation pursuant to a Loan Agreement, dated as of July 1, 2010 (the “2010A Loan Agreement”), between the Authority and the Corporation;

WHEREAS, the Corporation wishes to (1) refund all or a portion of the Series 2008 Bonds and Series 2010A Bonds, the proceeds of which financed and refinanced (including by refunding certain prior bonds of the Authority) a continuing care retirement community facility, which is owned and operated by the Corporation, consisting of independent living, assisted living and skilled nursing units located at 1515 Shasta Drive, Davis, California 95616 (the “Facilities”); (2) finance capital projects and improvements at the Facilities; and (3) pay certain costs of issuance including, if applicable, credit enhancement costs and the costs of refunding the Series 2008 Bonds and the Series 2010A Bonds (collectively, the “Project”);

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

WHEREAS, pursuant to an Indenture (the “Indenture”), between the Authority and the Trustee, the Authority will issue the California Statewide Communities Development Authority Revenue Refunding Bonds (University Retirement Community at Davis Project) (the “Bonds”) in one or more series for the purpose, among others, of financing and refinancing all or a portion of the Project;

WHEREAS, pursuant to a Loan Agreement (“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, there have been made available to the Commissioners of the Authority the following documents and agreements:

- (1) The proposed form of the Indenture; and
- (2) The proposed form of the Loan Agreement.

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

Section 1. Pursuant to the Act and the Indenture, the Authority is hereby authorized to issue its revenue bonds designated as the “California Statewide Communities Development Authority Revenue Refunding Bonds, Series 2013 (University Retirement Community at Davis Project),” in one or more series, in an aggregate principal amount not to exceed thirty-four million dollars (\$34,000,000). The Bonds shall be issued and secured in accordance with the terms of, and shall be in the form or forms set forth in, the Indenture as made available to the Commissioners. The Bonds shall be executed on behalf of the Authority by the manual or facsimile signature of the Chair of the Authority or the manual signature of any member of the Commission of the Authority or their administrative delegates duly authorized pursuant to Resolution No. 13R-12 of the Authority, adopted on May 30, 2013 (each, an “Authorized Signatory”), and attested by the manual or facsimile signature of the Secretary of the Authority or the Assistant to the Secretary of the Authority or the manual signature of any Authorized Signatory.

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

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

Section 4. The Bonds, when executed as provided in Section 1, shall be delivered to the Trustee for authentication by the Trustee. The Trustee is hereby requested and directed to authenticate the Bonds by executing the Trustee’s Certificate of Authentication appearing thereon, and to deliver the Bonds, when duly executed and authenticated, to the purchaser or purchasers thereof in accordance with written instructions executed on behalf of the Authority by an Authorized Signatory, which any Authorized Signatory, acting alone, is authorized and directed, for and on behalf of the Authority, to execute and deliver to the Trustee. Such

instructions shall provide for the delivery of the Bonds to the purchaser or purchasers thereof, upon payment of the purchase price thereof.

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

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

Section 7. Notwithstanding anything to the contrary in this Resolution, no documents referenced in this Resolution may be executed and delivered until the City has held the hearing pursuant to Section 147(f) of the Internal Revenue Code of 1986, if required by said Section, and has approved the issuance of the Bonds as may be required thereby and in accordance with Section 9 of the Agreement to provide financing and refinancing for the Project.

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

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PASSED AND ADOPTED by the California Statewide Communities Development Authority this 15th day of August, 2013.

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 August 15, 2013.

By: _____

Authorized Signatory
California Statewide Communities
Development Authority

Organization

Name of Organization: **University Retirement System at Davis**

TIN or EIN:

Primary Contact

First Name: **Matt**

Last Name: **Neal**

Title: **Executive Director**

Street: **1515 Shasta Drive**

Suite:

City: **Davis**

State: **California**

Zip: **95616**

Phone: **530-747-7000**

Ext:

Fax:

Email: mneal@retirement.org

Primary Billing Contact

Organization: **Pacific Retirement Services**

First Name: **Sheri**

Last Name: **Bryan**

Title: **Bond Compliance Officer**

Address:

Street: **965 Ellendale**

Suite:

City: **Medford**

State: **Oregon**

Zip: **97504**

Phone: **541-857-7674**

Ext:

Fax: **541-857-7895**

Email: sbryan@retirement.org

Project Information

Project type: **Healthcare: Continuing care**

Other:

Project Name: **University Retirement Community at Davis**

Facility #1

Facility Name: **University Retirement Community at Davis**

Facility Bond Amount: **\$32,000,000.00**

Project Address:

Street: **1515 Shasta Drive**

City: **Davis**

State: **California**

Zip: **95616**

County: **Yolo**

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

Has the City or County in which the project is located been contacted? If so, please provide name, title, telephone number and e-mail address of the person contacted:

First Name:

Last Name:

Title:

Phone:

Ext:

Fax:

Email:

Government Information

Project/Facility is in:

Congressional District #:

State Senate District #:

State Assembly District #:

Financing Information

Financing Information

Tax Exempt: \$ 32,000,000.00
Taxable: \$
Total Principal Amount: \$ 32,000,000.00
Maturity 20 Years

Interest Rate Mode:

Fixed Variable

Denominations: \$100,000

Type of Offering:

Public Offering Private Placement
 New Construction Acquisition of Existing Facility
 Refunding

Financing:

Credit Enhancement Letter of Credit
 None
 Other

Name of Credit Enhancement Provider or Private Placement Purchaser: **Banc of America Public Capital Corp**

Expected Rating:

Unrated

Moody's:

S&P:

Fitch:

Financing Team Information

Bond Counsel

Firm Name: Orrick

Primary Contact

First Name: Greg

Last Name: Blonde

Title: Senior Associate

Address:

Street: 1120 NW Couch Street

Suite: 200

City: Portland

State: Oregon

Zip: 97209

Phone: 503-943-4800

Ext:

Fax: 503-943-4801

Email: gblonde@orrick.com

Bank/Underwriter/Bond Purchaser

Firm Name: Banc of America Public Capital Corp

Primary Contact

First Name: Frank

Last Name: Vrabel

Title: Senior Vice President

Address:

Street: 401 E. Las Olas Blvd

Suite:

City: Ft. Lauderdale

State: Florida

Zip: 33301

Phone: 954-765-2216

Ext:

Fax:

Email: frank.vrabel@bamf.com

Financial Advisor

Firm Name: Cain Brothers

Primary Contact

First Name: Amy

Last Name: Hayman

Title: Managing Director

Address:

Street: One North Franklin

Suite: 300

City: Chicago

State: Illinois

Zip: 60606

Phone: 312-604-0578

Ext:

Fax: 312-456-9327

Email: ahayman@cainbrothers.com

Rebate Analyst

Firm Name:

Primary Contact

First Name:

Last Name:

Title:

Address:

Street:

Suite:

City:

State:

Zip:

Phone:

Ext:

Fax:

Email:

Item V

Approve the financing; all necessary actions; the execution and deliveries of all necessary documents and authorize any member to sign all necessary financing documents for the following:

- a. Statewide Communities Infrastructure Program (SCIP); up to \$17,000,000 in refunding revenue bonds.

SUMMARY AND APPROVALS

PROJECT: STATEWIDE COMMUNITY INFRASTRUCTURE PROGRAM REFUNDING REVENUE BONDS - SCIP 2003A & 2005A REFINANCING

PRIMARY ACTIVITY: FINANCING PUBLIC IMPROVEMENTS AND IMPACT FEES

DATE: AUGUST 15, 2013

Background:

On May 16, 2013 the CSCDA Commission approved the initiation of the refinancing of SCIP 2003A and 2005A. In 2003 and 2005 CSCDA through the Statewide Community Infrastructure Program (SCIP) issued \$6,270,000 and \$10,645,000 respectively in bonds (the "Bonds").

These districts are fully built out, and consist of 55% residential property and 45% commercial and medical office property. The projects include Metro Walk in Richmond (residential), Los Trancos Woods in Portola (residential), John Muir Hospital in Brentwood (medical), and Shell Vacations in Napa (commercial).

Discussion:

As previously discussed, interest rates have fallen substantially since the Bonds were issued, and there are favorable market conditions to refinance the bonds.

RBC Capital Markets will directly place the bonds with Umpqua Bank at an interest rate of 4.40%. This interest rate is at least 125 basis points lower than current market rates. RBC Capital Markets expects the savings would be approximately \$1.5 million over the life of the bonds. The net present value is approximately \$780,000 or 5.56% of the outstanding par amount. The next call date for the Bonds is September 2, 2013. The savings would be credited back to property owners within the districts. The expected par amount of the issue would be approximately \$14,525,000, and the property owners would not pay any out of pocket expenses for the refinancing. These numbers are preliminary and subject to change.

Sources & Uses:

Sources:		(Refunding of Series 2003A)	(Refunding of Series 2005A)	Total
Bond Proceeds:	Par Amount	5,360,000.00	9,165,000.00	14,525,000.00
Other Sources of Funds:	Prior Reserve	448,709.41	693,700.08	1,142,409.49
	Expense Fund	47867.62	95276.96	143144.58
Total		5,856,577.03	9,953,977.04	15,810,554.07
Uses:		(Refunding of Series 2003A)	(Refunding of Series 2005A)	Total
Refunding Escrow Deposits:				
	Cash Deposit	5,335,400.00	9,110,350.00	14,445,750.00
Other Fund Deposits:				
	Debt Service Reserve Fund	396,983.19	678,796.81	1,075,780.00
Delivery Date Expenses:				
	Cost of Issuance	68,578.13	68,578.12	137,156.25
	Underwriter's Discount	53,600.00	91,650.00	145,250.00
		122,178.13	160,228.12	282,406.25
Other Uses of Funds:				
	Additional Proceeds	2,015.71	4,602.11	6,617.82
Total		5,856,577.03	9,953,977.04	15,810,554.07

Approvals:

Based upon the savings to be generated by the refinancing it is submitted that this Commission approve the Resolution, which:

1. Approves the issuance of the Bonds and the refinancing of the Bonds;
2. Approves all necessary actions and documents for the issuance of the Bonds; and
3. Authorizes any member of the Commission or authorized signatory to sign all necessary documents.

RESOLUTION NO. 13R-_____

A RESOLUTION OF THE COMMISSION OF THE CALIFORNIA STATEWIDE COMMUNITIES DEVELOPMENT AUTHORITY AUTHORIZING THE ISSUANCE, SALE AND DELIVERY OF NOT TO EXCEED \$17,000,000 OF ITS STATEWIDE COMMUNITY INFRASTRUCTURE PROGRAM REFUNDING REVENUE BONDS, SERIES 2013A; APPROVING THE FORMS OF AN AMENDED AND RESTATED TRUST AGREEMENT, A BOND PURCHASE AGREEMENT, AND A CONTINUING DISCLOSURE AGREEMENT, AUTHORIZING CHANGES THERETO AND EXECUTION AND DELIVERY THEREOF AS MODIFIED; APPROVING A PRELIMINARY OFFICIAL STATEMENT AND AUTHORIZING CHANGES THERETO AND DELIVERY THEREOF AS MODIFIED; AUTHORIZING THE PREPARATION OF A FINAL OFFICIAL STATEMENT SUBSTANTIALLY DERIVED FROM THE PRELIMINARY OFFICIAL STATEMENT AND EXECUTION AND DELIVERY THEREOF; AND AUTHORIZING CERTAIN OTHER ACTIONS IN CONNECTION WITH THE ISSUANCE, SALE AND DELIVERY OF SUCH BONDS AND IMPLEMENTATION OF THE RELATED FINANCING PROGRAM

WHEREAS, the California Statewide Communities Development Authority is a joint exercise of powers entity duly organized and existing under and by virtue of the laws of the State of California (the “Authority”), with this Commission (this “Commission”) serving as the legislative body of the Authority; and

WHEREAS, the Authority has previously issued its Statewide Community Infrastructure Program Revenue Bonds, Series 2003A (the “Series 2003A Bonds”), currently outstanding in the principal amount of \$5,320,000 and its Statewide Community Infrastructure Program Revenue Bonds, Series 2005A (the “Series 2005A Bonds”), currently in the principal amount of \$9,065,000; and

WHEREAS, this Commission is empowered under the provisions of Article 4, Chapter 5, Division 7, Title 1 of the California Government Code (the “Law”) to issue bonds of the Authority for the purpose of refunding bonds, notes and other securities of the Authority, including the Series 2003A Bonds and the Series 2005A Bonds; and

WHEREAS, the Commission now finds it necessary and desirable to authorize and undertake the issuance of the Authority’s Statewide Community Infrastructure Program Revenue Bonds, Series 2013A (the “Bonds”) pursuant to an Amended and Restated Trust Agreement (the “Trust Agreement”), between the Authority and Wells Fargo Bank, National Association, as Trustee (the “Trustee”), to refund the Series 2003A Bonds and the Series 2005A Bonds, to fund a reserve fund and to pay costs of issuance (the “Refunding Plan”); and

WHEREAS, this Commission has determined that the estimated amount necessary to refund the Series 2003A Bonds and the Series 2005A Bonds, to fund a reserve fund and to pay costs of issuance will require the issuance of the Bonds in the aggregate principal amount not to exceed \$17,000,000; and

WHEREAS, this Commission has determined that all things necessary to make the Bonds, when authenticated by the Trustee and issued as provided in the Trust Agreement the valid, binding and legal obligations of the Authority according to the import thereof and hereof have been done and performed; and

WHEREAS, in furtherance of implementing the financing described above, there have been made available to the Commission for consideration and approval at this meeting, forms of the following:

- (a) the Trust Agreement, described above;
- (b) a Bond Purchase Agreement, under the terms of which, among other things, the Authority agrees to sell and RBC Capital Markets, the underwriter (the “Underwriter”) agrees to purchase the Bonds;
- (c) a Preliminary Official Statement, describing the Bonds; and
- (d) a Continuing Disclosure Agreement, under the terms of which, among other things, the Authority agrees and covenants to provide certain annual financial information and notice of material events to assist the Underwriter in complying with Rule 15c2-12 of the Securities Exchange Commission; and

WHEREAS, being fully advised in the matter of the financing, this Commission wishes to proceed with implementation of the Refunding Plan; and

WHEREAS, all acts, conditions and things required by the Constitution and laws of the State of California to exist, to have happened and to have been performed precedent to and in connection with the consummation of the Financing Program do exist, have happened and have been performed in regular and due time, form and manner as required by law, and the Authority is now duly authorized and empowered, pursuant to each and every requirement of law, to authorize the execution and delivery of certain documents in order to further implement the financing in the manner and upon the terms herein provided; and

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

Section 1. The foregoing recitals are true and correct, and this Commission so finds and determines.

Section 2. Pursuant to the Law, the Bonds shall be issued in the aggregate principal amount of not to exceed \$17,000,000; provided, however, that (a) the net present value savings

of the Refunding shall be not less than 3.0%, and (b) the maximum term of any maturity shall not extend beyond the year September 2, 2035.

Section 3. The form and substance of the Trust Agreement is hereby approved. Any member of the Commission of the Authority or their administrative delegates duly authorized pursuant to Resolution No. 11R-18 of the Authority, adopted on September 28, 2011 (each, an “Authorized Signatory”) is hereby authorized and directed, for and in the name and on behalf of the Authority, to execute and deliver the Trust Agreement in substantially said form, with such changes therein as any member of the Commission may require or approve in consultation with Bond Counsel, such approval to be conclusively evidenced by the execution and delivery thereof.

Section 4. The form and substance of the Bond Purchase Agreement is hereby approved. Any Authorized Signatory is hereby authorized and directed, for and in the name and on behalf of the Authority, to execute and deliver the Bond Purchase Agreement in substantially said form, with such changes therein as any member of the Commission may require or approve in consultation with Bond Counsel, such approval to be conclusively evidenced by the execution and delivery thereof.

Section 5. The form and substance of the Continuing Disclosure Agreement is hereby approved. Any Authorized Signatory is hereby authorized to execute and deliver said Continuing Disclosure Agreement in substantially the form on file with the Secretary and presented to this meeting, with such changes as any member of the Commission may require or approve in consultation with Disclosure Counsel, such approval to be conclusively evidenced by such execution and delivery.

Section 6. (a) The form and substance of the Preliminary Official Statement is hereby approved. Any Authorized Signatory is hereby authorized to execute the final Official Statement to be derived therefrom.

(b) Any Authorized Signatory is hereby authorized to find and determine that said Preliminary Official Statement in preliminary form is, and as of its date shall be, deemed “final” for purpose of Rule 15c2-12 of the Securities and Exchange Commission, and such Member is hereby authorized to execute a certificate to such effect in the customary form.

(c) Any Authorized Signatory is hereby authorized in consultation with Disclosure Counsel to approve corrections and additions to the Preliminary Official Statement by supplement or amendment thereto, by appropriate insertions, or otherwise as appropriate, provided that such corrections or additions shall be regarded by any member of the Commission as necessary to cause the information contained in the Preliminary Official Statement to conform to facts material to the Bonds or the Local Obligations or to the proceedings of this Commission or that such corrections or additions are in form rather than in substance.

(d) The Underwriter is authorized to distribute said Preliminary Official Statement and the final Official Statement to be derived therefrom in connection with the sale and delivery of the Bonds.

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, to do any and all things and to execute and deliver any and all documents which they may deem necessary or advisable in order to carry out, give effect to and comply with the terms and intent of this resolution. 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 transactions contemplated by this resolution are hereby ratified, confirmed and approved.

Section 8. This Resolution shall take effect immediately upon its passage.

PASSED AND ADOPTED by the Commission of the California Statewide Communities Development Authority this _____, 2013.

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 _____, 2013.

By: _____

Authorized Signatory
California Statewide Communities
Development Authority

Item VI

Discussion and consideration of CaliforniaFirst Residential PACE Program

SUMMARY AND APPROVALS

DATE: AUGUST 15, 2013

PROGRAM: DISCUSSION AND CONSIDERATION OF CALIFORNIAFIRST RESIDENTIAL PACE PROGRAM

PURPOSE: ENERGY EFFICIENCY

Background:

On July 6, 2010, the Federal Housing Finance Agency issued a statement expressing concerns with Property Assessed Clean Energy (PACE) and requested that local governments pause their PACE programs until the regulatory concerns could be addressed. In response, the CSCDA Commission voted to suspend the residential PACE program it was launching under the CaliforniaFIRST program.

In 2012, the CSCDA Commission voted to launch the CaliforniaFIRST program for commercial properties only. The CaliforniaFIRST commercial PACE program went live in September 2012; it currently serves 14 counties and 127 cities in California. To date, the program has received has received 120 applications for nearly \$50 million in projects. There are currently 54 active applications for approximately \$35 million in projects. Four additional counties have voted to opt into the program.

This memo provides an (1) overview of the regulatory and legal issues with residential PACE, (2) an update on residential PACE financing activity, and information on efforts to resolve the regulatory issues.

Renewable Funding, the CaliforniaFirst administrator, and staff recommends that CSCDA approve planning and outreach for the potential addition of residential properties in the CaliforniaFIRST program. However, the program would at least initially be limited to only those properties that do not have a Fannie Mae or Freddie Mac conforming mortgage.

Discussion:

Status of FHFA and Residential PACE

1. **FHFA Policy: July 6, 2010 Guidance Statement Still Stands**
FHFA stated that PACE presents “significant safety and soundness concerns.” The agency further “urged state and local governments to reconsider these programs and continues to call for a pause in such programs so concerns can be addressed.”
2. **Legal Appeals Have Been Exhausted**
Lawsuits challenging FHFA’s July 6, 2010 Statement were filed by state and local governments in California, New York and Florida. All 3 Federal District Courts ruled that FHFA acted as “conservator” rather than “regulator.” As “conservator”, the courts ruled that FHFA has authority from Congress to act without judicial oversight to protect Fannie Mae and Freddie Mac from further financial losses to taxpayers. All legal appeals have been exhausted.

The judge in the 9th District Court initially ruled that FHFA was required to initiate a public rulemaking process for PACE. In response, FHFA issued a proposed rule. But in March 2013, the 9th District Court of Appeals vacated the judge's earlier ruling, so that FHFA was no longer required to complete the rulemaking. On July 31, 2013 FHFA published a withdrawal of its proposed rule – leaving in place its July 6, 2010 policy statement on PACE.

Residential PACE Programs Gain Interest

1. Sonoma County Program is Still Operational

The number of projects has dropped dramatically since July 2010, but the Sonoma County Energy Independence Program (SCEIP) continues to finance clean energy and water improvements with PACE. As of this date, SCEIP has funded \$62 million in projects, approximately two-thirds of which were completed in 2009-10.

2. WRCOG HERO Program Was Launched January 2012

The HERO residential PACE program was launched covering western Riverside County in January 2012. HERO provides homeowners a disclosure notice of the potential of default based on the FHFA guidance. As of this date, FHFA hasn't taken action to impose sanctions on the HERO program. The program reports a robust \$63 million in PACE financing to date, and they are gaining momentum. The San Bernardino Council of Governments (SANBAG) and a number of cities in Southern California have voted to opt into HERO. The program is not yet operational in those additional communities.

3. San Diego County and City of San Jose are exploring residential PACE.

As news of the success of the HERO program has spread, other local governments have begun to explore residential PACE for all homes or as a more limited option for homes that a) have no mortgage or b) have a non-conforming mortgage.

Efforts Underway to Resolve Regulatory Issues

1. State Funded Reserve/ Insurance

The State of California has funded and adopted a reserve fund that would be tapped to cover losses to Fannie Mae and Freddie Mac if a mortgage in foreclosure is impaired by a PACE lien. The State expects to return to FHFA with a specific proposal in the near term. If approved by all parties, this approach would allow for residential PACE financing to move forward with this "insurance" product.

2. Legal Interpretations Regarding Tax Liens

There are continued discussions regarding a legal interpretation that suggests PACE could move forward without harming the interests of Fannie Mae and Freddie Mac. Under this interpretation, some sort of loss reserve or insurance would still be needed to cover losses.

3. Volumes of Residential PACE Increasing

Riverside and Sonoma are continuing to originate residential PACE with no adverse impacts from FHFA. As more projects are financed and more communities participate, the evidence that PACE poses no risk to the mortgage market is mounting. A tipping point may be achieved where no further efforts are deemed necessary by FHFA and PACE can move forward.

"Safe PACE": for the Non-FHFA Housing Market

1. Non-FHFA is approximately 40% of the CA housing market

Since Fannie Mae and Freddie Mac are now purchasing a large percentage of all mortgages, they have a large presence in the housing market. However, a large percentage of homes either have no mortgage or have a non-conforming mortgage that is not eligible for purchase by Fannie and Freddie.

According to data compiled from CoreLogic and U.S. Census Bureau, approximately 40% of homes in CaliforniaFIRST territory either have no mortgage or a non-conforming mortgage. This represents more than 1 million homeowners of owner-occupied homes in the CaliforniaFIRST territory.

2. 1% Uptake represents \$150 million in PACE financing.

If we assume that 1% of these homeowners would complete a PACE project at a value of \$15,000, this would represent over a \$150 million in residential PACE financing in the existing CaliforniaFIRST territory. According to the HERO program, more than 1% of the homeowners in WRCOG territory have already completed PACE-financed projects, worth an average of \$18,000.

Developing a Prudent Underwriting Process

Launching a residential PACE program for non-FHFA properties would require a prudent underwriting process to ensure that we were only providing financing to homeowners not affected by FHFA. This process would be included in a final recommendation to the Board prior to residential program launch.

Approvals:

Staff is recommending the following steps be taken at this time:

1. Continue to work with FHFA to resolve regulatory issues, focusing on properties not underwritten or guaranteed by Fannie and Freddie.
2. Introduce concept of residential PACE to California FIRST member cities and counties to gather feedback and assess any concerns (August – October 2013)
3. Develop a program design and implementation plan for California FIRST residential PACE Program that details (August – October 2013):
 - participation and eligibility criteria for conforming, non-conforming, and no mortgage properties
 - origination and financing structure as well as potential partnerships to support program execution
 - fee structure
 - underwriting and disclosure policies
4. Prepare resolution for CSCDA Commission to approve accepting residential applications
5. Present final program design and implementation plan along with member feedback to CSCDA (October 2013)