



## REPORT

**DATE ISSUED:** March 30, 2016

**REPORT NO:** HCR16-023

**ATTENTION:** Chair and Members of the San Diego Housing Commission  
For the Agenda of April 8, 2016

**SUBJECT:** Final Bond Authorization for Vista La Rosa

**COUNCIL DISTRICT:** 8

### **REQUESTED ACTION**

Authorize the issuance of Housing Authority of the City of San Diego multifamily housing revenue bonds/note to fund the acquisition and rehabilitation of Vista La Rosa, a 240-unit multifamily affordable housing rental development, located in the Otay Mesa-Nestor community, which will remain affordable for a term of 55 years.

### **STAFF RECOMMENDATION**

That the San Diego Housing Commission (Housing Commission) recommend the Housing Authority of the City of San Diego (Housing Authority) authorize the issuance of up to \$48,756,000 in tax-exempt multifamily housing revenue bonds/note to fund acquisition and the rehabilitation of Vista La Rosa, a 240-unit multifamily affordable housing rental development, located at 2002 Rimbey Avenue in the Otay Mesa-Nestor community, which will remain affordable for 55 years.

### **SUMMARY**

A development summary is included as Attachment 1.

**Table 1 – Development Details**

|                     |  |
|---------------------|--|
| Address             | 2002 Rimbey Avenue, San Diego, CA 92154  |
| Council District    | 8  |
| Community Plan Area | Otay Mesa-Nestor   |
| Development Type    | Rehabilitation   |
| Construction Type   | Type V   |
| Parking Type        | Surface Parking  |
| Housing Type        | Multifamily  |
| Lot Size            | Approximately 8.48 acres, 369,389 square feet                                      |
| Units               | 240  |
| Density             | 28.5 dwelling units per acre   |
| Affordable Unit Mix | 199 two-bedroom units, 39 three-bedroom units, and 2 three-bedroom managers' units |
| Gross Building Area | 215,674 square feet  |
| Net Rentable Area   | 211,206 square feet  |

### The Development

Vista La Rosa is an existing 240-unit multifamily rental development located at 2002 Rimbey Avenue in the Otay Mesa-Nestor Community Plan Area (Attachment 2 – Site Map). The development was originally constructed in 1970 and consists of 19 two-story walk-up, wood frame and stucco apartment buildings with 199 two-bedroom units and 41 three-bedroom units, including two managers' units. Current amenities include a leasing office, a laundry room, a gated pool and patio area, basketball court, and a community room with kitchen and computer lab. The neighborhood is composed of predominantly single-family dwellings with multifamily and commercial facilities situated along major thoroughfares of Saturn Boulevard and Coronado Avenue. There are several parks, schools and neighborhood shopping located within one to two miles of the property.

The property was originally acquired and rehabilitated in 2000 by South Pointe Redevelopment, L.P., financed in part with proceeds from multifamily housing revenue bonds issued by the Housing Authority. The current owner, Standard De La Rosa Venture, L.P., a Limited Partnership established by the developer Standard Property Company (SPC), acquired the property in December of 2011 and paid all outstanding bonds at the time of property acquisition.

### Building Condition/Proposed Rehabilitation Work

The property has not undergone a substantial rehabilitation in 15 years. The developer is requesting the issuance of up to \$48,756,000 in bonds/note to finance the rehabilitation of the property to extend its useful life and maintain its marketability. The scope of the proposed rehabilitation includes the following:

- Full unit interior renovations:
  - New flooring
  - Upgraded kitchens (countertops, new energy star appliances, cabinets, microwaves, and ceiling fans)
  - Upgraded bathrooms (toilets, sinks, and fixtures)
- Renovation of lobby, amenity space, and all common areas:
  - New furniture, hallways, lighting, etc.
  - Storage lockers
- Upgraded landscaping

Adjustments may be made to the proposed scope of work following the completion of a pending Physical Needs Assessment.

### Project Sustainability

Vista La Rosa will comply with the California Tax Credit Allocation Committee's (TCAC) minimum energy efficiency standards for rehabilitation projects, which require demonstrating at least 10 percent post-rehabilitation improvement in energy efficiency over existing conditions. Additional sustainability and water preservation features may be implemented in the final scope of work pending the completion of a Physical Needs Assessment.

### Development Team

During the 15-year tax credit compliance period, Vista La Rosa will be owned by a California limited partnership (a single-asset limited partnership) that will include: an affiliate of SPC as the administrative

general partner, Housing-on-Merit (HOM), as the nonprofit managing general partner, and a to-be determined tax-credit investor limited partner. Statements for public disclosure for SPC and HOM are included in Attachment 3.

SPC will be responsible for development of Vista La Rosa. SPC is a for-profit multifamily real estate investment and management corporation headquartered in Los Angeles that invests in multifamily real estate in primary U.S. markets across five major geographic locations: San Francisco Bay Area, Southern California, New York, Chicago and Washington, D.C. metropolitan area. SPC owns more than 7,000 residential units, including approximately 3,000 affordable units and approximately 50 retail spaces across the U.S. Since 2010, SPC has completed 13 separate tax-credit transactions, consisting of nearly 3,000 units, raising approximately \$350 million in debt and \$200 million in low-income housing tax credits.

Launched in 2011, HOM is a 501(c)(3) nonprofit organization that provides essential services and programs to assist homeless and low-income individuals and families. HOM develops and manages affordable housing and transitional housing that combine facilities management with support programs, such as job training, life skills, wellness and education. HOM currently provides comprehensive support services and enrichment programs to more than 3,000 residents.

**Table 2 - Development Team Summary**

| <b>ROLE</b>                              | <b>FIRM/CONTRACT</b>                  |
|--|---------------------------------------|
| Owner                                    | Standard Vista La Rosa Venture, L.P.  |
| Managing General Partner                 | Housing-on-Merit                      |
| Administrative General Partner           | Standard Vista La Rosa Manager L.P.   |
| Developer                                | Standard Property Company             |
| Architect                                | Irwin Partners Architects             |
| Property Management                      | Apartment Management Consultants, LLC |
| Construction Lender and Permanent Lender | Citi Community Capital                |
| Land Owner/Seller                        | Standard De La Rosa Venture, L.P.     |

#### Property Management

Vista La Rosa will continue to be managed by the current property manager, Apartment Management Consultants (AMC). Founded in 2000, AMC is a property and asset management service company that manages more than 370 properties consisting of 78,000 apartment units concentrated in the western United States.

#### Financing Structure

Vista La Rosa has an estimated total development cost of \$78,954,250 and an estimated total per unit cost of \$328,976 per unit. It will be financed with a combination of 4 percent tax credits, a tax-exempt multifamily housing revenue bonds/note, and a deferred developer fee. There will be no Housing Commission loan on this rehabilitation project.

#### Proposed Housing Bonds

The Housing Commission utilizes the Housing Authority's tax-exempt borrowing status to pass on lower interest rate financing (and make Federal 4 percent tax credits available) to developers of affordable rental housing. The Housing Authority's ability to issue bonds is limited under the U.S.

Internal Revenue Code. To issue bonds for a development, the Housing Authority must first submit an application to the California Debt Limit Allocation Committee (CDLAC) for a bond allocation. Prior to submitting applications to CDLAC, developments are brought before the Housing Commission, Housing Authority and City Council. Housing Authority bond inducement resolutions must be obtained prior to application submittal, and City Council Tax Equity and Fiscal Responsibility Act (TEFRA) resolutions must be secured no later than 30 days after application submittal.

A general description of the Multifamily Housing Revenue Bond Program and the actions that must be taken by the Housing Authority and by the City Council to initiate and finalize proposed financings are described in Attachment 4.

On January 16, 2016, the developer for Vista La Rosa applied for a bond allocation of up to \$48,756,000. The California Tax-Credit Allocation Committee (TCAC) and CDLAC subsequently approved an allocation of 4 percent tax credits and tax-exempt bonds on March 16, 2016. The developer proposes to issue the bonds through a tax-exempt private placement bond issuance. The bonds/note will meet all requirements of the Housing Commission's Multifamily Housing Revenue Bond Program policy and will fully comply with the City of San Diego's (City) ordinance on bond disclosure. The bond amount that is ultimately issued will be based upon development costs, revenues and interest rates prevailing at the time of bond issuance. The developer proposes that the bonds/note will be used for construction financing and permanent financing.

#### Public Disclosure and Authorization for Issuance of Tax-Exempt Debt

##### *Description of the Proposed Issuance Documents*

The tax-exempt debt, in the form of a Note, will be sold through a private placement, purchased directly by Citi. Citi is a "qualified institutional buyer" within the meaning of the U.S. securities laws. At closing, Citi will sign an "Investor's Letter" certifying, among other things, that it is buying the Note for its own account and not for public distribution. Because the Note is being sold through a private placement, an Official Statement will not be used. In addition, the Note will be neither subject to continuing disclosure requirements nor credit enhanced or rated. Under the private placement structure for this transaction, Citi will make a loan to the Housing Authority pursuant to the terms of a Funding Loan Agreement among Citi, the Housing Authority, and the Fiscal Agent. The loan made by Citi to the Housing Authority (Funding Loan) will be evidenced by the Note, which will obligate the Housing Authority to pay Citi the amounts it receives from the Borrower, as described below.

The Housing Authority and the Borrower will enter into a Borrower Loan Agreement pursuant to which the proceeds of the Funding Loan will be advanced to the Borrower. In return, the Borrower agrees to pay the Fiscal Agent amounts sufficient for the Fiscal Agent to make payments on the Note. The Housing Authority's obligation to make payments on the Note is limited to amounts the Fiscal Agent receives from the Borrower under the Borrower Loan Agreement, and no other funds of the Housing Authority are pledged to make payments on the Note. The transfer of the Note to any subsequent purchaser will comply with Housing Commission policy number PO300.301. Moreover, any subsequent Note holder would be required to represent to the Housing Authority that it is a qualified institutional buyer or accredited investor who is buying the Note for investment purposes and not for resale, and it has made due investigation of any material information necessary in connection with the purchase of the Note. The following documents will be executed on behalf of the Housing Authority with respect to the Note: Funding Loan Agreement, Borrower Loan Agreement, Assignment of Deed of Trust, Regulatory Agreement, and other ancillary loan documents. At the time of docketing, documents

in substantially final form will be presented to members of the Housing Authority. Any changes to the documents following Housing Authority approval require the consent of the City Attorney's Office and Bond Counsel.

The Note will be issued pursuant to the Funding Loan Agreement. Based upon instructions contained in the Funding Loan Agreement and the Borrower Loan Agreement, Citi will disburse Note proceeds for eligible costs and will, pursuant to an assignment from the Housing Authority, receive payments from the Borrower via a Fiscal Agent. Rights that are assigned to Citi include the right to collect and enforce the collection of loan payments, monitor project construction and related budgets, and enforce insurance and other requirements. These rights will be used by Citi to protect its financial interests as the holder of the Note.

The Borrower Loan Agreement sets out the terms of repayment and the security for the loan made by the Housing Authority to the Borrower, and the Housing Authority assigns its rights to receive repayments under the loan to Citi.

The Regulatory Agreement will be recorded against the property in order to ensure the long-term use of the project as affordable housing. The Regulatory Agreement will also ensure that the project complies with all applicable Federal and State laws.

An Assignment of Deed of Trust and other Loan Documents, assigns the Housing Authority's rights and responsibilities as the issuer to Citi, is signed by the Housing Authority for the benefit of Citi.

#### Financial Advisor's Recommendation

As previously approved by the Housing Commission (on November 20, 2015, HCR15-098) and by the Housing Authority (on December 15, 2015, HAR15-032) Public Financial Management (PFM) will be the bond financial advisor and Orrick, Herrington, & Sutcliffe LLC will be the bond counsel to work on the development. After evaluating the terms of the proposed financing and the public benefits to be achieved, it is the financial advisor's recommendation that the Housing Authority proceed with the issuance of the bonds. The financial advisor's analysis and recommendation is included as Attachment 5.

#### Sources and Uses of Financing

The developer's complete project pro forma is included as Attachment 6. The project's sources and uses of financing are as follows:

**Table 3 – Vista La Rosa Estimated Sources and Uses of Financing**

| <b>Permanent Financing Sources</b> | <b>Amounts</b>      | <b>Permanent Financing Uses</b> | <b>Amounts</b>      |
|------------------------------------|---------------------|---------------------------------|---------------------|
| Permanent Loan                     | \$48,756,000        | Acquisition Costs               | \$53,370,500        |
| Tax Credit Equity                  | \$24,834,285        | Rehabilitation Hard Costs       | \$11,384,928        |
| Solar Credit Equity                | \$263,340           | Soft Costs                      | \$3,910,190         |
| Deferred Developer Fee             | \$5,100,625         | Reserves                        | \$1,356,923         |
|                                    |                     | Developer Fee                   | \$8,931,710         |
| <b>Total Development Cost</b>      | <b>\$78,954,250</b> | <b>Total Development Cost</b>   | <b>\$78,954,250</b> |

#### Developer Fee

The Housing Commission does not currently impose developer fee caps to projects with no Housing Commission funding. The California Debt Limit Allocation Committee (CDLAC) imposes the California Tax Credit Allocation Committee (CTCAC) developer fee structure. CTCAC changed their developer fee structure on October 21, 2015. Previous Regulations capped developer fee to a maximum of \$2,500,000. Current Regulations allow acquisition rehabilitation projects to generate a fee equal to 15 percent of the unadjusted eligible construction related basis and 5 percent of the unadjusted eligible acquisition basis. Eligible basis is the total amount of development costs that are eligible for generating Internal Revenue Code Section 42 tax credits and are most construction hard costs and most depreciable soft costs attributable to residential costs of acquiring and developing the project. All developer fees in excess of \$2,500,000 plus \$10,000 for each tax credit unit in excess of 100 shall be deferred or contributed as equity to the project. SPC is eligible for a developer fee equivalent to \$8,931,710. The current proposal includes a \$3,831,084 upfront developer fee (equivalent to \$15,963 per unit) and \$5,100,625 deferred fee payable out of project cash flow.

#### Prevailing Wages

The funding sources for the development do not require the payment of prevailing wages.

#### **AFFORDABLE HOUSING IMPACT**

Under the proposed bond financing, Vista La Rosa would restrict 10 percent of its units to households with incomes at or below 50 percent of San Diego Area Median Income (AMI), currently \$40,500 per year for a family of four, and 90 percent of the units to households at or below 60 percent of AMI, currently \$48,600 per year for a family of four. Vista La Rosa will be affordable for a 55-year term. Table 4 summarizes the affordability:

**Table 4 – Vista La Rosa Affordability & Monthly Estimated Rent Table**

| Unit Type         | Restrictions | AMI     | Number of Units | Proposed Gross Rents |
|-------------------|--------------|---------|-----------------|----------------------|
| 2-bedroom         | Tax-Credit   | 50% AMI | 20              | \$911                |
| 2-bedroom         | Tax-Credit   | 60% AMI | 179             | \$1,093              |
| 3-bedroom         | Bonds*       | 50% AMI | 4               | \$1,013              |
| 3-bedroom         | Tax-Credit   | 60% AMI | 24              | \$1,263              |
| 3-bedroom         | Bonds*       | 60% AMI | 11              | \$1,215              |
| 3 Bedroom–Manager |              | n/a     | 2               | -                    |
| Total             |              |         | 240             |                      |

When multiple affordability restrictions apply, the more stringent of the rent restrictions will take precedence during the term of their applicability.

#### Development Schedule

The estimated development timeline is as follows.

| Milestones  | Estimated Dates  |
|---|--|
| <ul style="list-style-type: none"> <li>TCAC and CDLAC allocation meetings</li> <li>Housing Authority proposed final bond/note authorization</li> <li>Estimated bond/note issuance and escrow closing</li> </ul> | <ul style="list-style-type: none"> <li>March 16, 2016</li> <li>April 26, 2016</li> <li>April 2016</li> </ul> |

- |  |  |
|--|--|
| <ul style="list-style-type: none"><li>• Estimated start of construction work</li><li>• Estimated completion of construction work</li></ul> | <ul style="list-style-type: none"><li>• May 2016</li><li>• February 2017</li></ul> |
|--|--|

### **FISCAL CONSIDERATIONS**

The proposed funding sources and uses approved by this action are included in the Housing Authority-approved Fiscal Year (FY) 2016 Housing Commission Budget. Approving this action will not change the FY 2016 total budget.

Funding sources approved by this action will be as follows:  
Bond Issuance Fees - \$121,890

Funding uses approved by this action will be as follows:  
Rental Housing Finance Program Administration Costs - \$121,890

There are no fiscal impacts to the Housing Commission, the City, or the Housing Authority associated with the requested bonds/note actions. The bonds would not constitute a debt of the City or financially obligate the City, the Housing Authority or the Housing Commission because security for the repayment of the bonds will be limited to specific private revenue sources of the development. Neither the faith and credit nor the taxing power of the City or the Housing Authority would be pledged to the payment of the bonds. The developer is responsible for the payment of all costs under the financing, including the Housing Commission's annual administrative fee, as well as Housing Commission Bond Counsel and Financial Advisor fees.

### **COMMUNITY PARTICIPATION and PUBLIC OUTREACH EFFORTS**

Vista La Rosa is located within the Otay Mesa-Nestor Community Plan Area. SPC will present the development as an informational item to the Otay Mesa-Nestor Planning Group on April 12, prior to final bond authorization by the Housing Authority.

### **KEY STAKEHOLDERS and PROJECTED IMPACTS**

Stakeholders include SPC, HOM, the Otay Mesa-Nestor community and residents. Rehabilitation of the property is expected to have a positive impact on the community because it will provide the needed capital improvements to the property and preserve the affordability of Vista La Rosa.

### **ENVIRONMENTAL REVIEW**

The proposed rehabilitation is categorically exempt from the requirements of the California Environmental Quality Act (CEQA) pursuant to Section 15301 of the State CEQA Guidelines because Vista La Rosa is an existing facility and the proposed actions do not involve expansion of the existing use. The project meets the criteria set forth in CEQA Section 15301(a), which allows for exterior and interior alterations of existing facilities. Processing under the National Environmental Policy Act (NEPA) is not required as there are no Federal funds involved with this action.

Respectfully submitted,

*Cameron Shariati*

Cameron Shariati  
Assistant Real Estate Manager  
Real Estate Division

Approved by,

*Deborah N. Ruane*

Deborah N. Ruane  
Senior Vice President  
Real Estate Division

Attachments: 1) Development Summary  
2) Site Map  
3) Developer Disclosure Statements  
4) Multifamily Housing Revenue Bond Program  
5) Financial Advisor's Feasibility Analysis  
6) Developer's Project Pro forma

Hard copies are available for review during business hours at the security information desk in the main lobby of the San Diego Housing Commission offices at 1122 Broadway, San Diego, CA 92101 and at the Office of the San Diego City Clerk, 202 C Street, San Diego, CA 92101. You may also review complete docket materials on the San Diego Housing Commission website at [www.sdhc.org](http://www.sdhc.org).



## ATTACHMENT 1 – DEVELOPMENT SUMMARY

**Table 1 – Development Details**

|                     |  |
|---------------------|--|
| Address             | 2002 Rimbey Avenue, San Diego, CA 92154  |
| Council District    | 8  |
| Community Plan Area | Otay Mesa-Nestor   |
| Development Type    | Rehabilitation   |
| Construction Type   | Type V   |
| Parking Type        | Surface Parking  |
| Housing Type        | Multifamily  |
| Lot Size            | Approximately 8.48 acres, 369,389 square feet                                      |
| Units               | 240  |
| Density             | 28.5 dwelling units per acre   |
| Affordable Unit Mix | 199 two-bedroom units, 39 three-bedroom units, and 2 three-bedroom managers' units |
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**Table 2 - Development Team Summary**

| ROLE                                     | FIRM/CONTRACT                         |
|--|---------------------------------------|
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| Managing General Partner                 | Housing-on-Merit                      |
| Administrative General Partner           | Standard Vista La Rosa Manager L.P.   |
| Developer                                | Standard Property Company             |
| Architect                                | Irwin Partners Architects             |
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| Land Owner/Seller                        | Standard De La Rosa Venture, L.P.     |

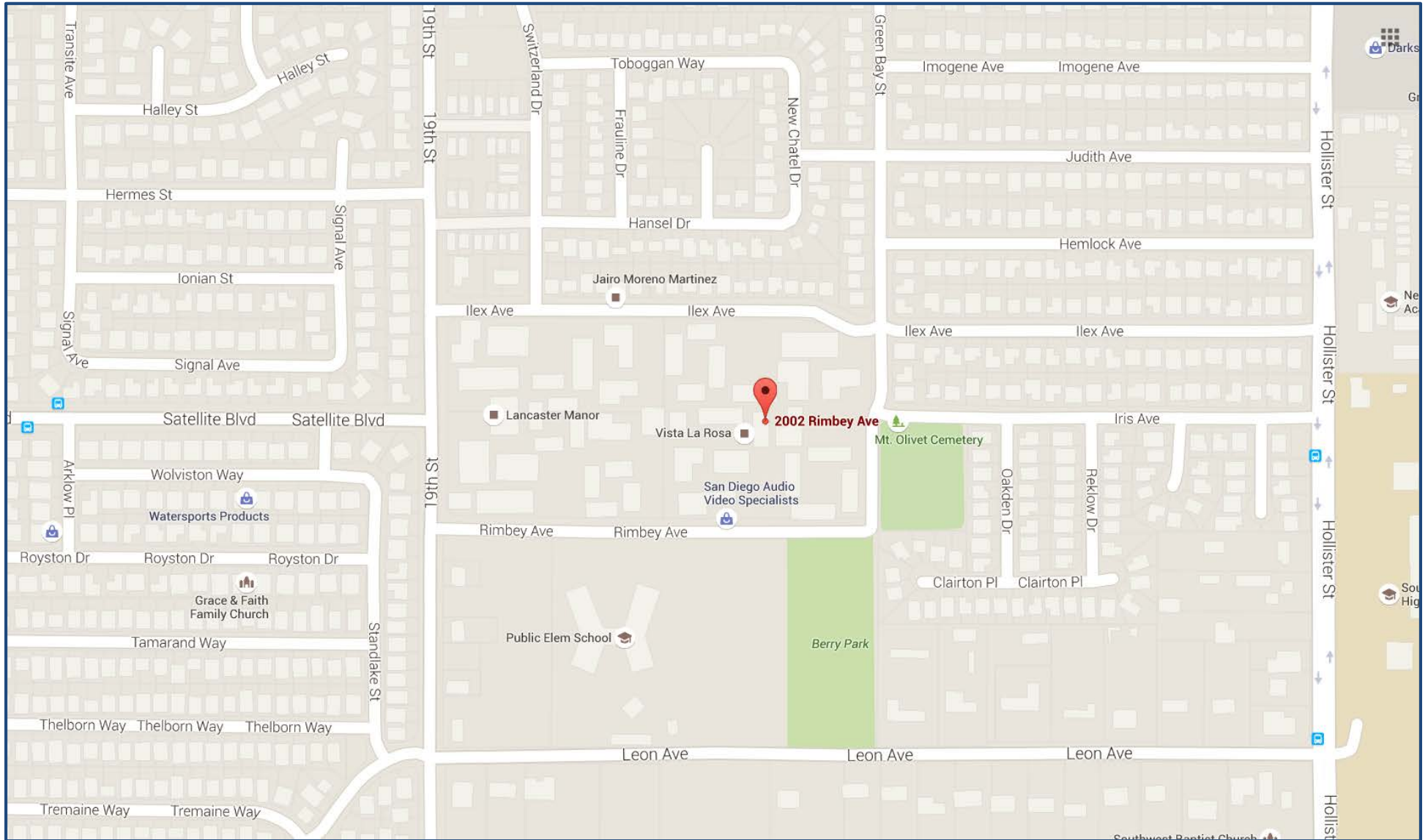
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| Deferred Developer Fee        | \$5,100,625         | Reserves                      | \$1,356,923         |
|                               |                     | Developer Fee                 | \$8,931,710         |
|                               |                     |                               |                     |
| <b>Total Development Cost</b> | <b>\$78,954,250</b> | <b>Total Development Cost</b> | <b>\$78,954,250</b> |

**Table 4 – Vista La Rosa Affordability & Monthly Estimated Rent Table**

| <b>Unit Type</b>  | <b>Restrictions</b> | <b>AMI</b> | <b>Number of Units</b> | <b>Proposed Gross Rents</b> |
|-------------------|---------------------|------------|------------------------|-----------------------------|
| 2-bedroom         | Tax-Credit          | 50% AMI    | 20                     | \$911                       |
| 2-bedroom         | Tax-Credit          | 60% AMI    | 179                    | \$1,093                     |
| 3-bedroom         | Bonds*              | 50% AMI    | 4                      | \$1,013                     |
| 3-bedroom         | Tax-Credit          | 60% AMI    | 24                     | \$1,263                     |
| 3-bedroom         | Bonds*              | 60% AMI    | 11                     | \$1,215                     |
| 3 Bedroom–Manager |                     | n/a        | 2                      | -                           |
| Total             |                     |            | 240                    |                             |

## ATTACHMENT 2 – SITE MAP





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**DEVELOPERS/CONSULTANTS/SELLERS/CONTRACTORS/  
ENTITY SEEKING GRANT/BORROWERS  
(Collectively referred to as "CONTRACTOR" herein)  
Statement for Public Disclosure**

1. Name of CONTRACTOR: Standard Property Company
2. Address and Zip Code: 1901 Avenue of the Stars, Los Angeles, CA 90067
3. Telephone Number: (310) 553-5711
4. Name of Principal Contact for CONTRACTOR: Jeffrey Jaeger
5. Federal Identification Number or Social Security Number of CONTRACTOR: 80-0279656
6. If the CONTRACTOR is not an individual doing business under his own name, the CONTRACTOR has the status indicated below and is organized or operating under the laws of California as:

- ☒ A corporation (Attach Articles of Incorporation)
- ☐ A nonprofit or charitable institution or corporation. (Attach copy of Articles of Incorporation and documentary evidence verifying current valid nonprofit or charitable status)
- ☐ A partnership known as: \_\_\_\_\_  
(Name)

Check one:

- ☐ General Partnership (Attach statement of General Partnership)
- ☐ Limited Partnership (Attach Certificate of Limited Partnership)
- ☐ A business association or a joint venture known as: \_\_\_\_\_  
(Attach joint venture or business association agreement)
- ☐ A Federal, State or local government or instrumentality thereof.
- ☐ Other (explain)

7. If the CONTRACTOR is not an individual or a government agency or instrumentality, give date of organization:  
10/10/08
8. Provide names, addresses, telephone numbers, title of position (if any) and nature and extent of the interest of the current officers, principal members, shareholders, and investors of the CONTRACTOR, other than a government agency or instrumentality, as set forth below:
  - a. If the CONTRACTOR is a corporation, the officers, directors or trustees, and each stockholder owning more than 10% of any class of stock.
  - b. If the CONTRACTOR is a nonprofit or charitable institution or corporation, the members who constitute the board of trustees or board of directors or similar governing body.

- c. If the CONTRACTOR is a partnership, each partner, whether a general or limited, and either the percent of interest or a description of the character and extent of interest.
- d. If the CONTRACTOR is a business association or a joint venture, each participant and either the percent of interest or a description of the character and extent of interest.
- e. If the CONTRACTOR is some other entity, the officers, the members of the governing body, and each person having an interest of more than 10%.(Attach extra sheet if necessary)

| Name and Address                             | Position Title (if any) and percent of interest or description of character and extent of interest |
|--|--|
| Name: Jeffrey Jaeger                         | Principal – 50%  |
| Address: 1901 Avenue of the Stars, Suite 395 |  |
| Los Angeles, CA 90067                        |  |
| Name: Scott Alter                            | Principal – 50%  |
| Address: 1901 Avenue of the Stars, Suite 395 |  |
| Los Angeles, CA 90067                        |  |
| Name:  |  |
| Address:                                     |  |
|  |  |

9. Has the makeup as set forth in Item 8(a) through 8(e) changed within the last twelve (12) months? If yes, please explain in detail.

No.

10. Is it *anticipated* that the makeup as set forth in Item 8(a) through 8(e) will change within the next twelve (12) months? If yes, please explain in detail.

No.

11. Provide name, address, telephone number, and nature and extent of interest of each person or entity (not named in response to Item 8) who has a beneficial interest in any of the shareholders or investors named in response to Item 8 which gives such person or entity more than a computed 10% interest in the CONTRACTOR (for example, more than 20% of the stock in a corporation which holds 50% of the stock of the CONTRACTOR or more than 50% of the stock in the corporation which holds 20% of the stock of the CONTRACTOR):

| Name and Address | Position Title (if any) and percent of interest or description of character and extent of interest |
|------------------|--|
| Name:            |  |
| Address:         |  |
|                  |  |
| Name:            |  |
| Address:         |  |
|                  |  |
| Name:            |  |
| Address:         |  |
|                  |  |

12. Names, addresses and telephone numbers (if not given above) of officers and directors or trustees of any corporation or firm listed under Item 8 or Item 11 above:

| <b>Name and Address</b> | <b>Position Title (if any) and percent of interest or description of character and extent of interest</b> |
|-------------------------|---|
| Name:                   |   |
| Address:                |   |
|                         |   |
| Name:                   |   |
| Address:                |   |
|                         |   |
| Name:                   |   |
| Address:                |   |
|                         |   |

13. Is the CONTRACTOR a subsidiary of or affiliated with any other corporation or corporations, any other firm or any other business entity or entities of whatever nature? If yes, list each such corporation, firm or business entity by name and address, specify its relationship to the CONTRACTOR, and identify the officers and directors or trustees common to the CONTRACTOR and such other corporation, firm or business entity.

| <b>Name and Address</b> | <b>Relationship to CONTRACTOR</b> |
|-------------------------|-----------------------------------|
| Name:                   |                                   |
| Address:                |                                   |
|                         |                                   |
| Name:                   |                                   |
| Address:                |                                   |
|                         |                                   |
| Name:                   |                                   |
| Address:                |                                   |
|                         |                                   |

14. Provide the financial condition of the CONTRACTOR as of the date of the statement and for a period of twenty-four (24) months prior to the date of its statement as reflected in the **attached** financial statements, including, but not necessarily limited to, profit and loss statements and statements of financial position. ATTACHED.
15. If funds for the development/project are to be obtained from sources other than the CONTRACTOR's own funds, provide a statement of the CONTRACTOR's plan for financing the development/project:

The Project will be financed via tax-exempt bonds purchased by a qualified third-party lender, tax credit equity, and deferred developer fee.

16. Provide sources and amount of cash available to CONTRACTOR to meet equity requirements of the proposed undertaking: Equity will be provided by an investor in the tax credits generated by the project.

- a. In banks/savings and loans:

Name:

Address:

Amount: \$

- b. By loans from affiliated or associated corporations or firms:

Name:

Address:

Amount: \$

- c. By sale of readily salable assets/including marketable securities:

| Description | Market Value (\$) | Mortgages or Liens (\$) |
|-------------|-------------------|-------------------------|
|             |                   |                         |
|             |                   |                         |
|             |                   |                         |

17. Names and addresses of bank references, and name of contact at each reference:

| Name and Address                  | Contact Name  |
|-----------------------------------|---------------|
| Name: Banc of California          | George Sacco  |
| Address: 10100 Santa Monica Blvd  |               |
| Suite 2500, Los Angeles, CA 90067 |               |
| Name: First Republic Bank         | Dee Balkarran |
| Address: 575 Madison Avenue       |               |
| New York, NY 10022                |               |
| Name:                             |               |
| Address:                          |               |
|                                   |               |

18. Has the CONTRACTOR or any of the CONTRACTOR's officers or principal members, shareholders or investors, or other interested parties been adjudged bankrupt, either voluntary or involuntary, within the past 10 years?

☐ Yes

☒ No

If yes, give date, place, and under what name.

19. Has the CONTRACTOR or anyone referred to above as "principals of the CONTRACTOR" been convicted of any felony within the past 10 years?

☐ Yes

☒ No

If yes, give for each case (1) date, (2) charge, (3) place, (4) court, and (5) action taken. Attach any explanation deemed necessary.

20. List undertakings (including, but not limited to, bid bonds, performance bonds, payment bonds and/or improvement bonds) comparable to size of the proposed project which have been completed by the CONTRACTOR including identification and brief description of each project, date of completion, and amount of bond, whether any legal action has been taken on the bond: N/A

| Type of Bond | Project Description | Date of Completion | Amount of Bond | Action on Bond |
|--------------|---------------------|--------------------|----------------|----------------|
|              |                     |                    |                |                |
|              |                     |                    |                |                |
|              |                     |                    |                |                |
|              |                     |                    |                |                |

21. If the CONTRACTOR, or a parent corporation, a subsidiary, an affiliate, or a principal of the CONTRACTOR is to participate in the development as a construction contractor or builder, provide the following information: N/A

- a. Name and addresses of such contractor or builder:

| Name and Address | Affiliation |
|------------------|-------------|
| Name:            |             |
| Address:         |             |
|                  |             |
| Name:            |             |
| Address:         |             |
|                  |             |
| Name:            |             |
| Address:         |             |
|                  |             |

- b. Has such contractor or builder within the last 10 years ever failed to qualify as a responsible bidder, refused to enter into a contract after an award has been made, or failed to complete a construction or development contract?

☐ Yes ☐ No

If yes, please explain, in detail, each such instance:

- c. Total amount of construction or development work performed by such contractor or builder during the last three (3) years: \$\_\_\_\_\_

General description of such work:

List each project, including location, nature of work performed, name, address of the owner of the project, bonding companies involved, amount of contract, date of commencement of project, date of completion, state whether any



change orders were sought, amount of change orders, was litigation commenced concerning the project, including a designation of where, when and the outcome of the litigation. (Attach extra sheet if necessary)

|  |               |                    |
|--|---------------|--------------------|
| <b>Project Name</b>                      |               |                    |
| <b>Project Owner Contact Information</b> |               |                    |
|  | Name          | Address            |
| <b>Project Location</b>                  |               |                    |
| <b>Project Details</b>                   |               |                    |
| <b>Bonding Company Involved</b>          |               |                    |
|  | Name          | Amount of Contract |
| <b>Change Order Details</b>              |               |                    |
| <b>Change Order Cost</b>                 |               |                    |
| <b>Litigation Details</b>                |               |                    |
|  | Location/Date | Outcome Details    |

d. Construction contracts or developments now being performed by such contractor or builder:

| Identification of Contract or Development | Location | Amount | Date to be Completed |
|---|----------|--------|----------------------|
|   |          |        |                      |
|   |          |        |                      |
|   |          |        |                      |

e. Outstanding construction-contract bids of such contractor or builder:

| Awarding Agency | Amount | Date Opened |
|-----------------|--------|-------------|
|                 |        |             |
|                 |        |             |
|                 |        |             |

22. Provide a detailed and complete statement regarding equipment, experience, financial capacity, and other resources available to such contractor or builder for the performance of the work involved in the proposed project, specifying particularly the qualifications of the personnel, the nature of the equipment, and the general experience of the contractor: N/A

23. Does any member of the governing body of the San Diego Housing Commission ("SDHC"), Housing Authority of the City of San Diego ("AUTHORITY") or City of San Diego ("CITY"), to which the accompanying proposal is being made or any officer or employee of the SDHC, the AUTHORITY or the CITY who exercises any functions or responsibilities in connection with the carrying out of the project covered by the CONTRACTOR's proposal, have any direct or indirect personal financial interest in the CONTRACTOR or in the proposed contractor?

☐ Yes

☒ No

If yes, explain:

24. Statements and other evidence of the CONTRACTOR's qualifications and financial responsibility (other than the financial statement referred to in Item 8) are attached hereto and hereby made a part hereof as follows:

25. Is the proposed CONTRACTOR, and/or are any of the proposed subcontractors, currently involved in any construction-related litigation?

☐ Yes

☐ No

If yes, explain:

26. State the name, address and telephone numbers of CONTRACTOR's insurance agent(s) and/or companies for the following coverage's: List the amount of coverage (limits) currently existing in each category: N/A

- a. General Liability, including Bodily Injury and Property Damage Insurance [Attach certificate of insurance showing the amount of coverage and coverage period(s)]

Check coverage(s) carried:

- ☐ Comprehensive Form
- ☐ Premises - Operations
- ☐ Explosion and Collapse Hazard
- ☐ Underground Hazard
- ☐ Products/Completed Operations Hazard
- ☐ Contractual Insurance
- ☐ Broad Form Property Damage
- ☐ Independent Contractors
- ☐ Personal Injury

- b. Automobile Public Liability/Property Damage [Attach certificate of insurance showing the amount of coverage and coverage period(s)]

Check coverage(s) carried:

- ☐ Comprehensive Form  
☐ Owned  
☐ Hired  
☐ Non-Owned

- c. Workers Compensation [Attach certificate of insurance showing the amount of coverage and coverage period(s)]
- d. Professional Liability (Errors and Omissions) [Attach certificate of insurance showing the amount of coverage and coverage period(s)]
- e. Excess Liability [Attach certificate(s) of insurance showing the amount of coverage and coverage period(s)]
- f. Other (Specify) [Attach certificate(s) of insurance showing the amount of coverage and coverage period(s)]

27. CONTRACTOR warrants and certifies that it will not during the term of the PROJECT, GRANT, LOAN, CONTRACT, DEVELOPMENT and/or RENDITIONS OF SERVICES discriminate against any employee, person, or applicant for employment because of race, age, sexual orientation, marital status, color, religion, sex, handicap, or national origin. The CONTRACTOR will take affirmative action to ensure that applicants are employed, and that employees are treated during employment, without regard to their race, age, sexual orientation, marital status, color, religion, sex, handicap, or national origin. Such action shall include, but not be limited to the following: employment, upgrading, demotion or termination; rates of pay or other forms of compensation; and selection for training, including apprenticeship. The CONTRACTOR agrees to post in conspicuous places, available to employees and applicants for employment, notices to be provided by the SDHC setting forth the provisions of this nondiscrimination clause.
28. The CONTRACTOR warrants and certifies that it will not without prior written consent of the SDHC, engage in any business pursuits that are adverse, hostile or take incompatible positions to the interests of the SDHC, during the term of the PROJECT, DEVELOPMENT, LOAN, GRANT, CONTRACT and/or RENDITION OF SERVICES.
29. CONTRACTOR warrants and certifies that no member, commissioner, councilperson, officer, or employee of the SDHC, the AUTHORITY and/or the CITY, no member of the governing body of the locality in which the PROJECT is situated, no member of the government body in which the SDHC was activated, and no other public official of such locality or localities who exercises any functions or responsibilities with respect to the assignment of work, has during his or her tenure, or will for one (1) year thereafter, have any interest, direct or indirect, in this PROJECT or the proceeds thereof.

30. List all citations, orders to cease and desist, stop work orders, complaints, judgments, fines, and penalties received by or imposed upon CONTRACTOR for safety violations from any and all government entities including but not limited to, the City of San Diego, County of San Diego, the State of California, the United States of America and any and all divisions and departments of said government entities for a period of five (5) years prior to the date of this statement.  
If none, please state: N/A

| Government Complaint | Entity | Making | Date | Resolution |
|----------------------|--------|--------|------|------------|
|                      |        |        |      |            |
|                      |        |        |      |            |
|                      |        |        |      |            |

31. Has the CONTRACTOR ever been disqualified, removed from or otherwise prevented from bidding on or completing a federal, state, or local government project because of a violation of law or a safety regulation? N/A

☐ Yes

☐ No

If yes, please explain, in detail,

32. Please list all licenses obtained by the CONTRACTOR through the State of California and/or the United States of America which are required and/or will be utilized by the CONTRACTOR and/or are convenient to the performance of the PROJECT, DEVELOPMENT, LOAN, GRANT, CONTRACT, or RENDITION OF SERVICES. State the name of the governmental agency granting the license, type of license, date of grant, and the status of the license, together with a statement as to whether the License has ever been revoked:

| Government Agency | License Description | License Number | Date Issued (Original) | Status (Current) | Revocation (Yes/No) |
|-------------------|---------------------|----------------|------------------------|------------------|---------------------|
|                   |                     |                |                        |                  |                     |
|                   |                     |                |                        |                  |                     |
|                   |                     |                |                        |                  |                     |
|                   |                     |                |                        |                  |                     |

33. Describe in detail any and all other facts, factors or conditions that may adversely affect CONTRACTOR's ability to perform or complete, in a timely manner, or at all, the PROJECT, CONTRACT, SALES of Real Property to, DEVELOPMENT, repayment of the LOAN, adherence to the conditions of the GRANT, or performance of consulting or other services under CONTRACT with the SDHC.

N/A

34. Describe in detail, any and all other facts, factors or conditions that may favorably affect CONTRACTOR's ability to perform or complete, in a timely manner, or at all, the PROJECT, CONTRACT, DEVELOPMENT, repayment of the LOAN, adherence to the conditions of the GRANT, or performance of consulting or other services under CONTRACT with the SDHC.

N/A

35. List all CONTRACTS with, DEVELOPMENTS for or with, LOANS with, PROJECTS with, GRANTS from, SALES of Real Property to, the SDHC, AUTHORITY and/or the CITY within the last five (5) years:

| Date | Entity Involved<br>(i.e. City SDHC, etc) | Status<br>(Current, delinquent, repaid,<br>etc.) | Dollar Amount |
|------|--|--|---------------|
|      |  |  |               |
|      |  |  |               |
|      |  |  |               |

36. Within the last five years, has the proposed CONTRACTOR, and/or have any of the proposed subcontractors, been the subject of a complaint filed with the Contractor's State License Board (CSLB)? N/A

☐ Yes ☐ No

If yes, explain:

37. Within the last five years, has the proposed CONTRACTOR, and/or have any of the proposed subcontractors, had a revocation or suspension of a CONTRACTOR's License? N/A

☐ Yes ☐ No

If yes, explain:

38. List three local references that would be familiar with your previous construction project: N/A

1. Name:  
Address:  
Phone:  
Project Name and Description:
2. Name:  
Address:  
Phone:  
Project Name and Description:
3. Name:  
Address:  
Phone:  
Project Name and Description:

39. Give a brief statement regarding equipment, experience, financial capacity and other resources available to the Contractor for the performance of the work involved in the proposed project, specifying particularly the qualifications of the personnel, the nature of the equipment and the general experience of the Contractor. N/A

40. Give the name and experience of the proposed Construction Superintendent. N/A

| Name | Experience |
|------|------------|
|      |            |

## CONSENT TO PUBLIC DISCLOSURE BY CONTRACTOR

By providing the "Personal Information", (if any) as defined in Section 1798.3(a) of the Civil Code of the State of California (to the extent that it is applicable, if at all), requested herein and by seeking a loan from, a grant from, a contract with, the sale of real estate to, the right to develop from, and/or any and all other entitlements from the SAN DIEGO HOUSING COMMISSION ("SDHC"), the HOUSING AUTHORITY OF THE CITY OF SAN DIEGO ("AUTHORITY") and/or the CITY OF SAN DIEGO ("CITY"), the CONTRACTOR consents to the disclosure of any and all "Personal Information" and of any and all other information contained in this Public Disclosure Statement. CONTRACTOR specifically, knowingly and intentionally waives any and all privileges and rights that may exist under State and/or Federal Law relating to the public disclosure of the information contained herein. With respect to "Personal Information", if any, contained herein, the CONTRACTOR, by executing this disclosure statement and providing the information requested, consents to its disclosure pursuant to the provisions of the Information Practices Act of 1977, Civil Code Section 1798.24(b). CONTRACTOR is aware that a disclosure of information contained herein will be made at a public meeting or meetings of the SDHC, the AUTHORITY, and/or the CITY at such times as the meetings may be scheduled. CONTRACTOR hereby consents to the disclosure of said "Personal Information", if any, more than thirty (30) days from the date of this statement at the duly scheduled meeting(s) of the SDHC, the AUTHORITY and/or the CITY. CONTRACTOR acknowledges that public disclosure of the information contained herein may be made pursuant to the provisions of Civil Code Section 1798.24(d).

CONTRACTOR represents and warrants to the SDHC, the AUTHORITY and the CITY that by providing the information requested herein and waiving any and all privileges available under the Evidence Code of the State of California, State and Federal Law, (to the extent of this disclosure that the information being submitted herein), the information constitutes a "Public Record" subject to disclosure to members of the public in accordance with the provisions of California Government Section 6250 et seq.

CONTRACTOR specifically waives, by the production of the information disclosed herein, any and all rights that CONTRACTOR may have with respect to the information under the provisions of Government Code Section 6254 including its applicable subparagraphs, to the extent of the disclosure herein, as well as all rights of privacy, if any, under the State and Federal Law.

Executed this 10<sup>TH</sup> day of NOVEMBER, 20 15, at Los Angeles, California.

CONTRACTOR

By:   
Signature

Principal  
Title



**CERTIFICATION**

The CONTRACTOR, STANDARD PROPERTY COMPANY, hereby certifies that this CONTRACTOR's Statement for Public Disclosure and the attached information/evidence of the CONTRACTOR's qualifications and financial responsibility, including financial statements, are true and correct to the best of CONTRACTOR's knowledge and belief.

By: [Signature]

By: \_\_\_\_\_

Title: PRINCIPAL

Title: \_\_\_\_\_

Dated: 11/10/15

Dated: \_\_\_\_\_

**WARNING: 18 U.S.C. 1001 provides, among other things, that whoever knowingly and willingly makes or uses a document or writing containing any false, fictitious or fraudulent statement or entry, in any matter within the jurisdiction or any department or agency of the United States, shall be fined not more than \$10,000 or imprisoned for not more than five years, or both.**

**JURAT**

State of California

County of \_\_\_\_\_

Subscribed and sworn to (or affirmed) before me on this JURAT ATTACHED day of \_\_\_\_\_, 20\_\_

by \_\_\_\_\_ personally known to me or proved to me on the basis of satisfactory evidence to be the person(s) who appeared before me.

\_\_\_\_\_  
Signature of Notary

**SEAL**



**CALIFORNIA JURAT WITH AFFIANT STATEMENT**

**GOVERNMENT CODE § 8202**

- ☒ See Attached Document (Notary to cross out lines 1-6 below)  
☐ See Statement Below (Lines 1-6 to be completed only by document signer[s], *not* Notary)

\_\_\_\_\_  
 \_\_\_\_\_

Signature of Document Signer No. 1

Signature of Document Signer No. 2 (if any)

A notary public or other officer completing this certificate verifies only the identity of the individual who signed the document to which this certificate is attached, and not the truthfulness, accuracy, or validity of that document.

State of California

County of Los Angeles

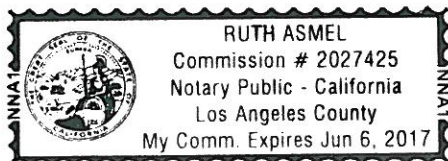
Subscribed and sworn to (or affirmed) before me

on this 10<sup>th</sup> day of November, 2015,  
 by Date Month Year

(1) JEFFREY JAEGER

(and (2) \_\_\_\_\_),  
 Name(s) of Signer(s)

proved to me on the basis of satisfactory evidence  
 to be the person(s) who appeared before me.



Signature Ruth Asmel  
 Signature of Notary Public

Seal  
 Place Notary Seal Above

**OPTIONAL**

Though this section is optional, completing this information can deter alteration of the document or fraudulent reattachment of this form to an unintended document.

**Description of Attached Document**

Title or Type of Document: DEVELOPERS/CONSULTANTS/SELLERS/CONTRACTORS/  
ENTITY SEEKING GRANT/BORROWERS Document Date: \_\_\_\_\_  
 (SDHC)

Number of Pages: — Signer(s) Other Than Named Above: \_\_\_\_\_



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**DEVELOPERS/CONSULTANTS/SELLERS/CONTRACTORS/  
ENTITY SEEKING GRANT/BORROWERS  
(Collectively referred to as "CONTRACTOR" herein)  
Statement for Public Disclosure**

1. Name of CONTRACTOR: Housing on Merit
2. Address and Zip Code: 501 West Broadway, Suite 500, San Diego, CA 92101
3. Telephone Number: (619) 573-6785
4. Name of Principal Contact for CONTRACTOR: Jennifer Litwak
5. Federal Identification Number or Social Security Number of CONTRACTOR: 45-2991692
6. If the CONTRACTOR is not an individual doing business under his own name, the CONTRACTOR has the status indicated below and is organized or operating under the laws of California as:

☐ A corporation (Attach Articles of Incorporation)

☒ A nonprofit or charitable institution or corporation. (Attach copy of Articles of Incorporation and documentary evidence verifying current valid nonprofit or charitable status)

☐ A partnership known as: \_\_\_\_\_

(Name)

Check one:

☐ General Partnership (Attach statement of General Partnership)

☐ Limited Partnership (Attach Certificate of Limited Partnership)

☐ A business association or a joint venture known as: \_\_\_\_\_

(Attach joint venture or business association agreement)

☐ A Federal, State or local government or instrumentality thereof.

☐ Other (explain)

7. If the CONTRACTOR is not an individual or a government agency or instrumentality, give date of organization:

March 31, 2011.

8. Provide names, addresses, telephone numbers, title of position (if any) and nature and extent of the interest of the current officers, principal members, shareholders, and investors of the CONTRACTOR, other than a government agency or instrumentality, as set forth below:
  - a. If the CONTRACTOR is a corporation, the officers, directors or trustees, and each stockholder owning more than 10% of any class of stock.
  - b. If the CONTRACTOR is a nonprofit or charitable institution or corporation, the members who constitute the board of trustees or board of directors or similar governing body.

- c. If the CONTRACTOR is a partnership, each partner, whether a general or limited, and either the percent of interest or a description of the character and extent of interest.
- d. If the CONTRACTOR is a business association or a joint venture, each participant and either the percent of interest or a description of the character and extent of interest.
- e. If the CONTRACTOR is some other entity, the officers, the members of the governing body, and each person having an interest of more than 10%. (Attach extra sheet if necessary)

| <b>Name and Address</b>                          | <b>Position Title (if any) and percent of interest or description of character and extent of interest</b> |
|--|---|
| Name: Douglas Eisner                             | Board of Directors - President  |
| Address: 241 West Charleston Blvd., Suite 140    |   |
| Las Vegas, NV 89102                              |   |
| Name: Keith Dragoon                              | Board of Directors - CFO  |
| Address: 1901 Avenue of the Stars                |   |
| Los Angeles, CA 90067                            |   |
| Name: Jonathan Kaufman                           | Board of Directors - Secretary  |
| Address: 144 2 <sup>nd</sup> Street, Lower Level |   |
| San Francisco, CA 94105                          |   |
| Name: Scott Alter                                | Board of Directors - Member   |
| Address: 527 Madison Avenue, Suite 1201          |   |
| New York, NY 10022                               |   |
| Name: Randy Babbush                              | Board of Directors - Member   |
| Address: 611 Anton Boulevard, Suite 1400         |   |
| Costa Mesa, CA 92626                             |   |
| Name: Cathy Coler                                | Board of Directors - Member   |
| Address: 9355 Wilshire Boulevard, Suite 102      |   |
| Beverly Hills, CA 90210                          |   |
| Name: Christina Douglas                          | Board of Directors - Member   |
| Address: 7469 Hazard Center Drive                |   |
| San Diego, CA 92108                              |   |
| Name: Jeff Jaeger                                | Board of Directors - Member   |
| Address: 1901 Avenue of the Stars, Suite 395     |   |
| Los Angeles, CA 90067                            |   |
| Name: Tyler Martin                               | Board of Directors - Member   |
| Address: 2321 1 <sup>st</sup> Avenue             |   |
| Corona Del Mar, CA 92625                         |   |
| Name: Betsy Uhrman                               | Board of Directors - Member   |
| Address: 6312 West 6 <sup>th</sup> Street        |   |
| Los Angeles, CA 90048                            |   |

9. Has the makeup as set forth in Item 8(a) through 8(e) changed within the last twelve (12) months? If yes, please explain in detail.

No.

10. Is it *anticipated* that the makeup as set forth in Item 8(a) through 8(e) will change within the next twelve (12) months? If yes, please explain in detail.

Yes, we will be bringing on two to three new Members of the Board of Directors. Additionally, Betsy Uhrman has fulfilled her two (2) year commitment and has chosen to not serve a consecutive term, which will be effective in December of 2015.

11. Provide name, address, telephone number, and nature and extent of interest of each person or entity (not named in response to Item 8) who has a beneficial interest in any of the shareholders or investors named in response to Item 8 which gives such person or entity more than a computed 10% interest in the CONTRACTOR (for example, more than 20% of the stock in a corporation which holds 50% of the stock of the CONTRACTOR or more than 50% of the stock in the corporation which holds 20% of the stock of the CONTRACTOR):

Not Applicable

| <b>Name and Address</b> | <b>Position Title (if any) and percent of interest or description of character and extent of interest</b> |
|-------------------------|---|
| Name: Not Applicable    |   |
| Address:                |   |
|                         |   |
| Name:                   |   |
| Address:                |   |
|                         |   |
| Name:                   |   |
| Address:                |   |
|                         |   |

12. Names, addresses and telephone numbers (if not given above) of officers and directors or trustees of any corporation or firm listed under Item 8 or Item 11 above:

Not Applicable

| <b>Name and Address</b> | <b>Position Title (if any) and percent of interest or description of character and extent of interest</b> |
|-------------------------|---|
| Name: Not Applicable    |   |
| Address:                |   |
|                         |   |
| Name:                   |   |
| Address:                |   |
|                         |   |
| Name:                   |   |
| Address:                |   |
|                         |   |

13. Is the CONTRACTOR a subsidiary of or affiliated with any other corporation or corporations, any other firm or any other business entity or entities of whatever nature? If yes, list each such corporation, firm or business entity by name and address, specify its relationship to the CONTRACTOR, and identify the officers and directors or trustees common to the CONTRACTOR and such other corporation, firm or business entity.

| Name and Address | Relationship to CONTRACTOR |
|------------------|----------------------------|
| Name:            |                            |
| Address:         |                            |
|                  |                            |
| Name:            |                            |
| Address:         |                            |
|                  |                            |
| Name:            |                            |
| Address:         |                            |
|                  |                            |

14. Provide the financial condition of the CONTRACTOR as of the date of the statement and for a period of twenty-four (24) months prior to the date of its statement as reflected in the **attached** financial statements, including, but not necessarily limited to, profit and loss statements and statements of financial position.

See attached financial statements.

15. If funds for the development/project are to be obtained from sources other than the CONTRACTOR's own funds, provide a statement of the CONTRACTOR's plan for financing the development/project:

Not Applicable

16. Provide sources and amount of cash available to CONTRACTOR to meet equity requirements of the proposed undertaking:

Not Applicable

- a. In banks/savings and loans:

Name:

Address:

Amount: \$

- b. By loans from affiliated or associated corporations or firms:

Name:

Address:

Amount: \$

- c. By sale of readily salable assets/including marketable securities:

| Description | Market Value (\$) | Mortgages or Liens (\$) |
|-------------|-------------------|-------------------------|
|             |                   |                         |
|             |                   |                         |
|             |                   |                         |

17. Names and addresses of bank references, and name of contact at each reference:

| Name and Address          | Contact Name |
|---------------------------|--------------|
| Name: Banc of California  | George Sacco |
| Address: 10100 Santa Blvd |              |
| Los Angeles, CA 90067     |              |
| Name:                     |              |
| Address:                  |              |
|                           |              |
| Name:                     |              |
| Address:                  |              |
|                           |              |

18. Has the CONTRACTOR or any of the CONTRACTOR's officers or principal members, shareholders or investors, or other interested parties been adjudged bankrupt, either voluntary or involuntary, within the past 10 years?

☐ Yes

☒ No

If yes, give date, place, and under what name.

19. Has the CONTRACTOR or anyone referred to above as "principals of the CONTRACTOR" been convicted of any felony within the past 10 years?

☐ Yes

☒ No

If yes, give for each case (1) date, (2) charge, (3) place, (4) court, and (5) action taken. Attach any explanation deemed necessary.

20. List undertakings (including, but not limited to, bid bonds, performance bonds, payment bonds and/or improvement bonds) comparable to size of the proposed project which have been completed by the CONTRACTOR including identification and brief description of each project, date of completion, and amount of bond, whether any legal action has been taken on the bond:

Not Applicable.

| Type of Bond | Project Description | Date of Completion | Amount of Bond | Action on Bond |
|--------------|---------------------|--------------------|----------------|----------------|
|              |                     |                    |                |                |
|              |                     |                    |                |                |
|              |                     |                    |                |                |
|              |                     |                    |                |                |

21. If the CONTRACTOR, or a parent corporation, a subsidiary, an affiliate, or a principal of the CONTRACTOR is to participate in the development as a construction contractor or builder, provide the following information:

Not Applicable

- a. Name and addresses of such contractor or builder:

| Name and Address | Affiliation |
|------------------|-------------|
| Name:            |             |
| Address:         |             |
|                  |             |
| Name:            |             |
| Address:         |             |
|                  |             |
| Name:            |             |
| Address:         |             |
|                  |             |

- b. Has such contractor or builder within the last 10 years ever failed to qualify as a responsible bidder, refused to enter into a contract after an award has been made, or failed to complete a construction or development contract?

☐ Yes ☐ No

If yes, please explain, in detail, each such instance:

- c. Total amount of construction or development work performed by such contractor or builder during the last three (3) years: \$\_\_\_\_\_

General description of such work:

List each project, including location, nature of work performed, name, address of the owner of the project, bonding companies involved, amount of contract, date of commencement of project, date of completion, state whether any change orders were sought, amount of change orders, was litigation commenced concerning the project, including a designation of where, when and the outcome of the litigation. (Attach extra sheet if necessary)

Not Applicable

|  |               |                    |
|--|---------------|--------------------|
| <b>Project Name</b>                      |               |                    |
| <b>Project Owner Contact Information</b> |               |                    |
|  | Name          | Address            |
| <b>Project Location</b>                  |               |                    |
| <b>Project Details</b>                   |               |                    |
| <b>Bonding Company Involved</b>          |               |                    |
|  | Name          | Amount of Contract |
| <b>Change Order Details</b>              |               |                    |
| <b>Change Order Cost</b>                 |               |                    |
| <b>Litigation Details</b>                |               |                    |
|  | Location/Date | Outcome Details    |

d. Construction contracts or developments now being performed by such contractor or builder:

| Identification of Contract or Development | Location | Amount | Date to be Completed |
|---|----------|--------|----------------------|
|   |          |        |                      |
|   |          |        |                      |
|   |          |        |                      |

e. Outstanding construction-contract bids of such contractor or builder:

| Awarding Agency | Amount | Date Opened |
|-----------------|--------|-------------|
|                 |        |             |
|                 |        |             |
|                 |        |             |



22. Provide a detailed and complete statement regarding equipment, experience, financial capacity, and other resources available to such contractor or builder for the performance of the work involved in the proposed project, specifying particularly the qualifications of the personnel, the nature of the equipment, and the general experience of the contractor:

Not Applicable

23. Does any member of the governing body of the San Diego Housing Commission ("SDHC"), Housing Authority of the City of San Diego ("AUTHORITY") or City of San Diego ("CITY"), to which the accompanying proposal is being made or any officer or employee of the SDHC, the AUTHORITY or the CITY who exercises any functions or responsibilities in connection with the carrying out of the project covered by the CONTRACTOR's proposal, have any direct or indirect personal financial interest in the CONTRACTOR or in the proposed contractor?

☐ Yes

☒ No

If yes, explain:

24. Statements and other evidence of the CONTRACTOR's qualifications and financial responsibility (other than the financial statement referred to in Item 8) are attached hereto and hereby made a part hereof as follows:

Not Applicable

25. Is the proposed CONTRACTOR, and/or are any of the proposed subcontractors, currently involved in any construction-related litigation?

☐ Yes

☒ No

If yes, explain:

26. State the name, address and telephone numbers of CONTRACTOR's insurance agent(s) and/or companies for the following coverage's: List the amount of coverage (limits) currently existing in each category:

Not applicable

- a. General Liability, including Bodily Injury and Property Damage Insurance [Attach certificate of insurance showing the amount of coverage and coverage period(s)]

Attached. General Liability limit of \$1,000,000 per occurrence with a \$2,000,000 aggregate. Medical Expense at a limit of \$5,000.

Check coverage(s) carried:

- ☐ Comprehensive Form  
☐ Premises - Operations  
☐ Explosion and Collapse Hazard  
☐ Underground Hazard  
☐ Products/Completed Operations Hazard  
☐ Contractual Insurance

- ☐ Broad Form Property Damage
- ☐ Independent Contractors
- ☐ Personal Injury

- b. Automobile Public Liability/Property Damage [Attach certificate of insurance showing the amount of coverage and coverage period(s)]

Not Applicable

Check coverage(s) carried:

- ☐ Comprehensive Form
- ☐ Owned
- ☐ Hired
- ☐ Non-Owned

- c. Workers Compensation [Attach certificate of insurance showing the amount of coverage and coverage period(s)]

Not Applicable

- d. Professional Liability (Errors and Omissions) [Attach certificate of insurance showing the amount of coverage and coverage period(s)]

Not Applicable

- e. Excess Liability [Attach certificate(s) of insurance showing the amount of coverage and coverage period(s)]

Not Applicable

- f. Other (Specify) [Attach certificate(s) of insurance showing the amount of coverage and coverage period(s)]

27. CONTRACTOR warrants and certifies that it will not during the term of the PROJECT, GRANT, LOAN, CONTRACT, DEVELOPMENT and/or RENDITIONS OF SERVICES discriminate against any employee, person, or applicant for employment because of race, age, sexual orientation, marital status, color, religion, sex, handicap, or national origin. The CONTRACTOR will take affirmative action to ensure that applicants are employed, and that employees are treated during employment, without regard to their race, age, sexual orientation, marital status, color, religion, sex, handicap, or national origin. Such action shall include, but not be limited to the following: employment, upgrading, demotion or termination; rates of pay or other forms of compensation; and selection for training, including apprenticeship. The CONTRACTOR agrees to post in conspicuous places, available to employees and applicants for employment, notices to be provided by the SDHC setting forth the provisions of this nondiscrimination clause.
28. The CONTRACTOR warrants and certifies that it will not without prior written consent of the SDHC, engage in any business pursuits that are adverse, hostile or take incompatible positions to the interests of the SDHC, during the term of the PROJECT, DEVELOPMENT, LOAN, GRANT, CONTRACT and/or RENDITION OF SERVICES.
29. CONTRACTOR warrants and certifies that no member, commissioner, councilperson, officer, or employee of the SDHC, the AUTHORITY and/or the CITY, no member of the governing body of the locality in which the PROJECT

is situated, no member of the government body in which the SDHC was activated, and no other public official of such locality or localities who exercises any functions or responsibilities with respect to the assignment of work, has during his or her tenure, or will for one (1) year thereafter, have any interest, direct or indirect, in this PROJECT or the proceeds thereof.

30. List all citations, orders to cease and desist, stop work orders, complaints, judgments, fines, and penalties received by or imposed upon CONTRACTOR for safety violations from any and all government entities including but not limited to, the City of San Diego, County of San Diego, the State of California, the United States of America and any and all divisions and departments of said government entities for a period of five (5) years prior to the date of this statement. If none, please state:

None.

| Government Complaint | Entity | Making | Date | Resolution |
|----------------------|--------|--------|------|------------|
|                      |        |        |      |            |
|                      |        |        |      |            |
|                      |        |        |      |            |

31. Has the CONTRACTOR ever been disqualified, removed from or otherwise prevented from bidding on or completing a federal, state, or local government project because of a violation of law or a safety regulation?

☐ Yes

☒ No

If yes, please explain, in detail,

32. Please list all licenses obtained by the CONTRACTOR through the State of California and/or the United States of America which are required and/or will be utilized by the CONTRACTOR and/or are convenient to the performance of the PROJECT, DEVELOPMENT, LOAN, GRANT, CONTRACT, or RENDITION OF SERVICES. State the name of the governmental agency granting the license, type of license, date of grant, and the status of the license, together with a statement as to whether the License has ever been revoked:

| Government Agency           | License Description   | License Number | Date Issued (Original) | Status (Current) | Revocation (Yes/No) |
|-----------------------------|---|----------------|------------------------|------------------|---------------------|
| State Board of Equalization | Welfare Organization Exemption – Organizational Clearance Certificate | 23834          | October 31, 2013       | Current          | No                  |
|                             |   |                |                        |                  |                     |
|                             |   |                |                        |                  |                     |
|                             |   |                |                        |                  |                     |

33. Describe in detail any and all other facts, factors or conditions that may adversely affect CONTRACTOR's ability to perform or complete, in a timely manner, or at all, the PROJECT, CONTRACT, SALES of Real Property to, DEVELOPMENT, repayment of the LOAN, adherence to the conditions of the GRANT, or performance of consulting or other services under CONTRACT with the SDHC.

None.

34. Describe in detail, any and all other facts, factors or conditions that may favorably affect CONTRACTOR's ability to perform or complete, in a timely manner, or at all, the PROJECT, CONTRACT, DEVELOPMENT, repayment of the LOAN, adherence to the conditions of the GRANT, or performance of consulting or other services under CONTRACT with the SDHC.

Not Applicable.

35. List all CONTRACTS with, DEVELOPMENTS for or with, LOANS with, PROJECTS with, GRANTS from, SALES of Real Property to, the SDHC, AUTHORITY and/or the CITY within the last five (5) years:

Not Applicable.

| <b>Date</b> | <b>Entity Involved<br/>(i.e. City SDHC, etc)</b> | <b>Status<br/>(Current, delinquent, repaid,<br/>etc.)</b> | <b>Dollar Amount</b> |
|-------------|--|---|----------------------|
|             |  |   |                      |
|             |  |   |                      |
|             |  |   |                      |

36. Within the last five years, has the proposed CONTRACTOR, and/or have any of the proposed subcontractors, been the subject of a complaint filed with the Contractor's State License Board (CSLB)?

☐ Yes ☒ No

If yes, explain:

37. Within the last five years, has the proposed CONTRACTOR, and/or have any of the proposed subcontractors, had a revocation or suspension of a CONTRACTOR's License?

☐ Yes ☒ No

If yes, explain:

38. List three local references that would be familiar with your previous construction project: Not Applicable.

1. Name:  
Address:  
Phone:  
Project Name and Description:
2. Name:  
Address:  
Phone:  
Project Name and Description:
3. Name:

Address:

Phone:

Project Name and Description:

39. Give a brief statement regarding equipment, experience, financial capacity and other resources available to the Contractor for the performance of the work involved in the proposed project, specifying particularly the qualifications of the personnel, the nature of the equipment and the general experience of the Contractor.

Not Applicable.

40. Give the name and experience of the proposed Construction Superintendent.

| Name | Experience |
|------|------------|
|      |            |

## CONSENT TO PUBLIC DISCLOSURE BY CONTRACTOR

By providing the "Personal Information", (if any) as defined in Section 1798.3(a) of the Civil Code of the State of California (to the extent that it is applicable, if at all), requested herein and by seeking a loan from, a grant from, a contract with, the sale of real estate to, the right to develop from, and/or any and all other entitlements from the SAN DIEGO HOUSING COMMISSION ("SDHC"), the HOUSING AUTHORITY OF THE CITY OF SAN DIEGO ("AUTHORITY") and/or the CITY OF SAN DIEGO ("CITY"), the CONTRACTOR consents to the disclosure of any and all "Personal Information" and of any and all other information contained in this Public Disclosure Statement. CONTRACTOR specifically, knowingly and intentionally waives any and all privileges and rights that may exist under State and/or Federal Law relating to the public disclosure of the information contained herein. With respect to "Personal Information", if any, contained herein, the CONTRACTOR, by executing this disclosure statement and providing the information requested, consents to its disclosure pursuant to the provisions of the Information Practices Act of 1977, Civil Code Section 1798.24(b). CONTRACTOR is aware that a disclosure of information contained herein will be made at a public meeting or meetings of the SDHC, the AUTHORITY, and/or the CITY at such times as the meetings may be scheduled. CONTRACTOR hereby consents to the disclosure of said "Personal Information", if any, more than thirty (30) days from the date of this statement at the duly scheduled meeting(s) of the SDHC, the AUTHORITY and/or the CITY. CONTRACTOR acknowledges that public disclosure of the information contained herein may be made pursuant to the provisions of Civil Code Section 1798.24(d).

CONTRACTOR represents and warrants to the SDHC, the AUTHORITY and the CITY that by providing the information requested herein and waiving any and all privileges available under the Evidence Code of the State of California, State and Federal Law, (to the extent of this disclosure that the information being submitted herein), the information constitutes a "Public Record" subject to disclosure to members of the public in accordance with the provisions of California Government Section 6250 et seq.

CONTRACTOR specifically waives, by the production of the information disclosed herein, any and all rights that CONTRACTOR may have with respect to the information under the provisions of Government Code Section 6254 including its applicable subparagraphs, to the extent of the disclosure herein, as well as all rights of privacy, if any, under the State and Federal Law.

Executed this 11<sup>th</sup> day of November, 20 15, at San Diego, California.

CONTRACTOR

By: \_\_\_\_\_

Signature

Executive Director

Title

## CERTIFICATION

The CONTRACTOR, Hovsingen Merit, hereby certifies that this CONTRACTOR's Statement for Public Disclosure and the attached information/evidence of the CONTRACTOR's qualifications and financial responsibility, including financial statements, are true and correct to the best of CONTRACTOR's knowledge and belief.

By: Jennifer J. J. J.

By: \_\_\_\_\_

Title: Executive Director

Title: \_\_\_\_\_

Dated: 11/11/2015

Dated: \_\_\_\_\_

**WARNING: 18 U.S.C. 1001 provides, among other things, that whoever knowingly and willingly makes or uses a document or writing containing any false, fictitious or fraudulent statement or entry, in any matter within the jurisdiction or any department or agency of the United States, shall be fined not more than \$10,000 or imprisoned for not more than five years, or both.**

## JURAT

State of California

County of \_\_\_\_\_

Subscribed and sworn to (or affirmed) before me on this \_\_\_\_\_ day of \_\_\_\_\_, 20\_\_\_\_

by \_\_\_\_\_ personally known to me or proved to me on the basis of

satisfactory evidence to be the person(s) who appeared before me.

Please see attached California  
compliant Acknowledgment / Jurat form

Please see attached California  
compliant Acknowledgment / Jurat form

\_\_\_\_\_  
Signature of Notary

SEAL



# JURAT

A notary public or other officer completing this certificate verifies only the identity of the individual who signed the document to which this certificate is attached, and not the truthfulness, accuracy, or validity of that document.

State of California

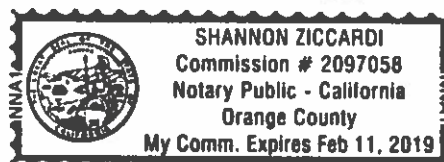
County of Los Angeles

Subscribed and sworn to (or affirmed) before me on this 11<sup>th</sup> day of November,  
20 15 by Jennifer Litwak

proved to me on the basis of satisfactory evidence to be the person(s) who appeared before me.

Signature [Signature]

(Seal)



## OPTIONAL INFORMATION

### DESCRIPTION OF THE ATTACHED DOCUMENT

(Title or description of attached document)

(Title or description of attached document continued)

Number of Pages \_\_\_\_\_ Document Date \_\_\_\_\_

Additional information \_\_\_\_\_

## INSTRUCTIONS

The wording of all Jurats completed in California after January 1, 2015 must be in the form as set forth within this Jurat. There are no exceptions. If a Jurat to be completed does not follow this form, the notary must correct the verbiage by using a jurat stamp containing the correct wording or attaching a separate jurat form such as this one with does contain the proper wording. In addition, the notary must require an oath or affirmation from the document signer regarding the truthfulness of the contents of the document. The document must be signed AFTER the oath or affirmation. If the document was previously signed, it must be re-signed in front of the notary public during the jurat process.

- State and county information must be the state and county where the document signer(s) personally appeared before the notary public.
- Date of notarization must be the date the signer(s) personally appeared which must also be the same date the jurat process is completed.
- Print the name(s) of the document signer(s) who personally appear at the time of notarization.
- Signature of the notary public must match the signature on file with the office of the county clerk.
- The notary seal impression must be clear and photographically reproducible. Impression must not cover text or lines. If seal impression smudges, re-seal if a sufficient area permits, otherwise complete a different jurat form.
  - ❖ Additional information is not required but could help to ensure this jurat is not misused or attached to a different document.
  - ❖ Indicate title or type of attached document, number of pages and date.
- Securely attach this document to the signed document with a staple.

**ATTACHMENT 4**  
**HOUSING COMMISSION MULTIFAMILY**  
**HOUSING REVENUE BOND PROGRAM**  
**SUMMARY**

**General Description:** The multifamily housing bond program provides below-market financing (based on bond interest being exempt from income tax) for developers willing to set aside a percentage of project units as affordable housing. Multifamily housing revenue bonds are also known as “private activity” bonds because the projects are owned by private entities, often including nonprofit sponsors and for-profit investors.

**Bond Issuer:** Housing Authority of the City of San Diego. There is no direct legal liability to the City, the Housing Authority or the Housing Commission in connection with the issuance or repayment of bonds. There is no pledge of the City’s faith, credit or taxing power nor of the Housing Authority’s faith or credit. The bonds do not constitute a general obligation of the issuer because security for repayment of the bonds is limited to specific private revenue sources, such as project revenues. The developer is responsible for the payment of costs of issuance and all other costs under each financing.

**Affordability:** Minimum requirement is that at least 20% of the units are affordable at 50% of Area Median Income (AMI). Alternatively, a minimum of 10% of the units may be affordable at 50% AMI with an additional 30% of the units affordable at 60% AMI. The Housing Commission requires that the affordability restriction be in place for a minimum of 15 years. Due to the combined requirements of state, local, and federal funding sources, projects financed under the Bond Program are normally affordable for 30-55 years and often provide deeper affordability levels than the minimum levels required under the Bond Program.

**Rating:** Generally “AAA” or its equivalent with a minimum rating of “A” or, under conditions that meet IRS and Housing Commission requirements, bonds may be unrated for private placement with institutional investors (typically, large banks). Additional security is normally achieved through the provision of outside credit support (“credit enhancement”) by participating financial institutions that underwrite the project loans and guarantee the repayment of the bonds. The credit rating on the bonds reflects the credit quality of the credit enhancement provider.

**Approval Process:**

- **Inducement Resolution:** The bond process is initiated when the issuer (Housing Authority) adopts an “Inducement Resolution” to establish the date from which project costs may be reimbursable from bond proceeds (if bonds are later issued) and to authorize staff to work with the financing team to perform a due diligence process. The Inducement Resolution does not represent any commitment by the Housing Commission, Housing Authority, or the developer to proceed with the financing.

- TEFRA Hearing and Resolution (Tax Equity and Fiscal Responsibility Act of 1982): To assure that projects making use of tax-exempt financing meet appropriate governmental purposes and provide reasonable public benefits, the IRS Code requires that a public hearing be held and that the issuance of bonds be approved by representatives of the governmental unit with jurisdiction over the area in which the project is located (City Council). This process does not make the City financially or legally liable for the bonds or for the project.

[Note: It is uncommon for the members of the City Council to be asked to take two actions at this stage in the bond process---one in their capacity as the City Council (TEFRA hearing and resolution) and another as the Housing Authority (bond inducement). Were the issuer (Housing Authority) a more remote entity, the TEFRA hearing and resolution would be the only opportunity for local elected officials to weigh in on the project.]

- Application for Bond Allocation: The issuance of these “private activity bonds” (bonds for projects owned by private developers, including projects with nonprofit sponsors and for-profit investors) requires an allocation of bond issuing authority from the State of California. To apply for an allocation, an application approved by the Housing Authority and supported by an adopted inducement resolution and by proof of credit enhancement (or bond rating) must be filed with the California Debt Limit Allocation Committee (CDLAC). In addition, evidence of a TEFRA hearing and approval must be submitted prior to the CDLAC meeting.
- Final Bond Approval: The Housing Authority retains absolute discretion over the issuance of bonds through adoption of a final resolution authorizing the issuance. Prior to final consideration of the proposed bond issuance, the project must comply with all applicable financing, affordability, and legal requirements and undergo all required planning procedures/reviews by local planning groups, etc.
- Funding and Bond Administration: All monies are held and accounted for by a third party trustee. The trustee disburses proceeds from bond sales to the developer in order to acquire and/or construct the housing project. Rental income used to make bond payments is collected from the developer by the trustee and disbursed to bond holders. If rents are insufficient to make bond payments, the trustee obtains funds from the credit enhancement provider. No monies are transferred through the Housing Commission or Housing Authority, and the trustee has no standing to ask the issuer for funds.

Bond Disclosure: The offering document (typically a Preliminary Offering Statement or bond placement memorandum) discloses relevant information regarding the project, the developer, and the credit enhancement provider. Since the Housing Authority is not responsible in any way for bond repayment, there are no financial statements or summaries about the Housing Authority or the City that are included as part of the offering document. The offering document includes a paragraph that states that the

Housing Authority is a legal entity with the authority to issue multifamily housing bonds and that the Housing Commission acts on behalf of the Housing Authority to issue the bonds. The offering document also includes a paragraph that details that there is no pending or threatened litigation that would affect the validity of the bonds or curtail the ability of the Housing Authority to issue bonds. This is the extent of the disclosure required of the Housing Authority, Housing Commission, or the City. However, it is the obligation of members of the Housing Authority to disclose any material facts known about the project, not available to the general public, which might have an impact on the viability of the project.



**The PFM Group**

Public Financial Management, Inc.  
PFM Asset Management LLC  
PFM Advisors

50 California Street  
Suite 2300  
San Francisco, CA 94111

**Attachment 5**

415 982-5544  
415 982-4513 fax  
www.pfm.com

March 29, 2016

Ted Miyahara  
Cameron Shariati  
San Diego Housing Commission  
1122 Broadway, Suite 300  
San Diego, CA 92101

RE: Actions related to the proposed issuance of up to \$48.756 million Housing Authority of the City of San Diego Multifamily Housing (Vista La Rosa) Revenue Bonds, Series 2016

Dear Mr. Miyahara and Mr. Shariati:

You have asked Public Financial Management, Inc. (“PFM”) to review the proposed financing and recommend whether, in our judgment, it is reasonable for the Housing Authority of the City of San Diego (the “Housing Authority”) to issue the tax-exempt multifamily housing bonds (the “Bonds”) in connection with Vista La Rosa (the “Project”) by Standard Property Company (the “Developer”). In preparing this report, we have reviewed financial projections and background information provided by the Developer and the San Diego Housing Commission (the “Housing Commission” or “SDHC”).

The specific findings this report addresses are:

- Whether the financing will achieve a public purpose by creating or preserving affordable housing
- Whether the Housing Authority will avoid undue financial risk in undertaking the financing
- Whether the Project will be able to meet debt service payments after the proposed financing

As described below, we find that all of the conditions are met and therefore recommend that the Housing Authority authorize the issuance of the Bonds.

## **DESCRIPTION OF THE PROJECT**

Vista La Rosa is a 240-unit multifamily project located at 2002 Rimbey Avenue. Funds for the development of the Project will be raised through various sources including equity capital and the issuance of the Bonds. The proposed development pro-forma indicates that there are approximately \$78,954,250 in total development costs (\$328,976 per unit).

## **THE BORROWER**

The borrower will be Standard VLR Venture, LP (the “Borrower”). The Developer will be the sole manager of the Borrower, the administrative general partner of this partnership. The Developer has developed and financed over 2,000 affordable housing units at a cost of over \$350 million. This includes 161 units in San Diego.



## THE FINANCING

An aggregate amount not exceeding \$48,756,000 of the Housing Authority's Bonds will initially be issued to support the financing of the Project. Citibank, N.A. shall fund a loan (the "Funding Loan") which shall be used to finance the acquisition and rehabilitation of the Project. Tax credits and tax exempt bond allocation were allocated to the project by CDLAC at their meeting on March 16<sup>th</sup>. The transaction is scheduled to close in late April.

During the construction phase, the Bonds will bear interest at a floating rate equal to SIFMA plus a spread of 230 basis points. The indicative rate as of March 23<sup>rd</sup> is 2.43%. The Bonds will be purchased by Citibank through a funding loan which will be repaid by the Borrower. The Developer has secured a commitment from Citibank to purchase the Bonds. At conversion, the Bonds will bear interest at a fixed rate estimated at 4.16% for a term of 35 years. Citibank will act as permanent lender.

In addition to the Bonds, the Project will be financed by other Permanent Sources. Table 1 below lays out the Project's estimated total Sources and Uses of \$78,954,250.

| Table 1                             |                     |
|-------------------------------------|---------------------|
| Permanent Sources and Uses of Funds |                     |
| <b>Sources:</b>                     |                     |
| Tax Exempt Financing                | \$48,756,000        |
| Tax Credit Equity                   | 24,834,285          |
| Solar Credit Equity                 | 263,340             |
| Deferred Developer Fee              | 5,100,625           |
| <b>Total Sources</b>                | <b>\$78,954,250</b> |
| <b>Uses:</b>                        |                     |
| Purchase Price                      | \$53,000,000        |
| Acquisition Costs                   | 370,500             |
| Bond Fees                           | 1,298,712           |
| Renovation Costs                    | 11,384,928          |
| Capitalizable Costs                 | 2,611,478           |
| Project & Debt Reserves             | 1,356,923           |
| Developer Fee                       | 8,931,710           |
| <b>Total Uses</b>                   | <b>\$78,954,250</b> |

The particular type of tax-exempt debt to be issued by the Housing Authority is known as a "Government Lender Note." Citibank will loan the Housing Authority the funds needed to finance the project. The Housing Authority will simultaneously lend the Developer the proceeds of the loan to finance the project. This structure is known as a "back to back tax-exempt loan structure." The Housing Authority is acting as a conduit in this structure. Therefore, its obligation to repay its loan is limited to the loan it makes to the Developer. This structure does not create any unusual economic or legal risk for the Authority.



It should also be noted that Citibank is a “qualified institutional buyer” as defined by U.S. securities laws. This, and other protections, ensure that the loan is solely for the Bank’s account and will not be traded. This is a protection both to the Authority and to the public.

### ACHIEVING PUBLIC PURPOSE

Through the proposed bond issuance, the Project will provide housing for low and very low income households. The Project proposes to restrict 24 of the units for households earning no greater than 50% of Area Median Income (“AMI”) and 216 units for households earning no greater than 60% AMI. TCAC’s affordability requirements restrict all the units to a maximum of 60% AMI and the project must comply with these requirements. The affordability term of the project is 55 years. Maximum bond rents for the Project are summarized in Table 2 below.

| Table 2<br>Rent Comparison                |     |            |                       |                       |                  |
|---|-----|------------|-----------------------|-----------------------|------------------|
| Unit Type                                 | AMI | Units      | Gross Restricted Rent | Estimated Market Rent | Savings          |
| 2-bedroom                                 | 60% | 45         | 1,093                 | 1,585                 | 492              |
| 3-bedroom                                 | 60% | 11         | 1,263                 | 1,860                 | 597              |
| 2-bedroom (Section 8)                     | 60% | 134        | 1,585                 | 1,585                 | 0*               |
| 3-bedroom (Section 8)                     | 60% | 24         | 1,860                 | 1,860                 | 0*               |
| 2-bedroom (Section 8)                     | 50% | 20         | 1,585                 | 1,585                 | 0*               |
| 3-bedroom (Section 8)                     | 50% | 4          | 1,860                 | 1,860                 | 0*               |
| 2-bedroom (Manager)                       | 60% | 1          | 1,093                 | 1,585                 | 492              |
| 3-bedroom (Manager)                       | 60% | 1          | 1,263                 | 1,860                 | 597              |
| <b>Total</b>                              |     | <b>240</b> |                       |                       | <b>\$29,796</b>  |
| <b>Total Annual Savings for all Units</b> |     |            |                       |                       | <b>\$357,552</b> |

*\*Federal voucher will cover a portion of the rent on Section 8 units, reducing the net cost to tenants.*

### MEETING DEBT SERVICE AFTER THE FINANCING

As shown in Table 3 below, the Project will have ample cash flow to meet debt service upon completion of construction and rent-up. Based upon our review of the Developer’s proposed rents and estimated costs, there would be approximately \$3,149,623 of net operating income available for debt service in the first full year of stabilization (2018). This amount would provide bond debt service coverage of 1.18 times. By the fifth year, assuming a 2.0% annual increase in gross income and a 3.0% annual increase in operating expenses, debt service coverage would increase to 1.26 times.



**Table 3**  
**Estimated Cash Flow**

| Year:                              | 2018          | 2019          | 2020          | 2021          | 2022          |
|------------------------------------|---------------|---------------|---------------|---------------|---------------|
| Rental Income                      | \$ 4,339,248  | \$ 4,426,033  | \$ 4,514,554  | \$ 4,604,845  | \$ 4,696,942  |
| Plus: Other Income                 | 62,400        | 63,648        | 64,921        | 66,219        | 67,544        |
| Less: Vacancy @ 3%                 | (132,049)     | (134,690)     | (137,384)     | (140,132)     | (142,935)     |
| Effective Gross Income             | \$ 4,269,599  | \$ 4,354,991  | \$ 4,442,090  | \$ 4,530,932  | \$ 4,621,551  |
| Less: Operating Expenses           | (980,960)     | (1,010,389)   | (1,040,700)   | (1,071,921)   | (1,104,079)   |
| Less: Taxes and Insurance          | (67,016)      | (68,356)      | (69,723)      | (71,118)      | (72,540)      |
| Less: Reserves @ \$300 / Unit      | (72,000)      | (73,440)      | (74,909)      | (76,407)      | (77,935)      |
| Net Operating Income               | \$ 3,149,623  | \$ 3,202,805  | \$ 3,256,758  | \$ 3,311,486  | \$ 3,366,996  |
| Permanent Loan Debt Service        | (\$2,669,244) | (\$2,669,244) | (\$2,669,244) | (\$2,669,244) | (\$2,669,244) |
| Debt Service Coverage <sup>1</sup> | 1.18          | 1.20          | 1.22          | 1.24          | 1.26          |

<sup>1</sup> Calculated by dividing net operating income by total debt service.

## CONCLUSION

The proposed financing will create no undue risk for the Housing Authority. The Borrower has agreed to pay all costs of issuance for the financing and to indemnify the City, the Housing Authority and the Housing Commission regarding matters relating to the financing. It should be noted that the Borrower will have no significant assets or sources of income other than the Project and is not required under most circumstances to make up any cash flow shortfalls.

Based upon our review, we recommend that the Housing Authority proceed with the financing. This recommendation is based upon the following findings:

- The financing would achieve a public purpose by providing 240 affordable units, with 24 units affordable at 50% of AMI and 216 units affordable at 60% of AMI for a period of 55 years.
- The Borrower has agreed to indemnify the City, the Housing Authority and the Housing Commission regarding any matters related to the financing. The Borrower will pay all costs of the financing.
- Based upon estimates by the Developer that have been reviewed and confirmed by the bond purchaser, there are sufficient funds to complete the Project, and the Project provides adequate debt service coverage.
- Since the financing is unrated, the Housing Commission's policies regarding the purchase and transfer of the bonds will apply; these include requirements that the buyers be sophisticated institutional buyers or qualified institutional buyers. These requirements will travel from the initial buyers to subsequent buyers of the bonds.

If there is any additional information you require concerning this matter, we will be glad to provide it as a supplement to this report.





SDHC  
March 29, 2016  
Page 5

Sincerely,  
**Public Financial Management, Inc.**

A handwritten signature in blue ink, appearing to read "Robert T. Gamble", is written over a faint, larger blue outline of the same signature.

Robert T. Gamble  
Managing Director

**Vista La Rosa**

San Diego, CA

**Sources & Uses**

| <u>Uses</u>                    | <u>\$ / Unit</u>  | <u>Total</u>         |
|--------------------------------|-------------------|----------------------|
| Purchase Price                 | \$ 220,833        | \$ 53,000,000        |
| Acquisition Costs              | 1,544             | 370,500              |
| Bond Fees                      | 5,411             | 1,298,712            |
| Renovation Costs               | 47,437            | 11,384,928           |
| Capitalizable Costs            | 10,881            | 2,611,478            |
| Project & Debt Reserves        | 5,654             | 1,356,923            |
| Developer Fee                  | 37,215            | 8,931,710            |
| <b>Total Uses</b>              | <b>\$ 328,976</b> | <b>\$ 78,954,250</b> |
|                                |                   |                      |
| <u>Sources</u>                 | <u>% of Total</u> | <u>Total</u>         |
| Tax Exempt Financing           | 61.8%             | 48,756,000           |
| Tax Credit Equity              | 31.5%             | 24,834,285           |
| Solar Credit Equity            | 0.3%              | 263,340              |
| Deferred Developer Fee         | 6.5%              | 5,100,625            |
| <b>Total Sources</b>           | <b>100.0%</b>     | <b>\$ 78,954,250</b> |
| Developer Fee at Final Closing | 4.9%              | 3,831,084            |
| <i>Surplus/(Shortfall)</i>     |                   | -                    |

**Tax Credit Assumptions**

|                                     |                   |
|-------------------------------------|-------------------|
| Total Qualified Basis               | 74,150,686        |
| Total Tax Credits for 10 Years      | 23,651,700        |
| Discount Rate                       | 105.00%           |
| <b>Tax Credit Equity Investment</b> | <b>24,834,285</b> |

Vista La Rosa

Standard Property Company

Sources & Uses

| <u>Uses</u>                    | <u>\$ / Unit</u>  | <u>Total</u>         | <u>Initial Closing</u> | <u>During Constr.</u> | <u>At Stabilization</u> | <u>8609s</u>      |
|--------------------------------|-------------------|----------------------|------------------------|-----------------------|-------------------------|-------------------|
| Purchase Price                 | \$ 220,833        | \$ 53,000,000        | \$ 53,000,000          | \$ -                  | \$ -                    | \$ -              |
| Acquisition Costs              | 1,544             | 370,500              | 370,500                | -                     | -                       | -                 |
| Bond Fees                      | 5,411             | 1,298,712            | 1,200,312              | -                     | 98,400                  | -                 |
| Renovation Costs               | 47,437            | 11,384,928           | 910,794                | 10,474,134            | -                       | -                 |
| Capitalizable Costs            | 10,881            | 2,611,478            | 348,197                | 2,263,281             | -                       | -                 |
| Project & Debt Reserves        | 5,654             | 1,356,923            | 11,169                 | -                     | 1,345,754               | -                 |
| Developer Fee at Final Closing | 15,963            | 3,831,084            | 1,000,000              | -                     | 2,581,084               | 250,000           |
| <b>Total Uses</b>              | <b>\$ 307,723</b> | <b>\$ 73,853,625</b> | <b>\$ 56,840,972</b>   | <b>\$ 12,737,414</b>  | <b>\$ 4,025,239</b>     | <b>\$ 250,000</b> |
|                                | 0                 |                      |                        |                       |                         |                   |
| <u>Sources</u>                 | <u>% of Total</u> | <u>Total</u>         | <u>Initial Closing</u> | <u>During Constr.</u> | <u>At Stabilization</u> | <u>8609s</u>      |
| Tax Exempt Financing           | 66.0%             | \$ 48,756,000        | \$ 48,756,000          | \$ -                  | \$ -                    | \$ -              |
| Tax Credit Equity              | 34.0%             | 25,097,625           | 8,084,972              | 12,737,414            | 4,025,239               | 250,000           |
| <b>Total Sources</b>           | <b>100.0%</b>     | <b>\$ 73,853,625</b> | <b>\$ 56,840,972</b>   | <b>\$ 12,737,414</b>  | <b>\$ 4,025,239</b>     | <b>\$ 250,000</b> |

Tax Credit Schedule

| <u>Year</u> | <u>LIHTC</u> | <u>Solar Credits</u> |
|-------------|--------------|----------------------|
| 2016        | 788,390      |                      |
| 2017        | 2,365,170    | 250,800              |
| 2018        | 2,365,170    |                      |
| 2019        | 2,365,170    |                      |
| 2020        | 2,365,170    |                      |
| 2021        | 2,365,170    |                      |
| 2022        | 2,365,170    |                      |
| 2023        | 2,365,170    |                      |
| 2024        | 2,365,170    |                      |
| 2025        | 2,365,170    |                      |
| 2026        | 1,576,780    |                      |
|             | 23,651,700   | 250,800              |

Equity Pay-in Schedule

| <u>Event</u>                 | <u>Date</u> | <u>TC Funding</u> | <u>TC Percentage</u> |
|------------------------------|-------------|-------------------|----------------------|
| Closing                      | Apr-16      | 8,084,972         | 32.21%               |
| 10% Construction Completion  | Jul-16      | 3,026,980         | 12.06%               |
| 25% Construction Completion  | Oct-16      | 4,165,472         | 16.60%               |
| 50% Construction Completion  | Jan-17      | 3,482,377         | 13.88%               |
| 100% Construction Completion | Apr-17      | 2,062,585         | 8.22%                |
| Stabilization                | Oct-17      | 4,025,239         | 16.04%               |
| 8609                         | Oct-17      | 250,000           | 1.00%                |
|                              |             | 25,097,625        | 100.00%              |

**Vista La Rosa**  
Property P&L

Standard Property Company

**Income Statement**

| <i>Revenue</i>             | <i>2014</i>    |               | <i>T12 Dec 2015</i> |               | <i>Post Rehab Proforma</i> |               |
|----------------------------|----------------|---------------|---------------------|---------------|----------------------------|---------------|
|                            | Total          | % or Per Unit | Total               | % or Per Unit | Total                      | % or Per Unit |
| Total Gross Potential Rent | \$ 2,966,645   | 12,361        | \$ 2,995,766        | 12,482        | \$ 4,339,248               | 18,080        |
| Loss to Lease              | -              | -             | -                   | -             | -                          | -             |
| Vacancy                    | \$ (12,422)    | (0.4%)        | \$ (10,022)         | (0.3%)        | (130,177)                  | (3.0%)        |
| Concessions & Allowances   | (149)          | (0.0%)        | -                   | 0.0%          | -                          | 0.0%          |
| Bad Debt                   | (416)          | (0.0%)        | (3,659)             | (0.1%)        | -                          | 0.0%          |
| Non-Revenue Units          | (283)          | (0.0%)        | -                   | 0.0%          | -                          | 0.0%          |
| Total Adjustments          | \$ (13,270)    | (0.4%)        | \$ (13,681)         | (0.5%)        | \$ (130,177)               | (3.0%)        |
| <b>Net Rental Income</b>   | \$ 2,953,375   | 12,306        | \$ 2,982,085        | 12,425        | \$ 4,209,071               | 17,538        |
| Laundry/Vending/Cable      | \$ 48,105      | \$ 200        | \$ 48,129           | \$ 201        | \$ 48,129                  | \$ 201        |
| Tenant Charges             | 15,573         | 65            | 14,270              | 59            | 14,270                     | 59            |
| Miscellaneous Income       | 1,060          | 4             | 1,214               | 5             | -                          | -             |
| Total Other Income         | 64,738         | 270           | 63,613              | 265           | 62,399                     | 260           |
| <b>Net Revenue</b>         | \$ 3,018,113   | \$ 12,575     | \$ 3,045,698        | \$ 12,690     | \$ 4,271,469               | \$ 17,798     |
| <i>Expenses</i>            |                |               |                     |               |                            |               |
| Leasing & Advertising      | \$ (4,422)     | \$ (18)       | \$ (5,666)          | \$ (24)       | \$ (5,000)                 | \$ (21)       |
| General & Administrative   | (20,501)       | (85)          | (31,153)            | (130)         | (27,000)                   | (113)         |
| Turnover Expense           | (9,867)        | (41)          | (6,394)             | (27)          | (12,000)                   | (50)          |
| Repairs & Maintenance      | (21,575)       | (90)          | (26,198)            | (109)         | (36,000)                   | (150)         |
| Utilities                  | (477,517)      | (1,990)       | (465,608)           | (1,940)       | (408,343)                  | (1,701)       |
| Payroll                    | (259,084)      | (1,080)       | (266,037)           | (1,108)       | (257,040)                  | (1,071)       |
| Management Fees            | (75,445)       | (2.5%)        | (75,811)            | (2.5%)        | (128,144)                  | (3.0%)        |
| Non-Profit                 | -              | -             | -                   | -             | (30,000)                   | (125)         |
| Contract Services (1)      | (77,433)       | (323)         | (83,879)            | (349)         | (77,433)                   | (323)         |
| Total Controllable         | \$ (945,844)   | \$ (3,941)    | \$ (960,746)        | \$ (4,003)    | \$ (980,960)               | \$ (4,087)    |
| Taxes                      | (361)          | (2)           | (986)               | (4)           | (1,016)                    | (4)           |
| Insurance                  | (66,248)       | (276)         | (66,979)            | (279)         | (66,000)                   | (275)         |
| Reserves                   | -              | -             | -                   | -             | (72,000)                   | (300)         |
| <b>Total Expenses</b>      | \$ (1,012,453) | (4,219)       | \$ (1,028,711)      | (4,286)       | \$ (1,119,975)             | (4,667)       |
| <b>NOI</b>                 | \$ 2,005,660   | 8,357         | \$ 2,016,987        | 8,404         | \$ 3,151,494               | 13,131        |

(1) Includes; security, trash, pests, landscaping

## Vista La Rosa

### Vista La Rosa Rent Roll Summary

| No. Bd                   | Unit Type       | # Units    | Average SF | Current Rent |              | Market Proforma |              |              |
|--------------------------|-----------------|------------|------------|--------------|--------------|-----------------|--------------|--------------|
|                          |                 |            |            | Roll(1)      | Proforma RR  | RR              | AMI Limits   | Post Rehab   |
| 2 BD                     | 60% AMI         | 45         | 910        | 1,114        | \$ 1,093     | \$ 1,093        | \$ 1,093     | \$ 1,093     |
| 3 BD                     | 60% AMI         | 11         | 1,100      | 1,288        | 1,263        | 1,263           | 1,263        | 1,263        |
| 2 BD                     | Sec 8 / 60% AMI | 134        | 910        | 951          | 964          | 1,525           | 1,093        | 1,585        |
| 3 BD                     | Sec 8 / 60% AMI | 24         | 1,100      | 1,137        | 1,153        | 1,800           | 1,263        | 1,860        |
| 2 BD                     | Sec 8 / 50% AMI | 20         | 910        | 951          | 964          | 1,525           | 911          | 1,585        |
| 3 BD                     | Sec 8 / 50% AMI | 4          | 1,100      | 1,137        | 1,153        | 1,800           | 1,053        | 1,860        |
| 2 BD                     | Manager         | 1          | 910        | 1,114        | 1,093        | 1,093           | 1,093        | 1,093        |
| 3 BD                     | Manager         | 1          | 1,100      | 1,288        | 1,263        | 1,263           | 1,263        | 1,263        |
| <b>Total / Avg</b>       |                 | <b>240</b> | <b>942</b> | <b>1,021</b> | <b>1,026</b> | <b>1,461</b>    | <b>1,103</b> | <b>1,507</b> |
| <b>Monthly Rent Roll</b> |                 |            |            | 244,990      | 246,174      | 350,684         | 264,640      | 361,604      |
| <b>Annual Rent Roll</b>  |                 |            |            | 2,939,880    | 2,954,088    | 4,208,208       | 3,175,680    | 4,339,248    |

(1) Doesn't take into account Voucher tenants

## TAX CREDIT ASSUMPTIONS

|  |             | Base Case            |        |                      |
|--|-------------|----------------------|--------|----------------------|
|  |             | Total<br>Cost/Uses   | Factor | Eligible<br>Basis    |
| <u>Acquisition Costs</u>                 |             |                      |        |                      |
| Total Original Acquisition Costs         |             | \$ 53,000,000        | 90.35% | \$ 47,887,764        |
| Due Diligence                            |             | 370,500              | 90.35% | 334,763              |
| <b>Total</b>                             |             | <b>\$ 53,370,500</b> |        | <b>\$ 48,222,527</b> |
| <u>Construction Costs</u>                |             |                      |        |                      |
| Total Construction Costs                 | 47,437      | \$ 11,384,928        |        | \$ 11,384,928        |
| % of Building Basis                      |             | 39.6%                |        |                      |
| <u>Financing and Bond Costs</u>          |             |                      |        |                      |
| Total Issuance Legal Fees                |             |                      |        |                      |
| Total Issuer Fees                        |             |                      |        |                      |
| Total Misc Costs                         |             |                      |        |                      |
| <b>Total</b>                             | <b>2.7%</b> | <b>\$ 1,298,712</b>  |        |                      |
| <u>Capitalizable Costs</u>               |             |                      |        |                      |
| Amortization                             |             | \$ -                 |        |                      |
| Construction Period Interest             |             | 1,613,824            | 3.0%   | \$ 48,415            |
| Eligible Taxes                           |             | 1,016                | 3.0%   | 30                   |
| Eligible Utilities                       |             | 408,343              | 3.0%   | 12,250               |
| Eligible Insurance                       |             | 66,000               | 3.0%   | 1,980                |
| <b>Total</b>                             |             | <b>\$ 2,089,182</b>  |        | <b>\$ 62,675</b>     |
| <u>Construction Ineligible for Basis</u> |             |                      |        |                      |
| Amount of Solar Tax Credits              |             |                      |        | (125,400)            |
| <b>Sub Total</b>                         |             | <b>\$ 68,143,322</b> |        | <b>\$ 59,544,730</b> |
| Developer Fee Upon Completion            |             | 3,831,084            |        |                      |
| Deferred Developer Fee                   |             | 5,100,625            |        |                      |
| <b>Total Developer Fee</b>               |             | <b>8,931,710</b>     |        | <b>\$ 8,931,710</b>  |
| <b>Total</b>                             |             | <b>\$ 77,075,031</b> |        | <b>\$ 68,476,440</b> |

## TAX CREDIT CALCULATION

| <u>Federal Tax Credit Calculation</u> |     | <u>Eligible Costs</u> |       | <u>Current</u>       |
|---------------------------------------|-----|-----------------------|-------|----------------------|
| Eligible Basis                        |     |                       |       | \$ 68,476,440        |
| DDA Bonus                             | Yes | 18,914,156            | 30.0% | 5,674,247            |
| Total Eligible Costs                  |     |                       |       | \$ 74,150,686        |
| Applicable %                          |     |                       |       | 99.99%               |
| Tax Credit Rate                       |     |                       |       | 3.19%                |
| Annual Tax Credits                    |     |                       |       | 2,365,170            |
| Years                                 |     |                       |       | 10                   |
| Total Tax Credits                     |     |                       |       | 23,651,700           |
| Discount                              |     |                       |       | 105.00%              |
| <b>Estimated Tax Credit Equity</b>    |     |                       |       | <b>\$ 24,834,285</b> |