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## MINUTES

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### Regular Meeting of the Board of the California Municipal Finance Authority (the "Authority")

Date: July 16, 2021

Time: 10:00 a.m.

2111 Palomar Airport Road, Suite 320, Carlsbad, CA 92011; and 13838 Meadow Lane,  
Lytle Creek, CA 92358-0239 (**Posted Only; Dial in below to Participate**)  
**Telephonic Meeting Only: Dial in Number: (669) 900-6833**  
**Access Code: 81712495683#**

In attendance virtually for the Authority's meeting were Board Members Paula Connors, Faye Watanabe, Andrew Alexander, and Joya De Foor as voting members, comprising a quorum. Paula Connors served as chair. The meeting was called to order.

Executive Director, Edward Becker attended virtually. John Stoecker, Ben Barker, Anthony Stubbs, and Travis Cooper, of Sierra Management Group, LLC attended virtually as financial advisors to the Authority. Alex Yi of Sierra Management Group, LLC attended virtually. Ron Lee, of Jones Hall, APLC, attended virtually as counsel to the Authority, and Brian Haroldson of Jones Hall APLC attended virtually.

The minutes of the meeting(s) of the Board on June 25, 2021 were discussed and approved.  
Motion by Watanabe; Seconded by De Foor; Motion carries unanimously by a roll call vote, without abstentions.

There was no public comment.

The Executive Director reminded the Board that recommendations to the Board on agenda items were made on the respective staff reports provided and the Executive Director reiterated those recommendations.

The following consent item(s) were approved:

Motion by De Foor; Seconded by Alexander; Motion carries unanimously by a roll call vote, without abstentions.

- a. Waiver of Second Reading and Adoption of Ordinance levying special taxes within California Municipal Finance Authority Community Facilities District No. 2021-6 (City of West Sacramento – The Rivers). (Ordinance 21-08)

The Board approved a final resolution (resolution 21-160) to issue up to \$13,000,000 in multifamily housing revenue bonds for Plymouth Place RHF Partners, L.P., (Plymouth Place Apartments), City of Stockton, County of San Joaquin

Motion by Watanabe; Seconded by De Foor; Motion carries unanimously by a roll call vote, without abstentions.

The Board approved a final resolution (resolution 21-161) to issue up to \$20,000,000 in multifamily housing revenue bonds for BHDC Parkwood Apartments LLC, (Parkwood Apartments), City of Santa Rosa, County of Sonoma.

Motion by Watanabe; Seconded by Alexander; Motion carries unanimously by a roll call vote, without abstentions.

The Board approved a final resolution (resolution 21-162) to issue up to \$20,000,000 in tax-exempt revenue bonds for American Heritage Education Foundation, a California nonprofit public benefit corporation, City of Escondido, County of San Diego.

Motion by Watanabe; Seconded by De Foor; Motion carries unanimously by a roll call vote, without abstentions.

The Board approved a resolution (resolution 21-163) to establish CMFA Community Facilities District No. 2021-4 (Jurupa Recreation & Park District – Canal Street); Sequanota Partners, LP.; and to levy a special tax to finance certain public facilities therein.

Motion by Alexander; Seconded by De Foor; Motion carries unanimously by a roll call vote, without abstentions.

The Board approved a resolution (resolution 21-164) to establish CMFA Community Facilities District No. 2021-12 (County of Placer – The Glen at Granite Bay); Blue Mountain Communities; and to levy a special tax to finance certain public facilities therein.

Motion by Watanabe; Seconded by Alexander; Motion carries unanimously by a roll call vote, without abstentions.

The Board approved a resolution (resolution 21-165) to incur up to \$2,000,000 in bonded indebtedness for CMFA Community Facilities District No. 2021-4 (Jurupa Recreation & Park District – Canal Street).

Motion by Alexander; Seconded by De Foor; Motion carries unanimously by a roll call vote, without abstentions.

The Board approved a resolution (resolution 21-166) to incur up to \$2,450,000 in bonded indebtedness for CMFA Community Facilities District No. 2021-12 (County of Placer – The Glen at Granite Bay).

Motion by Watanabe; Seconded by Alexander; Motion carries unanimously by a roll call vote, without abstentions.

The Board deferred approval of the California Municipal Finance Authority Executive Director Services Agreement until the next CMFA Board of Directors Meeting.

The Board received the Treasurer's Report.

Staff discussed Administrative Issues.

The meeting was adjourned.

Motion by Alexander; Seconded by Watanabe; Motion carries unanimously by a roll call vote, without abstention



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**SPONSORSHIP OF THE COMMUNITY HOUSINGWORKS  
DREAMBUILDER CELEBRATION**

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Subject: Sponsorship of The DreamBuilder Celebration

Meeting: August 7, 2020

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Background:

Founded in 1988, Community HousingWorks (CHW) is a nationally recognized 501(c)(3) nonprofit organization that develops, rehabilitates, preserves and operates affordable apartment communities in San Diego and throughout California. The celebration will honor our Everyday Heroes.

As a Sponsor, the benefits will be supporting CHW, reception tickets, and name recognition on website. The celebration will be held October 14, 2021.

Recommendation:

The Executive Director recommends that the CMFA Board of Directors approve a Vision Sponsorship of \$1,000 for the DreamBuilder Celebration.



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## CITY OF HUNTINGTON BEACH NEW JPA SUMMARY

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Action:	Resolution
Purpose:	Finance Middle Income Multi-Family Rental Housing Facilities Located in the City of Huntington Beach, Orange County, California
Activity:	Creating a Joint Powers Authority
Meeting:	July 23, 2021

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### Missing Middle Market:

Prior to the dissolution of redevelopment in 2012, affordable housing programs in California focused on households earning up to 120% of area median income. Since the dissolution of redevelopment, affordable housing programs in the state are largely limited to those earning no more than 60% of area median income. With rapidly increasing housing costs in the state, many California communities - our members - have market rate rental housing for higher-income residents and subsidized rental housing for lower-income residents but exclude middle-income households who cannot afford the former and do not qualify for the latter. Those households are often referred to as the “missing middle”. As of 2018, California ranks 49th among the United States in the shortage of housing units per resident. The National Low Income Housing Coalition estimates 1.3 million renters in California have incomes at or below federal poverty guidelines, but there are just 286,844 affordable units across the state.

The missing middle includes workers who are critical to California’s economy and critical to California’s individual communities. They provide health care, public safety and services needed in every community.

### Proposed Middle-Income Solution:

The proposed project would provide public benefit by using tax-exempt bonds, issued by the CMFA Special Finance Agency VII (an affiliated single purpose “mini-JPA” or the “Agency”) to acquire a market-rate apartment facility and convert it to workforce housing with affordability tiers at 80%, 100% and 120%. Rents would be restricted to 35% of the applicable income tier. No tenants would be evicted. Any tenants above the applicable income limits would be allowed to stay in their units indefinitely but at market rents. Because ownership is governmental, the property would be exempt from property tax. This operating expense savings is enough to restrict rents at the levels described above.

The CMFA solution provides a single purpose JPA with the City of Huntington Beach to own the project. It is common in real estate development to create a separate entity for each project. Neither the CMFA nor the municipality would be liable for the liabilities of the single purpose JPA.

The City of Huntington Beach:

The City of Huntington Beach is a member of the CMFA and has approved a resolution approving, authorizing and directing execution of a Joint Exercise of Powers Agreement relating to the CMFA Special Finance Agency VII.

Terms of Transaction:

The project level information and terms of the transaction will be considered at the Agency level.

Public Benefit:

The income distribution is a bell curve, not a straight line, and those earning between 61% - 120% of AMI are in the “fat” part of that distribution. There are perhaps millions of California households who are not in the market to buy a home, for whatever reason, but are nevertheless unable to afford quality rental housing in or near the cities in which they work. The missing middle is a very large segment of the population and, since 2012, largely underserved, population. This is clearly a societal problem in California. Providing public benefit to California communities means providing benefits to all residents and workers, not solely those who are able to utilize low-income housing, hospitals, universities and private schools.

It’s important to recognize that low-income is defined by HUD as 80% of area median income (“AMI”), and below adjusted for family size. The proposed transaction will ensure that at least 33% of the units are reserved for low-income residents, 33% of the units reserved for those earning not more than 100% of AMI and the balance not more than 120% AMI. When the Series 2021 Bonds are issued and the Agency acquires the Facilities, existing tenants will not be displaced regardless of their income category.

Recommendation:

The Executive Director recommends that the CMFA Board of Directors approve the execution and delivery of a Joint Exercise of Powers Agreement by and between the California Municipal Finance Authority and the City of Huntington Beach.



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## CITY OF HUNTINGTON BEACH NEW JPA SUMMARY

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Action:	Resolution
Purpose:	Finance Middle Income Multi-Family Rental Housing Facilities Located in the City of Huntington Beach, Orange County, California
Activity:	Creating a Joint Powers Authority
Meeting:	July 23, 2021

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### Missing Middle Market:

Prior to the dissolution of redevelopment in 2012, affordable housing programs in California focused on households earning up to 120% of area median income. Since the dissolution of redevelopment, affordable housing programs in the state are largely limited to those earning no more than 60% of area median income. With rapidly increasing housing costs in the state, many California communities - our members - have market rate rental housing for higher-income residents and subsidized rental housing for lower-income residents but exclude middle-income households who cannot afford the former and do not qualify for the latter. Those households are often referred to as the “missing middle”. As of 2018, California ranks 49th among the United States in the shortage of housing units per resident. The National Low Income Housing Coalition estimates 1.3 million renters in California have incomes at or below federal poverty guidelines, but there are just 286,844 affordable units across the state.

The missing middle includes workers who are critical to California’s economy and critical to California’s individual communities. They provide health care, public safety and services needed in every community.

### Proposed Middle-Income Solution:

The proposed project would provide public benefit by using tax-exempt bonds, issued by the CMFA Special Finance Agency VIII (an affiliated single purpose “mini-JPA” or the “Agency”) to acquire a market-rate apartment facility and convert it to workforce housing with affordability tiers at 80%, 100% and 120%. Rents would be restricted to 35% of the applicable income tier. No tenants would be evicted. Any tenants above the applicable income limits would be allowed to stay in their units indefinitely but at market rents. Because ownership is governmental, the property would be exempt from property tax. This operating expense savings is enough to restrict rents at the levels described above.

The CMFA solution provides a single purpose JPA with the City of Huntington Beach to own the project. It is common in real estate development to create a separate entity for each project. Neither the CMFA nor the municipality would be liable for the liabilities of the single purpose JPA.

The City of Huntington Beach:

The City of Huntington Beach is a member of the CMFA and has approved a resolution approving, authorizing and directing execution of a Joint Exercise of Powers Agreement relating to the CMFA Special Finance Agency VIII.

Terms of Transaction:

The project level information and terms of the transaction will be considered at the Agency level.

Public Benefit:

The income distribution is a bell curve, not a straight line, and those earning between 61% - 120% of AMI are in the “fat” part of that distribution. There are perhaps millions of California households who are not in the market to buy a home, for whatever reason, but are nevertheless unable to afford quality rental housing in or near the cities in which they work. The missing middle is a very large segment of the population and, since 2012, largely underserved, population. This is clearly a societal problem in California. Providing public benefit to California communities means providing benefits to all residents and workers, not solely those who are able to utilize low-income housing, hospitals, universities and private schools.

It’s important to recognize that low-income is defined by HUD as 80% of area median income (“AMI”), and below adjusted for family size. The proposed transaction will ensure that at least 33% of the units are reserved for low-income residents, 33% of the units reserved for those earning not more than 100% of AMI and the balance not more than 120% AMI. When the Series 2021 Bonds are issued and the Agency acquires the Facilities, existing tenants will not be displaced regardless of their income category.

Recommendation:

The Executive Director recommends that the CMFA Board of Directors approve the execution and delivery of a Joint Exercise of Powers Agreement by and between the California Municipal Finance Authority and the City of Huntington Beach.



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## CITY OF SANTA CLARITA NEW JPA SUMMARY

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Action:	Resolution
Purpose:	Finance Middle Income Multi-Family Rental Housing Facilities Located in the City of Santa Clarita, Los Angeles County, California
Activity:	Creating a Joint Powers Authority
Meeting:	July 23, 2021

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### Missing Middle Market:

Prior to the dissolution of redevelopment in 2012, affordable housing programs in California focused on households earning up to 120% of area median income. Since the dissolution of redevelopment, affordable housing programs in the state are largely limited to those earning no more than 60% of area median income. With rapidly increasing housing costs in the state, many California communities - our members - have market rate rental housing for higher-income residents and subsidized rental housing for lower-income residents but exclude middle-income households who cannot afford the former and do not qualify for the latter. Those households are often referred to as the “missing middle”. As of 2018, California ranks 49th among the United States in the shortage of housing units per resident. The National Low Income Housing Coalition estimates 1.3 million renters in California have incomes at or below federal poverty guidelines, but there are just 286,844 affordable units across the state.

The missing middle includes workers who are critical to California’s economy and critical to California’s individual communities. They provide health care, public safety and services needed in every community.

### Proposed Middle-Income Solution:

The proposed project would provide public benefit by using tax-exempt bonds, issued by the CMFA Special Finance Agency VII (an affiliated single purpose “mini-JPA” or the “Agency”) to acquire a market-rate apartment facility and convert it to workforce housing with affordability tiers at 80%, 100% and 120%. Rents would be restricted to 35% of the applicable income tier. No tenants would be evicted. Any tenants above the applicable income limits would be allowed to stay in their units indefinitely but at market rents. Because ownership is governmental, the property would be exempt from property tax. This operating expense savings is enough to restrict rents at the levels described above.



The CMFA solution provides a single purpose JPA with the City of Santa Clarita to own the project. It is common in real estate development to create a separate entity for each project. Neither the CMFA nor the municipality would be liable for the liabilities of the single purpose JPA.

The City of Santa Clarita:

The City of Santa Clarita is a member of the CMFA and has approved a resolution approving, authorizing and directing execution of a Joint Exercise of Powers Agreement relating to the CMFA Special Finance Agency VII.

Terms of Transaction:

The project level information and terms of the transaction will be considered at the Agency level.

Public Benefit:

The income distribution is a bell curve, not a straight line, and those earning between 61% - 120% of AMI are in the “fat” part of that distribution. There are perhaps millions of California households who are not in the market to buy a home, for whatever reason, but are nevertheless unable to afford quality rental housing in or near the cities in which they work. The missing middle is a very large segment of the population and, since 2012, largely underserved, population. This is clearly a societal problem in California. Providing public benefit to California communities means providing benefits to all residents and workers, not solely those who are able to utilize low-income housing, hospitals, universities and private schools.

It’s important to recognize that low-income is defined by HUD as 80% of area median income (“AMI”), and below adjusted for family size. The proposed transaction will ensure that at least 33% of the units are reserved for low-income residents, 33% of the units reserved for those earning not more than 100% of AMI and the balance not more than 120% AMI. When the Series 2021 Bonds are issued and the Agency acquires the Facilities, existing tenants will not be displaced regardless of their income category.

Recommendation:

The Executive Director recommends that the CMFA Board of Directors approve the execution and delivery of a Joint Exercise of Powers Agreement by and between the California Municipal Finance Authority and the City of Santa Clarita.



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## CITY OF HUNTINGTON BEACH THE BREAKWATER APARTMENTS SUMMARY

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Project Sponsor: Catalyst Housing Group LLC

Action: Future Final Resolution

Amount: \$250,000,000

Purpose: Finance Middle Income Multi-Family Rental Housing Facilities Located in the City of Huntington Beach, Orange County, California

Activity: Middle Income Housing

Meeting: July 23, 2021

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### Missing Middle Market:

Prior to the dissolution of redevelopment in 2012, affordable housing programs in California focused on households earning up to 120% of area median income. Since the dissolution of redevelopment, affordable housing programs in the state are largely limited to those earning no more than 60% of area median income. With rapidly increasing housing costs in the state, many California communities - our members - have market rate rental housing for higher-income residents and subsidized rental housing for lower-income residents but exclude middle-income households who cannot afford the former and do not qualify for the latter. Those households are often referred to as the “missing middle.”

The missing middle includes workers who are critical to California’s economy and critical to California’s individual communities. They provide health care, public safety and services needed in every community.

Proposed Middle-Income Solution:

The proposed project would provide public benefit by using tax-exempt bonds, issued by the CMFA Special Finance Authority VII (an affiliated single purpose “mini-JPA” or the “Authority”) to acquire a market-rate apartment facility and convert it to middle income/workforce housing with affordability tiers at 80%, 100% and 120%. Rents would be restricted to 30% of the applicable income tier. No tenants would be evicted. Any tenants above the applicable income limits would be allowed to stay in their units indefinitely but at market rents. Because ownership is governmental, the property would be exempt from property tax. This operating expense savings is enough to restrict rents at the levels described above.

Virtually all of the CMFA public benefit programs enjoy some subsidy or benefit. Compared to our affordable housing projects, this is a much leaner subsidy. Virtually all of our affordable housing projects are exempt from property taxes and use other federal, state and local subsidies.

The CMFA solution provides a single purpose JPA with the City of Huntington Beach to own the project. It is common in real estate development to create a separate entity for each project. Neither the CMFA nor the municipality would be liable for the liabilities of the single purpose JPA.



General:

The Project Administrator's bid of \$185,000,000 on the Project was selected by the current owner, and the Project Administrator has entered into the Purchase and Sale Agreement with the current owner of the Project pursuant to which the current owner agrees to sell and convey the Project to the Agency, as assignee of the Project Administrator under the Assignment and

Assumption. The Agency is acquiring a fee simple interest in the Project pursuant to the Purchase and Sale Agreement as assigned under the Assignment and Assumption between the Agency and the Project Administrator.

Prior to the acquisition of the Facilities by the Agency, the units are being rented as market. While the Facilities are currently operated as a market-rate rental community, in connection with the purchase thereof, the Agency will restrict the Facilities to households earning less than 80% of area median income ("AMI"), 81-100% of AMI and 101-120% of AMI.

As of June 15, 2021, the Facilities are 94.8% occupied and consist of all market rate units with no income restrictions.

#### The Facilities:

The Facilities consist of a 400-unit multifamily residential rental community located at 16761 Viewpoint Lane, Huntington Beach, Orange County, California, originally constructed in 1972 as a market-rate apartment complex, and related improvements, personal property and equipment. The Facilities have a 397,000 square foot gross building area and a 352,416 square foot net rentable area. Of the 400 units, 360 are two-bedroom units and 40 are three-bedroom units. Additional amenities include a barbeque community area, courtyard, fitness center, clubhouse, package locker system, dog park, swimming pools and spas, 9 laundry rooms, and a business center. Units include standard appliances, ceiling fans, vinyl plank flooring, carpet, window coverings, mirrored closets, air conditioning in select units, in-unit washer/dryer in select units and private patios/balconies in most units.

The Facilities are comprised of 32 two-story residential buildings, one community building housing the fitness center, and one leasing office building. The property contains a total of 798 parking spaces, including 192 surface parking spaces, 172 garage parking spaces and 192 carport parking spaces. The property provides eight spaces designated as disabled-accessible, including two van-accessible spaces.

It is anticipated that approximately \$23,500,000 of the Series 2021A Bond proceeds will be utilized post-closing to further enhance the Facilities. The planned capital expenditures for the Facilities are comprised of the following broad categories: Mechanical/Electrical/Plumbing, Exterior Envelope, Common Area and Amenities, Site Work, Unit Renovations, Building Technology, and Contingency. The following table sets forth the currently planned capital budget for these Capital Improvement categories:

Overview	CapEx
1. Mechanical/Electrical/Plumbing	\$ 6,080,500
2. Exterior Envelope *	7,053,875
3. Common Areas and Amenities	962,273
4. Site Work	999,624
5. Unit Renovations	5,805,143
6. Building Technology	764,770
7. Contingency	<u>1,833,815</u>
Initial Capital Expenditure	\$23,500,000

\*included in the Exterior Envelope budget is \$1.1M for seismic retrofitting.

Mechanical/Electrical/Plumbing. Mechanical, electrical and plumbing enhancements will primarily focus on HVAC systems, electrical panels, plumbing repairs, water heaters, fire service repairs and equipment updates.

Exterior Envelope. Exterior enhancements are expected to include cladding and related repairs, paint, new roofs, exterior cleaning and sealing.

Common Areas and Amenities. Common area improvements are expected to include FF&E, pool repairs and updates, pet wash stations, a package locker room and EV charging stations.

Site Work. Site work improvements are expected to include wayfinding and signage, concrete paving repairs, xeriscaping, seal coating and restriping.

Unit Renovations: Renovation of 246 unrenovated units to the same finish and specification as units renovated by the Seller, including new appliance packages, flooring, paint and lighting.

Building Technology. Interior enhancements are expected to include smart building technology upgrades, including keyless access controls, thermostats and water/gas leak detection sensors.

Fees and Contingency. The fees and contingency are expected to account for minor variances between estimates and the hard bids that come in post close of escrow.

#### The Project:

The proceeds of the Series 2021A Bonds will be applied by the Agency for the purpose of (i) paying the acquisition costs of the Project, (ii) financing the cost of certain capital improvements through a deposit into the Capital Expense Fund, (iii) funding deposits and reserves for the payment of debt service and certain other uses as set forth herein; (iv) funding a portion of Operating Expenses for the Project into the Operating Account under the Property Management Agreement; and (iv) paying the costs and expenses incidental to the issuance of the Bonds.

Concurrently with the issuance of the Series 2021A Bonds, the Agency is issuing its Series 2021B Bonds. The Series 2021B Bonds will be issued and secured on a subordinate basis to the Series 2021A Bonds under the Indenture.

The Series 2021B Bonds will be directly issued to Catalyst Housing Group LLC (“Catalyst”) in exchange for the sale and assignment of certain assets to the Agency, including its purchase rights to the Project, a business plan for the Agency, and certain intellectual property created by Catalyst for the Agency. Catalyst also is the Project Administrator for the Facilities.

#### The City of Huntington Beach:

The City of Huntington Beach is a member of the CMFA and approved on July 20, 2021 resolutions approving, authorizing and directing execution of a Joint Exercise of Powers Agreement relating to the CMFA Special Finance Agencies VII and VII and the form of a Public Benefit Agreements; and approving the issuance of revenue bonds by said agency for the purpose of financing the acquisition, construction or improvement of the projects. Upon closing, the City is expected to receive approximately \$125,000 as part of the CMFA’s sharing of Issuance Fees. Additionally, local non-profits will also benefit through similar charitable donations.

### The Project Administrator:

The Project Administrator (the “Project Administrator”) is Catalyst Housing Group LLC, a California limited liability company. The Project Administrator will be responsible for the operation of the Facilities pursuant to a Project Administration Agreement dated as of August 1, 2021 (the “Project Administration Agreement”) between the Agency and the Project Administrator pursuant to which the Project Administrator agrees to operate and manage the Facilities for the Agency, together with the Property Manager. The Project Administrator is engaged in, and will continue to engage in, the acquisition, development, ownership and management of similar types of housing projects. The Project Administrator is anticipated to serve as project administrator for Elan Huntington Beach (which is being acquired by the CMFA Special Finance Agency VIII). Catalyst, and the principals thereof (the “Principals”) have been actively engaged in institutional multifamily investment, acquisition, development financing and asset management since 2002 across more than \$4 billion of transactions. The Principals’ current multifamily investments include residential rental facilities throughout Arizona, California and Washington totaling 3,488 market-rate and affordable units. The Project Administrator may be financially interested in, as officers, partners or otherwise, and devote substantial time to, business and activities that may be inconsistent or competitive with the interests of the Facilities.

### The Property Manager:

Greystar California, Inc., a Delaware corporation (the “Property Manager”), will be responsible for managing the Facilities pursuant to a Property Management Agreement dated as of August 1, 2021 between the Agency and the Property Manager. The Property Manager has been actively engaged in multifamily property management since its establishment in 1993 and currently operates out of over 60 offices servicing more than 200 markets globally. The Property Manager has approximately 660,000 unit international portfolio ranging from conventional, mixed use, affordable, senior living and renovations/value add products, with an affordable housing portfolio covering 242 communities representing approximately 12,355 units spanning more than 23 states. The Property Manager also has experience in executing over \$15 billion of exterior and interior renovation projects. The Property Manager’s Southern California operations covers 270 communities and approximately 67,894 units under management. The Property Manager is integral in preparing annual operating budgets, marketing and leasing the Facilities; collecting rent, including from dwelling units, parking spaces and other rental facilities; managing the payment of operating expenses for the Facilities; maintain and repairs the facilities and managing on-site employees.

### Insurance Consultant:

Woodruff Sawyer has been engaged as an independent insurance consultant to recommend prudent liability and casualty coverage and Business Interruption Insurance policies and other insurance policies and coverages maintained with respect to the Project or the Agency pursuant to the Indenture.

Estimated Financing:

Sources of Funds:

Principal Amount of Series 2021A-1 Bonds:	\$	129,500,000
Principal Amount of Series 2021A-2 Bonds:	\$	95,770,000
Original Issue Premium (2021 A-2 Bonds):	\$	6,905,017
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Total Sources:		232,175,017

Series B Bonds: (\$5,000,000, 8% coupon)

Uses of Funds:

Project Acquisition:	\$	185,000,000
2021A-1 Capitalized Interest Account:	\$	777,000
2021A-1 Debt Service Reserve Fund:	\$	3,885,000
2021A-2 Capitalized Interest Account:	\$	2,777,609
2021A-2 Debt Service Reserve Fund:	\$	3,830,800
Coverage Reserve Fund:	\$	1,543,160
Operating Reserve Fund:	\$	646,602
Capital Expense Fund:	\$	23,500,000
Extraordinary Expense Fund:	\$	500,000
Operating Account:	\$	431,068
Initial Payment to Project Administrator	\$	2,000,000
Property Tax Account:	\$	1,478,320
Costs of Issuance:	\$	5,805,458
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Total Uses:	\$	232,175,017

Terms of Transaction:

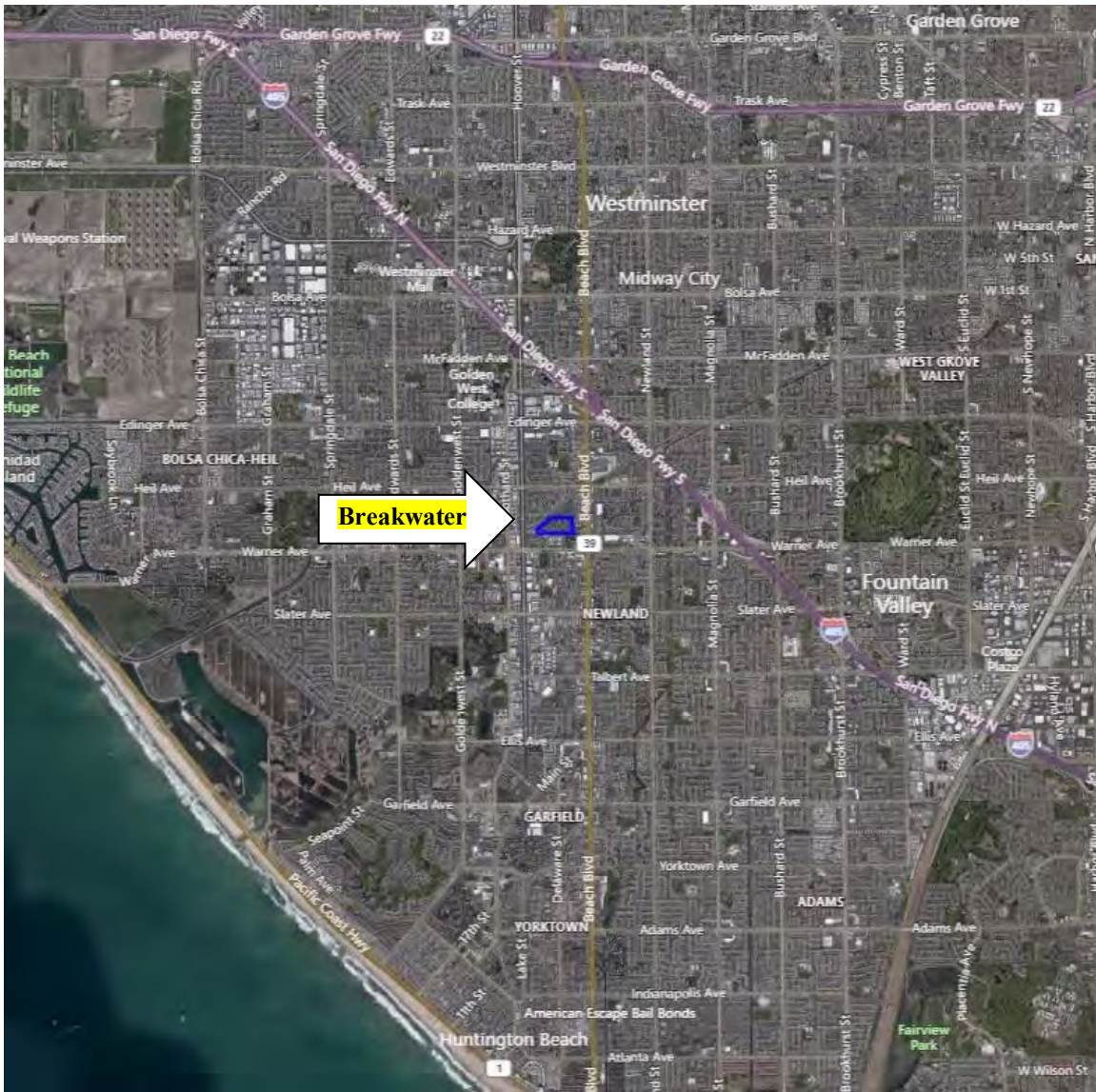
Amount:	\$250,000,000 (Not-to-exceed)
Maturity:	35 years
Rating:	Unrated
Collateral:	Deed of Trust on property
Bond Purchasers:	Institutional & Sophisticated Investors
Estimated Closing:	August 2021

THE BONDS AND THE INTEREST THEREON ARE LIMITED OBLIGATIONS OF THE AGENCY, PAYABLE SOLELY FROM THE TRUST ESTATE UNDER THE INDENTURE. NEITHER THE AGENCY, ANY OF ITS MEMBERS, THE STATE OF CALIFORNIA (THE "STATE"), NOR ANY POLITICAL SUBDIVISION THEREOF (EXCEPT THE AGENCY, TO THE LIMITED EXTENT SET FORTH IN THE INDENTURE) NOR ANY PUBLIC AGENCY SHALL IN ANY EVENT BE LIABLE FOR THE PAYMENT OF THE PRINCIPAL OF, PREMIUM (IF ANY) OR INTEREST ON THE BONDS OR FOR THE PERFORMANCE OF ANY PLEDGE, OBLIGATION OR AGREEMENT OF ANY KIND WHATSOEVER EXCEPT AS SET FORTH IN THE INDENTURE, AND NONE OF THE BONDS OR ANY OF THE AGENCY'S AGREEMENTS OR OBLIGATIONS SHALL BE CONSTRUED TO CONSTITUTE AN INDEBTEDNESS OF OR A PLEDGE OF THE FAITH AND CREDIT OF OR A LOAN OF THE CREDIT OF OR A MORAL OBLIGATION OF ANY OF THE

FOREGOING WITHIN THE MEANING OF ANY CONSTITUTIONAL OR STATUTORY PROVISION WHATSOEVER. THE AGENCY HAS NO TAXING POWER.

The CMFA has served as the issuer of tax-exempt multifamily housing bonds in over 450 issues. Although this is only the second middle income housing project with an ownership structure, the CMFA has also acted as the owner of an asset from its first transaction in 2004. The transaction adheres to the Agency Bond Issuance Policies and Procedures.

Agency Risks include default risk, operational risks and optical risks. The Preliminary Limited Offering Memorandum (“PLOM”) clearly outlines that the purchase and ownership of Series 2021A Bonds involves investment risks that are discussed throughout the memorandum. Risks include: operations, legal, potential conflicts of interest, repayment risk, the nature of limited obligations, Covid-19 related risks, uncertain revenues and expenses, forecast uncertainties, third party report uncertainties, real estate risks, competition, damage and destruction and other risks.





Public Benefit:

In general, the income distribution is a bell curve, not a straight line, and those earning between 61% - 120% of AMI are in the “fat” part of that distribution. There are perhaps millions of California households who are not in the market to buy a home, for whatever reason, but are nevertheless unable to afford quality rental housing in or near the cities in which they work. The missing middle is a very large segment of the population and, since 2012, largely underserved, population. This is clearly a societal problem in California. Providing public benefit to California communities means providing benefits to all residents and workers, not solely those who are able to utilize low-income housing, hospitals, universities and private schools.

It’s important to recognize that low-income is defined by HUD as 80% of area median income (“AMI”), and below adjusted for family size. As requested by the City of Huntington Beach and outlined in the Regulatory Agreement, the proposed transaction will ensure that at least 33% of the units are reserved for low-income residents, 33% of the units reserved for those earning not more than 100% of AMI and the balance not more than 120% AMI. When the Series 2021 Bonds are issued and the Agency acquires the Facilities, existing tenants will not be displaced regardless of their income category. A total of 400 middle income households will be able to enjoy high quality, independent, affordable housing in the City of Huntington Beach as long as any of the bonds are outstanding.

**2021 ORANGE COUNTY MAXIMUM INCOME LIMITS**

*California Tax Credit Allocation Committee*

*Revised per HUD Notice Effective April 1, 2021*

<b>Household Occupancy</b>	<b>Low Income 80% AMI</b>	<b>Median Income 100% AMI</b>	<b>Moderate Income 120% AMI</b>
1	\$75,360	\$94,200	\$113,040
2	\$86,080	\$107,600	\$129,120
3	\$96,880	\$121,100	\$145,320
4	\$107,600	\$134,500	\$161,400
5	\$116,240	\$145,300	\$174,360
6	\$124,800	\$156,100	\$187,320
7	\$133,400	\$166,800	\$200,160

**2021 MAXIMUM RESTRICTED RENTS**

*(Assumes 30% rent to income ratio)*

<b>Unit Type</b>	<b>Low Income 80% AMI</b>	<b>Median Income 100% AMI</b>	<b>Moderate Income 120% AMI</b>
2BR	\$2,422	\$3,028	\$3,633
3BR	\$2,690	\$3,363	\$4,035
Average	\$2,449	\$3,061	\$3,673

### CURRENT RENTS

Unit Type	Market Rents <sup>1</sup>	90-Day Average Leasing Rents <sup>2</sup>
2BR	\$2,341	\$2,345
3BR	\$3,000	\$3,114
Average	<b>\$2,407</b>	<b>\$2,422</b>

<sup>1</sup> Project Administrator's projection of market rents, based on recent leasing and current rent roll at the Facilities, and average rents from competing properties.

<sup>2</sup> Reflects 90-day average leasing rents for renovated units as of July 15, 2021.

### AGENCY RENTS<sup>1</sup>

Unit Type	Low Income 80% AMI	Median Income 100% AMI	Moderate Income 120% AMI
2BR	\$1,966	\$2,091	\$2,216
3BR	\$2,625	\$2,750	\$2,875
Average	\$2,032	\$2,157	\$2,282
Discount to Market Rents	15.6%	10.4%	5.2%
Weighted Average Rent-to-Income Ratio	24.8%	21.1%	18.6%

<sup>1</sup> Blended restricted rents if the Facilities were hypothetically in full compliance with the Regulatory Agreement on the date of closing.

Failure by the Agency to meet the targeted income restriction categories will not result in a default under the Indenture. Failure by the Agency to meet the targeted income restriction categories will result in a default under the Regulatory Agreement, the sole remedy for which is specific performance. An uncured default under the Regulatory Agreement constitutes an event of default under the Project Administration Agreement for which the Agency can terminate the Project Administration Agreement in accordance with its terms, and under such circumstances the Regulatory Agreement provides that the Agency, in its sole and absolute discretion, may replace the Property Manager and terminate the Property Management Agreement in accordance with its terms. There can be no assurance that the Agency can meet the targeted income restriction categories due to the availability of qualified tenants for each income restriction category.

#### Finance Team:

Underwriter:	Jefferies LLC
Bond Counsel:	Orrick, Herrington & Sutcliffe LLP
Issuer Counsel:	Jones Hall APLC
Real Estate Counsel:	Orrick, Herrington & Sutcliffe LLP
Underwriter Counsel:	Ballard Spahr LLP
Property Tax Counsel:	Meyers, Nave, Riback, Silver & Wilson LLP
Property (Asset) Manager:	Catalyst Housing Group LLC
Property Manager's Counsel:	Black Law Group PLLC
Property Manager:	Greystar California, Inc.
RE Advisor:	Gradient Real Estate Group, LLC

Insurance Consultant: Woodruff Sawyer  
Trustee: Wilmington Trust, National Association  
Rebate Analyst/ Dissemination Agent: BLX  
Investment Agreement Bidding Agent: Puget Sound Capital Services LLC

Recommendation:

The Executive Director recommends that the CMFA Board of Directors approve a Final Resolution of \$250,000,000 for The Breakwater Apartments multi-family housing facility located in the City of Huntington Beach, Orange County, California.