



TRUCKEE RAILYARD COMMUNITY FACILITIES DISTRICT SUMMARY AND RECOMMENDATIONS

Applicant: Holliday Development

Action: Consent Approval

Amount: \$22,000,000

Purpose: Approve 2nd Reading and Enactment of Ordinance Levying Special Taxes within CMFA Community Facilities District No. 2020-2 (Town of Truckee—Truckee Railyard)

Activity: BOLD/ Community Facilities District

Meeting: July 17, 2020

Background and Resolutions:

The CMFA's BOLD Program ("BOLD") utilizes the Mello-Roos Community Facilities Act of 1982 (California Government Code Section 53311 et seq.) (the "Act") to raise revenues for the infrastructure needs of local agencies in California. The Town of Truckee (the "Town") is a member of the CMFA and a participant in BOLD. Truckee Development Associates, LLC (the "Developer") previously submitted an application to the CMFA to use BOLD in relation to the Developer's proposed development of certain property located in the Town. The CMFA and the Town previously accepted such application, and on May 15, 2020, the Board of Directors of the CMFA took the initial steps toward formation of a community facilities district for the project under the Act. The resolutions being considered by the Board on June 26, 2020 will complete the formation of the community facilities district and authorize the levying of special taxes and incurrence of bonded indebtedness for the community facilities district.

On May 15, 2020, the CMFA adopted a resolution stating its intention to form a proposed community facilities district (the "Resolution of Intention to Form CFD") to be called California Municipal Finance Authority Community Facilities District No. 2020-2 (Town of Truckee – Truckee Railyard) (the "CFD"), and a resolution stating its intention to incur bonded indebtedness for such CFD (the "Resolution of Intention to Incur Bonded Indebtedness").

On June 26 2020, the CMFA held a public hearing on the formation of the CFD and the incurrence of bonded indebtedness for the CFD and held the special election on the formation of

the CFD. The CMFA then adopted the following resolutions to facilitate the formation of California Municipal Finance Authority Community Facilities District No. 2020-2:

- Resolution of the Board of Directors of the California Municipal Finance Authority Forming California Municipal Finance Authority Community Facilities District No. 2020-2 (Town of Truckee – Truckee Railyard) (the “Resolution of Formation”).
- Resolution of the Board of Directors of the California Municipal Finance Authority Determining Necessity to Incur Bonded Indebtedness and Other Debt in and for California Municipal Finance Authority Community Facilities District No. 2020-2 (Town of Truckee – Truckee Railyard) (the “Resolution Determining Necessity”).
- Resolution of the Board of Directors of the California Municipal Finance Authority Calling Special Election in and for California Municipal Finance Authority Community Facilities District No. 2020-2 (Town of Truckee – Truckee Railyard) (the “Resolution Calling Election”).
- Resolution of the Board of Directors of the California Municipal Finance Authority Declaring Results of Special Election and Directing Recording of Notice of Special Tax Lien in and for Each Improvement Area in California Municipal Finance Authority Community Facilities District No. 2020-2 (Town of Truckee – Truckee Railyard) (the “Resolution Declaring Election Results”).

Ordinance:

The final legislative act for the formation of California Municipal Finance Authority Community Facilities District No. 2020-2 at the June 26, 2020 CMFA meeting of the Board of Directors was the introduction of the ordinance levying special taxes on the land in the CFD. The Board of Directors of the CMFA is now being asked to approve this Ordinance.

The Ordinance of the Board of Directors Levying Special Taxes on the land in the CFD will support the bonds and the services by this ordinance. The special tax lien puts the rate and method of apportionment for each Improvement Area on record for all parcels within the applicable Improvement Area. The levy conforms to the special tax formula approved by the Board in the Resolution of Formation and provides for the taxes to be collected each year on the general tax rolls of the Town.

In order to finance the costs of the Facilities it is necessary to incur bonded indebtedness and other debt (as defined in the Act) in one or more series in the aggregate amount of not to exceed \$22,000,000 on behalf of the CFD and all improvement areas therein. Bonds payable from the special taxes are expected to be issued in multiple series, with each series subject to further resolution and approval at later dates undetermined at this time.

The Project:

The Project is a redevelopment of the former Union Pacific Railroad (UPRR) rail and snow removal operations and provides opportunities to grown and strengthen downtown Truckee’s commercial core and increase the Town’s supply of affordable and workforce housing. Ultimately, the Project is proposed to be a mixed-use development of up to 570 residential units, 70,000 square feet of retail uses, 93,250 square feet of office uses, a 750-seat theater, 25,000 square feet of civic use, a 35,000 square foot grocery store, and a 60-room condominium hotel.

Recommendation:

The Executive Director recommends that the CMFA Board of Directors adopt the Ordinance Levying Special Taxes within the CMFA Community Facilities District No. 2020-2 (Town of Truckee – Truckee Railyard)



MADEIRA MEADOWS COMMUNITY FACILITIES DISTRICT SUMMARY AND RECOMMENDATIONS

Applicant: Taylor Morrison of California, LLC, A California Limited Liability Company

Action: Consent Approval

Amount: \$22,120,000

Purpose: Approve 2nd Reading and Enactment of Ordinance Levying Special Taxes within CMFA Community Facilities District No. 2020-3 (City of Elk Grove—Madeira Meadows)

Activity: BOLD/ Community Facilities District

Meeting: July 17, 2020

Background and Resolutions:

The CMFA's BOLD Program ("BOLD") utilizes the Mello-Roos Community Facilities Act of 1982 (California Government Code Section 53311 et seq.) (the "Act") to raise revenues for the infrastructure needs of local agencies in California. The City of Elk Grove (the "City") is a member of the CMFA and a participant in BOLD. Taylor Morrison of California LLC, a California Limited Liability Company (the "Developer") previously submitted an application to the CMFA to use BOLD in relation to the Developer's proposed development of certain property located in the City. The CMFA and the City previously accepted such application, and on May 8, 2020, the Board of Directors of the CMFA took the initial steps toward formation of a community facilities district for the project under the Act. The resolutions being considered by the Board on June 26, 2020 will complete the formation of the community facilities district and authorize the levying of special taxes and incurrence of bonded indebtedness for the community facilities district.

On May 8, 2020, the CMFA adopted a resolution stating its intention to form a proposed community facilities district (the "Resolution of Intention to Form CFD") to be called California Municipal Finance Authority Community Facilities District No. 2020-3 (City of Elk Grove – Madeira Meadows) (the "CFD"), and a resolution stating its intention to incur bonded indebtedness for such CFD (the "Resolution of Intention to Incur Bonded Indebtedness").

On June 26, 2020, the CMFA held a public hearing on the formation of the CFD and the incurrence of bonded indebtedness for the CFD and held the special election on the formation of the CFD. The CMFA then adopted the following resolutions to facilitate the formation of California Municipal Finance Authority Community Facilities District No. 2020-3:

- Resolution of the Board of Directors of the California Municipal Finance Authority Forming California Municipal Finance Authority Community Facilities District No. 2020-3 (City of Elk Grove – Madeira Meadows) (the “Resolution of Formation”).
- Resolution of the Board of Directors of the California Municipal Finance Authority Determining Necessity to Incur Bonded Indebtedness and Other Debt in and for California Municipal Finance Authority Community Facilities District No. 2020-3 (City of Elk Grove – Madeira Meadows) (the “Resolution Determining Necessity”).
- Resolution of the Board of Directors of the California Municipal Finance Authority Calling Special Election in and for California Municipal Finance Authority Community Facilities District No. 2020-3 (City of Elk Grove – Madeira Meadows) (the “Resolution Calling Election”).
- Resolution of the Board of Directors of the California Municipal Finance Authority Declaring Results of Special Election and Directing Recording of Notice of Special Tax Lien in and for Each Improvement Area in California Municipal Finance Authority Community Facilities District No. 2020-3 (City of Elk Grove – Madeira Meadows) (the “Resolution Declaring Election Results”).

Ordinance:

The final legislative act for the formation of California Municipal Finance Authority Community Facilities District No. 2020-3 at the June 26, 2020 CMFA meeting of the Board of Directors was the introduction of the ordinance levying special taxes on the land in the CFD. The Board of Directors of the CMFA is now being asked to approve this Ordinance.

The Ordinance of the Board of Directors Levying Special Taxes on the land in the CFD will support the bonds and the services by this ordinance. The special tax lien puts the rate and method of apportionment for each Improvement Area on record for all parcels within the applicable Improvement Area. The levy conforms to the special tax formula approved by the Board in the Resolution of Formation and provides for the taxes to be collected each year on the general tax rolls of the Town.

In order to finance the costs of the Facilities it is necessary to incur bonded indebtedness and other debt (as defined in the Act) in one or more series in the aggregate amount of not to exceed \$22,120,000 on behalf of the CFD and all improvement areas therein. Bonds payable from the special taxes are expected to be issued in multiple series, with each series subject to further resolution and approval at later dates undetermined at this time.

The Project:

The Madeira Meadows project is expected to include construction of 331 residential units within the City of Elk Grove. Taylor Morrison is developing this site for sale to end homeowners. In addition to 331 detached single-family homes, the project includes one multifamily site that will not be within the CFD. Homes within this project will include 3 product lines:

- Barcelona—with lot sizes ranging from 2,120 to 3032 S;

- Sevilla—with lot sizes ranging from 2,477 to 3,943 SF; and
- Valencia—with lot sizes ranging from 2,984 to 4,014 SF.

The project includes 6 phases of development that will take place over the next 2 years. The CFD comprises 79.8 net acres, and no further annexation is anticipated.

Recommendation:

The Executive Director recommends that the CMFA Board of Directors adopt the Ordinance Levying Special Taxes within the CMFA Community Facilities District No. 2020-3 (City of Elk Grove – Madeira Meadows)



AMENDING RESOLUTION SUMMARY AND RECOMMENDATIONS

Action: Resolution

Purpose: Approve a Resolution Authorizing Amendments of the Transfer Restrictions and other Provisions relating to the CMFA's Debt Obligations for Select Affordable Housing Projects

Activity: Affordable Housing

Meeting: July 17, 2020

Background:

Wells Fargo Bank, N.A. ("Wells") was the sole purchaser of certain CMFA bonds. Wells is looking to potentially securitize the bonds in the secondary market and has requested that a few changes be made to original trust indentures in connection with such arrangement. In particular, the securitization trust will not itself be a qualified institutional buyer or accredited investor but the investors in such trust are expected to be qualified institutional buyers or accredited investors.

Approval:

Approve a resolution authorizing the execution of amendments to trust indentures pursuant to which tax exempt notes and bonds, respectively, were issued for the financing of the following projects: (Crossroads Apartments), City of Santa Rosa, County of Sonoma; (East Cliff Village Apartments), City of Santa Cruz, County of Santa Cruz; (Manzanita Place Apartments), City of Roseville, Placer County; (Sea Mist Towers Apartments), City of Long Beach, Los Angeles County and other matters relating thereto.

Recommendation:

The Executive Director recommends that the CMFA Board of Directors approve a Resolution authorizing amendments to the bond documents for the Crossroads Apartments, East Cliff Village Apartments, Manzanita Place Apartments and Sea Mist Towers Apartments multi-family housing projects.



HACIENDA APARTMENTS SUMMARY AND RECOMMENDATIONS

Applicant:	Mercy Housing California
Action:	Initial Resolution
Amount:	\$48,000,000
Purpose:	Finance Affordable Multi-Family Rental Housing Facility Located in the City of Richmond, County of Contra Costa, California
Activity:	Affordable Housing
Meeting:	July 17, 2020

Background:

Mercy Housing California is the largest regional division of Mercy Housing, Inc. With offices in Los Angeles, San Francisco and West Sacramento, Mercy Housing California offers affordable low-income housing programs and Resident Services. They have served California residents and communities through the development of 128 rental properties across 36 California counties serving low- and very-low-income working poor families, seniors and individuals. Mercy Housing California has developed 10,942 affordable homes including 7,940 in rental and 3,002 in homeownership.

Many California residents struggle daily with the high cost of living. The average household income is more than \$71,805 – nearly \$5,000 more than the national average. The average annual income of a Mercy Housing California resident is \$17,448. Mercy Housing California remains committed to changing lives and revitalizing neighborhoods by providing safe, quality, service-enriched housing.

The CMFA has participated in over ten Mercy Housing projects.

The Project:

The Hacienda Apartments is an acquisition/rehabilitation of a vacant public housing building with 150 units of affordable senior housing in the City of Richmond. This project is located two blocks away from the Richmond BART station and numerous job centers. The concrete building is located on 1.94 acres of land and has a single loaded exterior corridor with two central elevators. The ground floor houses a community room, kitchen, resident services offices and

services spaces, property management offices, and maintenance/utility/trash facilities. Improvements to the courtyard and open space will also take place, along with improved circulation and safety. A community garden and new community spaces and offices will also be added.

The project will consist of a major rehabilitation of the units and building systems. There will be seismic retrofit, mold, fire, lead and asbestos remediation, new windows and exterior waterproofing, and a new roof. The building will also get a significant systems repair, including new mechanical ventilation and heating, plumbing, electrical, and an elevator modernization. Energy efficiency will be a key component of the rehab. The units will also get upgraded, with new kitchens and bathrooms, flooring, paint, and other repairs. At least 10% of the units will be handicap accessible. There are also significant improvements made to the ground floor to increase the amount of service spaces and to enhance security. The new community room will be near the lobby to increase usage and visibility, and it will also open up onto the courtyard, activating this historically underused space. The courtyard will also be programmed with seating, bbq pits, and a community garden to generate usage. This financing will create 148 units of affordable housing for the City of Richmond for 55 years.

The City of Richmond:

The City of Richmond is a member of the CMFA and will be asked to hold a TEFRA hearing. Upon closing, the City is expected to receive approximately \$15,531 as part of the CMFA's sharing of Issuance Fees.

Proposed Construction Financing:

Sources of Funds:

Tax-Exempt Bond:	\$ 38,186,306
LIH Tax Credit Equity:	\$ 8,065,173
Seller Carryback:	\$ 3,373,402
Contra Costa CDBG:	\$ 1,800,000
MHP:	\$ 17,566,750
GP Capital:	\$ 3,774,445
Deferred Developer Fee:	\$ 1,986,932
Total Sources:	\$ 74,753,008

Uses of Funds:

Land Acquisition:	\$ 624,675
Building Acquisition:	\$ 3,373,402
Rehabilitation:	\$ 47,228,924
Architectural & Engineering:	\$ 2,590,000
Legal & Professional:	\$ 390,000
Interest/Insurance:	\$ 2,881,090
Reserves:	\$ 2,197,519
Developer Fee:	\$ 7,961,377
Contingencies:	\$ 5,433,308
Taxes/Fees:	\$ 637,500
Other*:	\$ 644,956
Cost of Issuance:	\$ 790,257
Total Uses:	\$ 74,753,008

Terms of Transaction:

Amount:	\$48,000,000
Maturity:	17 years
Collateral:	Deed of Trust on property
Bond Purchasers:	Private Placement
Estimated Closing:	April 2021

Public Benefit:

A total of 148 households will be able to enjoy high quality, independent, affordable housing in the City of Richmond for 55 years.

Percent of Restricted Rental Units in the Project: 100%

27% (40 Units) restricted to 20% or less of area median income households;

41% (60 Units) restricted to 30% or less of area median income household; and

32% (48 Units) restricted to 50% or less of area median income households.

Unit Mix: Studio, 1- and 2-bedroom units.

Term of Restriction: 55 years

Finance Team:

Lender:	TBD
Bond Counsel:	Jones Hall, APLC
Issuer Counsel:	Jones Hall, APLC
Lender Counsel:	TBD
Borrower Counsel:	Gubb & Barshay LLP
Financial Advisor:	California Housing Partnership

Recommendation:

The Executive Director recommends that the CMFA Board of Directors approve an Initial Resolution of \$48,000,000 for the Hacienda Apartments affordable multi-family housing facility located in the City of Richmond, Contra Costa County, California.

Note: This transaction is subject to review and final approval at the Final Resolution.

*Other Costs: These are costs that are categorized by CDLAC as “Other Costs” they may include the following; Accounting/Reimbursable, Appraisals, Audit Costs, Capital Needs Assessment, Contingency, Demolition & Environmental Remediation, Environmental Audit, Furnishings, Inspections, Insurance, Investor Due Diligence, Local Development Impact Fees, Marketing,

Market Study, Operating Reserves, Permit Processing Fees, Prevailing Wage Monitoring, Relocation, Seismic, Syndication Consultants, TCAC App/Allocation/Monitoring Fees.



MIDWAY VILLAGE PHASE I SUMMARY AND RECOMMENDATIONS

Applicant:	MidPen Housing Corporation
Action:	Initial Resolution
Amount:	\$80,000,000
Purpose:	Finance Affordable Multi-Family Rental Housing Facility Located in Daly City, San Mateo County, California
Activity:	Affordable Housing
Meeting:	July 17, 2020

Background:

MidPen Housing Corporation (“MidPen”) is one of the nation’s leading non-profit developers, owners and managers of high-quality affordable housing. MidPen has developed over 100 communities and 6,600 homes for low-income families, seniors and special needs individuals throughout Northern California over the last 40 years.

MidPen’s developments are award winning and nationally recognized. MidPen has extensive experience in site acquisition and planning, entitlements, community outreach, design, and construction management. The organization has a solid track record in securing both public and private funding and proven expertise in positioning projects for long-term financial sustainability. In addition, MidPen provides comprehensive on-site services and programs to help residents advance. These services are delivered through the organization’s staff and a network of over 300 service provider partners.

The CMFA has facilitated over 15 MidPen Housing Corporation projects.

The Project:

Midway Village Phase 1 Apartments is a new construction project located in Daly City, CA. Midway Village Phase 1 is the catalyst of a 15-acre redevelopment project in Daly City (47 Midway Drive). Midway Village is currently developed with 150 occupied units, a City park, and

a childcare center and is owned by the Housing Authority of County of San Mateo (HACSM). The site-wide master plan is for 555 units. Midway Village Phase 1 has 147 units in two 4-story buildings. The current financing plan relies mainly on 4% credits, permanent debt supported by project-based vouchers, and a soft loan from the County. HACSM is a co-developer of the project and will ground lease the land to MidPen through the Phase 1 ownership entity. AMI levels range between 30 and 80% AMI. 60 project-based vouchers will be transferred from the existing property to the new buildings, following relocated households. 12 additional units will be set aside to serve former foster youth supported by a tenant-based voucher. The project team plans to close financing and start construction in May 2021. This financing will create 147 units of affordable housing for the City of Daly City for the next 55 years.

Daly City:

Daly City is a member of the CMFA and will be asked to hold a TEFRA hearing. Upon closing, the City is expected to receive approximately \$20,930 as part of the CMFA's sharing of Issuance Fees.

Proposed Construction Financing:

Sources of Funds:

Tax-Exempt Bond:	\$ 70,583,821
Taxable Bond Proceeds:	\$ 24,755,149
HACSM Fund:	\$ 4,178,222
San Mateo County AHF:	\$ 1,000,000
GP Equity:	\$ 12,370,396
Residual Receipts Loan and Deferred Interest:	\$ 1,228,444
LIHTC Equity:	<u>\$ 3,614,449</u>
Total Sources:	\$ 117,730,482

Uses of Funds:

New Construction:	\$ 70,128,839
Escalation Contingency:	\$ 4,016,639
Overhead & Profit:	\$ 8,130,141
Owner Contingency:	\$ 4,263,593
Architectural & Engineering:	\$ 3,959,850
Construction Loan Interest and Fees:	\$ 7,448,732
Legal & Professional:	\$ 110,500
Reserves:	\$ 926,682
Permits and Fees:	\$ 2,000,000
Other Costs*:	\$ 1,641,024
Developer Fee:	<u>\$ 15,104,482</u>
Total Uses:	\$ 117,730,482

Terms of Transaction:

Amount:	\$80,000,000
Maturity:	17 years
Collateral:	Deed of Trust on property
Bond Purchasers:	Private Placement
Estimated Closing:	May 2021

Public Benefit:

A total of 147 low-income households will be able to enjoy high quality, independent, affordable housing in the City of Daly City, California for the next 55 years.

Percent of Restricted Rental Units in the Project: 100%

- 10% (15 Units) restricted to 30% or less of area median income households;
- 44% (65 Units) restricted to 50% or less of area median income households;
- 12% (17 Units) restricted to 60% or less of area median income households; and
- 34% (50 Units) restricted to 80% or less of area median income households.

Unit Mix: Studio, 1-, 2-, 3- and 4-bedroom units

Term of Restriction: 55 years

Finance Team:

Lender:	TBD
Bond Counsel:	Jones Hall APLC
Issuer Counsel:	Jones Hall APLC
Lender Counsel:	TBD
Borrower Counsel:	Gubb & Barshay LLP
Financial Advisor:	California Housing Partnership Corporation

Recommendation:

The Executive Director recommends that the CMFA Board of Directors approve an Initial Resolution of \$80,000,000 for Midway Village Phase I affordable multi-family housing facility located in Daly City, San Mateo County, California.

Note: This transaction is subject to review and final approval at the Final Resolution.

*Other Costs: These are costs that are categorized by CDLAC as “Other Costs” they may include the following; Accounting/Reimbursable, Appraisals, Audit Costs, Capital Needs Assessment, Contingency, Demolition & Environmental Remediation, Environmental Audit, Furnishings, Inspections, Insurance, Investor Due Diligence, Local Development Impact Fees, Marketing, Market Study, Operating Reserves, Permit Processing Fees, Prevailing Wage Monitoring, Relocation, Seismic, Syndication Consultants, TCAC App/Allocation/Monitoring Fees.

**The information mandated by California Government Code Section 5852.1, including the true interest cost, finance charge, amount of proceeds received from the sale, and the total payment amount to final maturity is attached to this report.



MONROE STREET APARTMENTS SUMMARY AND RECOMMENDATIONS

Applicant:	Freebird Development
Action:	Initial Resolution
Amount:	\$35,000,000
Purpose:	Finance Affordable Multi-Family Rental Housing Facility Located in the City of Santa Clara, County of Santa Clara, California
Activity:	Affordable Housing
Meeting:	July 17, 2020

Background:

Freebird Development Company is a joint venture between Robin Zimble and L+M Development Partners. Robin is a leader in the affordable housing field with over 15 years of experience, overseeing more than \$1 billion in projects. L+M is a full-service development, construction and property management firm responsible for more than \$7 billion of development over their 30-year history. Freebird brings together industry leaders who have the expertise, track record, community accountability, and imagination to successfully build communities and enrich lives.

The Project:

The Monroe Street Apartments project is a new development of an approximately 74,000 square-foot building ranging in height from two to three stories containing 65 residential units. The project proposes 8 studio units, 22 one-bedroom units, 29 two-bedroom units and 6 three-bedroom units. All units will be deed restricted for use by households at income tiers between 30%–80% of area median income. 16 of the units will be reserved for intellectually and/or developmentally disabled persons (I/DD units). The project will also include on-site amenities such as a fitness center located on the second floor, a game room on the third floor, a laundry room and community room located on the ground floor, and approximately 32,000 square feet of open space. Included in the open space are a children's play area (separate play areas for ages 2-5 and 5-12), a landscaped and furnished park-like quiet area with half-size bocce court, recreational

community gardens, a family bbq area, a fitness pathway with outdoor fitness equipment, and a putting green. The surface parking lot will provide 94 parking stalls, 3 electric vehicle charging stalls, and 1 paratransit loading stall. In addition, the project will provide 37 bicycle parking spaces. The project will achieve LEED certification and includes many sustainability measures including photovoltaics, solar hot water, pervious concrete for the parking lot, low flow plumbing fixtures, and energy efficient lighting. The financing of this project will result in providing affordable housing for 64 families in the City of Santa Clara for 55 years.

The City of Santa Clara:

The City of Santa Clara is a member of the CMFA and will be asked to hold a TEFRA hearing. Upon closing, the City is expected to receive approximately \$13,804 as part of the CMFA's sharing of Issuance Fees.

Proposed Construction Financing:

Sources of Funds:

Tax-Exempt Bond:	\$ 27,826,937
LIH Tax Credit Equity:	\$ 3,090,042
City of Santa Clara:	\$ 11,521,919
Deferred Developer Fee:	\$ 3,300,000
Deferred Reserves:	\$ 513,050
Total Sources:	\$ 46,251,948

Uses of Funds:

Land Acquisition:	\$ 5,200,000
New Construction:	\$ 29,503,198
Architectural & Engineering:	\$ 1,923,700
Legal & Professional:	\$ 1,522,000
Permits & Fees:	\$ 1,130,000
Loan Costs & TCAC Fees:	\$ 1,953,000
Reserves:	\$ 513,050
Developer Fee:	\$ 4,300,000
Costs of Issuance:	\$ 207,000
Total Uses:	\$ 46,251,948

Terms of Transaction:

Amount:	\$35,000,000
Maturity:	17 years
Collateral:	Deed of Trust on property
Bond Purchasers:	Private Placement
Estimated Closing:	March 2021

Public Benefit:

A total of 64 households will be able to enjoy high quality, independent, affordable housing in the City of Santa Clara for 55 years.

Percent of Restricted Rental Units in the Project: 100%
25% (16 Units) restricted to 30% or less of area median income households; and
20% (13 Units) restricted to 50% or less of area median income households; and
19% (12 Units) restricted to 60% or less of area median income households; and
36% (23 Units) restricted to 80% or less of area median income households.
Unit Mix: Studio, 1-, 2- & 3-bedroom units
Term of Restriction: 55 years

Finance Team:

Lender:	TBD
Bond Counsel:	Jones Hall, APLC
Issuer Counsel:	Jones Hall, APLC
Lender Counsel:	TBD
Borrower Counsel:	Gubb & Barshay, LLP
Financial Advisor:	Novogradac & Company, LLP

Recommendation:

The Executive Director recommends that the CMFA Board of Directors approve an Initial Resolution of \$35,000,000 for Monroe Street Apartments affordable multi-family housing facility located in the City of Santa Clara, Santa Clara County, California.

Note: This transaction is subject to review and final approval at the Final Resolution

*Other Costs: These are costs that are categorized by CDLAC as “Other Costs” they may include the following; Accounting/Reimbursable, Appraisals, Audit Costs, Capital Needs Assessment, Contingency, Demolition & Environmental Remediation, Environmental Audit, Furnishings, Inspections, Insurance, Investor Due Diligence, Local Development Impact Fees, Marketing, Market Study, Operating Reserves, Permit Processing Fees, Prevailing Wage Monitoring, Relocation, Seismic, Syndication Consultants, TCAC App/Allocation/Monitoring Fees.



EAST GARRISON APARTMENTS SUMMARY AND RECOMMENDATIONS

Applicant:	Community Housing Improvement Systems and Planning Association, Inc. (CHISPA)
Action:	Initial Resolution
Amount:	\$25,000,000
Purpose:	Finance Affordable Multi-Family Rental Housing Facility Located in the Unincorporated Community of East Garrison, Monterey County, California
Activity:	Affordable Housing
Meeting:	July 17, 2020

Background:

CHISPA (Community Housing Improvement Systems and Planning Association, Inc.) is the largest private, nonprofit housing developer based in Monterey County. Since its incorporation in 1980, CHISPA has built and renovated 2,268 [single-family homes](#) and apartments for low and moderate-income people in Monterey, San Benito, and Santa Cruz Counties.

CHISPA is a 501(c)(3) nonprofit Community-based Housing Development Organization (CHDO), overseen by a nine-member [Board of Directors](#). The board members have diverse backgrounds and experience in law, agriculture, education, banking, and business. CHISPA manages all its [apartment buildings](#) with its subsidiary management company [CHISPA Housing Management \(CHMI\)](#).

CHISPA offers [onsite educational and recreational programs](#) for the residents in their rental properties. CHISPA provides these through partnerships with local community organizations and individual instructors, including YMCA, Boys and Girls Club of Monterey County, Read to Me Project, Alisal Percussion, Arts Council for Monterey County, and Alliance on Aging.

CHISPA constructs its apartment buildings and homes with its in-house general contracting company Central Coast Residential Builders ([CCRB](#)).

The Project:

The East Garrison Apartments is the new construction of an affordable multifamily housing development located at 21131 Ord Avenue in the community of East Garrison, Monterey County. The project will be made up of 65 affordable family apartments plus 1 unrestricted manager's unit. The complex is located on two parcels separated by townhomes (built by subdivision developer). The project will include a residents' center with kitchen for onsite resident activities, and a computer room. The building is located in a subdivision with 400 single family homes and another affordable apartment building (already built), a fire station, public parks, community center. A library and limited retail will be built later, as will live/work artists residences. About 49% of the apartments in the East Garrison Apartments will be rented to agricultural employees as required by the Joe Serna Farmworker funding in the funding sources. The financing of this project will result in the creation of affordable housing for 65 low-income households in the community of East Garrison for the next 55 years.

The County of Monterey:

The County of Monterey is a member of the CMFA and will be asked to hold a TEFRA hearing. Upon closing, the County is expected to receive approximately \$10,312 as part of the CMFA's sharing of Issuance Fees.

Proposed Financing:

Sources of Funds:	<u>Construction</u>
Tax-Exempt Bonds:	\$ 16,500,000
Taxable Bonds:	\$ 2,114,795
HCD Serna:	\$ 5,477,743
Sponsor Loan – County TIF:	\$ 4,732,492
LIH Tax Credit Equity:	\$ 1,092,900
Deferred Costs:	<u>\$ 2,220,907</u>
Total Sources:	\$ 32,138,837

Uses of Funds:	
Land Cost/ Acquisition:	\$ 3,300,000
New Construction:	\$ 17,539,645
Architectural Fees:	\$ 436,000
Survey & Engineering:	\$ 100,000
Legal Fees:	\$ 90,000
Construction Financing Costs:	\$ 1,538,027
Perm Financing Costs:	\$ 178,210
Reserves & Escrows:	\$ 402,300
Contingency:	\$ 1,327,775
Local Development Impact Fees:	\$ 2,792,115
Other Soft Costs*:	\$ 731,609
Developer Costs:	<u>\$ 3,703,156</u>
Total Uses:	\$ 32,138,837

Terms of Transaction:

Amount:	\$25,000,000
Maturity:	17 years
Collateral:	Deed of Trust on property
Bond Purchasers:	Private Placement
Estimated Closing:	March 2021

Public Benefit:

A total of 65 low-income households will be able to enjoy high-quality, independent, affordable housing in the community of East Garrison for the next 55 years.

Percent of Restricted Rental Units in the Project: 100%
10% (7 Units) restricted to 30% or less of area median income households;
37% (24 Units) restricted to 50% or less of area median income households;
28% (18 Units) restricted to 60% or less of area median income households; and
25% (16 Units) restricted to 80% or less of area median income households.
Unit Mix: 1-, 2- & 3-bedroom units
Term of Restriction: 55 years

Finance Team:

Lender:	TBD
Bond Counsel:	Jones Hall, APLC
Issuer Counsel:	Jones Hall, APLC
Lender Counsel:	TBD
Borrower Counsel:	Gubb & Barshay, LLP
Financial Advisor:	Community Economics, Inc.

Recommendation:

The Executive Director recommends that the CMFA Board of Directors approve an Initial Resolution of \$25,000,000 for the East Garrison Apartments affordable multi-family housing facility located in the unincorporated community of East Garrison, Monterey County, California.

Note: This transaction is subject to review and final approval at the Final Resolution.

*Other Costs: These are costs that are categorized by CDLAC as “Other Costs” they may include the following; Accounting/Reimbursable, Appraisals, Audit Costs, Capital Needs Assessment, Contingency, Demolition & Environmental Remediation, Environmental Audit, Furnishings, Inspections, Insurance, Investor Due Diligence, Local Development Impact Fees, Marketing, Market Study, Operating Reserves, Permit Processing Fees, Prevailing Wage Monitoring, Relocation, Seismic, Syndication Consultants, TCAC App/Allocation/Monitoring Fees.



FIREHOUSE SQUARE APARTMENTS SUMMARY AND RECOMMENDATIONS

Applicant:	MidPen Housing Corporation
Action:	Final Resolution
Amount:	\$50,000,000
Purpose:	Finance Affordable Multi-Family Rental Housing Facility Located in the City of Belmont, San Mateo County, California
Activity:	Affordable Housing
Meeting:	July 17, 2020

Background:

MidPen Housing Corporation ("MidPen") is one of the nation's leading non-profit developers, owners and managers of high-quality affordable housing. MidPen has developed over 100 communities and 6,600 homes for low-income families, seniors and special needs individuals throughout Northern California over the last 40 years.

MidPen's developments are award winning and nationally recognized. MidPen has extensive experience in site acquisition and planning, entitlements, community outreach, design, and construction management. The organization has a solid track record in securing both public and private funding and proven expertise in positioning projects for long-term financial sustainability. In addition, MidPen provides comprehensive on-site services and programs to help residents advance. These services are delivered through the organization's staff and a network of over 300 service provider partners.

The CMFA has facilitated over 15 MidPen Housing Corporation projects.

The Project:

Firehouse Square is located in Belmont on a 0.52-acre site. The project consists of 49 restricted rental units, 16 market rate units and 1 unrestricted manager unit. The project has 18 SRO/Studio units, 12 one-bedroom units, 18 two-bedroom units, 17 three-bedroom units and 1 two-bedroom unit as the manager's unit. Building exterior renovations will consist of an entry lobby, community room, leasing and property management offices. All units at Firehouse Square will be on an accessible path of travel. Ten percent (7) of the units shall provide mobility features complying with CBC chapter 11B and ADA. Bathrooms will have appropriate maneuvering space for a wheelchair, backing for grab bars, and removable base cabinets at the vanities. Accessible kitchens will be designed to accommodate mobility impairments and include features such as easily accessible shelves, counters, appliances and electrical switches. The construction is expected to begin in July 2020 and end in June 2022. This financing will create 49 units of affordable housing for the City of Belmont for the next 55 years.

The City of Belmont:

The City of Belmont is a member of the CMFA and held a TEFRA hearing on December 10, 2019. Upon closing, the City is expected to receive approximately \$14,026 as part of the CMFA's sharing of Issuance Fees.

Proposed Financing:

Sources of Funds:	<u>Construction</u>	<u>Permanent</u>
Tax-Exempt Bond Proceeds:	\$ 29,160,000	\$ 9,718,000
Tranche B Financing:	\$ 0	\$ 10,406,000
Taxable Bond Proceeds:	\$ 12,875,000	\$ 0
LIH Tax Credit Equity:	\$ 0	\$ 29,144,085
Deferred Developer Fee:	\$ 500,000	\$ 500,000
Deferred Costs:	\$ 2,266,343	\$ 0
County of San Mateo:	\$ 6,650,000	\$ 6,650,000
City of Belmont:	\$ 3,000,000	\$ 3,000,000
Accrued Interest on Public Loans:	\$ 379,995	\$ 379,995
Capital Contribution (LP):	\$ 4,966,742	\$ 0
Total Sources:	\$ 59,798,080	\$ 59,798,080

Uses of Funds:

Acquisition/Land Purchase:	\$ 1,075,492
New Construction:	\$ 43,271,795
Contractor Overhead & Profit:	\$ 1,191,049
Architectural:	\$ 1,292,000
Survey & Engineering:	\$ 247,500
Construction Interest & Fees:	\$ 3,429,029
Permanent Financing:	\$ 20,000
Legal Fees:	\$ 45,000
Reserves:	\$ 409,693
Appraisal:	\$ 7,500
Hard Cost Contingency:	\$ 2,528,627

Local Development Impact Fees:	\$ 1,568,286
Other Project Costs*:	\$ 1,712,109
Developer Costs:	<u>\$ 3,000,000</u>
Total Uses:	\$ 59,798,080

Terms of Transaction:

Amount:	\$50,000,000
Maturity:	17 years
Collateral:	Deed of Trust on property
Bond Purchasers:	Private Placement
Estimated Closing:	July 2020

Public Benefit:

A total of 49 low-income households will be able to enjoy high quality, independent, affordable housing in the City of Belmont, California for the next 55 years.

Percent of Restricted Rental Units in the Project: 75%
68% (44 Units) restricted to 50% or less of area median income households; and
8% (5 Units) restricted to 60% or less of area median income households
Unit Mix: Studio, 1-, 2- and 3-bedroom units
Term of Restriction: 55 years

Finance Team:

Lender:	Union Bank
Bond Counsel:	Jones Hall APLC
Issuer Counsel:	Jones Hall APLC
Lender Counsel:	Rutan & Tucker, LLP
Borrower Counsel:	Gubb & Barshay LLP
Financial Advisor:	California Housing Partnership Corporation

Recommendation:

The Executive Director recommends that the CMFA Board of Directors approve a Final Resolution of \$50,000,000 for the Firehouse Square Apartments affordable multi-family housing facility located in the City of Belmont, San Mateo County, California.

*Other Costs: These are costs that are categorized by CDLAC as “Other Costs” they may include the following; Accounting/Reimbursable, Appraisals, Audit Costs, Capital Needs Assessment, Contingency, Demolition & Environmental Remediation, Environmental Audit, Furnishings, Inspections, Insurance, Investor Due Diligence, Local Development Impact Fees, Marketing, Market Study, Operating Reserves, Permit Processing Fees, Prevailing Wage Monitoring, Relocation, Seismic, Syndication Consultants, TCAC App/Allocation/Monitoring Fees.

**The information mandated by California Government Code Section 5852.1, including the true interest cost, finance charge, amount of proceeds received from the sale, and the total payment amount to final maturity is attached to this report.



RIVER CITY SENIOR APARTMENTS SUMMARY AND RECOMMENDATIONS

Applicant:	PEP Housing
Action:	Final Resolution
Amount:	\$25,000,000
Purpose:	Finance Affordable Multi-Family Rental Housing Facility Located in the City of Petaluma, County of Sonoma, California
Activity:	Affordable Housing
Meeting:	July 17, 2020

Background:

The story of PEP Housing began when a group of clergy and civic leaders in Petaluma came together to trouble-shoot a situation that was considered unacceptable. These citizens were appalled to discover that many elderly in their community were living out their senior years in converted garages, storage units, and tents without heat or running water. Their founders began to meet regularly as volunteers, believing that other community volunteers could and would join them in an effort to sponsor and manage housing for low-income seniors living on limited, fixed incomes. In 1978, Petaluma Ecumenical Properties was established. As a result of their efforts way back then, the organization now known as PEP Housing has developed and manages 17 affordable housing properties with 473 apartments accommodating 500 low-income seniors, with several more properties in development.

PEP Housing development staff is constantly on the lookout for opportunities to develop new affordable housing projects. Their goal is to bring quality affordable housing to other communities that can benefit from our successful affordable housing model and maintaining the lowest rental rates in the North Bay. Toward this end, PEP Housing has expanded their development projects into other parts of the Northern California as project opportunities have come forward due to our growing reputation as an industry leader in development of service-enriched housing for seniors.

The Project:

River City Senior Apartments is a new construction project located in Petaluma on a 1.31-acre site. The project consists of 53 restricted rental units and 1 unrestricted manager unit. The project will have 53 one-bedroom units and 1 two-bedroom unit. The buildings will be two- and three-stories. Common amenities include a community room, a kitchen, a group room, a wellness center, a computer room, offices, storage, a community garden, picnic area and a dog run. Each unit will have blinds, carpet, ceiling fan, storage closet, coat closet, patio/balcony, refrigerator, stove/oven, disposal and microwave. There will be 41 parking spaces provided. The project will be pursuing GreenPoint Rated Program. The construction is expected to begin in August 2020 and be completed in January 2022. The financing of this project will result in the creation of affordable housing for 53 low income households in the City of Petaluma for the next 55 years.

The City of Petaluma:

The City of Petaluma is a member of the CMFA and held a TEFRA hearing on December 2, 2019. Upon closing, the City is expected to receive approximately \$12,586 as part of the CMFA's sharing of Issuance Fees.

Proposed Financing:

Sources of Funds:	<u>Construction</u>	<u>Permanent</u>
Tax-Exempt Bond:	\$ 16,455,142	\$ 4,683,000
Taxable Bond Proceeds:	\$ 3,477,173	\$ 0
LIH Tax Credit Equity:	\$ 0	\$ 17,071,738
County of Sonoma Housing Fund:	\$ 0	\$ 600,000
Deferred Developer Fee:	\$ 2,267,072	\$ 2,267,072
Deferred Costs:	\$ 373,315	\$ 0
City of Petaluma:	\$ 1,500,000	\$ 1,500,000
City of Petaluma Land Loan:	\$ 1,300,000	\$ 1,300,000
PEP Sponsor Loan (City of Petaluma):	\$ 108,000	\$ 108,000
PEP Sponsor Loan (Home Depot):	\$ 250,000	\$ 250,000
GP Contributions:	\$ 100	\$ 100
LP Contributions:	\$ 3,024,108	\$ 0
County HEAP Loan:	\$ 0	\$ 975,000
Total Sources:	\$ 28,754,910	\$ 28,754,910

Uses of Funds:

Land Acquisition:	\$ 1,794,625
New Construction:	\$ 17,843,772
Contractor Overhead & Profit:	\$ 726,969
Architectural & Engineering:	\$ 675,000
Survey and Engineering:	\$ 482,000
Construction Interest & Fees:	\$ 1,670,554
Permanent Financing:	\$ 104,330
Legal & Professional:	\$ 75,500
Reserves:	\$ 165,183
Appraisal:	\$ 10,500

Hard Cost Contingency:	\$ 948,268
Local Development Impact Fees:	\$ 610,532
Other Costs*:	\$ 512,113
Developer Costs:	\$ <u>3,135,564</u>
Total Uses:	\$ 28,754,910

Terms of Transaction:

Amount:	\$25,000,000
Maturity:	17 years
Collateral:	Deed of Trust on property
Bond Purchasers:	Private Placement
Estimated Closing:	August 2020

Public Benefit:

A total of 53 low income households will be able to enjoy high quality, independent, affordable housing in the City of Petaluma for the next 55 years.

Percent of Restricted Rental Units in the Project: 100%
 100% (53 Units) restricted to 50% or less of area median income households.
 Unit Mix: 1- & 2-bedroom units
 Term of Restriction: 55 years

Finance Team:

Lender:	Silicon Valley Bank
Bond Counsel:	Jones Hall, APLC
Issuer Counsel:	Jones Hall, APLC
Lender Counsel:	Sheppard Mullin Richter & Hampton LLP
Borrower Counsel:	Gubb & Barshay LLP
Financial Advisor:	California Housing Partnership Corporation

Recommendation:

The Executive Director recommends that the CMFA Board of Directors approve a Final Resolution of \$25,000,000 for the River City Senior Apartments affordable multi-family housing facility located in the City of Petaluma, Sonoma County, California.

*Other Costs: These are costs that are categorized by CDLAC as “Other Costs” they may include the following; Accounting/Reimbursable, Appraisals, Audit Costs, Capital Needs Assessment, Contingency, Demolition & Environmental Remediation, Environmental Audit, Furnishings, Inspections, Insurance, Investor Due Diligence, Local Development Impact Fees, Marketing, Market Study, Operating Reserves, Permit Processing Fees, Prevailing Wage Monitoring, Relocation, Seismic, Syndication Consultants, TCAC App/Allocation/Monitoring Fees.

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CINNAMON VILLAS II APARTMENTS SUMMARY AND RECOMMENDATIONS

Applicant:	Pacific West Communities, Inc.
Action:	Final Resolution
Amount:	\$7,500,000
Purpose:	Finance an Affordable Multi-Family Rental Housing Facility Located in the City of Lemoore, Kings County, California
Activity:	Affordable Housing
Meeting:	July 17, 2020

Background:

Pacific West Communities, Inc. ("PWC") was formed as a real estate development and financing firm, specializing in the construction and rehabilitation of affordable workforce housing throughout the western United States. With a particular emphasis on the use of the affordable housing tax credit, PWC and its related companies develop multi-family and senior citizen housing in the states of California, Arizona, New Mexico, Utah, Oregon, Montana, Idaho, Nevada, Colorado, Washington, and Wyoming. Currently PWC owns and operates approximately 130 developments with over 7,300 units of affordable housing.

The CMFA has facilitated over ten Pacific West Communities projects.

The Project:

Cinnamon Villas II Apartments is a new construction project located in Lemoore on a 1.88-acre site. The project consists of 27 restricted rental units and 1 unrestricted manager unit. The project will have 24 one-bedroom units and 4 two-bedroom units. There will be four (4) single story buildings. Common amenities include a management office, a maintenance room, a computer learning center, an exercise room and a community room with a communal kitchen. Each unit will have a refrigerator, range/oven, dishwasher, garbage disposal, patio with storage space, washer/dryer hook-ups and exhaust fans. The construction is expected to begin in August 2020 and be completed in August 2021. The financing of this project will result in the creation of affordable housing for 27 households in the City of Lemoore for the next 55 years.

The City of Lemoore:

The City of Lemoore is a member of the CMFA and held a TEFRA hearing on October 15, 2019. Upon closing, the City is expected to receive up to \$2,687 as part of the CMFA's sharing of Issuance Fees.

Proposed Financing:

Sources of Funds:	<u>Construction</u>	<u>Permanent</u>
Tax-Exempt Bond Proceeds:	\$ 4,300,000	\$ 1,000,000
LIH Tax Credit Equity:	\$ 372,765	\$ 1,762,470
Deferred Developer Fee:	\$ 757,279	\$ 250,000
Deferred Costs:	\$ 59,426	\$ 0
Seller Carryback Loan:	\$ 377,000	\$ 377,000
HCD HOME Loan:	\$ 324,051	\$ 2,301,051
City of Lemoore Loan (Fee Deferral Loan):	\$ 230,200	\$ 230,200
HA of Tulare County (Capital Funds Loan):	\$ 0	\$ 500,000
Total Sources:	\$ 6,420,721	\$ 6,420,721

Uses of Funds:	
Acquisition/Land Purchase:	\$ 382,000
New Construction:	\$ 3,335,124
Contractor Overhead & Profit:	\$ 249,595
Architectural:	\$ 250,000
Survey & Engineering:	\$ 145,000
Construction Interest and Fees:	\$ 302,000
Permanent Financing and Fees:	\$ 105,000
Legal Fees:	\$ 50,000
Reserves:	\$ 59,426
Appraisal:	\$ 10,000
Hard Cost Contingency:	\$ 178,000
Local Development Impact Fees:	\$ 333,807
Other Soft Costs (Marketing, etc.) *:	\$ 263,490
Developer Costs	\$ 757,279
Total Uses:	\$ 6,420,721

Terms of Transaction:

Amount:	\$7,500,000
Maturity:	17 years
Collateral:	Deed of Trust on property
Bond Purchasers:	Private Placement
Estimated Closing:	August 2020

Public Benefit:

The construction of this project will create high quality affordable housing for 27 low-income households in the City of Lemoore for an additional 55 years.

Percent of Restricted Rental Units in the Project: 100%
22% (6 Units) restricted to 50% or less of area median income households; and
78% (21 Units) restricted to 60% or less of area median income households.
Unit Mix: 1- and 2-bedroom units
Term of Restriction: 55 years

Finance Team:

Lender:	California Bank & Trust
Bond Counsel:	Orrick, Herrington & Sutcliffe LLP
Issuer Counsel:	Jones Hall, APLC
Lender Counsel:	Sheppard Mullin Richter & Hampton LLP
Borrower Counsel:	Clayton McReynolds
Financial Advisor:	Miller Housing Advisors

Recommendation:

The Executive Director recommends that the CMFA Board of Directors approve a Final Resolution of \$7,500,000 for the Cinnamon Villas II Apartments affordable housing project located in the City of Lemoore, Kings County, California.

*Other Costs: These are costs that are categorized by CDLAC as “Other Costs” they may include the following; Accounting/Reimbursable, Appraisals, Audit Costs, Capital Needs Assessment, Contingency, Demolition & Environmental Remediation, Environmental Audit, Furnishings, Inspections, Insurance, Investor Due Diligence, Local Development Impact Fees, Marketing, Market Study, Operating Reserves, Permit Processing Fees, Prevailing Wage Monitoring, Relocation, Seismic, Syndication Consultants, TCAC App/Allocation/Monitoring Fees.

**The information mandated by California Government Code Section 5852.1, including the true interest cost, finance charge, amount of proceeds received from the sale, and the total payment amount to final maturity is attached to this report.



ROSEFIELD VILLAGE APARTMENTS SUMMARY AND RECOMMENDATIONS

Applicant:	Housing Authority of the City of Alameda
Action:	Final Resolution
Amount:	\$42,000,000
Purpose:	Finance Affordable Multi-Family Rental Housing Facility Located in the City of Alameda, Alameda County, California
Activity:	Affordable Housing
Meeting:	July 17, 2020

Background:

Created in 1940 to meet the housing needs of lower income households within the City, the Housing Authority of the City of Alameda (AHA) serves over 4,000 persons today, including the households who live in the 934 affordable units owned, operated or controlled by AHA.

AHA manages the Section 8 voucher program within the City of Alameda as well as a number of other housing programs on behalf of the City of Alameda, including CDBG and HOME programs.

The section 8 program is an important partnership between private landlords and AHA to provide housing affordability and stability for families, including seniors and persons living with disabilities.

The Project:

Rosefield Village is a new construction project located in Alameda on a 2.4-acre site. The project consists of 82 restricted rental units, 9 market rate units and 1 unrestricted manager unit. The project will have 7 SRO/Studio units, 36 one-bedroom units, 26 two- bedroom units and 23 three-bedroom units. Common amenities include a community room, outdoor play area, 73 on-site open parking stalls and 78 bike parking spaces. The project will provide solar-hot water heating system to help offset water heating costs. Each unit will have upgraded kitchen and bathroom fixtures such as countertops, cabinets, sinks, refrigerators, stoves, toilets, bathtubs, and flooring. The construction is expected to begin July 2020 and be completed in June 2022. This financing will create 82 units of affordable housing for the City of Alameda for the next 55 years.

The City of Alameda:

The City of Alameda is a member of the CMFA and held a TEFRA hearing on December 17, 2019. Upon closing, the City is expected to receive approximately \$15,987 as part of the CMFA's sharing of Issuance Fees.

Proposed Financing:

Sources of Funds:	<u>Construction</u>	<u>Permanent</u>
Tax-Exempt Bond Proceeds:	\$ 40,927,500	\$ 5,702,200
Tranche B Financing:	\$ 0	\$ 5,273,700
LIH Tax Credit Equity:	\$ 0	\$ 24,827,932
Investor Equity:	\$ 2,500,000	\$ 1,500,000
Deferred Developer Fee:	\$ 0	\$ 1,500,000
Seller Carryback Loan:	\$ 16,591,431	\$ 16,591,431
Existing CDBG Loan:	\$ 618,569	\$ 618,569
Alameda County Measure A1 Loan:	\$ 8,093,414	\$ 8,093,414
City Fee Waivers:	\$ 1,000,000	\$ 1,000,000
City HOME Loan:	\$ 391,680	\$ 391,680
AHA Loan of AUDS:	<u>\$ 600,000</u>	<u>\$ 10,650,689</u>
Total Sources:	\$ 70,722,594	\$ 76,149,615

Uses of Funds:

Acquisition/Land Purchase:	\$ 18,275,451
Rehabilitation:	\$ 1,469,000
Relocation:	\$ 250,000
New Construction:	\$ 34,951,056
Contractor Overhead & Profit:	\$ 2,525,794
Architectural:	\$ 1,900,000
Survey & Engineering:	\$ 320,000
Construction Interest & Fees:	\$ 3,723,234
Permanent Financing:	\$ 114,759
Legal Fees:	\$ 190,000
Reserves:	\$ 973,701
Appraisal:	\$ 20,000
Hard Cost Contingency:	\$ 4,144,035

Local Development Impact Fees:	\$ 1,000,000
Other Project Costs*:	\$ 1,292,586
Developer Costs:	<u>\$ 5,000,000</u>
Total Uses:	\$ 76,149,616

Terms of Transaction:

Amount:	\$42,000,000
Maturity:	17 years
Collateral:	Deed of Trust on property
Bond Purchasers:	Private Placement
Estimated Closing:	August 2020

Public Benefit:

A total of 82 low-income households will be able to enjoy high quality, independent, affordable housing in the City of Alameda, California for the next 55 years.

Percent of Restricted Rental Units in the Project: 90%
 57% (52 Units) restricted to 50% or less of area median income households; and
 33% (30 Units) restricted to 60% or less of area median income households
 Unit Mix: Studio, 1-, 2- and 3-bedroom units
 Term of Restriction: 55 years

Finance Team:

Lender:	Bank of America, N.A.
Bond Counsel:	Orrick Herrington & Sutcliffe LLP
Issuer Counsel:	Jones Hall APLC
Lender Counsel:	Buchalter, APC
Borrower Counsel:	Carle Mackie Power & Ross
Financial Advisor:	Community Economics, Inc.

Recommendation:

The Executive Director recommends that the CMFA Board of Directors approve a Final Resolution of \$42,000,000 for the Rosefield Village Apartments affordable multi-family housing facility located in the City of Alameda, Alameda County, California.

*Other Costs: These are costs that are categorized by CDLAC as “Other Costs” they may include the following; Accounting/Reimbursable, Appraisals, Audit Costs, Capital Needs Assessment, Contingency, Demolition & Environmental Remediation, Environmental Audit, Furnishings, Inspections, Insurance, Investor Due Diligence, Local Development Impact Fees, Marketing, Market Study, Operating Reserves, Permit Processing Fees, Prevailing Wage Monitoring, Relocation, Seismic, Syndication Consultants, TCAC App/Allocation/Monitoring Fees.

**The information mandated by California Government Code Section 5852.1, including the true interest cost, finance charge, amount of proceeds received from the sale, and the total payment amount to final maturity is attached to this report.



SUGAR PINE VILLAGE APARTMENTS SUMMARY AND RECOMMENDATIONS

Applicant:	Self-Help Enterprises
Action:	Final Resolution
Amount:	\$20,000,000
Purpose:	Finance Affordable Multi-Family Rental Housing Facilities Located in the City of Madera, Madera County, California
Activity:	Affordable Housing
Meeting:	July 17, 2020

Background:

Self-Help Enterprises (“SHE”) is a private, non-profit, 501(c)(3) tax exempt corporation established under the laws of the State of California in order to improve the living conditions and community standards of low-income families in an eight-county rural area of California’s San Joaquin Valley. The primary emphasis of the organization has continuously been the creation of new affordable housing opportunities and the preservation and improvement of existing housing.

SHE has completed construction on over 6,200 new single-family homes. These homes were all built under the mutual self-help method of construction with homeowners providing over 70 percent of construction labor requirements. SHE located or developed the lots, assisted families in obtaining affordable financing, and provided technical resources and construction supervision during construction of these new homes. The first program of its kind, SHE has, in its 51-year history, served as a prototype for dozens of similar programs scattered throughout the rural United States.

SHE has rehabilitated over 6,361 homes in low-income neighborhoods in the eight-county area of the San Joaquin Valley. A key element of SHE efforts in this area has been the assistance to local communities in competing for scarce resources and successfully implementing rehabilitation programs. SHE has developed and operates 1,347 rental housing units. SHE has also assisted numerous Housing Authorities and other entities in the development of multi-family housing units in the eight-county service area. SHE owns and operates all of the rental units long-term and provides on-site resident services such as computer training, after school program, Zumba and obesity prevention services, and other community-based programs designed to empower residents to be healthy and financially secure.

In addition to housing SHE, has assisted in the development of over 600 water and wastewater projects, providing over 29,845 families with potable drinking water and clean, non-hazardous wastewater systems. SHE has assisted numerous communities in the creation and management of local community districts that maintain these public facilities in accordance with public health regulations.

The Project:

Sugar Pine Village Apartments is a new construction project located in Madera on a 3.54-acre site. The project consists of 51 restricted rental units and 1 unrestricted manager unit. The project will have 20 one-bedroom units, 16 two-bedroom units and 16 three-bedroom units. The building will be a combination of 3 two-story buildings and 1 three-story building constructed of wood frame construction. Common amenities include a large community room, laundry facilities and leasing office. Each unit will have washer and dryer hookups, dishwasher, refrigerator, garbage disposal and central heating and air. There will be 98 parking spaces provided. The construction is expected to begin August 2020 and will be completed in October 2021. This financing will create 51 units of affordable housing in the City of Madera for the next 55 years.

The City of Madera:

The City of Madera is a member of the CMFA and held a TEFRA hearing on December 18, 2019. Upon closing, the City is expected to receive approximately \$10,625 as part of the CMFA's sharing of Issuance Fees.

Proposed Financing:

Sources of Funds:	<u>Construction</u>	<u>Permanent</u>
Tax-Exempt Bond Proceeds:	\$ 11,400,000	\$ 0
Taxable Bond Proceeds:	\$ 6,432,920	\$ 0
LIH Tax Credit Equity:	\$ 926,669	\$ 10,571,696
Deferred Developer Fee:	\$ 459,429	\$ 459,429
Deferred Costs:	\$ 1,069,789	\$ 0
Seller Carryback Loan:	\$ 250,000	\$ 250,000
MHSA Capital Funds Madera County:	\$ 310,000	\$ 310,000
Madera County (NPLH TA):	\$ 75,000	\$ 75,000
AHP:	\$ 0	\$ 520,000
MHP Loan:	\$ 0	\$ 6,259,193
NPLH Competitive:	\$ 0	\$ 2,078,489
NPLH Noncompetitive:	\$ 0	\$ 400,000
Total Sources:	\$ 20,923,807	\$ 20,923,807

Uses of Funds:

Acquisition/Land Purchase:	\$ 1,005,275
New Construction:	\$ 13,240,000
Architectural Fees:	\$ 500,000
Survey and Engineering:	\$ 100,000
Construction Interest and Fees:	\$ 1,278,033
Permanent Financing:	\$ 25,000
Legal Fees:	\$ 25,000
Reserves:	\$ 250,577

Appraisal:	\$ 10,000
Hard Cost Contingency:	\$ 1,394,000
Local Development Impact Fees:	\$ 351,289
Other Soft Costs:	\$ 434,633
Developer Costs:	\$ 2,310,000
Total Uses:	\$ 20,923,807

Terms of Transaction:

Amount:	\$20,000,000
Maturity:	17 years
Collateral:	Deed of Trust on property
Bond Purchasers:	Private Placement
Estimated Closing:	August 2020

Public Benefit:

A total of 51 households will to be able to enjoy high quality, independent, affordable housing in the City of Madera, California for the next 55 years.

Percent of Restricted Rental Units in the Project: 100%
80% (41 Units) restricted to 50% or less of area median income households; and
20% (10 Units) restricted to 60% or less of area median income households.
Unit Mix: 1-, 2- & 3-bedroom units
Term of Restriction: 55 years

Finance Team:

Lender:	US Bank
Bond Counsel:	Jones Hall APLC
Issuer Counsel:	Jones Hall APLC
Lender Counsel:	Kutak Rock, LLP
Borrower Counsel:	Gubb and Barshay, LLP
Financial Advisor:	California Housing Partnership Corporation

Recommendation:

The Executive Director recommends that the CMFA Board of Directors approve a Final Resolution of \$20,000,000 for Sugar Pine Village Apartments affordable multi-family housing facility located in the City of Madera, Madera County, California.

*Other Costs: These are costs that are categorized by CDLAC as “Other Costs” they may include the following; Accounting/Reimbursable, Appraisals, Audit Costs, Capital Needs Assessment, Contingency, Demolition & Environmental Remediation, Environmental Audit, Furnishings, Inspections, Insurance, Investor Due Diligence, Local Development Impact Fees, Marketing, Market Study, Operating Reserves, Permit Processing Fees, Prevailing Wage Monitoring, Relocation, Seismic, Syndication Consultants, TCAC App/Allocation/Monitoring Fees.

**The information mandated by California Government Code Section 5852.1, including the true interest cost, finance charge, amount of proceeds received from the sale, and the total payment amount to final maturity is attached to this report.



WINDSOR POINTE APARTMENTS SUMMARY AND RECOMMENDATIONS

Applicant:	Affirmed Housing Group
Action:	Final Resolution
Amount:	\$16,000,000
Purpose:	Finance Affordable Multi-Family Rental Housing Facility Located in the City of Carlsbad, County of San Diego, California
Activity:	Affordable Housing
Meeting:	July 17, 2020

Background:

The Affirmed Housing Group (“Affirmed”) is a Southern California based affordable housing developer specializing in tax-credit and tax-exempt bond financed multi-family and single-family developments. Areas of expertise include site selection, engineering, architecture, construction, relocation, and marketing. They have extensive knowledge in public finance, low-income housing tax credit acquisition and tax-exempt bond financing. Through collaboration with civic leaders and private sector financial partners, Affirmed Housing Group is dedicated to improving and sustaining the viability of California communities through the development of well-designed and professionally managed affordable housing.

Founded in 1992, Affirmed has successfully developed 42 communities with over 3,000 affordable rental and for sale apartments and homes. The Affirmed pipeline of projects currently includes over 500 apartments, each at various stages of development. Affordable housing developments include new construction and rehabilitation of senior, special needs, and family rentals. With extensive knowledge in public & private finance, Affirmed is highly skilled and innovative in development funding.

With over 25 years of successful development experience, Affirmed Housing has proven relationships with lenders and investors. In an industry requiring expertise in specialized financing, Affirmed has effectively utilized creative sources to finance their award winning communities. Sources have included bank, equity, local, state, and federal funding.

The Project:

The Windsor Pointe project, affordable housing for veterans, is located in the City of Carlsbad. The project will be a new construction of a 50-unit multi-family residential project. Windsor Pointe will provide 48 affordable residences for veterans and their families with incomes of 50%-60% of the Area Median Income. A portion of these units will be reserved for No Place Like Home (NPLH), to house chronically homeless individuals with serious mental illness. The 24 NPLH home units will be dispersed evenly throughout the project's two sites and buildings, which are less than ½ mile apart. The first site is located at 965-967 Oak Avenue and the second is located at 3606-3618 and 3630 Harding Street. The building located on Oak Avenue will contain 24 residences and the building located on Harding will contain 26 residences. Both buildings will be two stories over a one-story parking garage and will contain a property management office, case management offices and a community room. Each building will be designed in the Santa Barbara style of architecture in keeping with the context of the surrounding Village. The sustainable design will feature the latest energy-saving and water-wise technologies and best practices. The combined square footage of the buildings is approximately 60,000 SF. Residents at Windsor Pointe will have access to dedicated on-site services, specifically geared toward their particular needs. This includes services intended to improve housing retention, health, education and employment/career opportunities. The financing of this project will result in the creation of 48 affordable apartments for the next 55 years in the City of Carlsbad.

The County of San Diego:

The County of San Diego is a member of the CMFA and held a TEFRA hearing on January 14, 2020. Upon closing, the City is expected to receive approximately \$9,449 as part of the CMFA's sharing of Issuance Fees.

Proposed Financing:

Sources of Funds:	<u>Construction</u>	<u>Permanent</u>
Tax-Exempt Bond Proceeds:	\$ 15,202,647	\$ 0
LIH Tax Credit Equity:	\$ 9,950,175	\$ 14,214,536
Deferred Costs:	\$ 4,170,105	\$ 0
No Place Like Home COSR:	\$ 0	\$ 4,875,000
Carlsbad Commitment #1 Loan:	\$ 3,825,000	\$ 4,250,000
Carlsbad Commitment #2 Loan:	\$ 0	\$ 4,543,392
No Place Like Home Loan:	\$ 0	\$ 5,265,000
Total Sources:	\$ 33,147,927	\$ 33,147,928

Uses of Funds:

Acquisition/Land Purchase:	\$ 4,345,791
Relocation:	\$ 331,000
New Construction:	\$ 14,596,752
Contractor Overhead & Profit:	\$ 350,000
Architectural:	\$ 700,000
Survey & Engineering:	\$ 250,000
Construction Interest & Fees:	\$ 1,085,000
Permanent Financing:	\$ 505,438
Legal Fees:	\$ 185,000

Reserves:	\$ 5,679,000
Appraisal:	\$ 15,000
Hard Cost Contingency:	\$ 1,053,000
Local Development Impact Fees:	\$ 750,000
Other Project Costs*:	\$ 801,947
Developer Costs:	\$ 2,500,000
Total Uses:	\$ 33,147,928

Terms of Transaction:

Amount:	\$16,000,000
Maturity:	17 years
Collateral:	Deed of Trust on property
Bond Purchasers:	Private Placement
Estimated Closing:	October 2020

Public Benefit:

A total of 48 households will be able to enjoy high quality, independent, affordable housing in the City of Carlsbad, California for the next 55 years. There will be 24 units reserved for the chronically homeless and those with mental illness.

Percent of Restricted Rental Units in the Project: 100%
60% (29 Units) restricted to 50% or less of area median income households; and
40% (19 Units) restricted to 60% or less of area median income households.
Unit Mix: Studio, 1-, 2- and 3-bedroom units
Term of Restriction: 55 years

Finance Team:

Lender:	Bank of the West
Bond Counsel:	Jones Hall, APLC
Issuer Counsel:	Jones Hall, APLC
Lender Counsel:	Norris George & Ostrow PLLC
Borrower Counsel:	Katten Muchin Rosenman LLP

Recommendation:

The Executive Director recommends that the CMFA Board of Directors approve a Final Resolution of \$16,000,000 for Windsor Pointe Apartments affordable multi-family housing facility located in the City of Carlsbad, San Diego County, California.

*Other Costs: These are costs that are categorized by CDLAC as “Other Costs” they may include the following; Accounting/Reimbursable, Appraisals, Audit Costs, Capital Needs Assessment, Contingency, Demolition & Environmental Remediation, Environmental Audit, Furnishings, Inspections, Insurance, Investor Due Diligence, Local Development Impact Fees, Marketing, Market Study, Operating Reserves, Permit Processing Fees, Prevailing Wage Monitoring, Relocation, Seismic, Syndication Consultants, TCAC App/Allocation/Monitoring Fees.

**The information mandated by California Government Code Section 5852.1, including the true interest cost, finance charge, amount of proceeds received from the sale, and the total payment amount to final maturity is attached to this report.



ONELEGACY SUMMARY AND RECOMMENDATIONS

Applicant:	OneLegacy and OneLegacy Foundation
Action:	Final Resolution
Amount:	\$55,000,000
Purpose:	Finance and refinance the Acquisition and Construction of a Health Facility Located in the City of Azusa, Los Angeles County, California
Activity:	Health Facility
Meeting:	July 17, 2020

Background:

The OneLegacy Foundation was created in 2011 to support the Mission of OneLegacy, the nation's largest organ, eye, and tissue recovery organization and trusted steward of the donation process. Donation is a rare and precious event, and the process is emotional and complex. Every chance to donate life requires sensitivity, skill, science and a spirit of service. The OneLegacy Foundation's focus is to educate and inspire people to take action in support of living and deceased donation. OneLegacy's Mission is to save and heal lives by inspiring and advancing donation and transplantation through research, public education and honoring donors whose legacies live on. The strive to have more people receiving successful, organ, eye and tissue transplants in a shorter time and honoring donors whose gifts make this possible. Every endeavor of the Foundation is based on integrity, fiscal responsibility, fairness, transparency, compassion, sensitivity, respect and the dignity of the donor. OneLegacy's nearly 340 employees provide the complete range of services required to effectively recover donated organs, corneas and tissues, to support donor families, and to inspire their diverse communities to Donate Life.

The Project:

The proceeds of the Bonds will be lent to OneLegacy for: (a) acquiring, improving, equipping, installing and furnishing (i) an approximately 98,144 square foot healthcare facility located on a 133,814 square foot parcel of land at 1303 Optical Drive, Azusa, California 91702 (the "Property") and (ii) additional improvements to the Property and appurtenant infrastructure (collectively, the "Facilities") and (b) paying certain financing costs and costs of issuance in

connection with such financing (collectively, the “Project”), such Project being owned and operated by the Borrowers and located in the City of Azusa, California.

The City of Azusa:

The City of Azusa is a member of the CMFA and held a TEFRA hearing on June 15, 2020. Upon closing, the City is expected to receive approximately \$14,166 as part of the CMFA’s sharing of Issuance Fees.

Proposed Financing:

Sources of Funds:

Tax-Exempt Bonds:	\$ 55,000,000
Equity:	<u>\$ 26,600,000</u>
Total Sources:	\$ 81,600,000

Uses of Funds:

Building Acquisition:	\$ 39,000,000
Rehabilitation:	\$ 32,500,000
New Construction:	\$ 1,200,000
New Machinery/ Equipment:	\$ 6,400,000
Architectural & Engineering:	\$ 900,000
Costs of Issuance:	<u>\$ 1,600,000</u>
Total Uses:	\$ 81,600,000

Terms of Transaction:

Amount:	\$55,000,000
Maturity:	30 Years
Collateral:	Deed of Trust on Property
Bond Purchasers:	Private Placement
Estimated Closing:	August 2020

Public Benefit:

The OneLegacy Corporation and Foundation focuses on activities that result in obtaining organs, eyes and tissues from deceased persons and making them available to be transplanted to recipient patients, resulting in savings lives and improving lives of the recipients. In addition, the applicant will employ 300 people at the site, contributing to the local economy of the City of Azusa.

Finance Team:

Lender:	First Republic Bank
Special Tax Counsel:	Kutak Rock, LLP
Issuer Counsel:	Jones Hall APLC
Lender Counsel:	Kutak Rock, LLP
Borrower Counsel:	McDougal Love Boehmer Foley Lyon & Canlas
Financial Advisor:	G.L. Hicks, LLC

Recommendation:

The Executive Director recommends that the CMFA Board of Directors approve a Final Resolution authorizing the issuance of tax exempt loans in an aggregate principal amount not to exceed \$55,000,000 for the OneLegacy project located in the City of Azusa, County of Los Angeles, California.

*The information mandated by California Government Code Section 5852.1, including the true interest cost, finance charge, amount of proceeds received from the sale, and the total payment amount to final maturity is attached to this report.



WEST COUNTY HEALTH CENTERS SUMMARY AND RECOMMENDATIONS

Applicant:	West County Health Centers
Action:	Final Resolution
Amount:	\$9,500,000
Purpose:	Finance and refinance the Acquisition and Construction of a Health Facility Located in the Unincorporated Community of Guerneville, Sonoma County, California
Activity:	Health Facility
Meeting:	July 17, 2020

Background:

West County Health Centers, Inc. is a private, non-profit Federally Qualified Health Center, receiving Section 330 grant funding from the federal government to provide quality health services to the whole community, regardless of ability to pay. They strive to provide a medical home for patients, ensuring that they experience continuity of care and have a secure place to come for all of their healthcare needs. West County Health Centers expert team of professionals helps patients successfully manage and integrate wellness practices into their daily lives. West County Health Center is governed by a dedicated consumer and community led Board of Directors.

West County Health Centers offers full scope primary medical, and dental care as well as mental health services. Their HIV/AIDS primary care program is one of the original grantees for Ryan White Title III funds.

West County Health Centers' highly qualified health care team consists of physicians, mid-level providers (Family Nurse Practitioners and Physician Assistants), dentists, psychotherapists, and nurses, and are supported by medical and dental assistants, outreach workers, and administrative staff. All of their employees are committed to providing compassionate and accessible care for all members of their diverse community. Many of their staff members are bilingual in several languages, including Spanish and Vietnamese.

The Project:

The proceeds of the Bonds will be lent to West County Health Centers, a nonprofit public benefit corporation. The funds will be used for the construction and equipping of their healthcare facility that was struck by the 2015 Northern California fires. The Project will be located in the unincorporated community of Guerneville at 16375 1st Street, Guerneville, CA 95446. The project will be owned and operated by the corporation.

The County of Sonoma:

The County of Sonoma is a member of the CMFA and will hold a TEFRA hearing on August 11, 2020. Upon closing, the County is expected to receive approximately \$6,333 as part of the CMFA's sharing of Issuance Fees.

Proposed Financing:

Sources of Funds:

Tax-Exempt Bonds:	\$ 9,500,000
Equity:	<u>\$ 4,773,000</u>
Total Sources:	\$ 14,273,000

Uses of Funds:

Land Acquisition:	\$ 704,000
Project Permits:	\$ 393,970
Site Work, Landscaping, Staging:	\$ 184,587
New Construction:	\$ 10,153,917
New Equipment:	\$ 931,915
Architectural & Engineering:	\$ 1,058,719
Legal & Professional:	\$ 257,660
Contingency:	<u>\$ 588,232</u>
Total Uses:	\$ 14,273,000

Terms of Transaction:

Amount:	\$9,500,000
Maturity:	30 Years
Bond Rating:	Standard & Poor's AA- (based on CalMortgage)
Credit Enhancement:	CalMortgage
Collateral:	CalMortgage, Deed of Trust
Bond Purchasers:	Institutional & Retail Investors
Estimated Closing:	August 2020

Public Benefit:

West County Health Centers deliver health care to an important cross-section of the community including elementary age children whose parents cannot otherwise afford the medical care needed to keep them healthy and active in schools; those who are not accepted elsewhere due to HIV/AIDS, homelessness, mental illness or addiction; those in the community who lack the financial resources to pay for quality health care, as well as many others.

Finance Team:

Underwriter:	Municipal Capital Markets Group, Inc.
Bond Counsel:	Quint & Thimmig, LLP
Issuer Counsel:	Jones Hall APLC
Underwriter Counsel:	McCarter & English, LLP
Borrower Counsel:	TBD
Credit Enhancement Provider:	Office of Statewide Health Planning and Development (Cal-Mortgage)
Trustee:	Zions Bancorporation, National Association

Recommendation:

The Executive Director recommends that the CMFA Board of Directors approve a Final Resolution of 9,500,000 for the West County Health Centers project located in the Unincorporated Community of Guerneville, County of Sonoma, California.

*The information mandated by California Government Code Section 5852.1, including the true interest cost, finance charge, amount of proceeds received from the sale, and the total payment amount to final maturity is attached to this report.



THE ZOOLOGICAL SOCIETY OF SAN DIEGO SUMMARY AND RECOMMENDATIONS

Applicant:	Zoological Society of San Diego
Action:	Final Resolution
Amount:	\$35,000,000
Purpose:	Refinance the Construction, Improvement and Equipping of Wild Animal Park and Related Facilities Located in the City of Escondido, San Diego County, California
Activity:	Wild Animal Park
Meeting:	July 17, 2020

Background:

The Zoological Society of San Diego is a non-profit organization that operates the San Diego Zoo, the San Diego Zoo Safari Park, and the Institute for Conservation Research. It was founded in 1916 under the leadership of Dr. Harry M. Wegeforth.

The Zoological Society of San Diego claims the largest zoological society membership in the world, with more than 250,000 member households and 130,000 child memberships, representing more than a half million people. Society members enjoy free admission to the Zoo and the Safari Park, a subscription to the monthly magazine ZOONOOZ, and other benefits depending on their level of membership.

The 100-acre Zoo is home to over 4,000 rare and endangered animals representing more than 800 species and subspecies. The Safari Park is an expansive wildlife sanctuary that is home to more than 3,500 animals representing more than 400 species. The Institute, the world's largest zoo-based conservation research division, is dedicated to preserving and protecting rare and endangered wildlife and habitats. Through their science and curatorial efforts, they have reintroduced many species back to their native rangelands. The education programs at the Zoo and Park reach more than 425,000 school children every year.

The Project:

The Zoological Society of San Diego wishes to refinance existing debt, the proceeds of which were applied by the Borrower to finance the acquisition, construction, improvement, furnishing and equipping of an internal visitor transportation system, a Monorail Replacement Program and other capital facilities at the San Diego Zoo Safari Park (formerly the Wild Animal Park) located at 15500 San Pasqual Valley Road, Escondido, California and to pay certain costs of issuance of the Bonds.

The County of San Diego:

The County of San Diego is a member of the CMFA and is scheduled to hold a TEFRA on August 4, 2020. Upon closing, the County is expected to receive a total of up to \$10,50333 as part of the CMFA's sharing of Issuance Fees.

Financing:

Sources of Funds:

Tax-Exempt Bond Proceeds:	<u>\$32,000,000</u>
Total Sources:	\$32,000,000

Uses of Funds:

Bond Redemption:	\$31,330,000
Costs of Issuance:	<u>\$ 670,000</u>
Total Uses:	\$32,000,000

Terms of Transaction:

Amount:	\$35,000,000
Maturity:	10 years
Collateral:	Deed of Trust on property
Bond Purchasers:	Private Placement
Closed:	August 2020

Public Benefit:

With this refunding the Zoological Society of San Diego will be able to continue to run the largest zoological society membership in the world, with more than 250,000 member households and 130,000 child memberships, representing more than a half million people.

Finance Team:

Lender:	US Bancorp
Bond Counsel:	Jones Hall APLC
Issuer Counsel:	Jones Hall APLC
Lender Counsel:	Chapman & Cutler, LLP
Borrower Counsel:	DLA Piper LLP
Trustee:	U.S. Bank

Recommendation:

It is recommended that the CMFA Board of Directors approve a Final Resolution of \$35,000,000 for the Zoological Society of San Diego project located in the City of Escondido, San Diego County, California.

*The information mandated by California Government Code Section 5852.1, including the true interest cost, finance charge, amount of proceeds received from the sale, and the total payment amount to final maturity is attached to this report.



OPEN DOOR COMMUNITY HEALTH CENTERS SUMMARY AND RECOMMENDATIONS

Applicant:	Open Door Community Health Centers
Action:	Final Resolution
Amount:	\$35,000,000
Purpose:	Finance Healthcare Facilities Located in the Cities of Arcata, Fortuna & Eureka, Humboldt County, California
Activity:	Healthcare Facilities
Meeting:	July 17, 2020

Background:

Open Door Community Health Centers (“ODCHC”) was established in 1970 as a non-profit, tax-exempt corporation in the State of California and has matured into the largest provider of primary medical care, dental care, and behavioral health care in its service area of Del Norte County and Humboldt County. The service area is a rural, medically underserved area isolated from major metropolitan areas by mountain ranges, difficult roads, limited air and bus service and distance.

In 1999 ODCHC was deemed as a Federally Qualified Health Center (FQHC) and has been a recipient of Section 330 funds from Health Resources and Services Administration, Department of Health and Human Services.

ODCHC currently operates eleven clinics in its service area. The clinics include 2 primary care sites and 1 perinatal clinic in Arcata, 1 primary care clinic in McKinleyville, 2 primary care clinics and 1 dental clinic in Eureka, and primary care clinics in Willow Creek, Ferndale, Fortuna, and Crescent City. ODCHC also provides care using a medical van and two dental vans.

In 2013, ODCHC was approached by the largest Rural Health Clinic in the Eel River Valley to discuss its impending closure. This clinic served over 12,000 residents in the valley. As ODCHC was preparing to absorb this practice, another private clinic serving over 4,000 residents announced its closing, and ODCHC absorbed this practice as well. Then, two other Rural Health Clinics closed. The remaining primary care resources in Fortuna are operating at capacity. The existing FQHCs that provide service to the Eel River Valley are Redwoods Rural Health Center and Southern Trinity Health Systems; each of which are at capacity and do not have the resources to assume the responsibility for care of so many individuals. The geographic divide and distance between the FQHCs creates little competition or duplication of effort. Redwoods Rural Health Center provided a letter of support for ODCHC’s planned opening of new access points in

Fortuna and supports the construction of a new community health center in Fortuna. Open Door assumed responsibility for creating access for the displaced patients by opening a health care clinic in Ferndale, and assuming the leases on three locations in Fortuna.

The Project:

The proceeds of the bonds will be used to: a) finance the construction costs of a new 34,000 square foot, two story replacement community health center to be located at 1150 Foster Street, Arcata, California, (b) refinance a loan from the United States Department of Agriculture, made in 2018, to finance a community health center located at 3750 Rohnerville Road, Fortuna, California (c) refinance a New Market Tax Credit Note issued in 2014 to finance a community health center located at 2200 Tydd Street and 2189 Tydd Street, Eureka, California (collectively, the "Project").

County of Humboldt:

The County of Humboldt became a member of the CMFA and held a TEFRA hearing on June 23, 2020. The County is expected to receive a total of up to \$10,500 as part of the CMFA's sharing of Issuance Fees.

Proposed Financing:

Sources of Funds:

Tax-Exempt Bonds:	\$ 27,500,000
Taxable Bonds:	<u>\$ 5,500,000</u>
Total Sources:	\$ 33,000,000

Uses of Funds:

New Construction:	\$ 16,000,000
Refunding – USDA Note for Fortuna:	\$ 11,500,000
Refunding NMTC Loan due in 2021:	<u>\$ 5,500,000</u>
Total Uses:	\$ 33,000,000

Terms of Transaction:

Amount:	\$35,000,000
Maturity:	30 Years
Bond Rating:	Standard & Poor's AA- (based on CalMortgage)
Credit Enhancement:	CalMortgage
Collateral:	CalMortgage, Deed of Trust
Bond Purchasers:	Institutional & Retail Investors
Estimated Closing:	August 2020

Public Benefit:

Open Door Community Health Centers provides quality medical, dental and mental health care and health education to all people on California's North Coast, regardless of financial, geographic or social barriers.

Finance Team:

Underwriter:	Municipal Capital Markets Group, Inc.
Bond Counsel:	Quint & Thimmig LLP
Issuer Counsel:	Jones Hall, APLC
Underwriter Counsel:	McCarter & English, LLP
Borrower's Counsel:	John Fredenburg
Bond Trustee:	Zions Bancorporation, National Association

Recommendation:

The Executive Director recommends that the CMFA Board of Directors approve a Final Resolution of \$35,000,000 for the Open Door Community Health Centers project located in the Cities of Arcata, Fortuna & Eureka, Humboldt County, California.

**The information mandated by California Government Code Section 5852.1, including the true interest cost, finance charge, amount of proceeds received from the sale, and the total payment amount to final maturity is attached to this report.



BARRETT RANCH EAST COMMUNITY FACILITIES DISTRICT SUMMARY AND RECOMMENDATIONS

Applicant: Lennar Homes of California, Inc.

Action: Approval

Amount: \$28,900,000

Purpose: Approve Resolutions Forming CMFA Community Facilities District No. 2020-4 (County of Sacramento—Barrett Ranch East), Designate Improvement Area No. 1, Establish Future Annexation Area, Authorizing Incurrence of Bonded Indebtedness and Holding Special Landowner Election

Activity: BOLD/ Community Facilities District

Meeting: July 17, 2020

Background and Resolutions:

The CMFA's BOLD Program ("BOLD") utilizes the Mello-Roos Community Facilities Act of 1982 (California Government Code Section 53311 et seq.) (the "Act") to raise revenues for the infrastructure needs of local agencies in California. The County of Sacramento (the "County") is a member of the CMFA. Lennar Homes of California, Inc., (the "Developer") has submitted an application to the CMFA to use BOLD in relation to the Developer's proposed development of certain property located in the County to fund improvements located within the boundaries of the County of Sacramento (the "County"), the Dry Creek Joint Elementary School District and the Roseville Joint Union High School District (the "Local Jurisdictions"). The CMFA and the Local Jurisdictions have accepted such application.

On June 5, 2020, the Board of Directors of the CMFA took the initial steps toward formation of a Community Facilities District 2020-4, Improvement Area No. 1 and a future Annexation Area for the project. The resolutions being considered by the Board on July 17, 2020 will complete the formation of the community facilities district, a future annexation area and authorize the levying of special taxes and incurrence of bonded indebtedness for the community facilities district.

As an initial step in using BOLD for the financing of public infrastructure to be owned by a local agency such as the County and School Districts, the CMFA needs to form a community facilities

district. On June 5th, 2020, the CMFA adopted a resolution stating its intention to form a proposed community facilities district (the “Resolution of Intention to Form CFD”) to be called California Municipal Finance Authority Community Facilities District No. 2020-4 (County of Sacramento – Barrett Ranch East) (the “CFD”), Improvement Area No. 1 and Future Annexation Area, and a resolution stating its intention to incur bonded indebtedness for such CFD (the “Resolution of Intention to Incur Bonded Indebtedness”).

Under the Act, the process of completing the formation of the CFD requires a noticed public hearing, the adoption of a resolution forming the CFD, the holding of a landowner election, and the adoption of an ordinance levying the special taxes. To form the CFD, the Board of Directors of CMFA will first hold a public hearing on the formation of the CFD and the incurrence of bonded indebtedness for the CFD and consider any public comments received. After such public hearing, if there is no majority protest received, the Board of Directors of the CMFA can then proceed to adopt the resolution of formation for the CFD. A resolution meeting the requirements of the Act is presented at this meeting in the form of a Resolution of the Board of Directors of the California Municipal Finance Authority Forming California Municipal Finance Authority Community Facilities District No. 2020-4 (County of Sacramento – Barrett Ranch East).

Next, the Board of Directors of the CMFA can adopt a resolution authorizing the issuance of debt for the CFD. A resolution meeting the requirements of the Act is presented at this meeting in the form of a Resolution of the Board of Directors of the California Municipal Finance Authority Determining Necessity to Incur Bonded Indebtedness and Other Debt in and for California Municipal Finance Authority Community Facilities District No. 2020-4 (County of Sacramento – Barrett Ranch East) (the “Resolution Determining Necessity”).

After adoption of the Resolution Determining Necessity, the Board of Directors of the CMFA can proceed to adopt a resolution calling for a special landowner election of the CFD. A resolution meeting the requirements of the Act is presented at this meeting in the form of a Resolution of the Board of Directors of the California Municipal Finance Authority Calling Special Election in and for California Municipal Finance Authority Community Facilities District No. 2020-4 (County of Sacramento – Barrett Ranch East) (the “Resolution Calling Election”). The election is allowed to be held as part of this meeting since timing waivers from 100% of the landowner voters have been received by the CMFA. The Secretary will canvass the results of the landowner election. These ballots have already been received by the Secretary.

The Board of Directors of the CMFA can then proceed to adopt a resolution declaring the results of the landowner election for the CFD and directing filing of the Notice of the Special Tax Lien with the County Recorder for Sacramento County. A resolution meeting the requirements of the Act is presented at this meeting in the form of a Resolution of the Board of Directors of the California Municipal Finance Authority Declaring Results of Special Election and Directing Recording of Notice of Special Tax Lien in California Municipal Finance Authority Community Facilities District No. 2020-4 (County of Sacramento – Barrett Ranch East) (the “Resolution Declaring Election Results”). The special tax lien puts the rate and method of apportionment on record for all parcels within the applicable Community Facilities District.

The final legislative act is the introduction of an ordinance levying special taxes on the land in the CFD. Assuming its introduction on July 17, 2020, the ordinance can be finally adopted at a subsequent Board meeting.

The Project:

Lennar Homes of California, Inc. is developing a total of 482 single-family homes on 128 gross acres within the County of Sacramento. Homes, which will be market rate, will be sold in sizes ranging from 1,627 square feet (\$400,000 targeted price range) to 2,626 square feet (\$512,000 targeted price range).

The project is expected to be constructed in multiple phases, with the first phase including 152 units within Improvement Area No. 1. The remaining 330 units will be included in one or more future improvement areas, to be annexed into the CFD at a future date.

In order to finance the costs of the Facilities it is necessary to incur bonded indebtedness and other debt (as defined in the Act) in one or more series in the aggregate amount of not to exceed \$28,900,000 on behalf of the CFD and all improvement areas therein.

Development Status:

At the time of the developer application, all entitlements were approved except for final subdivision maps for future phases of development. Approximately 80% of in-tract improvements were complete for Phase 1, with remaining items including landscaping and walls. Lennar expects to pull building permits in July 2020 for the construction of model homes. Home sales are expected to begin in July 2020, with the first homes conveyed to individual homeowners in March 2021.

Authorized Facilities:

Funds from the issuance of bonds for the CFD will be used for the following authorized purposes:

Public Facilities Financed Through Impact Fees including but not limited to:

- Dry Creek Joint Elementary School District Fees
- Roseville Joint Union High School District Fees
- Sacramento Regional County Sanitation District (Major Conveyance) Fees
- Sacramento Area Sewer District (Local Conveyance) Fees

Authorized facilities also include Prepayment of Overlapping Liens and Administrative and Incidental Expenses.

Future Action:

The Ordinance Levying Special Taxes will need to be finally adopted at a future meeting of the Board of Directors. Bonds payable from the special taxes are expected to be issued in the Fall of 2020, subject to further resolution and approval.

Recommendation:

The Executive Director recommends that the CMFA Board of Directors adopt the Resolution of Formation, the Resolution Determining Necessity of Bonded Indebtedness, the Resolution Calling Election, the Resolution Declaring Election Results, and introduce the Ordinance.

EXHIBIT A

**CALIFORNIA MUNICIPAL FINANCE AUTHORITY
COMMUNITY FACILITIES DISTRICT NO. 2020-4
(COUNTY OF SACRAMENTO – BARRETT RANCH EAST)**

COMMUNITY FACILITIES DISTRICT HEARING REPORT

CONTENTS

Introduction

- A. Description of Facilities
- B. Cost Estimates
- C. Proposed Boundaries of the Community Facilities District
- D. Rate and Method of Apportionment of Special Tax

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Exhibit A – Description of the Proposed Facilities to be Financed by the CFD and Each Improvement Area Therein

Exhibit B – Cost Estimates

Exhibit C – Rate and Method of Apportionment of Special Tax

**CALIFORNIA MUNICIPAL FINANCE AUTHORITY
COMMUNITY FACILITIES DISTRICT NO. 2020-4
(COUNTY OF SACRAMENTO – BARRETT RANCH EAST)**

INTRODUCTION

The Board of Directors (the “**Board**”) of the California Municipal Financing Authority (the “**Authority**”) did, pursuant to the provisions of the Mello-Roos Community Facilities Act of 1982 (the “**Act**”), on June 5, 2020, adopt a resolution entitled, “Resolution of the Board of Directors of the California Municipal Finance Authority Declaring its Intention to Establish California Municipal Finance Authority Community Facilities District No. 2020-4 (County of Sacramento – Barrett Ranch East), Designate Improvement Area No. 1 Therein and Establish Future Annexation Area, and to Levy a Special Tax to Finance the Acquisition and Construction of Certain Public Facilities in and for such Community Facilities District” (the “**Resolution of Intention**”). In the Resolution of Intention, the Board expressly ordered the preparation of a written Community Facilities District Report (the “**Report**”) for the proposed California Municipal Finance Authority Community Facilities District No. 2020-4 (County of Sacramento – Barrett Ranch East) (the “**CFD**”).

The Resolution of Intention ordering the Report directed that the Report generally contain the following:

(a) A description of the facilities (the “**Facilities**”) by type which will be required to adequately meet the needs of the CFD.

(b) An estimate of the fair and reasonable cost of the Facilities including the cost of acquisition of lands, rights-of-way and easements, any physical facilities required in conjunction therewith and incidental expenses in connection therewith, including the costs of the proposed bond financing and other debt and all other related costs as provided in Section 53345.3 of the Act.

For particulars, reference is made to the Resolution of Intention for the CFD, as previously approved and adopted by the Board.

NOW, THEREFORE, the following data is submitted pursuant to the direction of the Board:

A. DESCRIPTION OF FACILITIES. A general description of the proposed Facilities is provided in Exhibit “A” attached hereto and hereby made a part hereof.

B. COST ESTIMATES. Cost estimates for the proposed Facilities are set forth in Exhibit “B” attached hereto and hereby made a part hereof.

C. PROPOSED BOUNDARIES OF THE COMMUNITY FACILITIES DISTRICT. The proposed boundaries of the CFD are those properties and parcels on which special taxes may be levied to pay for the Facilities. The proposed boundaries of the CFD, and

the specific boundaries of Improvement Area No. 1, are identified in the map entitled "Proposed Boundaries and Future Annexation Areas of California Municipal Finance Authority Community Facilities District No. 2020-4 (County of Sacramento – Barrett Ranch East), Sacramento County, State of California" which has been recorded in the office of the Sacramento County Recorder.

D. RATE AND METHOD OF APPORTIONMENT OF SPECIAL TAX. All of the property located within the CFD boundaries, unless exempted by law or by the Rate and Method of Apportionment of Special Tax (the "**RMA**"), shall be taxed for the purpose of financing the Facilities. The Board will annually determine the actual amount of the special tax levy based on the method and subject to the Maximum Special Tax rates contained in the RMA. The RMA for Improvement Area No. 1 is provided in Exhibit "C" attached hereto and hereby made a part hereof.

EXHIBIT A

California Municipal Finance Authority Community Facilities District No. 2020-4 (County of Sacramento – Barrett Ranch East)

DESCRIPTION OF THE PROPOSED FACILITIES TO BE FINANCED BY THE CFD AND EACH IMPROVEMENT AREA THEREIN

Authorized facilities and costs that may be funded through the Community Facilities District ("CFD") include the following public facilities and administrative and incidental expenses.

Public Facilities Financed Through Development Impact Fees

Authorized facilities include any facilities authorized by the Mello-Roos Community Facilities Act of 1982 ("Mello-Roos Act") that are financed in whole or in part by development impact fees, whether City, County, or other local agency fees levied in connection with development of the property. The authorized facilities include, but are not limited to, facilities authorized by the Mello-Roos Act to be funded by the following fees:

Dry Creek Joint Elementary School District Fees
Roseville Joint Union High School District Fees
Sacramento Regional County Sanitation District (Major Conveyance) Fees
Sacramento Area Sewer District (Local Conveyance) Fees

Prepayment of Overlapping Liens

The CFD may also pay in full amounts necessary to eliminate any fixed special assessment liens or to pay, repay, or defease any obligation to pay or any indebtedness secured by any tax, fee, charge, or assessment levied within the area of the CFD or may pay debt service on that indebtedness.

Administrative and Incidental Expenses

In addition to the above facilities, other incidental expenses as authorized by the Mello-Roos Community Facilities Act of 1982, include these: the cost of planning, permitting, and designing the facilities (including the cost of environmental evaluation, orthophotography, and environmental remediation/mitigation); land acquisition and easement payments for authorized CFD facilities; project management; construction staking; engineering studies and preparation of an engineer's report; utility relocation and demolition costs incidental to construction of the public facilities cost associated with the creation of the CFD and issuance of bonds; determination of the amount of taxes and collection of taxes; payment of taxes; costs otherwise incurred to carry out the authorized purposes of the CFD; reimbursements to other areas for infrastructure facilities or planning purposes serving development in the CFD; and any other expenses incidental to the construction, completion, and inspection of the facilities.

In addition, the CFD shall fund the direct and indirect expenses incurred by the California Municipal Finance Authority ("CMFA"), the School District, the County and/or any other local agency in carrying out its duties with respect to the CFD including, but not limited to:

1. The levy and collection of special taxes
2. The fees and expenses of attorneys and consultants
3. Any fees related to the collection of special taxes
4. An allocable share of the salaries and benefits of any CMFA and District or County staff, or consultant fees, directly related thereto and a proportionate amount of CMFA's and the School Districts' and County's general administrative overhead related thereto
5. Any amounts paid by CMFA, the School Districts and the County with respect to the CFD
6. Expenses incurred in undertaking action to foreclose on properties for which the payment of special taxes is delinquent
7. Administrative fees of CMFA, the School Districts and the County and the bond trustee or fiscal agent related to the CFD and the bonds issued by or for the CFD
8. Costs related to the formation of the CFD
9. Reimbursement of costs related to the formation of the CFD advanced by CMFA, the School Districts and the County, the landowner(s) in the CFD or any party related to any of the foregoing, as well as reimbursement of any costs advanced by CMFA the School Districts and the County , the landowner(s) in the CFD or any party related to any of the foregoing, for facilities, fees or other purposes or costs of the CFD.
10. Costs related to the issuance of bonds by or for the CFD, including underwriters discount, reserve fund, capitalized interest, letter of credit fees and expenses, fees and expenses of bond counsel, disclosure counsel, special tax consultant, municipal advisor and appraiser, bond remarketing costs, and all other incidental expenses.
11. All other costs and expenses of CMFA the School Districts or the County in any way related to the CFD.

EXHIBIT B

California Municipal Finance Authority Community Facilities District No. 2020-4 (County of Sacramento – Barrett Ranch East)

COST ESTIMATES

Facilities

The following is a summary of the estimated costs of acquisition and construction of the Facilities. In addition, the CFD will finance bond and other debt issuance costs, capitalized interest, a debt service reserve fund, the costs of forming the CFD and other costs associated with the sale of bonds and annual administration of the CFD.

<u>Facilities</u>	<u>Estimated Cost</u>
Dry Creek Joint Elementary School District Fees	\$4,500,000
Roseville Joint Union High School District Fees	\$2,856,530
Sacramento Regional County Sanitation District (Major Conveyance) Fees	\$3,122,878
Sacramento Area Sewer District (Local Conveyance) Fees	\$1,504,374
Total	\$11,983,782

EXHIBIT C

**California Municipal Finance Authority
Community Facilities District No. 2020-4
(County of Sacramento – Barrett Ranch East)**

RATE AND METHOD OF APPORTIONMENT OF SPECIAL TAX

**IMPROVEMENT AREA NO. 1 OF THE
CALIFORNIA MUNICIPAL FINANCE AUTHORITY
COMMUNITY FACILITIES DISTRICT NO. 2020-4
(COUNTY OF SACRAMENTO – BARRETT RANCH EAST)**

RATE AND METHOD OF APPORTIONMENT OF SPECIAL TAX

A Special Tax applicable to each Assessor's Parcel in Improvement Area No. 1 of the California Municipal Finance Authority Community Facilities District No. 2020-4 (County of Sacramento – Barrett Ranch East) shall be levied and collected according to the tax liability determined by the Board through the application of the appropriate amount or rate for Taxable Property, as described below. All of the property in Improvement Area No. 1, unless exempted by law or by the provisions of Section G below, shall be taxed for the purposes, to the extent, and in the manner herein provided, including property subsequently annexed into Improvement Area No. 1 unless a separate Rate and Method of Apportionment is adopted for the annexation area.

A. DEFINITIONS

The terms hereinafter set forth have the following meanings:

“Acre” or “Acreage” means the land area of an Assessor's Parcel as shown on an Assessor's Parcel Map, or if the land area is not shown on an Assessor's Parcel Map, the land area shown on the applicable Final Map or other parcel map recorded at the County Recorder's Office.

“Act” means the Mello-Roos Community Facilities Act of 1982, as amended, being Chapter 2.5 (commencing with Section 53311), Part 1, Division 2, of Title 5 of the Government Code of the State of California.

“Administrative Expenses” means any or all of the following: the fees and expenses of any fiscal agent or trustee (including any fees or expenses of its counsel) employed in connection with any Bonds, and the expenses of CMFA in carrying out its duties with respect to Improvement Area No. 1, the CFD and the Bonds, including, but not limited to, the levy and collection of Special Taxes, the fees and expenses of its counsel, charges levied by the County in connection with the levy and collection of Special Taxes, costs related to property owner inquiries regarding the Special Tax, costs associated with appeals or requests for interpretation associated with the Special Tax and this RMA, amounts needed to pay rebate to the federal government with respect to Bonds, costs associated with complying with continuing disclosure requirements for CMFA and any major property owners or other obligated parties, costs associated with foreclosure and collection of delinquent Special Taxes, and all other costs and expenses of CMFA and the County in any way related to the establishment or administration of Improvement Area No. 1 and the CFD.

“Administrator” shall mean the person or firm designated by CMFA to administer the Special Tax according to this RMA.

“Assessor’s Parcel” or **“Parcel”** means a lot or parcel shown on an Assessor’s Parcel Map with an assigned Assessor’s Parcel number.

“Assessor’s Parcel Map” means an official map of the County Assessor designating Parcels by Assessor’s Parcel number.

“Authorized Facilities” means the public facilities authorized to be financed, in whole or in part, by the CFD.

“Base Special Tax” means the applicable Special Tax initially identified in Table 1 of Section C, as may be adjusted pursuant to Sections D or H.

“Board” means the Board of Directors of CMFA.

“Bonds” means bonds or other debt (as defined in the Act), whether in one or more series, secured by the Special Tax and issued or assumed by or for Improvement Area No. 1 to fund Authorized Facilities.

“Building Permit” means a permit that allows for vertical construction of a building or buildings, which shall not include a separate permit issued for construction of the foundation thereof.

“Capitalized Interest” means funds in any capitalized interest account available to pay debt service on Bonds.

“CFD” means the California Municipal Finance Authority Community Facilities District No. 2020-4 (County of Sacramento – Barrett Ranch East).

“CFD Formation” means the date on which the Resolution of Formation to form the CFD and Improvement Area No. 1 was adopted by the Board.

“CMFA” means the California Municipal Finance Authority.

“County” means the County of Sacramento.

“Developed Property” means, in any Fiscal Year, all Parcels of Taxable Property that are not Taxable Owners Association Property or Taxable Public Property for which a Building Permit for new construction was issued prior to June 30 of the preceding Fiscal Year.

“Development Class” means, individually, Developed Property, Final Map Property, Undeveloped Property, Taxable Owners Association Property, and Taxable Public Property.

“Expected Land Uses” means the number of Residential Units and/or the acreage of Other Property expected within Improvement Area No. 1 at CFD Formation, as identified in Attachments 1 and 2 of this RMA. Pursuant to Section D of this RMA, the Administrator shall update Attachment 2 each time there is a Land Use Change. Such update shall be maintained internally by the Administrator and shall not require recordation of an amended RMA.

“Expected Maximum Special Tax Revenues” means the aggregate Special Tax that can be levied based on application of the Base Special Tax to the Expected Land Uses. The Expected Maximum Special Tax Revenues at CFD Formation are shown in Attachment 2 and may be revised pursuant to Sections D or H below.

“Final Map” means a final map, or portion thereof, approved by the County pursuant to the Subdivision Map Act (California Government Code Section 66410 *et seq*) that creates SFD Lots. The term “Final Map” shall not include any large-lot subdivision map, Assessor’s Parcel Map, or subdivision map or portion thereof, that does not create SFD Lots, including Assessor’s Parcels that are designated as remainder parcels.

“Final Map Property” means, in any Fiscal Year, all SFD Lots created within Final Maps that had recorded prior to June 30 of the preceding Fiscal Year and which have not yet become Developed Property.

“First Bond Sale” means issuance of the first series of Bonds secured, in whole or in part, by Special Taxes levied and collected from Parcels in Improvement Area No. 1.

“Fiscal Year” means the period starting July 1 and ending on the following June 30.

“Improvement Area No. 1” means Improvement Area No. 1 of the CFD.

“Improvement Fund” means the account (regardless of its name) identified in the Indenture to hold funds that are available for expenditure to acquire or construct Authorized Facilities or to pay or reimburse eligible impact fees.

“Indenture” means the bond indenture, fiscal agent agreement, trust agreement, resolution or other instrument pursuant to which Bonds are issued, as modified, amended, and/or supplemented from time to time, and any instrument replacing or supplementing the same.

“Land Use Change” means a proposed or approved change to the Expected Land Uses in Improvement Area No. 1 after CFD Formation.

“Maximum Special Tax” means the greatest amount of Special Tax that can be levied on a Parcel in any Fiscal Year, as determined in accordance with Sections C and D below.

“Other Property” means any Parcel of Developed Property in Improvement Area No. 1 that does not fit within the definition of Single Family Property.

“Owners Association” means a homeowners association or property owners association that provides services to, and collects assessments, fees, dues, or charges from, property within Improvement Area No. 1.

“Owners Association Property” means any property within the boundaries of Improvement Area No. 1 that is owned in fee or through easement by the Owners Association, not including any such property that is located directly under a residential structure.

“Proportionately” means, for each Development Class, that the ratio of the actual Special Tax levied in any Fiscal Year to the Maximum Special Tax authorized to be levied in that Fiscal Year is equal for all parcels assigned to the Development Class.

“Public Property” means any property within the boundaries of Improvement Area No. 1 that is owned by the County, federal government, State of California, or other public agency.

“Required Coverage” means the amount by which the Expected Maximum Special Tax Revenues must exceed the Bond debt service and priority Administrative Expenses (if any), as set forth in the Indenture, Certificate of Special Tax Consultant, or other formation or bond document that sets forth the minimum required debt service coverage.

“Residential Unit” means an SFD Unit or an individual residential unit within a duplex, halfplex, triplex, fourplex, townhome, live/work or condominium structure. A second unit (granny flat) that shares a Parcel with an SFD Unit shall not be considered a Residential Unit for purposes of levying the Special Tax.

“RMA” means this Rate and Method of Apportionment of Special Tax.

“SFD Lot” means an individual residential lot, identified and numbered on a recorded Final Map, on which a Building Permit has been or is permitted to be issued for construction of an SFD Unit without further subdivision of the lot and for which no further subdivision of the lot is anticipated pursuant to an approved Tentative Map.

“SFD Unit” means a residential dwelling unit that does not share a common wall with another residential dwelling unit.

“Single Family Property” means, in any Fiscal Year, all Parcels of Taxable Property for which a Building Permit was or is expected to be issued for: (i) construction of an SFD Unit, or (ii) construction of a residential structure consisting of two or more Residential Units that share common walls, have separate Assessor’s Parcel numbers assigned to them (except for a duplex unit, which may share an Assessor’s Parcel with another duplex unit), and may be purchased by individual homebuyers (which shall still be the case even if the Residential Units are purchased and subsequently offered for rent by the owners of the Residential Units), including such residential structures that meet the statutory definition of a condominium contained in Civil Code Section 4125.

“Special Tax” means a special tax levied in any Fiscal Year to pay the Special Tax Requirement.

“Special Tax Requirement” means the amount necessary in any Fiscal Year to: (i) pay principal and interest on Bonds that are due in the calendar year that begins in such Fiscal Year; (ii) pay periodic costs on the Bonds, including but not limited to, credit enhancement, liquidity support, and rebate payments on the Bonds; (iii) replenish reserve funds created for the Bonds under the Indenture to the extent such replenishment has not been included in the computation of the Special Tax Requirement in a previous Fiscal Year; (iv) cure any delinquencies in the payment of principal or interest on Bonds which have occurred in the prior Fiscal Year; (v) pay Administrative Expenses; and (vi) pay directly for Authorized Facilities, so long as such levy

under this clause (vi) does not increase the Special Tax levied on Final Map Property and Undeveloped Property. The amounts referred to in clauses (i) and (ii) of the definition of Special Tax Requirement may be reduced in any Fiscal Year by: (a) interest earnings on or surplus balances in funds and accounts for the Bonds to the extent that such earnings or balances are available to apply against such costs pursuant to the Indenture; (b) in the sole and absolute discretion of CMFA, proceeds received by the CFD from the collection of penalties associated with delinquent Special Taxes; and (c) any other revenues available to pay such costs, each as determined in the sole discretion of CMFA.

“Taxable Owners Association Property” means, in any Fiscal Year after the First Bond Sale, any Parcel of Owners Association Property that satisfies all three of the following conditions: (i) the Parcel had not been Owners Association Property on the date of the First Bond Sale; (ii) based on reference to Attachments 1 and 2 (as may be updated pursuant to Section D below), the Parcel was not anticipated to be Owners Association Property as determined by the Administrator; and (iii) if the Parcel were to be exempt from the Special Tax because it is Owners Association Property, the Expected Maximum Special Tax Revenues would be reduced to a point at which Required Coverage could not be maintained.

“Taxable Property” means all of the Parcels within the boundaries of Improvement Area No. 1 that are not exempt from the Special Tax pursuant to law or Section G below.

“Taxable Public Property” means in any Fiscal Year after the First Bond Sale, any Parcel of Public Property that satisfies all three of the following conditions: (i) the Parcel had not been Public Property on the date of the First Bond Sale; (ii) based on reference to Attachments 1 and 2 (as may be updated pursuant to Section D below), the Parcel was not anticipated to be Public Property as determined by the Administrator; and (iii) if the Parcel were to be exempt from the Special Tax because it is Public Property, the Expected Maximum Special Tax Revenues would be reduced to a point at which Required Coverage could not be maintained.

“Tentative Map” means a tentative map or substantial conformance exhibit for property in the CFD, including any adjustments or amendments thereto.

“Undeveloped Property” means, in any Fiscal Year, all Parcels of Taxable Property that are not Final Map Property or Developed Property, as defined herein.

“Village” means a specific geographic area within Improvement Area No. 1 that (i) is identified by an assigned number on Attachment 1, (ii) is expected to have single family lots that are all of a similar size, and (iii) is assigned Expected Maximum Special Tax Revenues in Attachment 2 based on the Expected Land Uses for that Village.

B. DATA FOR ADMINISTRATION OF THE SPECIAL TAX

Each Fiscal Year, the Administrator shall: (i) assign each Parcel of Taxable Property to the appropriate Development Class; (ii) for Developed Property, categorize each Parcel as Single Family Property or Other Property; (iii) for Single Family Property, determine within which Village each Parcel of Developed Property is located and the number of Residential Units on the Parcel; (iv) for Other Property, determine the Acreage of each Parcel; and (v) determine the

Special Tax Requirement for the Fiscal Year. In addition, the Administrator shall, on an ongoing basis, monitor the Tentative Map, Final Maps, and Building Permits to determine if there are any proposed Land Use Changes that would change the Expected Maximum Special Tax Revenues. If the Expected Maximum Special Tax Revenues will be revised pursuant to a proposed Land Use Change, the Administrator shall apply the steps set forth in Section D below.

In any Fiscal Year, if it is determined that: (i) a parcel map for property in Improvement Area No. 1 was recorded after January 1 of the prior Fiscal Year (or any other date after which the Assessor will not incorporate the newly-created Parcels into the then current tax roll), (ii) because of the date the parcel map was recorded, the Assessor does not yet recognize the new Parcels created by the parcel map, and (iii) one or more of the newly-created Parcels is in a different Development Class than other Parcels created by the subdivision, the Administrator shall calculate the Special Taxes for the property affected by recordation of the parcel map by determining the Special Taxes that apply separately to the property within each Development Class, then applying the sum of the individual Special Taxes to the Parcel that was subdivided by recordation of the parcel map.

C. MAXIMUM SPECIAL TAX

1. *Developed Property*

The Maximum Special Tax for a Parcel of Developed Property is the greater of: (i) the Base Special Tax set forth in Table 1 below, or (ii) the Maximum Special Tax determined pursuant to Section D.

Table 1
Base Special Tax
Developed Property

Land Use	Base Special Tax Fiscal Year 2020-21 *
<u>Single Family Property</u>	
Village 1	\$2,040 per Residential Unit
Village 2	\$2,040 per Residential Unit
Village 4	\$1,644 per Residential Unit
Other Property	\$13,100 per Acre

* On July 1, 2021, and on each July 1 thereafter, all figures shown in Table 1 above shall be increased by an amount equal to 2.0% of the amount in effect for the prior Fiscal Year.

2. *Final Map Property*

The Maximum Special Tax for Final Map Property is \$13,100 per Acre for Fiscal Year 2020-21, which amount shall increase on July 1, 2021, and each July 1 thereafter by an amount equal to 2.0% of the amount in effect for the prior Fiscal Year.

3. *Undeveloped Property, Taxable Owners Association Property, and Taxable Public Property*

The Maximum Special Tax for Undeveloped Property, Taxable Owners Association Property, and Taxable Public Property is \$13,100 per Acre for Fiscal Year 2020-21, which amount shall increase on July 1, 2021, and each July 1 thereafter by an amount equal to 2.0% of the amount in effect for the prior Fiscal Year.

D. CHANGES TO THE MAXIMUM SPECIAL TAX

1. *Land Use Changes*

The Expected Maximum Special Tax Revenues shown in Attachment 2 were originally calculated based on the Expected Land Uses at CFD Formation. Attachment 2 is subject to modification upon the occurrence of Land Use Changes, as described below. The Administrator shall review all Land Use Changes and compare the revised land uses to the Expected Land Uses to evaluate the impact on the Expected Maximum Special Tax Revenues.

Prior to the First Bond Sale, if a Land Use Change is proposed or identified that will result in a change in the Expected Maximum Special Tax Revenues, no action will be needed pursuant to this Section D. Upon approval of the Land Use Change, the Administrator shall update Attachment 2 to show the revised Expected Maximum Special Tax Revenues. There is no requirement for the updated Attachment 2 to be recorded.

After the First Bond Sale, if a Land Use Change is proposed or identified, Steps 1 through 3 below must be applied:

- Step 1:** By reference to Attachment 2 (which shall be updated by the Administrator each time a Land Use Change has been processed according to this Section D or a partial prepayment has been made), the Administrator shall identify the Expected Maximum Special Tax Revenues prior to the Land Use Change.
- Step 2:** The Administrator shall calculate the Expected Maximum Special Tax Revenues that could be collected from Taxable Property in Improvement Area No. 1 after the Land Use Change based on application of the Base Special Taxes from Table 1.
- Step 3:** If the revenues calculated in Step 2 are (i) higher than those determined in Step 1 or (ii) less than those calculated in Step 1, but the reduction in Expected Maximum Special Tax Revenues does not reduce debt service coverage on outstanding Bonds below Required Coverage, no further action is needed, and the Administrator shall update Attachment 2 to show the revised Expected Maximum Special Tax Revenues. There is no requirement for the updated Attachment 2 to be recorded.

If the revenues calculated in Step 2 are less than those calculated in Step 1, and the Administrator determines that the reduction in Expected Maximum Special

Tax Revenues would reduce debt service coverage on outstanding Bonds below the Required Coverage, one of the following shall occur:

3.a. The landowner requesting the Land Use Change (the “Requesting Landowner”) may make a prepayment in an amount that will ensure that the reduced Expected Maximum Special Tax Revenues are sufficient to provide Required Coverage, as determined pursuant to Section H below. If the Requesting Landowner notifies the Administrator that he/she would like to remedy the reduction by making a prepayment, such prepayment must be made by the earlier of (i) 30 days from the date of delivery of the prepayment estimate or (ii) the date of issuance of any Building Permits for any Parcel owned by the Requesting Landowner that was Final Map Property or Undeveloped Property at the time the Administrator prepared the prepayment estimate, **or**

3.b. If a prepayment is not received by the due date specified above, the Base Special Tax used to determine the Maximum Special Tax for each Parcel of Taxable Property in the area affected by the Land Use Change shall be increased proportionately until the Expected Maximum Special Tax Revenues are sufficient to maintain Required Coverage.

If multiple Land Use Changes are proposed simultaneously by a single Requesting Landowner (which may include approval of multiple Final Maps at one time), and the Requesting Landowner requests that the impact of two or more of the Land Use Changes be considered together, the Administrator shall consider the combined effect of the Land Use Changes to determine if there is a reduction in Expected Maximum Special Tax Revenues. If there is a reduction that would reduce debt service coverage below the Required Coverage, and no prepayment has been received, then the Base Special Tax used to determine the Maximum Special Tax for each Parcel of Taxable Property in the areas affected by the Land Use Changes shall be increased proportionately until the aggregate amount that can be levied within such areas is equal to the amount that could have been levied prior to the proposed Land Use Changes. If Land Use Changes are proposed simultaneously by multiple Requesting Landowners, or if an individual Requesting Landowner proposing multiple Land Use Changes does not request that such Land Use Changes be considered together, the Administrator shall consider the proposed Land Use Changes individually.

Notwithstanding the foregoing, once a certificate of occupancy has been issued for a Residential Unit on a Parcel, the Maximum Special Tax for the Parcel cannot be increased because of subsequent Land Use Changes that may occur within the area in which the Parcel is located.

The duties imposed on the Administrator pursuant to this Section D to review Land Use Changes, and to review Final Maps and make certain calculations, are intended only to facilitate the administration of the Special Tax and to better assure the sufficiency of tax capacity to pay debt service on Bonds. Such duties are not intended to give any developer, subdivider, or owner of property the right to receive notice of the potential impact of Land Use Changes on the Special Tax applicable to a Parcel; and each developer, subdivider, or owner of property whose property is the subject of a Land Use Change shall be responsible for understanding the impact thereof on the Special Tax applicable to such property.

2. *Partial Prepayments*

If a Parcel makes a partial prepayment pursuant to Section H below, the Administrator shall recalculate the Maximum Special Tax for the Parcel pursuant to Section H.2. In addition, the Administrator shall update Attachment 2 to reflect the prepayment and the revised Expected Maximum Special Tax Revenues for Improvement Area No. 1; there is no requirement for the updated Attachment 2 to be recorded. After the prepayment has been received, the application of Sections D and H of this RMA shall be based on the adjusted Expected Maximum Special Tax Revenues after the prepayment.

3. *Conversion of a Parcel of Public Property to Private Use*

If, in any Fiscal Year, a Parcel of Public Property is converted to private use, such Parcel shall be subject to the levy of the Special Tax. The Maximum Special Tax for each such Parcel shall be determined based on the applicable Base Special Tax for the Parcel, as determined by the Administrator.

4. *Transfer of Expected Maximum Special Tax Revenues from One Village to Another*

The Expected Maximum Special Tax Revenues were determined for each Village based on the Expected Land Uses within that Village. If the expected number of Residential Units is transferred from one Village to another, CMFA may, in its sole discretion, allow for a corresponding transfer of Expected Maximum Special Tax Revenues between the Villages. Such a transfer shall only be allowed if (i) all adjustments are agreed to in writing by the affected property owners and CMFA, and (ii) there is no reduction in the total Expected Maximum Special Tax Revenues as a result of the transfer.

E. METHOD OF LEVY OF THE SPECIAL TAX

Each Fiscal Year, the Administrator shall determine the Special Tax Requirement to be collected in that Fiscal Year. A Special Tax shall then be levied according to the following steps:

- Step 1:** The Special Tax shall be levied Proportionately on each Parcel of Developed Property up to 100% of the Maximum Special Tax for each Parcel of Developed Property until the amount levied is equal to the Special Tax Requirement prior to applying any Capitalized Interest that is available in the CFD accounts.
- Step 2:** If additional revenue is needed after Step 1 in order to meet the Special Tax Requirement after Capitalized Interest has been applied to reduce the Special Tax Requirement, the Special Tax shall be levied Proportionately on each Parcel of Final Map Property up to 100% of the Maximum Special Tax for each Parcel of Final Map Property until the amount levied is equal to the Special Tax Requirement.
- Step 3:** If additional revenue is needed after Step 2, the Special Tax shall be levied Proportionately on each Parcel of Undeveloped Property up to 100% of the

Maximum Special Tax for each Parcel of Undeveloped Property until the amount levied is equal to the Special Tax Requirement.

Step 4: If additional revenue is needed after Step 3, the Special Tax shall be levied Proportionately on each Parcel of Taxable Owners Association Property, up to 100% of the Maximum Special Tax for each Parcel of Taxable Owners Association Property until the amount levied is equal to the Special Tax Requirement.

Step 5: If additional revenue is needed after Step 4, the Special Tax shall be levied Proportionately on each Parcel of Taxable Public Property, up to 100% of the Maximum Special Tax for each Parcel of Taxable Public Property until the amount levied is equal to the Special Tax Requirement.

F. MANNER OF COLLECTION OF SPECIAL TAX

The Special Tax shall be collected in the same manner and at the same time as ordinary ad valorem property taxes, provided, however, that prepayments are permitted as set forth in Section H below and provided further that CMFA may: (i) directly bill the Special Tax, (ii) collect Special Taxes at a different time or in a different manner, (iii) strip delinquent Special Taxes off the tax roll to pursue collection, and (iv) collect delinquent Special Taxes through foreclosure or other available methods.

The Special Tax shall be levied and collected until principal and interest on Bonds have been repaid. However, in no event shall Special Taxes be levied after Fiscal Year 2060-61. Under no circumstances may the Special Tax on a Parcel of Developed Property in residential use be increased in any Fiscal Year as a consequence of delinquency or default in payment of the Special Tax levied on another Parcel or Parcels by more than ten percent (10%) above the amount that would have been levied in that Fiscal Year had there never been any such delinquencies or defaults.

G. EXEMPTIONS

Notwithstanding any other provision of this RMA, no Special Tax shall be levied in any Fiscal Year on the following:

- (1) Public Property, except Taxable Public Property.
- (2) Owners Association Property, except Taxable Owners Association Property.
- (3) Parcels that are owned by a public utility for an unmanned facility.
- (4) Parcels that are subject to an easement that precludes any other use on the Parcel.
- (5) Parcels that have fully prepaid the Special Tax obligation assigned to the Parcel pursuant to the formula set forth in Section H below.

H. PREPAYMENTS

The following definitions apply to this Section H:

“Outstanding Bonds” means all Previously Issued Bonds which remain outstanding, with the following exception: if a Special Tax has been levied against, or already paid by, an Assessor’s Parcel making a prepayment, and a portion of the Special Tax will be used to pay a portion of the next principal payment on the Bonds that remain outstanding (as determined by the Administrator), that next principal payment shall be subtracted from the total Bond principal that remains outstanding, and the difference shall be used as the amount of Outstanding Bonds for purposes of this prepayment formula.

“Previously Issued Bonds” means all Bonds that have been issued prior to the date of prepayment.

“Public Facilities Requirement” means either \$4.1 million in 2020 dollars, which shall increase on January 1, 2021, and on each January 1 thereafter by 2% of the amount in effect in the prior year, or such other number as shall be determined by CMFA as sufficient to fund improvements that are authorized to be funded by the CFD. The Public Facilities Requirement shown above may be adjusted each time property annexes into Improvement Area No. 1 or there is an adjustment to the Expected Maximum Special Tax Revenues due to a Land Use Change; at no time shall the Public Facilities Requirement exceed the amount of public improvement costs that can be funded by the Expected Maximum Special Tax Revenues, as determined by the Administrator.

“Remaining Facilities Costs” means the Public Facilities Requirement minus public facility costs funded by Previously Issued Bonds, developer equity, and any other source of funding.

1. *Full Prepayment*

The Special Tax obligation applicable to a Parcel in Improvement Area No. 1 may be prepaid and the obligation of the Parcel to pay the Special Tax permanently satisfied as described herein, provided that a prepayment may be made only if there are no delinquent Special Taxes with respect to such Parcel at the time of prepayment. An owner of a Parcel intending to prepay the Special Tax obligation shall provide CMFA with written notice of intent to prepay. Within 30 days of receipt of such written notice, CMFA or its designee shall notify such owner of the prepayment amount for such Parcel. Prepayment must be made not less than 60 days prior to any redemption date for Bonds to be redeemed with the proceeds of such prepaid Special Taxes. The Prepayment Amount shall be calculated as follows (capitalized terms as defined below):

	Bond Redemption Amount
plus	Remaining Facilities Amount
plus	Redemption Premium
plus	Defeasance Requirement
plus	Administrative Fees and Expenses
less	<u>Reserve Fund Credit</u>
equals	Prepayment Amount

As of the proposed date of prepayment, the Prepayment Amount shall be determined by application of the following steps:

- Step 1.** Compute the amount that could be collected from the Parcel prepaying the Special Tax in the Fiscal Year in which prepayment would be received by CMFA by applying the Base Special Tax to the Expected Land Uses for the Parcel. If this Section H is being applied to calculate a prepayment pursuant to Section D above, compute the amount by which the proposed Land Use Change would reduce Expected Maximum Special Tax Revenues below the amount needed for Required Coverage, and use this amount for purposes of this Step 1.
- Step 2.** Divide the Maximum Special Tax computed pursuant to Step 1 for such Parcel by the total Expected Maximum Special Tax Revenues for all property in Improvement Area No. 1, as shown in Attachment 2 and as adjusted by the Administrator after prepayments or Land Use Changes.
- Step 3.** Multiply the quotient computed pursuant to Step 2 by the Outstanding Bonds to compute the amount of Outstanding Bonds to be retired and prepaid (*the “Bond Redemption Amount”*).
- Step 4.** Compute the current Remaining Facilities Costs (if any).
- Step 5.** Multiply the quotient computed pursuant to Step 2 by the amount determined pursuant to Step 4 to compute the amount of Remaining Facilities Costs to be prepaid (*the “Remaining Facilities Amount”*).
- Step 6.** Multiply the Bond Redemption Amount computed pursuant to Step 3 by the applicable redemption premium, if any, on the Outstanding Bonds to be redeemed (*the “Redemption Premium”*).
- Step 7.** Compute the amount needed to pay interest on the Bond Redemption Amount starting with the first Bond interest payment date after which the prepayment will be received until the earliest redemption date for the Outstanding Bonds. However, if Bonds are callable at the first interest payment date after the prepayment has been received, Steps 7, 8, and 9 of this prepayment formula will not apply.
- Step 8:** Compute the amount of interest CMFA reasonably expects to derive from reinvestment of the Bond Redemption Amount plus the Redemption Premium from the first Bond interest payment date after which the prepayment has been received until the redemption date for the Outstanding Bonds.
- Step 9:** Subtract the amount computed pursuant to Step 8 from the amount computed pursuant to Step 7 (*the “Defeasance Requirement”*).

- Step 10.** The administrative fees and expenses associated with the prepayment will be determined by the Administrator and include the costs of computing the prepayment, redeeming Bonds, and recording any notices to evidence the prepayment and the redemption (the “*Administrative Fees and Expenses*”).
- Step 11.** If and to the extent so provided in the Bond Indenture, a reserve fund credit shall be calculated as a reduction in the applicable reserve fund for the Outstanding Bonds to be redeemed pursuant to the prepayment (the “*Reserve Fund Credit*”).
- Step 12.** The Special Tax prepayment is equal to the sum of the amounts computed pursuant to Steps 3, 5, 6, 9, and 10, less the amount computed pursuant to Step 11 (the “*Prepayment Amount*”).
- Step 13.** From the Prepayment Amount, the amounts computed pursuant to Steps 3, 6, and 9 shall be deposited into the appropriate fund as established under the Indenture and be used to retire Outstanding Bonds or make debt service payments. The amount computed pursuant to Step 5 shall be deposited into the Improvement Fund. The amount computed pursuant to Step 10 shall be retained in the account or fund that is established to pay Administrative Expenses.

Once a full prepayment of a Parcel’s Special Tax obligation has been received, a Notice of Cancellation of Special Tax Lien shall be recorded against the Parcel to reflect the discharge of the Parcel’s obligation to pay the Special Tax. However, a Notice of Cancellation of Special Tax Lien shall not be recorded until all Special Taxes levied on the Parcel in the current or prior Fiscal Years have been collected.

2. *Partial Prepayment*

A partial prepayment may be made in an amount equal to any percentage of full prepayment desired by the party making a partial prepayment, except that the full amount of Administrative Fees and Expenses determined in Step 10 shall be included in the partial prepayment. The Maximum Special Tax that can be levied on a Parcel after a partial prepayment is made shall be equal to the portion of the Maximum Special Tax that was not prepaid. Once a partial prepayment has been received, an Amended Notice of Special Tax Lien shall be recorded against the Parcel to reflect the reduced Special Tax lien for the Parcel, and the Administrator shall update Attachment 2 to show the revised Expected Maximum Special Tax Revenues. There is no requirement for the updated Attachment 2 to be recorded. However, an Amended Notice of Special Tax Lien shall not be recorded until all Special Taxes levied on the Parcel in the current or prior Fiscal Years have been collected.

I. INTERPRETATION OF RMA

Interpretations may be made by Resolution of the Board to interpret, clarify, and/or revise this RMA to correct any inconsistency, vagueness, or ambiguity as it relates to the Special Tax,

method of apportionment, classification of properties, or any definition applicable to Improvement Area No. 1 of the CFD, as long as such correction does not materially affect the levy and collection of Special Taxes. CMFA, upon the request of an owner of land within Improvement Area No. 1 which is not Developed Property, may also amend this RMA in any manner acceptable to CMFA, by resolution or ordinance following a public hearing, upon the affirmative vote of such owner to such amendment and without the vote of owners of any other land within Improvement Area No. 1, provided such amendment only affects such owner's land. Under no circumstances may such revisions to the RMA decrease the Expected Maximum Special Tax Revenues to a level that will reduce debt service coverage below the Required Coverage.

ATTACHMENT 1

**Improvement Area No. 1 of the
California Municipal Finance Authority
Community Facilities District No. 2020-4
(County of Sacramento – Barrett Ranch East)**

**Barrett Ranch East
Expected Lot Layout in Improvement Area No. 1**

VILLAGE 1

152 Lots Total

VILLAGE 4

VILLAGE 2

N



Attachment 1

Identification of Villages and
Expected Lot Layout - Improvement Area No. 1

Legend

 Future Annexation Area

 CFD Boundary

 Village Boundary

Sacramento County
Not to Scale

MACKEY & SOMPS
ENGINEERS PLANNERS SURVEYORS
1552 Eureka Road, Suite 100, Roseville, CA 95661 (916) 773-1189

California
May 27, 2020
27131

Barrett Ranch East

ATTACHMENT 2

**Improvement Area No. 1 of the
California Municipal Finance Authority
Community Facilities District No. 2020-4
(County of Sacramento – Barrett Ranch East)**

Expected Land Uses and Expected Maximum Special Tax Revenues

Village	Expected Land Uses	Base Special Tax (FY 2020-21) *	Expected Maximum Special Tax Revenues (FY 2020-21) *
Village 1	40 Residential Units	\$2,040 per Residential Unit	\$81,600
Village 2	25 Residential Units	\$2,040 per Residential Unit	\$51,000
Village 4	87 Residential Units	\$1,644 per Residential Unit	\$143,028
Expected Maximum Special Tax Revenues (FY 2020-21 \$)			\$275,628

* On July 1, 2021, and each July 1 thereafter, all dollar amounts shown above shall be increased by 2% of the amount in effect in the prior Fiscal Year.



GRANITE BLUFF COMMUNITY FACILITIES DISTRICT SUMMARY AND RECOMMENDATIONS

Applicant: KB Home Sacramento Inc.

Action: Approval

Amount: \$5,090,000

Purpose: Approve Resolutions Forming CMFA Community Facilities District No. 2020-5 (City of Rocklin—Granite Bluff), Authorizing Incurrence of Bonded Indebtedness and Holding Special Landowner Election

Activity: BOLD/ Community Facilities District

Meeting: July 17, 2020

Background and Resolutions:

The CMFA's BOLD Program ("BOLD") utilizes the Mello-Roos Community Facilities Act of 1982 (California Government Code Section 53311 et seq.) (the "Act") to raise revenues for the infrastructure needs of local agencies in California. The City of Rocklin (the "City") is a member of CMFA and a participant in BOLD. KB Home Sacramento Inc. (the "Developer") previously submitted an application to the CMFA to use BOLD in relation to the Developer's proposed development of certain property located in the City. CMFA and the City previously accepted such application, and on June 5, 2020, the Board of Directors of the CMFA took the initial steps toward formation of a community facilities district for the project under the Act. The resolutions being considered by the Board on July 17, 2020 will complete the formation of the community facilities district and authorize the levying of special taxes and incurrence of bonded indebtedness for the community facilities district.

As an initial step in using BOLD for the financing of public infrastructure to be owned by a local agency such as the City, the CMFA needs to form a community facilities district. On June 5th, 2020, the CMFA adopted a resolution stating its intention to form a proposed community facilities district (the "Resolution of Intention to Form CFD") to be called California Municipal Finance Authority Community Facilities District No. 2020-5 (City of Rocklin – Granite Bluff) (the "CFD"), and a resolution stating its intention to incur bonded indebtedness for such CFD (the "Resolution of Intention to Incur Bonded Indebtedness").

Under the Act, the process of completing the formation of the CFD requires a noticed public hearing, the adoption of a resolution forming the CFD, the holding of a landowner election, and the adoption of an ordinance levying the special taxes. To form the CFD, the Board of Directors of the CMFA will first hold a public hearing on the formation of the CFD and the incurrence of bonded indebtedness for the CFD and consider any public comments received. After such public hearing, if there is no majority protest received, the Board of Directors of the CMFA can then proceed to adopt the resolution of formation for the CFD. A resolution meeting the requirements of the Act is presented at this meeting in the form of a Resolution of the Board of Directors of the California Municipal Finance Authority Forming California Municipal Finance Authority Community Facilities District No. 2020-5 (City of Rocklin – Granite Bluff).

Next, the Board of Directors of the CMFA can adopt a resolution authorizing the issuance of debt for the CFD. A resolution meeting the requirements of the Act is presented at this meeting in the form of a Resolution of the Board of Directors of the California Municipal Finance Authority Determining Necessity to Incur Bonded Indebtedness and Other Debt in and for California Municipal Finance Authority Community Facilities District No. 2020-5 (City of Rocklin – Granite Bluff) (the “Resolution Determining Necessity”).

After adoption of the Resolution Determining Necessity, the Board of Directors of the CMFA can proceed to adopt a resolution calling for a special landowner election of the CFD. A resolution meeting the requirements of the Act is presented at this meeting in the form of a Resolution of the Board of Directors of the California Municipal Finance Authority Calling Special Election in and for California Municipal Finance Authority Community Facilities District No. 2020-5 (City of Rocklin – Granite Bluff) (the “Resolution Calling Election”). The election is allowed to be held as part of this meeting since timing waivers from 100% of the landowner voters have been received by the CMFA. The Secretary will canvass the results of the landowner election. These ballots have already been received by the Secretary.

The Board of Directors of the CMFA can then proceed to adopt a resolution declaring the results of the landowner election for the CFD and directing filing of the Notice of the Special Tax Lien with the City Recorder for Placer County. A resolution meeting the requirements of the Act is presented at this meeting in the form of a Resolution of the Board of Directors of the California Municipal Finance Authority Declaring Results of Special Election and Directing Recording of Notice of Special Tax Lien in California Municipal Finance Authority Community Facilities District No. 2020-5 (City of Rocklin – Granite Bluff) (the “Resolution Declaring Election Results”). The special tax lien puts the rate and method of apportionment on record for all parcels within the applicable Community Facilities District.

The final legislative act is the introduction of an ordinance levying special taxes on the land in the CFD. Assuming its introduction on July 17, 2020, the ordinance can be finally adopted at a subsequent Board meeting.

The Project:

The Granite Bluff project is expected to include construction of 75 residential units within the City of Rocklin. KB Home, a large national builder, is developing this site for sale to end homeowners. The project encompasses 12.82 gross acres, which net of publicly owned property will generate 9.56 acres. Homes within the District will range in size from 1,644 square feet to 2,551 square feet.

In order to finance the costs of the Facilities it is necessary to incur bonded indebtedness and other debt (as defined in the Act) in one or more series in the aggregate amount of not to exceed \$5,090,000 on behalf of the CFD and all improvement areas therein.

Development Status:

All entitlements have been acquired; map is approved. The only remaining approval is for architecture. Grading and major infrastructure is complete. Remaining minor items should be complete in July. Model construction targeting July start with projected first sales in August.

Authorized Facilities:

Authorized facilities include public improvements or facilities authorized by the Mello-Roos Act, including costs of preliminary planning and consultation, design level improvement plans, agency plan check and plan review approval, construction inspection and construction management. Authorized facilities are anticipated to consist primarily of street improvements (onsite and offsite), storm drain improvements, landscaping improvements and streetlights.

Future Action:

The Ordinance Levying Special Taxes will need to be finally adopted at a future meeting of the Board of Directors. Bonds payable from the special taxes are expected to be issued in the Fall of 2020, subject to further resolution and approval.

Recommendation:

The Executive Director recommends that the CMFA Board of Directors adopt the Resolution of Formation, the Resolution Determining Necessity of Bonded Indebtedness, the Resolution Calling Election, the Resolution Declaring Election Results, and introduce the Ordinance.

EXHIBIT A

**CALIFORNIA MUNICIPAL FINANCE AUTHORITY
COMMUNITY FACILITIES DISTRICT NO. 2020-5
(CITY OF ROCKLIN – GRANITE BLUFF)**

COMMUNITY FACILITIES DISTRICT HEARING REPORT

CONTENTS

Introduction

- A. Description of Facilities
- B. Cost Estimates
- C. Proposed Boundaries of the Community Facilities District
- D. Rate and Method of Apportionment of Special Tax

* * * * *

Exhibit A – Description of the Proposed Facilities to be Financed by the CFD

Exhibit B – Cost Estimates

Exhibit C – Rate and Method of Apportionment of Special Tax

**CALIFORNIA MUNICIPAL FINANCE AUTHORITY
COMMUNITY FACILITIES DISTRICT NO. 2020-5
(CITY OF ROCKLIN – GRANITE BLUFF)**

INTRODUCTION

The Board of Directors (the “**Board**”) of the California Municipal Financing Authority (the “**Authority**”) did, pursuant to the provisions of the Mello-Roos Community Facilities Act of 1982 (the “**Act**”), on June 5, 2020, adopt a resolution entitled, “A Resolution of Intention to Establish California Municipal Finance Authority Community Facilities District No. 2020-5 (City of Rocklin – Granite Bluff) and to Levy a Special Tax Therein to Finance the Acquisition and Construction of Certain Public Facilities and Development Impact Fees for such Community Facilities District” (the “**Resolution of Intention**”). In the Resolution of Intention, the Board expressly ordered the preparation of a written Community Facilities District Report (the “**Report**”) for the proposed California Municipal Finance Authority Community Facilities District No. 2020-5 (City of Rocklin – Granite Bluff) (the “**CFD**”).

The Resolution of Intention ordering the Report directed that the Report generally contain the following:

(a) A description of the facilities (the “**Facilities**”) by type which will be required to adequately meet the needs of the CFD.

(b) An estimate of the fair and reasonable cost of the Facilities including the cost of acquisition of lands, rights-of-way and easements, any physical facilities required in conjunction therewith and incidental expenses in connection therewith, including the costs of the proposed bond financing and other debt and all other related costs as provided in Section 53345.3 of the Act.

For particulars, reference is made to the Resolution of Intention for the CFD, as previously approved and adopted by the Board.

NOW, THEREFORE, the following data is submitted pursuant to the direction of the Board:

A. DESCRIPTION OF FACILITIES. A general description of the proposed Facilities is provided in Exhibit “A” attached hereto and hereby made a part hereof.

B. COST ESTIMATES. Cost estimates for the proposed Facilities are set forth in Exhibit “B” attached hereto and hereby made a part hereof.

C. PROPOSED BOUNDARIES OF THE COMMUNITY FACILITIES DISTRICT. The proposed boundaries of the CFD are those properties and parcels on which special taxes may be levied to pay for the Facilities. The proposed boundaries of the CFD are identified in the map entitled “Proposed Boundary of California Municipal Finance Authority Community Facilities District No. 2020-5 (City of Rocklin – Granite Bluff), Placer

County, State of California” which has been recorded in the office of the Placer County Recorder.

D. RATE AND METHOD OF APPORTIONMENT OF SPECIAL TAX. All of the property located within the CFD boundaries, unless exempted by law or by the Rate and Method of Apportionment of Special Tax (the “**RMA**”), shall be taxed for the purpose of financing the Facilities. The Board will annually determine the actual amount of the special tax levy based on the method and subject to the Maximum Special Tax rates contained in the RMA. The RMA is provided in Exhibit “C” attached hereto and hereby made a part hereof.

EXHIBIT A

California Municipal Finance Authority Community Facilities District No. 2020-5 (City of Rocklin – Granite Bluff)

LIST OF AUTHORIZED FACILITIES

Authorized facilities and costs that may be funded through the Community Facilities District (“CFD”) include the following public facilities, and administrative and incidental expenses.

Public Facilities Financed Through Development Impact Fees

Authorized facilities include any facilities authorized by the Mello-Roos Community Facilities Act of 1982 (“Mello-Roos Act”) that are financed in whole or in part by development impact fees, whether City, County, or other local agency fees levied in connection with development of the property.

Authorized Facilities

Authorized facilities include public improvements or facilities authorized by the Mello-Roos Act, including costs of preliminary planning and consultation, design level improvement plans, agency plan check and plan review approval, construction inspection and construction management.

Administrative and Incidental Expenses

In addition to the above facilities, other incidental expenses as authorized by the Mello-Roos Act include: the cost of planning, permitting, and designing the facilities (including the cost of environmental evaluation, orthophotography, and environmental remediation/mitigation); land acquisition and easement payments for authorized CFD facilities; project management; construction staking; engineering studies and preparation of an engineer’s report; utility relocation and demolition costs incidental to construction of the public facilities cost associated with the creation of the CFD and issuance of bonds; determination of the amount of taxes and collection of taxes; payment of taxes; costs otherwise incurred to carry out the authorized purposes of the CFD; reimbursements to other areas for infrastructure facilities or planning purposes serving development in the CFD; and any other expenses incidental to the construction, completion, and inspection of the facilities.

In addition, the CFD shall fund the direct and indirect expenses incurred by the California Municipal Finance Authority (“CMFA”), the City and/or any other local agency in carrying out its duties with respect to the CFD and/or any authorized facility, including, but not limited to:

1. The levy and collection of the special taxes
2. The fees and expenses of attorneys and consultants
3. Any fees related to the collection of special taxes

4. An allocable share of the salaries and benefits of any CMFA and City staff, or consultant fees, directly related thereto and a proportionate amount of CMFA's and the City's general administrative overhead related thereto
5. Any amounts paid by CMFA and the City with respect to the CFD
6. Expenses incurred in undertaking action to foreclose on properties for which the payment of special taxes is delinquent
7. Administrative fees of CMFA and the City and the bond trustee or fiscal agent related to the CFD and the bonds issued by or for the CFD
8. Costs related to the formation of the CFD
9. Reimbursement of costs related to the formation of the CFD advanced by CMFA and the City, the landowner(s) in the CFD or any party related to any of the foregoing, as well as reimbursement of any costs advanced by CMFA and the City, the landowner(s) in the CFD or any party related to any of the foregoing, for facilities, fees or other purposes or costs of the CFD
10. Costs related to the issuance of bonds by or for the CFD, including underwriters discount, reserve fund, capitalized interest, letter of credit fees and expenses, fees and expenses of bond counsel, disclosure counsel, special tax consultant, municipal advisor and appraiser, bond remarketing costs, and all other incidental expenses
11. All other costs and expenses of CMFA or the City in any way related to the CFD.

EXHIBIT B

California Municipal Finance Authority Community Facilities District No. 2020-5 (City of Rocklin – Granite Bluff)

COST ESTIMATES

Facilities

The following is a summary of the estimated costs of acquisition and construction of the Facilities. In addition, the CFD will finance bond and other debt issuance costs, capitalized interest, a debt service reserve fund, the costs of forming the CFD and other costs associated with the sale of bonds and annual administration of the CFD.

<u>Facilities</u>	<u>Estimated Cost</u>
Public Improvements	
Street Improvements	\$601,312
Storm Drain	\$266,493
Landscaping	\$264,990
Streetlights	\$52,500
City of Rocklin - Traffic Fee	\$283,050
City of Rocklin - Public Facilities Impact Fee	\$314,025
Placer County Capital Facilities Fee	\$218,768
Total	\$2,001,138

EXHIBIT C

**California Municipal Finance Authority
Community Facilities District No. 2020-5
(City of Rocklin – Granite Bluff)**

RATE AND METHOD OF APPORTIONMENT OF SPECIAL TAX

**CALIFORNIA MUNICIPAL FINANCE AUTHORITY
COMMUNITY FACILITIES DISTRICT NO. 2020-5
(CITY OF ROCKLIN – GRANITE BLUFF)**

RATE AND METHOD OF APPORTIONMENT OF SPECIAL TAX

A Special Tax applicable to each Assessor's Parcel in the California Municipal Finance Authority Community Facilities District No. 2020-5 (City of Rocklin – Granite Bluff) shall be levied and collected according to the tax liability determined by the Board through the application of the appropriate amount or rate for Taxable Property, as described below. All of the property in the CFD, unless exempted by law or by the provisions of Section G below, shall be taxed for the purposes, to the extent, and in the manner herein provided, including property subsequently annexed to the CFD unless a separate Rate and Method of Apportionment is adopted for the annexation area.

A. DEFINITIONS

The terms hereinafter set forth have the following meanings:

“Acre” or “Acreage” means the land area of an Assessor's Parcel as shown on an Assessor's Parcel Map, or if the land area is not shown on an Assessor's Parcel Map, the land area shown on the applicable Final Map or other parcel map recorded at the County Recorder's Office.

“Act” means the Mello-Roos Community Facilities Act of 1982, as amended, being Chapter 2.5 (commencing with Section 53311), Part 1, Division 2, of Title 5 of the Government Code of the State of California.

“Administrative Expenses” means any or all of the following: the fees and expenses of any fiscal agent or trustee (including any fees or expenses of its counsel) employed in connection with any Bonds, and the expenses of CMFA in carrying out its duties with respect to the CFD and the Bonds, including, but not limited to, the levy and collection of Special Taxes, the fees and expenses of its counsel, charges levied by the County in connection with the levy and collection of Special Taxes, costs related to property owner inquiries regarding the Special Tax, costs associated with appeals or requests for interpretation associated with the Special Tax and this RMA, amounts needed to pay rebate to the federal government with respect to Bonds, costs associated with complying with continuing disclosure requirements for CMFA and any major property owners or other obligated parties, costs associated with foreclosure and collection of delinquent Special Taxes, and all other costs and expenses of CMFA, the City, and the County in any way related to the establishment or administration of the CFD.

“Administrator” shall mean the person or firm designated by CMFA to administer the Special Tax according to this RMA.

“Assessor's Parcel” or “Parcel” means a lot or parcel shown on an Assessor's Parcel Map with an assigned Assessor's Parcel number.

“Assessor’s Parcel Map” means an official map of the County Assessor designating Parcels by Assessor’s Parcel number.

“Authorized Facilities” means the public facilities authorized to be financed, in whole or in part, by the CFD.

“Base Special Tax” means, for any Land Use Category, the applicable Special Tax initially identified in Table 1 of Section C, as may be adjusted pursuant to Sections D or H.

“Board” means the Board of Directors of CMFA.

“Bonds” means bonds or other debt (as defined in the Act), whether in one or more series, secured by the Special Tax and issued or assumed by the CFD to fund Authorized Facilities.

“Building Permit” means a permit that allows for vertical construction of a building or buildings, which shall not include a separate permit issued for construction of the foundation thereof.

“Capitalized Interest” means funds in any capitalized interest account available to pay debt service on Bonds.

“CFD” means the California Municipal Finance Authority Community Facilities District No. 2020-5 (City of Rocklin – Granite Bluff).

“CFD Formation” means the date on which the Resolution of Formation to form the CFD was adopted by the Board.

“City” means the City of Rocklin.

“CMFA” means the California Municipal Finance Authority.

“County” means the County of Placer.

“Developed Property” means, in any Fiscal Year, all Parcels of Taxable Property that are not Taxable Owners Association Property or Taxable Public Property for which a Building Permit for new construction was issued prior to June 30 of the preceding Fiscal Year.

“Development Class” means, individually, Developed Property, Final Map Property, Undeveloped Property, Taxable Owners Association Property, and Taxable Public Property.

“Expected Land Uses” means the number of, and Square Footage Category assignment for, Residential Units, and the acreage of Other Property, expected within the CFD at CFD Formation, as identified in Attachments 1 and 2 of this RMA. Pursuant to Section D of this RMA, the Administrator shall update Attachment 2 each time there is a Land Use Change, and there is no requirement for the updated Attachment 2 to be recorded.

“Expected Maximum Special Tax Revenues” means the aggregate Special Tax that can be levied based on application of the Base Special Tax to the Expected Land Uses. The Expected

Maximum Special Tax Revenues at CFD Formation are shown in Attachment 2 and may be revised pursuant to Sections D and H below.

“Final Map” means a final map, or portion thereof, approved by the City or County pursuant to the Subdivision Map Act (California Government Code Section 66410 *et seq*) that creates SFD Lots. The term “Final Map” shall not include any large-lot subdivision map, Assessor’s Parcel Map, or subdivision map or portion thereof, that does not create SFD Lots, including Assessor’s Parcels that are designated as remainder parcels.

“Final Map Property” means, in any Fiscal Year, all SFD Lots created within Final Maps that had recorded prior to June 30 of the preceding Fiscal Year and which have not yet become Developed Property.

“First Bond Sale” means issuance of the first series of Bonds secured, in whole or in part, by Special Taxes levied and collected from Parcels in the CFD.

“Fiscal Year” means the period starting July 1 and ending on the following June 30.

“Improvement Fund” means the account (regardless of its name) identified in the Indenture to hold funds that are available for expenditure to acquire or construct Authorized Facilities or to pay eligible impact fees.

“Indenture” means the bond indenture, fiscal agent agreement, trust agreement, resolution or other instrument pursuant to which Bonds are issued, as modified, amended, and/or supplemented from time to time, and any instrument replacing or supplementing the same.

“Land Use Category” means the categories of land use identified in Table 1 in Section C below.

“Land Use Change” means a proposed or approved change to the Expected Land Uses after CFD Formation.

“Maximum Special Tax” means the greatest amount of Special Tax that can be levied on a Parcel in any Fiscal Year, as determined in accordance with Sections C, D, and H below.

“Other Property” means any Parcel of Developed Property in the CFD that does not fit within the definition of Single Family Property.

“Owners Association” means a homeowners association or property owners association that provides services to, and collects assessments, fees, dues, or charges from, property in the CFD.

“Owners Association Property” means any property within the boundaries of the CFD that is owned in fee or through easement by the Owners Association, not including any such property that is located directly under a residential structure.

“Proportionately” means, for each Development Class, that the ratio of the actual Special Tax levied in any Fiscal Year to the Maximum Special Tax authorized to be levied in that Fiscal Year is equal for all parcels assigned to the Development Class.

“Public Property” means any property within the boundaries of the CFD that is owned by the City, federal government, State of California, or other public agency.

“Required Coverage” means the amount by which the Expected Maximum Special Tax Revenues must exceed the Bond debt service and priority Administrative Expenses (if any), as set forth in the Indenture, Certificate of Special Tax Consultant, or other formation or bond document that sets forth the minimum required debt service coverage.

“Residential Unit” means an SFD Unit or an individual residential unit within a duplex, halfplex, triplex, fourplex, townhome, live/work or condominium structure. A second unit (granny flat) that shares a Parcel with an SFD Unit shall not be considered a Residential Unit for purposes of levying the Special Tax.

“RMA” means this Rate and Method of Apportionment of Special Tax.

“SFD Lot” means an individual residential lot, identified and numbered on a recorded Final Map, on which a Building Permit has been or is permitted to be issued for construction of an SFD Unit without further subdivision of the lot and for which no further subdivision of the lot is anticipated pursuant to an approved Tentative Map.

“SFD Unit” means a residential dwelling unit that does not share a common wall with another residential dwelling unit.

“Single Family Property” means, in any Fiscal Year, all Parcels of Taxable Property for which a Building Permit was or is expected to be issued for: (i) construction of an SFD Unit, or (ii) construction of a residential structure consisting of two or more Residential Units that share common walls, have separate Assessor’s Parcel numbers assigned to them (except for a duplex unit, which may share an Assessor’s Parcel with another duplex unit), and may be purchased by individual homebuyers (which shall still be the case even if the Residential Units are purchased and subsequently offered for rent by the owners of the Residential Units), including such residential structures that meet the statutory definition of a condominium contained in Civil Code Section 4125.

“Special Tax” means a special tax levied in any Fiscal Year to pay the Special Tax Requirement.

“Special Tax Requirement” means the amount necessary in any Fiscal Year to: (i) pay principal and interest on Bonds that are due in the calendar year that begins in such Fiscal Year; (ii) pay periodic costs on the Bonds, including but not limited to, credit enhancement, liquidity support, and rebate payments on the Bonds; (iii) replenish reserve funds created for the Bonds under the Indenture to the extent such replenishment has not been included in the computation of the Special Tax Requirement in a previous Fiscal Year; (iv) cure any delinquencies in the payment of principal or interest on Bonds which have occurred in the prior Fiscal Year; (v) pay Administrative Expenses; and (vi) pay directly for Authorized Facilities, so long as such levy under this clause (vi) does not increase the Special Tax levied on Final Map Property or Undeveloped Property. The amounts referred to in clauses (i) and (ii) of the definition of Special Tax Requirement may be reduced in any Fiscal Year by: (a) interest earnings on or surplus

balances in funds and accounts for the Bonds to the extent that such earnings or balances are available to apply against such costs pursuant to the Indenture; (b) in the sole and absolute discretion of CMFA, proceeds received by the CFD from the collection of penalties associated with delinquent Special Taxes; and (c) any other revenues available to pay such costs, each as determined in the sole discretion of CMFA.

“Square Footage Category” means one of the four different categories of Single Family Property for which a Special Tax amount is set forth in Table 1 in Section C below.

“Taxable Owners Association Property” means, in any Fiscal Year after the First Bond Sale, any Parcel of Owners Association Property that satisfies all three of the following conditions: (i) the Parcel had not been Owners Association Property on the date of the First Bond Sale; (ii) based on reference to Attachments 1 and 2 (as may be updated pursuant to Section D below), the Parcel was not anticipated to be Owners Association Property as determined by the Administrator; and (iii) if the Parcel were to be exempt from the Special Tax because it is Owners Association Property, the Expected Maximum Special Tax Revenues would be reduced to a point at which Required Coverage could not be maintained.

“Taxable Property” means all of the Parcels within the boundaries of the CFD that are not exempt from the Special Tax pursuant to law or Section G below.

“Taxable Public Property” means in any Fiscal Year after the First Bond Sale, any Parcel of Public Property that satisfies all three of the following conditions: (i) the Parcel had not been Public Property on the date of the First Bond Sale; (ii) based on reference to Attachments 1 and 2 (as may be updated pursuant to Section D below), the Parcel was not anticipated to be Public Property as determined by the Administrator; and (iii) if the Parcel were to be exempt from the Special Tax because it is Public Property, the Expected Maximum Special Tax Revenues would be reduced to a point at which Required Coverage could not be maintained.

“Tentative Map” means a tentative map or substantial conformance exhibit for property in the CFD, including any adjustments or amendments thereto.

“Undeveloped Property” means, in any Fiscal Year, all Parcels of Taxable Property that are not Final Map Property, Developed Property, Taxable Public Property, or Taxable Owners Association Property as defined herein.

B. DATA FOR ADMINISTRATION OF THE SPECIAL TAX

Each Fiscal Year, the Administrator shall: (i) assign each Parcel of Taxable Property to the appropriate Development Class; (ii) for Developed Property, categorize each Parcel as Single Family Property or Other Property; (iii) for Single Family Property, determine the Square Footage Category for each Residential Unit; (iv) for Other Property, determine the Acreage of each Parcel; and (v) determine the Special Tax Requirement for the Fiscal Year. In addition, the Administrator shall, on an ongoing basis, monitor the Tentative Map, Final Maps, and Building Permits to determine if there are any proposed Land Use Changes that would change the Expected Maximum Special Tax Revenues. If the Expected Maximum Special Tax Revenues

will be revised pursuant to a proposed Land Use Change, the Administrator shall apply the steps set forth in Section D below.

In any Fiscal Year, if it is determined that: (i) a parcel map for property in the CFD was recorded after January 1 of the prior Fiscal Year (or any other date after which the Assessor will not incorporate the newly-created Parcels into the then current tax roll), (ii) because of the date the parcel map was recorded, the Assessor does not yet recognize the new Parcels created by the parcel map, and (iii) one or more of the newly-created Parcels is in a different Development Class than other Parcels created by the subdivision, the Administrator shall calculate the Special Taxes for the property affected by recordation of the parcel map by determining the Special Taxes that apply separately to the property within each Development Class, then applying the sum of the individual Special Taxes to the Parcel that was subdivided by recordation of the parcel map.

C. MAXIMUM SPECIAL TAX

1. *Developed Property*

The Maximum Special Tax for a Parcel of Developed Property is the greater of: (i) the Base Special Tax set forth in Table 1 below, or (ii) the Maximum Special Tax determined pursuant to Section D.

**Table 1
Base Special Tax
Developed Property**

Land Use Category	Square Footage Category	Base Special Tax Fiscal Year 2020-21 *
Single Family Property	Residential Units greater than 2,300 square feet	\$2,154 per Residential Unit
Single Family Property	Residential Units 2,001 to 2,300 square feet	\$2,072 per Residential Unit
Single Family Property	Residential Units 1,700 to 2,000 square feet	\$2,003 per Residential Unit
Single Family Property	Residential Units less than 1,700 square feet	\$1,891 per Residential Unit
Other Property	N/A	\$27,200 per Acre

*** On July 1, 2021, and on each July 1 thereafter, all figures shown in Table 1 above shall be increased by an amount equal to 2.0% of the amount in effect for the prior Fiscal Year.**

2. *Final Map Property*

The Maximum Special Tax for Final Map Property is \$2,032 per SFD Lot for Fiscal Year 2020-21, which amount shall increase on July 1, 2021, and each July 1 thereafter by an amount equal to 2.0% of the amount in effect for the prior Fiscal Year.

3. *Undeveloped Property, Taxable Owners Association Property, and Taxable Public Property*

The Maximum Special Tax for Undeveloped Property, Taxable Owners Association Property, and Taxable Public Property is \$27,200 per Acre for Fiscal Year 2020-21, which amount shall increase on July 1, 2021, and each July 1 thereafter by an amount equal to 2.0% of the amount in effect for the prior Fiscal Year.

D. CHANGES TO THE MAXIMUM SPECIAL TAX

1. *Land Use Changes*

The Expected Maximum Special Tax Revenues shown in Attachment 2 were originally calculated based on the Expected Land Uses at CFD Formation. Attachment 2 is subject to modification upon the occurrence of Land Use Changes, as described below. The Administrator shall review all Land Use Changes and compare the revised land uses to the Expected Land Uses to evaluate the impact on the Expected Maximum Special Tax Revenues.

Prior to the First Bond Sale, if a Land Use Change is proposed or identified that will result in a change in the Expected Maximum Special Tax Revenues, no action will be needed pursuant to this Section D. Upon approval of the Land Use Change, the Administrator shall update Attachment 2 to show the revised Expected Maximum Special Tax Revenues.

After the First Bond Sale, if a Land Use Change is proposed or identified, Steps 1 through 3 below must be applied;

- Step 1:** By reference to Attachment 2 (which shall be updated by the Administrator each time a Land Use Change has been processed according to this Section D or a partial prepayment has been made), the Administrator shall identify the Expected Maximum Special Tax Revenues prior to the Land Use Change.
- Step 2:** The Administrator shall calculate the Expected Maximum Special Tax Revenues that could be collected from Taxable Property in the CFD after the Land Use Change based on application of the Base Special Taxes from Table 1.
- Step 3:** If the revenues calculated in Step 2 are (i) higher than those determined in Step 1 or (ii) less than those calculated in Step 1, but the reduction in Expected Maximum Special Tax Revenues does not reduce debt service coverage on outstanding Bonds below Required Coverage, no further action is needed, and the Administrator shall update Attachment 2 to show the revised Expected Maximum Special Tax Revenues. There is no requirement for the updated Attachment 2 to be recorded.

If the revenues calculated in Step 2 are less than those calculated in Step 1, and the Administrator determines that the reduction in Expected Maximum Special Tax Revenues would reduce debt service coverage on outstanding Bonds below the Required Coverage, one of the following shall occur:

3.a. The landowner requesting the Land Use Change (the “Requesting Landowner”) may make a prepayment in an amount that will ensure that the reduced Expected Maximum Special Tax Revenues are sufficient to provide Required Coverage, as determined pursuant to Section H below. If the Requesting Landowner notifies the Administrator that he/she would like to remedy the reduction by making a prepayment, such prepayment must be made by the earlier of (i) 30 days from the date of delivery of the prepayment estimate or (ii) the date of issuance of any Building Permits for any Parcel owned by the Requesting Landowner that was Final Map Property or Undeveloped Property at the time the Administrator prepared the prepayment estimate, **or**

3.b. If a prepayment is not received by the due date specified above, the Base Special Tax used to determine the Maximum Special Tax for each Parcel of Taxable Property in the area affected by the Land Use Change shall be increased proportionately until the Expected Maximum Special Tax Revenues are sufficient to maintain Required Coverage.

If multiple Land Use Changes are proposed simultaneously by a single Requesting Landowner (which may include approval of multiple Final Maps at one time), and the Requesting Landowner requests that the impact of two or more of the Land Use Changes be considered together, the Administrator shall consider the combined effect of the Land Use Changes to determine if there is a reduction in Expected Maximum Special Tax Revenues. If there is a reduction that would reduce debt service coverage below the Required Coverage, and no prepayment has been received, then the Base Special Tax used to determine the Maximum Special Tax for each Parcel of Taxable Property in the areas affected by the Land Use Changes shall be increased proportionately until the aggregate amount that can be levied within such areas is equal to the amount that could have been levied prior to the proposed Land Use Changes. If Land Use Changes are proposed simultaneously by multiple Requesting Landowners, or if an individual Requesting Landowner proposing multiple Land Use Changes does not request that such Land Use Changes be considered together, the Administrator shall consider the proposed Land Use Changes individually.

Notwithstanding the foregoing, once a certificate of occupancy has been issued for a residential unit on a Parcel, the Maximum Special Tax for the Parcel cannot be increased because of subsequent Land Use Changes that may occur within the area in which the Parcel is located.

The duties imposed on the Administrator pursuant to this Section D to review Land Use Changes, and to review Final Maps and make certain calculations, are intended only to facilitate the administration of the Special Tax and to better assure the sufficiency of tax capacity to pay debt service on Bonds. Such duties are not intended to give any developer, subdivider, or owner of property the right to receive notice of the potential impact of Land Use Changes on the Special Tax applicable to a Parcel; and each developer, subdivider, or owner of property whose property is the subject of a Land Use Change shall be responsible for understanding the impact thereof on the Special Tax applicable to such property.

2. *Partial Prepayments*

If a Parcel makes a partial prepayment pursuant to Section H below, the Administrator shall recalculate the Maximum Special Tax for the Parcel pursuant to Section H.2. In addition, the Administrator shall update Attachment 2 to reflect the prepayment and the revised Expected Maximum Special Tax Revenues for the CFD; there is no requirement for the updated Attachment 2 to be recorded. After the prepayment has been received, the application of Sections D, E, and H of this RMA shall be based on the adjusted Expected Maximum Special Tax Revenues after the prepayment.

3. *Conversion of a Parcel of Public Property to Private Use*

If, in any Fiscal Year, a Parcel of Public Property is converted to private use, such Parcel shall be subject to the levy of the Special Tax. The Maximum Special Tax for each such Parcel shall be determined based on the applicable Base Special Tax for the Parcel, as determined by the Administrator.

E. METHOD OF LEVY OF THE SPECIAL TAX

Each Fiscal Year, the Administrator shall determine the Special Tax Requirement to be collected in that Fiscal Year. A Special Tax shall then be levied according to the following steps:

- Step 1:** The Special Tax shall be levied Proportionately on each Parcel of Developed Property up to 100% of the Maximum Special Tax for each Parcel of Developed Property until the amount levied is equal to the Special Tax Requirement prior to applying any Capitalized Interest that is available in the CFD accounts.
- Step 2:** If additional revenue is needed after Step 1 in order to meet the Special Tax Requirement after Capitalized Interest has been applied to reduce the Special Tax Requirement, the Special Tax shall be levied Proportionately on each Parcel of Final Map Property up to 100% of the Maximum Special Tax for each Parcel of Final Map Property until the amount levied is equal to the Special Tax Requirement.
- Step 3:** If additional revenue is needed after Step 2, the Special Tax shall be levied Proportionately on each Parcel of Undeveloped Property up to 100% of the Maximum Special Tax for each Parcel of Undeveloped Property until the amount levied is equal to the Special Tax Requirement.
- Step 4:** If additional revenue is needed after Step 3, the Special Tax shall be levied Proportionately on each Parcel of Taxable Owners Association Property, up to 100% of the Maximum Special Tax for each Parcel of Taxable Owners Association Property until the amount levied is equal to the Special Tax Requirement.
- Step 5:** If additional revenue is needed after Step 4, the Special Tax shall be levied Proportionately on each Parcel of Taxable Public Property, up to 100% of the

Maximum Special Tax for each Parcel of Taxable Public Property until the amount levied is equal to the Special Tax Requirement.

F. MANNER OF COLLECTION OF SPECIAL TAX

The Special Tax shall be collected in the same manner and at the same time as ordinary ad valorem property taxes, provided, however, that prepayments are permitted as set forth in Section H below and provided further that CMFA may directly bill the Special Tax, may collect Special Taxes at a different time or in a different manner, and may collect delinquent Special Taxes through foreclosure or other available methods.

The Special Tax shall be levied and collected until principal and interest on Bonds have been repaid. However, in no event shall Special Taxes be levied after Fiscal Year 2060-61. Under no circumstances may the Special Tax on a Parcel of Developed Property in residential use be increased in any Fiscal Year as a consequence of delinquency or default in payment of the Special Tax levied on another Parcel or Parcels by more than ten percent (10%) above the amount that would have been levied in that Fiscal Year had there never been any such delinquencies or defaults.

G. EXEMPTIONS

Notwithstanding any other provision of this RMA, no Special Tax shall be levied in any Fiscal Year on the following:

- (1) Public Property, except Taxable Public Property.
- (2) Owners Association Property, except Taxable Owners Association Property.
- (3) Parcels that are owned by a public utility for an unmanned facility.
- (4) Parcels that are subject to an easement that precludes any other use on the Parcel.
- (5) Parcels that have fully prepaid the Special Tax obligation assigned to the Parcel pursuant to the formula set forth in Section H below.

H. PREPAYMENTS

The following definitions apply to this Section H:

“Outstanding Bonds” means all Previously Issued Bonds which remain outstanding, with the following exception: if a Special Tax has been levied against, or already paid by, an Assessor’s Parcel making a prepayment, and a portion of the Special Tax will be used to pay a portion of the next principal payment on the Bonds that remain outstanding (as determined by the Administrator), that next principal payment shall be subtracted from

the total Bond principal that remains outstanding, and the difference shall be used as the amount of Outstanding Bonds for purposes of this prepayment formula.

“Previously Issued Bonds” means all Bonds that have been issued prior to the date of prepayment.

“Public Facilities Requirement” means either \$2.25 million in 2020 dollars, which shall increase on January 1, 2021, and on each January 1 thereafter by 2% of the amount in effect in the prior year, or such other number as shall be determined by CMFA as sufficient to fund improvements that are authorized to be funded by the CFD. The Public Facilities Requirement shown above may be adjusted each time property annexes into the CFD or there is an adjustment to the Expected Maximum Special Tax Revenues due to a Land Use Change; at no time shall the Public Facilities Requirement exceed the amount of public improvement costs that can be funded by the Expected Maximum Special Tax Revenues, as determined by the Administrator.

“Remaining Facilities Costs” means the Public Facilities Requirement minus public facility costs funded by Previously Issued Bonds, developer equity, and any other source of funding.

1. Full Prepayment

The Special Tax obligation applicable to a Parcel in the CFD may be prepaid and the obligation of the Parcel to pay the Special Tax permanently satisfied as described herein, provided that a prepayment may be made only if there are no delinquent Special Taxes with respect to such Parcel at the time of prepayment. An owner of a Parcel intending to prepay the Special Tax obligation shall provide CMFA with written notice of intent to prepay. Within 30 days of receipt of such written notice, CMFA or its designee shall notify such owner of the prepayment amount for such Parcel. Prepayment must be made not less than 60 days prior to any redemption date for Bonds to be redeemed with the proceeds of such prepaid Special Taxes. The Prepayment Amount shall be calculated as follows (capitalized terms as defined below):

	Bond Redemption Amount
plus	Remaining Facilities Amount
plus	Redemption Premium
plus	Defeasance Requirement
plus	Administrative Fees and Expenses
less	<u>Reserve Fund Credit</u>
equals	Prepayment Amount

As of the proposed date of prepayment, the Prepayment Amount shall be determined by application of the following steps:

- Step 1.** Compute the amount that could be collected from the Parcel prepaying the Special Tax in the Fiscal Year in which prepayment would be received by CMFA by applying the Base Special Tax to the Expected Land Uses for the Parcel. If this Section H is being applied to calculate a prepayment pursuant to Section D above, compute the amount by which the proposed

Land Use Change would reduce Expected Maximum Special Tax Revenues below the amount needed for Required Coverage, and use this amount for purposes of this Step 1.

- Step 2.** Divide the Maximum Special Tax computed pursuant to Step 1 for such Parcel by the total Expected Maximum Special Tax Revenues for all property in the CFD, as shown in Attachment 2 and as adjusted by the Administrator after prepayments or Land Use Changes.
- Step 3.** Multiply the quotient computed pursuant to Step 2 by the Outstanding Bonds to compute the amount of Outstanding Bonds to be retired and prepaid (*the “Bond Redemption Amount”*).
- Step 4.** Compute the current Remaining Facilities Costs (if any).
- Step 5.** Multiply the quotient computed pursuant to Step 2 by the amount determined pursuant to Step 4 to compute the amount of Remaining Facilities Costs to be prepaid (*the “Remaining Facilities Amount”*).
- Step 6.** Multiply the Bond Redemption Amount computed pursuant to Step 3 by the applicable redemption premium, if any, on the Outstanding Bonds to be redeemed (*the “Redemption Premium”*).
- Step 7.** Compute the amount needed to pay interest on the Bond Redemption Amount starting with the first Bond interest payment date after which the prepayment will be received until the earliest redemption date for the Outstanding Bonds. However, if Bonds are callable at the first interest payment date after the prepayment has been received, Steps 7, 8, and 9 of this prepayment formula will not apply.
- Step 8:** Compute the amount of interest CMFA reasonably expects to derive from reinvestment of the Bond Redemption Amount plus the Redemption Premium from the first Bond interest payment date after which the prepayment has been received until the redemption date for the Outstanding Bonds.
- Step 9:** Subtract the amount computed pursuant to Step 8 from the amount computed pursuant to Step 7 (*the “Defeasance Requirement”*).
- Step 10.** The administrative fees and expenses associated with the prepayment will be determined by the Administrator and include the costs of computing the prepayment, redeeming Bonds, and recording any notices to evidence the prepayment and the redemption (*the “Administrative Fees and Expenses”*).
- Step 11.** If and to the extent so provided in the Bond Indenture, a reserve fund credit shall be calculated as a reduction in the applicable reserve fund for

the Outstanding Bonds to be redeemed pursuant to the prepayment (the “*Reserve Fund Credit*”).

Step 12. The Special Tax prepayment is equal to the sum of the amounts computed pursuant to Steps 3, 5, 6, 9, and 10, less the amount computed pursuant to Step 11 (the “*Prepayment Amount*”).

Step 13. From the Prepayment Amount, the amounts computed pursuant to Steps 3, 6, and 9 shall be deposited into the appropriate fund as established under the Indenture and be used to retire Outstanding Bonds or make debt service payments. The amount computed pursuant to Step 5 shall be deposited into the Improvement Fund. The amount computed pursuant to Step 10 shall be retained in the account or fund that is established to pay Administrative Expenses.

Once a full prepayment of a Parcel’s Special Tax obligation has been received, a Notice of Cancellation of Special Tax Lien shall be recorded against the Parcel to reflect the discharge of the Parcel’s obligation to pay the Special Tax. However, a Notice of Cancellation of Special Tax Lien shall not be recorded until all Special Taxes levied on the Parcel in the current and prior Fiscal Years have been collected.

2. *Partial Prepayment*

A partial prepayment may be made in an amount equal to any percentage of full prepayment desired by the party making a partial prepayment, except that the full amount of Administrative Fees and Expenses determined in Step 10 shall be included in the partial prepayment. The Maximum Special Tax that can be levied on a Parcel after a partial prepayment is made shall be equal to the portion of the Maximum Special Tax that was not prepaid. Once a partial prepayment has been received, an Amended Notice of Special Tax Lien shall be recorded against the Parcel to reflect the reduced Special Tax lien for the Parcel, and the Administrator shall update Attachment 2 to show the revised Expected Maximum Special Tax Revenues. There is no requirement for the updated Attachment 2 to be recorded. However, an Amended Notice of Special Tax Lien shall not be recorded until all Special Taxes levied on the Parcel in the current and prior Fiscal Years have been collected.

I. INTERPRETATION OF RMA

Interpretations may be made by Resolution of the Board to interpret, clarify, and/or revise this RMA to correct any inconsistency, vagueness, or ambiguity as it relates to the Special Tax, method of apportionment, classification of properties, or any definition applicable to the CFD, as long as such correction does not materially affect the levy and collection of Special Taxes. CMFA, upon the request of an owner of land within the CFD which is not Developed Property, may also amend this RMA in any manner acceptable to CMFA, by resolution or ordinance following a public hearing, upon the affirmative vote of such owner to such amendment and without the vote of owners of any other land within the CFD, provided such amendment only affects such owner's land. Under no circumstances may such revisions to the RMA decrease the Expected Maximum Special Tax Revenues to a level that will reduce debt service coverage below the Required Coverage.

ATTACHMENT 1

**California Municipal Finance Authority
Community Facilities District No. 2020-5
(City of Rocklin – Granite Bluff)**

***Granite Bluff
Expected Lot Layout***

KB HOMES

CALIFORNIA

PROJECT NUMBER SD-2014-0003



SACRAMENTO, CA 95816 FAX 916.341.7767

ATTACHMENT 2

California Municipal Finance Authority Community Facilities District No. 2020-5 (City of Rocklin – Granite Bluff)

Expected Land Uses and Expected Maximum Special Tax Revenues

Land Use Category	Square Footage Category	Expected Residential Units/ Acreage	Base Special Tax Fiscal Year 2020-21 *	Expected Maximum Special Tax Revenues *
Single Family Property	Residential Units greater than 2,300 square feet	19 Residential Units	\$2,154 per Residential Unit	\$40,926
Single Family Property	Residential Units 2,001 to 2,300 square feet	19 Residential Units	\$2,072 per Residential Unit	\$39,368
Single Family Property	Residential Units 1,700 to 2,000 square feet	19 Residential Units	\$2,003 per Residential Unit	\$38,057
Single Family Property	Residential Units less than 1,700 square feet	18 Residential Units	\$1,891 per Residential Unit	\$34,038
Other Property	N/A	0.0 Acres	\$27,200 per Acre	\$0
Expected Maximum Special Tax Revenues (FY 2020-21 \$)				\$152,389

* On July 1, 2021, and each July 1 thereafter, all dollar amounts shown above shall be increased by 2% of the amount in effect in the prior Fiscal Year.

California Municipal Finance Authority

Statement of Income and Expense vs. Budget

July 2019 through June 2020

	Jul '19 - Jun 20	Budget	\$ Over Budget
Ordinary Income/Expense			
Income			
Annual Fee Income	5,160,598	4,350,000	810,598
Application Fee Income	152,500	10,000	142,500
Issuance Fees	2,882,133	2,410,000	472,133
Other Income - PACE	175,000	0	175,000
Total Income	8,370,231	6,770,000	1,600,231
Expense			
Bank Service Charges	4,427	3,200	1,227
Charitable Grants - Restricted	184,398	100,000	84,398
Charitable Grants -Unrestricted	2,784,037	2,224,740	559,297
Dues and Subscriptions	225	0	225
Insurance	105,294	100,000	5,294
JPA Member Distributions	877,541	602,500	275,041
Marketing	54,010	37,000	17,010
Office Supplies	29	0	29
Outside Services	2,430	4,000	-1,570
Professional Fees	4,316,101	3,636,960	679,141
Travel & Entertainment	15,690	18,000	-2,310
Total Expense	8,344,182	6,726,400	1,617,782
Net Ordinary Income	26,049	43,600	-17,551
Interest Income	2,280	0	2,280
Other Income	0	400	-400
Total Other Income	2,280	400	1,880
Other Expense	0	4,000	-4,000
Net Other Income	2,280	-3,600	5,880
Net Income	28,329	40,000	-11,671

California Municipal Finance Authority

Statement of Income and Expense

July 2019 through June 2020

	Jul '19 - Jun 20	Jul '18 - Jun 19	\$ Change
Income			
Annual Fee Income	5,160,598	4,468,572	692,026
Application Fee Income	152,500	58,000	94,500
Issuance Fees	2,882,133	2,335,079	547,054
Other Income - PACE	175,000	0	175,000
Total Income	8,370,231	6,861,651	1,508,580
Expense			
Bank Service Charges	4,427	3,870	557
Charitable Grants - Restricted	184,398	88,310	96,088
Charitable Grants -Unrestricted	2,784,037	2,112,499	671,538
Dues and Subscriptions	225	225	0
Insurance	105,294	91,206	14,088
JPA Member Distributions	877,541	702,234	175,307
Marketing	54,010	36,090	17,920
Office Supplies	29	0	29
Outside Services	2,430	0	2,430
Professional Fees	4,316,101	3,664,255	651,846
Travel & Entertainment	15,690	17,006	-1,316
Total Expense	8,344,182	6,715,695	1,628,487
Net Ordinary Income	26,049	145,956	-119,907
Interest Income	2,280	1,892	388
Net Income	28,329	147,848	-119,519

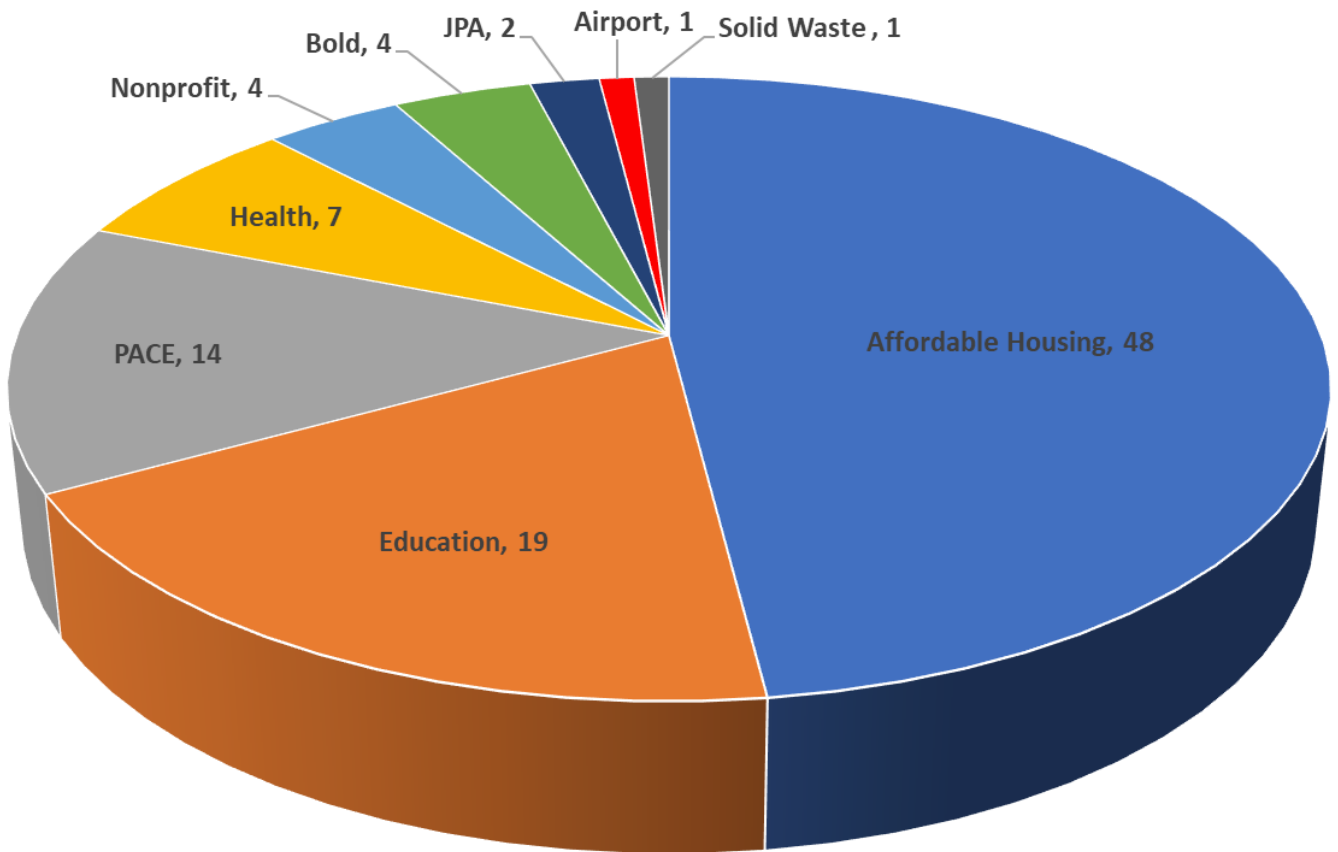
California Municipal Finance Authority

Statement of Financial Position

As of June 30, 2020

	<u>Jun 30, 20</u>	<u>Jun 30, 19</u>	<u>\$ Change</u>
ASSETS			
Wells CDLAC (#8131)	6,275,409	2,071,938	4,203,471
Wells Checking (#4713)	675,237	643,090	32,147
Total Checking/Savings	<u>6,950,646</u>	<u>2,715,028</u>	<u>4,235,618</u>
Accounts Receivable	50,811	33,231	17,580
Prepaid Expenses	14,862	7,585	7,277
TOTAL ASSETS	<u>7,016,319</u>	<u>2,755,844</u>	<u>4,260,475</u>
LIABILITIES & EQUITY			
Accounts Payable	25,405	16,615	8,790
Accrued Expenses	68,806	48,920	19,886
Refundable Deposits	6,275,409	2,071,938	4,203,471
Total Liabilities	<u>6,369,620</u>	<u>2,137,473</u>	<u>4,232,147</u>
Equity			
Retained Earnings	618,370	470,522	147,848
Net Income	28,329	147,848	-119,519
Total Equity	<u>646,699</u>	<u>618,370</u>	<u>28,329</u>
TOTAL LIABILITIES & EQUITY	<u>7,016,319</u>	<u>2,755,843</u>	<u>4,260,476</u>

CMFA FY2020 Transactions by Type



■ Affordable Housing ■ Education ■ PACE ■ Health ■ Nonprofit ■ Bold ■ JPA ■ Airport ■ Solid Waste



JONES HALL

CMFA Disclosure Training Session Presented by Jones Hall

July 17, 2020

Outline

CMFA Disclosure Policies and Procedures

Overview of Key Federal Securities Laws

Lessons from Key Cases / Enforcement Actions

Conclusion/Questions

CMFA Disclosure Policies and Procedures

CMFA Disclosure Policies and Procedures

Adopted April 24, 2020

Establishes a Disclosure Committee, which initially consists of the entire Board, but permits the Board to appoint a standing or ad hoc committee

Disclosure Committee is responsible for coordinating disclosure, including by reviewing each Official Statement prepared in connection with any issuance, and submitting to entire Board for approval

Establishes procedures for continuing disclosure required by SEC Rule 15c2-12, required reporting under State law and periodic training

“Conduit” Issuers

Bonds Secured by Payment from Others

- Issuer responsible only for information provided by it - legal authority and no litigation regarding the Bonds
- Issuer expressly disclaims responsibility for financial information provided by others
- Reasonable belief information about others is accurate
- Liability essentially passes to others; certifications as to accuracy
- Continuing Disclosure responsibilities can be delegated.

Official Statement and Continuing Disclosure

Official Statement – Issuer First Speaks to Investors

- ▣ Issuer’s “invitation” to invest in the Bonds
- ▣ Issuer intends that investors can rely on the information
- ▣ Issuer reasonably believes information about others is accurate
- ▣ Development certifications give assurance
- ▣ Disclosure counsel 10b-5 letter gives comfort

Continuing Disclosure – Ongoing Disclosures to Investors

- ▣ Required by Rule 15c2-12 – annual report and listed event notices
- ▣ Annual report contains issuer’s financial statements and other info

Overview of Key Federal Securities Laws

Key Laws — *Securities Act of 1933*

Generally requires registration of securities with SEC

Exempts certain securities from registration requirement, including municipal securities (Section 3(a)(2))

Prohibits fraud in offer or sale of securities (Section 17(a))

- ▣ Municipal securities are not exempt from Section 17(a)

Key Laws — *Securities Exchange Act of 1934*

Anti-Fraud provisions

- ▣ Section 10(b): prohibits fraud in purchase or sale of securities
- ▣ Rule 10b-5: communications to “marketplace” cannot contain untrue statement of material fact or omission of material fact “necessary in order to make the statements made, in the light of the circumstances under which they were made, not misleading”
- ▣ “Material”: a fact is material if there is a substantial likelihood that, under all the circumstances, the fact would have actual significance in the deliberations of the reasonable investor

Rule 15c2-12: directly regulates underwriters (and indirectly governmental issuers)

Key Laws — *Securities Exchange Act of 1934*

Rule 15c2-12: New Issue Disclosure

▣ Preliminary Official Statement (POS)

- Must contain
 - Information concerning the terms of the securities
 - Financial information or operating data material to an evaluation of the securities
- Must be reviewed by underwriter before it bids for, offers/purchases/sells bonds
- Must be “deemed final” by the issuer

▣ Official Statement (OS)

- Same as the POS except it includes pricing-related information
- Delivered to underwriter within 7 business days after pricing and in time to accompany buyer confirmations

Key Laws — *Securities Exchange Act of 1934*

Rule 15c2-12: Continuing Disclosure

- Underwriter may not purchase/sell primary offering of securities unless issuer or an “obligated person” undertakes to provide continuing disclosure
- “Obligated person”: person, including issuer, generally or through an enterprise, fund or account committed by contract or other arrangement to support payment of all or a part of the obligations on the municipal securities
- Two types of reporting

Annual report

- Financial information or operating data of the type included in the OS
- Audited financial statements, when and if available

Event disclosure

- Failure to file annual report
- 16 listed events

Key Laws — *Securities Exchange Act of 1934*

Rule 15c2-12: Continuing Disclosure

- ▣ Annual Report with audited financial statements and other data
- ▣ 16 Listed Events
 - Principal and interest payment delinquencies
 - Non-payment related defaults, if material
 - Unscheduled draws on debt service reserves reflecting financial difficulties
 - Unscheduled draws on credit enhancements reflecting financial difficulties
 - Substitution of credit or liquidity providers, or their failure to perform
 - Adverse tax opinions or events affecting the tax-exemption
 - Modifications to rights of security holders, if material
 - Bond calls, if material, and tender offers
 - Defeasances
 - Release, substitution, or sale of property securing repayment of the securities, if material
 - Rating changes
 - Bankruptcy, insolvency or similar events
 - Consummation of a merger, consolidation or similar event, if material
 - Appointment of a successor or additional trustee, if material
 - Incurrence of a financial obligation or agreements to covenants, if material
 - Default, event of acceleration or similar event for financial obligation reflecting financial difficulties

Key Laws — *Securities Exchange Act of 1934*

MSRB's EMMA System

- ▣ Effective July 1, 2009, all continuing disclosure filings under SEC Rule 15c2-12 must be filed with MSRB via its EMMA System
- ▣ Documents must be filed in an electronic format prescribed by MSRB

Rule 15c2-12 - Enforcement

- ▣ MCDC Enforcement efforts (2014 – 2016)
- ▣ Settlements with Underwriters in 2015, certain Issuers in 2016

Issuer Responsibility

No false, misleading, incomplete statements or omissions

- ▣ ...of “Material” facts – left undefined, subject to interpretation – but generally, would a typical investor want to know
- ▣ Issuer may rely on consultants, if reasonable, but should exercise independent judgment when approving disclosure

Heightened SEC Scrutiny Since 2010

- ▣ Dodd Frank Reform in 2010
- ▣ SEC now has direct authority to levy fines against Issuers

CMFA is a Conduit Issuer

“Material Facts”

■ No Definition; Only Court Findings

- SEC consistently refuses to speculate or opine
- Substantial likelihood that a reasonable investor would consider it important
- Would have been viewed as having altered the totality of information disclosed
- Balancing probability of the event occurring and magnitude of the occurrence
- Ends up being decided in hindsight
- If more than passive consideration on materiality, decide its material
- Confidentiality not a defense
- Politically embarrassing not a defense
- Attorney-client privilege not relevant

■ If in Doubt...

- Disclose the fact in the Official Statement
- Consider private placement
- Consider delay until facts change
- Abandon the financing

Lessons from Key Cases / Enforcement Actions

Orange County (1996)

SEC Report: issued “to emphasize the responsibilities under the federal securities laws of local governmental officials...”

- ▣ Supervisors were aware of County financial condition and budgetary reliance on investment returns generated by County Pools
- ▣ Supervisors failed to take “steps appropriate under the circumstances” to assure that the County's financial situation was being adequately disclosed to potential investors
 - “Public official who approves issuance of securities and related disclosure documents may not authorize disclosure that the public official knows to be materially false or misleading”
 - “Public official may not authorize disclosure while recklessly disregarding facts that indicate that there is a risk that the disclosure may be misleading”

Lessons from Orange County (1996)

- Legislative body has duty to take steps appropriate under the circumstances to assure accurate disclosure is made to investors regarding material information
- Legislative body should be familiar with disclosure documents
- Legislative body may need to question officials, employees, agents regarding disclosure of material information

City of San Diego (2006) – *Heightened Scrutiny*

SEC filed securities law charges against San Diego and various City officials for not disclosing material information about unfunded pensions, retiree health care

- ▣ Seeking permanent injunction and civil penalties
- ▣ Challenged actions: OS failed to disclose looming financial crisis and the officials, with knowledge of material facts -
 - Signed closing certificate as to accuracy of OS
 - Participated in rating agency presentations
 - Reviewed misleading financial statements and allowed their publication

Lessons from City of San Diego (2006)

- Adopt written disclosure policies and procedures
- Provide appropriate training to everyone involved in the disclosure process (legislative body and staff)
- Disclose the good, with the bad
- Hire outside auditors, consultants with the skills and resources necessary to adequately audit local agency's financials in connection with its securities offerings

Excerpted from "Lessons Learned from San Diego", Linda Chatman Thomsen, Director, Division of Enforcement, SEC, December 11, 2007

Conclusion/Questions

Conclusion – Best Practices

Establish Internal Controls and Systems – Have a Policy

- ▣ Identify “disclosure documents”: information that is reasonably expected to reach investors/trading markets
- ▣ Identify who is responsible for various aspects of disclosure
- ▣ Establish checks and balances

Provide Training to CMFA Board and Staff

- ▣ Disclosure requirements of federal securities laws
- ▣ Each person’s role in disclosure/financial reporting process

Conclusion – Best Practices

Recognize CMFA is a Conduit Issuer

- ▣ CMFA financial statement and other information has little relevance
- ▣ Identify who is responsible for what – 20% threshold for Developers that will deliver certifications regarding accuracy of disclosure
- ▣ Underwriter responsible to compliance with Rule 15c2-12
- ▣ Establish checks and balances

Hire competent auditors and other professionals

Questions?

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