

September 6, 2024

VIA FEDEX AND EMAIL

City of Merced
678 West 18th Street
Merced, California 95340
Attn: Craig Cornwell, City Attorney
Email: CornwellC@cityofmerced.org

City of Merced
678 West 18th Street
Merced, California 95340
Attn: Scott McBride, City Manager
Email: mcbrides@cityofmerced.org

Re: **Request for Subordination Agreement:**

Project: Sunny View, 1108 D Street, Merced, CA
Borrower: Sunny View of Merced, LP, a California limited partnership
Lender: City of Merced
Loan: \$1,761,000.00 loan pursuant to that certain City Loan Agreement dated as of December 5, 2005

Gentlemen:

Borrower intends to effectuate certain organizational transfers, as more particularly described herein (the “**Transfer**”) and, in connection with the consummation of such Transfer, Borrower intends to refinance the existing senior financing encumbering the Project.

Borrower’s current organizational structure is set forth on Exhibit A-1. The interests in Borrower currently held by affiliates of Highridge Costa will be transferred to affiliates of Standard Communities, with the final intended structure set forth on Exhibit A-2. This organizational transfer is part of a larger portfolio transaction.

Standard Communities is an experienced multifamily apartment project owner and currently owns nearly 19,500 residential units (including, more than 18,400 affordable and workforce housing units) across the United States. A company overview for Standard Communities and its key principals, Scott Alter and Jeffrey Jaeger, is attached as Exhibit B.

In connection with the intended refinancing, Borrower’s lender, CBRE as originator for a Freddie Mac loan, is requiring a subordination agreement from the City of Merced, subordinating

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the City's subordinate loan and the City's regulatory agreement to the new Freddie Mac loan. We have enclosed the form Subordination Agreement for your review.

Our closing date for this transaction is no later than October 15, 2024. In order to meet our closing deadline, we need to have all documents final and executed no later than **October 1, 2024**. We request that you let us know as soon as possible what information you may need in order to process the above-describe request for subordination as soon as possible. Please direct communication on this matter to Keith Dragoon and Katherine Smith of Standard Communities and Alyssa Gauthier-Barrett of Rutan & Tucker, LLP.

Should you have any questions regarding the foregoing, please do not hesitate to contact me.

Very truly yours,

STANDARD COMMUNITIES

Keith Dragoon
Keith Dragoon, Managing Director

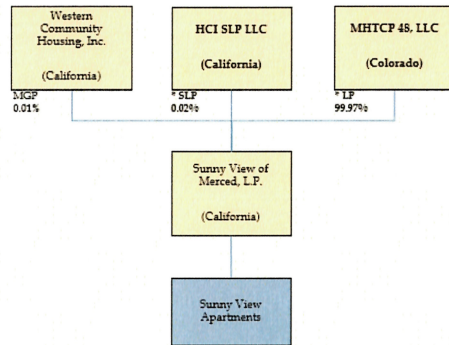
cc: Mr. Keith Dragoon (kdragoon@standard-communities.com)
Ms. Katherine Smith (ksmith@standard-communities.com)
Mr. Patrick Muto (pmuto@standard-communities.com)
Alyssa Gauthier-Barrett (agauthier-barrett@rutan.com)
Deja Hemingway (dhemingway@rutan.com)

Enclosure

Exhibit A-1

Pre-Transfer (Existing) Organizational Chart

Sunny View Apartments:
Deal Organizational Chart
"Before"

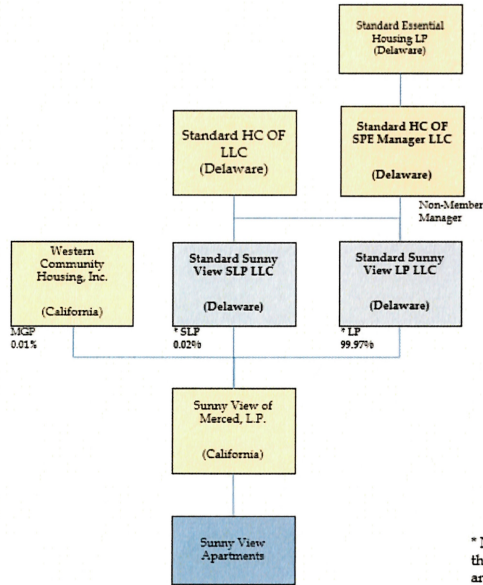


* Note: these entities are currently affiliated with Highridge Costa and will be replaced upon acquisition.

Exhibit A-2

Post-Transfer (Proposed) Organizational Chart

Sunny View Apartments:
Deal Organizational Chart
"After"



* Note: these are replacement entities at acquisition. For these entities, Standard HC OF LLC is the sole member, and Standard HC OF SPE Manager LLC is the non-member manager.

Exhibit B

Company Overview - Standard Communities

[See Attached]



Company Overview

www.standard-communities.com

February 2024

Standard Communities Overview

Standard Communities



Institutional

Full-service investment and asset management firm.



Experts

Specialists in the acquisition, rehabilitation, and preservation of "at-risk" affordable housing.



Diversified

Owns nearly 19,500 residential units (including, 18,400+ affordable and workforce housing units) across the U.S.



Experienced

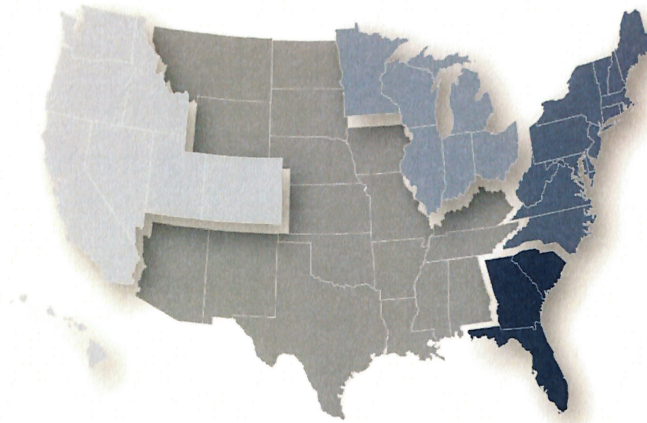
Since 2008, Standard Communities has completed more than \$4.6 billion of property acquisitions and rehabilitations, including more than 50 separate LIHTC transactions covering over 9,500 units.



Nationwide

Offices in Los Angeles, New York, Washington D.C., Chicago, Charleston, Miami, and Orange County, California.

Standard's Real Estate Portfolio



Regional Breakdown:

West Coast:
39 Properties

Northeast:
39 Properties

Midwest:
15 Properties

Southeast:
33 Properties

-  West Coast
-  Midwest
-  Northeast
-  Southeast

Select Transactions

2023



Converted 300 units in Arlington, VA from market rate to affordable with 60% AMI rent restrictions through a LIHTC regulatory agreement that covers 100% of the units.



Acquisition of a 379-unit 100% affordable housing community in Honolulu, Hawaii. This is the largest FHA deal and largest Project-Based Section 8 transaction in Hawaii state history.



\$18MM acquisition of 65 one- and two-bedroom units in Canton, MA. A \$2.4 million renovation is underway to improve and modernize the community.

2023 HIGHLIGHTS



11 communities acquired



1,450+ units acquired



2,200+ New residents served



\$520mm+ Total capitalization

Select Transactions

2022



\$196mm acquisition of a 559-unit three-property affordable senior portfolio in Escondido, Livermore, and Anaheim, CA. Standard completed the transaction in partnership with Housing on Merit and an institutional joint venture equity partner.



Led a public-private partnership to convert a 176-unit community to affordable from market rate. A \$3mm renovation is planned, including energy efficiency upgrades and addressing deferred maintenance.



Acquisition of 28 general partnership interests in existing Low Income Housing Tax Credit partnerships owning 3,151 project based section 8 units across Florida and Georgia.

2022 HIGHLIGHTS



41
Deals closed



5,500+
units acquired



14,100+
New residents served



+\$718mm
Total capitalization

Select Transactions

2021



\$55.5mm acquisition of a 300-unit existing Section 8 property in Charleston, SC. A \$22mm rehab is underway that will upgrade the entire community without displacing residents.



\$31.2mm transaction to preserve the affordability of all 61 units at an apartment community in downtown Pasadena, CA as senior affordable housing for the next 55 years.



\$38mm Public-Private Partnership with NJHMFA that extended the affordability of all 169 units in a community in Atlantic City for the next 30 years. A \$10mm rehab is underway that will upgrade the entire community.

2021 HIGHLIGHTS



26
Deals closed



4,400+
units acquired



10,500+
New residents served



+\$1.5B
Total capitalization

Select Transactions

2020



\$29mm acquisition of 42 Section 8 family units in Washington, D.C. Four units were added to the site as part of an extensive renovation. The transaction preserved and extended the community's affordability for the next 30 years.



\$26mm acquisition of 120 family units in Summerville, SC. The community is 100% LIHTC and 100% project-based section 8. Upon acquisition, Standard executed a new section 8 contract that covered all units for another 20 years.



\$65mm acquisition of a 97-unit mixed-income property in Methuen, MA and a 156-unit naturally occurring affordable senior community in Westwood, MA using private capital.

2020 HIGHLIGHTS



972
units preserved



1,390+
New residents served



228
Unit renovations completed

Select Transactions

2019



\$223.9MM Public-Private Partnership with Hawaii Housing Finance & Development Corporation to reposition and expand the affordability of a 1,221-unit portfolio. The project is privately funded, including an \$85MM, tenant-in-place renovation.



\$23.6MM acquisition of a 126-unit existing LIHTC property in Woodbridge, VA. All units are restricted to 60% AMI rents.



\$50MM acquisition and renovation using LIHTCs and Tax-Exempt Bonds of 128 units in Fairfield, CA. The \$7.2MM rehab of this Section 8 property will upgrade the entire community without displacing residents.

2019 HIGHLIGHTS



1,706
units preserved



3,650+
New residents served



1,339
Unit renovations completed

Select Transactions



\$205MM acquisition, preservation, and renovation of an 875-unit, 6 building Senior Section 8 portfolio in the Chicago area. Largest single-transaction Tax-Exempt Bond/4% LIHTC deal in IL history.



\$64.3MM acquisition, renovation, and preservation as affordable housing using LIHTCs and Tax-Exempt Bonds of a 187-unit Senior property with a Section 8 HAP in Sacramento, CA.



\$22.1MM acquisition and renovation using LIHTCs and Tax-Exempt Bonds of a 106-unit property with a Section 8 HAP contract serving Seniors in Providence, Rhode Island.

2018 HIGHLIGHTS



1,311
units
preserved



1,930+
New residents
served



829
Unit renovations
completed

Select Transactions

2017



\$115MM acquisition and preservation of a 151-unit apartment property with a Project-Based Section 8 contract in Midtown Manhattan, NYC.



\$50MM acquisition of an existing Section 42 LIHTC property with 276 units in Gainesville, VA during its extended compliance period.



\$78MM acquisition, rehabilitation, and preservation as affordable housing of 240 Section 8 HAP units in San Diego, California using LIHTCs and Tax-Exempt Bonds.

2017 HIGHLIGHTS



1,319
units
preserved



2,540+
New residents
served



1,150
Unit renovations
completed

Select Transactions



\$78MM acquisition, rehabilitation, and preservation of a 240-unit affordable housing property with 182 Section 8 HAP units in San Diego, California



\$94MM acquisition and rehabilitation of a 549-unit property in Washington, D.C. The affordability of the property was enhanced and extended, and 72 HAP units were transferred to the site via 8(bb).



\$46.6MM acquisition and renovation utilizing LIHTCs and Tax-Exempt Bonds of a 124-unit multifamily housing property with a Section 8 HAP contract in Westchester County, NY.

2016 HIGHLIGHTS



1,644
units
preserved



3,650+
New residents
served



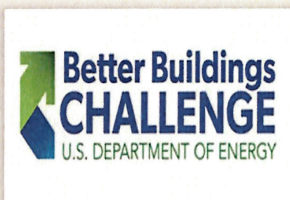
550
Unit renovations
completed

Sustainability, Services and Philanthropy

Energy & Sustainability

Goals & Objectives

- Reduce Carbon Pollution, Energy Consumption, and Potable Water Consumption individually 20% by 2030, compared to a 2020 baseline
- Strive to install solar energy in all new projects and renovations
- Conduct an energy audit and Enterprise Green Communities certification feasibility study for new builds and substantial rehabilitations
- Pursue bulk energy supply contracts prioritizing renewable energy
- Develop a master metering strategy for energy and water while implementing cutting-edge water conservation technologies
- Plan and implement an Indoor Air Quality Management Plan at all properties



Sustainability Profile

Fort Chaplin Park Apartments

- Largest rooftop community solar system in D.C., spanning 45 buildings
 - Generates 1.5 million + kWh of energy annually, which is the equivalent to offsetting the greenhouse emissions of 229 cars per year
 - Saves residents up to \$500 per year on their electric bills
- 5,000 square foot LEED Silver Community Center complete with a green roof
 - Features a full-length pool and amenities such as a gym, computer room, and day care center
 - This Community Center serves as the hub for all social services and community programming
- Enterprise Green Communities certified



Certified B Corporation

Certified B Corporation since April 2023

- Standard Communities joins an international movement of more than 6,500 purpose-driven businesses that meet B Corp's high standards of verified performance, accountability, and transparency on factors from employee benefits and charitable giving to supply chain practices and input materials.
- Certified B Corporations are leaders in the global movement for an inclusive, equitable, and regenerative economy.
- Standard is the first affordable housing company to receive this designation.



**WE MEASURE MORE
THAN PROFIT.**

Corporate Philanthropy



- Standard Plus Foundation's mission is to foster strong, inclusive, and equitable communities in the markets we serve
- Resident Relief Fund to help residents who have been most adversely impacted by COVID-19
- Provided free COVID-19 protection kits to approx. 18,500 low-income residents across our portfolio
- Distributed more than 6,000 meals to residents of our affordable housing communities in New York City and the surrounding metro area
- Facilitated a donation of \$13,600 to the Thomas House Family Shelter in Orange County, CA to help further the non-profit organization's response to the COVID pandemic



Standard Communities Team

Standard Team – Key Principals



Scott J. Alter
Co-Founder of Standard Communities

Scott J. Alter is Co-Founder and Principal of Standard Communities. As Principal, Mr. Alter manages all aspects of investments, asset management, construction, financial structuring, and corporate strategy for Standard Communities. Since co-founding Standard Communities in 2008, Mr. Alter has led Standard to become a California Benefit Corporation and one of the 50 largest affordable housing owners in the country, with more than \$4 billion in AUM and over 19,000 units.

Over the course of his career, Mr. Alter has played an integral role in the acquisition, management, disposition, and financing of real estate transactions.

Well-known in the philanthropic community, Mr. Alter serves on the Host Committee for the Stanford Center on Philanthropy and Civil Society and is a current Board Member and Co-Founder of Housing on Merit, a California based non-profit focused on creating a bridge to permanent affordable housing for vulnerable populations. Additionally, Mr. Alter is an active board member of multiple locally-focused community organizations in New York City. Mr. Alter earned a Bachelor of Science degree in Industrial and Labor Relations from Cornell University with a concentration in Labor Economics and Finance.



Jeffrey E. Jaeger
Co-Founder of Standard Communities

Jeffrey E. Jaeger is Co-Founder and Principal of Standard Communities. Mr. Jaeger is responsible for all facets of investments, asset management, construction, financial structuring, and the strategic direction of Standard Communities. Under Mr. Jaeger's leadership, Standard Communities has become one of the 50 largest affordable housing owners in the country, with a portfolio of 120 deals totaling over 19,000 units.

Over the course of his career, Mr. Jaeger has played an essential role in the acquisition, management, disposition, and financing of real estate transactions.

Active in the Los Angeles philanthropic community, Mr. Jaeger is a current Board Member and Co-Founder of Housing on Merit, a California-based non-profit focused on creating a bridge to permanent affordable housing for vulnerable populations. Mr. Jaeger is also a current Board Member of Inner-City Arts, one of the nation's most effective arts-education providers located in the heart of Skid Row, Los Angeles. He earned a Bachelor of Arts degree from the University of California, Berkeley.