



**CSCDA**  
CALIFORNIA STATEWIDE COMMUNITIES  
DEVELOPMENT AUTHORITY



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## **REGULAR MEETING AGENDA**

### **January 19, 2023 at 2:00 pm**

*Pursuant to Government Code Section 54953(e) (Assembly Bill 361), 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 669-900-9128, Meeting ID 259-798-2423, Passcode 129070. If you experience technical problems with the telephonic meeting, please contact [info@cscda.org](mailto:info@cscda.org) or 1-800-531-7476 for assistance. 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](mailto:info@cscda.org) or 1-800-531-7476 prior to the meeting for assistance.*

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

##### **1. Roll Call.**

_____ Tim Snellings, Chair	_____ Marcia Raines, Member
_____ Brian Moura, Vice Chair	_____ Brian Stiger, Member
_____ Kevin O'Rourke, Secretary	_____ Niroop Srivatsa, Alt. Member
_____ Jordan Kaufman, Treasurer	_____ Jim Erb, Alt. Member
_____ Dan Mierzwa, Member	

##### **2. Consideration of the Minutes of the January 5, 2023 Regular Meeting.**

##### **3. Consent Calendar.**

##### **4. Public Comment.**

#### **B. ITEMS FOR CONSIDERATION AND ACTION**

##### **5. Proceedings related to formation of (i) CFD No. 2022-12 (SOMO Village), City of Rohnert Park, County of Sonoma and designation of Improvement Area No. 1 therein; and (ii) CFD No. 2022-13 (Point Martin), City of Daly City, County of San Mateo:**

###### **a. Conduct consolidated public hearing.**

###### **b. Consideration of separate resolutions of formation establishing each respective CFD, establishing an improvement area and identifying territory proposed for**

annexation to the CFD in the future (if applicable), and providing for the levy of special taxes therein to finance certain public improvements, certain development impact fees and certain services (as applicable).

- c. Consideration of separate resolutions deeming it necessary to incur bonded indebtedness to finance certain public improvements and certain development impact fees to mitigate the impacts of development within Improvement Area No. 1 in CFD No. 2022-12 (SOMO Village) and within CFD No. 2022-13 (Point Martin).
  - d. Consideration of separate resolutions calling special mailed-ballot elections within Improvement Area No. 1 in CFD No. 2022-12 (SOMO Village) and within CFD No. 2022-13 (Point Martin).
  - e. Conduct special elections within Improvement Area No. 1 in CFD No. 2022-12 (SOMO Village) and within CFD No. 2022-13 (Point Martin).
  - f. Consider respective resolutions declaring results of special mailed-ballot elections within Improvement Area No. 1 in CFD No. 2022-12 (SOMO Village) and within CFD No. 2022-13 (Point Martin).
  - g. Conduct first reading of the respective ordinances levying a special tax for fiscal year 2022-2023 and following fiscal years within Improvement Area No. 1 in CFD No. 2022-12 (SOMO Village) and within CFD No. 2022-13 (Point Martin).
- 6. Consideration of a resolution to amend the and method of apportionment for CFD No. 2018-02 (McSweeny), Improvement Area No. 2, City of Hemet, County of Riverside, and related matters.
  - 7. Consideration of a resolution eliminating the limitation of the bond issuance amount for CaliforniaFirst Residential PACE Program.

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

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

**NEXT MEETING:** Thursday February 2, 2023 at 2:00 p.m.

**CALIFORNIA STATEWIDE COMMUNITIES DEVELOPMENT AUTHORITY**

**CONSENT CALENDAR**

1. Inducement of ROEM West, (Belmont Family Apartments), City of Belmont, County of San Mateo; issue up to \$85 million in multi-family housing revenue bonds.

January 19, 2023



## MINUTES

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

**January 5, 2023 at 2:00 pm**

Commission Chair Tim Snellings called the meeting to order at 2:01 pm.

1. Roll Call.

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

Others participating via teleconference: Cathy Barna, CSCDA Executive Director; James Hamill, Bridge Strategic Partners; Jon Penkower Bridge Strategic Partners; Sendy Young, CSAC Finance Corporation; Rob Pierce, CSAC Finance Corporation; Trisha Ortiz, Richards Watson & Gershon, and Jennifer Whiting, Cal Cities.

2. Consideration of the Minutes of the December 15, 2022 Regular Meeting.

The Commission approved the December 15, 2022 Regular Meeting minutes.

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

3. Consideration of the Consent Calendar.

The Commission approved the Consent Calendar.

1. Reconsider the circumstances of the COVID-19 state of emergency and make findings in connection therewith to authorize meetings to be held via teleconferencing pursuant to Government Code Section 54953(e).
2. Consider resolution replacing Catherine Bando with Catherine Barna as an authorized signatory.
3. Inducement of Eastmoor Multifamily, L.P. (493 Eastmoor Avenue), City of Daly City, County of San Mateo; issue up to \$45 million in multi-family housing revenue bonds.

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

4. Public Comment.

There was no public comment.

5. Consideration of Audited Financial Statements for Fiscal Year Ending June 30, 2022.

CSCDA's Board approved the Audited Financial Statement for the Year Ended June 30, 2022.

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

6. Conduct second reading and adopt "Ordinance Dissolving the California Statewide Communities Development Authority Community Facilities District No. 2022-02 (Point Martin)".

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

7. Conduct public hearing and consider the following resolutions to conduct special mailed-ballot elections and form CFD No. 2022-12 (SOMO Village), City of Rohnert Park, County of Sonoma:

- a. Conduct the public hearing (hearing to be held at 2:00 p.m. or shortly thereafter.)

***Motion to open public hearing and continued item until January 19, 2023 by K. O'Rourke. Second by M. Raines. Unanimously approved by roll-call vote.***

8. Executive Director Update.

Executive Director Barna reminded the Board of the CSCDA in-person meeting on February 16<sup>th</sup> in Sacramento at 11a.m.

9. Staff Update.

Staff thanked Cal Cities and CSAC for their continued help on administrative and new program development issues.

10. Adjourn.

The meeting was adjourned at 2:12 p.m.

Submitted by: Sindy Young, CSAC Finance Corporation

**NEXT MEETING:** Thursday, January 19, 2023 at 2:00 p.m.

**RESOLUTION NO. 23H-\_\_**

**A RESOLUTION OF THE CALIFORNIA STATEWIDE  
COMMUNITIES DEVELOPMENT AUTHORITY SETTING  
FORTH THE AUTHORITY'S OFFICIAL INTENT TO ISSUE  
MULTIFAMILY HOUSING REVENUE BONDS TO UNDERTAKE  
THE FINANCING OF VARIOUS MULTIFAMILY RENTAL  
HOUSING PROJECTS AND RELATED ACTIONS**

**WHEREAS**, the Authority is authorized and empowered by the Title 1, Division 7, Chapter 5 of the California Government Code to issue mortgage revenue bonds pursuant to Part 5 (commencing with Section 52000) of the California Health and Safety Code (the "Act"), for the purpose of financing multifamily rental housing projects; and

**WHEREAS**, the borrowers identified in Exhibit A hereto and/or related entities (collectively, the "Borrowers") have requested that the Authority issue and sell multifamily housing revenue bonds (the "Bonds") pursuant to the Act for the purpose of financing the acquisition and rehabilitation or construction as set forth in Exhibit A, of certain multifamily rental housing developments identified in Exhibit A hereto (collectively, the "Projects"); and

**WHEREAS**, the Authority, in the course of assisting the Borrowers in financing the Projects, expects that the Borrowers have paid or may pay certain expenditures (the "Reimbursement Expenditures") in connection with the Projects within 60 days prior to the adoption of this Resolution and prior to the issuance of the Bonds for the purpose of financing costs associated with the Projects on a long-term basis; and

**WHEREAS**, Section 1.103-8(a)(5) and Section 1.150-2 of the Treasury Regulations require the Authority to declare its reasonable official intent to reimburse prior expenditures for the Projects with proceeds of a subsequent tax-exempt borrowing; and

**WHEREAS**, the Authority wishes to declare its intention to authorize the issuance of Bonds for the purpose of financing costs of the Projects (including reimbursement of the Reimbursement Expenditures, when so requested by the Borrower upon such terms and condition as may then be agreed upon by the Authority, the Borrower and the purchaser of the Bonds) in an aggregate principal amount not to exceed the amount with respect to each Project set forth in Exhibit A; and

**WHEREAS**, Section 146 of the Internal Revenue Code of 1986 limits the amount of multifamily housing mortgage revenue bonds that may be issued on behalf of for-profit borrowers in any calendar year by entities within a state and authorizes the governor or the legislature of a state to provide the method of allocation within the state; and

**WHEREAS**, Chapter 11.8 of Division 1 of Title 2 of the California Government Code governs the allocation of the state ceiling among governmental units in the State of California having the authority to issue private activity bonds; and

**WHEREAS**, Section 8869.85 of the California Government Code requires a local agency desiring an allocation of the state ceiling to file an application with the California Debt Limit Allocation Committee (the “Committee”) for such allocation, and the Committee has certain policies that are to be satisfied in connection with any such application;

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

Section 1. The above recitals, and each of them, are true and correct.

Section 2. The Authority hereby determines that it is necessary and desirable to provide financing for the Projects (including reimbursement of the Reimbursement Expenditures) by the issuance and sale of Bonds pursuant to the Act, as shall be authorized by resolution of the Authority at a meeting to be held for such purpose, in aggregate principal amounts not to exceed the amounts set forth in Exhibit A. This action is taken expressly for the purpose of inducing the Borrowers to undertake the Projects, and nothing contained herein shall be construed to signify that the Projects comply with the planning, zoning, subdivision and building laws and ordinances applicable thereto or to suggest that the Authority or any program participant, officer or agent of the Authority will grant any such approval, consent or permit that may be required in connection with the acquisition and construction or rehabilitation of the Projects, or that the Authority will make any expenditures, incur any indebtedness, or proceed with the financing of the Project.

Section 3. This resolution is being adopted by the Authority for purposes of establishing compliance with the requirements of Section 1.103-8(a)(5) and Section 1.150-2 of the Treasury Regulations. In such regard, the Authority hereby declares its official intent to use proceeds of indebtedness to reimburse the Reimbursement Expenditures.

Section 4. The officers and/or the program managers of the Authority are hereby authorized and directed to apply to the Committee for an allocation from the state ceiling of private activity bonds to be issued by the Authority for each of the Projects in an amount not to exceed the amounts set forth in Exhibit A, and to take any and all other actions as may be necessary or appropriate in connection with such application, including but not limited to the payment of fees, the posting of deposits and the provision of certificates, and any such actions heretofore taken by such officers and program managers are hereby ratified, approved and confirmed.



**PASSED AND ADOPTED** by the California Statewide Communities Development Authority this January 19, 2023.

The undersigned, an Authorized Signatory of the California Statewide Communities Development Authority, DOES HEREBY CERTIFY that the foregoing resolution was duly adopted by the Commission of said Authority at a duly called meeting of the Commission of said Authority held in accordance with law on January 19, 2023.

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

**EXHIBIT A**

<b>Project Name</b>	<b>Project Location</b>	<b>Project Description (units)</b>	<b>New Construction/ Acquisition and Rehabilitation</b>	<b>Legal Name of initial owner/operator</b>	<b>Bond Amount</b>
Belmont Family Apartments	City of Belmont, County of San Mateo	125	New Construction	ROEM West	\$85,000,000



## **Agenda Item No. 5**

### **Agenda Report**

**DATE:** January 19, 2023

**TO:** CSCDA COMMISSIONERS

**FROM:** Cathy Barna, Executive Director

**PROJECTS:** SOMO Village (City of Rohnert Park) & Point Martin (City of Daly City) – Community Facilities Districts

**PURPOSE:** Proceedings related to formation of (i) CFD No. 2022-12 (SOMO Village), City of Rohnert Park, County of Sonoma and designation of Improvement Area No. 1 therein; and (ii) CFD No. 2022-13 (Point Martin), City of Daly City, County of San Mateo

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#### **EXECUTIVE SUMMARY:**

The actions requested today are the second step in the formation of the SOMO Village and Point Martin CFDs. Each CFD will be brought back to the Commission in late 2023 for approval of the issuance of the bonds.

#### **BACKGROUND:**

##### **SOMO Village:**

SOMO Village is the redevelopment of a set of buildings previously owned by Hewlett-Packard and Agilent Technologies that were vacated when the companies moved their operations off-shore. SOMO Living (the “Developer”) determined to repurpose the campus into a place for a lively and sustainable community in the City.

The financing is estimated to not exceed \$7,000,000. The Developer anticipates issuing multiple phases of bonds to complete the infrastructure.

##### **Point Martin:**

On April 21, 2022 the Commission formed CFD No. 2022-02 (Point Martin) located in the City of Daly City. The Point Martin CFD that was originally established carved out 11 below-market rate units from the CFD boundary map. Since formation, a couple of the below-market rate units shifted to different locations. The Point Martin CFD is being reformed with the proper boundaries of market and below-market rate units. The financing is estimated to not exceed \$9,000,000.

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

CSCDA's Executive Director recommends conducting the consolidated public hearing and approving the following resolutions:

- a. Conduct consolidated public hearing.
- b. Consideration of separate resolutions of formation establishing each respective CFD, establishing an improvement area and identifying territory proposed for annexation to the CFD in the future (if applicable), and providing for the levy of special taxes therein to finance certain public improvements, certain development impact fees and certain services (as applicable).
- c. Consideration of separate resolutions deeming it necessary to incur bonded indebtedness to finance certain public improvements and certain development impact fees to mitigate the impacts of development within Improvement Area No. 1 in CFD No. 2022-12 (SOMO Village) and within CFD No. 2022-13 (Point Martin).
- d. Consideration of separate resolutions calling special mailed-ballot elections within Improvement Area No. 1 in CFD No. 2022-12 (SOMO Village) and within CFD No. 2022-13 (Point Martin).
- e. Conduct special elections within Improvement Area No. 1 in CFD No. 2022-12 (SOMO Village) and within CFD No. 2022-13 (Point Martin).
- f. Consider respective resolutions declaring results of special mailed-ballot elections within Improvement Area No. 1 in CFD No. 2022-12 (SOMO Village) and within CFD No. 2022-13 (Point Martin).
- g. Conduct first reading by title only and waive further reading of the respective ordinances levying a special tax for fiscal year 2022-2023 and following fiscal years within Improvement Area No. 1 in CFD No. 2022-12 (SOMO Village) and within CFD No. 2022-13 (Point Martin).

Documents: [https://www.dropbox.com/sh/8ozxjvmevop5x4s/AADiJjf3qQeN\\_e\\_RvqsSCWhna?dl=0](https://www.dropbox.com/sh/8ozxjvmevop5x4s/AADiJjf3qQeN_e_RvqsSCWhna?dl=0)

## Agenda Item No. 6

### Agenda Report

**DATE:** January 19, 2023

**TO:** CSCDA COMMISSIONERS

**FROM:** Cathy Barna, Executive Director

**PROJECT:** McSweeny (City of Hemet) – Community Facilities District

**PURPOSE:** Consideration of a resolution to amend the and method of apportionment for CFD No. 2018-02 (McSweeny), Improvement Area No. 2, City of Hemet, County of Riverside, and related matters.

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#### EXECUTIVE SUMMARY:

On November 1, 2018, the CSCDA Commission approved the rate and method of apportionment (RMA) for the McSweeny CFD relating to Improvement Area No. 2. CSCDA has only issued bonds related to Improvement Area No. 1.

The actions today are at the request of the property owner/developer to update the RMA to reflect a change in product mix, and to adjust the tax rates to capture additional value from increasing home prices.

There has been no change in (1) the appropriations limit, (2) the authorized bonded indebtedness, (3) the improvements authorized to be financed by the CFD, and (4) the name of the CFD since its formation. The following is a summary of Improvement Area No. 2.

- IA-2:** 841 residential units – Maximum Bonded Indebtedness: \$50,000,000
- **Home Sizes:** Range: 1,500 sq. ft. – 3,750 sq. ft. Average: 1,997 sq. ft.
- **Home Prices:** Range: \$305,990 – 499,000 Average: \$338,107
- **Effective Total Tax Rate:** 2.00%

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

1. Approval of a resolution to amend the and method of apportionment for CFD No. 2018-02 (McSweeny), Improvement Area No. 2, City of Hemet, County of Riverside, and setting a public hearing for March 2, 2023.

Documents:

<https://www.dropbox.com/sh/n9ci9jssh37fuap/AADm1ybaXlUQahXeP10Jua5Oa?dl=0>

## **Agenda Item No. 7**

### **Agenda Report**

**DATE:** January 19, 2023

**TO:** CSCDA COMMISSIONERS

**FROM:** Cathy Barna, Executive Director

**PURPOSE:** Consideration of a resolution eliminating the limitation of the bond issuance amount for CaliforniaFirst Residential PACE Program.

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#### **EXECUTIVE SUMMARY:**

On September 15, 2016, the CSCDA Commission approved the CaliforniaFirst residential PACE program to issue bonds in an aggregate principal amount not to exceed \$400MM. The CaliforniaFirst residential program is on track to exceed the \$400MM not-to-exceed amount, and is requesting the elimination of a not-to-exceed bond amount.

The limitation was originally established in the early stages of the PACE program to allow CSCDA to terminate the CaliforniaFirst program at a threshold of \$400MM. Since 2016, CSCDA, the State and the CSCDA program administrators have put in place consumer protections to ensure property owners are fully informed and protected. This has resulted in significantly less complaints and lawsuits associated with the PACE program.

In addition, mechanisms exist in the program administrator agreement that was renewed in 2019 to terminate CaliforniaFirst or any other program administrator if they are acting improperly. Thus, it is not necessary to have a not-to-exceed amount for the CaliforniaFirst program.

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

CSCDA's Executive Director recommends the following actions:

1. Approval of a resolution eliminating the limitation of the bond issuance amount for CaliforniaFirst Residential PACE Program.

Documents: <https://www.dropbox.com/sh/nzo76vsh669y2r7/AABmwYFKWuvCeEj-rSaAiMhha?dl=0>



**CSCDA**  
COMMUNITY IMPROVEMENT  
AUTHORITY



California State Association of Counties



LEAGUE OF  
CALIFORNIA  
CITIES

## **REGULAR MEETING AGENDA**

**January 19, 2023**

**2:00 PM or upon adjournment of the CSCDA meeting**

*Pursuant to Government Code Section 54953(e) (Assembly Bill 361), Commissioners of the CSCDA Community Improvement 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 669-900-9128, Meeting ID 259-798-2423, Passcode 129070. If you experience technical problems with the telephonic meeting, please contact [info@cscda.org](mailto:info@cscda.org) or 1-800-531-7476 for assistance. 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](mailto:info@cscda.org) or 1-800-531-7476 prior to the meeting for assistance.*

1. Roll Call.

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

\_\_\_\_ Marcia Raines, Member  
\_\_\_\_ Brian Stiger, Member  
\_\_\_\_ Niroop Srivatsa, Alt. Member  
\_\_\_\_ Jim Erb, Alt. Member

2. Consideration of the Minutes of the January 5, 2023 Regular Meeting.
3. Consideration of Audited Financial Statements for Fiscal Year Ending June 30, 2022.
4. Public Comment.
5. Executive Director Update.
6. Staff Updates.
7. Adjourn.



## MINUTES

### REGULAR MEETING OF THE CSCDA COMMUNITY IMPROVEMENT AUTHORITY

**January 5, 2023**

**2:00 PM or upon adjournment of the CSCDA meeting**

Commission Chair Tim Snellings called the meeting to order at 2:12 pm.

1. Roll Call.

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

Others participating via teleconference: Cathy Barna, CSCDA Executive Director; James Hamill, Bridge Strategic Partners; Jon Penkower Bridge Strategic Partners; Sindy Young, CSAC Finance Corporation; Rob Pierce, CSAC Finance Corporation; Trisha Ortiz, Richards Watson & Gershon, and Jennifer Whiting, Cal Cities.

2. Consideration the Minutes of the December 1, 2022 Regular Meeting.

The Commission approved the Minutes of the December 1, 2022 meeting.

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

3. Consent Calendar.

The Commission approved the consent calendar.

1. Reconsider the circumstances of the COVID-19 state of emergency and make findings in connection therewith to authorize meetings to be held via teleconferencing pursuant to Government Code Section 54953(e).

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

4. Public Comment.

There was no public comment.



5. Executive Director Update.

Executive Director Barna had no update.

6. Staff Update.

Staff had no update.

7. Adjourn.

The meeting was adjourned at 2:14 p.m.

Submitted by: Sendy Young, CSAC Finance Corporation

**Agenda Report**

**DATE:** January 19, 2023

**TO:** CSCDA CIA COMMISSIONERS

**FROM:** Cathy Barna, Executive Director

**PURPOSE:** Consideration of CSCDA CIA Audited Financial Statement for the Period from Inception through the Year Ended June 30, 2022

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**BACKGROUND AND SUMMARY:**

Attached for the consideration of the Commission are the CSCDA CIA audited financial statements for the period from the Authority's inception through the Year Ended June 30, 2022. Baker Tilly US, LLP prepared the reports working with the League of California Cities and CSCDA CIA staff. Highlights from the audited financial statements include the following:

1. **Bonds Issued** – CSCDA CIA issued \$4.72 billion in bonds to acquire thirty (30) multifamily housing projects throughout California.
2. **Bond Issuance Fees** – CSCDA CIA collected \$47.2 million in new bond issuance fees.
3. **Bond Administrative Fees** – CSCDA CIA collected \$4.6 million in bond administration fees.
4. **Distributions** – CSCDA CIA's primary disbursements were:
  - \$30,066,534 – BSP Bond Issuance & Admin. Fees.
  - \$21,485,346 – CSAC FC and Cal Cities Bond Issuance & Fees.
5. **Cash and Investments** – CSCDA CIA's cash and investments are held in money market funds and US Treasury Obligations.

**RECOMMENDED ACTION:**

CSCDA CIA's Executive Director recommends approval of the Audited Financial Statement for the period from inception through the Year Ended June 30, 2022.

# **CSCDA Community Improvement Authority**

Financial Statements and  
Supplementary Information

June 30, 2022

# **CSCDA Community Improvement Authority**

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## **Independent Auditors' Report**

To the Board of Commissioners of the  
CSCDA Community Improvement Authority

### **Opinion**

We have audited the accompanying financial statements of the CSCDA Community Improvement Authority (the "Authority" or "CSCDA CIA"), as of and for the period from inception to June 30, 2022, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the net position of the Authority as of June 30, 2022 and the changes in its financial position and cash flows for the period from inception to June 30, 2022, in accordance with accounting principles generally accepted in the United States of America.

### **Basis for Opinion**

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Authority and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### **Responsibilities of Management for the Financial Statements**

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America; and for the design, implementation and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Authority's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

### **Auditors' Responsibilities for the Audit of the Financial Statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Authority's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Authority's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings and certain internal control-related matters that we identified during the audit.

#### **Required Supplementary Information**

Management has omitted the management's discussion and analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. Our opinion on the basic financial statements is not affected by this missing information.

#### **Supplementary Information**

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the Authority's basic financial statements. The divisional statements of net position as of June 30, 2022 and the divisional statements of revenues, expenses, and change in net position for the period from inception to June 30, 2022 are presented for purposes of additional analysis and are not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary information is fairly stated in all material respects, in relation to the financial statements as a whole.

*Baker Tilly US, LLP*

Minneapolis, Minnesota  
January 11, 2023

# CSCDA Community Improvement Authority

## Statement of Net Position

June 30, 2022

### Assets

#### Current Assets

Cash	\$ 16,925,592
Restricted cash	451,009,224
Tenant receivables, net	4,512,984
Other receivables	3,095,307
Prepaid expenses and other assets	<u>2,914,725</u>
Total current assets	<u>478,457,832</u>

#### Noncurrent Assets

Intangible assets, net	3,369,607
Capital assets:	
Land	743,369,908
Building and building improvements	3,279,876,172
Furniture, fixtures and equipment	24,334,009
Tenant improvements	1,209,135
Less accumulated depreciation	<u>(108,690,549)</u>
Total noncurrent assets	<u>3,943,468,282</u>
Total assets	<u>4,421,926,114</u>

### Liabilities and Net Position

#### Current Liabilities

Accounts payable and accrued expenses	66,463,512
Prepaid rent	1,598,152
Security deposits	<u>6,625,011</u>
Total current liabilities	<u>74,686,675</u>

#### Noncurrent Liabilities

Bonds payable, net	<u>4,655,423,005</u>
Total noncurrent liabilities	<u>4,655,423,005</u>
Total liabilities	<u>4,730,109,680</u>

#### Net Position

Net investment in capital assets	(711,954,723)
Restricted for reserve fund	164,041
Restricted for debt service	395,638,690
Unrestricted	<u>7,968,426</u>
Total net position	<u>\$ (308,183,566)</u>

See notes to financial statements

**CSCDA Community Improvement Authority**

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## Statement of Revenues, Expenses and Change in Net Position

Period Ended June 30, 2022

**Operating Revenues**

Net rental revenues	<u>\$ 197,846,195</u>
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**Operating Expenses**

Net operating expenses	<u>274,092,719</u>
------------------------	--------------------

Operating loss	<u>(76,246,524)</u>
----------------	---------------------

**Nonoperating Revenues (Expenses)**

Interest income	3,844,991
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Interest expense	(152,653,283)
------------------	---------------

Bond issuance costs	<u>(83,128,750)</u>
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Total nonoperating income (loss)	<u>(231,937,042)</u>
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Change in net position	<u><u>\$ (308,183,566)</u></u>
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*See notes to financial statements*



**CSCDA Community Improvement Authority**

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## Statement of Cash Flows

Period Ended June 30, 2022

**Cash Flows From Operating Activities**

Cash received from tenants	\$ 198,461,067
Cash paid to suppliers and service providers	<u>(111,646,986)</u>

Net cash flows from operating activities	<u>86,814,081</u>
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**Cash Flows From Investing Activities**

Interest income	<u>3,844,991</u>
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Net cash flows from investing activities	<u>3,844,991</u>
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**Cash Flows From Capital and Related Financing Activities**

Purchases of capital assets	(4,048,789,224)
Purchase of intangible assets	(3,369,607)
Proceeds from bond issuance	4,612,595,115
Interest payments on long-term debt	(97,446,790)
Payments of debt principal	(2,585,000)
Payments of debt issuance costs	<u>(83,128,750)</u>

Net cash flows from capital and related financing activities	<u>377,275,744</u>
--	--------------------

Net change in cash and cash equivalents	467,934,816
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**Cash and Cash Equivalents, Beginning**-**Cash and Cash Equivalents, Ending**\$ 467,934,816*See notes to financial statements*

## **CSCDA Community Improvement Authority**

### Statement of Cash Flows

Period Ended June 30, 2022

#### **Schedule Reconciling Operating Income to Net Cash and Cash Equivalents**

##### **Cash received from customers**

Operating loss	\$ (76,246,524)
Adjustments to reconcile net operating income to net cash, cash equivalents and restricted cash from operating activities:	
Depreciation and amortization expense	154,103,439
Changes in assets and liabilities	
Tenant receivables, net	(4,512,984)
Accounts receivable	(3,095,307)
Prepaid expenses and other assets	(2,914,725)
Accounts payable and other accrued expenses	11,257,019
Prepaid rent	1,598,152
Tenant security deposits	<u>6,625,011</u>
Total adjustments	<u>8,957,166</u>
Net cash, cash equivalents and restricted cash from operating activities	<u><u>\$ 86,814,081</u></u>

##### **Reconciliation of Cash and Cash Equivalents to the Statement of Net Position**

Cash	\$ 16,925,592
Restricted cash	<u>451,009,224</u>

<b>Cash and Cash Equivalents, Ending</b>	<b><u><u>\$ 467,934,816</u></u></b>
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##### **Supplemental Cash Flow Information**

Accrued interest on bonds payable added to principal	\$ 55,206,493
Accretion of capital appreciation bonds	899,507

See notes to financial statements

## 1. Summary of Significant Accounting Policies

### Nature of Organization

CSCDA Community Improvement Authority (the "Authority" or "CSCDA CIA") is a political subdivision of the State of California established by Yolo County and the City of Woodland, California under the Joint Exercise of Powers Act. The Authority was formed October 6, 2020. CSCDA CIA issues governmental purpose bonds for the purpose of financing projects that provide, preserve and support affordable local housing for low-income, moderate-income and middle-income families and individuals.

CSCDA CIA is governed by a seven-member commission. CSCDA CIA's Board of Commissioners (the "Board" or "Commission") is appointed by the California State Association of Counties (CSAC) and the League of California Cities (Cal Cities) (see Note 6 - Related Parties), which together represent the interests of counties and cities throughout the State. This Commission is required by the joint powers agreement to establish public benefit finance criteria and to evaluate every submitted project on the basis of benefit provided, after receiving the requisite local approval. No project can proceed without the approval of the commissioners which ensures the preservation of both city and county interests. The administration of CSCDA CIA is managed by an Executive Director engaged under contract by the Commission. CSCDA CIA is comprised of the following divisions:

### Core Bond Issuance Operations Division (CSCDA Core)

This division issues bonds for the various other divisions of the Authority. This division is charged with governance of the Authority and conducts various management-related activities. Additionally, this division collects bond issuance fees and bond administration fees from the various projects under the Affordable Housing Asset Ownership Division. These fees are eliminated upon consolidation of all divisions and projects.

### Affordable Housing Asset Ownership Division (Asset Ownership Program)

This division is comprised of the various housing projects (the "Projects") owned by the Authority. The Authority outsources operational management functions of these projects to private companies under long-term contracts for public benefit uses. The various projects operate independently of one another. Bonds issued for each project are specific to that project to which they are affixed and do not have interest in the other projects. All of the bonds issued are pursuant to Trust Indentures by and between CSCDA CIA and Wilmington Trust National Association (the Trustee of the projects). The projects owned by the Authority in this division are as follows:

**Renaissance at City Center in Carson, CA (Renaissance)** - On December 22, 2020, CSCDA CIA issued Essential Housing Revenue Bonds, Series 2020. The bonds, with an aggregate principal amount of \$70,675,000, were issued to finance the acquisition of a mixed-use property, comprising of 150 apartments and commercial space in Carson, California.

**Millennium South Bay Apartments in Hawthorne, CA (Millennium)** - On December 1, 2021, CSCDA CIA issued Senior Essential Housing Revenue Bonds, Series 2021. The bonds, with an aggregate principal amount of \$188,160,000, were issued to finance the acquisition of a 230-unit multi-family housing complex located in Hawthorne, California.

**Monterey Station Apartments in Pomona, CA (Monterey)** - On December 9, 2021, CSCDA CIA issued Essential Housing Revenue Bonds, Series 2021. The bonds, with an aggregate principal amount of \$175,260,000 were issued to finance the acquisition of a 349-unit multi-family housing complex located in Pomona, California.

## CSCDA Community Improvement Authority

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Notes to Financial Statements

June 30, 2022

**The Crescent in West Hollywood, CA (Crescent)** - On August 31, 2022, CSCDA CIA issued Senior Essential Housing Revenue Bonds, Series 2022. The Bonds, with an aggregate principal amount of \$111,915,000, were issued to finance the acquisition of a 130-unit multi-family housing complex located in West Hollywood, California.

**Union South Bay in Carson, CA (Union)** - On June 9, 2021, CSCDA CIA issued Essential Housing Revenue Bonds, Series 2021. The Bonds, with an aggregate principal amount of \$215,685,000, were issued to finance the acquisition of a 357-unit multi-family housing complex located in Carson, California.

**The Link in Glendale, CA (Link)** - On June 16, 2021, CSCDA CIA issued Essential Housing Revenue Bonds, Series 2021. The Bonds, with an aggregate principal amount of \$95,545,000, were issued to finance the acquisition of a mixed-use property, comprising 143 apartments and commercial space, located in Glendale, California.

**Parallel Apartments in Anaheim, CA (Parallel)** - On February 9, 2021, CSCDA CIA issued Essential Housing Revenue Bonds, Series 2021. The Bonds, with an aggregate principal amount of \$181,010,000, were issued to finance the acquisition of a 386-unit multi-family housing complex located in Anaheim, California.

**Jefferson Platinum Triangle in Anaheim, CA (Jefferson)** - On February 26, 2021, CSCDA CIA issued Essential Housing Revenue Bonds, Series 2021. The Bonds, with an aggregate principal amount of \$195,965,000, were issued to finance the acquisition of a 400-unit multi-family housing complex located in Anaheim, California.

**Oceanaire Apartments in Long Beach, CA (Oceanaire)** - On March 25, 2021, CSCDA CIA issued Essential Housing Revenue Bonds, Series 2021. The Bonds, with an aggregate principal amount of \$135,730,000, were issued to finance the acquisition of a 216-unit multi-family housing complex located in Long Beach, California.

**Altana Apartments in Glendale, CA (Altana)** - On April 21, 2021, CSCDA CIA issued Essential Housing Revenue Bonds, Series 2021. The Bonds, with an aggregate principal amount of \$339,400,000, were issued to finance the acquisition of a 507-unit multi-family housing complex located in Glendale, California.

**Residences at Westgate I & II and The Hudson in Pasadena, CA (Westgate I & II and Hudson)** - On June 15, 2021, CSCDA CIA issued Senior Essential Housing Revenue Bonds, Series 2021. The Bonds, with an aggregate principal amount of \$385,985,000, were issued to finance the acquisition of two properties: a mixed-use property comprising 340 residential units and nine commercial units and a mixed-use property comprising 173 residential units and five commercial units, located in Pasadena, California.

**Cameo Apartments and Garrison Apartments in Orange, CA (Cameo and Garrison)** - On September 21, 2021, CSCDA CIA issued Senior Essential Housing Revenue Bonds, Series 2021. The Bonds, with an aggregate principal amount of \$240,010,000, were issued to finance the acquisition of two properties: a 262-unit multi-family housing complex and a 94-unit multi-family housing complex, located in Orange, California.

**1818 Platinum Triangle Apartments in Anaheim, CA (Platinum)** - On October 20, 2021, CSCDA CIA issued Senior Essential Housing Revenue Bonds, Series 2021. The Bonds, with an aggregate principal amount of \$157,390,000, were issued to finance the acquisition of a 265-unit multi-family housing complex located in Anaheim, California.

**THEO in Pasadena, CA (THEO)** - On November 4, 2021, CSCDA CIA issued Senior Essential Housing Revenue Bonds, Series 2021. The Bonds, with an aggregate principal amount of \$81,065,000, were issued to finance the acquisition of a 105-unit multi-family housing complex located in Pasadena, California.

## CSCDA Community Improvement Authority

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Notes to Financial Statements

June 30, 2022

**777 Place Apartments in Pomona, CA (Place)** - On November 30, 2021, CSCDA CIA issued Senior Essential Housing Revenue Bonds, Series 2021. The Bonds, with an aggregate principal amount of \$207,415,000, were issued to finance the acquisition of a 472-unit multi-family housing complex located in Pomona, California.

**Westgate Apartments in Pasadena, CA (Westgate)** - On December 8, 2021, CSCDA CIA issued Senior Essential Housing Revenue Bonds, Series 2021. The Bonds, with an aggregate principal amount of \$356,730,000, were issued to finance the acquisition of a 480-unit multi-family housing community located in Pasadena, California.

**Alcove Apartments, Haven76 Apartments and Rowan Apartments in Escondido, CA (Alcove, Haven76 and Rowan)** - On December 28, 2021, CSCDA CIA issued Senior Essential Housing Revenue Bonds, Series 2021. The Bonds, with an aggregate principal amount of \$202,120,000, were issued to finance the acquisition of three properties: (1) a 112-unit multi-family housing complex, (2) a 76-unit multi-family housing complex and (3) a 126-unit multi-family housing complex, all located in Escondido, California.

**MODA at Monrovia Station in Monrovia, CA (MODA)** - On April 13, 2021, CSCDA CIA issued Essential Housing Revenue Bonds, Series 2021. The Bonds, with an aggregate principal amount of \$117,955,000, were issued to finance the acquisition of a 261-unit apartment building located on leased land in Monrovia, California.

**Waterscape Apartments in Fairfield, CA (Waterscape)** - On September 14, 2021, CSCDA CIA issued Senior Essential Housing Revenue Bonds, Series 2021. The Bonds, with an aggregate principal amount of \$84,275,000, were issued to finance the acquisition of a 180-unit multi-family housing complex located in Fairfield, California.

**Acacia on Santa Rosa Creek in Santa Rosa, CA (Acacia)** - On October 21, 2021, CSCDA CIA issued Senior Essential Housing Revenue Bonds, Series 2021. The Bonds, with an aggregate principal amount of \$134,605,000, were issued to finance the acquisition of a 277-unit multi-family housing complex located in Santa Rosa, California.

**Vineyard Gardens Apartments in Santa Rosa, CA (Vineyard)** - On October 26, 2021, CSCDA CIA issued Senior Essential Housing Revenue Bonds, Series 2021. The Bonds, with an aggregate principal amount of \$89,430,000, were issued to finance the acquisition of a 180-unit multi-family housing complex located in Santa Rosa, California.

**Park Crossing Apartments in Fairfield, CA (Park Crossing)** - On December 14, 2021, CSCDA CIA issued Senior Essential Housing Revenue Bonds, Series 2021. The Bonds, with an aggregate principal amount of \$113,950,000, were issued to finance the acquisition of a 200-unit multi-family housing complex located in Fairfield, California.

**Wood Creek Apartments in Pleasant Hill, CA (Wood Creek)** - On December 28, 2021, CSCDA CIA issued Senior Essential Housing Revenue Bonds, Series 2021. The Bonds, with an aggregate principal amount of \$395,150,000, were issued to finance the acquisition of a 484-unit multi-family housing complex located in Pleasant Hill, California.

**CTR City Anaheim in Anaheim, CA (CTR)** - On December 29, 2020, CSCDA CIA issued Essential Housing Revenue Bonds, Series 2020. The Bonds, with an aggregate principal amount of \$116,825,000, were issued to finance the acquisition of a 231-unit multi-family housing complex located in Anaheim, California.

**Waterford Place Apartments in Dublin, CA (Waterford)** - On August 31, 2021, CSCDA CIA issued Senior Essential Housing Revenue Bonds, Series 2021. The Bonds, with an aggregate principal amount of \$235,000,000, were issued to finance the acquisition of a 390-unit multi-family housing complex located in Dublin, California.

# CSCDA Community Improvement Authority

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Notes to Financial Statements

June 30, 2022

**Towne at Glendale Apartments in Glendale, CA (Towne)** - On March 14, 2022, CSCDA CIA issued Essential Housing Revenue Bonds, Series 2022. The Bonds, with an initial aggregate principal amount of \$95,641,006, were issued to finance the acquisition of a 126-unit multi-family housing complex located in Glendale, California.

## **Basis of Accounting and Measurement Focus**

These basic financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the standard-setting body for governmental accounting and financial reporting.

The financial statements are presented using the economic resources measurement focus and the accrual basis of accounting. Under this method, revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash flow takes place.

Operating revenues from CSCDA CIA Core result from providing services in connection with the Authority's principal ongoing operations. Operating expenses include management fees, professional fees and other expenses. Revenues and expenses not meeting these definitions are reported as nonoperating revenues and expenses.

Operating revenues from the Asset Ownership Program result from providing housing (rent) in connection with the Authority's principal mission. Operating expenses include maintenance fees, property expenses, management fees, professional fees and other expenses. Revenues and expenses not meeting these definitions are reported as nonoperating revenues and expenses.

## **Use of Estimates**

The preparation of the accompanying financial statements in conformity with accounting principles generally accepted in the United States (GAAP) requires management to make certain estimates and assumptions that directly affect the results of reported assets, liabilities, revenue and expenses. Actual results may differ from these estimates and are subject to change in the near term.

## **Cash and Cash Equivalents, Restricted Cash and Cash Equivalents, Restricted Investments and Investment Income**

Cash equivalents are defined as short-term, highly liquid investments, which are readily convertible to cash and have remaining maturities of three months or less at the date of acquisition.

Restricted cash and cash equivalents for CSCDA CIA Core are funds held in an account exclusively for use in the Reserve Fund (see Restricted Cash and Net Position policy).

Restricted cash, cash equivalents and investments held at the projects represent the unspent proceeds of the Bonds that are held by the Trustee. These investments are made up of various funds that were required to be funded by the Trust Indentures.

Restricted investments are made up of money market funds.

All investment income is reported as nonoperating revenues (expenses) in the accompanying statements of revenues, expenses and changes in net position. Realized gains or losses are determined by specific identification.

**Fair Value Measurements**

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. A three-tier hierarchy prioritizes the inputs used in measuring fair value. These tiers include Level 1, defined as observable inputs such as quoted market prices in active markets; Level 2, defined as inputs other than quoted market prices in active markets that are either directly or indirectly observable; and Level 3, defined as unobservable inputs in which little or no market data exists, therefore, requiring an entity to develop its own assumptions. The asset's fair value measurement within the hierarchy is based on the lowest level of any input that is significant to the fair value measurement.

**Tenant Accounts Receivable**

Tenant receivables are uncollateralized rents which are due the beginning of each month. Payments of tenant receivables are allocated to the specific charges identified on the tenant's remittance or, if unspecified, are applied to past due balances first, then the current unpaid charges. Management individually reviews all tenant receivables and based on an assessment of current creditworthiness, estimates the portion, if any, of the balance that will not be collected. Actual losses, when realized, have been within the range of management's expectations. Management has recorded an allowance for doubtful accounts of \$9,146,574 as of June 30, 2022.

**Tenant Security Deposits**

Tenant security deposits represent tenant deposits held in accordance with the respective tenant's lease agreement and are held for the tenants until they vacate the property. Any amounts not returned to the tenant due to lease violations are transferred to the applicable project's general operating account.

**Capital Assets**

Capital assets are recorded at acquisition cost and, when placed in service, depreciated on a straight-line basis over the useful life of the assets (5 to 27.5 years). Maintenance and repair costs are charged to expense as incurred. Interest costs incurred during the period of construction are expensed as incurred.

The Projects review their long-lived assets periodically to determine potential impairment by comparing the carrying value of those assets with the estimated future undiscounted cash flows expected to result from the use of the assets, including cash flows from disposition. Should the sum of the expected future undiscounted cash flows be less than the carrying value, the Projects would recognize an impairment loss at that time. No impairment loss was recognized in 2022.

**Deferred Outflows/Inflows of Resources**

In addition to assets, the statements of net position will sometimes report a separate section of deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to future periods and so will not be recognized as an outflow of resources (expense) until that time. At this time, the projects have no items reported in this category.

In addition to liabilities, the statements of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents the acquisition of net position that applies to future periods and so will not be recognized as an inflow of resources (revenue) until that time. At this time, the projects have no items reported in this category.

# **CSCDA Community Improvement Authority**

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Notes to Financial Statements

June 30, 2022

## **Debt Issuance Costs and Original Issue Premiums**

Debt issuance costs include all costs incurred to issue the Bonds. Debt issuance costs are expensed in the period incurred. Total debt issuance costs incurred from the period from inception through June 30, 2022, was \$130,357,660, gross of eliminations.

Original issue premiums represent the difference between the face value of the bonds and the consideration received. Original issue premiums are deferred and amortized over the life of the bonds using the effective interest method. Amortization of the premium is reflected as a decrease to interest expense in the statements of revenues, expenses and change in net position.

## **Restricted Cash and Net Position**

Net position of CSCDA CIA is classified in three components:

- Net investment in capital assets consists of capital assets, including bond proceeds held for capital assets, net of accumulated depreciation and reduced by any outstanding borrowings used to finance the purchase or construction of those assets.
- Restricted for Reserve Fund, in accordance with the board motion passed on March 18, 2020, the Authority established a Reserve Fund for the purpose of making payments to service providers. The Reserve Fund is utilized for legal, legislative representation, accounting, consulting, professional and other service fees incurred in connection with the Authority or the Asset Ownership Program. The Reserve Fund is initially funded with \$100,000 of new gross issuance fees and annual administrative fees collected from borrowers until it reaches a total of two hundred thousand dollars (\$200,000).
- Restricted for debt service is net position that is restricted for the future payment of debt and is required to be held under an agreement with the Trustee.
- Unrestricted net position is the remaining net position that does not meet the definition of net investment in capital assets or restricted net position.

## **Income Taxes**

The Authority is a public entity that is exempt from federal and state taxation under Section 115 of the Internal Revenue Code and a similar provision of state law. However, the projects under the Asset Ownership Program are subject to federal income tax on any unrelated business taxable income.

## **Revenue Recognition**

### **CSCDA CIA Core**

The Authority receives revenue from various fees. Bond issuance fees are received from bond proceeds and are recognized as revenue upon issuance of the bonds. Administrative fees are invoiced to bond trustees in arrears, and recognized as revenue and receivables as earned. Rates for these fees are predetermined according to a fee schedule and may be adjusted for with approval of the Board.

Unearned revenue is recorded when issuance fees or administrative fees are received prior to their service period. Because all fees are earned from the Asset Ownership Program, all fee income and related unearned revenues are eliminated upon consolidation.



## Asset Ownership Program Revenues

Rental revenue is recognized in accordance with the contractual terms of the related lease agreements. Tenant lease agreements are generally for a term of one year. Tenant receivables are periodically evaluated for collectability. Tenant reimbursements are recognized in the period the related costs are incurred.

## 2. Deposits and Investments

California Government Code Section 53601 (the Code) permits the Authority to invest available cash balances in various investments, as outlined by the Code. The Authority maintains its cash and equivalents in a money market account with a financial institution.

Restricted cash and investments are subject to several types of risk:

**Interest Rate Risk** - Interest rate risk is the risk that the changes in interest rates will adversely affect the fair value of an investment. The Authority does not have a formal investment policy for interest rate risk.

**Credit Risk** - Credit risk is the risk that the issuer or other counterparty to an investment will not fulfill its obligations. At June 30, 2022, the Authority's investments were not rated.

**Custodial Credit Risk** - Custodial credit risk is the risk that in the event of a bank failure, the Authority's deposits may not be returned to it. The Authority does not have a deposit policy for custodial credit risk. The Authority's deposits are fully insured.

Pursuant to the Asset Ownership Program's Indentures, the projects were required to establish certain restricted reserves with bond proceeds that were funded at closing for the bond issuance. All reserve accounts are restricted for specific uses (such as debt service, interest payment, operating expenses, capital expenses, liens, etc) and withdrawals from the restricted accounts are subject to approval by the Trustee.

## CSCDA Community Improvement Authority

### Notes to Financial Statements

June 30, 2022

The following table provides a summary of restricted cash, cash equivalents and investments by project as required by the Trust Indentures:

	<u>June 30, 2022</u>
Renaissance at City Center	\$ 8,771,710
Millennium South Bay Apartments	19,417,803
Monterey Station Apartments	18,955,111
The Crescent	19,460,716
Union South Bay	29,983,229
The Link	11,955,707
Parallel Apartments	14,829,704
Jefferson Platinum Triangle	12,815,018
Oceanaire Apartments	9,657,327
Atlanta Apartments	27,881,140
Residences at Westgate I & II and The Hudson	26,086,588
Cameo Apartments and Garrison Apartments	17,989,416
1818 Platinum Triangle Apartments	14,411,265
THEO	6,396,530
777 Place Apartments	32,174,061
Westgate Apartments	23,904,461
Alcove Apartments, Haven76 Apartments and Rowan Apartments	17,920,631
MODA at Monrovia Station	10,230,843
Waterscape Apartments	8,145,469
Acacia on Santa Rosa Creek	14,105,118
Vineyard Gardens Apartments	10,402,089
Park Crossing Apartments	9,307,215
Wood Creek Apartments	38,694,603
CTR City Anaheim	11,519,991
Waterford Place Apartments	24,160,710
Towne at Glendale Apartments	11,668,728
Total	<u>\$ 450,845,183</u>

Restricted cash and cash equivalents held by CSCDA CIA Core (for the Reserve Fund, as described in Note 1) was \$164,021 as of June 30, 2022.

# CSCDA Community Improvement Authority

Notes to Financial Statements

June 30, 2022

## 3. Deposits and Investments

Information regarding assets at fair value on a recurring basis as of June 30, 2022, is as follows:

	2022 Recurring Fair Value Measurements Using			
	Total Assets at Fair Value	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Money market funds, CSCDA				
CIA Core	\$ 164,187	\$ 164,187	\$ -	\$ -
Total	\$ 164,187	\$ 164,187	\$ -	\$ -

Following is a description of the methodologies used for assets measured at fair value:

**Money Market Funds** - The fair value of money market funds are based on inputs that are observable, such as quoted prices for similar assets in active markets, interest rates, yield curve volatilities and credit risk.

## 4. Capital Assets

The following is a summary of changes in the Asset Ownership Program's capital assets for the period from inception to June 30, 2022:

	Beginning Balance	Additions	Disposals and Retirements	Ending Balance
Capital assets not being depreciated:				
Land	\$ -	\$ 743,369,908	\$ -	\$ 743,369,908
Total capital assets not being depreciated	-	743,369,908	-	743,369,908
Capital assets being depreciated:				
Building and building improvements	-	3,279,876,172	-	3,279,876,172
Furniture, fixtures and equipment	-	24,334,009	-	24,334,009
Tenant improvements	-	1,209,135	-	1,209,135
Total capital assets being depreciated	-	3,305,419,316	-	3,305,419,316
Total capital assets	-	4,048,789,224	-	4,048,789,224
Less accumulated depreciation	-	(108,690,549)	-	(108,690,549)
Net capital assets being depreciated	-	3,196,728,767	-	3,196,728,767
Total	\$ -	\$ 3,940,098,675	\$ -	\$ 3,940,098,675

# CSCDA Community Improvement Authority

## Notes to Financial Statements

June 30, 2022

### 5. Bond Obligations

Bonds are special limited obligations of CSCDA CIA payable from and secured exclusively by the revenues and assets of the applicable project pledged under the Indenture. The Bonds are summarized within the table on the following pages.

	Original Face Value of Bond Obligations	Interest Rate	Terms (Years)	Maturity Date	Balance at June 30, 2022
<b>Renaissance at City Center</b>					
Series 2020A Bonds	\$ 67,675,000	5.000 %	31	July 2051	\$ 67,675,000
Series 2020B Bonds	3,000,000	10.000	36	July 2056	3,000,000
Original issue premium/(discount)	10,093,726				9,829,591
<b>Millennium South Bay Apartments</b>					
Series 2021A-1 Bonds	27,000,000	3.375	22	July 2043	27,000,000
Series 2021A-2 Bonds	99,750,000	3.250	35	July 2056	99,750,000
Series 2021B Bonds	55,910,000	4.000	37	July 2058	55,910,000
Series 2021C Bonds	5,500,000	10.000	40	July 2061	5,500,000
Original issue premium/(discount)	(12,523,254)				(12,427,552)
<b>Monterey Station Apartments</b>					
Series 2021A-1 Bonds	32,210,000	3.000	22	July 2043	32,210,000
Series 2021A-2 Bonds	102,080,000	3.125	35	July 2056	102,080,000
Series 2021B Bonds	35,470,000	4.000	37	July 2058	35,470,000
Series 2021C Bonds	5,500,000	10.000	40	July 2061	5,500,000
Original issue premium/(discount)	(14,295,685)				(14,171,452)
<b>The Crescent</b>					
Series 2022A-1 Bonds	7,530,000	3.250	22	July 2043	7,530,000
Series 2022A-2 Bonds	67,950,000	4.300	38	July 2059	67,950,000
Series 2022B Bonds	32,935,000	5.500	38	July 2059	32,935,000
Series 2022C Bonds	3,500,000	10.000	38	July 2059	3,500,000
Original issue premium/(discount)	(6,670,782)				(6,644,324)
<b>Union South Bay</b>					
Series 2021A-1 Bonds	35,000,000	3.100	24	July 2045	35,000,000
Series 2021A-2 Bonds	174,685,000	4.000	35	July 2056	174,685,000
Series 2021B Bonds	6,000,000	10.000	40	July 2061	6,000,000
Original issue premium/(discount)	13,026,260				12,833,407
<b>The Link</b>					
Series 2021A-1 Bonds	16,000,000	3.000	24	July 2045	16,000,000
Series 2021A-2 Bonds	75,045,000	4.000	35	July 2056	75,045,000
Series 2021B Bonds	4,500,000	10.000	40	July 2061	4,500,000
Original issue premium/(discount)	6,097,653				6,009,009
<b>Parallel Apartments</b>					
Series 2021A Bonds	176,010,000	4.000	35	August 2056	176,010,000
Series 2021B Bonds	5,000,000	10.000	35	August 2056	5,000,000
Original issue premium/(discount)	6,878,471				6,751,344
<b>Jefferson Platinum Triangle</b>					
Series 2021A-1 Bonds	45,000,000	2.875	35	August 2056	43,850,000
Series 2021A-2 Bonds	145,965,000	3.125	35	August 2056	145,965,000
Series 2021B Bonds	5,000,000	10.000	35	August 2056	5,000,000
Original issue premium/(discount)	(5,316,045)				(5,173,480)
<b>Oceanaire Apartments</b>					
Series 2021A-1 Bonds	25,000,000	3.200	25	September 2046	25,000,000
Series 2021A-2 Bonds	105,730,000	4.000	35	September 2056	105,730,000
Series 2021B Bonds	5,000,000	10.000	40	September 2061	5,000,000
Original issue premium/(discount)	6,485,478				6,355,020

# CSCDA Community Improvement Authority

## Notes to Financial Statements

June 30, 2022

	Original Face Value of Bond Obligations	Interest Rate	Terms (Years)	Maturity Date	Balance at June 30, 2022
<b>Atlanta Apartments</b>					
Series 2021A-1 Bonds	70,000,000	3.500	25	October 2046	70,000,000
Series 2021A-2 Bonds	262,500,000	4.000	35	October 2056	262,500,000
Series 2020B Bonds	6,900,000	10.000	40	October 2061	6,900,000
Original issue premium/(discount)	9,531,375				9,353,666
<b>Residences at Westgate I &amp; II and The Hudson</b>					
Series 2021A-1 Bonds	110,000,000	2.650	25	December 2046	109,635,000
Series 2021A-2 Bonds	173,985,000	3.000	35	December 2056	173,985,000
Series 2021B Bonds	94,500,000	4.000	35	December 2056	94,500,000
Series 2021C Bonds	7,500,000	10.000	40	December 2061	7,500,000
Original issue premium/(discount)	547,626				566,090
<b>Cameo Apartments and Garrison Apartments</b>					
Series 2021A-1 Bonds	75,000,000	2.800	25	March 2047	74,650,000
Series 2021A-2 Bonds	106,010,000	3.000	35	March 2057	106,010,000
Series 2021B Bonds	51,000,000	4.000	35	March 2057	51,000,000
Series 2021C Bonds	8,000,000	10.000	40	March 2062	8,000,000
Original issue premium/(discount)	2,470,189				2,451,811
<b>1818 Platinum Triangle Apartments</b>					
Series 2021A-1 Bonds	40,000,000	3.350	25	April 2047	40,000,000
Series 2021A-2 Bonds	78,890,000	3.250	35	April 2057	78,890,000
Series 2021B Bonds	33,500,000	4.000	35	April 2057	33,500,000
Series 2021C Bonds	5,000,000	10.000	40	April 2062	5,000,000
Original issue premium/(discount)	(4,348,308)				(4,286,242)
<b>THEO</b>					
Series 2021A-1 Bonds	20,000,000	3.500	25	May 2047	20,000,000
Series 2021A-2 Bonds	42,565,000	3.250	35	May 2057	42,565,000
Series 2021B Bonds	17,500,000	4.000	35	May 2047	17,500,000
Series 2021C Bonds	1,000,000	10.000	40	May 2062	1,000,000
Original issue premium/(discount)	(3,152,147)				(3,117,044)
<b>777 Place Apartments</b>					
Series 2021A-1 Bonds	60,000,000	3.600	25	May 2047	60,000,000
Series 2021A-2 Bonds	97,915,000	3.250	35	May 2057	97,915,000
Series 2021B Bonds	44,500,000	4.000	35	May 2047	44,500,000
Series 2021C Bonds	5,000,000	10.000	40	May 2062	5,000,000
Original issue premium/(discount)	(11,841,442)				(11,733,301)
<b>Westgate Apartments</b>					
Series 2021A-1 Bonds	85,000,000	3.000	25	June 2047	85,000,000
Series 2021A-2 Bonds	196,480,000	3.125	35	June 2057	196,480,000
Series 2021B Bonds	70,250,000	4.000	35	June 2057	70,250,000
Series 2021C Bonds	5,000,000	10.000	40	June 2062	5,000,000
Original issue premium/(discount)	(33,079,358)				(32,763,283)
<b>Alcove Apartments, Haven76 Apartments and Rowan Apartments</b>					
Series 2021A-1 Bonds	50,500,000	3.000	26	June 2048	50,500,000
Series 2021A-2 Bonds	98,370,000	4.000	36	June 2058	98,370,000
Series 2021B Bonds	49,250,000	4.000	37	December 2059	49,250,000
Series 2021C Bonds	4,000,000	10.000	40	June 2062	4,000,000
Original issue premium/(discount)	(15,038,870)				(14,949,958)

# CSCDA Community Improvement Authority

## Notes to Financial Statements

June 30, 2022

### MODA at Monrovia Station

Series 2021A-1 Bonds	22,590,000	3.4000	25	October 2046	22,590,000
Series 2021A-2 Bonds	90,365,000	4.000	35	October 2056	90,365,000
Series 2021B Bonds	5,000,000	10.000	40	October 2061	5,000,000
Original issue premium/(discount)	3,929,974				3,866,540

### Waterscape Apartments

Series 2021A Bonds	57,335,000	3.000	35	September 2056	57,335,000
Series 2021B Bonds	23,940,000	4.000	25	September 2046	23,940,000
Series 2021C Bonds	3,000,000	10.000	40	September 2061	3,000,000
Original issue premium/(discount)	1,728,229				1,694,637

### Acacia on Santa Rosa Creek

Series 2021A Bonds	88,970,000	4.000	35	October 2056	88,970,000
Series 2021B Bonds	40,635,000	4.000	25	October 2046	40,635,000
Series 2021C Bonds	5,000,000	10.000	40	October 2061	5,000,000
Original issue premium/(discount)	8,847,224				8,746,964

### Vineyard Gardens Apartments

Series 2021A Bonds	62,385,000	3.250	37	October 2058	62,385,000
Series 2021B Bonds	24,045,000	4.000	27	October 2048	24,045,000
Series 2021C Bonds	3,000,000	10.000	40	October 2061	3,000,000
Original issue premium/(discount)	(5,010,704)				(4,972,184)

### Park Crossing Apartments

Series 2021A Bonds	81,715,000	3.250	37	December 2058	81,715,000
Series 2021B Bonds	27,235,000	4.000	27	December 2048	27,235,000
Series 2021C Bonds	5,000,000	10.000	40	December 2061	5,000,000
Original issue premium/(discount)	(8,463,634)				(8,402,729)

### Wood Creek Apartments

Series 2021A-1 Bonds	136,460,000	3.000	28	December 2049	136,460,000
Series 2021A-2 Bonds	146,780,000	4.000	37	December 2058	146,780,000
Series 2021B Bonds	108,910,000	4.000	38	December 2059	108,910,000
Series 2021C Bonds	3,000,000	10.000	43	December 2064	3,000,000
Original issue premium/(discount)	(38,706,406)				(38,430,054)

### CTR City Anaheim

Series 2020A Bonds	112,575,000	5.000	33	January 2054	112,575,000
Series 2020B Bonds	4,250,000	10.000	33	January 2054	4,250,000
Original Issue premium/(discount)	15,167,230				14,852,457

### Waterford Place Apartments

Series 2021A-1 Bonds	75,000,000	2.450	25	February 2047	74,280,000
Series 2021A-2 Bonds	104,500,000	3.000	35	February 2057	104,500,000
Series 2021B Bonds	50,500,000	4.000	35	February 2057	50,500,000
Series 2021C Bonds	5,000,000	10.000	40	February 2062	5,000,000
Original issue premium/(discount)	8,078,320				7,978,558

### Towne at Glendale Apartments

Series 2022A Bonds	64,641,006	4.750	40	February 2047	64,641,006
Series 2022B Bonds	29,000,000	5.000	15	February 2057	29,000,000
Series 2022C Bonds	2,000,000	10.000	40	February 2062	5,000,000

Total \$ 4,722,891,006

\$ 4,721,205,514

Activity for the bonds for the period from inception through June 30, 2022 was as follows:

	Beginning Balance	Additions	Reductions	Ending Balance
Bond obligations	\$ -	\$ 4,723,790,514	\$ 2,585,000	\$ 4,721,205,514
(Discounts)/premiums	-	(65,564,880)	217,629	(65,782,509)
Total	<u>\$ -</u>	<u>\$ 4,657,326,126</u>	<u>\$ 2,082,629</u>	<u>\$ 4,655,423,005</u>

## CSCDA Community Improvement Authority

Notes to Financial Statements

June 30, 2022

Interest payments on the Bonds are due semi-annually. Principal payments are not to be made on the bonds unless and until such bond is tendered to the Trustee for cancellation; however partial payments may be made from time to time at the election of the CSCDA CIA. All outstanding principal balances on the bonds as of June 30, 2022, are classified as long-term liabilities.

Future principal and interest payments on the bonds as of June 30, 2022, are as follows:

	Principal	Interest	Total
2023	\$ -	\$ 168,708,134	\$ 168,708,134
2024	-	169,168,862	169,168,862
2025	-	169,210,529	169,210,529
2026	-	169,168,862	169,168,862
2027	-	169,210,529	169,210,529
2028-2032	-	845,927,644	845,927,644
2033-2037	-	870,181,975	870,181,975
2038-2042	29,000,000	862,877,296	891,877,296
2043-2047	763,470,000	844,559,820	1,608,029,820
2048-2052	305,915,000	710,208,738	1,016,123,738
2053-2057	2,714,205,000	609,243,701	3,323,448,701
2058-2062	838,075,000	114,750,690	952,825,690
2063-2067	70,540,514	2,294,690	72,835,204
Total	<u>\$ 4,721,205,514</u>	<u>\$ 5,705,511,470</u>	<u>\$ 10,426,716,984</u>

## 6. Related-Party Transactions/Significant Contracts

### CSCDA CIA Core

CSCDA CIA has entered into Intellectual Property License, Royalty and Administrative Agreements with CSAC and Cal Cities for sponsorship and marketing of CSCDA CIA's programs. In addition, per the provisions of the CSCDA CIA Joint Powers Agreement, CSAC and Cal Cities appoint individuals to serve on CSCDA CIA's seven-member commission.

CSCDA CIA has entered into a services agreement with Bridge Strategic Partners LLC (BSP) for consulting and management services related to CSCDA CIA's finance programs, including post-issuance management and compliance oversight. Acting as CSCDA CIA's staff, BSP personnel implement the issuance policies established by the Board, present transactions to the Board for review and approval and work with the financial and legal community, local agencies and regulatory bodies and others, to ensure that bonds issued in CSCDA CIA's name remain in good standing. The agreement expires December 31, 2026, with the option for one two-year extension.

Under the services agreement as amended, CSCDA CIA incurred fees to BSP of \$30,066,534 the period from inception through June 30, 2022. At June 30, 2022, \$732,445 was payable to BSP for such services.

Under the intellectual Property License, et seq. Agreement, CSAC and Cal Cities receive an equal portion of the remaining bond issuance and ongoing bond administration fees. CSCDA CIA incurred fees to each of CSAC and Cal Cities of \$10,742,673 the period from inception through June 30, 2022. At June 30, 2022, \$549,334 was payable to each of CSAC and Cal Cities.

### Asset Ownership Program

All asset ownership projects are pursuant to the Assignment and Assumption of Agreement of Purchase and Sale, for consideration for services provided by the Administrators related to the acquisition of the Property, the Administrators are entitled to a one-time payment. This cost is capitalized into the initial cost of each property. The Projects incurred and paid for this acquisition fee during the period from inception through June 30, 2022 were \$49,095,000. In addition to the acquisition fee paid to the Project Administrator, the Administrators earn an annual administration fee which is subject to incremental increases on an annual basis. During the period from inception through June 30, 2022, the Projects incurred and paid \$3,628,674 in project administration fees to the Administrators.

All asset ownership projects have signed management agreements with third-party property managers to establish the terms and conditions for the operation and maintenance of the projects. The management agreements renew automatically on their anniversary date unless terminated as a result of circumstances as defined by the management agreements. Fees incurred to the project managers for the management agreements during the period from inception through June 30, 2022 were \$3,423,438. Accrued property management fees were \$359,421 at June 30, 2022.

Under the terms of the Trust Indentures, the individual projects pay one-time bond issuance fees to CSCDA CIA Core. Bond issuance fees incurred and for the period from inception to June 30, 2022, were \$47,228,910. The asset ownership projects also pay annual bond administration fees to CSCDA CIA Core. Bond administration fees incurred during the period from inception through June 30, 2022, were \$4,607,971. Accrued bond administration fees as of June 30, 2022, were \$1,849,862. Bond issuance fees and bond administration fees are eliminated upon consolidation of CSCDA CIA Core and the Asset Ownership Program.



**CSCDA Community Improvement Authority**

## Divisional Statements of Net Position

June 30, 2022

	<b>CSCDA Core</b>	<b>Asset Ownership Program</b>	<b>Eliminations</b>	<b>Total</b>
<b>Assets</b>				
<b>Current Assets</b>				
Cash	\$ 146	\$ 16,925,446	\$ -	\$ 16,925,592
Restricted cash	164,041	450,845,183	-	451,009,224
Tenant receivables, net	-	4,512,984	-	4,512,984
Accounts receivable, related party	1,849,862	-	(1,849,862)	-
Other receivables	128	3,095,179	-	3,095,307
Prepaid expenses and other assets	-	2,914,725	-	2,914,725
Total current assets	2,014,177	478,293,517	(1,849,862)	478,457,832
<b>Noncurrent Assets</b>				
Intangible assets, net	-	3,369,607	-	3,369,607
Capital assets:				
Land	-	743,369,908	-	743,369,908
Building and building improvements	-	3,279,876,172	-	3,279,876,172
Furniture, fixtures and equipment	-	24,334,009	-	24,334,009
Tenant improvements	-	1,209,135	-	1,209,135
Less accumulated depreciation	-	(108,690,549)	-	(108,690,549)
Total noncurrent assets	-	3,943,468,282	-	3,943,468,282
Total assets	2,014,177	4,421,761,799	(1,849,862)	4,421,926,114
<b>Liabilities and Net Position</b>				
<b>Current Liabilities</b>				
Accounts payable and accrued expenses	1,857,612	66,455,762	(1,849,862)	66,463,512
Prepaid rent	-	1,598,152	-	1,598,152
Security deposits	-	6,625,011	-	6,625,011
Total current liabilities	1,857,612	74,678,925	(1,849,862)	74,686,675
<b>Noncurrent Liabilities</b>				
Bonds payable, net	-	4,655,423,005	-	4,655,423,005
Total noncurrent liabilities	-	4,655,423,005	-	4,655,423,005
Total liabilities	1,857,612	4,730,101,930	(1,849,862)	4,730,109,680
<b>Net Position</b>				
Net investment in capital assets	-	(711,954,723)	-	(711,954,723)
Restricted for reserve fund	164,041	-	-	164,041
Restricted for debt service	-	395,638,690	-	395,638,690
Unrestricted	(7,476)	7,975,902	-	7,968,426
Total net position	\$ 156,565	\$ (308,340,131)	\$ -	\$ (308,183,566)

**California Statewide Communities Development Authority (CSCDA)**Statement of Revenues, Expenses and Change in Net Position  
Period Ended June 30, 2022

	<b>CSCDA Core</b>	<b>Asset Ownership</b>	<b>Eliminations</b>	<b>Total</b>
<b>Operating Revenues</b>				
Net rental revenues	\$ -	\$ 197,846,195	\$ -	\$ 197,846,195
Bond administration fees	4,607,971	-	(4,607,971)	-
Bond issuance fees	47,228,910	-	(47,228,910)	-
Total operating revenues	51,836,881	197,846,195	(51,836,881)	197,846,195
<b>Operating Expenses</b>				
Net operating expenses	51,680,638	227,020,052	(4,607,971)	274,092,719
Operating income (loss)	156,243	(29,173,857)	(47,228,910)	(76,246,524)
<b>Nonoperating Revenues (Expenses)</b>				
Interest income	322	3,844,669	-	3,844,991
Interest expense	-	(152,653,283)	-	(152,653,283)
Bond issuance costs	-	(130,357,660)	47,228,910	(83,128,750)
Total nonoperating income (loss)	322	(279,166,274)	47,228,910	(231,937,042)
Change in net position	\$ 156,565	\$ (308,340,131)	\$ -	\$ (308,183,566)



**CSCDC**  
CALIFORNIA STATEWIDE COMMUNITIES  
DEVELOPMENT CORPORATION



California State Association of Counties



LEAGUE OF  
CALIFORNIA  
CITIES

## **MEETING AGENDA**

**January 19, 2023**

### **2:00 PM or upon adjournment of the CSCDA CIA Meeting**

*Pursuant to Government Code Section 54953(e) (Assembly Bill 361), Members of the California Statewide Communities Development Corporation 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 669-900-9128, Meeting ID 259-798-2423, Passcode 129070. If you experience technical problems with the telephonic meeting, please contact [info@cscda.org](mailto:info@cscda.org) or 1-800-531-7476 for assistance. 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](mailto:info@cscda.org) or 1-800-531-7476 prior to the meeting for assistance.*

1. Roll Call.

_____ Tim Snellings, President	_____ Brian Stiger, Member
_____ Brian Moura, Vice President	_____ Marcia Raines, Member
_____ Kevin O'Rourke, Secretary	_____ Niroop Srivatsa, Alt. Member
_____ Jordan Kaufman, Treasurer	_____ Jim Erb, Alt. Member
_____ Dan Mierzwa, Member	

2. Consideration of the Minutes of the January 5, 2023 Meeting.

3. Approve all necessary actions; the execution and delivery of all necessary documents; and authorize any signatory to sign all necessary documents in connection with the following:

- a. Approve the making of up to \$7,500,000 in qualified low-income community investments by CSCDC 19 LLC to Ampla Health Marysville QALICB, City of Marysville, County of Yuba, California.

4. Consideration of NMTC program policies and procedures.

5. Public Comment.

6. Executive Director Update.

7. Staff Updates.

8. Adjourn.



## MINUTES

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

**January 5, 2023**

**2:00 p.m. or upon adjournment of the CSCDA CIA Meeting**

Board President Tim Snellings called the meeting to order at 2:14 p.m.

1. Roll Call.

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

Others participating via teleconference: Cathy Barna, CSCDA Executive Director; James Hamill, Bridge Strategic Partners; Jon Penkower Bridge Strategic Partners; Sendy Young, CSAC Finance Corporation; Rob Pierce, CSAC Finance Corporation; Trisha Ortiz, Richards Watson & Gershon, and Jennifer Whiting, Cal Cities.

2. Consideration the Minutes of the December 1, 2022 Regular Meeting.

The Board of Directors approved the Minutes of the December 1, 2022.

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

3. Consent Calendar,

The Board approved the consent calendar.

1. Reconsider the circumstances of the COVID-19 state of emergency and make findings in connection therewith to authorize meetings to be held via teleconferencing pursuant to Government Code Section 54953(e).

***Motion to approve by J. Kaufman. Second by D. Mierzwa. Unanimously approved by roll-call vote.***

4. Public Comment.

There was no public comment.

5. Executive Director Update.

Executive Director Barna had no update.

6. Staff Update.

Staff had no update.

7. Adjourn.

The meeting was adjourned at 2:16 p.m.

Submitted by: Sendy Young, CSAC Finance Corporation



## **Agenda Report**

**DATE:** January 19, 2023

**TO:** CSCDC BOARD OF DIRECTORS

**FROM:** Cathy Barna, Executive Director

**PURPOSE:** Approve the making of up to \$7,500,000 in qualified low-income community investments by CSCDC 19 LLC to Ampla Health Marysville QALICB, City of Marysville, County of Yuba, California.

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### **SPONSOR BACKGROUND:**

Ampla Health is a nonprofit, Federally Qualified Health Center (FQHC) offering comprehensive, affordable, accessible healthcare services in Northern California. Ampla was originally founded in 1964 as the Sutter-Yuba Farm Workers Health Project to serve seasonal and migrant farm workers and other low-income populations. Over the past five decades, the organization has grown into a network of FQHCs that provides an array of healthcare services in local communities, offering services to all people regardless of their ability to pay. Ampla Health has 14 medical and six dental centers located throughout Northern California, and offers comprehensive medical, dental, behavioral health, pediatrics, chiropractic, and specialty healthcare services in Butte, Colusa, Glenn, Sutter, Tehama, and Yuba Counties. Ampla currently employs approximately 250 employees at their main campus and more than 500 employees across all sites. In 2021, Ampla provided a total of 294,262 clinical visits across all locations and platforms, serving 82,256 unique patients. Ampla's mission statement is: "to provide the individuals and communities we serve with high-quality, comprehensive, community directed health care that is accessible to all and culturally and linguistically appropriate."

### **PROJECT OVERVIEW:**

Ampla has requested that CSCDC provide up to \$7,500,000 in New Markets Tax Credit (NMTC) to expand quality healthcare services to low-income and/or uninsured residents via the renovation of a recently acquired commercial building, which will include a new 10,000 SF medical clinic. The clinic will allow Ampla to enter a new market in Marysville, CA that has historically been one of the most underserved cities in Yuba County. The city does not currently have a medical clinic and has limited public transportation. Ampla's new clinic will solve these issues, alleviate the stress on the city hospital's ER department, and provide the population with a place that they can seek out comprehensive medical care close to home.

The rehabilitation of the building will involve improving 10,000 SF of the admin space currently used by Ampla into a health clinic that will include 24 exam rooms and will have 8 providers. Services at the new clinic will include primary healthcare services (including adult, pediatrics, and women's health), case management, and behavioral health services. The new Marysville medical clinic is expected to provide comprehensive healthcare services for 9,354 patients annually, with 34,608 visits each year. There is no clinic in Marysville currently. It is expected that 92% of the patients will be low-income persons (individuals with incomes below 80% of AMI).

## **COMMUNITY OUTCOMES:**

### **Construction Jobs**

- The project is expected to result in **21 FTE construction jobs**.
- 100% of the construction jobs are expected to provide a living wage.

### **Permanent Jobs**

- The project is expected to result in **50 FTE permanent jobs**, including physicians, nurse practitioners, nurses, medical assistants, and administrative staff.

### **Quality Jobs**

- 100% of the construction jobs are expected to provide a living wage.
- 100% of the permanent jobs are expected to provide a living wage (\$18.04/hour in Yuba County, per the MIT Living Wage Calculator).
- All permanent employees have access to a comprehensive employee benefit package that includes a 401k/Roth retirement plan, paid time off, employee assistance programming and counseling, life insurance, health/dental insurance, and long-term sick leave.
- Ampla Health offers continuing education and training opportunities for staff to enhance or advance their job skills.

### **Community Goods & Services**

- The new Marysville medical clinic is expected to provide comprehensive healthcare services for 9,354 patients annually, with 34,608 visits each year. There is no clinic in Marysville currently.
- It is expected that 92% of the patients will be low-income persons (individuals with incomes below 80% of AMI).
- The clinic is expected to include 24 exam rooms and will have 8 providers. Services at the new clinic will include primary healthcare services (including adult, pediatrics, and women's health), case management, behavioral health services, and Ryan White HIV Services. Ampla also expects to incorporate dental services into the Marysville clinic as a second phase.

## **ADVISORY BOARD APPROVAL:**

On September 29, 2022, CSCDC's Advisory Board unanimously recommended approval of the Project.

## **FINANCE TEAM:**

- |                        |   |
|------------------------|---|
| • Tax Credit Investor: | U.S. Bank Community Development Corporation |
| • Investor Counsel:    | Leverage Law                                |
| • CSCDC Counsel:       | Applegate & Thorne-Thomsen                  |

**ESTIMATED SOURCES AND USES:**

<b>Ampla</b>					
<b>Sources</b>			<b>Uses</b>		
Ampla Cash On Hand	\$	6,476,535	Leverage Loan	\$	5,628,150
			Cash Contribution to QALICB	\$	848,385
<b>Total</b>	<b>\$</b>	<b>6,476,535</b>	<b>Total</b>	<b>\$</b>	<b>6,476,535</b>
<b>Investment Fund</b>					
<b>Sources</b>			<b>Uses</b>		
Leverage Loan	\$	5,628,150	CSCDC QEI	\$	7,500,000
NMTC Equity	\$	2,252,250	CSCDC Upfront Fee	\$	375,000
			Twain Management Fee	\$	5,400
<b>Total</b>	<b>\$</b>	<b>7,880,400</b>	<b>Total</b>	<b>\$</b>	<b>7,880,400</b>
<b>CSCDC Sub CDE</b>					
<b>Sources</b>			<b>Uses</b>		
QEI	\$	7,500,000	QLICI A	\$	5,628,150
			QLICI B	\$	1,871,850
<b>Total</b>	<b>\$</b>	<b>7,500,000</b>	<b>Total</b>	<b>\$</b>	<b>7,500,000</b>
<b>QALICB</b>					
<b>Sources</b>			<b>Uses</b>		
Seller Financing	\$	2,800,000	Acquisition	\$	3,500,000
CSCDC QLICI A	\$	5,628,150	Hard Costs	\$	5,355,001
CSCDC QLICI B	\$	1,871,850	Soft Costs	\$	1,531,984
Sponsor Contribution	\$	848,385	NMTC Costs	\$	761,400
<b>Total</b>	<b>\$</b>	<b>11,148,385</b>	<b>Total</b>	<b>\$</b>	<b>11,148,385</b>

**DOCUMENTS:**

1. Resolutions (Attachment A)

**ACTIONS RECOMMENDED BY THE EXECUTIVE DIRECTOR:**

CSCDC's Executive Director recommends that the Board of Directors adopt the resolution, which:

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



## **ATTACHMENT A**

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

At a meeting duly called on January 19, 2023, the Board of Directors (the “Board”) of California Statewide Communities Development Corporation, a California nonprofit public benefit corporation (the “Allocatee”), for itself and in its capacity as managing member the Sub-CDE (defined below), does hereby adopt the following resolutions:

**WHEREAS**, the Allocatee and CSCDC 19 LLC, a California limited liability company (“Sub-CDE”), were organized for the purpose of participating in the federal New Markets Tax Credit (“NMTC”) program, designed by Congress to encourage investment in (i) the rehabilitation and construction of commercial, retail, office and manufacturing space in low-income communities; (ii) businesses and nonprofits active in low-income communities; and (iii) the provision of technical assistance and other services to businesses active in low-income communities; and

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

**WHEREAS**, Allocatee was certified by the Community Development Financial Institutions Fund (the “CDFI Fund”) as a CDE, and Allocatee submitted an Eighteenth Round (2021) New Markets Tax Credit Allocation Application (the “Application”); and

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

**WHEREAS**, Allocatee received an allocation of NMTCs under Section 45D of the Internal Revenue Code of 1986, as amended (“Code”), in the amount of \$55,000,000 of NMTC authority (the “Allocation”) in connection with its Application; and

**WHEREAS**, Allocatee, as managing member, and CSCDC Manager, LLC, a Delaware limited liability company, as the non-managing member (the “Withdrawing Member”), entered into that certain operating agreement of Sub-CDE with an effective date of September 13, 2021 (the “Initial Sub-CDE Operating Agreement”) to govern Sub-CDE; and

**WHEREAS**, pursuant to that certain Sub-Allocation Agreement to be dated on or about the funding date of the Initial CDE Investment (defined below), Allocatee will sub-allocate a portion of the Allocation in an amount equal to \$7,500,000 to Sub-CDE; and

**WHEREAS**, it is anticipated that on the funding date of the Initial CDE Investment, Withdrawing Member will withdraw as a member of Sub-CDE, Allocatee will admit Twain Investment Fund 713, LLC, a Missouri limited liability company (the “Investor Member”) as the 99.99% member of Sub-CDE, and the Investor Member and Allocatee will amend and restate the Initial Sub-CDE Operating Agreement in its entirety (as amended and restated, the “A&R Sub-CDE Operating Agreement”) pursuant to which Investor Member will make an equity investment in the Sub-CDE in the amount of \$7,500,000 (the “Initial CDE Investment”); and

**WHEREAS**, it is anticipated that on the funding date of the Initial CDE Investment, the Initial CDE Investment will be designated as a “qualified equity investment” as such term is defined in Section 45D of the Code (“QEI”); and

**WHEREAS**, in accordance with the A&R Sub-CDE Operating Agreement, Sub-CDE will use substantially all of the QEI proceeds to make one or more loans to Ampla Health Marysville QALICB, a California nonprofit public benefit corporation (the “QALICB”) in the aggregate original principal amount of up to \$7,500,000 (collectively, the “CDE Loan”); and

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

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

**NOW, THEREFORE, BE IT**

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

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

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

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

**RESOLVED**, that the Authorized Signatories, acting singly or jointly be, and hereby are, authorized and directed to execute and deliver all other documents approved by the Board and to

do or cause to be done all other acts and things which may be necessary in the ordinary course of the business of Allocatee and/or Sub-CDE; and be it further;

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

**IN WITNESS WHEREOF**, the Board of Directors of Allocatee have executed and adopted these Resolutions at its meeting duly called and held on January 19, 2023, at which a quorum of the Board of Directors was present or represented.

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Tim Snellings, Board President

## EXHIBIT A

### Transaction Documents

1. [New Markets Tax Credit Indemnification Agreement], by Allocatee and Sub-CDE for the benefit of U.S. Bancorp Community Development Corporation, a Minnesota corporation (“USBCDC”)
2. A&R Sub-CDE Operating Agreement
3. New Markets Fee and Expense Agreement, by and among QALICB, the Allocatee, Sub-CDE, and Ampla Health, a California non-profit public benefit corporation (“Sponsor”)
4. Fund Sponsor Fee Agreement made by and among Investor Member, Allocatee, and Sub-CDE
5. Sub-Allocation Agreement by and between Allocatee and Sub-CDE
5. Loan Agreement, by and among Sub-CDE, and QALICB
6. Community Benefits Agreement, by and among Sponsor, QALICB, and Sub-CDE
7. Certification Regarding Debarment, Suspension, Ineligibility and Voluntary Exclusion, by Sub-CDE and Allocatee
8. Deposit Account Control Agreement] by and among Sub-CDE, QALICB, and U.S. Bank, National Association, a national banking association (“U.S. Bank”)
9. Bank Account Pledge Agreement (Disbursement Account)] by and among Sub-CDE, and QALICB
10. Deposit Account Control Agreement (Disbursement Account)] by and among Sub-CDE, QALICB, and U.S. Bank
11. Account Pledge Agreement (Fee Reserve) (CSCDC)] by and between Sub-CDE and QALICB
12. Construction Monitoring and Disbursement Agreement] by and among QALICB and Sub-CDE
13. Flow of Funds Memorandum] by and among Allocatee, Sub-CDE, and certain other parties thereto
14. Electronic Signatures Agreement by and among Allocatee, Sub-CDE, and certain other parties thereto]
15. California Judicial Reference Agreement by and among Allocatee, Sub-CDE, and certain other parties thereto
16. Other related documents.

## **Agenda Report**

**DATE:** January 19, 2023

**TO:** CSCDC BOARD OF DIRECTORS

**FROM:** Cathy Barna, Executive Director

**PURPOSE:** Consideration of NMTC program policies and procedures

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### **BACKGROUND AND SUMMARY:**

California Statewide Communities Development Corporation (“CSCDC”) was created to provide below-market rate “gap financing” to communities throughout the State of California, enhancing the subsidized financing programs already offered by CSCDA. To date, CSCDC has received five allocation awards from the U.S. Treasury for a total of \$253 million in New Markets Tax Credits (“NMTC”). CSCDC provides NMTC financing for businesses and facilities that promote public benefit through: 1) economic development through creating jobs, technologies, and goods and services with an emphasis on benefits for Low Income Persons; 2) health and social welfare and healthy living; 3) education and job training. CSCDC maintains an advisory board and rigorous review process to ensure that all projects are financially sound and provide significant community impacts. CSCDC staff felt that it was prudent to memorialize the processes utilized to select and underwrite NMTC projects.

### **BOARD ACTION RECOMMENDED BY THE EXECUTIVE DIRECTOR:**

CSCDC’s Executive Director recommends that the directors of CSCDC approve the program policies and procedures (in the form of Attachment 1).

## **Attachment 1**

### **CSCDC Policy – NMTC Project Selection & Due Diligence**

#### **Purpose**

These policies and procedures are intended to provide guidance to CSCDC staff and consultants with regard to selecting projects for CSCDC New Markets Tax Credits (NMTC) investment and underwriting potential NMTC investments. These are intended to be broad guidelines, recognizing the diversity and unique elements of each NMTC transaction.

#### **NMTC Project Selection**

CSCDC will select borrowers that have the demonstrated capacity to deliver projects that align with our investment strategy and community outcome objectives, as set forth in the relevant NMTC Application. Projects must also meet CSCDC's threshold community outcome criteria specified in the relevant NMTC Application. As of the date of this Policy, the applicable threshold requirements are (1) location in a highly distressed low-income community; (2) the project aligns with and is responsive to community needs and priorities; and (3) there is a demonstrated need for the NMTCs as part of the capital stack.

#### **Underwriting & Due Diligence of Potential NMTC Investments**

Prior to making a Qualified Low Income Community Investment (QLICI), CSCDC will conduct underwriting and carry out due diligence related to the project, the business, and the financing. The results of the underwriting and due diligence will be documented in the CSCDC Advisory Board Memo and the CSCDC Investment Memo. The Advisory Board Memo will be presented to and approved by the CSCDC Advisory Board prior to CSCDC's issuance of a NMTC allocation reservation letter. See CSCDC's "NMTC Advisory Board Roles & Expectations" policy for additional detail regarding the Advisory Board. CSCDC's Governing Board approval follows Advisory Board approval.

For projects that have been approved by the Advisory Board, CSCDC, its consultants, and its NMTC attorneys will conduct additional underwriting and due diligence. In addition to ensuring that the NMTC investments meet IRS Code §45D, the goal of the underwriting and due diligence at this stage is to confirm that the Qualified Low Income Community Business (QALICB) will be able to remain financially and operationally viable throughout the tax credit compliance period and through a successful exit of the QLICI, including but not limited to assessment of the following:

1. Collateral for the QLICI
2. QALICB's ability to repay the QLICI
3. QALICB guarantees or other collateral
4. Likelihood of project completion
5. Management team experience
6. Management team expertise relevant to the successful operation of the QALICB
7. Market demand for the QALICB's services and/or products

#### **Investment Memo**

The results of the underwriting and due diligence will be documented in an Investment Memo. The Investment Memo will be approved by the CSCDC Investment Review Committee prior to CSCDC Governing Board approval of the NMTC financing and the NMTC closing. The Investment Review Committee is organized by CSCDC's consultants and is comprised of CSCDC staff and CSCDC's consultants at New Markets Support Company.

The Investment Memo will typically include the following detail:

- Sponsor Overview
- Project Overview
- Community Outcomes
- Ownership Structure
- Multi-Level Sources & Uses
- NMTC Structure Diagram
- Assessment of Transaction Risks and Potential Mitigants (construction risks, lease-up risks, operating/debt service risks, and compliance risks)
- Closing Conditions
- Assessment of Development Team Capacity (sponsor, QALICB, architect, general contractor, project manager, and owner's representative)
- Analysis of sponsor balance sheet and income statement
- Assessment of project financial viability
  - Project sources (leveraged and direct)
  - Anticipated exit
  - Outstanding debt & refinance analysis
  - Analysis of project costs / development budget
  - Analysis of operating projections
  - Assessment of operating risks
- NMTC Financing Details
  - Investor
  - Source Lender
  - Community Development Entities (CDEs) Participating
  - Project Timeline
  - QLICI Structure
  - Allocation Sizing
  - "But For" Analysis
  - Fees
- Better Rates & Terms Analysis

## **CSCDC Policy – NMTC Advisory Board Roles & Expectations**

### **Advisory Board Selection**

CSCDC Advisory Board members are selected based on their outstanding track record of service in the community and the valuable insight they provide for CSCDC's NMTC program. The CSCDC Governing Board approves the appointment of the Advisory Board members.

### **Meetings**

The CSCDC Advisory Board meets at least two times per year, and more often as needed. Meetings are typically conducted by conference call. Minutes are taken for each meeting.

### **Low-Income Community Representation**

CSCDC values the meaningful involvement of Low-Income Community stakeholders in its NMTC program. Accordingly, CSCDC has required from its inception that 100% of its Advisory Board members be Low- Income Community representatives. Currently, all of CSCDC's Advisory Board members qualify as Low- Income Community representatives by virtue of their roles as employees or board members of non-affiliated community-based or charitable organizations in California.

### **Involvement in CSCDC NMTC Program**

CSCDC Advisory Board members play an integral role in CSCDC's NMTC program. Following are the specific ways in which Advisory Board members participate in CSCDC's NMTC process:

#### **• Setting Investment Parameters**

At least twice a year as part of the Advisory Board meetings, Board members advise on the strategic direction of CSCDC's NMTC program. Specially, Board members provide input on and approval of the Business Strategy described in each CSCDC NMTC Application. Board members also advise on CSCDC's deployment strategy after CSCDC receives NMTC awards. Investment parameters include: the range of asset types that CSCDC will prioritize; the low-income community needs that CSCDC will seek to address with its investments; the types of borrowers that CSCDC will prioritize; and the geographic areas in which CSCDC will focus investments.

#### **• Formulating the NMTC Pipeline**

CSCDC Advisory Board members are a valuable source of project leads for CSCDC's NMTC program. Every Board meeting includes an opportunity for members to introduce any potential NMTC projects, and Board members are always encouraged to connect project sponsors with CSCDC to discuss their projects at any point throughout the year. Prior to submittal of each NMTC Application, the Advisory Board reviews and approves the priority pipeline for the Application.

#### **• Approving CSCDC Investment Decisions**

After CSCDC receives a NMTC award, CSCDC conducts initial underwriting of its priority projects. This underwriting stage includes thorough evaluation of community benefits, community support, financial and real estate feasibility, and confirmation that the NMTC financing is necessary for the project to move forward. Projects that have undergone this initial underwriting are presented to the Advisory Board, with details regarding the anticipated community benefits summarized in an Advisory Board Memo. Advisory Board approval is required before CSCDC will issue a NMTC allocation reservation letter to the project sponsor.