

CALIFORNIA POLLUTION CONTROL FINANCING AUTHORITY
BOND FINANCING PROGRAM
Meeting Date: September 22, 2010
Request to Approve Resolution Amending Infill Grant Award

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Applicant: Rockwood Christie, LLC	Amount Requested: N/A
Project 64 th and Christie	Application No.: 10
Location: Emeryville (Alameda County)	Strategic Partner: CCLR
	Prior Action: Application No. 10 Approved 11/19/08

Summary. TMG Partners, the original Applicant and awardee, and Rockwood Christie, LLC (the “New Applicant”) request approval to re-direct or transfer an Infill Grant award of \$5,000,000 from TMG Partners to Rockwood Christie, LLC for the 64th and Christie project (the “Project”). The New Applicant also requests approval of an amendment to the Infill Development Project description.

Background. On November 19, 2008, the Board approved a grant in the amount of \$5,000,000 to TMG Partners to fund the Project. The Authority subsequently received a request from TMG Partners to redirect the \$5,000,000 grant award to Rockwood Christie, LLC. The modification is requested to address the Project’s ownership structure. The New Applicant’s organization chart is included as Attachment A.

RockEmery Christie, LLC and Emerychristie, LLC are partners in Rockwood Christie, LLC, the owner of the property. RockEmery Christie, LLC is comprised of Rockwood V REIT, Inc., which in turn has a management agreement with Rockwood Capital Real Estate Partners Fund V, L.P. Emerychristie, LLC is comprised of TMG Partners, individual members and partners of TMG Partners also hold individual ownership interests in Emerychristie, LLC. TMG Partners remains the manager of the Project. An organization chart is included as Attachment A.

The principal stockholders of property owner Rockwood Christie, LLC are as follows:

RockEmery Christie, LLC	95%
Emerychristie, LLC	<u>5%</u>
Total:	<u>100%</u>

The New Applicant has also requested a change in the number of units. No other modifications have been made to the Infill Application.

As part of the necessary due diligence, Authority staff requested that Rockwood Christie, LLC submit 1) an amended application that includes information specific to the New Applicant, 2) a new legal questionnaire, and 3) an amended Infill Development Project description.

Applicant. Rockwood Christie, LLC is a Delaware limited liability company established in the state of Delaware on February 10, 2005, and is qualified to do business in California and in all local jurisdictions where it conducts its business. Its principal place of business is San Francisco,

California. The members and managers of Rockwood Christie, LLC are RockEmery Christie, LLC and Emerychristie, LLC.

Legal Questionnaire. Staff has reviewed the New Applicant's responses to the questions contained in the Legal Status portion of the Application. No information was disclosed that raises questions concerning the financial viability or legal integrity of this applicant.

Brownfield Infill Project. This area was initially covered with tidal flats of San Francisco Bay. Filling with imported soil and construction debris occurred during the 1930s and 1940s. The site was vacant until approximately 1949 and was used as parking for an adjacent parcel around 1959. The two existing commercial buildings had been constructed by 1969. The southern building was initially used as an industrial machinery warehouse and subsequently operated as a transmission service from 1980 to 1998, when operations were discontinued. The building now sits vacant. Portions of the northern building have historically been used as a photo laboratory and a print shop. Most recently, the building was used for offices and warehousing. Contaminants of concern include TPH, toluene, ethylbenzene, benzene, and BTEX. These contaminants have been variously detected in surface soil, groundwater, and soil gas.

Remediation is anticipated to commence in the second quarter of 2011 and conclude by the end of 2011.

Infill Development Project. The 64th and Christie project is a dense infill project that will consist of at least 190 residential rental units of which 29 affordable units will be designated for households earning 50% or less of the area median income. When complete, this project will represent the first phase of the nation's first Platinum LEED-ND certified¹ infill project. The change in the total number of units (from 217 to 190) is necessitated by the lack of available credit and the overall decline in the Bay Area rental market. When the California Pollution Control Financing Authority approved funding for the Project, revenues from the market-rate dwellings supported a larger and more expensive-type structure; however, the changed conditions now preclude financing for that type of building. Consequently, the developer is reducing the size of the structure, while maintaining a density of over 100 dwellings per acre. Reducing the scale of the building enables the developer to maintain the 15% affordability threshold.

Pre-construction work is underway, and construction of buildings is estimated to begin in the second quarter of 2011. The Project is anticipated to be completed by the fourth quarter of 2012.

The following table compares the amended affordability mix of the Infill Development Project to the original approved affordability mix.

¹ The LEED for Neighborhood Development Rating System integrates the principles of smart growth, urbanism, and green building into the first national system for neighborhood design. LEED certification provides independent, third-party verification that a development's location and design meet accepted high levels of environmentally responsible, sustainable development.

Original Infill Development Project Description		Requested Amended Infill Development Project Description	
Number of Units	Maximum Depth of Affordability	Number of Units	Maximum Depth of Affordability
34	≤ 50%	29	≤ 50%
183	Unrestricted	161	Unrestricted
217	Total Units	190	Total Units

At 29 affordable units, the Project retains the 15% affordability requirement for a grant. The competitive points awarded to the Project did not change.

Staff Recommendation. Staff recommends approval of the attached Resolution transferring the previous Infill Grant award for the Project from TMG Partners to Rockwood Christie, LLC and amending the Term Sheet to reflect the updated Infill Development Project description.

**A RESOLUTION OF
THE CALIFORNIA POLLUTION CONTROL FINANCING AUTHORITY
CALIFORNIA RECYCLE UNDERUTILIZED SITES REMEDIATION PROGRAM
APPROVING AN AMENDMENT TO THE RESOLUTION OF NOVEMBER 19, 2008
FOR TMG PARTNERS TO TRANSFER GRANT AWARD TO
ROCKWOOD CHRISTIE, LLC**

September 22, 2010

WHEREAS, the California Pollution Control Financing Authority (the “Authority”), a public instrumentality of the State of California, on November 19, 2008, approved a grant in the amount of \$5,000,000 for the 64th and Christie project (the “Project”); and

WHEREAS, the Brownfield Infill Project has not been modified since the Authority awarded a grant for the 64th and Christie project in November 2008; and

WHEREAS, the grant was awarded to TMG Partners; and

WHEREAS, TMG Partners requested the award be transferred to Rockwood Christie, LLC, the owner of the property; and

WHEREAS, Rockwood Christie, LLC has the authority and responsibility to complete the Brownfield Infill Project and Infill Development Project as described in the Infill Application and amended Infill Application; and

WHEREAS, the Infill Development Project description has changed, and the Project remains eligible for an Infill Grant under the Program Regulations; and

WHEREAS, approval for amending the Resolution is sought;

NOW THEREFORE BE IT RESOLVED by the California Pollution Control Financing Authority, as follows:

Section 1. The November 19, 2008 TMG Partners Resolution is amended to transfer the award of the CALReUSE grant to Rockwood Christie, LLC for the 64th and Christie project, and all occurrences of “TMG Partners” are replaced with “Rockwood Christie, LLC.”

Section 2. The November 19, 2008 TMG Partners Resolution is amended to reflect the amended Infill Development Project description as described in Exhibit A, Term Sheet, of this Resolution.

Section 3. Except as specifically amended in Sections 1 and 2 hereof, all provisions and conditions of the November 19, 2008 TMG Partners Resolution shall remain unchanged and in full force and effect. This resolution shall take effect immediately upon its passage.

EXHIBIT A

TERM SHEET

Name of Project: 64th and Christie

Maximum Amount of Grant: \$5,000,000

Strategic Partner: Center for Creative Land Recycling

Grantee: Rockwood Christie, LLC

Financing Structure: Grant

Maximum Grant: Not to exceed 6 years from first draw on funds

Oversight Agency: City of Emeryville

Brownfield Infill Project Location: 6340 & 6390 Christie Avenue, Emeryville, California 94608

Infill Development Project Description: The Project will consist of 190 rental housing units of which 29 will be affordable, restricted at less than or equal to 50% of the area median income (AMI) as illustrated below.

Units	Income Limit
29	≤ 50% AMI
161	Unrestricted
190	Total Units

Attachment A

The chart below depicts the ownership structure both at the time of the original award and currently. There have been no changes to the organizational structure.

Rockwood Christie, LLC Structure

