

NOTICE OF EVENT

Name of Issuer: California Public Finance Authority

Name of Bond Issues: California Public Housing Authority University Housing Revenue Bonds (NCCD-Claremont Properties LLC - Claremont Colleges Project) Series 2017A
and California Public Housing Authority University Housing Revenue Bonds (NCCD-Claremont Properties LLC - Claremont Colleges Project) Series 2017B

Name of Obligated Person: NCCD - Claremont Properties LLC

Date of Bond Issues: April 6, 2017

Date of Issuance: April 6, 2017

NCCD-Claremont Properties LLC (the “Borrower”) is the borrower of the proceeds raised by the issuance of the Bonds by the California Public Finance Authority (the “Issuer”) pursuant to a Trust Indenture dated as of April 1, 2017 (the “Indenture”), between the Issuer and UMB Bank, N.A., not in its individual capacity but solely in its capacity as successor trustee (the “Trustee”). Capitalized terms used in this notice and not otherwise defined shall have the meanings given them in the Indenture or the other Bond Documents.

American Multifamily, Inc. (“AMF”), the general contractor of the Project, has filed a mechanics lien against the Project in the amount of \$5,101,442.33. Subcontractors have filed other mechanics liens against the Project in the aggregate amount of \$1,540,839.78. It is possible additional liens of subcontractors will be filed in the future.

The Developer is currently in arbitration with AMF and has informed the Borrower that it is vigorously defending all of the claims underlying the liens which have been filed, as well as pursuing claims against AMF for the late project delivery and failure to perform work. Although the Borrower has requested that the Developer cause the liens to be discharged (by bond or otherwise) as required by Section 4.03(f) of the Development Agreement, the Developer has informed the Borrower that it believes it is premature to do so.

The Developer also has informed the Borrower that only one lien action has been served on the Developer to date and that the subcontractor-lienholder has indicated a willingness to stipulate to joining the arbitration between the Developer and AMF. The Developer has informed the Borrower that if such a stipulation is not finalized, the Developer will file a motion to compel arbitration in that action, which the Developer suspects would not be determined by the Court until year end. The Developer’s counsel believes the Court would most likely order the matter to arbitration.

The Developer has informed the Borrower that if other lien actions are served, the Developer will take similar action to compel such actions to arbitration, either by agreement or motion. As such, the Developer anticipates that the lien actions will effectively be halted until conclusion of the arbitration proceeding between the Developer and AMF, which the Developer believes should practically resolve questions of whether the Developer is exposed to the amounts sought by way of the liens. At this time,

the Developer does not anticipate the arbitration between the Developer and AMF concluding any earlier than the Fall of 2020.

The Developer has informed the Borrower that it tendered the liens to the payment and performance bond surety obtained when the Bonds were issued and made demand upon the surety to defend and indemnify the Developer related to all liens. The surety has denied coverage to date because of the claim by AMF that the Developer has breached the construction contract. The Developer has informed the Borrower that is in the process of trying to add the surety to the arbitration and will pursue remedies (including breach of contract) against the surety.

The current balance of the Construction Fund is approximately \$2,747,000.

Attached to this notice are (i) the September leasing report, and (ii) projections for the Project for the remainder of the year (these projections include projections for September, not the actual results of operations in September).

The Borrower is coordinating with the Developer and the Trustee to have an investor call next week at which a representative of the Developer will be available to answer questions about the Project.

Dated: October 11, 2019

NCCD – Claremont Properties LLC