



## REPORT

**DATE ISSUED:** March 3, 2016

**REPORT NO:** HCR16-024

**ATTENTION:** Chair and Members of the San Diego Housing Commission  
For the Agenda of March 11, 2016

**SUBJECT:** Final Bond Authorization for Fairbanks Terrace

**COUNCIL DISTRICT:** 5

### **REQUESTED ACTION**

Authorize the issuance of Housing Authority of the City of San Diego multifamily housing revenue bonds/note to fund the new construction of Fairbanks Terrace, an 83-unit senior affordable housing rental development, located in Black Mountain Ranch.

### **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 \$15,300,000 in tax-exempt multifamily housing revenue bonds/note to fund the construction of Fairbanks Terrace, an 83-unit affordable housing development for seniors age 62 and older, to be located in Black Mountain Ranch at the intersection of Paseo del Sur and Del Sur Ridge Road.

### **SUMMARY**

A development summary is included as Attachment 1.

**Table 1 – Development Details**

Address	Corner of Paseo del Sur and Del Sur Ridge Road
Council District	5
Community Plan Area	Black Mountain Ranch (Rancho Penasquitos Community Planning Group)
Development Type	New Construction
Construction Type	Type V
Parking Type	Surface Parking
Housing Type	Senior
Lot Size	Approximately 1.6 acres, 65,000 square feet
Units	83
Density	52 dwelling units per acre
Affordable Unit Mix	66 one-bedroom units, 16 two-bedroom units, and 1 two-bedroom manager's unit
Gross Building Area	64,774 square feet
Net Rentable Area	50,539 square feet

### The Development

Fairbanks Terrace is a proposed new construction affordable housing rental development for low-income seniors age 62 and older to be located in Black Mountain Ranch (Subarea I) of the North City Future Urbanizing Area (NCFUA) within the Del Sur master planned community. The Del Sur neighborhood is east of Fairbanks Ranch and Rancho Santa Fe and west of Interstate 15. The 1.6 acre site is located at the corner of Paseo del Sur and Del Sur Ridge Road within the North Village of Black Mountain Ranch, with surrounding uses including a high school, single family, and multifamily developments as well as a proposed shopping center. The proposed affordable housing development will be located near Fairbanks Square, a 100-unit senior affordable housing development and Fairbanks Commons, a 165-unit multifamily affordable housing development, both developed by Chelsea Investment Corporation (Chelsea) in partnership with the Housing Commission (Attachment 2).

The 83-unit development will provide 82 affordable housing units for seniors, including 66 one-bedroom and 16 two-bedroom units for tenants with incomes ranging from 50 percent to 60 percent of the San Diego Area Median Income (AMI) currently \$32,400 to \$38,880 a year for a two-person household. Additionally, one two-bedroom manager's unit will be unrestricted. Proposed site amenities will include a community room with a kitchen and computer lab, a laundry room, and management office. The property is owned by Black Mountain Ranch LLC and will be sold to Chelsea's to-be-formed California limited partnership. Chelsea's development of Fairbanks Terrace will satisfy inclusionary affordable housing requirements for the master developer's Camelot and Heritage Bluffs market-rate developments also located within Black Mountain Ranch. To date, 736 affordable units have been completed under the NCFUA program in Black Mountain Ranch. The proposed 83-unit Fairbanks Terrace development will be the last affordable development required to be developed in Black Mountain Ranch for a total of 819 affordable units in the subarea.

### Development Team

Chelsea will be responsible for development of Fairbanks Terrace. Chelsea is an award-winning, for-profit corporation headquartered in Carlsbad and focused on the financing and development of affordable housing. Chelsea has substantial development experience in a wide range of housing projects. Along with its affiliates, it provides financial, engineering, development, asset management, construction, and property management services. Since 1995, Chelsea has financed and developed more than 6,582 affordable housing units in California and Arizona, including more than 2,100 inclusionary housing units in San Diego, Chula Vista, and Carlsbad.

During the 15-year tax credit compliance period, Fairbanks Terrace will be owned by a California limited partnership (a single-asset limited partnership) that will include: a California limited liability company with Chelsea as the administrative general partner, Pacific Southwest Development Corporation as managing general partner, and US Bancorp as tax-credit investor. Emmerson Construction Inc., an affiliate of Chelsea, will construct the development. Chelsea's statement for public disclosure is included as Attachment 3.

**Table 2 - Development Team Summary**

<b>ROLE</b>	<b>FIRM/CONTRACT</b>
Owner Managing General Partner Administrative General partner	Fairbanks Terrace CIC, LP Pacific Southwest Community Development Corporation CIC Fairbanks Terrace, LLC
Developer	Chelsea Investment Corporation
Architect	McKinley Associates
Civil Engineering	Rick Engineering
General Contractor	Emmerson Construction Inc., an affiliate of Chelsea
Property Management	ConAm Management Corporation
Tax Credit Investor	US Bancorp
Construction Lender and Permanent Lender	Citi Community Capital
Land Owner/Seller	Black Mountain Ranch LLC

#### Property Management

Fairbanks Terrace will be managed by Chelsea's affiliate CIC Management (CICM). CICM is highly qualified, having managed more than 4,000 units located in San Diego County, Imperial County, Sacramento, and Yuma, Arizona. Daily management activities will be subcontracted to ConAm Management Corporation. ConAm was founded in 1975. It is based in San Diego and has substantial experience managing approximately 50,000 apartment homes nationwide.

#### Financing Structure

Fairbanks Terrace has an estimated total development cost of \$25,829,891 (\$311,204 per unit). It will be financed with a combination of 4 percent tax credits, a tax-exempt multifamily housing revenue bonds/note, master developer contributions and a deferred developer fee. There will be no Housing Commission loan on this development.

#### 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 Fairbanks Terrace applied for a bond allocation of up to \$15,300,000. It is anticipated the California Tax-Credit Allocation Committee (TCAC) and CDLAC will approve 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 US Bancorp as 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 September 11, 2015, HCR15-067) and by the Housing Authority (on September 22, 2015, HAR 15-026) 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 – Fairbanks Terrace Estimated Permanent Sources and Uses of Financing**

<b>Sources</b>	<b>Amounts</b>	<b>Uses</b>	<b>Amounts</b>
Permanent Loan (A Bond)	\$6,375,000	Land Acquisition Costs (including offsite improvements)	\$7,486,317
Tax Credit Equity	\$11,332,760	Hard Costs Hard Costs Contingency	\$10,228,890 \$509,646
C Bond	\$575,000	Financing Fees & Interest	\$1,424,969
Master Developer Note for Off-Site Improvements	\$4,656,316	Reserves	\$196,544
FBA Fee Credit Note	\$1,288,243	City Development Fees & Permits	\$2,128,416
Solar Equity	\$54,720	Soft Costs	\$684,909
Deferred Developer Fee	\$1,384,881	Developer Fee	\$3,170,200
Deferred Interest	162,971		
<b>Total Development Cost</b>	<b>\$25,829,891</b>	<b>Total Development Cost</b>	<b>\$25,829,891</b>

#### Developer Fee

The Housing Commission is the bond issuer for Fairbanks Terrace and is not providing gap financing for the development. The Housing Commission's multifamily housing revenue bond program does not include limits on the developer fee when the Housing Commission serves solely as the conduit bond issuer. The developer has structured the developer fee to maximize the amount of tax credit financing. The current \$3,170,200 developer fee reflects a fee structure permitted by TCAC.

#### Development Cost Key Performance Indicators

Housing Commission staff has identified development cost performance indicators, which were used to evaluate the proposed development. The key performance indicators listed in Table 4 are commonly used by real estate industry professionals and affordable housing developers.

**Table 4 – Key Performance Indicators**

Development Cost Per Unit	$\$25,829,891 \div 83 \text{ units} =$	\$311,204
Land Cost Per Unit	$\$7,486,317 \div 83 \text{ units} =$	\$90,197
Gross Building Square Foot Hard Cost	$\$10,738,536 \div 64,774 \text{ sq. ft.} =$	\$166
Net Rentable Square Foot Hard Cost	$\$10,738,536 \div 50,539 \text{ sq. ft.} =$	\$213

#### Project Comparison Chart

There are multiple factors and variables that influence the cost of developing multifamily affordable housing, including but not limited to project location, site conditions, site improvements needed, environmental factors, land use approval process, community involvement, construction type, design requirements/constraints, economies of scale, City impact fees, developer experience and capacity, and amenities necessary to gain tax credit approval. Table 5 shows a comparison of the subject property and another senior housing development of the same construction type located in the NCFUA that was completed within the last year and financed with tax-exempt bonds.

**Table 5 – Comparable Development Projects in NCFUA with Tax-Exempt Bonds**

Project Name	Year	Project Type	Construction Type	Units	Total Development Cost	Cost Per Unit	Gross Hard Cost Sq.Ft.
Subject - Fairbanks Terrace	2016	Senior	V	83	\$25,829,891	\$311,204	\$166
Fairbanks Square	2013	Senior	V	100	\$26,737,579	\$267,376	\$135

Fairbanks Terrace is slightly higher than Fairbanks Square on a per unit and gross hard cost per square foot basis. The difference in cost between these two projects is due to economies of scale (spreading fixed costs among a larger number of units), as well as general escalation of construction costs over time.

#### Prevailing Wages

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

#### **AFFORDABLE HOUSING IMPACT**

Under the proposed bond financing, Fairbanks Terrace would restrict 10 percent of its units to households with incomes at or below 50 percent of AMI and 90 percent of the units to households at or below 60 percent AMI. The development will be affordable for a 55-year term. Table 6 summarizes the affordability:

**Table 6 –Affordability & Monthly Estimated Rent Table**

Unit Type	AMI	Number of Units	Proposed Gross Rents	Estimated Market Rents	Rent Savings per Unit
1-bedroom	50% AMI	7	\$759	\$1,170	\$411
1-bedroom	60% AMI	59	\$911	\$1,170	\$259
2-bedroom	50% AMI	2	\$911	\$1,952	\$1,041
2-bedroom	60% AMI	14	\$1,093	\$1,952	\$859
2 Bedroom–Manager	n/a	1	-	-	-
Total		83			

#### 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> <li>• Estimated start of construction work</li> <li>• Estimated completion of construction work</li> </ul>	<ul style="list-style-type: none"> <li>• March 16, 2016</li> <li>• April 5, 2016</li> <li>• April 2016</li> <li>• April 2016</li> <li>• August 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 - \$38,250

Funding uses approved by this action will be as follows:

Rental Housing Finance Program Administration Costs - \$38,250

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**

The affordable housing development is located within the Black Mountain Ranch subarea. On October 7, 2015, the Rancho Penasquitos Planning Board voted 13-1 to recommend approval of the development.

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

Stakeholders include Chelsea, the Housing Authority as bond issuer, Pacific Southwest Development Corporation as general partner, and the community and residents of Black Mountain Ranch. Development of Fairbanks Terrace is expected to have a positive impact on the community because it will provide affordable rental units serving low- and very low-income seniors.

### **ENVIRONMENTAL REVIEW**

The proposed development activity in this report is covered under the Subarea Plan EIR (No. 96-7902) and Black Mountain Ranch North Village Addendum No. 142244 to EIR 96-7902 which was approved by City Council on May 19, 2009. The prior environmental documents adequately address the proposed project activity and pursuant to California Environmental Quality Act Section 15162, there is no change in circumstance, additional information, or project changes to warrant additional environmental review. 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's Disclosure Statement  
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	Corner of Paseo del Sur and Del Sur Ridge Road
Council District	5
Community Plan Area	Black Mountain Ranch (Rancho Penasquitos Community Planning Group)
Development Type	New Construction
Construction Type	Type V
Parking Type	Surface Parking
Housing Type	Senior
Lot Size	Approximately 1.6 acres, 65,000 square feet
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**Table 2 - Development Team Summary**

ROLE	FIRM/CONTRACT
Owner	Fairbanks Terrace CIC, LP
Managing General Partner	Pacific Southwest Community Development Corporation
Administrative General partner	CIC Fairbanks Terrace, LLC
Developer	Chelsea Investment Corporation
Architect	McKinley Associates
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General Contractor	Emmerson Construction Inc., an affiliate of Chelsea
Property Management	ConAm Management Corporation
Tax Credit Investor	US Bancorp Community Development Corporation
Construction Lender and Permanent Lender	Citi Community Capital
Land Owner/Seller	Black Mountain Ranch LLC

**Table 3A – Fairbanks Terrace Estimated Sources of Financing**

Sources	Amounts	Uses	Amounts
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Tax Credit Equity	\$11,332,760	Hard Costs Hard Costs Contingency	\$10,228,890 \$509,646
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**Table 4 – Key Performance Indicators**

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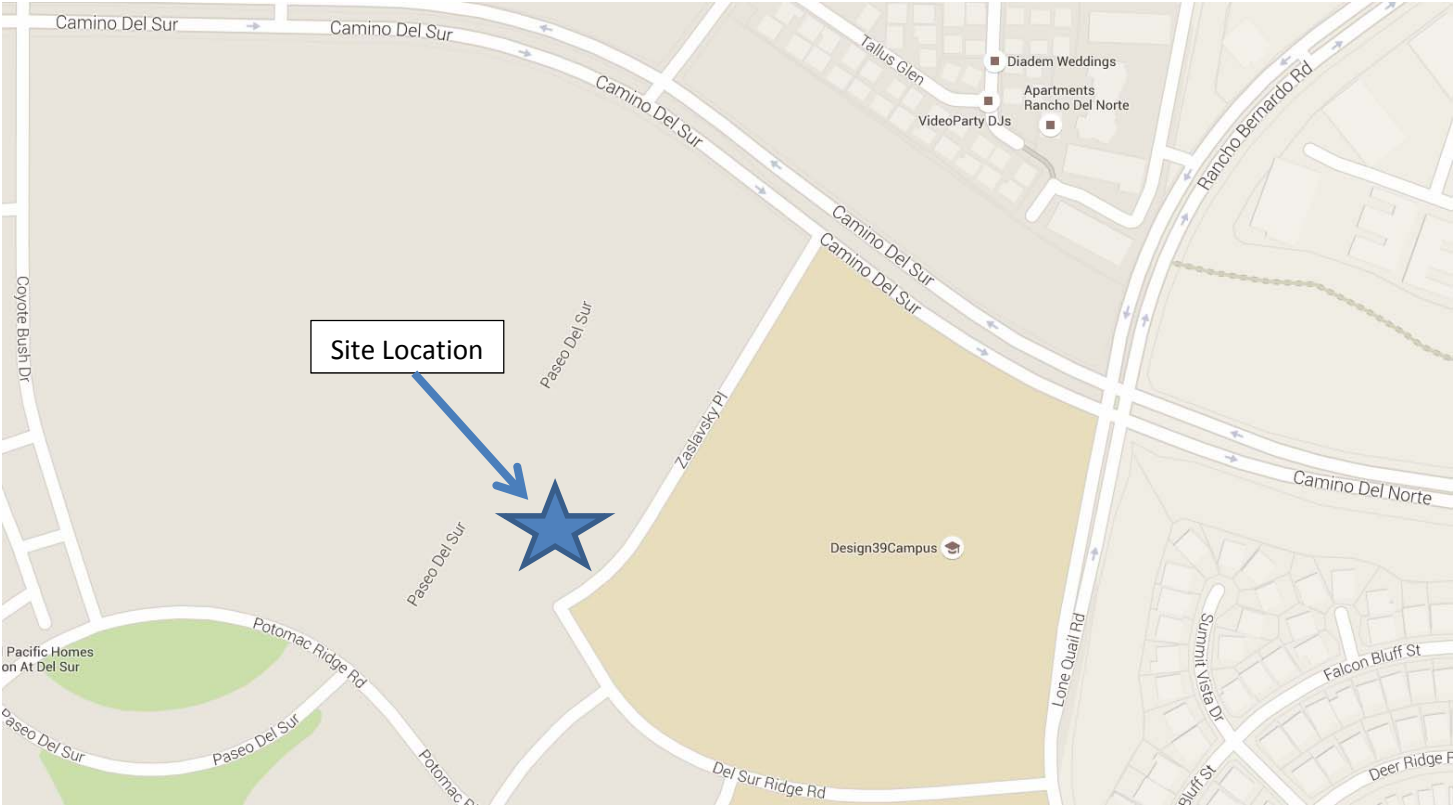
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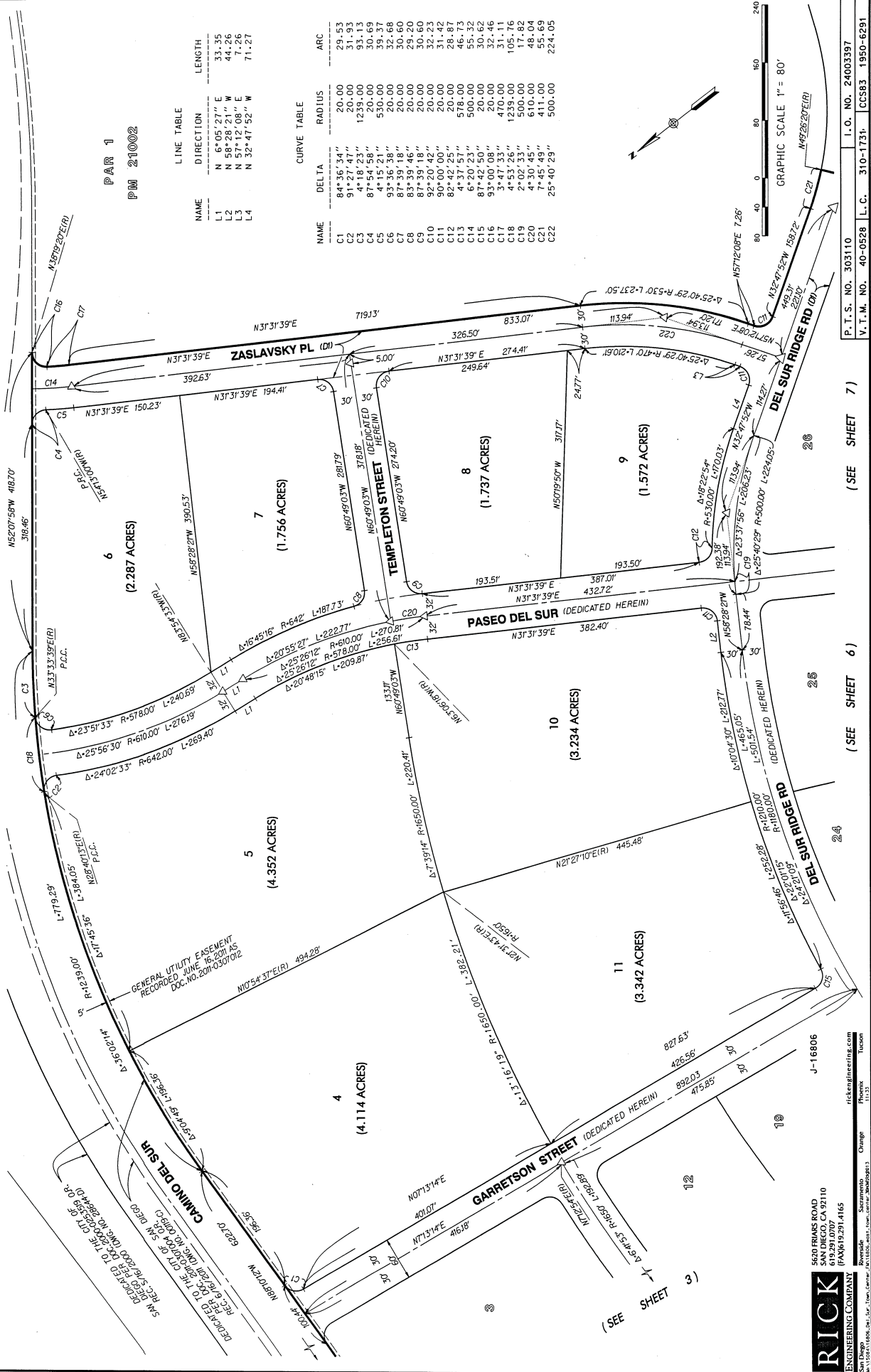
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2 Bedroom–Manager	n/a	1	-	-	-
Total		83			

ATTACHMENT 2 – SITE MAPS



**MAP NO.**

***BLACK MOUNTAIN RANCH DEL SUR TOWN CENTER***



**RICK**  
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<b>ENGINEERING COMPANY</b>	<b>Riverside</b>	<b>Sacramento</b>	<b>Orange</b>	<b>Phoenix</b>	<b>Tucson</b>
San Diego Fax: 619-581-1680; Del Sur Town Center Fax: 619-581-1680; Del Sur Town Center Fax: 619-581-1680; Del Sur Town Center				11-23	
					rickengineering.com

(SEE SHEET 6)

(SEE SHEET 7)

P.T.S. NO. 303110

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NO. NO. 24003397	
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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: **Chelsea Investment Corporation**
2. Address and Zip Code: **5993 Avenida Encinas, Suite 101  
Carlsbad, CA 92008**
3. Telephone Number: **760-456-6000**
4. Name of Principal Contact for CONTRACTOR: **Cheri Hoffman, President**
5. Federal Identification Number or Social Security Number of CONTRACTOR:  
**EIN No. 90-0151442**
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:

**X** 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:

**Original formation date: July 30, 1986**

**Restructured: February 23, 2004**

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%.

**Corporation:**

Name, Address and  
Zip Code

Position Title (if any) and  
percent of interest or description  
of character and extent of interest

**The Schmid Family Trust**

**100% Interest**

**James J. Schmid**

**Co-Trustee**

**5993 Avenida Encinas #101  
Carlsbad, CA 92008**

**760-456-6000 x104**

**Lynn Harrington Schmid**

**Co-Trustee**

**5993 Avenida Encinas #101  
Carlsbad, CA 92008**

**760-456-6000 x133**

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): **None**

Name, Address and  
Zip Code \_\_\_\_\_

Position Title (if any) and  
extent of interest \_\_\_\_\_

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:

**James J. Schmid**                      **Sole Director/Chief Executive Officer/ Treasurer  
(and Co-Trustee of Schmid Family Trust which has  
100% interest)**

**Cheri Hoffman**                      **President**  
**5993 Avenida Encinas #101**  
**Carlsbad, CA 92008**  
**760-456-6000 x106**

**Charles A. Schmid**                      **Vice President (son of James J. Schmid)**  
**5993 Avenida Encinas #101**  
**Carlsbad, CA 92008**  
**760-456-6000 x102**

**Lynn Harrington Schmid** **Secretary (wife of James J. Schmid and Co-Trustee  
of Schmid Family Trust which has 100% interest)**

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.

**CIC Management, Inc. ("CICM")**  
**5993 Avenida Encinas #101**  
**Carlsbad, CA 92008**

**Asset Management Company for  
Chelsea-affiliated companies**

James J. Schmid                      Sole Director & Treasurer of CICM

William R. Peavey                      President of CICM

Lynn Harrington Schmid              Secretary of CICM

**Emmerson Construction, Inc.**                      General Contractor for Chelsea-affiliated  
(**"Emmerson"**)                      properties located in San Diego County  
5993 Avenida Encinas #101  
Carlsbad, CA 92008

Charles A. Schmid                      Director & President of Emmerson

James J. Schmid                      Director & Secretary of Emmerson

**Finish Tech Corporation**                      Affiliate of Emmerson (General Contractor for Chelsea-  
(**"Finish Tech"**)                      affiliated properties located outside of San Diego  
County)

Charles A. Schmid                      Director /President/Treasurer of Finish Tech

James J. Schmid                      Director & Secretary of Finish Tech

**Frontera Construction Corporation**                      Sub-Contractor for Emmerson & Finish  
(**"Frontera"**)                      Tech (landscaping, etc.)

Charles A. Schmid                      Director/President/Treasurer of Frontera

James J. Schmid                      Director & Secretary of Frontera

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 dated December 31, 2014.**
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:



<b>Sources:</b>		
Tax Credit Equity		10,432,769
BMR -Off site improvements Note		4,656,316
Permanent Loan		5,783,468
<b>FBA Fee Credit/Note</b>	\$15,521/unit	1,288,243
Solar Equity		0
Deferred Developer Fee		1,198,003
Deferred Contractor Fee		180,000
C Bond		575,000
		<b>24,113,799</b>

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

- a. Name, Address & Zip Code of Bank/Savings & Loan: **Equity will be funded by tax credit investor.**

Amount: \$ 10,432,769 (Estimated)

- b. By loans from affiliated or associated corporations or firms: **Deferred Developer Fee**

**Chelsea Investment Corporation**

Amount: \$ 1,198,003

- c. By sale of readily salable assets/including marketable securities: **None**

<u>Description</u>	<u>Market Value</u>	<u>Mortgages or Liens</u>
	\$	\$

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

**US Bank National Association**  
4747 Executive Dr., 3<sup>rd</sup> Fl.  
San Diego, CA 92121

Paul Shipstead, Vice President  
858-334-0704  
[paul.shipstead@usbank.com](mailto:paul.shipstead@usbank.com)

**American West Bank**  
FKA Security Business Bank  
5901 Priestly Dr., Suite 160  
Carlsbad, CA 92008

Catherine M.. Niemann, Operations Mgr.  
Specialty Business Lines  
760-448-8307  
[cniemann@securitybusinessbank.com](mailto:cniemann@securitybusinessbank.com)

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 X 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 X 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:

<u>Bond</u> <u>Type</u>	<u>Project</u> <u>Description</u>	<u>Date of</u> <u>Completion</u>	<u>Amount</u> <u>of Bond</u>	<u>Action on</u> <u>Bond</u>
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**See attached Experience Report.**

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:

a. Name and addresses of such contractor or builder: **Emmerson Construction, Inc., 5993 Avenida Encinas #101, Carlsbad, CA 92008**

- 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 X 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: \$ 130,660,000

General description of such work: **Construction of affordable family and senior housing projects.**

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. **See attached Resume and List of Projects.**

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

<u>Identification of Contract or Development</u>	<u>Location</u>	<u>Amount</u>	<u>Date to be Completed</u>
Alpha Square	San Diego, CA	\$27,000,000	10/2015
Independence Point	San Diego, CA	\$ 7,381,000	7/2015

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

<u>Awarding Agency</u>	<u>Amount</u>	<u>Date Opened</u>
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22. Provide a detailed and complete statement respecting 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: **(See Attached Resume)**

**Emmerson Construction, Inc. (ECI) is an affiliate of Chelsea Investment Corporation (CIC). ECI serves as general contractor and/or construction manager generally on projects where CIC is an owner. ECI employs a full-time Construction Project Manager and an Office Manager/Contract Administrator, each of whom have several years and many mills of dollars worth of experience. All work is subcontracted, enabling ECI staff to effectively manage multiple jobs. Depending on workload, some management and administrative functions are occasionally out-sourced to construction management firms.**

**ECI has served as construction manager on 4 rehabilitation projects and 26 new construction projects that were completed on time and under budget. ECI is currently constructing Versa which is 40% complete and is on schedule and under budget. Fairbanks Square is 8% complete and Independence Point has just begun. See contract values above. ECI also**

**benefits from the experience of CIC, which has overseen the construction on most projects listed in the Experience summary.**

23. Does any member of the governing body of the San Diego Housing Commission ("COMMISSION"), 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 COMMISSION, 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   X   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: **In addition to financials for Chelsea Investment Corporation, please see attached financials for Emmerson Construction, Inc.**

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

\_\_\_ Yes   X   No

If yes, explain:

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

**The project will have adequate insurance coverage at commencement of construction. Broker is Cavignac & Associates, 450 B St., Suite 1800, San Diego, CA 92101 619-234-6848**

- 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)]

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

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

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

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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 COMMISSION setting forth the provisions of this nondiscrimination clause.
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28. The CONTRACTOR warrants and certifies that it will not without prior written consent of the COMMISSION, engage in any business pursuits that are adverse, hostile or take incompatible positions to the interests of the COMMISSION, during the term of the PROJECT, DEVELOPMENT, LOAN, GRANT, CONTRACT and/or RENDITION OF SERVICES.
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29. CONTRACTOR warrants and certifies that no member, commissioner, councilperson, officer, or employee of the COMMISSION, 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 Commission 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.
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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 so state: **None**

Government Entity  
Making Complaint

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. If so, please explain the circumstances in detail. If none, please so state: **None**

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:

<u>Governmental Agency</u>	<u>Description License</u>	<u>License Number</u>	<u>Date Issued (original)</u>	<u>Status (current)</u>	<u>Revocation (yes/no)</u>
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**Emmerson Construction:**

<b>Contractor's State License Board</b>	<b>Contractor's</b>	<b>775773</b>	<b>3/2/2000</b>	<b>Current</b>	<b>No</b>
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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 COMMISSION. **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 COMMISSION.

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

<u>Date</u>	<u>Entity Involved (i.e., CITY COMMISSION, etc.)</u>	<u>Status (Current, delinquent repaid, etc.)</u>	<u>Dollar Amount</u>
2/3/10	Verbena Apts. (RDA)	Current	\$6,801,000
3/16/11	Estrella del Mercado (SDHC)	Current	\$7,000,000
3/2012	Terramar (SDHC)	Current	\$2,500,000
7/2014	Independence Point (SDHC)	Current	\$2,035,000

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 X 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 X No

If yes, explain:

38. List three local references who would be familiar with your previous construction project: **See attached References documents.**

Name: \_\_\_\_\_

Address: \_\_\_\_\_

Phone: \_\_\_\_\_

Project Name and Description: \_\_\_\_\_

\_\_\_\_\_



Name: \_\_\_\_\_

Address: \_\_\_\_\_

Phone: \_\_\_\_\_

Project Name and Description: \_\_\_\_\_

\_\_\_\_\_

Name: \_\_\_\_\_

Address: \_\_\_\_\_

Phone: \_\_\_\_\_

Project Name and Description: \_\_\_\_\_

\_\_\_\_\_

39. Give a brief statement respecting 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. **See attached CIC Brochure.**

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

**Construction Project Manager and Superintendent have not been assigned at this time. See attached Emmerson Resume for bios of construction personnel.**

## 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 ("COMMISSION"), 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 COMMISSION, 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 COMMISSION, 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 COMMISSION, 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 5 day of June, 2015, at San Diego, California.

CONTRACTOR

By:

Chen Hoffman  
Signature

President  
Title



**CALIFORNIA ALL-PURPOSE ACKNOWLEDGMENT****CIVIL CODE § 1189**

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 San Diego )On 6/5/2015 before me, Nannette Michelle St. Amour, Notary Public  
Date Here Insert Name and Title of the Officerpersonally appeared Cheri Hoffman  
Name(s) of Signer(s)

who proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

I certify under PENALTY OF PERJURY under the laws of the State of California that the foregoing paragraph is true and correct.

WITNESS my hand and official seal.

Signature [Signature]  
Signature of Notary Public

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: \_\_\_\_\_ Document Date: \_\_\_\_\_

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

**Capacity(ies) Claimed by Signer(s)**

Signer's Name: \_\_\_\_\_

☐ Corporate Officer — Title(s): \_\_\_\_\_☐ Partner — ☐ Limited ☐ General☐ Individual ☐ Attorney in Fact☐ Trustee ☐ Guardian or Conservator☐ Other: \_\_\_\_\_

Signer Is Representing: \_\_\_\_\_

Signer's Name: \_\_\_\_\_

☐ Corporate Officer — Title(s): \_\_\_\_\_☐ Partner — ☐ Limited ☐ General☐ Individual ☐ Attorney in Fact☐ Trustee ☐ Guardian or Conservator☐ Other: \_\_\_\_\_

Signer Is Representing: \_\_\_\_\_

**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

**Attachment 5**

50 California Street  
Suite 2300  
San Francisco, CA 94111

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

March 2, 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 \$15.3 million Housing Authority of the City of San Diego Multifamily Housing (Fairbanks Terrace) 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”) for the construction of the Fairbanks Terrace (the “Project”) by Chelsea Investment Corporation (“CIC” or 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**

Fairbanks Terrace is a 83-unit multifamily project located at the Northeast corner of Paseo del Sur and Del Sur Ridge Road. 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 \$25,829,891 in total development costs (\$311,204 per unit).

**THE BORROWER**

The borrower will be Fairbanks Terrace CIC, LP (the “Borrower”). The Developer will be the sole member/manager of CIC Fairbanks Terrace, LLC, the administrative general partner of this partnership. CIC has developed and financed over 6,300 affordable housing units at a cost of over \$1 billion. This includes 2,100 inclusionary units in San Diego, Chula Vista and Carlsbad, at a cost of over \$450 million.



## THE FINANCING

An aggregate amount not exceeding \$15,300,00 of the Housing Authority's Bonds will initially be issued to support the financing of the Project. Proceeds of the Bonds will be used to make a loan to the Borrower which, together with other monies, will be used to fund acquisition and development costs. It is expected that tax credits and tax exempt bond allocation are allocated to the project by CDLAC at their meeting on March 16<sup>th</sup>. The transaction is scheduled to close in late March.

During the construction phase, the Bonds will bear interest at a rate equal to one-month LIBOR plus a spread of 180 basis points. Including an underwriting cushion of 100 basis points, the indicative rate as of March 2<sup>nd</sup> is 3.24%. The Bonds will have an 18-month term and 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 4.65% for a term of 35 years. Citibank will act as permanent lender.

A subordinate issuance of bonds is also proposed for the project in the aggregate principal amount of \$575,000. The Subordinate Bonds will bear a fixed interest rate estimated at 8.00%. The Subordinate Bonds have a 30-year term. The Subordinate Bonds will be privately placed with CIC Opportunities Fund I, LLC. The developer has secured a commitment from CIC Opportunities Fund I, LLC to purchase the Subordinate bonds.

In addition to the Bonds, the Project will be financed by other Permanent Sources. Table 1 below lays out the Project's estimated total cost Sources and Uses of \$25,829,891.

Table 1	
Permanent Sources and Uses of Funds	
<b>Sources:</b>	
Tax Credit Equity	\$ 11,332,760
BMR Note	4,656,316
Permanent Loan	6,375,000
FBA Fee Credit/Note	1,288,243
Solar Equity	54,720
Deferred Developer Fee	1,384,881
Deferred Interest	162,971
Subordinate C Bond	575,000
<b>Total Sources</b>	<b>\$ 25,829,891</b>
<b>Uses:</b>	
Development Costs	\$ 10,738,537
Financing Costs	6,321,795
FBA Fees	1,288,243
Improvement Acquisition	7,481,316
<b>Total Uses</b>	<b>\$ 25,829,891</b>





The particular type of tax-exempt debt to be issued by the Housing Authority is known as a “Government Lender Note.” Bank of America 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 9 of the units for households earning no greater than 50% of Area Median Income (“AMI”) and 73 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 Rent Comparison					
Unit Type	AMI	Units	Gross Restricted Rent	Estimated Market Rent	Savings
1-bedroom	60%	59	911	1,532	621
1-bedroom	50%	7	759	1,532	773
2-bedroom	60%	14	1,094	1,764	670
2-bedroom	50%	2	911	1,764	853
Manager	n/a	1	-	-	n/a
<b>Total</b>		<b>83</b>			<b>\$53,136</b>
<b>Total Annual Savings for all Units</b>					<b>\$637,632</b>

### **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 the Developer’s initial cash flow estimates, there would be approximately \$430,195 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 1.16 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 1.21 times.



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

Year:	2018	2019	2020	2021	2022
Rental Income	\$ 891,390	\$ 909,218	\$ 927,402	\$ 945,950	\$ 964,869
Plus: Other Income	12,191	12,435	12,684	12,937	13,196
Less: Vacancy @ 5%	(45,179)	(46,083)	(47,004)	(47,944)	(48,903)
Effective Gross Income	\$ 858,402	\$ 875,570	\$ 893,082	\$ 910,943	\$ 929,162
Less: Operating Expenses	(385,047)	(396,598)	(408,496)	(420,751)	(433,374)
Less: Issuer & Monitoring Fees	(22,410)	(22,858)	(23,315)	(23,782)	(24,257)
Less: Reserves @ \$250 / Unit	(20,750)	(20,750)	(20,750)	(20,750)	(20,750)
Net Operating Income	\$ 430,195	\$ 435,364	\$ 440,520	\$ 445,660	\$ 450,781
Permanent Loan Debt Service	(\$372,298)	(\$372,298)	(\$372,298)	(\$372,298)	(\$372,298)
Debt Service Coverage <sup>1</sup>	1.16	1.17	1.18	1.20	1.21

<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 82 affordable units and 1 manager's unit, with 9 units affordable at 50% of AMI and 73 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.

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

A handwritten signature in blue ink, which appears to read "Robert T. Gamble", is positioned above the printed name.

Robert T. Gamble  
Managing Director

**BMR - 83 Units - Seniors - Fairbanks Terrace**

Bond Financing

**PROJECT DEAL STRUCTURE**

<b><u>Development Costs Without Prevailing Wage:</u></b>		
Direct Construction, inc Contingency	\$129,380/unit	10,738,537
Indirect/financing Costs		6,321,795
FBA Fees	\$15,521/unit	1,288,243
Improvement Acquisition	\$90,136/unit	7,481,316
<b><u>Total Development Costs</u></b>	<b>\$311,204/unit</b>	<b>25,829,891</b>
<b>Cash Paid to Seller at Close</b>	<b>\$34,036/unit</b>	<b>2,825,001</b>
<b><u>Sources:</u></b>		
Tax Credit Equity		11,332,760
BMR -Off site improvements Note		4,656,316
Permanent Loan		6,375,000
<b>FBA Fee Credit/Note</b>	<b>\$15,521/unit</b>	<b>1,288,243</b>
Solar Equity		54,720
Deferred Developer Fee		1,384,881
Deferred Contractor Fee		0
Deferred Interest		162,971
C Bond		575,000
		<b>25,829,891</b>
Developer Fee	100%	3,170,200
<b>Deferred Developer Fee</b>	<b>44%</b>	<b>1,384,881</b>

**FINANCING ASSUMPTIONS**

TC Rate	February-16	3.19%
Annual Tax Credit		1,031,386
TC Price	98.99%	\$1,110
DCR		1.15
Amort		35
Interest - Permanent Loan		4.65%
Interest - Construction Term		3.50%
Opr. Exp./unit/year		\$4,774/unit
Replacement Reserves/unit/year		\$250/unit
A -Perm	4.65%	6,375,000
A-Construction	floating	8,350,000
Total Citi Construction Loan		14,725,000
B-Subordinate	8.00%	575,000
<b><u>Total Bond Issue</u></b>		<b>15,300,000</b>
<b><u>Total Allocation</u></b>	Over allocation:	<b>10</b>
<b>50% Test</b>		<b>61.52%</b>

**PROJECT UNIT & INCOME MIX**

<b>TCAC 2015 projected rents</b>				
<b>3-Story Surface Parked, 2 Elevators</b>				
Net SF	562	791	1,023	
<b><u>AMI</u></b>	<b><u>1BR</u></b>	<b><u>2BR</u></b>	<b><u>3BR</u></b>	<b><u>Total</u></b>
<b><u>60%</u></b>	59	14	0	<b><u>73</u></b>
<b><u>50%</u></b>	7	2	0	<b><u>9</u></b>
<b><u>30%</u></b>	0	0	0	<b><u>0</u></b>
<b><u>Mgr.</u></b>	0	1	0	<b><u>1</u></b>
<b><u>Totals</u></b>	<b><u>66</u></b>	<b><u>17</u></b>	<b><u>0</u></b>	<b><u>83</u></b>
	Net Leasable SF		50,539	
	Community		1,600	
	Common		12,635	
	Total Gross SF		64,774	estimate
	Approx. Lot Size:		1.7 acres	
	Density		48.8 units/acre	
<b>Housing Set-A-Side</b>				
				Senior





BMR IV - Seniors - FAIRBANKS TERRACE

2015 Income Limits - TCAC rents: 1 & 2 Bdrs, Bond Rents: 3 bdr

OPERATING BUDGET & INCOME SUMMARY

26-Feb-16

					Square	Total	Gross		Utility	Monthly	Annual
Rent:	Income Level	%AMI		Units	Feet/Unit	Sq. Ft.	Rents		Allowance	Net Rent	Rent
									2015		0
											0
1BR/1BA		60%		59	562	33,158	911		39	872	617,376
1BR/1BA		50%		7	562	3,934	759		39	720	60,480
2BR/1BA		60%		14	791	11,074	1,094		50	1,044	175,392
2BR/1BA		50%		2	791	1,582	911		50	861	20,664
2BR/1BA		MGR		1	791	791	0		0	0	0
										0	0
Total Rents					83	50,539			873,912		
Community Building						1,600					
Common Area						12,635					
Construction Construction Square Feet						64,774					
Laundry					\$	8.00	Per unit/ Per month			7,968	
Other Income (App. Fees, Late, etc.)					\$	4.00	Per unit/ Per month			3,984	
Sub-Total										885,864	
Less: Vacancies @					5%						44,293
Total Income										\$841,571	
Operating Expenses					\$	4,504	Per Unit			373,797	
Social Services					\$	-	Per Unit			0	
Issuer /Monitoring Fees					\$	270	Per Unit			22,450	
Real Estate Taxes					\$	-	Per Unit			0	
Net Operating Income										\$445,324	
Reserves					\$250.00/unit						20,750
Net Income Available for Debt Service										424,574	

Perm Loan :

Debt Service Coverage

Interest

Amortization

1.15

4.65%

35

Perm Loan

6,375,000

Per Bond Sizing

\$6,375,247

Monthly Payment

\$30,765

Annual Payment

\$369,180

Cash After Debt

\$55,393

1.15

**BMR IV - Seniors - FAIRBANKS TERRACE**  
**OPERATING EXPENSE DETAIL**

<b>OPERATING EXPENSES (Annual)</b>	<b><u>83</u> <u>Per Unit</u></b>	<b><u>Total</u></b>
Advertising	16	1,300
Legal	18	1,500
Accounting/Audit	108	9,000
Other	241	20,000
<b>Subtotal General Administrative</b>	<b>383</b>	<b>31,800</b>
Cable/Phone	48	3,984
Trash Removal	200	15,000
Electric	200	16,600
Gas	49	4,104
Water & Sewer	660	54,780
	0	0
<b>Subtotal Utilities</b>	<b>1,138</b>	<b>94,468</b>
On-site Manager	501	41,600
Asst. Manager	0	0
Maintenance Personnel	458	38,000
Office Staff/Admin	72	6,000
Payroll Taxes	157	13,024
Payroll Benefits	350	29,050
<b>Subtotal Payroll/Payroll Taxes</b>	<b>1,538</b>	<b>127,674</b>
<b>Total Insurance</b>	<b>169</b>	<b>14,000</b>
	0	0
Repairs & Maintenance	225	18,675
Exterminating	60	4,980
Grounds	230	19,200
Elevator	72	6,000
Supplies	87	7,200
	0	0
<b>Subtotal Maintenance</b>	<b>675</b>	<b>56,055</b>
<b>Management Fee</b>	<b>50</b>	<b>49,800</b>
	0	0
<b>Subtotal Other</b>	<b>600</b>	<b>49,800</b>
<b>TOTAL OPERATING EXPENSES</b>	<b>4,504</b>	<b>373,797</b>
Issuer Fees	120	10,000
SDHC Monitoring Fees	150	12,450
Replacement Reserve	250	20,750
Service Amenities	0	0
Real Estate Taxes	0	0
<b>TOTAL EXPENSES</b>	<b>5,024</b>	<b>416,997</b>



BMR IV - Seniors - FAIRBANKS TERRACE

EXHIBIT F: WATERFALL CF 55 YR

Partial- assumes conversion 10/2017

		2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032
		0	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15
Total Income, net vacancies	Inflation @ 2.00%	210,393	858,402	875,570	893,082	910,943	929,162	947,745	966,700	986,034	1,005,755	1,025,870	1,046,388	1,067,315	1,088,662	1,110,435	1,132,643
Operating Expenses	Inflation @ 3.00%	93,449	385,011	396,561	408,458	420,712	433,333	446,333	459,723	473,515	487,720	502,352	517,422	532,945	548,933	565,402	582,364
Annual Bond and Monitoring Fees	0.125%	5,613	22,450	22,450	22,450	22,450	22,450	22,450	22,450	22,450	22,450	22,450	22,450	22,450	22,450	22,450	22,450
Net Operating Income		111,331	450,941	456,559	462,174	467,781	473,379	478,962	484,527	490,069	495,585	501,068	506,515	511,920	517,278	522,583	527,830
Principal And Interest		92,295	369,180	369,180	369,180	369,180	369,180	369,180	369,180	369,180	369,180	369,180	369,180	369,180	369,180	369,180	369,180
Replacement Reserves		5,188	20,750	20,750	20,750	20,750	21,476	21,476	21,476	21,476	21,476	22,228	22,228	22,228	22,228	22,228	22,895
LP Asset Management Fee		2,125	8,500	8,500	8,500	8,500	9,350	9,350	9,350	9,350	9,350	10,285	10,285	10,285	10,285	10,285	11,314
Net Project Cash Flow		11,723	52,511	58,129	63,743	69,351	73,372	78,956	84,521	90,063	95,578	99,375	104,822	110,227	115,585	120,890	124,441
DISTRIBUTIONS:																	
Deferred Dev Fee:	50%of Avail Cashflow	5,862	26,255	29,064	31,872	34,676	36,686	39,478	42,260	45,031	47,789	49,687	52,411	55,113	57,792	60,445	62,221
Cash flow available to pay Subordinate Loans		5,862	26,255	29,064	31,872	34,676	36,686	39,478	42,260	45,031	47,789	49,687	52,411	55,113	57,792	60,445	62,221
Cash flow Available to Bond	100%	5,862	26,255	29,064	31,872	34,676	36,686	39,478	42,260	45,031	47,789	49,687	52,411	55,113	57,792	60,445	62,221
Subordinate Junior Bond	\$ 575,000	5,862	26,255	29,064	31,872	34,676	36,686	39,478	42,260	45,031	47,789	49,687	52,411	55,113	57,792	60,445	62,221
Available Cash Flow After Junior Bond		0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
BMR NOTE	\$ 5,944,559	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
BMR Note receives 12.5% of total cash flow																	
Net Cash Flow		0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Other Distributions																	
Partnership Mgmt Fee - 85% of Cash Flow (50% up to \$10k to MGP)		0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Cash Available for final distribution		0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Tax Credit Investor	98.99%	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Partners	1.01%	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
PARTNERSHIP CASH FLOW		0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0

Notes:

- (1) Deferred fee is at Zero percent and repaid from 50% of Cash Flow, repaid in Year 23. If 3/3 trending is assumed the deferred fee is paid in Year15
- (2) Cash flow projections assume 2% income escalation net of 5% vacancy and 3% expense escalation
- (3) Junior Bond accrues interest at 8.0%, compounded semi-annually, and is repaid from 50% of cash flow until deferred fee is fully repaid, then 75% thereafter, repaid in Year 22
- (4) Senior loan has a 15 yr term with a 35 yr amortization. Cash flow assumes the Senior Loan is refinanced at Year 15 based on a 1.20:1 DSCR and a 6.20% interest rate, 30 yr term/30 yr amortization
- (5) During the construction phase, up to the Senior Loan Conversion date, the Junior Bond recieves monthly interest only payments at 9.0%.
- BMR Fairbanks Terrace 2-26-17 (addtnl equity pay in)



BMR IV - Seniors - FAIRBANKS TERRACE  
EXHIBIT F: WATERFALL CF 55 YR

Partial- assumes conver		2033	2034	2035	2036	2037	2038	2039	2040	2041	2042	2043	2044	2045	2046	2047	2048
		16	17	18	19	20	21	22	23	24	25	26	27	28	29	30	31
Total Income, net vacancies	Inflation @ 2.00%	1,155,296	1,178,402	1,201,970	1,226,010	1,250,530	1,275,541	1,301,051	1,327,072	1,353,614	1,380,686	1,408,300	1,436,466	1,465,195	1,494,499	1,524,389	1,554,877
Operating Expenses	Inflation @ 3.00%	599,834	617,829	636,364	655,455	675,119	695,373	716,234	737,721	759,852	782,648	806,127	830,311	855,221	880,877	907,303	934,523
Annual Bond and Monitoring Fees	0.125%	22,450	22,450	22,450	22,450	22,450	22,450	22,450	22,450	22,450	22,450	22,450	22,450	22,450	22,450	22,450	22,450
Net Operating Income		533,012	538,123	543,156	548,104	552,961	557,718	562,368	566,902	571,311	575,588	579,722	583,705	587,525	591,172	594,636	597,904
Principal And Interest		364,835	364,835	364,835	364,835	364,835	364,835	364,835	364,835	364,835	364,835	364,835	364,835	364,835	364,835	364,835	364,835
Replacement Reserves		23,582	24,289	25,018	25,768	26,541	27,338	28,158	29,002	29,872	30,769	31,692	32,642	33,622	34,630	35,669	36,739
LP Asset Management Fee		0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Net Project Cash Flow		144,595	148,998	153,303	157,501	161,584	165,545	169,375	173,064	176,604	179,984	183,195	186,227	189,068	191,706	194,131	196,329
DISTRIBUTIONS:																	
Deferred Dev Fee:	50%of Avail Cashflow	\$1,384,881			78,750	80,792	82,773	84,687	86,532	71,255	0	0	0	0	0	0	0
Cash flow available to pay Subordinate Loans		72,297	74,499	76,651	78,750	80,792	82,773	84,687	86,532	105,349	179,984	183,195	186,227	189,068	191,706	194,131	196,329
Cash flow Available to Bond	100%	72,297	74,499	76,651	78,750	80,792	82,773	84,687	86,532	79,012	134,988	137,397	139,670	141,801	143,780	145,598	147,247
Subordinate Junior Bond	\$ 575,000	72,297	74,499	76,651	78,750	80,792	82,773	84,687	86,532	79,012	134,988	137,397	139,670	141,801	126,924	0	0
Available Cash Flow After Junior Bond		0	0	0	0	0	0	0	0	26,337	44,996	45,799	46,557	47,267	64,783	194,131	196,329
BMR NOTE	\$ 5,944,559	0	0	0	0	0	0	0	0	6,584	11,249	11,450	11,639	11,817	16,196	24,266	24,541
BMR Note receives 12.5% of total cash flow						0.0%	0.0%	0.0%	0.0%	3.7%	6.3%	6.3%	6.3%	6.3%	8.4%	12.5%	12.5%
Net Cash Flow		0	0	0	0	0	0	0	0	19,753	33,747	34,349	34,918	35,450	48,587	169,865	171,788
Other Distributions																	
Partnership Mgmt Fee - 85% of Cash Flow (50% up to \$10k to MGP)		0	0	0	0	0	0	0	0	16,790	28,685	29,197	29,680	30,133	41,299	144,385	146,020
Cash Available for final distribution		0	0	0	0	0	0	0	0	2,963	5,062	5,152	5,238	5,318	7,288	25,480	25,768
Tax Credit Investor Partners	98.99% 1.01%	0	0	0	0	0	0	0	0	(30)	(51)	(52)	(53)	(54)	(74)	(257)	(260)
PARTNERSHIP CASH FLOW		0	0	0	0	0	0	0	0	2,933	5,011	5,100	5,185	5,264	7,214	25,222	25,508

BMR IV - Seniors - FAIRBANKS TERRACE

EXHIBIT F: WATERFALL CF 55 YR

Partial- assumes conver		2049	2050	2051	2052	2053	2054	2055	2056	2057	2058	2059	2060	2061	2062	2063	2064
		32	33	34	35	36	37	38	39	40	41	42	43	44	45	46	47
Total Income, net vacancies	Inflation @ 2.00%	1,585,974	1,617,694	1,650,048	1,683,049	1,716,710	1,751,044	1,786,065	1,821,786	1,858,222	1,895,386	1,933,294	1,971,960	2,011,399	2,051,627	2,092,659	2,134,513
Operating Expenses	Inflation @ 3.00%	962,558	991,435	1,021,178	1,051,813	1,083,368	1,115,869	1,149,345	1,183,825	1,219,340	1,255,920	1,293,598	1,332,406	1,372,378	1,413,549	1,455,956	1,499,634
Annual Bond and Monitoring Fees	0.125%	22,450	22,450	22,450	22,450	22,450	22,450	22,450	22,450	22,450	22,450	22,450	22,450	22,450	22,450	12,450	0
Net Operating Income		600,966	603,809	606,420	608,785	610,892	612,725	614,270	615,511	616,432	617,016	617,246	617,104	616,571	615,628	624,254	634,878
Principal And Interest		364,835	364,835	364,835	364,835	364,835	364,835	364,835	364,835	364,835	364,835	364,835	364,835	364,835	364,835	322,688	0
Replacement Reserves		37,842	38,977	40,146	41,350	42,591	43,869	45,185	46,540	47,937	49,375	50,866	52,382	53,953	55,572	57,239	58,956
LP Asset Management Fee		0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Net Project Cash Flow		198,289	199,997	201,438	202,599	203,465	204,021	204,250	204,135	203,660	202,806	201,555	199,887	197,783	195,221	244,327	575,922
DISTRIBUTIONS:																	
Deferred Dev Fee:	50%of Avail Cashflow	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Cash flow available to pay Subordinate Loans		198,289	199,997	201,438	202,599	203,465	204,021	204,250	204,135	203,660	202,806	201,555	199,887	197,783	195,221	244,327	575,922
Cash flow Available to Bond	100%	148,717	149,998	151,079	151,950	152,599	153,016	153,187	153,101	152,745	152,104	151,166	149,915	148,337	146,416	183,245	431,942
Subordinate Junior Bond	\$ 575,000	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Available Cash Flow After Junior Bond		198,289	199,997	201,438	202,599	203,465	204,021	204,250	204,135	203,660	202,806	201,555	199,887	197,783	195,221	244,327	575,922
BMR NOTE	\$ 5,944,559	24,786	25,000	25,180	25,325	25,433	25,503	25,531	25,517	25,457	25,351	25,194	24,986	24,723	24,403	30,541	71,990
BMR Note receives 12.5% of total cash flow		12.5%	12.5%	12.5%	12.5%	12.5%	12.5%	12.5%	12.5%	12.5%	12.5%	12.5%	12.5%	12.5%	12.5%	12.5%	12.5%
Net Cash Flow		173,503	174,997	176,258	177,274	178,032	178,518	178,718	178,618	178,202	177,455	176,360	174,901	173,060	170,818	213,786	503,932
Other Distributions																	
Partnership Mgmt Fee - 85% of Cash Flow (50% up to \$10k to MGP)		147,478	148,748	149,820	150,683	151,327	151,741	151,911	151,825	151,472	150,837	149,906	148,666	147,101	145,195	181,718	428,342
Cash Available for final distribution		26,025	26,250	26,439	26,591	26,705	26,778	26,808	26,793	26,730	26,618	26,454	26,235	25,959	25,623	32,068	75,590
Tax Credit Investor Partners	98.99% 1.01%	(263)	(265)	(267)	(269)	(270)	(270)	(271)	(271)	(270)	(269)	(267)	(265)	(262)	(259)	(324)	(763)
PARTNERSHIP CASH FLOW		25,763	25,984	26,172	26,323	26,435	26,507	26,537	26,522	26,460	26,349	26,187	25,970	25,697	25,364	31,744	74,826

