CALIFORNIA DEBT LIMIT ALLOCATION COMMITTEE

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LAURA A. WHITTALL-SCHERFEE

March 19, 2018

Dr. Edward Becker
Executive Director
California Municipal Finance Authority
2111 Palomar Airport Road, Suite 320
Carlsbad, CA 92011

RE: REVISED RESOLUTION ATTESTING TO THE TRANSFER OF PRIVATE ACTIVITY BOND ALLOCATION (One Church Street Apartments, Application #17-411)

Dear Dr. Becker:

We received a letter dated March 19, 2018 from John P. Stoecker on behalf of the California Municipal Finance Authority requesting a change to Resolution No. 17-131 for the One Church Street Apartments Project. The purpose of this letter is to approve the requested change and provide you with the Revised Resolution (see attached).

In the letter, it was requested that the Applicant of record should be changed from the City and County of San Francisco to the California Municipal Finance Authority. The Revised Resolution No. 17-131, Exhibit A, Item number 1 and page 1, paragraph 1 of the Resolution reflect this change.

The Revised Resolution No. 17-131 establishes the terms and conditions under which the allocation has been granted. Please read it carefully and keep a copy in your permanent files. Please do not hesitate to call should you have any questions.

Sincerely,

LAURA A. WHITTALL-SCHERFEE
Executive Director

ENCLOSURE

cc: Anthony Stubbs, California Municipal Finance Authority
Ben Barker, California Municipal Finance Authority
Ronald Lee, Esq., Jones Hall, A Professional Law Corporation
Ty Tyson, Stifel, Nicolaus & Company, Incorporated
Ali Gaylord, Hermann Street Associates, LP

THE CALIFORNIA DEBT LIMIT ALLOCATION COMMITTEE

RESOLUTION NO. 17-131
Revised March 19, 2018
A RESOLUTION TRANSFERRING A PORTION OF THE 2017 STATE CEILING ON QUALIFIED PRIVATE ACTIVITY BONDS AND AUTHORIZING THE MAKING OF A CARRYFORWARD ELECTION FOR A QUALIFIED RESIDENTIAL RENTAL PROJECT

WHEREAS, the California Debt Limit Allocation Committee ("Committee") has received an application ("Application") from the California Municipal Finance Authority ("Applicant") for the transfer to the Applicant of a portion of the 2017 State Ceiling on Qualified Private Activity Bonds under Section 146 of the Internal Revenue Code of 1986, as amended, for use by the Applicant to issue bonds or other obligations ("Bonds") for a Project as specifically described in Exhibit A ("Project") (capitalized terms used herein and not otherwise defined shall have the meanings ascribed thereto in the Regulations of the Committee implementing the Allocation of the State Ceiling on Qualified Private Activity Bonds); and

WHEREAS, the Project Sponsor has represented and the Applicant has confirmed in the Application certain facts and information concerning the Project; and

WHEREAS, in evaluating the Project and allocating a portion of the State Ceiling on Qualified Private Activity Bonds to the Applicant for the benefit of the Project, the Committee has relied upon the written facts and information represented in the Application by the Project Sponsor and the Applicant; and

WHEREAS, it is appropriate for the Committee to make a transfer of a portion of the 2017 State Ceiling On Qualified Private Activity Bonds ("Allocation") in order to benefit such Project described in the Application; and

WHEREAS, the Committee has determined that it is appropriate to authorize the Applicant to make an election to carryforward Allocation to calendar year 2018 with respect to the Project described in the Application.

NOW, THEREFORE, the California Debt Limit Allocation Committee resolves as follows:

Section 1. There is hereby transferred to the Applicant authorization to use **$29,500,000** of the 2017 State Ceiling on Qualified Private Activity Bonds. Such Allocation may be used only by the Applicant and only for the issuance of Bonds for the Project, as specifically described in Exhibit A. All of the terms and conditions of Exhibit A are incorporated herein as though set forth in full (this resolution, together with Exhibit A are hereafter referred to collectively as this "Resolution").

Section 2. The terms and conditions of this Resolution shall be incorporated in appropriate documents relating to the Bonds. The Project Sponsor and the Applicant, and all their respective successors and assignees, will be bound by such terms and conditions. The Applicant shall monitor the Project for compliance with the terms and conditions of this Resolution. In addition, the Project shall be subject to the monitoring provisions of California Code of Regulations, Title 4, Section 10337(c) and Section 5220 of the Committee's Regulations.

Section 3. Any modification to the Project made prior to the issuance of the Bonds that impacts the resolution must be reported to the Executive Director and, if the Executive Director determines such modification to be material in light of the Committee's Regulations, shall require reconsideration by the Committee before the Allocation may be used for the Project. After Bonds are issued, the terms and conditions set forth in this Resolution shall be enforceable by the Committee through an action for specific performance or any other available remedy. In addition, after bonds are issued, changes to Items #1, #6, #7, #10 thru #12, #14 thru #16, #18 thru #26, and #37 of the Exhibit A require Committee or Executive Director approval for the term of commitment; changes to item #2, #13, #17, #27, and #39 thru #41 of the Exhibit A cannot be altered; changes to Items #3 thru #5 of the Exhibit A require no Committee or Executive Director approval but any alterations must be reported to CDLAC staff for the affordability period; changes to Items #8 and #9 of the Exhibit A require no CDLAC notification; and changes to Items #28 thru #36 and #38 of the Exhibit A require Committee or Executive Director approval only prior to the Project being Placed in Service by the CA Tax Credit Allocation Committee (TCAC).

Section 4. Any material changes in the structure of the bond sale prior to the issuance of the Bonds and not previously approved by the Committee shall require approval of the Committee Chair or the Executive Director.

Section 5. The transfer of proceeds from the sale of bonds to a project other than the Project subject to this Resolution is allowable only with the prior approval of the Executive Director in consultation with the Chair, except when the Project is unable to utilize any of its allocation and the Applicant is requesting the transfer of the entire Allocation to different project(s). In such case, prior approval of the Committee must be obtained. Any transfer made pursuant to this section may only be made to another project of the same issuer that has been previously approved by the Committee.

Section 6. The Applicant is authorized to use the Allocation transferred hereby to make a carryforward election with respect to the Project. Upon receipt of this Resolution, the Applicant intends to transfer the entire allocation to the California Municipal Finance Authority ("CMFA"). The right to transfer is a one-time option. CMFA has agreed to accept all the terms and conditions listed in this Resolution and to abide by them.

Section 7. The Allocation transferred herein to the Applicant shall automatically revert to this Committee unless the Applicant has issued Bonds for the Project by the close of business on **June 25, 2018.**
Upon the discretion of the Executive Director, the expiration may be extended pursuant to the provisions in Article 8, Chapter 1 of the Committee's Regulations.

Section 8. Prior to being submitted to the IRS, draft Carryforward Elections must be emailed to CDLAC at cdlac@treasurer.ca.gov no later than February 1, 2018 for CDLAC approval of election amounts.

Section 9. Within twenty-four (24) hours of using the Allocation to issue Qualified Private Activity Bonds, the Applicant shall notify the Committee at CDLAC@treasurer.ca.gov that the Allocation has been used. This notice shall identify the Applicant, the project or program, the date the Allocation was used, and the amount of Allocation used.

Section 10. Within fifteen (15) calendar days of the Bond closing, the Applicant or its counsel shall formally transmit to the Committee information regarding the issuance of the Bonds by submitting a completed Report of Action Taken in a form prescribed by and made available by the Committee.

Section 11. Any differences between the amount of Bonds issued and the amount of the Carryforward Allocation granted in Section 1 of this Resolution shall be retained by the Applicant for the period allowed by Section 146(f)(3)(A) of the Internal Revenue Code regarding carryforward elections. Use of any unused Carryforward Allocation shall be in accordance with Section 5132 of the Committee's Regulations regarding carryforward elections.

Section 12. The staff of the Committee is authorized and directed to transmit a copy of this Resolution to the Applicant together with a request that the Applicant retain a copy of this Resolution in the Applicant's official records for the term of the Bonds under this Carryforward Allocation or the term of the income and rental restrictions, whichever is longer. The Committee staff is further directed to retain a copy of this Resolution in the files of the Committee (or any successor thereto) for the same period of time.

Section 13. In consideration of the Allocation transferred to the Applicant and the Project Sponsor, the Applicant and the Project Sponsor shall comply with all of the terms and conditions contained in this Resolution and ensure that these terms and conditions are included in the documents related to the Bonds. Further, the Applicant and the Project Sponsor expressly agree that the terms and conditions of this Resolution may be enforced by the Committee through an action for specific performance or any other available remedy, provided however, that the Committee agrees not to take such action or enforce any such remedy that would be materially adverse to the interests of Bondholders. In addition, the Applicant and the Project Sponsor shall ensure that the Bond documents, as appropriate, expressly provide that the Committee is a third party beneficiary of the terms and conditions set forth in this Resolution.

Section 14. The Certification of Compliance II or equivalent form is to be submitted by the Project Sponsor to the Applicant by the Applicant's specified deadline, but no later than March 1st annually until the project's Certificate of Completion has been submitted to the Applicant. Following the submission of the Certificate of Completion or equivalent form to the Applicant, the Certification of Compliance II is to be submitted March 1st every three years thereafter. In addition, an Annual Applicant Public Benefits and On-going Compliance Self-Certification (Self Certification) form must be submitted by the Applicant online every year until the Certificate of Completion has been submitted to the Applicant. After the completion of the project has been reported, the Self Certification will be required to be submitted March 1st every three years thereafter pursuant to Section 5144 of the CDLAC Regulations. Verification to CDLAC of income and rental information is not required in advance of the submission of the Certificate of Completion. A copy of the Certification of Compliance II and the Certificate of Completion forms may be found at this website location: http://www.treasurer.ca.gov/cdlac. Failure to submit compliance may result in disqualification from future program participation.

Section 15. This Resolution shall take effect immediately upon its adoption.

* * *

CERTIFICATION

I, LAURA A. WHITTALL-SCHERFEE, Executive Director of the California Debt Limit Allocation Committee, hereby certify that the above revisions have been incorporated into the previously approved Resolution adopted at a meeting of the Committee held in the Jesse Unruh Building, 915 Capitol Mall, Room 587, Sacramento, California 95814, on December 13, 2017 at 3:46 p.m. with the following votes recorded:

AYES:	Jeree Glasser-Hedrick for State Treasurer John Chiang Eraina Ortega for Governor Edmund G. Brown Jr. Alan LoFaso for State Controller Betty T. Yee
NOES:	None
ABSTENTIONS:	None
ABSENCES:	None



LAURA A. WHITTALL-SCHERFEE, Executive Director

Date: March 19, 2018

RESOLUTION NO. 17-131
(QUALIFIED RESIDENTIAL RENTAL PROJECT)
EXHIBIT A
Revised March 19, 2018

1. Applicant: California Municipal Finance Authority

2. Application No.: 17-411

3. Project Sponsor: Hermann Street Associates, LP (Herman Street Associates LLC)

4. Project Management Co.: BRIDGE Property Management Company

5. Project Name: One Church Street Apartments

6. Type of Project: Acquisition and Rehabilitation/Family

7. Location: San Francisco, CA

8. Private Placement Purchaser: **Not Applicable**
   Cash Flow Bond: **Not Applicable**

   All units identified in the CDLAC resolution, including both the Federally Bond-Restricted Units and the Other Restricted Units, will be incorporated into the Bond Regulatory Agreement. Assumptions to be included in the Bond Regulatory Agreement regarding the Other Restricted Units will include the AMI as outlined in the CDLAC resolution, a limitation that tenants pay no more than 30% of their income and 1.5 person per bedroom occupancy standard to determine the applicable rent.
   Not Applicable

9. Public Sale: **Rated AA+ S&P Global Ratings**
   Credit Enhancement Provider: **Not Applicable**

10. Total Number of Units: **92** plus **1** unrestricted manager units

11. Total Number of Restricted Rental Units: **92**

12. The term of the income and rental restrictions for the Project will be at least 55 years from the date 50% occupancy is achieved or when the project is otherwise placed in service.

13. The Regulatory Agreement shall not terminate prior to the end of the CDLAC Resolution affordability term in the event of foreclosure, exercise of power of sale, and/or transfer of title by deed in lieu of foreclosure in connection with a deed of trust directly or indirectly securing the repayment of Cash Flow Permanent Bonds.

14 The Project will utilize Gross Rents as defined in Section 5170 of the Committee's Regulations.
   Applicable

15. Income and Rental Restrictions:
   a. Federally Bond-Restricted Set-aside Units:
      At least **40%** of the total units will be restricted at 60% of the Area Median Income.

   b. Other Restricted Units
      For the entire term of the income and rental restrictions, the Project will have:

      At least **63** Qualified Residential units rented or held vacant for rental for persons or families whose income is at or below 50% of the Area Median Income.

      At least **29** Qualified Residential units rented or held vacant for rental for persons or families whose income is at or below 60% of the Area Median Income.

16. **10%** of the units will be restricted to households with incomes no greater than 50% of the Area Median Income in accordance with Section 5191 of the Committee's Regulations. These units will be distributed as follows:

Not Applicable:	**Preservation Project**
Studios:	**0**
One-bedroom:	**0**
Two-bedroom:	**0**
Three-bedroom:	**0**
Four-bedroom:	**0**
Five-bedroom	**0**

17. For substantial renovation projects, a minimum of $35,000 in hard construction costs, including overhead, profit, and general conditions, will be expended for each Project unit.
Applicable

18. A minimum of $0,000 of public funds will be expended for the Project.
Not Applicable

19. At a minimum, the financing for the Project shall include a Taxable Tail in the amount of $0,000.
Taxable debt may only be utilized for Project related expenses, not for the cost of issuance, for which the Project Sponsor could otherwise have used tax-exempt financing.
Not Applicable

20. If the Project received points for having large family units for the entire term of the income and rental restrictions, the Project will have at least 27 three-bedroom or larger units.
Applicable

21. For a period of fifteen (15) years after the Project is placed in use, the Project will provide to Project residents high-speed Internet or wireless (WiFi) service in each Project unit.
Not Applicable

22. For a period of fifteen (15) years after the Project is placed in use, the Project will offer to Project residents an after school program of an ongoing nature on-site or there must be an after school program available to Project residents within 1/2 mile of the Project except where the Project will provide no cost round trip transportation. The program shall include, but is not limited to: tutoring, mentoring, homework club, and art and recreation activities to be provided weekdays throughout the school year for at least 10 hours per week.
Not Applicable

23. For a period of fifteen (15) years after the Project is placed in use, the Project will offer to Project residents instructor-led educational, health and wellness, or skill building classes. The classes shall include, but are not limited to: financial literacy, computer training, home-buyer education, GED, resume building, ESL, nutrition, exercise, health information/awareness, art, parenting, on-site food cultivation and preparation and smoking cessation. Classes shall be provided at a minimum of 84 hours per year (drop-in computer labs, monitoring and technical assistance shall not qualify) and be located within 1/2 mile of the Project or except where Project will provide no cost round trip transportation.
Not Applicable

24. For a period of fifteen (15) years after the Project is placed in use, the Project will offer to Project residents 20 hours or more per week of licensed childcare on-site or there must be 20 hours or more per week of licensed childcare available to Project residents within 1/2 mile of the Project except where Project will provide no cost round trip transportation.
Not Applicable

25. For a period of fifteen (15) years after the Project is placed in use, the Project will offer to Project residents health and wellness services and programs within 1/2 mile of the Project or except where Project will provide no cost round trip transportation. Such services and programs shall provide individualized support for tenants (not group classes) but need to be provided by licensed individuals or organizations. The services shall include, but are not limited to: visiting nurses programs, intergenerational visiting programs and senior companion programs. Services shall be provided for a minimum of 100 hours per year.
Not Applicable

26. For a period of fifteen (15) years after the Project is placed in use, the Project will offer to Project residents a bona fide service coordinator. The responsibilities must include, but are not limited to: (a) providing tenants with information about available services in the community, (b) assisting tenants with access services through referral and advocacy, and (c) organizing community-building and/or enrichment activities for tenants (such as holiday events, tenant council, etc.)
Not Applicable

27. Minimum sustainable specifications will be incorporated into the project design per Section 5205 of the CDLAC Regulations.
Applicable

Section Waived:

- ☐ Energy Efficiency
- ☐ Landscaping
- ☐ Roofs
- ☐ Exterior Doors
- ☐ Appliances (ENERGY STAR)
- ☐ Window Coverings
- ☐ Water Heater
- ☐ Floor Coverings
- ☐ Insulation (Greengard Emission Criteria)

28. The Project commits to becoming certified under any one of the following programs upon completion:
    a. Leadership in Energy & Environmental Design (LEED for Homes) **Not Applicable**
    b. Green Communities **Not Applicable**
    c. Passive House Institute US (PHIUS) **Not Applicable**
    d. Passive House **Not Applicable**
    e. Living Building Challenge **Not Applicable**
    f. National Green Building Standard ICC / ASRAE – 700 silver or higher rating **Not Applicable**
    g. Green Point Rated Multifamily Guidelines **Not Applicable**
    h. WELL **Not Applicable**

29. The Project is a New Construction or Adaptive Reuse Project that commits to Energy Efficiency (including heating, cooling, fan energy, and water heating but not the following end uses: lighting, plug load, appliances, or process energy) beyond the requirements in Title 24, Part 6 of California Building Code (Percentage Better than the 2016 Standards):
    a. 7% **Not Applicable**
    b. 12% **Not Applicable**

30. The Project is a New construction or Adaptive Reuse Project that commits to Energy Efficiency. The local building department has determined that building permit applications submitted on or before December 31, 2016 are complete and energy efficiency beyond the requirements in the 2013 Title 24, Part 6, of the California Building Code (the 2013 Standards) for the project as a whole shall be awarded.
    a. 9% **Not Applicable**
    b. 15% **Not Applicable**

31. The Project is a New Construction or Adaptive Reuse Project that commits to Energy Efficiency with renewable energy that provides the following percentages of project tenants' energy loads (Offset of Tenants' Load):
    a. 20% **Not Applicable**
    b. 30% **Not Applicable**
    c. 40% **Not Applicable**

32. The Project is a Home Energy Rating System (HERS II) Rehabilitation Project that commits to improve energy efficiency above the current modeled energy consumption of the project as a whole by:
    a. 15% **Not Applicable**
    b. 20% **Not Applicable**

33. The Project is a Rehabilitation Project that commits to developing, and/or managing the Project with the following Photovoltaic generation or solar energy:
    a. Photovoltaic generation that offsets tenants loads **Not Applicable**
    b. Photovoltaic generation that offsets 50% of common area load **Not Applicable**
    c. Solar hot water for all tenants who have individual water meters **Not Applicable**

34. The Project is a Rehabilitation Project and will implement sustainable building management practices that include: 1) development of a project-specific maintenance manual including replacement specifications and operating information on all energy and green building features; and 2) undertaking formal building systems commissioning, retro-commissioning or re-commissioning as appropriate (continuous commissioning is not required).
    Not Applicable

35. The Project is a Rehabilitation project that individually meters or sub-meters currently master-metered gas, electricity or central hot water systems for all tenants.
    Not Applicable

36. The project will commit to use no irrigation at all, irrigate only with reclaimed water, greywater, or rainwater (excepting water used for Community Gardens) or irrigate with reclaimed water, greywater or rainwater in an amount that annually equals 10,000 gallons or 150 gallons per unit, whichever is less.
    Not Applicable

37. The Project will commit to having at least one (1) nonsmoking building. If the Project only has one (1) building, it will be subject to a policy developed by the Sponsor that prohibits smoking in contiguous designated units. These restrictions will be incorporated into the lease agreements for the appropriate units.
    Not Applicable

38. The Project will commit to having a parking ratio equivalent to or less than 1 parking stall per single room occupancy or one-bedroom restricted rental unit and 1.5 parking stalls per two-bedroom or larger restricted rental unit.
    Applicable

39. As specified in Section 5144(b) of the Committee's Regulations, sponsors will be required to utilize TCAC's Compliance Manual specifically Section VI: Qualify Tenants for Low Income Housing Tax Credit Units, to verify tenant income in conjunction with initial occupancy. No less than every three years after the project is completed, the Sponsor must collect and retain the following income and verification documentation related to all the Federally Bond-Restricted units identified in the Committee Resolution: TCAC Tax Income Calculation (TIC) or equivalent documentation, all associated source income documentation, evidence of the verifying income computation, and unit lease.
Applicable

40. As specified in Section 5144(c) of the Committee's Regulations, compliance with the income and rental requirements of the Federally Bond-Restricted Units identified in the Committee Resolution and the Bond Regulatory Agreement must be demonstrated by the Applicants initial review of 20% of all management files associated with the Federally Bond-Restricted units and subsequent review every three years of 20% of all management files associated with the Federally Bond-Restricted units.
Applicable

41. As specified in Section 5144(d) of the Committee's Regulations, applicants are required to ensure an onsite inspection as well as an on-site review of the 20% Federally Bond-Restricted units is performed every 3 years after the Qualified Project Period has commenced.
The following entity will conduct the site and file inspections:
Not Applicable

STATE OF CALIFORNIA
CALIFORNIA DEBT LIMIT ALLOCATION COMMITTEE
ACCOUNTING SERVICES
915 Capitol Mall, Room 311
Sacramento, CA 95814
(916) 653-3255

FILING FEE INVOICE

PAYMENT IS DUE WITHIN 30 DAYS OF BOND CLOSING

Date: December 13, 2017

Invoice No.: FY 17-100
Application No.: 17-411
Analyst Initials: LE

To: Anthony Stubbs
Financial Advisor
California Municipal Finance Authority
2111 Palomar Airport Road, Suite 320
Carlsbad, CA 92011

2nd Installment of fee levied pursuant to Section 8869.90 of the California Government Code:

NAME OF ISSUER:	California Municipal Finance Authority
NAME OF PROJECT:	One Church Street Apartments
ALLOCATION AWARD DATE:	December 13, 2017
ALLOCATION AWARD AMOUNT:	$29,500,000

AMOUNT DUE:

Allocation award x .00035	=	$ 10,325.00
Less initial application fee	=	-$ 1,200.00
Amount Due	=	**$ 9,125.00**

Issuer or Bond Trustee to complete the following (please use ink):

BOND ISSUANCE DATE:

PRINCIPAL AMOUNT OF BOND ISSUE: $

AMOUNT OF BOND ALLOCATION USED: $

The application fee is based on the amount of allocation used to issue bonds. Please complete the following only if the amount of allocation used is less than the amount of allocation awarded, and remit the revised amount due.

REVISED AMOUNT DUE:

Amount issued x .00035	=	$
Less initial application fee	=	-$ 1,200.00
Revised Amount Due	=	$

PLEASE WRITE APPLICATION NUMBER ON YOUR CHECK, OR RETURN A COPY OF THIS INVOICE WITH YOUR PAYMENT.