



REGULAR MEETING AGENDA
July 1, 2021
2:00 pm

Pursuant to Governor Newsom’s Executive Order, Commissioners of the California Statewide Communities Development Authority or staff may participate in this meeting via a teleconference. In the interest of maintaining appropriate social distancing, members of the public may participate in the meeting telephonically. Members of the public may observe and offer comment at this meeting telephonically by dialing 623-404-9000, Meeting ID 240 338 9861 Passcode 747188. If you are an individual with a disability and need a reasonable modification or accommodation pursuant to the Americans with Disabilities Act (“ADA”) please contact info@cscda.org or 1-800-531-7476 prior to the meeting for assistance.

A. OPENING AND PROCEDURAL ITEMS

1. Roll Call.
____ Kevin O’Rourke, Chair
____ Tim Snellings, Vice Chair
____ Brian Moura, Secretary
____ Jordan Kaufman, Treasurer
____ Dan Mierzwa, Member
____ Brian Stiger, Member
____ Marcia Raines, Member
____ Niroop Srivatsa, Alt. Member
2. Consideration of the Minutes of the June 17, 2021 Regular and Special Meetings.
3. Consent Calendar.
4. Public Comment.

B. ITEMS FOR CONSIDERATION AND ACTION

5. Consideration of the issuance of revenue bonds or other obligations to finance or refinance the following projects, the execution and delivery of related documents, and other related actions:
 - a. HPD Oroville LP, (Oroville Apartments), City of Oroville, County of Butte; issue up to \$7,500,000 in multi-family housing revenue bonds.
 - b. HPD OM LP, (Oroville Manor Apartments), City of Oroville, County of Butte; issue up to \$7,500,000 in multi-family housing revenue bonds.

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- c. HPD S-ELP, (Spring & Encino Apartments), City of Brawley, County of Imperial, issue up to \$11,000,000 in multi-family housing revenue bonds.
 - d. HPD Willows LP, (Willow Oaks Apartments), City of Willows, County of Glenn, issue up to \$8,000,000 in multi-family housing revenue bonds.
- 6. Conduct second reading of and adopt “Ordinance Levying a Special Tax for Fiscal Year 2021-2022 and Following Fiscal Years Solely Within and Relating to Improvement Area No. 2 of the California Statewide Communities Development Authority Community Facilities District No. 2020-02 (Atwell), City of Banning, County of Riverside, State of California”.
 - 7. Consideration of 2021-22 CSCDA Budget.
 - 8. Consideration of CSCDA Pension Obligation Bond Guidance.
 - 9. Consideration of a resolution amending the CSCDA regular meeting schedule.

C. STAFF ANNOUNCEMENTS, REPORTS ON ACTIVITIES OR REQUESTS

- 10. Executive Director Update.
- 11. Staff Updates.
- 12. Adjourn.

NEXT MEETING: Thursday, July 15, 2021 at 2:00 p.m.

CALIFORNIA STATEWIDE COMMUNITIES DEVELOPMENT AUTHORITY

CONSENT CALENDAR

1. Consideration of agreements with DTA Finance for PACE assessment administration for CastleGreen and Bayview Asset Management.
2. Consider a resolution authorizing certain designees of CSCDA to declare official intent to reimburse certain expenditures from proceeds of indebtedness in accordance with Section 1.150-2 of the Treasury Regulations in connection with future proposed issuances of revenue bonds of CSCDA.

July 1, 2021



TABLE OF CONTENTS
July 1, 2021

Item 2	June 17, 2021 Regular & Special Meeting Minutes	Page 5
Item 3	Consent Calendar	Page 10
Item 5a	Oroville Apartments	Page 11
Item 5b	Oroville Manor Apartments	Page 18
Item 5c	Spring & Encino Apartments	Page 25
Item 5d	Willow Oaks Apartments	Page 32
Item 6	Atwell CFD	Page 39
Item 7	CSCDA Budget	Page 44
Item 8	POB Memo	Page 47
Item 9	Regular Meeting Calendar	Page 50



MINUTES

REGULAR MEETING AGENDA

June 7, 2021

2:00 pm or upon adjournment of the CSCDA CIA Meeting

Commission Chair Kevin O'Rourke called the meeting to order at 2:10 pm.

1. Roll Call.

Commission members participating via teleconference: Kevin O'Rourke, Tim Snellings, Brian Moura, Jordan Kaufman, Dan Mierzwa, Brian Stiger, and Marcia Raines.

Others participating via teleconference: Cathy Barna, CSCDA Executive Director; James Hamill, Bridge Strategic Partners; Jon Penkower, Bridge Strategic Partners; Sedy Young, CSAC Finance Corporation; Tricia Ortiz, Richards Watson & Gershon; and Patricia Eichar, Orrick, Herrington & Sutcliffe.

2. Consideration of the Minutes of May 20, 2021 and May 27, 2021 Regular Meetings.

The Commission approved the May 20, 2021 and May 27, 2021 Regular Meeting minutes.

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

3. Consideration of the Consent Calendar.

The Commission approved the Consent Calendar.

1. Inducement of Vermont NH Property LLC (N. Vermont Housing), City of Los Angeles, County of Los Angeles; issue up to \$60 million in multi-family housing revenue bonds.
2. Consideration of Western Municipal Water District as a new CSCDA program participant.
3. Consideration of a resolution ratifying form PACE documents for CastleGreen Finance.
4. Consider and approve the levy of special taxes for fiscal year 2021-2022 for Community Facilities District No. 2015-02 (Rio Bravo) and (ii) Community Facilities District No. 2018-01 (Wagon Wheel).

5. Consideration of sponsorship of the California Affordable Housing Development Association.
6. Consideration of amendment to documents related to University Retirement Community at Davis (City of Davis, County of Yolo).

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

4. Public Comment.

There was no public comment.

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

- a. HT Terrace Renewal, LP (Harriet Tubman Terrace Apartments), City of Berkeley, County of Alameda; issue up to \$40,000,000 in multi-family housing revenue bonds.

Staff gave an overview of the project, and the financing complies with CSCDA's general and issuance policies for unrated debt. The project is an acquisition and rehabilitation of 91 units of rental affordable housing. 100% of the units will remain rent restricted for low-income senior residents. This will be the Foundation's third financing with CSCDA. Staff recommended that the Commission adopt the resolution.

Motion to approve by B. Stiger. Second by D. Mierzwa. Unanimously approved by roll-call vote.

6. Consider the following resolutions for multiple Statewide Community Infrastructure Program (SCIP) Assessment Districts for Series 2021B or a future bond issuance:
 - a. Resolutions of intention to finance capital improvements and/or the payment of development impact fees for public capital improvements, including approval of proposed boundary maps.

Motion to approve by J. Kaufman. Second by M. Raines. Unanimously approved by roll-call vote.

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

Motion to approve by M. Raines. Second by T. Snellings. Unanimously approved by roll-call vote.

7. California Statewide Communities Development Authority Community
 - a. Consideration of Resolution Approving Annexation of Territory to California Statewide Communities Development Authority Community Facilities District

No. 2020-02 (Atwell), City of Banning, County of Riverside, State of California, Designating Improvement Area No. 2 Therein and Providing for the Levy of a Special Tax Therein.

Motion to approve by B. Stiger. Second by B. Moura. Unanimously approved by roll-call vote.

- b. Consideration of Resolution to Incur Bonded Indebtedness to Finance Certain Public Improvements and Certain Development Impact Fees within Improvement Area No. 2 Designated within California Statewide Communities Development Authority Community Facilities District No. 2020-02 (Atwell), City of Banning, County of Riverside, State of California.

Motion to approve by B. Moura. Second by T. Snellings. Unanimously approved by roll-call vote.

- c. Conduct first reading of “Ordinance Levying a Special Tax for Fiscal Year 2022-2022 and Following Fiscal Years Solely Within and Relating to Improvement Area No. 2 of the California Statewide Communities Development Authority Community Facilities District No.

Motion to approve with small correction to the year printed on the agenda by T. Snelling. Second by M. Raines. Unanimously approved by roll-call vote.

8. CONFERENCE WITH LEGAL COUNSEL – ANTICIPATED LITIGATION
Initiation of litigation pursuant to paragraph (4) of Subdivision (d) of Section 54956.9: three cases.

This item was addressed with a Special Meeting upon adjournment of this Regular Meeting.

9. Executive Director Update.

Executive Director Barna informed the Commission that she attended the CSAC Finance Board Meeting in San Diego. She was given the opportunity to show case CSCDA’s achievements to a group of county supervisors and leaders.

10. Staff Update.

Staff had no update.

11. Adjourn.

The meeting was adjourned at 2:30 p.m.

Submitted by: Sindy Young, CSAC Finance Corporation

NEXT MEETING: Thursday, July 1, 2021 at 2:00 p.m.



MINUTES

SPECIAL REGULAR MEETING AGENDA

June 17, 2021

2:00 pm or upon adjournment of the Regular CSCDA Meeting

Commission Chair Kevin O'Rourke called the meeting to order at 2:30 pm.

1. Roll Call.

Commission members participating via teleconference: Kevin O'Rourke, Tim Snellings, Brian Moura, Jordan Kaufman, Dan Mierzwa, Brian Stiger, and Marcia Raines.

Others participating via teleconference: Cathy Barna, CSCDA Executive Director; James Hamill, Bridge Strategic Partners; Jon Penkower, Bridge Strategic Partners; Sedy Young, CSAC Finance Corporation; Tricia Ortiz, Richards Watson & Gershon; and Patricia Eichar, Orrick, Herrington & Sutcliffe.

2. Public Comment.

There was no public comment.

3. CONFERENCE WITH LEGAL COUNSEL – EXISTING LITIGATION (Government Code Section 54956.9(d)(1)) *Hermoso, et. al. v. PACE Funding Group, LLC, et. al.* (Tulare County Superior Court Case No. 282824)

Counsel reported that CSCDA approved the settlement agreement with PACE Funding Group. A \$50,000 settlement was approved.

4. CONFERENCE WITH LEGAL COUNSEL – EXISTING LITIGATION (Government Code Section 54956.9(d)(1)) *California Statewide Communities Development Authority v. Robert L. Hiner, et al.* (Alameda County Superior Court Case No. HG 19015582)

CSCDA Counsel had nothing to report.

5. CONFERENCE WITH LEGAL COUNSEL – ANTICIPATED LITIGATION
Initiation of litigation pursuant to Government Code Section 54956.9(d)(4): one potential case.

CSCDA Counsel had nothing to report.

6. Adjourn.

The meeting was adjourned at 2:56 p.m.

Submitted by: Sendy Young, CSAC Finance Corporation

NEXT MEETING: Thursday, July 1, 2021 at 2:00 p.m.



Agenda Item No. 3

Agenda Report

DATE: July 1, 2021
TO: CSCDA COMMISSIONERS
FROM: Cathy Barna, Executive Director
PURPOSE: Consent Calendar

SUMMARY:

1. Consideration of agreements with DTA Finance for PACE assessment administration for CastleGreen and Bayview Asset Management.

DTA Finance provides assessment administrator services related to commercial PACE financings. It is recommended that the agreements with CSCDA's new PACE administrators CastleGreen and Bayview Asset Management be approved. CSCDA is not responsible for the fees and the proposed form of contract is the same for all PACE providers.
2. Consider a resolution authorizing certain designees of CSCDA to declare official intent to reimburse certain expenditures from proceeds of indebtedness in accordance with Section 1.150-2 of the Treasury Regulations in connection with future proposed issuances of revenue bonds of CSCDA.

Orrick, Herrington & Sutcliffe as counsel to the SCIP program have drafted the above referenced resolution to allow for the reimbursement of expenditures made by projects prior to the issuance of bonds. This is similar to an inducement resolution for affordable housing projects which is now being applied to SCIP, and allows a 60-day lookback from the declaration of intent.



Agenda Item No. 5a

Agenda Report

DATE: July 1, 2021

TO: CSCDA COMMISSIONERS

FROM: Cathy Barna, Executive Director

PROJECT: Oroville Apartments

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

AMOUNT: Not to Exceed \$7,500,000

EXECUTIVE SUMMARY:

Oroville Apartments (the “Project”) is an acquisition and rehabilitation of 62 units of rental housing located in the City of Oroville. 100% of the units will remain rent restricted for low-income residents.

PROJECT DESCRIPTION:

- Acquisition and rehabilitation of a 62-unit affordable rental housing facility located at 39 Nelson Avenue in the City of Oroville.
- 10 one-story residential buildings, community center, and laundry rooms.
- Consists of 12 one-bedroom, 30 two-bedroom and 20 three-bedroom units including one manager’s unit.

PROJECT ANALYSIS:

Background on Applicant:

Highland Property Development (“Highland”), specializes in the acquisition and development of multi-family affordable housing. Highland focuses efforts toward revitalizing existing rental properties at risk of conversion to market rate housing, minimizing long-term maintenance and operating costs, improving energy efficiency, all while implementing upgrades specifically targeted toward improving community and lifestyle for its residents. Highland manages each stage of the development process – from acquisition of each property, procurement of debt and equity financing, the construction and rehabilitation phases, attainment of stabilized operations, and long-term asset management.

Since its inception in 2003, Highland and its principals have successfully acquired and redeveloped nearly 3,500 residential units contained within 55 multifamily properties located throughout California and Texas. The majority of these developments have involved substantial renovation of existing, government-subsidized housing. Highland structures and finances these developments through a combination of federal low-income housing tax credits (LIHTC), tax-exempt bond financing, federal and local governmental loans, privately placed debt, and rental subsidy programs. CSCDA has financed more than 10 prior Highland projects.

Public Agency Approval:

TEFRA Hearing: March 16, 2021 – City of Oroville – unanimous approval

CDLAC Approval: December 9, 2020

Public Benefits:

- 100% of the total units will be rent restricted for 55 years.
 - 31% (19 units) of the affordable units restricted to 50% or less of area median income households.
 - 69% (42 units) of the affordable units restricted to 60% or less of area median income households.
 - One manager’s unit.

Sources and Uses:

Sources of Funds:

Tax-Exempt Bonds:	\$ 4,000,000
USDA Loan:	\$ 870,000
Net Operating Income:	\$ 80,000
Tax Credit Equity:	\$ 1,985,039
Deferred Developer Fee:	\$ 681,703
Total Sources:	\$ 7,616,742

Uses of Funds:

Acquisition:	\$ 2,231,000
Construction Costs:	\$ 3,504,240
Architecture & Engineering:	\$ 91,000
Relocation:	\$ 50,000
Capitalized Interest/Fees:	\$ 314,100
Reserves:	\$ 292,100
Developer Fee:	\$ 809,776
Costs of Issuance:	\$ 167,000
Soft Costs:	\$ 157,526
Total Uses:	\$ 7,616,742

Finance Partners:

Bond Counsel: Orrick, Herrington & Sutcliffe, LLP, San Francisco
Authority Counsel: Orrick, Herrington & Sutcliffe, LLP, Sacramento
Private Placement Purchaser: JP Morgan Chase Bank, N.A.

Finance Terms:

Rating: Unrated
Term: 35 years
Method of Sale: Private Placement
Estimated Closing: July 31, 2021

CSCDA Policy Compliance:

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

DOCUMENTS: (as attachments)

1. CSCDA Resolution (Attachment A)

COMMISSION ACTION RECOMMENDED BY THE EXECUTIVE DIRECTOR:

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

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

ATTACHMENT A

RESOLUTION NO. 21H-__

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 \$7,500,000 FOR THE FINANCING OF A MULTIFAMILY RENTAL HOUSING PROJECT KNOWN AS OROVILLE APARTMENTS; DETERMINING AND PRESCRIBING CERTAIN MATTERS AND APPROVING AND AUTHORIZING THE EXECUTION OF AND DELIVERY OF VARIOUS DOCUMENTS RELATED THERETO; RATIFYING ANY ACTION HERETOFORE TAKEN AND APPROVING RELATED MATTERS IN CONNECTION WITH THE BONDS.

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

WHEREAS, HPD Oroville II LP, a California limited partnership, and entities related thereto (collectively, the “Borrower”), has requested that the Authority issue, sell and deliver its (i) California Statewide Communities Development Authority Multifamily Housing Revenue Bonds (Oroville Apartments) 2021 Series M (the “Tax-Exempt Bonds”) and (ii) California Statewide Communities Development Authority Multifamily Housing Revenue Bonds (Oroville Apartments) Taxable 2021 Series M-T (the “Taxable Bonds” and, together with the Tax-Exempt Bonds, the “Bonds”) to assist in the financing of the acquisition, rehabilitation, development and equipping of a 62-unit (including one manager’s unit) multifamily rental housing development located in the City of Oroville, California, and to be generally known as Oroville Apartments (the “Project”);

WHEREAS, on December 9, 2020 the Authority received an allocation in the amount of \$4,000,000 (the “Allocation Amount”) from the California Debt Limit Allocation Committee in connection with the Project;

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

WHEREAS, the Authority is willing to issue not to exceed \$7,500,000 aggregate principal amount of Bonds, provided that the portion of such Bonds issued as federally tax-exempt obligations shall not exceed the Allocation Amount, and to loan the proceeds thereof to the Borrower to assist in providing financing for the Project, which will allow the Borrower to reduce the cost of the Project and to assist in providing housing for low income persons;

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

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

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

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

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

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

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

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

SECTION 2. Pursuant to the JPA Law and the Pledge Agreement, and in accordance with the Housing Law, the Authority is hereby authorized to issue one or more series of Bonds. The Bonds shall be designated as "California Statewide Communities Development Authority Multifamily Housing Revenue Bonds (Oroville Apartments) 2021 Series M", including, if and to the extent necessary, the Tax-Exempt Bonds in one or more sub-series and the Taxable Bonds in one or more sub-series, with appropriate modifications and series and sub-series designations as necessary, in an aggregate principal amount not to exceed \$7,500,000; provided that the aggregate principal amount of any tax-exempt Bonds issued shall not exceed the Allocation Amount. The Bonds shall be issued in the form set forth in and otherwise in accordance with the Pledge Agreement, and shall be executed on behalf of the Authority by the facsimile signature of the Chair of the Authority or the manual signature of any Authorized Signatory (as defined below), and attested by the facsimile signature of the Secretary of the Authority or the Assistant to the Secretary of the Authority, or the manual signature of any Authorized Signatory. The Bonds shall be issued and secured in accordance with the terms of the Pledge Agreement presented to this meeting, as hereinafter approved. Payment of the principal and purchase price of, and redemption premium, if any, and interest on, the Bonds shall be made solely from amounts pledged thereto under the Pledge Agreement, and the Bonds shall not be deemed to constitute a debt or liability of the Authority or any Program Participant or Member of the Commission of the Authority (each, a "Member").

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

for the Authority pursuant to a resolution adopted thereby (including, without limitation, the administrative delegates duly authorized pursuant to Resolution No. 20R-1 of the Authority, adopted on January 23, 2020) (together with the Members, each such person is referred to herein individually as an “Authorized Signatory”), acting alone, is authorized to execute by manual signature and deliver the Pledge Agreement, with such changes and insertions therein as may be necessary to cause the same to carry out the intent of this Resolution and as are approved by counsel to the Authority, such approval to be conclusively evidenced by the delivery thereof. The date, maturity date or dates (which shall not extend beyond 45 years from the date of issuance thereof), interest rate or rates (which shall not exceed 12%), interest payment dates, denominations, form, registration privileges, manner of execution, place of payment, terms of redemption and other terms of the Bonds shall be as provided in the Pledge Agreement as finally executed.

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

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

SECTION 6. The Authority is hereby authorized to sell the Bonds to the Bank pursuant to the terms and conditions of the Pledge Agreement.

SECTION 7. The Bonds, when executed, shall be delivered to the Agent for registration. The Agent is hereby requested and directed to register the Bonds by executing the certificate of registration appearing thereon, and to deliver the Bonds, when duly executed and authenticated, to or at the direction of the purchasers thereof in accordance with written instructions executed and delivered on behalf of the Authority by an Authorized Signatory, which any Authorized Signatory, acting alone, is hereby authorized and directed to execute and deliver such instructions to the Agent. Such instructions shall provide for the delivery of the Bonds to the purchasers thereof upon payment of the purchase price thereof.

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

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

This Resolution shall take effect upon its adoption.

PASSED AND ADOPTED by the California Statewide Communities Development Authority this July 1, 2021.

The undersigned, an Authorized Signatory of the California Statewide Communities Development Authority, DOES HEREBY CERTIFY that the foregoing resolution was duly adopted by the Commission of the Authority at a duly called meeting of the Commission of the Authority held in accordance with law on July 1, 2021.

By _____
Authorized Signatory



Agenda Item No. 5b

Agenda Report

DATE: July 1, 2021

TO: CSCDA COMMISSIONERS

FROM: Cathy Barna, Executive Director

PROJECT: Oroville Manor Apartments

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

AMOUNT: Not to Exceed \$7,500,000

EXECUTIVE SUMMARY:

Oroville Manor Apartments (the “Project”) is an acquisition and rehabilitation of 72 units of rental housing located in the City of Oroville. 100% of the units will remain rent restricted for low-income senior residents.

PROJECT DESCRIPTION:

- Acquisition and rehabilitation of a 72-unit affordable rental housing facility located at 2750 Lincoln Street in the City of Oroville.
- One two-story residential building, community center, and laundry rooms.
- Consists of 4 studios, 67 one-bedroom units and one manager’s unit.

PROJECT ANALYSIS:

Background on Applicant:

Highland Property Development (“Highland”), specializes in the acquisition and development of multi-family affordable housing. Highland focuses efforts toward revitalizing existing rental properties at risk of conversion to market rate housing, minimizing long-term maintenance and operating costs, improving energy efficiency, all while implementing upgrades specifically targeted toward improving community and lifestyle for its residents. Highland manages each stage of the development process – from acquisition of each property, procurement of debt and equity financing, the construction and rehabilitation phases, attainment of stabilized operations, and long-term asset management.

Since its inception in 2003, Highland and its principals have successfully acquired and redeveloped nearly 3,500 residential units contained within 55 multifamily properties located throughout California and Texas. The majority of these developments have involved substantial renovation of existing, government-subsidized housing. Highland structures and finances these developments through a combination of federal low-income housing tax credits (LIHTC), tax-exempt bond financing, federal and local governmental loans, privately placed debt, and rental subsidy programs. CSCDA has financed more than 10 prior Highland projects.

Public Agency Approval:

TEFRA Hearing: March 16, 2021 – City of Oroville – unanimous approval

CDLAC Approval: December 9, 2020

Public Benefits:

- 100% of the total units will be rent restricted for 55 years.
 - 31% (22 units) of the affordable units restricted to 50% or less of area median income households.
 - 69% (49 units) of the affordable units restricted to 60% or less of area median income households.
 - One manager’s unit.

Sources and Uses:

Sources of Funds:

Tax-Exempt Bonds:	\$ 4,500,000
USDA Loan:	\$ 1,150,000
Net Operating Income:	\$ 90,000
Tax Credit Equity:	\$ 2,219,240
Deferred Developer Fee:	\$ <u>666,066</u>
Total Sources:	\$ 8,625,306

Uses of Funds:

Acquisition:	\$ 2,548,000
Construction Costs:	\$ 4,069,440
Architecture & Engineering:	\$ 91,000
Relocation:	\$ 50,000
Capitalized Interest/Fees:	\$ 316,713
Reserves:	\$ 289,500
Developer Fee:	\$ 921,461
Costs of Issuance:	\$ 171,400
Soft Costs:	\$ <u>167,792</u>
Total Uses:	\$ 8,625,306

Finance Partners:

Bond Counsel: Orrick, Herrington & Sutcliffe, LLP, San Francisco
Authority Counsel: Orrick, Herrington & Sutcliffe, LLP, Sacramento
Private Placement Purchaser: JP Morgan Chase Bank, N.A.

Finance Terms:

Rating: Unrated
Term: 35 years
Method of Sale: Private Placement
Estimated Closing: July 31, 2021

CSCDA Policy Compliance:

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

DOCUMENTS: (as attachments)

1. CSCDA Resolution (Attachment A)

COMMISSION ACTION RECOMMENDED BY THE EXECUTIVE DIRECTOR:

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

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

ATTACHMENT A

RESOLUTION NO. 21H-__

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 \$7,500,000 FOR THE FINANCING OF A MULTIFAMILY RENTAL HOUSING PROJECT KNOWN AS OROVILLE MANOR APARTMENTS; DETERMINING AND PRESCRIBING CERTAIN MATTERS AND APPROVING AND AUTHORIZING THE EXECUTION OF AND DELIVERY OF VARIOUS DOCUMENTS RELATED THERETO; RATIFYING ANY ACTION HERETOFORE TAKEN AND APPROVING RELATED MATTERS IN CONNECTION WITH THE BONDS.

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

WHEREAS, HPD Oroville Manor II LP, a California limited partnership, and entities related thereto (collectively, the “Borrower”), has requested that the Authority issue, sell and deliver its (i) California Statewide Communities Development Authority Multifamily Housing Revenue Bonds (Oroville Manor Apartments) 2021 Series N (the “Tax-Exempt Bonds”) and (ii) California Statewide Communities Development Authority Multifamily Housing Revenue Bonds (Oroville Manor Apartments) Taxable 2021 Series N-T (the “Taxable Bonds” and, together with the Tax-Exempt Bonds, the “Bonds”) to assist in the financing of the acquisition, rehabilitation, development and equipping of a 72-unit (including one manager’s unit) multifamily rental housing development located in the City of Oroville, California, and to be generally known as Oroville Manor Apartments (the “Project”);

WHEREAS, on December 9, 2020 the Authority received an allocation in the amount of \$4,500,000 (the “Allocation Amount”) from the California Debt Limit Allocation Committee in connection with the Project;

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

WHEREAS, the Authority is willing to issue not to exceed \$7,500,000 aggregate principal amount of Bonds, provided that the portion of such Bonds issued as federally tax-exempt obligations shall not exceed the Allocation Amount, and to loan the proceeds thereof to the Borrower to assist in providing financing for the Project, which will allow the Borrower to reduce the cost of the Project and to assist in providing housing for low income persons;

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

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

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

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

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

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

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

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

SECTION 2. Pursuant to the JPA Law and the Pledge Agreement, and in accordance with the Housing Law, the Authority is hereby authorized to issue one or more series of Bonds. The Bonds shall be designated as “California Statewide Communities Development Authority Multifamily Housing Revenue Bonds (Oroville Manor Apartments) 2021 Series N”, including, if and to the extent necessary, the Tax-Exempt Bonds in one or more sub-series and the Taxable Bonds in one or more sub-series, with appropriate modifications and series and sub-series designations as necessary, in an aggregate principal amount not to exceed \$7,500,000; provided that the aggregate principal amount of any tax-exempt Bonds issued shall not exceed the Allocation Amount. The Bonds shall be issued in the form set forth in and otherwise in accordance with the Pledge Agreement, and shall be executed on behalf of the Authority by the facsimile signature of the Chair of the Authority or the manual signature of any Authorized Signatory (as defined below), and attested by the facsimile signature of the Secretary of the Authority or the Assistant to the Secretary of the Authority, or the manual signature of any Authorized Signatory. The Bonds shall be issued and secured in accordance with the terms of the Pledge Agreement presented to this meeting, as hereinafter approved. Payment of the principal and purchase price of, and redemption premium, if any, and interest on, the Bonds shall be made solely from amounts pledged thereto under the Pledge Agreement, and the Bonds shall not be deemed to constitute a debt or liability of

the Authority or any Program Participant or Member of the Commission of the Authority (each, a “Member”).

SECTION 3. The Pledge Agreement in the form presented at this meeting is hereby approved. Any Member, or any other person as may be designated and authorized to sign for the Authority pursuant to a resolution adopted thereby (including, without limitation, the administrative delegates duly authorized pursuant to Resolution No. 20R-1 of the Authority, adopted on January 23, 2020) (together with the Members, each such person is referred to herein individually as an “Authorized Signatory”), acting alone, is authorized to execute by manual signature and deliver the Pledge Agreement, with such changes and insertions therein as may be necessary to cause the same to carry out the intent of this Resolution and as are approved by counsel to the Authority, such approval to be conclusively evidenced by the delivery thereof. The date, maturity date or dates (which shall not extend beyond 45 years from the date of issuance thereof), interest rate or rates (which shall not exceed 12%), interest payment dates, denominations, form, registration privileges, manner of execution, place of payment, terms of redemption and other terms of the Bonds shall be as provided in the Pledge Agreement as finally executed.

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

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

SECTION 6. The Authority is hereby authorized to sell the Bonds to the Bank pursuant to the terms and conditions of the Pledge Agreement.

SECTION 7. The Bonds, when executed, shall be delivered to the Agent for registration. The Agent is hereby requested and directed to register the Bonds by executing the certificate of registration appearing thereon, and to deliver the Bonds, when duly executed and authenticated, to or at the direction of the purchasers thereof in accordance with written instructions executed and delivered on behalf of the Authority by an Authorized Signatory, which any Authorized Signatory, acting alone, is hereby authorized and directed to execute and deliver such instructions to the Agent. Such instructions shall provide for the delivery of the Bonds to the purchasers thereof upon payment of the purchase price thereof.

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

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

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

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

PASSED AND ADOPTED by the California Statewide Communities Development Authority this July 1, 2021.

The undersigned, an Authorized Signatory of the California Statewide Communities Development Authority, DOES HEREBY CERTIFY that the foregoing resolution was duly adopted by the Commission of the Authority at a duly called meeting of the Commission of the Authority held in accordance with law on July 1, 2021.

By _____
Authorized Signatory



Agenda Item No. 5c

Agenda Report

DATE: July 1, 2021

TO: CSCDA COMMISSIONERS

FROM: Cathy Barna, Executive Director

PROJECT: Spring & Encino Apartments

PURPOSE: Approve the Financing of Rental Affordable Housing Project Located in the City of Brawley, County of Imperial

AMOUNT: Not to Exceed \$11,000,000

EXECUTIVE SUMMARY:

Spring & Encino Apartments (the “Project”) is the acquisition and rehabilitation of 96 units of rental housing located in the City of Brawley. 100% of the units will remain rent restricted for low-income residents.

PROJECT DESCRIPTION:

- Acquisition and rehabilitation of a 96-unit scattered site affordable rental housing facility located at 402 S. Eastern Avenue and 1165 B Street in the City of Brawley.
- Nine two-story residential buildings, community center, and laundry rooms.
- Consists of 32 one-bedroom, 62 two-bedroom units and two manager’s units.

PROJECT ANALYSIS:

Background on Applicant:

Highland Property Development (“Highland”), specializes in the acquisition and development of multi-family affordable housing. Highland focuses efforts toward revitalizing existing rental properties at risk of conversion to market rate housing, minimizing long-term maintenance and operating costs, improving energy efficiency, all while implementing upgrades specifically targeted toward improving community and lifestyle for its residents. Highland manages each stage of the development process – from acquisition of each property, procurement of debt and equity financing, the construction and rehabilitation phases, attainment of stabilized operations, and long-term asset management.

Since its inception in 2003, Highland and its principals have successfully acquired and redeveloped nearly 3,500 residential units contained within 55 multifamily properties located throughout California and Texas. The majority of these developments have involved substantial renovation of existing, government-subsidized housing. Highland structures and finances these developments through a combination of federal low-income housing tax credits (LIHTC), tax-exempt bond financing, federal and local governmental loans, privately placed debt, and rental subsidy programs. CSCDA has financed more than 10 prior Highland projects.

Public Agency Approval:

TEFRA Hearing: March 16, 2021 – City of Brawley – unanimous approval

CDLAC Approval: December 9, 2020

Public Benefits:

- 100% of the total units will be rent restricted for 55 years.
 - 34% (32 units) of the affordable units restricted to 50% or less of area median income households.
 - 66% (62 units) of the affordable units restricted to 60% or less of area median income households.
 - Two manager’s units.

Sources and Uses:

Sources of Funds:

Tax-Exempt Bonds:	\$ 6,000,000
USDA Loan:	\$ 2,150,000
Net Operating Income:	\$ 168,000
Tax Credit Equity:	\$ 2,140,687
Deferred Developer Fee:	<u>\$ 1,178,103</u>
Total Sources:	\$ 11,636,790

Uses of Funds:

Acquisition:	\$ 3,711,000
Construction Costs:	\$ 5,425,920
Architecture & Engineering:	\$ 130,000
Relocation:	\$ 50,000
Capitalized Interest/Fees:	\$ 399,650
Reserves:	\$ 355,300
Developer Fee:	\$ 1,227,990
Costs of Issuance:	\$ 142,000
Soft Costs:	<u>\$ 194,930</u>
Total Uses:	\$ 11,636,790

Finance Partners:

Bond Counsel: Orrick, Herrington & Sutcliffe, LLP, San Francisco
Authority Counsel: Orrick, Herrington & Sutcliffe, LLP, Sacramento
Private Placement Purchaser: JP Morgan Chase Bank, N.A.

Finance Terms:

Rating: Unrated
Term: 35 years
Method of Sale: Private Placement
Estimated Closing: July 31, 2021

CSCDA Policy Compliance:

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

DOCUMENTS: (as attachments)

1. CSCDA Resolution (Attachment A)

COMMISSION ACTION RECOMMENDED BY THE EXECUTIVE DIRECTOR:

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

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

ATTACHMENT A

RESOLUTION NO. 21H-__

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 \$11,000,000 FOR THE FINANCING OF A MULTIFAMILY RENTAL HOUSING DEVELOPMENT TO BE GENERALLY KNOWN AS SPRING APARTMENTS & ENCINO APARTMENTS; DETERMINING AND PRESCRIBING CERTAIN MATTERS AND APPROVING AND AUTHORIZING THE EXECUTION OF AND DELIVERY OF VARIOUS DOCUMENTS RELATED THERETO; RATIFYING ANY ACTION HERETOFORE TAKEN AND APPROVING RELATED MATTERS IN CONNECTION WITH THE BONDS.

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

WHEREAS, HPD Spring-Encino II LP, a California limited partnership, and entities related thereto (collectively, the “Borrower”), has requested that the Authority issue, sell and deliver its (i) California Statewide Communities Development Authority Multifamily Housing Revenue Bonds (Spring Apartments & Encino Apartments) 2021 Series L (the “Tax-Exempt Bonds”) and (ii) California Statewide Communities Development Authority Multifamily Housing Revenue Bonds (Spring Apartments & Encino Apartments) Taxable 2021 Series L-T (the “Taxable Bonds” and, together with the Tax-Exempt Bonds, the “Bonds”) to assist in the financing of the acquisition, rehabilitation, development and equipping of a 96-unit (including two manager’s units) scattered-site multifamily rental housing development located in the City of Brawley, California, and to be generally known as Spring Apartments and Encino Apartments (the “Project”);

WHEREAS, on December 9, 2020 the Authority received an allocation in the amount of \$6,000,000 (the “Allocation Amount”) from the California Debt Limit Allocation Committee in connection with the Project;

WHEREAS, the City of Brawley 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 \$11,000,000 aggregate principal amount of Bonds, provided that the portion of such Bonds issued as federally tax-exempt obligations shall not exceed the Allocation Amount, and to loan the proceeds thereof to the Borrower to assist in providing financing for the Project, which will allow the Borrower to reduce the cost of the Project and to assist in providing housing for low income persons;

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

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

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

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

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

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

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

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

SECTION 2. Pursuant to the JPA Law and the Pledge Agreement, and in accordance with the Housing Law, the Authority is hereby authorized to issue one or more series of Bonds. The Bonds shall be designated as “California Statewide Communities Development Authority Multifamily Housing Revenue Bonds (Spring Apartments & Encino Apartments) 2021 Series L”, including, if and to the extent necessary, the Tax-Exempt Bonds in one or more sub-series and the Taxable Bonds in one or more sub-series, with appropriate modifications and series and sub-series designations as necessary, in an aggregate principal amount not to exceed \$11,000,000; provided that the aggregate principal amount of any tax-exempt Bonds issued shall not exceed the Allocation Amount. The Bonds shall be issued in the form set forth in and otherwise in accordance with the Pledge Agreement, and shall be executed on behalf of the Authority by the facsimile signature of the Chair of the Authority or the manual signature of any Authorized Signatory (as defined below), and attested by the facsimile signature of the Secretary of the Authority or the Assistant to the Secretary of the Authority, or the manual signature of any Authorized Signatory. The Bonds shall be issued and secured in accordance with the terms of the Pledge Agreement presented to this meeting, as hereinafter approved. Payment of the principal and purchase price of, and redemption premium, if any, and interest on, the Bonds shall be made solely from amounts pledged thereto under the Pledge Agreement, and the Bonds shall not be

deemed to constitute a debt or liability of the Authority or any Program Participant or Member of the Commission of the Authority (each, a “Member”).

SECTION 3. The Pledge Agreement in the form presented at this meeting is hereby approved. Any Member, or any other person as may be designated and authorized to sign for the Authority pursuant to a resolution adopted thereby (including, without limitation, the administrative delegates duly authorized pursuant to Resolution No. 20R-1 of the Authority, adopted on January 23, 2020) (together with the Members, each such person is referred to herein individually as an “Authorized Signatory”), acting alone, is authorized to execute by manual signature and deliver the Pledge Agreement, with such changes and insertions therein as may be necessary to cause the same to carry out the intent of this Resolution and as are approved by counsel to the Authority, such approval to be conclusively evidenced by the delivery thereof. The date, maturity date or dates (which shall not extend beyond 45 years from the date of issuance thereof), interest rate or rates (which shall not exceed 12%), interest payment dates, denominations, form, registration privileges, manner of execution, place of payment, terms of redemption and other terms of the Bonds shall be as provided in the Pledge Agreement as finally executed.

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

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

SECTION 6. The Authority is hereby authorized to sell the Bonds to the Bank pursuant to the terms and conditions of the Pledge Agreement.

SECTION 7. The Bonds, when executed, shall be delivered to the Agent for registration. The Agent is hereby requested and directed to register the Bonds by executing the certificate of registration appearing thereon, and to deliver the Bonds, when duly executed and authenticated, to or at the direction of the purchasers thereof in accordance with written instructions executed and delivered on behalf of the Authority by an Authorized Signatory, which any Authorized Signatory, acting alone, is hereby authorized and directed to execute and deliver such instructions to the Agent. Such instructions shall provide for the delivery of the Bonds to the purchasers thereof upon payment of the purchase price thereof.

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

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

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

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

PASSED AND ADOPTED by the California Statewide Communities Development Authority this July 1, 2021.

The undersigned, an Authorized Signatory of the California Statewide Communities Development Authority, DOES HEREBY CERTIFY that the foregoing resolution was duly adopted by the Commission of the Authority at a duly called meeting of the Commission of the Authority held in accordance with law on July 1, 2021.

By _____
Authorized Signatory



Agenda Item No. 5d

Agenda Report

DATE: July 1, 2021

TO: CSCDA COMMISSIONERS

FROM: Cathy Barna, Executive Director

PROJECT: Willow Oaks Apartments

PURPOSE: Approve the Financing of Rental Affordable Housing Project Located in the City of Willows, County of Glenn

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

EXECUTIVE SUMMARY:

Willow Oaks Apartments (the “Project”) is the acquisition and rehabilitation of 60 units of rental housing located in the City of Willows. 100% of the units will remain rent restricted for low-income residents.

PROJECT DESCRIPTION:

- Acquisition and rehabilitation of a 60-unit affordable rental housing facility located at 1201 West Wood Street in the City of Willows.
- Five two-story residential buildings, community center, and laundry rooms.
- Consists of 20 one-bedroom, 32 two-bedroom and 8 three-bedroom units including one manager’s unit.

PROJECT ANALYSIS:

Background on Applicant:

Highland Property Development (“Highland”), specializes in the acquisition and development of multi-family affordable housing. Highland focuses efforts toward revitalizing existing rental properties at risk of conversion to market rate housing, minimizing long-term maintenance and operating costs, improving energy efficiency, all while implementing upgrades specifically targeted toward improving community and lifestyle for its residents. Highland manages each stage of the development process – from acquisition of each property, procurement of debt and equity financing, the construction and rehabilitation phases, attainment of stabilized operations, and long-term asset management.

Since its inception in 2003, Highland and its principals have successfully acquired and redeveloped nearly 3,500 residential units contained within 55 multifamily properties located throughout California and Texas. The majority of these developments have involved substantial renovation of existing, government-subsidized housing. Highland structures and finances these developments through a combination of federal low-income housing tax credits (LIHTC), tax-exempt bond financing, federal and local governmental loans, privately placed debt, and rental subsidy programs. CSCDA has financed more than 10 prior Highland projects.

Public Agency Approval:

TEFRA Hearing: March 16, 2021 – City of Willows – unanimous approval

CDLAC Approval: December 9, 2020

Public Benefits:

- 100% of the total units will be rent restricted for 55 years.
 - 31% (18 units) of the affordable units restricted to 50% or less of area median income households.
 - 69% (41 units) of the affordable units restricted to 60% or less of area median income households.
 - One manager’s unit.

Sources and Uses:

Sources of Funds:

Tax-Exempt Bonds:	\$ 4,500,000
USDA Loan:	\$ 1,295,000
Net Operating Income:	\$ 110,250
Tax Credit Equity:	\$ 1,639,056
Deferred Developer Fee:	\$ <u>694,736</u>
Total Sources:	\$ 8,239,042

Uses of Funds:

Acquisition:	\$ 2,264,000
Construction Costs:	\$ 4,144,800
Architecture & Engineering:	\$ 76,000
Relocation:	\$ 40,000
Capitalized Interest/Fees:	\$ 295,763
Reserves:	\$ 292,200
Developer Fee:	\$ 871,843
Costs of Issuance:	\$ 119,500
Soft Costs:	\$ <u>134,936</u>
Total Uses:	\$ 8,239,042

Finance Partners:

Bond Counsel: Orrick, Herrington & Sutcliffe, LLP, San Francisco
Authority Counsel: Orrick, Herrington & Sutcliffe, LLP, Sacramento
Private Placement Purchaser: JP Morgan Chase Bank, N.A.

Finance Terms:

Rating: Unrated
Term: 35 years
Method of Sale: Private Placement
Estimated Closing: July 31, 2021

CSCDA Policy Compliance:

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

DOCUMENTS: (as attachments)

1. CSCDA Resolution (Attachment A)

COMMISSION ACTION RECOMMENDED BY THE EXECUTIVE DIRECTOR:

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

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

ATTACHMENT A

RESOLUTION NO. 21H-__

A RESOLUTION OF THE CALIFORNIA STATEWIDE COMMUNITIES DEVELOPMENT AUTHORITY AUTHORIZING THE ISSUANCE AND DELIVERY OF MULTIFAMILY HOUSING REVENUE BONDS IN AN AGGREGATE PRINCIPAL AMOUNT NOT TO EXCEED \$8,000,000 FOR THE FINANCING OF A MULTIFAMILY RENTAL HOUSING PROJECT KNOWN AS WILLOW OAKS APARTMENTS; DETERMINING AND PRESCRIBING CERTAIN MATTERS AND APPROVING AND AUTHORIZING THE EXECUTION OF AND DELIVERY OF VARIOUS DOCUMENTS RELATED THERETO; RATIFYING ANY ACTION HERETOFORE TAKEN AND APPROVING RELATED MATTERS IN CONNECTION WITH THE BONDS.

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

WHEREAS, HPD Willows II LP, a California limited partnership, and entities related thereto (collectively, the “Borrower”), has requested that the Authority issue, sell and deliver its (i) California Statewide Communities Development Authority Multifamily Housing Revenue Bonds (Willow Oaks Apartments) 2021 Series K (the “Tax-Exempt Bonds”) and (ii) California Statewide Communities Development Authority Multifamily Housing Revenue Bonds (Willow Oaks Apartments) Taxable 2021 Series K-T (the “Taxable Bonds” and, together with the Tax-Exempt Bonds, the “Bonds”) to assist in the financing of the acquisition, rehabilitation, development and equipping of a 60-unit (including one manager’s unit) multifamily rental housing development located in the City of Willows, California, and to be generally known as Willow Oaks Apartments (the “Project”);

WHEREAS, on December 9, 2020 the Authority received an allocation in the amount of \$4,500,000 (the “Allocation Amount”) from the California Debt Limit Allocation Committee in connection with the Project;

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

WHEREAS, the Authority is willing to issue not to exceed \$8,000,000 aggregate principal amount of Bonds, provided that the portion of such Bonds issued as federally tax-exempt obligations shall not exceed the Allocation Amount, and to loan the proceeds thereof to the Borrower to assist in providing financing for the Project, which will allow the Borrower to reduce the cost of the Project and to assist in providing housing for low income persons;

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

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

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

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

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

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

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

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

SECTION 2. Pursuant to the JPA Law and the Pledge Agreement, and in accordance with the Housing Law, the Authority is hereby authorized to issue one or more series of Bonds. The Bonds shall be designated as “California Statewide Communities Development Authority Multifamily Housing Revenue Bonds (Willow Oaks Apartments) 2021 Series K”, including, if and to the extent necessary, the Tax-Exempt Bonds in one or more sub-series and the Taxable Bonds in one or more sub-series, with appropriate modifications and series and sub-series designations as necessary, in an aggregate principal amount not to exceed \$8,000,000; provided that the aggregate principal amount of any tax-exempt Bonds issued shall not exceed the Allocation Amount. The Bonds shall be issued in the form set forth in and otherwise in accordance with the Pledge Agreement, and shall be executed on behalf of the Authority by the facsimile signature of the Chair of the Authority or the manual signature of any Authorized Signatory (as defined below), and attested by the facsimile signature of the Secretary of the Authority or the Assistant to the Secretary of the Authority, or the manual signature of any Authorized Signatory. The Bonds shall be issued and secured in accordance with the terms of the Pledge Agreement presented to this meeting, as hereinafter approved. Payment of the principal and purchase price of, and redemption premium, if any, and interest on, the Bonds shall be made solely from amounts pledged thereto under the Pledge Agreement, and the Bonds shall not be deemed to constitute a debt or liability of

the Authority or any Program Participant or Member of the Commission of the Authority (each, a “Member”).

SECTION 3. The Pledge Agreement in the form presented at this meeting is hereby approved. Any Member, or any other person as may be designated and authorized to sign for the Authority pursuant to a resolution adopted thereby (including, without limitation, the administrative delegates duly authorized pursuant to Resolution No. 20R-1 of the Authority, adopted on January 23, 2020) (together with the Members, each such person is referred to herein individually as an “Authorized Signatory”), acting alone, is authorized to execute by manual signature and deliver the Pledge Agreement, with such changes and insertions therein as may be necessary to cause the same to carry out the intent of this Resolution and as are approved by counsel to the Authority, such approval to be conclusively evidenced by the delivery thereof. The date, maturity date or dates (which shall not extend beyond 45 years from the date of issuance thereof), interest rate or rates (which shall not exceed 12%), interest payment dates, denominations, form, registration privileges, manner of execution, place of payment, terms of redemption and other terms of the Bonds shall be as provided in the Pledge Agreement as finally executed.

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

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

SECTION 6. The Authority is hereby authorized to sell the Bonds to the Bank pursuant to the terms and conditions of the Pledge Agreement.

SECTION 7. The Bonds, when executed, shall be delivered to the Agent for registration. The Agent is hereby requested and directed to register the Bonds by executing the certificate of registration appearing thereon, and to deliver the Bonds, when duly executed and authenticated, to or at the direction of the purchasers thereof in accordance with written instructions executed and delivered on behalf of the Authority by an Authorized Signatory, which any Authorized Signatory, acting alone, is hereby authorized and directed to execute and deliver such instructions to the Agent. Such instructions shall provide for the delivery of the Bonds to the purchasers thereof upon payment of the purchase price thereof.

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

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

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

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

PASSED AND ADOPTED by the California Statewide Communities Development Authority this July 1, 2021.

The undersigned, an Authorized Signatory of the California Statewide Communities Development Authority, DOES HEREBY CERTIFY that the foregoing resolution was duly adopted by the Commission of the Authority at a duly called meeting of the Commission of the Authority held in accordance with law on July 1, 2021.

By _____
Authorized Signatory



Agenda Item No. 6

Agenda Report

DATE: July 1, 2021

TO: CSCDA COMMISSIONERS

FROM: Cathy Barna, Executive Director

PROJECT: Atwell (City of Banning) – Community Facilities District (CFD)

PURPOSE: Conduct second reading of and adopt “Ordinance Levying a Special Tax for Fiscal Year 2021-2022 and Following Fiscal Years Solely Within and Relating to Improvement Area No. 2 of the California Statewide Communities Development Authority Community Facilities District No. 2020-02 (Atwell), City of Banning, County of Riverside, State of California”.

EXECUTIVE SUMMARY:

On June 17, 2021 the Commission approved annexing the territory in the Atwell Community Facilities District (CFD) located in Banning, California (the “City”), and designating it as Improvement Area No. 2. CSCDA issued \$18,000,000 for the first series of CFD bonds for the Atwell project on March 4, 2021 designated as Improvement Area No. 1. Improvement Area No. 2 will be a continuation of financing public facilities and services as outlined below. The public hearing will be held on August 5, 2021. This is the second step in the formation of the CFD for Improvement Area No. 2. The CFD is being formed to finance public facilities and maintenance as outlined below.

Today’s action is the second reading and adoption of the ordinance for the Atwell CFD.

The approval of the financing will be brought back to the Commission when bonds are ready to be issued.

BACKGROUND:

TriPointe Homes, formerly Pardee Homes, has an approved master planned community in the City that will create up to 4,862 single and multifamily residential developments, with neighborhood and community parks, trails, a community center, and 2 elementary school sites. The financing will include the following improvements, fees and maintenance:

Public Capital Improvements:

- a. Public Streets, Freeway Interchange and other related improvements within public right of way
- b. Potable and Non-Potable Water Facilities

- c. Sewer Facilities
- d. Dry Utilities
- e. Public Parks, Park and Ride Lots, Community Center, Open Space and Landscaping
- f. Storm Water Drainage, Retention and Detention Facilities
- g. Fire Facilities, Police Facilities and other Government Facilities

City of Banning Development Impact Fees:

- a. Fire Facilities
- b. Police Facilities
- c. Traffic Control Facilities
- d. General Plan
- e. Park Land Development
- f. General City Facilities
- g. Energy Conservation
- h. New Electrical Service
- i. Water Connection
- j. Water Meter
- k. Sewer/Wastewater Connection
- l. Any other Capital Improvement, Development Impact, Mitigation, Capacity or Connection Fees and Charges

Maintenance:

The types of services authorized to be financed are police protection services, fire protection and suppression services, ambulance and paramedic services, lighting of parks, parkways, streets, traffic signals, roads and open space, flood and storm protection and water quality improvement services.

The financing is estimated to not exceed \$30,000,000.

COMMISSION ACTION RECOMMENDED BY THE EXECUTIVE DIRECTOR:

CSCDA's Executive Director recommends the following:

- 1. Conduct second reading of and adopt "Ordinance Levying a Special Tax for Fiscal Year 2021-2022 and Following Fiscal Years Solely Within and Relating to Improvement Area No. 2 of the California Statewide Communities Development Authority Community Facilities District No. 2020-02 (Atwell), City of Banning, County of Riverside, State of California". (Attachment A)

ATTACHMENT A

ORDINANCE NO. 21ORD-02

**CALIFORNIA STATEWIDE COMMUNITIES
DEVELOPMENT AUTHORITY**

**ORDINANCE LEVYING A SPECIAL TAX FOR FISCAL YEAR 2021-2022
AND FOLLOWING FISCAL YEARS SOLELY WITHIN AND RELATING TO
IMPROVEMENT AREA NO. 2 OF THE CALIFORNIA STATEWIDE
COMMUNITIES DEVELOPMENT AUTHORITY COMMUNITY
FACILITIES DISTRICT NO. 2020-02 (ATWELL), CITY OF BANNING,
COUNTY OF RIVERSIDE, STATE OF CALIFORNIA**

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

SECTION 1. Pursuant to California Government Code Sections 53316 and 53340, and in accordance with the Rate and Method of Apportionment (the “RMA”), as set forth in Exhibit C of Resolution No. 21SCIP-77 (the “Resolution of Annexation”) adopted June 17, 2021, with respect to the California Statewide Communities Development Authority Community Facilities District No. 2020-02 (Atwell), City of Banning, County of Riverside, State of California (the “Community Facilities District”), designating Improvement Area No. 2 therein (the “Improvement Area”), a special tax is hereby levied on all taxable parcels within the Improvement Area for the 2021-2022 fiscal year and for all subsequent fiscal years in the amount determined by the Community Facilities District in accordance with the RMA, until collection of the Special Tax by the Commission ceases and a Notice of Cessation of Special Tax is recorded in accordance with Section 53330.5 of the Act, provided that this amount may in any fiscal year be levied at a lesser amount by resolution of the Commission.

SECTION 2. The Authority’s special tax consultant, currently Willdan Financial Services, 27368 Via Industria, Suite 200, Temecula, California 92590, telephone (951) 587-3575, is authorized and directed, with the aid of the appropriate officers and agents of the Authority, to determine each year, without further action of the Commission, the appropriate amount of the Special Tax (pursuant to, and as that term is defined in, the Resolution of Formation) to be levied for the Improvement Area, to prepare the annual Special Tax roll in accordance with the RMA.

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

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

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

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

SECTION 6. Taxpayers claiming that the amount of the Special Tax on their property is not correct are referred to Section 9 of the RMA for the proper claims procedure.

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

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

* * *

I, the undersigned, the duly appointed and qualified representative of the Commission of the California Statewide Communities Development Authority, DO HEREBY CERTIFY that the foregoing ordinance was first read at a regular meeting of the Commission on June 17, 2021, and was duly passed and adopted by the Commission of the Authority at a duly called meeting of the Commission of the Authority held in accordance with law on July 1, 2021.

AYES:

NOES:

ABSENT:

ABSTAIN:

By: _____
Authorized Signatory
California Statewide Communities
Development Authority



Agenda Item No. 7

Agenda Report

DATE: July 1, 2021
TO: CSCDA COMMISSIONERS
FROM: Cathy Barna, Executive Director
PURPOSE: Consideration of CSCDA budget for fiscal year 2021-22

BACKGROUND AND SUMMARY:

Attached for the consideration of the Commission is the proposed 2021-2 CSCDA budget. The proposed budget is a compilation of projections compiled by the Executive Director, CSCDA Staff with accounting help provided by the League of California Cities. Highlights of the budget include the following:

1. Collections – Collections include issuance fees and bond administrative fees.

1. Issuance Fees

- Issuance Fees are projected to drop in 2021-22 by approximately 2%.
- Housing is projected to decrease by approximately 40% in 2021-22 compared to the amount budgeted in 2020-21, due to the oversubscription of volume-cap that will limit the total number of projects that can be facilitated across the State.
- We project that PACE issuance fees will be above the 2020-21 budget due to the uptick in commercial PACE and have budgeted \$4 million in collections.
- We project \$2 million in SCIP fees in 2021-22, which is equal to the actual collections for 2020-21 and based on the current pipeline of transactions.
- Other municipal bond programs are projected to be relatively flat compared to the 2020-21 budget. Investment income represents the projected market gains on various deposits held by CSCDA.

2. Bond Administrative Fees – Bond administrative fees are projected to be slightly higher than actual collections 2020-21 at \$9.2 million. This is due to the volume of multifamily housing fees that will start from completed 2020 transactions.

2. Disbursements – Disbursements consist of issuance fees, bond administrative fees and general administrative costs. The proposed budget is balanced with the disbursement of all fees paid to CSCDA. General administration disbursements are projected to be slightly higher in 2021-22 at \$500 thousand due to higher legal fees.

RECOMMENDED ACTION:

CSCDA's Executive Director recommends approval of the 2021-22 budget.

CSCDA

Budget-to-Actual Comparison for the Eleven Months Ended May 31, 2021 + DRAFT 2021-22 BUDGET

	Actual 2019-20	Budget 2020-21	YTD 2020-21	Budget 2021-22
Amounts collected				
Issuance fees				
Qualified 501 (c)(3)	211,734	250,000	395,850	250,000
Qualified residential rental program	1,880,209	1,000,000	604,052	350,000
PACE	2,202,063	2,000,000	3,653,590	4,000,000
SCIP / Mello Roos	984,800	1,250,000	2,056,950	2,000,000
Other municipal bond programs	43,750	50,000	56,041	50,000
Investment income	36,138	0	97,616	0
Total issuance fees	5,358,694	4,550,000	6,864,099	6,650,000
Bond administrative fees				
Qualified 501 (c)(3)	1,894,047	1,800,000	1,514,628	1,600,000
Qualified residential rental program	6,997,108	7,000,000	6,430,157	6,750,000
SCIP / Mello Roos	495,432	550,000	591,738	650,000
Other municipal bond programs	320,083	350,000	216,447	225,000
Investment income	300,817	0	(84,812)	0
Total bond administrative fees	10,007,486	9,700,000	8,668,159	9,225,000
Total amounts collected	15,366,180	14,250,000	15,532,258	15,875,000
Amounts disbursed				
Issuance				
Program management fees - BSP	2,741,454	2,350,000	3,314,228	3,176,000
Program governance fees - CSAC	1,290,551	1,100,000	1,726,129	1,737,000
Program governance fees - League	1,290,551	1,100,000	1,726,129	1,737,000
Total issuance	5,322,556	4,550,000	6,766,485	6,650,000
Bond administration				
Program administration fees - BSP	948,413	895,000	929,379	950,000
Compliance/portfolio monitoring fees - BSP	461,005	450,000	468,404	500,000
Prior administration fees - HB Capital	4,316,673	4,285,000	3,721,036	3,900,000
Program governance fees - CSAC	1,667,804	1,735,000	1,525,769	1,600,000
Program governance fees - League	1,667,804	1,735,000	1,525,769	1,600,000
Compliance fees - Urban Futures	184,800	175,000	169,400	175,000
Total bond administration	9,246,499	9,275,000	8,339,758	8,725,000
Subtotal Issuance & Bond Administration	14,569,055	13,825,000	15,106,242	15,375,000

CSCDA

Budget-to-Actual Comparison for the Eleven Months Ended May 31, 2021 + DRAFT 2021-22 BUDGET

	Actual 2019-20	Budget 2020-21	YTD 2020-21	Budget 2021-22
General administrative				
Executive Director	62,543	72,000	55,450	72,000
General Counsel - Richards Watson Gershon	52,646	50,000	205,889	150,000
Insurance	26,922	30,000	28,768	30,000
Board travel reimbursements	1,759	2,000	15	2,000
Issuer counsel - Orrick	100,000	100,000	75,000	100,000
Auditor - MUN CPAs	15,900	20,000	15,900	20,000
Other professional services	0	5,000	4,557	5,000
BSP municipal advisor fee	24,000	24,000	22,000	24,000
Bank service fees	6,300	7,000	4,725	7,000
Marketing and Sponsorships	63,169	65,000	10,000	40,000
Annual meeting	41,884	45,000	4,402	45,000
Other	2,842	5,000	1,700	5,000
Total general administrative	397,964	425,000	428,406	500,000
Total amounts disbursed	14,967,019	14,250,000	15,534,648	15,875,000
Net surplus (deficit)	399,161	(0)	(2,390)	0



Agenda Item No. 8

Agenda Report

DATE: July 1, 2021
TO: CSCDA COMMISSIONERS
FROM: Cathy Barna, Executive Director
SUBJECT: CSCDA Pension Obligation Bond Program

EXECUTIVE SUMMARY:

CSCDA issued pooled Pension Obligation Bonds (POBs) in 2006 and 2007 for several California cities and counties. The issuance of POBs typically occurs in low interest rate environments. With the availability of low interest rates in 2020 and 2021, many California cities and counties have issued POBs. CSCDA has been asked to relaunch its pooled POB Program.

An Ad Hoc Committee consisting of Kevin O'Rourke, Dan Mierzwa and Brian Moura was established to review POBs and to make a recommendation on whether CSCDA should relaunch the POB Program.

Based on the Ad Hoc Committee's participation in a CSMFO POB webinar and the review of a substantial amount of information about POBs, the Ad Hoc Committee does not recommend relaunching CSCDA's POB Program. Furthermore, the Committee recommends the adoption of a specific policy on POBs and recommends that CSCDA establish a section on the CSCDA website to serve as an information resource about POBs.

POLICY LANGUAGE:

The POB Ad Hoc Committee recommends CSCDA adopt the following POB policy:

- CSCDA does not support the issuance of Pension Obligation Bonds as a method of refinancing unfunded pension liabilities and is discontinuing its pooled POB program.

COMMISSION ACTION RECOMMENDED BY THE EXECUTIVE DIRECTOR:

CSCDA's Executive Director recommends that the Commission adopt the above POB Policy and direct staff to obtain permission from various organizations that have prepared materials about

POBs and upon receipt of permission, host links to the materials on the CSCDA website, including, but not limited to:

Negative POB Positions:

Source	Link
PEW Trusts	https://www.pewtrusts.org/en/research-and-analysis/articles/2021/05/17/borrowing-and-issuing-pension-obligation-bonds-increased-as-a-response-to-covid19
CDIAC	https://www.treasurer.ca.gov/cdiac/debtpubs/2021/202105.pdf
Segal	https://www.segalco.com/consulting-insights/pension-obligation-bonds
CSFMO – April 29, 2021 Webinar	https://csmfo.granicus.com/MediaPlayer.php?view_id=1&clip_id=95
GFOA	https://www.gfoa.org/materials/pension-obligation-bonds
Governing Magazine	https://www.governing.com/archive/gov-a-financial-tool-governments-should-use-with-caution.html
Heller-Hurwicz Economics Institute at University of Minnesota	https://cla.umn.edu/heller-hurwicz/news-events/story/policy-brief-pension-obligation-bonds-are-bad-idea
Center for Retirement Research at Boston College	https://crr.bc.edu/wp-content/uploads/2014/07/slp_40.pdf https://crr.bc.edu/briefs/an-update-on-pension-obligation-bonds/
Natl Assn of State Retirement Administrators	https://www.nasra.org/Files/Topical%20Reports/Credit%20Effects/GRSInsight0204POBs.pdf
Municipal Bonds.Com	https://www.municipalbonds.com/education/pension-obligation-bonds-can-it-be-a-prudent-investment/
National Association of State Retirement Administrators	https://www.nasra.org/Files/Topical%20Reports/Credit%20Effects/GRSInsight0204POBs.pdf
Buck Consulting	https://www.nasra.org/files/Topical%20Reports/Credit%20Effects/hrc_fyi_2015-07-22.pdf

Positive POB Position:

Source	Link
Wulff, Hansen & Co.	https://www.wulffhansen.com/publications/pension-obligation-bonds-a-white-paper/

Orrick, Herrington & Sutcliffe	https://www.orrick.com/en/Insights/2017/08/Webinar-Recent-Developments-in-Pension-Obligation-Bonds https://www.orrick.com/en/Practices/Pension-Obligation-Bond-Financing
City of Manhattan Beach Analysis	https://www.citymb.info/home/showdocument?id=44796
Pensions & Investments	https://www.pionline.com/industry-voices/commentary-time-ripe-public-pension-obligation-bonds



CSCDA
CALIFORNIA STATEWIDE COMMUNITIES
DEVELOPMENT AUTHORITY

Agenda Item No. 9

Agenda Report

DATE: July 1, 2021

TO: CSCDA COMMISSIONERS

FROM: Cathy Barna, Executive Director

PURPOSE: Consideration of a resolution amending the CSCDA regular meeting schedule

SUMMARY:

The CSCDA Commission approved the attached regular meeting schedule for 2021. While forming the CSCDA Community Improvement Authority (CIA) a similar schedule was established, however there was a reservation of rights by the CIA Board to call a regular meeting on any Thursday with the required 72 hours prior notice.

In consultation with Richards, Watson & Gershon as General Counsel, and Orrick, Herrington & Sutcliffe as Issuer Counsel it has been determined that adopting a similar policy for CSCDA is permitted. Such policy and meeting schedule is in line with other joint powers authorities, and will allow flexibility to approve financings.

EXECUTIVE DIRECTOR RECOMMENDATION:

Approve the resolution (Attachment A) authorizing CSCDA to hold regular meetings on any Thursday at 2:00 PM within the proper noticing requirements under the Brown Act.

ATTACHMENT A

RESOLUTION NO. _____

A RESOLUTION OF THE CALIFORNIA STATEWIDE COMMUNITIES DEVELOPMENT AUTHORITY ESTABLISHING THE TIME AND PLACE FOR HOLDING REGULAR MEETINGS

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 entered into a joint exercise of powers agreement (the "Agreement") pursuant to which the California Statewide Communities Development Authority (the "Authority") was organized; and

WHEREAS, the Agreement provides for the Commission to fix by resolution the date, hour, and place for holding regular meetings; and

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

Section 1. The Commission shall hold regular meetings every Thursday at 2:00 p.m. California time, or as soon thereafter as practicable, with the location for the first meeting of each month to be the offices of the League of California Cities ("Cal Cities"), currently located at 1400 K Street, Sacramento, California, 95814, the location for the second meeting of each calendar month to be the offices of California State Association of Counties ("CSAC"), currently located at 1100 K Street, Sacramento, California, 95814, and the location for each meeting thereafter alternating between Cal Cities and CSAC, unless the Commission approves any other day, time or location for the meeting. If the Commission fails to post an agenda, the meeting shall be deemed cancelled.

Section 2. The time and place for regular meetings established by this Resolution shall supersede and replace any and all conflicting provisions previously adopted by any action of this Council.

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

PASSED AND ADOPTED by the California Statewide Communities Development Authority this __th day of _____, 2021.

Authorized Signatory