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## **PROCEDURAL ITEMS FOR THE CMFA SUMMARY AND RECOMMENDATIONS**

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Items: A1, A2, A3

Action: Pursuant to the by-laws and procedures of CMFA, each meeting starts with the call to order and roll call (A1) and proceeds to a review and approval of the minutes from the prior meeting (A2). After the minutes have been reviewed and approved, time is set aside to allow for comments from the public (A3).

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## CALIFORNIA MUNICIPAL FINANCE AUTHORITY

### Regular Meeting Agenda

Friday, December 3, 2021 @ 10:00 a.m.

2111 Palomar Airport Road, Suite 320, Carlsbad, CA 92011

**(Posted Only; Dial in below to Participate)**

**Telephonic Meeting Only: Dial in Number: (669) 900-6833; 88130788094#**

#### A. PROCEDURAL ITEMS FOR THE CMFA

1. Call to Order and Roll Call.  
\_\_\_\_\_ Mr. Bob Adams                      \_\_\_\_\_ Mr. Andrew Alexander (Alt.)  
\_\_\_\_\_ Ms. Paula Connors                \_\_\_\_\_ Ms. Joya De Foor (Alt.)  
\_\_\_\_\_ Mr. Justin McCarthy             \_\_\_\_\_ Ms. Deborah Moreno  
\_\_\_\_\_ Ms. Faye Watanabe
2. Approve Minutes of the meeting(s) of the Board on November 19, 2021.
3. Public Comment.

#### B. ACTION ITEMS FOR THE CMFA

4. Consent:
  - a. Adopt findings required by California Government Code Section 54953(e)(3) for continuation of teleconference meetings.
  - b. Ratify inducement certificate declaring the CMFA's intent to incur tax-exempt and/or taxable obligations to finance a biofuel disposal project for California Safe Soil, LLC, a Delaware limited liability company, Unincorporated County of Sacramento; in an amount up to \$55,000,000 in tax-exempt and/or taxable revenue bonds. (Resolution 21-327)
  - c. Adoption of a Resolution (Resolution 21-328) approving the 2022 regular board of directors meeting schedule.
5. Declare the CMFA's intent to incur tax-exempt and/or taxable obligations to finance the following projects and other related actions:
  - a. Standard Companies or a to be formed affiliate thereof, (Heritage Portfolio), Cities of Anaheim, Escondido, Livermore, and Counties of Orange, San Diego, Alameda; issue up to \$230,000,000 in tax-exempt and/or taxable revenue bonds. (Resolution 21-329)
6. Authorize the issuance of revenue bonds or other obligations to finance or refinance the following projects, the execution and delivery of related documents, and other related actions:
  - a. Little Tokyo Towers Apartments, LP, (Little Tokyo Towers Apartments), City of Los Angeles, County of Los Angeles; issue up to \$68,000,000 in tax-exempt and/or taxable revenue bonds. (Resolution 21-330)
  - b. Southwestern Law School, a nonprofit public benefit corporation, City of Los Angeles, County of Los Angeles; issue up to \$18,500,000 in tax-exempt and/or taxable revenue bonds. (Resolution 21-331)
7. Approve a Resolution (Resolution 21-332) authorizing the execution and delivery of a Joint Exercise of Powers Agreement by and between the California Municipal Finance Authority and the City of Orange.

**C. INFORMATIONAL ITEMS FOR THE CMFA**

8. Administrative Issues.
  - a. Executive Director Report
  - b. Marketing Update
  - c. Membership Update
  - d. Transaction Update
  - e. Legislative Update
  - f. Legal Update
  
9. Adjournment.

Address for public inspection of certain meeting materials distributed to the Board of Directors: 2111 Palomar Airport Road, Suite 320, Carlsbad, California 92011.

A request for disability-related modification or accommodation, including auxiliary aids or services, may be made by any person with a disability who requires a modification or accommodation to participate in the public meeting by contacting Matt France, (760) 502-0050, [mfrance@cmfa-ca.com](mailto:mfrance@cmfa-ca.com), 2111 Palomar Airport Rd, Suite 320, Carlsbad, CA 92011.

This 2-page agenda was posted at \_\_\_\_\_ on \_\_\_\_\_, 2021 at \_\_\_\_\_.  
Signed \_\_\_\_\_.



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## **CALIFORNIA GOVERNMENT CODE SECTION 54953(E)(3) SUMMARY AND RECOMMENDATIONS**

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Action: Findings

Purpose: Adopt Findings Per California Government Code Section 54953(e)(3) for the CMFA/CFSC/CFPF/SFA

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Background:

Under the current provisions of California Government Code Section 54953(e)(3), if a state of emergency remains active, or state or local officials have imposed or recommended measures to promote social distancing, meetings of the Board of Directors may continue to be held by teleconference without compliance with certain agenda, quorum and other requirements of California Government Code Section 54953(b)(3), but the Board must make the following findings not later than 30 days after teleconferencing for the first time after October 1, 2021, and every 30 days thereafter, by majority vote:

- (A) The Board of Directors has reconsidered the circumstances of the state of emergency.
- (B) Any of the following circumstances exist:
  - (i) The state of emergency continues to directly impact the ability of the members to meet safely in person.
  - (ii) State or local officials continue to impose or recommend measures to promote social distancing.

For the purposes of these findings, “state of emergency” means a state of emergency proclaimed pursuant to Section 8625 of the California Emergency Services Act (Article 1 (commencing with Section 8550) of Chapter 7 of Division 1 of Title 2).

Recommendation:

The Executive Director recommends that the CMFA Board of Directors adopt the findings stated above in this staff report.



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## CALIFORNIA SAFE SOIL, LLC SUMMARY AND RECOMMENDATIONS

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Applicant:	California Safe Soil, LLC, dba CSS
Action:	Initial Resolution
Amount:	\$55,000,000
Purpose:	Finance Facility to Process Food and Other Organic Waste, Located in the Unincorporated Portion of Sacramento County, California
Activity:	Pollution Control
Meeting:	December 3, 2021

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### Background:

California Safe Soil, LLC (“CSS”) was formed in August 2011 to commercialize its patented enzymatic digestion technology to recover food that would otherwise go to waste. Similar to human digestion, the CSS Sustainable Technology breaks down long chain proteins, fats and carbohydrates in the recovered food into short chain, "building block" molecules: amino acids, organic acids and simple sugars. The process is highly efficient, utilizing food processing industry equipment to convert recovered food into finished products in approximately 3 hours. The resulting products include liquid organic fertilizer, animal feed and liquid and dried pet food ingredients.

CSS built a pilot plant in West Sacramento, CA in 2012, recovering food from Safeway, Save Mart, Nugget Markets, Whole Foods and Grocery Outlet supermarkets. CSS worked with Agronomic, Animal Sciences and Veterinary Medicine experts at UC Davis and elsewhere to prove the safety and efficacy of their process and products.

In 2016, CSS constructed a commercial scale plant with its technology capable of processing 5,000 tons per year of recovered food. CSS entered into a long-term supply agreement with Save Mart supermarkets for its stores, as well as with Nugget Markets. In addition, CSS works with the Golden1 Center, home of the Sacramento Kings professional basketball team. After games, the food leftovers go to the Food Bank and CSS collects the food preparation waste. In recognition of its Sustainable Technology, CSS received the Governor's Economic and Environmental Leadership Award from then Governor Jerry Brown in 2017.

The initial focus of CSS's product marketing efforts was on California's organic and conventional farm market. CSS's "Harvest to Harvest," or "H2H" liquid fertilizer feeds the entire food chain of soil organisms, sustainably increasing crop yields and protecting plants from pests, diseases and adverse conditions like excessive salt due to drought. H2H is distributed to California farmers by all the major agricultural products distributors and sales of H2H continue to grow steadily. H2H reduces farmers' reliance on chemical fertilizers and pesticides, reducing riparian nitrate runoff, reducing greenhouse gas emissions and sequestering carbon in the soil. H2H is also sold through bottlers who distribute it through major retailers into the home lawn and garden market.

In the past two years, CSS has discovered that its technology is ideally suited to pet food ingredient production. In the H2H process, amino acids and sugars combine in the Maillard reaction, creating a highly palatable product that performs very well in kennel tests. Made as they are from human quality fruits, vegetables and meats, the resulting H2H pet food ingredients are highly nutritious, hypo-allergenic, easily digestible, consistent in quality and competitively priced. CSS has developed relationships with several pet food companies and needs to increase its capacity to meet their demand for the product.

#### The Project:

CSS will use the proceeds of the bonds to finance the acquisition, development, construction, rehabilitation, upgrade, expansion and equipping of a facility to process food and other organic waste for disposal and conversion to other products, to be located in the unincorporated portion of the County of Sacramento.

#### The County of Sacramento:

The County of Sacramento is a member of the CMFA and will be asked to hold a TEFRA hearing. Upon closing, the County is expected to receive approximately \$21,250 as part of the CMFA's sharing of Issuance Fees.

#### Proposed Construction Financing:

##### Sources of Funds:

Tax-Exempt Bond:	\$ 55,000,000
Equity:	<u>\$ 24,152,634</u>
Total Sources:	\$ 79,152,634

##### Uses of Funds:

New Construction:	\$ 34,500,000
Architectural & Engineering:	\$ 1,900,000
Legal & Professional:	\$ 1,100,000
Interest During Construction:	\$ 6,600,000
Debt Service Reserve:	\$ 5,500,000
Management Costs:	\$ 5,400,000
CSS Intellectual Property:	\$ 22,445,134
Costs of Issuance:	<u>\$ 1,707,500</u>
Total Uses:	\$ 79,152,634

Terms of Transaction:

Amount:	\$55,000,000
Maturity:	15 years
Collateral:	Deed of Trust on property
Bond Purchasers:	Private Placement
Estimated Closing:	July 2022

Public Benefit:

Supports California SB 1383 goal of recycling organic materials and cutting greenhouse gas emissions from wasted organic material in landfills. The financing will also help CSS provide employment for 44 workers and management in the Sacramento County area.

Finance Team:

Lender:	Goldman Sachs
Bond Counsel:	Jones Hall, APLC
Issuer Counsel:	Jones Hall, APLC
Lender Counsel:	TBD
Borrower Counsel:	Duane Morris LLP
Financial Advisor:	Breakthrough Ventures

Recommendation:

The Executive Director recommends that the CMFA Board of Directors approve an Initial Resolution of \$55,000,000 for the California Safe Soil, LLC project located in the unincorporated portion of Sacramento County, California.

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



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## **HERITAGE VILLAGE ANAHEIM, HERITAGE PARK ESCONDIDO & HERITAGE LILVERMOR APARTMENTS SUMMARY AND RECOMMENDATIONS**

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**Applicant:** Standard Property Company, Inc.

**Action:** Initial Resolution

**Amount:** \$230,000,000

**Purpose:** Finance Affordable Multi-Family Rental Housing Facilities Located in the Cities of Escondido, Livermore & Santa Ana, San Diego, Alameda & Orange Counties, California

**Activity:** Affordable Housing

**Meeting:** December 3, 2021

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**Background:**

Standard Property Company (“Standard”) is a full-service, multi-family real estate investment and management firm investing in primary U.S. markets across five major geographic locations: New York, San Francisco Bay Area, southern California, Chicago and Washington, D.C. metro area.

Standard has participated in the development of over 4,500 residential housing units, including approximately 2,300 affordable units. Standard’s property management company has the management capacity to maintain quality standards and community responsiveness in nearly 4,500 rental units and 50 retail spaces across the U.S.

Since 2008, Standard has acquired a portfolio of over \$525 million in property and distressed loans. Much of the portfolio is made up of affordable multi-family housing facilities throughout California. Standard is committed to helping California cities overcome the steadily growing deficit of high-quality affordable housing throughout the state.



The Project:

The proposed financing will preserve and extend the affordability of three existing projects. The existing three multifamily properties, all built in the late 1980s, are restricted to seniors 55 or older. The projects have available parking and amenities catered to the demographic. Deferred maintenance items will be addressed upon acquisition.

Heritage Village Anaheim is a 196-unit multifamily apartment project. 147 units are restricted to households making 50% and 80% of Area Median Income. Amenities include clubhouse with kitchenette, fitness center, pool/spa and BBQ area.

Heritage Park Escondido is a 196-unit multifamily apartment project. 147 units are restricted to households making 50% and 80% of Area Median Income. Amenities include clubhouse with kitchenette, fitness center, pool/spa and BBQ area.

Heritage Livermore is a 167-unit multifamily apartment project. 125 units are restricted to households making 50% and 80% of Area Median Income. Amenities include clubhouse with kitchenette, fitness center, pool/spa and BBQ area.

This financing will preserve 559 units of affordable housing in the cities of Anaheim, Escondido, and Livermore for another 55 years.

The Cities of Anaheim, Escondido, and Livermore:

The cities of Anaheim, Escondido and Livermore are all members of the CMFA and will be asked to hold TEFRA hearings. Upon closing, the cities are expected to receive up to a combined \$43,500 as part of the CMFA's sharing of Issuance Fees.

Proposed Construction Financing:

Sources of Funds:

Tax-Exempt Bond:	\$ 205,635,455
Total Sources:	\$ 205,635,455

Uses of Funds:

Land Acquisition:	\$ 16,100,000
Building Acquisition:	\$ 144,900,000
Property Reserve Funds:	\$ 31,632,105
Developer Incentives (Subordinate Bonds):	\$ 9,000,000
Cost of Issuance:	\$ 4,003,350
Total Uses:	\$ 205,635,455

Terms of Transaction:

Amount:	\$230,000,000
Maturity:	15 years
Collateral:	Deed of Trust on property
Bond Purchasers:	Public Limited Offering
Estimated Closing:	December 2021

Public Benefit:

A total of 559 households will continue to be able to enjoy high quality, independent, affordable housing in the cities of Anaheim, Escondido and Livermore for another 55 years.

Percent of Restricted Rental Units in the Heritage Village Anaheim Project: 75%  
20% (39 Units) restricted to 50% or less of area median income households; and  
55% (108 Units) restricted to 80% or less of area median income households.  
Unit Mix: 1-bedroom units  
Term of Restriction: 55 years

Percent of Restricted Rental Units in the Heritage Park Escondido Project: 75%  
20% (39 Units) restricted to 50% or less of area median income households; and  
55% (108 Units) restricted to 80% or less of area median income households.  
Unit Mix: 1-bedroom units  
Term of Restriction: 55 years

Percent of Restricted Rental Units in the Heritage Livermore Project: 75%  
20% (33 Units) restricted to 50% or less of area median income households; and  
55% (92 Units) restricted to 80% or less of area median income households.  
Unit Mix: 1-bedroom units  
Term of Restriction: 55 years

Finance Team:

Underwriter:	Stifel, Nicolaus & Company, Incorporated
Bond Counsel:	Orrick, Herrington & Sutcliffe LLP
Issuer Counsel:	Jones Hall, APLC
Underwriter Counsel:	TBD
Borrower Counsel:	Rutan & Tucker, LLP

Recommendation:

The Executive Director recommends that the CMFA Board of Directors approve an Initial Resolution of \$230,000,000 for the Heritage Village Anaheim, Heritage Park Escondido and Heritage Livermore Apartments affordable housing facilities located in the cities of Anaheim, Escondido and Livermore, counties of Orange, San Diego and Alameda, California.

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



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## LITTLE TOKYO TOWERS APARTMENTS SUMMARY AND RECOMMENDATIONS

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Applicant:	DAL Development
Action:	Final Resolution
Amount:	\$68,000,000
Purpose:	Finance Affordable Rental Housing Facilities Located in the City of Los Angeles, Los Angeles County, California
Activity:	Affordable Housing
Meeting:	December 3, 2021

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### Background:

The DAL Development Group and the RAHD Group are teaming up to codevelop the Little Tokyo Towers Apartments. Both groups come from a long history of developing Affordable Housing throughout the Western United States. Their projects have been located in California, Arizona, Washington, Oregon and Hawaii. The focus of the DAL Development Group and RAHD Group is to produce affordable housing for low-income families, Seniors and Veterans. They will be the owners and operators of their future projects. The co-developers have facilitated 40 communities and 6,600 homes for low-income families, seniors and special needs individuals over the last 20 years.

Their previous developments are award winning and nationally recognized. The developers have 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.

### The Project:

Little Tokyo Towers is an existing project located in Los Angeles on a 1.82-acre site. The project will consist of 299 restricted units and 2 unrestricted manager's units. The project will have 300 one-bedroom units and 1 two-bedroom unit. Unit amenities will include a standard range and refrigerator. The bathrooms have a shower, tub, toilet, and sink. Common amenities will include an exercise room with new equipment, remodeled computer room, craft room, library, gated access, and a security desk. There will be 77 uncovered parking spaces 5 of which are ADA spots with accessible building access. The rehabilitation is expected to begin in December 2021 and be completed in July 2023. This financing will preserve 299-units of affordable housing in the City of Los Angeles for another 55 years.

### The City of Los Angeles:

The City of Los Angeles is a member of the CMFA and held a TEFRA hearing on November 2, 2021. Upon closing, the City is expected to receive approximately \$20,500 as part of the CMFA's sharing of Issuance Fees.

### Proposed Financing:

Sources of Funds:	<u>Construction</u>	<u>Permanent</u>
Tax-Exempt Bond:	\$ 50,000,000	\$ 38,750,000
LIH Tax Credit Equity:	\$ 0	\$ 42,246,493
Deferred Developer Fee:	\$ 7,531,636	\$ 5,285,143
Citibank Comm. Capital – Recycled Bonds:	\$ 18,000,000	\$ 18,000,000
City Real Estate Advisors:	<u>\$ 28,750,000</u>	<u>\$ 0</u>
Total Sources:	\$ 104,281,636	\$ 104,281,636

### Uses of Funds:

Land Cost/ Acquisition:	\$ 36,500,000
Rehabilitation:	\$ 43,077,385
Construction Hard Cost Contingency:	\$ 4,424,602
Soft Cost Contingency:	\$ 300,000
Relocation:	\$ 1,750,000
Architectural/ Engineering:	\$ 765,955
Construction Interest & Perm Financing:	\$ 2,211,532
Legal Fees:	\$ 465,000
Reserves:	\$ 4,414,000
Soft Costs, Marketing, etc.*:	\$ 2,260,985
Developer Fee:	<u>\$ 8,112,177</u>
Total Uses:	\$ 104,281,636

Terms of Transaction:

Amount:	\$68,000,000
Maturity:	17 years
Collateral:	Deed of Trust on property
Bond Purchasers:	Private Placement
Estimated Closing:	December 2021

Public Benefit:

A total of 299 households will be able to continue to enjoy high quality, independent, affordable housing in the City of Los Angeles for the next 55 years.

Percent of Restricted Rental Units in the Project: 100%  
30% (30 Units) restricted to 30% or less of area median income households; and  
30% (30 Units) restricted to 50% or less of area median income households; and  
80% (239 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:	Citi Community Capital
Bond Counsel:	Orrick Herrington & Sutcliffe LLP
Issuer Counsel:	Jones Hall, APLC
Lender Counsel:	Norris Georg and Ostrow
Borrower Counsel:	Rodriguez Wright LLP

Recommendation:

The Executive Director recommends that the CMFA Board of Directors approve a Final Resolution of \$68,000,000 for the Little Tokyo Towers affordable housing facility located in the City of Los Angeles, Los Angeles 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.



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## SOUTHWESTERN LAW SCHOOL PROJECT SUMMARY AND RECOMMENDATIONS

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Applicant:	Southwestern Law School
Action:	Final Resolution
Amount:	\$18,500,000
Purpose:	Finance Educational Facilities located in the City of Los Angeles, Los Angeles County, California.
Activity:	Educational Facilities
Meeting:	December 3, 2021

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### Background:

Founded in 1911, Southwestern Law School is an independent, nonprofit, non-sectarian institution organized under the California Corporations Code and Section 501(c)(3) of the Internal Revenue Code of 1986, as amended. Since 1970, Southwestern has been fully approved by the American Bar Association (“ABA”). As an ABA-approved law school in California, Southwestern is also deemed accredited by the State Bar of California’s Committee of Bar Examiners. Since 1974, the School has been a member of the Association of American Law Schools (“AALS”), the membership organization for ABA-approved law schools and the learned society for law professors.

Southwestern students come from virtually every state, more than a dozen countries, and represent more than 115 undergraduate institutions. In the most recent entering class, women represent 55%, 51% are racially or ethnically diverse, and students report fluency in approximately 15 foreign languages. The average age is 26, and students range from 19 to over 50. In recent years, Southwestern has remained one of the top five schools in California with the highest representation of African-American/Black students and Latinx/Hispanic students. The Student Bar Association sponsors award-winning student welfare and community outreach programs and oversees more than 45 student organizations, including legal fraternities; affinity, cultural, political, and religious groups; and societies focused on specific legal practice areas.

The Project:

Southwestern Law School will use the bond proceeds to refinance the design, development, construction, and/or equipping of certain educational facilities owned and operated by the School and located in the City of Los Angeles.

The City of Los Angeles:

The City of Los Angeles is a member of the CMFA and previously held a TEFRA hearing. Upon closing, the City is expected to receive \$8,565 as part of the CMFA's sharing of Issuance Fees.

Proposed Financing:

Sources of Funds:

Tax-Exempt Bonds:	\$ 18,500,000
Debt Service Reserve Fund-Series 2011 Bonds:	<u>\$ 1,609,750</u>
Total Sources:	\$ 20,109,750

Uses of Funds:

Refund Series 2003 Bonds:	\$ 1,697,042
Refund Series 2011 Bonds:	\$ 18,116,517
Cost of Issuance:	<u>\$ 296,191</u>
Total Uses:	\$ 20,109,750

Initial Terms of Transaction:

Amount:	\$18,500,000
Maturity:	December 2051
Collateral:	Deed of Trust
Bond Purchasers:	Public Offering
Estimated Closing:	December 2021
Rating:	Anticipated Baa2 (Moody's)

Public Benefit:

The proposed financing will provide additional operational flexibility for the Borrower, realizing significant savings from the refinancing of existing bonds, which will further afford the Borrower the ability to retain staffing levels and enhance student enrollments.

Finance Team:

Underwriter:	B.C. Ziegler and Company
Bond Counsel:	Orrick, Herrington & Sutcliffe LLP
Issuer's Counsel:	Jones Hall, APLC
Underwriter's Counsel:	Ballard Spahr LLP
Borrower's Counsel:	Musick, Peeler & Garrett LLP
Trustee:	U.S. Bank National Association

Recommendation:

The Executive Director recommends that the CMFA Board of Directors authorize a Final Resolution of \$18,500,000 for the Southwestern Law School Project, City of Los Angeles, 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.





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## CITY OF ORANGE NEW JPA SUMMARY

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Action:	Resolution
Purpose:	Finance Middle Income Multi-Family Rental Housing Facilities Located in the City of Orange, Orange County, California
Activity:	Creating a Joint Powers Authority
Meeting:	December 3, 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 XII (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 Orange 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 Orange:

The City of Orange 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 Orange.



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## **PROCEDURAL ITEMS FOR THE CSFA SUMMARY AND RECOMMENDATIONS**

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Items:                   A1, A2, A3

Action:                 Pursuant to the by-laws and procedures of CSFA, each meeting starts with the call to order and roll call (A1) and proceeds to a review and approval of the minutes from the prior meeting (A2). After the minutes have been reviewed and approved, time is set aside to allow for comments from the public (A3).

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**CMFA SPECIAL FINANCE AGENCY XII**

**Regular Meeting Agenda**

Friday, December 3, 2021 @ 10:00 a.m.

2111 Palomar Airport Road, Suite 320, Carlsbad, CA 92011

**(Posted Only; Dial in below to Participate)**

**Telephonic Meeting Only: Dial in Number: (669) 900-6833 Access Code: 88130788094#**

**A. PROCEDURAL ITEMS**

- 1. Call to Order and Roll Call.
 

_____ Mr. Bob Adams	_____ Mr. Andrew Alexander(Alt.)
_____ Ms. Paula Connors	_____ Ms. Joya De Foor (Alt.)
_____ Mr. Justin McCarthy	_____ Ms. Deborah Moreno
_____ Ms. Faye Watanabe	
- 2. Public Comment.

**B. ACTION ITEMS**

- 3. Approve a Resolution (Resolution 21-01) electing Officers, establishing the time and place of regular meetings of the Board of Directors, adopting a Conflict of Interest Code, Continuing Disclosure Policy and other policies, and authorizing other actions.
- 4. Approve a Resolution (Resolution 21-02) delegating certain authority and authorizing other actions.
- 5. Approve a Resolution (Resolution 21-03) authorizing a project consisting of the acquisition and ownership by the Agency of The Allure Apartments multifamily rental housing facility located in the City of Orange, County of Orange, California and the issuance of revenue bonds in the aggregate principal amount not to exceed \$195,000,000 to finance the costs of the project and certain related costs and other matters relating thereto.
- 6. Adoption of a Resolution (Resolution 21-04) approving the 2022 regular board of directors meeting schedule.
- 7. Adopt findings required by California Government Code Section 54953(e)(3) for continuation of teleconference meetings.

**C. INFORMATIONAL ITEMS**

- 8. Administrative Issues.
  - a. Executive Director Report
  - b. Transaction Update
- 9. Adjournment.

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This 1-page agenda was posted at \_\_\_\_\_ on \_\_\_\_\_, 2021 at \_\_\_\_\_ . Signed \_\_\_\_\_ .



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## **CALIFORNIA GOVERNMENT CODE SECTION 54953(E)(3) SUMMARY AND RECOMMENDATIONS**

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<b>Action:</b>	<b>Findings</b>
<b>Purpose:</b>	<b>Adopt Findings Per California Government Code Section 54953(e)(3) for the CMFA/CFSC/CFPF/SFA</b>

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### Background:

Under the current provisions of California Government Code Section 54953(e)(3), if a state of emergency remains active, or state or local officials have imposed or recommended measures to promote social distancing, meetings of the Board of Directors may continue to be held by teleconference without compliance with certain agenda, quorum and other requirements of California Government Code Section 54953(b)(3), but the Board must make the following findings not later than 30 days after teleconferencing for the first time after October 1, 2021, and every 30 days thereafter, by majority vote:

- (A) The Board of Directors has reconsidered the circumstances of the state of emergency.
- (B) Any of the following circumstances exist:
  - (i) The state of emergency continues to directly impact the ability of the members to meet safely in person.
  - (ii) State or local officials continue to impose or recommend measures to promote social distancing.

For the purposes of these findings, “state of emergency” means a state of emergency proclaimed pursuant to Section 8625 of the California Emergency Services Act (Article 1 (commencing with Section 8550) of Chapter 7 of Division 1 of Title 2).

### Recommendation:

The Executive Director recommends that the CMFA Board of Directors adopt the findings stated above in this staff report.

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## CITY OF ORANGE ALLURE APARTMENTS SUMMARY

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Project Sponsor: BLDG Partners LLC

Action: Final Resolution

Amount: \$195,000,000

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

Activity: Middle Income Housing

Meeting: December 3, 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 XII (an affiliated “mini-JPA” or the “Agency”) to acquire a market-rate apartment facility and convert it to middle income/workforce housing with affordability tiers at 80%, 100% and 120% of AMI. Rents would be restricted to 35% of the applicable rent to 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 the CMFA affordable housing projects, this is a much leaner subsidy. Virtually all of the CMFA’s affordable housing projects are exempt from property taxes and use other federal, state and local subsidies.

The Agency will own the project. Neither the CMFA nor the municipality would be liable for the liabilities of the Agency.



General:

The Project Administrator's bid of \$140,500,000 on a multifamily rental housing facility consisting of a total of 282 units and related improvements, personal property and equipment known as the Allure (the “Facilities”) was selected by the current owner. 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. The Agency is acquiring a fee simple interest in the Facilities and the land and real property constituting the Facilities located in the City of Orange, California, legally described in the Regulatory Agreement (together with the Facilities, the “Project”) pursuant to the Purchase and Sale Agreement as assigned under the Assignment and Assumption Agreement between the Agency and the Project Administrator.

Prior to the acquisition of the Facilities by the Agency, the units are being rented as market rate apartments. 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 November 15, 2021, the Facilities were 97.5% occupied.

#### The Facilities:

The Facilities consist of a 282-unit multifamily residential rental community located at 3099 West Chapman Avenue, Orange, Orange County, California, originally constructed in 2006 and currently operating as a market-rate apartment complex, and related improvements, personal property and equipment. The Facilities have a 344,467 square foot gross building area and a 261,496 square foot net rentable area. The Regulatory Agreement to be executed on the Closing Date for the 282 units determines AMI adjusted for household size, as published annually by HUD and utilized by the California Tax Credit Allocation Committee (“TCAC”).

The unit mix includes (2) studios, (154) one-bedroom, and (126) two-bedroom units. Property amenities include 24-hour fitness center, parcel package lockers, business center, swimming pool, spa, community BBQ area, clubhouse, outdoor fire pit lounge, poolside cabanas, additional storage, and courtyard. Unit amenities include stainless steel appliances, vinyl plank flooring, carpet, tile, vaulted ceilings, granite countertops, in-unit washer/dryer, walk-in closet, and private patios/balconies. The Facilities have recently benefited from over \$3.7 million of capital improvements instituted by the Seller over the last five years. Major improvement categories include paving and sidewalk repairs, fitness center upgrades and relocation, landscaping upgrades and the renovation of numerous units.

The Facilities total 4.82 acres and are comprised of one four-story multifamily apartment building that wraps around a five-story parking structure. Parking is provided by 513 standard spaces and 12 handicap spaces.

It is anticipated that approximately \$3,000,000 of the Series 2022A Bond will be utilized post-closing to further enhance and maintain the Facilities. The planned capital expenditures for the Facilities are comprised of the following broad categories: Site Improvements, Structural Frame and Building Envelope, Mechanical and Electrical Systems and Interior Elements, which are inclusive of the Property Condition Consultant’s recommendations in the Property Condition Report. The following table sets forth the currently planned Capital Improvements:



<b>Overview</b>	<b>CapEx</b>
1. Site Improvements	\$137,968
2. Façade & Roof Replacement & Repair	\$530,233
3. HVAC Split System Replacement & Elevator Modernization	\$667,618
4. Unit Interior Elements	\$1,664,181
<b>Total Initial Capital Improvements</b>	<b>\$3,000,000</b>

#### 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; (v) funding the payment of the first year property taxes through a deposit to the Temporary Operating Account; and (vi) 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 BLDG Investments LLC (“BLDG Investments”), an affiliate of BLDG Partners LLC (“BLDG”), 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 BLDG for the Agency. BLDG Housing LLC is the Project Administrator for the Facilities. The sole member of each of the foregoing LLCs is BLDG Partners LLC.

#### The City of Orange:

The City of Orange became a member of the CMFA SFA XII and approved the transaction and form of Public Benefit Agreement on August 10, 2021. 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 BLDG Housing LLC (“BLDG Housing”) a Delaware limited liability company. The Project Administrator will be responsible for the operation of the Facilities pursuant to a Project Administration Agreement dated as of January 1, 2022 (the “Project Administration Agreement”) between the Agency and BLDG Housing. BLDG is the sole member of BLDG Housing and is an owner, operator and developer of residential properties across the United States, including stabilized affordable residential housing and market and mid-market development properties. In partnership with family offices, institutions, and individual investors, BLDG’s principals have acquired nearly 5,000 units of market-rate and affordable housing units with a total transaction value in excess of \$1.1 billion.

Since 2010, BLDG has been specifically focused on the acquisition and improvement of affordable housing to address the significant need for fairly priced housing both in California and in markets across the country. In Southern California, BLDG and its affiliates have developed and operate a number of for-sale and rental communities, focusing on in-fill urban locations. The group owns and manages both affordable communities serving low-income tenants, as well as communities serving middle-income and market rate tenants. BLDG and its affiliates have significant experience in investing and managing rental communities in a number of Southern California municipalities. In the City of Orange, in addition to Allure, BLDG Partners also owns and manages The Knolls, a 260-unit LIHTC community. Through its ownership and operation of its portfolio of affordable communities in urban and suburban markets across ten states, BLDG has developed an expertise in managing affordable and workforce housing. The company is focused on working with community stakeholders and municipalities to improve tenants' quality of life and to promote the property's stable operations. BLDG has also made a significant commitment across its portfolio in seeking ways to improve utility consumption for the benefit of the environment and its tenants' and communities' operating costs.

#### 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 November 1, 2021, between the Agency and the Property Manager. The Property Management Agreement also allows for the engagement of the Property Manager to provide construction management services in relation to the renovations planned for the Facilities (the "Capital Improvements"). The Property Manager has been actively engaged in multifamily property management since its establishment in 1993 and currently operates out of over 63 offices serving more than 197 markets globally. The Property Manager has an approximately 713,000 unit global portfolio ranging from conventional, mixed use, affordable, senior living and renovations/value add products, with an affordable housing portfolio covering 250 communities representing approximately 11,700 units spanning more than 20 states. The Property Manager also has experience in executing over \$300 million of exterior and interior renovation projects. The Property Manager's Southern California operations include approximately 69,991 units under management. The Property Manager will be 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; maintaining and repairing the Facilities; and managing on-site employees. In total, the Property Manager currently manages over a dozen joint exercise of powers agency assets across California consisting of over 4,300 units.

#### 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:

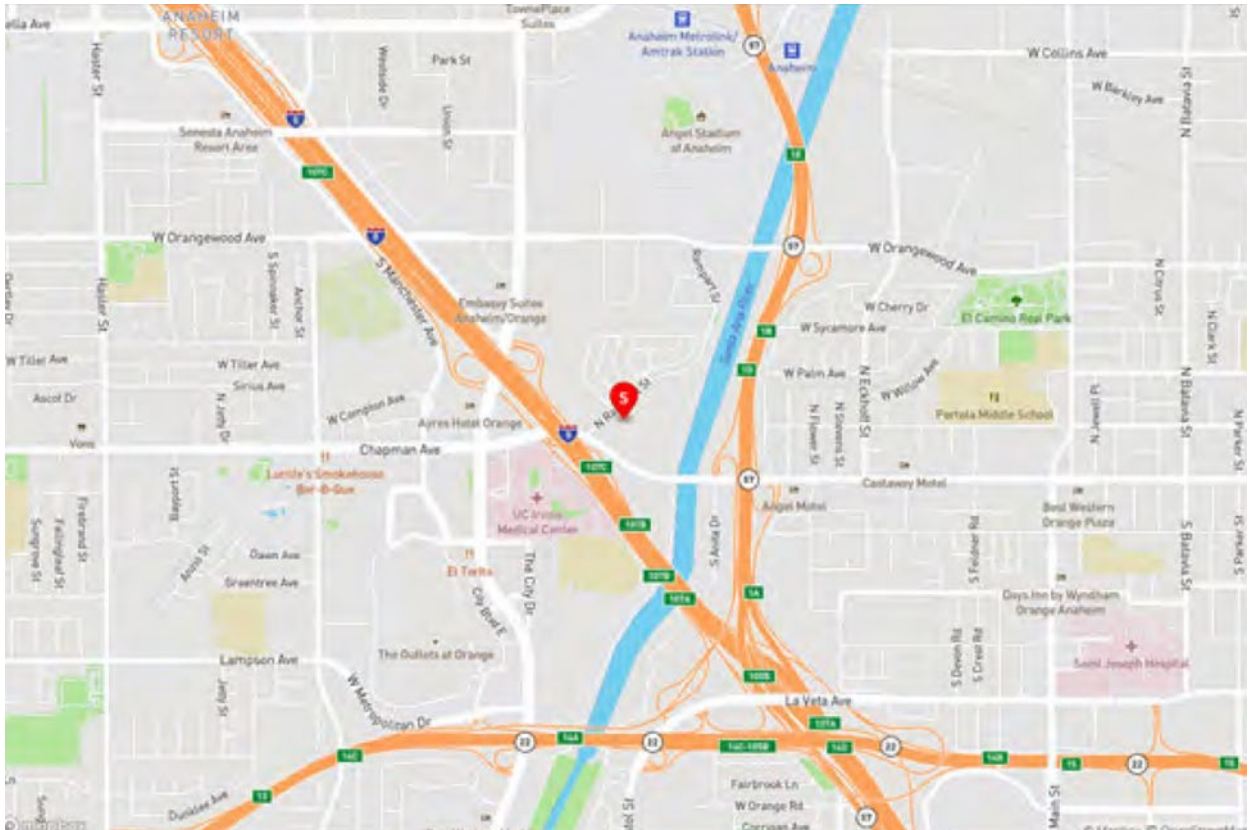
Sources of Funds:

Series 2022A Bonds:	\$ 172,640,000
Original Issue Discount:	(\$ 9,990,338)
Total Sources:	\$ 162,649,662

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

Uses of Funds:

Project Acquisition:	\$ 140,486,385
Deposit to Senior Capitalized Interest Account:	\$ 712,725
Deposit to Junior Capitalized Interest Account:	\$ 2,328,888
Deposit to Senior Debt Service Reserve Fund:	\$ 3,563,625
Deposit to Junior Debt Service Reserve Fund:	\$ 2,519,600
Deposit to Capital Expense Fund:	\$ 3,000,000
Deposit to Coverage Reserve Fund:	\$ 1,216,645
Deposit to Operating Reserve Fund:	\$ 363,944
Deposit to Extraordinary Expense Fund:	\$ 500,000
Deposit to Operating Account <sup>2</sup> (Under Property Management Agreement):	\$ 242,629
Temporary Operating Account:	\$ 479,250
Initial Payment to Project Administrator:	\$ 2,000,000
Costs of Issuance <sup>3</sup> :	\$ 5,235,971
Total Uses:	\$ 162,649,662



Terms of Transaction:

Amount:	\$195,000,000 (Not-to-exceed)
Maturity:	35 years
Rating:	Unrated
Collateral:	Deed of Trust on property
Bond Purchasers:	Institutional & Sophisticated Investors
Estimated Closing:	January 2022

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. This is the seventh 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 Orange 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 282 middle income households will be able to enjoy high quality, independent, affordable housing in the City of Orange for at least as long as any of the bonds are outstanding.

In addition, BLDG is working with the City of Orange to help purchase a 5-acre parcel of land from the County of Orange that abuts the Santa Ana River and Santa Ana River Trail to create a public park (the “Park”) that is separate from this transaction. The Park is roughly 200 meters from the Facilities. BLDG is donating a portion of its Project Administrator fee to help purchase the land and pay for the design and construction of the Park. Once completed, the Park will serve residents of the surrounding apartment communities and the City of Orange.

## 2021 ORANGE COUNTY MAXIMUM INCOME LIMITS

*California Tax Credit Allocation Committee*

*Revised per HUD Notice Effective April 1, 2021*

Household Occupancy	Low Income 80% AMI	Median Income 100% AMI	Moderate Income 120% AMI
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

## 2021 MAXIMUM RESTRICTED RENTS

(Assumes 35% rent to income ratio)

Unit Type	Low Income 80% AMI	Median Income 100% AMI	Moderate Income 120% AMI
Studio	\$2,198	\$2,748	\$3,297
1BR	\$2,511	\$3,138	\$3,766
2BR	\$2,826	\$3,532	\$4,239
Average	\$2,647	\$3,310	\$3,979

**CURRENT RENTS**

<b>Unit Type</b>	<b>Market<sup>1</sup></b>	<b>90-Day Average Leasing Rents<sup>2</sup></b>
Studio	\$2,050	-
1BR	\$2,150	\$2,106
2BR	\$2,775	\$2,732
<b>Average</b>	<b>\$2,429</b>	<b>\$2,377</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 units as of November 15, 2021. Weighted on total unit count

<b>Unit Type</b>	<b>Low Income 80% AMI</b>	<b>Median Income 100% AMI</b>	<b>Moderate Income 120% AMI</b>
Studio	\$1,763	\$1,907	\$1,989
1BR	\$1,849	\$2,000	\$2,086
2BR	\$2,387	\$2,581	\$2,692
<b>Average</b>	<b>\$2,089</b>	<b>\$2,259</b>	<b>\$2,356</b>
Discount to Market Rents	14.0%	7.0%	3.0%
Weighted Average Rent-to-Income Ratio	29.1%	25.2%	21.9%

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

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
Project Administrator:	BLDG Partners LLC
Project Administrator Counsel:	Sklar Kirsh LLP and Norton Rose Fulbright US LLP
Property Manager:	Greystar California, Inc.
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 \$195,000,000 for the Allure Apartments multi-family housing facility located in the City of Orange, Orange County, California.