



CaliforniaAffordableHousingAgency

AGENDA

THE EXECUTIVE COMMITTEE OF THE BOARD OF DIRECTORS CALIFORNIA AFFORDABLE HOUSING AGENCY EXECUTIVE BOARD MEETING

November 8, 2021

10:00am

806 W. 19th Street
Merced, CA 95340
(209) 384-0001

DUE TO COVID-19 and PURSUANT TO CHANGES TO THE BROWN ACT ISSUED BY EXECUTIVE ORDER N-29-20 FROM GOVERNOR GAVIN NEWSOM, THE EXECUTIVE COMMITTEE OF THE BOARD OF COMMISSIONERS MEETING HAS BEEN CHANGED FROM MEETING AT 806 WEST 19TH STREET MERCED, CA TO A ZOOM VIDEO AND TELEPHONIC CONFERENCE CALL.

Zoom

<https://zoom.us/j/5600363167?pwd=RmZTR0NabzcrY0ZYQlZyYUd6blpwZz09>

Call-in Number: 1-669-900-9128

Meeting ID: 560 036 3167

Passcode: 293018

Executive Committee Member Locations

2039 Forest Avenue Suite 10
Chico, California 95928

1612 Sisk Road
Modesto, California 95350

1402 D Street
Brawley, California 92227

1400 West Hillcrest Drive
Newbury Park, California 91302

2575 Grand Canal Blvd. Suite 100
Stockton, California 95207

I. CALL TO ORDER AND ROLL

II. DIRECTORS' AND/OR AGENCY ADDITIONS/DELETIONS TO THE AGENDA

(M/S/C): ____ / ____ / ____

III. APPROVAL OF MEETING MINUTES

1. Minutes of September 13, 2021

(M/S/C): ____ / ____ / ____

2. Minutes of September 27, 2021

(M/S/C): ____ / ____ / ____

IV. UNSCHEDULED ORAL COMMUNICATIONS

NOTICE TO THE PUBLIC

At this time, any person(s) may comment on any item that is not on the Agenda. Please state your name and address for the record. Action will not be taken on an item that is not on the Agenda. If it requires action, it will be referred to Staff and/or placed on the next Agenda. In order that all interested parties have an opportunity to speak, please limit comments to a maximum of five (5) minutes.

V. FINANCIAL REPORT OF ADMINISTRATOR

Current Financials of the Agency- September 2021 Financial Report

VI. RESOLUTION, ACTION AND INFORMATION ITEMS

RESOLUTION NO. 2021-10

A RESOLUTION OF THE EXECUTIVE COMMITTEE OF THE CALIFORNIA AFFORDABLE HOUSING AGENCY APPROVING OF THE SALE OF THE COURT OF FOUNTAINS PROJECT TO FOUNTAINS LOS BANOS LLC ON THE TERMS AND CONDITIONS TO BE FINALIZED BY THE EXECUTIVE DIRECTOR AND APPROVING THE UNDERWRITING ENGAGEMENT LETTER AGREEMENT WITH D.A. DAVIDSON & CO. FOR

THE PROPOSED ESSENTIAL HOUSING REVENUE BONDS SERIES 2021 AND AUTHORIZING THE BOARD CHAIR, BOARD SECRETARY AND/OR EXECUTIVE DIRECTOR TO FINALIZE THE TERMS AND CONDITIONS OF THE SALE OF THE PROJECT AND AUTHORIZING THE EXECUTION AND SIGNING OF RELATED DOCUMENTS

(M/S/C): ____/____/____

RESOLUTION NO. 2021-11

RESOLUTION OF THE CALIFORNIA AFFORDABLE HOUSING AGENCY SETTING FORTH THE AGENCY'S OFFICIAL INTENT TO ISSUE REVENUE BONDS TO FINANCE A PROJECT FOR FOUNTAINS LOS BANOS LLC (OR AN AFFILIATE) AND RELATED ACTIONS

(M/S/C): ____/____/____

B. ACTION ITEMS:

None

C. INFORMATION/DISCUSSION ITEM(S)

1. Executive Director's Report
2. Current update on Trio Program;
3. Current update on prospective projects and financings;
4. Current update on member projects and administrative matters.

VII. CLOSED SESSION

None

VIII. DIRECTORS' COMMENTS

IX. SCHEDULING OF FUTURE EXECUTIVE BOARD MEETINGS

(The second Monday of the month): December 13, 2021

X. ADJOURNMENT



CaliforniaAffordableHousingAgency

MINUTES

THE EXECUTIVE COMMITTEE OF THE BOARD OF DIRECTORS CALIFORNIA AFFORDABLE HOUSING AGENCY MEETING

September 13, 2021
10:00 a.m.

806 West 19th Street
Merced, CA

- I. The Board Meeting of the Executive Board of the California Affordable Housing Agency was called to order by Ed Mayer at 10:01 a.m. The roll was taken and a quorum declared present. The following Executive Board Members were present for the meeting:

CalAHA Executive Board Members Present:

1. Ed Mayer, Chairperson and Executive Director, Housing Authority of the County of Butte
2. Barbara Kauss, Executive Director, Stanislaus Regional Housing Authority (Joined at 10:11 a.m.)
3. Kirk Mann, Secretary/Treasurer and Executive Director, Imperial Valley Housing Authority
4. Michael Nigh, Executive Director, Area Housing Authority of the County Of Ventura
5. Peter Ragsdale, Executive Director, Housing Authority of the County of San Joaquin (joined at 10:09 a.m.)

Others Present:

6. Thomas E. Lewis, General Counsel
7. Nick Benjamin, Executive Director - CalAHA
8. Marcela Zuniga, Deputy Director - CalAHA

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(209) 384-0001



9. Bob Havlicek, Executive Director of the Housing Authority of the County of Santa Barbara
10. Julie Wunderlich, Bond Counsel Jones Hall
11. Kao Xiong, Law Office of Thomas E. Lewis

II. Directors' and/or Agency Additions/Deletions to the Agenda:

(M/S/C): B. Kauss/K. Mann -Motion to approve
Approved: 4-0

III. Approval of the Minutes:

Minutes of August 9, 2021

(M/S/C): M. Nigh/B. Kauss – Motion to approve minutes as presented.
Approved: 4-0

IV. Unscheduled Oral Communication:

None.

Tom Lewis proposed moving Item 7 – Closed Session to Item 5

(M/S/C): B. Kauss/K. Mann – Motion to approve minutes as presented.
Approved: 4-0

V. CLOSED SESSION:

- 1) Conference regarding Public Employee Performance Evaluation pursuant to Government Code Section 54957 (Executive Director)

The Board entered into Closed Session at 10:04 a.m. The Board returned to open session at 10:31 a.m. with no reputable action taken.

VI. FINANCIAL REPORT OF ADMINISTRATOR:

Ed Mayer briefly provided an overview of the current financials. Nick Benjamin indicated that the projected Tuscana Project in Tracy should yield the agency about \$400,000 in revenue.

VII. RESOLUTION, ACTION AND INFORMATION/DISCUSSION ITEMS:

None.

C. INFORMATION/DISCUSSION ITEMS.

1. Executive Director's Report: none
2. Prospective Tuscana Project in Tracy, CA: Nick Benjamin indicated that this project is an acquisition with the Aspen Group. The project has good operating history and a good location near the Bay Area. Peter Ragsdale indicated that this as a B+ property. The rent in this location is high and in huge demand. Mr. Benjamin will present the packet to the Board at the October meeting for approval. Mr. Mayer indicated that there has not been much information on this project yet and the October meeting is fast approaching. He would recommend Mr. Benjamin present more information to the Board prior to the October meeting. Mr. Benjamin indicated that he is waiting until the proformas are completed in order to present to the Board, but will do so as soon as possible.

Mr. Benjamin indicated that Aspen Group decided that Court of Fountains will now be a standalone restructure project. February 1st, 2022 is the projected close date due to the early bond payoff restrictions. Aspen Group will be responsible for any due diligence costs. Mr. Benjamin will present Court of Fountains' packet to the Board at the November, 2021 meeting.

3. CalAHA Agreement for HACB Projects: Housing Authority of the County of Butte has 3 tax credit properties up for repositioning and has asked CalAHA to assist. There will be two contracts, one is between CalAHA and the 3 Limited Partnerships and the second is between CalAHA and Dawson Holdings, LLC. HACB has worked with Dawson Holdings, LLC in the past and is satisfied with their work. They are a tax credit developer and produces great work even with tenants still occupying the properties. Precision General Commercial Contractor is a subcontractor of Dawson Holdings, LLC and will also be involved in the projects.

4. Current update on Trio Program: none
5. Current update on prospective projects and financings: none
6. Current update on member projects and administrative matters: none

VIII. DIRECTORS' COMMENTS:

None.

IX. SCHEDULING OF FUTURE EXECUTIVE BOARD MEETINGS:

(The second Monday of the month):

October 11, 2021, November 8, 2021 and December 13, 2021

X. ADJOURNMENT:

(M/S/C): M. Nigh/B. Kauss– Motion to approve
Approved: 4-0

Meeting adjourned @ 10:50 am.

Secretary



California Affordable Housing Agency

MINUTES

THE EXECUTIVE COMMITTEE OF THE BOARD OF DIRECTORS CALIFORNIA AFFORDABLE HOUSING AGENCY MEETING

September 27, 2021
9:00 a.m.

806 West 19th Street
Merced, CA

- I. The Board Meeting of the Executive Board of the California Affordable Housing Agency was called to order by Ed Mayer at 9:01 a.m. The roll was taken and a quorum declared present. The following Executive Board Members were present for the meeting:

CalAHA Executive Board Members Present:

1. Ed Mayer, Chairperson and Executive Director, Housing Authority of the County of Butte
2. Barbara Kauss, CEO and Executive Director, Stanislaus Regional Housing Authority
3. Melinda Hazard for Peter Ragsdale, Executive Director, Housing Authority of the County of San Joaquin
4. Michael Nigh, Executive Director, Area Housing Authority of the County of Ventura
5. Kirk Mann, Secretary/Treasurer and Executive Director, Imperial Valley Housing Authority (joined at 9:42 a.m.)

Others Present:

6. Thomas E. Lewis, General Counsel
7. Nick Benjamin, Executive Director - CalAHA
8. Bob Havlicek, Executive Director of the Housing Authority of the County of Santa Barbara

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(209) 384-0001



- 9. Jim Kruse, Stanislaus Regional Housing Authority
- 10. Kao Xiong, Law Office of Thomas E. Lewis

II. Directors' and/or Agency Additions/Deletions to the Agenda:

(M/S/C): B. Kauss/M. Nigh -Motion to approve
Approved: 4-0

III. Approval of the Minutes:

None

IV. Unscheduled Oral Communication:

Ed Mayer indicated that there is a possible Brown Act violation and would like to address to the public that he and all the Executive Committee received a memo from an Executive Committee member regarding Nick Benjamin's contract that should not have been sent out.

V. FINANCIAL REPORT OF ADMINISTRATOR:

None

VI. RESOLUTION, ACTION AND INFORMATION/DISCUSSION ITEMS:

None

B. ACTION ITEMS

Action Item: 2021A – Authorizing the Board Chair to negotiate and finalize a three-year Consulting Agreement with Nick Benjamin.

(M/S/C): B. Kauss/M. Nigh -Motion to approve
Approved: 5-0

C. INFORMATION/DISCUSSION ITEMS

None

VII. CLOSED SESSION:

- 1) Conference regarding Public Employee Performance Evaluation pursuant to Government Code Section 54957 (Executive Director)

The Board entered into Closed Session at 9:15 a.m. The Board came out of closed session at 10:14 a.m. with no reputable action taken. An action item was then moved and approved as set forth above.

VIII. DIRECTORS' COMMENTS:

None.

IX. SCHEDULING OF FUTURE EXECUTIVE BOARD MEETINGS:

(The second Monday of the month):

October 11, 2021, November 8, 2021 and December 13, 2021

X. ADJOURNMENT:

Meeting adjourned @ 10:20 a.m.

Secretary

CALIFORNIA AFFORDABLE HOUSING AGENCY JPA
COMPILED FINANCIAL STATEMENTS
September 2021

Grey B. Roberts & Co.
2824 Park Avenue, Suite B
Merced, CA 95348

GREY B. ROBERTS & CO.
CERTIFIED PUBLIC ACCOUNTANTS
2824 PARK AVENUE, SUITE 8
MERCED, CALIFORNIA 95348
(209) 383-2442

Board of Directors
California Affordable Housing Agency JPA

We have compiled the accompanying cash basis statement of net assets of the general fund of California Affordable Housing Agency JPA as of September 30, 2021 and the related cash basis statement of activities for the nine months ended in accordance with Statements on Standards for Accounting and Review Services issued by the American Institute of Certified Public Accountants.

A compilation is limited to presenting in the form of financial statements information that is the representation of management. We have not audited or reviewed the accompanying financial statements and, accordingly, do not express an opinion or any other form of assurance on them.

Management has elected to omit substantially all of the disclosures and the Statement of Cash Flows required by generally accepted accounting principles. If the omitted disclosures and statement were included in the financial statements, they might influence the user's conclusions about the Company's financial position, results of operations, and cash flows. Accordingly, these financial statements are not designed for those who are not informed about such matters.



October 22, 2021

California Affordable Housing Agency
Balance Sheet
As of September 30, 2021

	<u>Sep 30, 21</u>
ASSETS	
Current Assets	
Checking/Savings	
Cash	42,000.00
WestAmerica	503,713.21
RaboBank Checking	153,516.19
RaboBank Money Market	225,986.72
Court of Fountains Supplemental	2,090.16
Court of Fountains Main Reserve	59,565.68
F & M Bank - Checking	9,865.15
F & M Bank - Money Market	221,812.97
Total Checking/Savings	<u>1,218,550.08</u>
Other Current Assets	
Accounts Receivable	
Housing Assistance Receivable	16,768.00
Ben Harvy Investments, LLC	50,097.33
A/R Foothill Terrace	40,500.00
A/R Court of Fountains	62,220.00
Accounts Receivable - Other	2,663.84
Total Accounts Receivable	<u>172,249.17</u>
Intercompany Due To	13,436.17
Prepaid Insurance	6,810.36
Tenant Security Deposits	21,035.00
Mortgage Escrow Deposits	-854.29
Other Reserves	437,903.59
Total Other Current Assets	<u>650,580.00</u>
Total Current Assets	<u>1,869,130.08</u>
Fixed Assets	
Land Olive Tree Apartments	110,000.00
Buildings and Improvements	1,333,018.03
Depreciation Building and Improvements	-381,594.00
Total Fixed Assets	<u>1,061,424.03</u>
Other Assets	
AHA Organizational Costs	21,902.48
Accum Amort of Costs	-21,902.48
Bond and loan fees	173,999.52
Accumulated amortizations	-37,539.52
Total Other Assets	<u>136,460.00</u>
TOTAL ASSETS	<u><u>3,067,014.11</u></u>

See accountants' report and notes to financial statements

California Affordable Housing Agency
Balance Sheet
As of September 30, 2021

	Sep 30, 21
LIABILITIES & EQUITY	
Liabilities	
Current Liabilities	
Accounts Payable	
Accounts Payable	39,981.82
Total Accounts Payable	39,981.82
Other Current Liabilities	
Accrued Interest	27,324.00
Deposit	154,900.00
Direct Deposit Liabilities	50,000.00
Tenant Security Deposits (L)	12,057.00
Series 2004A Bonds	20,000.00
U. S. Dept of Ag Note Payable	1,299.00
Series 2009A Bonds	-8,333.34
LT Portion of Bonds Payable	760,684.00
Current Portion of Notes Pay	215,280.00
LT Portion of Notes Payable	980,447.00
Issuer Holding Acct	296,884.00
Total Other Current Liabilities	2,510,541.66
Total Current Liabilities	2,550,523.48
Total Liabilities	2,550,523.48
Equity	
Change in Net Assets	-45,285.00
Unrestricted Net Assets	-819,602.00
Restricted Net Assets	776,639.00
Owner Contributions	175,000.00
Fund Balance	533,151.29
Net Income	-103,412.66
Total Equity	516,490.63
TOTAL LIABILITIES & EQUITY	3,067,014.11

See accountants' report and notes to financial statements

California Affordable Housing Agency
Profit & Loss
January through September 2021

	<u>Jan - Sep 21</u>
Ordinary Income/Expense	
Income	
Management Fee Income	4,287.94
Laundry and Vending	-400.26
Annual Issuer's Fee	73,250.00
Reimbursed Costs	231,759.50
Other Income	<u>276.96</u>
Total Income	309,174.14
Expense	
Administrative Expenses	3,650.00
Financial Advisor Fees	1,204.28
Operation and Maintenance	6,765.36
Bank fees/wires	794.89
Insurance Expense	7,089.52
Accounting & Auditing Fee	3,710.00
Legal Expense	191,039.31
Training & Travel	9,225.86
Contract Costs	154,000.00
Office Supplies	4,783.03
Office Rent	9,000.00
Website & Internet Expenses	724.54
Annual Retreat/Conference	5,042.88
Dues & Memberships	895.00
Conference fees	1,200.00
Penalties	72.43
Taxes	<u>13,546.76</u>
Total Expense	<u>412,743.96</u>
Net Ordinary Income	-103,569.82
Other Income/Expense	
Other Income	
Interest Income	<u>157.16</u>
Total Other Income	157.16
Net Other income	157.16
Net Income	<u><u>-103,412.66</u></u>

See accountants' report and notes to financial statements



CaliforniaAffordableHousingAgency

MEMORANDUM

November 8, 2021

TO: CalAHA Executive Committee

FROM: Nick Benjamin, Executive Director

SUBJECT: Resolution Approving CalAHA Participation as Bond Issuer for the Court of Fountains Sale/Restructure

Summary:

The Court of Fountains Apartments (502 N. Mercy Springs Rd. Los Banos, CA) consists of 34 units of two and three-bedroom housing (1-privately owned unit and 33 below market rate rentals). The property has been owned by CalAHA since 2013 and is managed by Trilar Property Management Company. Since the bond refinancing in 2018, the property has been showing a negative cash flow of +/- \$38,000.00 per year. The deficit in cash flow is due in part to the City of Los Banos charging the property with “Facility Fees” in the amount of \$24,777.00 annually and the slow pace of rent increases at the property and needed capital improvements. The rent increases have been initiated and revenue from the property is incrementally improving. It should be noted that the City of Los Banos Community Development Director stated that the property was the nicest rental property available in town.

This property was originally acquired by CalAHA as a TRIO homeownership model for first time homebuyers. Unfortunately, mortgages were hard to qualify for at the time and FHA would not allow CalAHA to qualify as a buyer for FHA assumable loans through one of TRIO’s mortgage lenders because CalAHA was more than 50% owner of the total number of units. CalAHA was unable to sell more than one of the 34 units. CalAHA originally financed the project with a 5-



year BAN (Bond Anticipation Note). The property was refinanced with 30-year bonds in 2018.

Also, it was difficult at that time to obtain a favorable appraisal that showed equity in the project. We knew the project revenue would be tight upon refinancing with 30-year bonds. Since then, the market has changed and the value of the property has risen dramatically. This offers CalAHA an opportunity to refinance and provide CalAHA with operating capital for future operations.

Given the historically low interest rate environment coupled with an aggressive multi-family real estate market, the opportunity to restructure the debt load and/or extract cash from the property is readily available. Accordingly, discussion was initiated with Aspen Real Estate Financial LLC (AREF) and most recently with Oppenheimer (formerly Brandis Tallman LLC) to invite proposals that addressed debt restructure and potential cash back to the agency. Each company was asked to present their respective proposals subject to initial review by staff and CalAHA Financial Analyst, Patrick Howard.

Presented Options:

Before the board for consideration is two distinct courses of action. The attached documents provide details of each respective transaction. In basic summary, the first offers the board consideration of a straight bond refunding proposal, with \$300,000.00 cash back to the agency from the Oppenheimer proposal. This proposal is linear with numerous bond transactions the agency has participated in the past. Under this proposal, the annual debt load is lowered by approximately \$40,000.00 and offers an extended bond term of thirty-five (35) years, and as customary for this type of proposal, the agency would act as issuer/borrower/owner. The rent levels of the property remain as currently set (approx. \$200.00 per unit below market on average). This structure would have the standard debt service coverage reserve and a \$400,000 capital needs reserve.

The second option is provided by Aspen Real Estate Financial, LLC and it offers the board consideration of a sale/lease buy back structure created by AREF. This 40-year structure maximizes the appraised value of the property and like the Oppenheimer proposal, utilizes the current rent levels for the property. This proposal also offers a reduced initial debt load of approximately \$40,000.00 annually with escalation over time that is projected to produce approximately \$1.526M more annual revenue than the Oppenheimer structure. In addition, the initial cash at close of escrow for CalAHA is approximately \$2.35M.

As you will recall from previous presentations to the Executive Committee, the AREF structure for this project would be that an AREF related limited liability company would take ownership of the property and would be leased to CalAHA through a triple net lease wherein CalAHA would gain 2.5% ownership in the property each year until CalAHA fully owns the property free and clear at year 40. CalAHA would oversee the property under the lease and have a professional property management company operating the property.

This structure will have a debt service coverage reserve and a \$330,000 capital needs reserve. In addition, this AREF structure does provide greater protection to CalAHA in the form of two operating reserves that total \$373,386 to support the operational side of the project. And with the additional cash CalAHA will receive at close of escrow, CalAHA could set up its own additional reserve (held by CalAHA) with a portion of that cash.

Recommendations:

From Nick Benjamin-Executive Director; Patrick Howard-Financial Analyst

Nick Benjamin:

Providing a recommendation presents a small dilemma. The agency has a long and valued history with Brandis Tallman LLC, now Oppenheimer. In addition, the Oppenheimer structure is well known to the agency and does offer the benefit of \$300,000.00 cash back at closing and annual debt load reduction versus the current bond on the property; this may also allow for CalAHA to sell individual units over time as was originally contemplated for the project.

The AREF structure is new to the agency in practice, even though it has been discussed, and vetted by the agency over a ten-month period. The AREF structure provides much needed additional closing cash to the agency (approx. \$1.9M more than the Oppenheimer structure). The AREF structure also provides elevated long term cash flow on the project that exceeds the Oppenheimer structure by approx. \$1.526M over the life of the lease structure. It accomplishes the cash flow by way of consistent rent level increases and relies on diligent prudent management of the property (CalAHA will evaluate the performance of the current property management company, Trilar and determine a prudent course of action for future management).

An additional benefit of this structure is that AREF utilizes bonds issued by CalAHA through DA Davidson Co. (DADCO) as the bond underwriter. By means

of that exposure this transaction will likely serve as a gateway to numerous opportunities to acquire and preserve affordable workforce housing in this time of historically low interest rates and the robust real estate market.

Given the options before the agency, I strongly recommend the AREF structure be selected for the re-structure of the Court of Fountains Apartments. This will provide CalAHA with needed capital to secure the Agency's ongoing operations for many years to come.

Patrick Howard:

I concur with the information provided above by Nick Benjamin and, as I have concluded in previous reporting, it is my opinion the AREF structure provides the optimum opportunity for CalAHA as it relates to Court of Fountains as it is able to provide benefits unavailable in traditional bond financing.

The additional cash generated from the current value of the project that is achieved through the AREF structure will provide CalAHA financial resources otherwise unavailable, despite the higher fees. In addition, it opens a pathway to further financing opportunities elsewhere in the State where CalAHA can help to achieve, sustain and preserve affordable rental housing in higher end properties that could have a profound effect on CalAHA's ability to support communities through its unique organization structure within the housing authority establishment. It is consistent with CalAHA's mission. The opportunity to fall back on traditional bond financing and/or to try to list for sale would still be options available in the event the AREF financing does not get completed.

RESOLUTION NO. 2021-10

A RESOLUTION OF THE EXECUTIVE COMMITTEE OF THE CALIFORNIA AFFORDABLE HOUSING AGENCY APPROVING OF THE SALE OF THE COURT OF FOUNTAINS PROJECT TO FOUNTAINS LOS BANOS LLC ON THE TERMS AND CONDITIONS TO BE FINALIZED BY THE EXECUTIVE DIRECTOR AND APPROVING THE UNDERWRITING ENGAGEMENT LETTER AGREEMENT WITH D.A. DAVIDSON & CO. FOR THE PROPOSED ESSENTIAL HOUSING REVENUE BONDS SERIES 2021 AND AUTHORIZING THE BOARD CHAIR, BOARD SECRETARY AND/OR EXECUTIVE DIRECTOR TO FINALIZE THE TERMS AND CONDITIONS OF THE SALE OF THE PROJECT AND AUTHORIZING THE EXECUTION AND SIGNING OF RELATED DOCUMENTS

WHEREAS, the California Affordable Housing Agency (the "Agency") is authorized pursuant to Articles 1 through 5 of Chapter 1 of Part 2 of Division 24 of the Health and Safety Code of the State of California (the "Act"), to issue revenue obligations and to use the proceeds thereof to finance the acquisition, rehabilitation and development of multifamily housing projects for persons and families of low and very low income residing within the jurisdiction of the Agency; and

WHEREAS, in order to provide funds to finance the acquisition and rehabilitation of a 33-unit multifamily townhome project known as Court of Fountains located at 440-530 Mercy Springs Road in the City of Los Banos, California (the "Project") the Agency has, pursuant to the Act, determined to issue bonds for the acquisition and rehabilitation of the Project by Fountains Los Banos, LLC; and

WHEREAS, the Agency hereby finds and declares that it is a necessary, essential and a public purpose for the Agency to finance the acquisition and rehabilitation of multifamily residential housing, and has determined to borrow money for such purpose by issuing the Bonds; and

NOW THEREFORE, BE IT RESOLVED as follows:

Section 1: The Agency hereby finds and declares that the above recitals are true and correct;

Section 2: The sale of the Court of Fountains Project is hereby approved subject to final negotiations of the terms and conditions of the sale of the Project to Fountains Los Banos, LLC and the Chair, Secretary and/or Executive Director are authorized to finalize the terms and conditions of the sale and are further authorized to take any and all necessary actions and to sign any and all necessary documents to complete the sale;

Section 3: The Chair, Secretary and/or Executive Director are authorized to enter into an agreement with D.A. Davidson & Co. to act as authorized underwriter for the multifamily housing revenue bonds to be issued;

Section 4: This resolution shall take effect from and after its adoption.

WHEREAS, the Agency would like to engage the services of D.A. Davidson & Co. to act as underwriter for the bonds to be issued.

NOW THEREFORE, BE IT RESOLVED by the Executive Committee of the California Affordable Housing Agency as follows:

Section 1: The Agency hereby finds and declares that the above recitals are true and correct;

Section 2: The Agency approves of the intended sale of the Project to Fountains Los Banos, LLC or another entity created by Aspen Real Estate Financial, LLC (“Affiliate”) and authorizes the Board Chair, Secretary and/or Executive Director to negotiate the terms and conditions of such sale and to take all necessary action and sign all necessary documents in order to finalize the sale of the Project;

Section 3: The Agency further authorizes the Board Chair, Secretary and/or Executive Director to enter into an engagement letter agreement and a bond purchase agreement for the issuance of the Court of Fountains Townhomes Acquisition Bonds Series 2021A;

Section 4: This resolution shall take effect from and after its adoption.

PASSED AND ADOPTED ON THE 8th DAY OF NOVEMBER, 2021.

AYES:

NOES:

ABSENT:

ABSTAIN:

Chair, Board of Directors
California Affordable Housing Agency

Attest:

Secretary
California affordable Housing Agency



California Affordable Housing Agency

MEMORANDUM

November 8, 2021

TO: CalAHA Executive Committee

FROM: Nick Benjamin, Executive Director

SUBJECT: Consideration of a Resolution Authorizing CalAHA to Sign/Enter into an Underwriting Agreement provided by DA Davidson Co. (DADCO).

Aspen Real Estate Financial (AREF) has formed a relationship with DA Davidson Co. (DADCO) to perform bond underwriting services. Specific to the Court of Fountains sale/lease back, DADCO is requesting CalAHA sign an underwriting agreement related to the transaction.

The agreement is standard procedure issue from a selected bond underwriter. It has been reviewed and approved by agency counsel, Tom Lewis.

The agreement indicates that DADCO will make a best effort to underwrite and sell the bonds for the Court of Fountains sale/lease back. The AREF team has been instrumental in helping to frame the underwriting and CalAHA (Patrick Howard and myself) have had opportunity to review and contribute to the underwriting platform.



RESOLUTION NO. 2021-11

**RESOLUTION OF THE CALIFORNIA AFFORDABLE HOUSING AGENCY
SETTING FORTH THE AGENCY'S OFFICIAL INTENT TO ISSUE REVENUE
BONDS TO FINANCE A PROJECT FOR FOUNTAINS LOS BANOS LLC (OR
AN AFFILIATE) AND RELATED ACTIONS**

WHEREAS, the California Affordable Housing Agency (the "Agency") is authorized and empowered by Article 1-4 (commencing with Section 6500) of Chapter 5 of Division 7 of Title 1 of the California Government Code (the "JPA Act"), certain public agencies have entered into a joint exercise of powers agreement, dated as of March 1, 2001, as amended, pursuant to which the Agency was organized; and

WHEREAS, pursuant to the JPA Act and Articles 1 through 5 of Chapter 1 of Part 2 of Division 24 of the Health and Safety Code (the "Housing Act"), the Agency is authorized to issue revenue bonds for the purpose of financing the acquisition, construction and/or rehabilitation of multifamily rental housing facilities; and

WHEREAS, Fountains Los Banos, LLC or another entity created by Aspen Real Estate Financial LLC (collectively, the "Borrower") has requested that the Agency consider the issuance and sale of tax-exempt revenue bonds (the "Bonds") pursuant to the JPA Act and the Housing Act for the purpose of lending the proceeds thereof to the Borrower to finance the acquisition, rehabilitation, improvement and equipping of a 33-unit multifamily rental housing facility, located in the Los Banos, California (the "City"), and to be owned and/or operated by the Borrower (the "Project"); and

WHEREAS, the Borrower has requested an expression of this Board's willingness to authorize the issuance of the Bonds at a future date after the documentation relating to the financing has been prepared and completed, and the Agency's requirements for the issuance of such Bonds have been satisfied; and

WHEREAS, the Agency wishes to declare its intention to authorize the issuance of the Bonds, provided certain conditions are met, for the purpose of financing costs of the Project, in an aggregate principal amount not to exceed \$11,200,000;

NOW, THEREFORE, BE IT RESOLVED by the Board of Directors of the California Affordable Housing Agency as follows:

Section 1. The Board hereby finds and determines that the above recitals are true and correct.

Section 2. The Board finds and hereby determines that it is necessary and desirable and a public purpose for the Agency to provide financing for the Project and hereby expresses its official intent, at one time or from time to time, to issue and sell the Bonds pursuant to the JPA Act and the Housing Act, subject to the conditions set forth herein. This resolution does not bind the Agency to make any expenditure, incur any indebtedness, or proceed with the financing of the Project.

Section 3. The Bonds will be payable solely from revenues to be received by the Agency pursuant to a loan agreement or other agreements to be entered into with the Borrower in connection with the Project. The issuance of the Bonds is subject to the following conditions:

(a) the Agency and the Borrower shall have first agreed to mutually acceptable terms for the Bonds and of the sale and delivery thereof, and mutually acceptable terms and conditions of the Bond indenture, loan agreement, lease agreement or other agreements and other related documents for the financing of the Project; (b) all requisite governmental approvals for the Bonds shall have been obtained; and (c) a resolution approving the financing documents to which the Agency will be a party shall have been adopted by the Board.

Section 4. This resolution is a Declaration of Official Intent under U.S. Treasury Regulations for purposes of Sections 103 and 141 to 150 of the Internal Revenue Code of 1986, as amended (the "Code"). Based upon the representations of the Borrower, the Agency reasonably expects that certain of the costs of the Project will be reimbursed with the proceeds of the Bonds. The expected maximum principal amount of the bonds is \$11,200,000.

Section 5. The officers of and financial advisors to the Agency are hereby authorized and directed to take any and all actions as may be necessary or appropriate in connection with (a) an application to the California Debt Limit Allocation Committee for an allocation of the State's private activity bond volume cap under Section 146 of the Code and Section 8869.85 of the Government Code, if determined to be necessary, and (b) compliance with the requirements of Section 147(f) of the Code relating to public approval of the Bonds. Any such actions heretofore taken by such officers and financial advisors with respect thereto are hereby ratified, approved and confirmed.

Section 6. This Resolution shall take effect immediately upon its passage and shall remain in force thereafter.

PASSED AND ADOPTED by the California Affordable Housing Agency this 8th day of November 2021, by the following vote:

AYES:

NOES:

ABSTAIN:

ABSENT:

Chair, Board of Directors
California Affordable Housing Agency

Attest:

Secretary, Board of Directors
California Affordable Housing Agency



D | A | DAVIDSON
FIXED INCOME CAPITAL MARKETS

74-710 Highway 111, Suite 102
Palm Desert, CA 92260
213-244-9380
www.dadavidson.com/ficm
D.A. Davidson & Co. member SIPC

September 14, 2021

California Affordable Housing Agency
806 W. 19th Street
Merced, CA 95340
Attn: Nick Benjamin, Director

Re: Underwriter Engagement Letter

Dear Mr. Benjamin,

On behalf of D.A. Davidson & Co. (“we” or “Davidson”), thank you for the opportunity to serve as Underwriter for California Affordable Housing Agency (the “Issuer”) on the proposed Essential Housing Revenue Bonds (Court of Fountains Townhomes Acquisition), Series 2021 (the “Bonds”). This letter will confirm the terms of our engagement; however, it is anticipated that this letter will be replaced and superseded by a bond purchase agreement to be entered into by the parties (the “Purchase Agreement”) if and when the Bonds are priced following successful completion of the offering process.

1. Services to be Provided by Davidson. The Issuer hereby engages Davidson to serve as the Underwriter for the proposed offering and issuance of the Bonds, and in such capacity Davidson agrees to provide the following services:

- Review and evaluate the proposed terms of the offering and the Bonds
- Develop a marketing plan for the offering, including identification of potential investors
- Assist in the preparation of the official statement or limited offering memorandum and other offering documents.
- Contact potential purchasers (the “Purchasers”), provide them with related financial information, respond to their inquiries and, if requested, coordinate their due diligence sessions
- If the Bonds are to be rated, assist in preparing materials to be provided to securities ratings agencies and in developing strategies for meetings with the ratings agencies.

- Consult with counsel and the municipal advisor and other service providers with respect to the terms of the Bonds
- Inform the Issuer of the marketing and offering process
- Negotiate the pricing, including the interest rate, and other terms of the Bonds
- Obtain CUSIP number(s) for the Bonds and arrange for their DTC book-entry eligibility
- Plan and arrange for the closing and settlement of the issuance and the delivery of the Bonds
- Perform such other usual and customary placement agent services as may be requested by the Issuer

As Underwriter, Davidson will not be required to purchase the Bonds except pursuant to the terms of the Purchase Agreement, which will not be signed until successful completion of the pre-sale offering period. This letter does not obligate Davidson to purchase any of the Bonds.

2. No Advisory or Fiduciary Role. The Issuer acknowledges and agrees: (i) the primary role of Davidson, as a Underwriter, is to find Purchasers of the Bonds, in an arm's-length commercial transaction between the Issuer and the Purchasers, and that Davidson may have financial and other interests that may differ from those of the Issuer; (ii) Davidson is not acting as a municipal advisor, financial advisor, or fiduciary to the Issuer and Davidson has not assumed any advisory or fiduciary responsibility to the Issuer with respect to the transaction contemplated hereby and the discussions, undertakings and procedures leading thereto (irrespective of whether Davidson has provided other services or is currently providing other services to the Issuer on other matters or transactions); (iii) the only obligations Davidson has to the Issuer with respect to the transaction contemplated hereby expressly are set forth in this agreement; and (iv) the Issuer has consulted its own financial and/or municipal, legal, accounting, tax and other advisors, as applicable, to the extent it deems appropriate. If the Issuer desires to consult with and hire a municipal advisor for this transaction that has legal fiduciary duties to the Issuer, the Issuer should separately engage a municipal advisor to serve in that capacity.

In addition, the Issuer acknowledges receipt of a letter outlining certain regulatory disclosures as required by the Municipal Securities Rulemaking Board and attached to this agreement as Exhibit A. The Issuer further acknowledges Davidson may be required to supplement or make additional disclosures as may be necessary as the specific terms of the transaction progress.

3. Fees and Expenses. Davidson's proposed underwriting fee/spread is 2.0% of the par amount of the Bonds issued. The underwriting fee/spread will represent the difference between the price that Davidson pays for the Bonds and the public offering price stated on the cover of the final official statement. The Issuer shall be responsible for costs of issuance of the Bonds, which means

all items of expense directly or indirectly payable by or reimbursable to the Issuer and related to the authorization, issuance, sale, and delivery of the Bonds, including but not limited to the costs of preparation and reproduction of documents, printing expenses, filing and recording fees, initial fees and charges of the Paying Agent and its counsel, legal fees and charges, fees and disbursements of consultants and professionals, rating agency fees, and any other cost, charge, or fee in connection with the original issuance and sale of the Bonds.

4. Term and Termination. The term of this engagement shall extend from the date of this letter to the closing of the offering of the Bonds except as may be superseded pursuant to a Purchase Agreement. Notwithstanding the forgoing, either party may terminate Davidson's engagement at any time without liability of penalty upon at least 30 days' prior written notice to the other party. If Davidson's engagement is terminated by the Issuer, the Issuer agrees to compensate Davidson for the services provided and to reimburse Davidson for its out-of-pocket fees and expenses incurred to the date of termination.

5. Limitation of Liability. The Issuer agrees neither Davidson nor its employees, officers, agents or affiliates shall have any liability to the Issuer for the services provided hereunder.

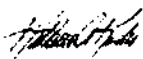
6. Miscellaneous. This letter shall be governed and construed in accordance with the laws of the State of California. This Agreement may not be amended or modified except by means of a written instrument executed by both parties hereto. This Agreement may not be assigned by either party without the prior written consent of the other party.

If there is any aspect of this Agreement that you believe requires further clarification, please do not hesitate to contact us. If the foregoing is consistent with your understanding of our engagement, please sign and return the enclosed copy of this letter.

Again, we thank you for the opportunity to assist you with your proposed financing and the confidence you have placed in Davidson.

Very truly yours,

D.A. DAVIDSON & CO.



By: Katherine Koster

Title: Managing Director | Southwest Region

Accepted this ___ day of _____, 2021

California Affordable Housing Agency

By: _____

Title: _____

EXHIBIT A

September 14, 2021

California Affordable Housing Agency
806 W. 19th Street
Merced, CA 95340

Re: Disclosures by D.A. Davidson & Co., as Underwriter
Pursuant to MSRB Rule G-17 and G-23
Essential Housing Revenue Bonds (Court of Fountains Townhomes Acquisition), Series
2021

Mr. Benjamin:

We are writing to provide the Issuer with certain disclosures required by the Municipal Securities Rulemaking Board (MSRB) Rule G-17 that relate to the above-referenced refinancing (the “Bonds”).

The Issuer has engaged D.A. Davidson & Co. (“Davidson”) to serve as an Underwriter (the “Underwriter”), and not as a Municipal Advisor, in connection with the issuance of the Bonds. As part of our services as Underwriter, D.A. Davidson may provide advice concerning the structure, timing, terms, and other similar matters concerning the issuance of the Bonds. The specific terms of our engagement will be as set forth in a bond purchase agreement or similar document to be entered into by the parties if and when the Bonds are priced following successful completion of the offering process.

1. Disclosures Concerning the Underwriter’s Role, Compensation, Regulation and Educational Materials.

- (i) MSRB Rule G-17 requires Davidson, as Underwriter, to deal fairly at all times with both municipal issuers and investors.
- (ii) An underwriter’s primary roles is to purchase the Bonds with a view to distribute in an arm’s-length commercial transaction with the Issuer. The Underwriter has financial and other interests that differ from those of the Issuer.
- (iii) Unlike a municipal advisor, the Underwriter does not have a fiduciary duty to the Issuer under the federal securities laws and is, therefore, not required by federal law to act in the best interests of the Issuer without regard to its own financial or other interests.
- (iv) The Issuer may choose to engage the services of a municipal advisor with a fiduciary obligation to represent the Issuer’s interest in this transaction.

- (v) The Underwriter has a duty to purchase the bonds at a fair and reasonable price, but must balance that duty with its duty to place the bonds with investors at prices that are fair and reasonable.
- (vi) The Underwriter will review the official statement or offering document for the Bonds in accordance with, and as part of, its respective responsibilities to investors under the federal securities laws, as applied to the facts and circumstances of this transaction.¹
- (vii) The Underwriter will be compensated by a fee and/or an underwriting discount that will be set forth in the bond purchase agreement to be negotiated and entered into in connection with the issuance of the Bonds. Payment or receipt of the underwriting fee or discount will be contingent on the closing of the transaction and the amount of the fee or discount may be based, in whole or in part, on a percentage of the principal amount of the Bonds. While this form of compensation is customary in the municipal securities market, it presents a conflict of interest since the Underwriter may have an incentive to recommend to the Issuer a transaction that is unnecessary or to recommend that the size of the transaction be larger than is necessary.
- (viii) Davidson is registered as a broker-dealer with the U.S. Securities and Exchange Commission (“SEC”) and the MSRB, and is subject to the regulations and rules on municipal securities activities established by the SEC and MSRB. The website address for the MSRB is www.msrb.org. The MSRB website includes educational material about the municipal securities market, as well as an investor brochure that describes the protections that may be provided by the MSRB rules and how to file a complaint with an appropriate regulatory authority.

2. Deal-Specific Conflicts of Interest Disclosures

Davidson has not identified any additional potential or actual material conflicts that require disclosure.

3. Disclosures Concerning Complex Municipal Securities Financing

Since Davidson has not recommended a “complex municipal securities financing” to the Issuer, additional disclosures regarding the financing structure for the Bonds are not required under MSRB Rule G-17. In accordance with the requirements of MSRB Rule G-17, if Davidson recommends a “complex municipal securities financing” to the Issuer, this letter will be supplemented to provide disclosure of the material financial characteristics of that financing structure as well as the material financial risks of the financing that are known to us and reasonably foreseeable at that time.

¹ Under federal securities law, an issuer of securities has the primary responsibility for disclosure to investors. The review of the official statement by the Underwriter is solely for purposes of satisfying its obligations under the federal securities laws and such review should not be construed by an issuer as a guarantee of the accuracy or completeness of the information in the official statement.

4. Questions and Acknowledgment.

If you or any other Issuer officials have any questions or concerns about these disclosures, please make those questions or concerns known immediately to the undersigned. In addition, you should consult with the Issuer's own financial and/or municipal, legal, accounting, tax and other advisors, as applicable, to the extent you deem appropriate.

It is our understanding that you have the authority to bind the Issuer by contract with us, and that you are not a party to any conflict of interest relating to the subject transaction. If our understanding is incorrect, please notify the undersigned immediately.

We are required to seek your acknowledgement that you have received this letter. Accordingly, please send me an email to that effect, or sign and return the enclosed copy of this letter to me at the address set forth below. Otherwise, an email read receipt from you or automatic response confirming that our email was opened by you will serve as an acknowledgement that you received these disclosures.

Depending on the structure of the transaction that the Issuer decides to pursue, or if additional potential or actual material conflicts are identified, we may be required to send you additional disclosures regarding the material financial characteristics and risks of such transaction and/or describing those conflicts. At that time, we also will seek your acknowledgement of receipt of any such additional disclosures.

Again, we thank you for the opportunity to assist you with your financing and the confidence you have placed in us.

CalAHA Executive Director's Monthly Report

MONTH: October, 2021

Prepared by: Nick Benjamin- Executive Director

Summary of Activities Last Month:

Activity focused on assisting pending projects. (Foothill Terrace, Edwards Estates Phase2 and 1612, Bentley Estates) Work on the potential lease/sale of Court of Fountains continues. In addition, both Aspen, KH Equities and Spain Co's. are bringing projects for review.

CLIENT/PROJECTS AMOUNT	STATUS/ACTIVITY	EST. DOLLAR
---------------------------	-----------------	-------------

HA Stanislaus County Edwards Estates: Modesto, CA 2-HOME units. Phase 2-33 for sale SFD	Phase I complete. Two HOME restricted units sold 12/20. Design work on Phase 2 in progress. Scheduled for 11/19/2021 submittal to jurisdiction.	\$12.25M
HA Stanislaus County Bentley Estates: Waterford, CA 13-for sale SFD	Seeking new GC to negotiate Bid particulars. Revise loan structure, and address MID line.	\$5.2M
HA Stanislaus County Foothill Terrace: San Andreas, CA 30- 1bd. Units Workforce rental housing	Engineering site plan completed/ Jurisdiction review complete. GC Bids should be received by 11/30/21, then structure finance.	\$3.9M
HA Stanislaus County	Hotel Acquisition and Rehabilitation (closed escrow 6/30/2020) Rehabilitation efforts in process. Completion of Phase 1 by 12/2021	\$23.5M
Internal: Court of Fountains Sale/Lease Back	Restructuring existing Bond to maximize cash flow at property.	\$7/65M (\$1.15M) OR \$6.8M

CalAHA Executive Director's Monthly Report

Butte County HA-Bond/Aspen Structure/DH partnership-3 projects	In progress	\$29M
Butte County HA Fogg Ave. Oroville CA	Initial site plan and unit layout in progress. 17 small home units. *Moved to 2022 Target Year	\$4.6M



California Affordable Housing Agency

MEMORANDUM

November 8, 2021

TO: CalAHA Executive Committee

FROM: Nick Benjamin, Executive Director

SUBJECT: Request from Spain Co's to partner with CalAHA

As you are aware, CalAHA has been acquainted with Spain Co's, a Los Angeles based developer. Per the attached memo, they are seeking to establish recognition as an agency partner. The basic structure of the partnership is that each transaction/deal will be brought before the board on an individual basis for consideration.



October 26th, 2021

To:
Nick Benjamin
Executive Director
California Affordable Housing Agency
806 W. 19th Street
Merced, CA 95340

From:
Brett Spain
President
Spain Companies
2219 Main Street, Unit #1126
Santa Monica, CA 90405

Re: CalAHA participation in select Spain Companies' deals to provide Regulatory Agreement and de minimis financing

Mr. Benjamin,

I am requesting to seek formal Board Approval with CalAHA to partner with Spain Companies, on select transactions, to provide a Regulatory Agreement and de minimis financing for the purposes of creating and preserving affordable housing throughout California. I realize that each deal will be evaluated on its own merit and will require separate Board Approval. I have provided an outline of the general terms of my proposal, below:

- CalAHA would provide for a Regulatory Agreement for tenants at or below 80% AMI; if there were further rent and income restrictions as required by CalAHA's bylaws beyond the 80% AMI threshold, that would be factored in to the Regulatory Agreement
- CalAHA would provide for a \$10,000 simple interest loan in conjunction with the Regulatory Agreement, with terms and an interest rate sufficient to CalAHA
- At the Closing of all transactions, Spain Companies will pay an acquisition fee to CalAHA at a previously agreed upon amount sufficient to CalAHA, separate and net of the \$10,000 CalAHA loan

Thank you for your consideration of this request.

Sincerely,

Brett Spain

Brett Spain
President, Spain Companies

Vista Towers - Columbia, SC (Richland County)

Dated as of: 10/27/2021

UNDERWRITING ASSUMPTIONS			
Underwriting	PUPM/PUPY	Proforma	07/26/2021 T-12 #1
Revenue			
Gross Potential Rent	\$1,362	\$4,298,173	\$4,391,440
Loss to Lease	\$0	\$0	\$0
Loss to Lease %	0.00%	0.00%	0.00%
SB Voucher Income	\$0	\$0	\$0
Total Gross Income		\$4,298,173	\$4,391,440
Physical Vacancy	-\$61	-\$193,418	-\$257,997
Physical Vacancy %		-4.50%	-5.88%
Bad Debt	-\$7	-\$21,374	-\$37,945
Bad Debt Vacancy %		-0.50%	-0.86%
Model/Employee Unit	-\$15	-\$45,989	-\$46,987
Employee Unit Vacancy %		-1.07%	-1.07%
Move-In Concessions	-\$1	-\$4,298	-\$1,214
Concessions Vacancy %		-0.10%	-0.03%
Total Vacancy %		-6.17%	-7.84%
Total Rental Income	\$1,278	\$4,033,094	\$4,047,297
Other Income	\$75	\$236,179	\$220,497
Other Income - Utility Reimbursements	\$61	\$192,352	\$179,600
Total Revenue	\$1,414	\$4,461,624	\$4,447,393

Expenses			
G&A	\$415	\$109,112	\$106,973
Payroll	\$1,463	\$384,750	\$409,476
Electricity	\$240	\$63,241	\$62,304
Gas	\$0	\$0	\$0
Water & Sewer	\$574	\$151,063	\$170,710
Trash	\$74	\$19,373	\$25,268
Contract Services	\$523	\$137,517	\$134,820
Repairs & Maintenance	\$306	\$80,396	\$78,820
Turnover	\$206	\$54,227	\$53,164
Marketing	\$285	\$75,000	\$87,833
Controllable	\$4,086	\$1,074,679	\$1,129,367
Management Fee	\$424	\$111,541	\$125,765
Insurance	\$479	\$126,000	\$82,064
Real Estate Tax	\$0	\$0	\$54,662
Direct Assessments	\$0	\$0	\$0
Subtotal OpEx	\$4,989	\$1,312,219	\$1,891,857
Replacement Reserves (Above Line)	\$0	\$0	\$0
Total OpEx	\$4,989	\$1,312,219	\$1,891,857

Net Operating Income	\$11,975	\$3,149,405	\$2,555,536
NOI Margin		70.59%	57.46%
Replacement Reserves (Below Line)		\$78,900	\$0
Net Operating Income (After RR)		\$3,070,505	\$2,555,536
Annual Debt Service		\$2,434,250	\$2,434,250
Income (Loss) After Debt Service		\$636,255	\$121,286
Expenses Before Tax		\$4,989	\$5,084
Expenses Before Tax & RR		\$4,989	\$5,084
Expenses Before Tax & Insurance		\$4,510	\$4,772
Expenses Before Tax, Ins. & Utilities		\$3,622	\$3,790
Expenses Before Tax, Ins., utl. & RR		\$3,622	\$3,790

UNDERWRITING TOGGLES	
Income/Expense Assumptions	
Yr1 Rent Increase (Capped at Max Lease Rate)	6.0%
If Proforma = In-Place, Yr1 Rent Increase	7.0%
Yr2 Rent Increase	4.0%
L.T. Rent Increase	3.0%
% T12 Other Income U/W	105.0%
Other Income Growth	2.0%
Expense Growth	3.0%
Replacement Reserve Amount PUPY	\$300
Replacement Reserves Above-Line? (Y/N)	No
Tenant Rent Burden (<=60% AMI)	32.5%
Tenant Rent Burden (>=60% AMI)	37.5%

Max Rent Growth Assumptions	
Yr1 Max Rent Growth	4.00%
Longterm Max Rent Growth	2.50%

Rent Comps Assumptions	
Post-Rehab Market Rent Comps Escalations	3.50%
As-Is Market Rent Comps Escalations	2.50%

Persons/BD Assumptions	
Persons/Bedroom	1.50

PROPERTY INFORMATION	
Project Name	Vista Towers
Street	900 Vista Towers Drive
City	Columbia
County	Richland County
State	SC
Zip Code	29201
MSA	Columbia, SC HUD Metro FMR Area
Total Units	263
SF	0
Acquisition Price	\$57.00
Acquisition Price Per Unit	\$216,730
Acquisition Price Per SF	\$0
Construction (Hard + Soft)	\$3,419,000
Construction Per Unit	\$13,000
Construction Per SF	\$0
Broker Pricing Guidance	\$57,000,000
Last Sale Price	N/A
Last Sale Date	N/A
Price Per Unit	\$216,730
T12 Going-in Cap Rate	4.48%
Proforma Going-in Cap Rate	5.39%

SOURCES AND USES OF FUNDS			
Sources of Funds	Total	\$ Per Unit	
Bonds	\$69,550	\$69,550,000	\$264,449
Interim Income (T12 NOI)	\$0	\$0	\$0
Sponsor Note (SpainCos)	0.00%	\$0	\$0
Other	\$0	\$0	\$0
Total	\$69,550,000	\$69,550,000	\$264,449

USES OF FUNDS			
Uses of Funds	Total	\$ Per Unit	
Acquisition Price	\$57,000,000	\$216,730	
Construction - Hard	\$3,156,000	\$12,000	
Construction - Soft	\$263,000	\$1,000	
EMD Returns (Chris)	20.00%	\$100,000	\$380
EMD Returns (Brett)	40.00%	\$160,000	\$608
3rd Parties	\$35,000	\$133	
Title & Survey	\$175,000	\$665	
Insurance Escrow	\$126,000	\$479	
Sponsor Fee (Spain Cos)	2.66%	\$1,849,435	\$7,032
Sponsor Note (SpainCos)	\$0	\$0	
Home Office Fee (Non-Profit)	\$2,000,000	\$7,605	
Operating Reserve Fund	\$656,110	\$2,495	
CAP1	\$0	\$0	
DSRF	\$1,217,125	\$4,628	
Issuer Fee	\$312,975	\$1,190	
Issuer Counsel	\$25,000	\$95	
Financial Advisor	\$0	\$0	
Borrower Counsel	\$100,000	\$380	
Bond Counsel	\$85,000	\$330	
Underwriter Fee	\$869,375	\$3,306	
Underwriter Counsel	\$75,000	\$285	
Trustee	\$7,500	\$29	
Trustee Counsel	\$7,500	\$29	
Closing Expenses	\$25,000	\$95	
RE Tax Escrows	\$1,304,980	\$4,962	
Total	\$69,550,000	\$1,133,500	

MAX LOAN SIZING	
DSCR Constraint	
NOI (Yr 1)	\$3,149,405
DSCR	1.13
Term (Yrs)	15
Amortization (Yrs)	40
Pricing Index	-
Pricing Spread	-
Pricing Rate	3.50%
Max Loan	\$58,910,000

LTV Constraint	
NOI	\$3,149,405
Appraisal Cap Rate	4.50%
Value	\$69,986,768
LTV	100%
Max Loan	\$69,990,000

Max Loan Summary	
Max Loan - Amortizing	\$58,910,000
Max Loan - L/O	\$69,990,000
Debt Service	\$2,434,250

CREDIT OBSERVATIONS		
Average Lease Rates	% Growth	5
Wid Avg In-Place: Last Lease Rate Increase	11.34%	\$152
Average Lease Rate - Last 0.50 Years	0.00%	\$1,543
Average Lease Rate - Last 0.50 Years	0.98%	\$1,543
Average Lease Rate - Last 2.00 Years	0.01%	\$1,528
Average Lease Rate - Last 3.00 Years		\$1,528
T12 NOI		\$2,555,536
Proforma NOI		\$3,149,405
Wid Avg In-Place Rent		\$1,391
Wid Avg Proforma Rent		\$1,362
Wid Avg Last Lease Rate		\$1,528
Wid Avg Spread Above/(Below) Latest Lease Rent		-11.12%
Wid Avg Spread Above/(Below) Max Lease Rent		-34.34%
Pro Forma Wid Avg Spread to As-Is Market Comps		-14.24%
Pro Forma Wid Avg Spread to As-Is Market Rate Comps PSF		-31.22%
T12 Gross Rent		\$4,391,440
Proforma Gross Rent		\$4,298,173
\$ Increase PUPM		-\$30
Yr 1% Increase		-2.12%
Yr 2% Increase		4.00%

PROPERTY TAX EXEMPTION ASSUMPTIONS	
Assumed RE Tax Exemption? (Y/N)	Yes
Going-In Proforma RE Tax Exemption	100.00%
Exit Proforma RE Tax Exemption	100.00%
Proforma RE Tax Exemption U/W Confirmed?	Yes - \$ 11
Proforma RE Tax Exemption U/W Confirmed Date	11/20/20
Millage Rate	1.20%

EXIT METRICS			
Metric	Year 1	Year 7	Year 10
DSCR	1.29x	1.54x	1.68x
LTV	99.38%	87.88%	84.97%
LTV @ Highest Achievable Rents	58.15%	52.56%	50.69%
B/O	83.97%	75.12%	71.43%

SPONSOR RETURN			
Exit Assumptions	Year 1	Year 7	Year 10
Exit Year	1	7	10
Exit Year - Cap Rate	4.50%	4.75%	5.00%
Exit Year - NOI	\$3,149,405	\$3,759,208	\$4,092,578
Value	\$69,986,768	\$79,141,230	\$81,851,553
Sale Price / Value		\$79,141,230	\$81,851,553
(-) Redeem Bonds		\$68,303,942	\$67,970,572
(-) Closing Costs	2.66%	\$1,582,825	\$1,637,031
(-) Seller Note - Principal		\$0	\$0
(-) Seller Note - Interest		\$0	\$0
(-) Other		\$0	\$0
Net Sale Proceeds		\$9,254,464	\$12,243,949
Net Sale Proceeds		\$9,254,464	\$12,243,949
(-) DSRF		\$1,217,125	\$1,217,125
(+) Operating Reserve Fund		\$656,110	\$656,110
(+) Cash Flow		\$1,566,117	\$5,964,655
(-) Other		\$0	\$0
Total Return		\$12,693,816	\$20,081,839

RESERVES, CONTINGENCY, ADD'L FEES	
Operating Reserve Fund (Months)	6
CAP1 (Months)	-
DSRF (Months)	6
Construction Contingency	10.00%
Issuer Fee	0.45%
Underwriter Fee	1.25%

TURBO BONDS			
Amortization	Year 1	Year 7	Year 10
Sink Bonds @ 1.20x	\$636,255	\$1,246,058	\$1,579,428
Minimum DSCR to Turbo Bonds			1.20x

