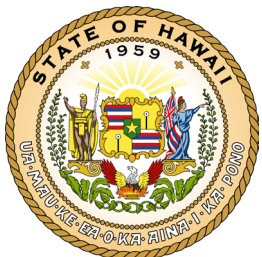


# Presentation to the State of Hawaii Senate and House Committees on Housing

Strategies for Increasing Hawaii's Affordable  
Housing Stock

April 18, 2023

**STRICTLY PRIVATE AND CONFIDENTIAL**



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# Royal Bank of Canada Performance, Global Size & Strength

RBC's Reported Net Income Demonstrates the Strength of Our Diversified Business Model

## Statistical Overview<sup>(1)</sup>

Year Founded	1864
Number of Employees	87,000+
Countries of Operation	29
Number of Customers Worldwide	17+ million
Market Capitalization (NYSE; "RY") <sup>(2)</sup>	\$128.54 billion
No. American Ranking by Market Cap <sup>(2)</sup>	5 <sup>th</sup>
Global Ranking by Market Cap <sup>(2)</sup>	7 <sup>th</sup>
Total Assets	Over \$1.6 trillion
Total Revenue	\$40.7 billion
Net Income	\$13.0 billion
Tier 1 Capital Ratio	13.7%
Return on Equity	18.6%
Long-Term Debt Ratings (M/S/F/D) <sup>(3)</sup>	Aa1 / AA- / AA / AA
Short-Term Debt Ratings (M/S/F/D) <sup>(3)</sup>	P-1 / A-1+ / F1+ / R-1 (high)

5<sup>th</sup>

The 5<sup>th</sup> largest bank in North America by market capitalization<sup>(2)</sup>

7<sup>th</sup>

The 8<sup>th</sup> largest bank globally by market capitalization

\$1.65 trillion

Total Assets

Aa1, AA- & AA

Long-term ratings from Moody's, S&P & Fitch, respectively<sup>(3)</sup>

17 million

More than 17 million clients served around the globe

29

Countries of operation

## Global Footprint



## Employees by Geographic Region

	Canada	U.S.	U.K. & Europe	Caribbean	Asia	Australia
<b>RBC</b>	58,734	12,549	4,928	3,583	1,606	309
<b>RBCCM</b>	3,011	2,848	1,146	31	167	113

## Recent Awards & Recognitions

REFINITIV®

TOP 100 COMPANY 2021  
Diversity and Inclusion Index

#2 Globally  
#1 among Financial Institutions



5th Year



11th Year in a row

(1) As of, or for the fiscal year ended, October 31, 2021, unless otherwise noted

(2) As of October 31, 2022

(3) As of August 2022

# Top-Ranked Bookrunning Lead Manager in the Municipal Markets

## 2022 Muni Negotiated Lead Manager Rankings

Underwriting Firm	Par Amount (US\$ mil)	Rank	Mkt. Share (%)	Number of Issues
J.P. Morgan	29,428.4	1	10.5	117
BofA	28,183.4	2	10.1	143
<b>RBC Capital Markets</b>	<b>22,932.0</b>	<b>3</b>	<b>8.2</b>	<b>291</b>
Citi	20,592.7	4	7.4	84
Morgan Stanley	19,340.5	5	6.9	94
Goldman Sachs	16,334.4	6	5.8	64
Stifel	15,813.4	7	5.7	642
Wells Fargo	15,207.8	8	5.4	110
Barclays	13,619.7	9	4.9	65
Jefferies	12,159.0	10	4.4	60
<b>Industry Total</b>	<b>282,118.7</b>	<b>-</b>	<b>100.0</b>	<b>3,995</b>

Source: Bloomberg 1/1/2022 - 12/31/2022

Negotiated: True Economics to Book Runner


## 2021 Muni Negotiated Lead Manager Rankings

Underwriting Firm	Par Amount (US\$ mil)	Rank	Mkt. Share (%)	Number of Issues
BofA	44,152.1	1	12.4	233
Citi	36,813.6	2	10.4	176
<b>RBC Capital Markets</b>	<b>26,871.0</b>	<b>3</b>	<b>7.6</b>	<b>501</b>
Goldman Sachs	25,002.8	4	7.0	93
Stifel	22,962.6	5	6.5	871
J.P. Morgan	22,621.1	6	6.4	156
Morgan Stanley	22,254.9	7	6.3	127
Jefferies	19,593.1	8	5.5	93
Piper Sandler	15,814.6	9	4.5	645
Raymond James	15,315.8	10	4.3	385
<b>Industry Total</b>	<b>358,054.7</b>	<b>-</b>	<b>100.0</b>	<b>6,399</b>













Source: Bloomberg 1/1/2021 - 12/31/2021

Negotiated: True Economics to Book Runner

## Select Recent RBC Senior Managed Negotiated Transactions

 <b>\$392,000,000</b> Washington Metropolitan Area Transit Authority Dedicated Revenue Bonds Senior Manager February 2023*	 <b>\$523,800,000</b> City of Chicago General Obligation Bonds Bookrunning Joint Senior Manager December 2022	 <b>\$112,385,000</b> New Jersey Turnpike Authority Turnpike Revenue Bonds Senior Manager November 2022	 <b>\$696,920,000</b> Oklahoma Development Finance Authority Utility Ratepayer Backed Bonds (Public Service Company of Oklahoma) Senior Manager August 2022	 <b>\$761,654,000</b> Oklahoma Development Finance Authority Utility Ratepayer Backed Bonds (Oklahoma Gas & Electric) Senior Manager July 2022	 <b>\$492,295,000</b> New York City Transitional Finance Authority Building Aid Revenue Bonds Senior Manager July 2022	 <b>\$393,600,000</b> Massachusetts Educational Financing Authority Education Loan Revenue Bonds Senior Manager June 2022	 <b>\$520,725,000</b> The Black Belt Energy Gas District Gas Supply Revenue Bonds Sole Manager May 2022	 <b>\$1,050,000,000</b> California Health Facilities Financing Authority Senior Revenue Bonds Joint Senior Manager March 2022
 <b>\$2,422,335,000</b> Dormitory Authority of the State of New York Personal Income Tax Revenue Bonds Joint Senior Manager March 2022	 <b>\$523,210,000</b> San Diego Community College District General Obligation Bonds (Taxable) Senior Manager December 2021	 <b>\$576,355,000</b> Dallas Area Rapid Transit Senior Lien Sales Tax Revenue Taxable Bonds Senior Manager November 2021	 <b>\$275,000,000</b> Pennsylvania Turnpike Senior Toll Revenue Bonds Senior Manager November 2021	 <b>\$299,305,000</b> Dallas / Fort Worth International Airport Joint Revenue Refunding Bonds Senior Manager October 2021	 <b>\$950,000,000</b> New York City Transitional Finance Authority Future Tax Secured Subordinate Bonds Senior Manager September 2021	 <b>\$274,375,000</b> City of San Antonio Water System Junior Lien Revenue & Refunding Bonds Senior Manager June 2021	 <b>\$438,420,000</b> Los Angeles Department of Water & Power Power System Revenue Bonds Senior Manager June 2021	 <b>\$402,110,000</b> North Texas Tollway Authority System Revenue Refunding Bonds, First Tier Taxable Bonds Senior Manager May 2021

# RBCCM Select Hawaii Financing Experience

 <p><b>\$800,000,000</b></p> <p>State of Hawaii</p> <p>Taxable General Obligation Bonds</p> <p>Co-Manager October 2022</p>	 <p><b>\$1,882,955,000</b></p> <p>State of Hawaii</p> <p>General Obligation and Refunding Bonds</p> <p>Co-Manager September 2021</p>	 <p><b>\$249,805,000</b></p> <p>State of Hawaii</p> <p>Customer Facility Charge Revenue Bonds</p> <p>Co-Senior Manager July 2017</p>	 <p><b>\$265,000,000</b></p> <p>Hawaiian Electric Company</p> <p>Special Purpose Revenue Bonds</p> <p>Co-Manager July 2017</p>	 <p><b>\$100,000,000</b></p> <p>City and County of Honolulu</p> <p>Revolving Credit Agreement</p> <p>Credit Provider December 2015</p>	 <p><b>\$746,395,000</b></p> <p>State of Hawaii</p> <p>General Obligation and Refunding Bonds</p> <p>Co -Manager October 2015</p>
 <p><b>\$1,008,775,000</b></p> <p>State of Hawaii</p> <p>General Obligation and Refunding Bonds</p> <p>Co-Manager November 2014</p>	 <p><b>\$860,855,000</b></p> <p>State of Hawaii</p> <p>General Obligation and Refunding Bonds</p> <p>Co -Senior Manager November 2013</p>	 <p><b>\$866,990,000</b></p> <p>State of Hawaii</p> <p>General Obligation and Refunding Bonds</p> <p>Co -Manager November 2012</p>	 <p><b>\$117,365,000</b></p> <p>State of Hawaii</p> <p>Highway Revenue Bonds</p> <p>Co -Senior Manager November 2011</p>	 <p><b>\$20,000,000</b></p> <p>Hawaii Housing Finance and Dev. Corp.</p> <p>Single Family Mortgage Purchase Revenue Bonds</p> <p>Sole Manager November 2011</p>	 <p><b>\$300,885,000</b></p> <p>State of Hawaii</p> <p>Airports System Revenue Bonds</p> <p>Co -Manager September 2011</p>

# RBCCM – Housing Practice



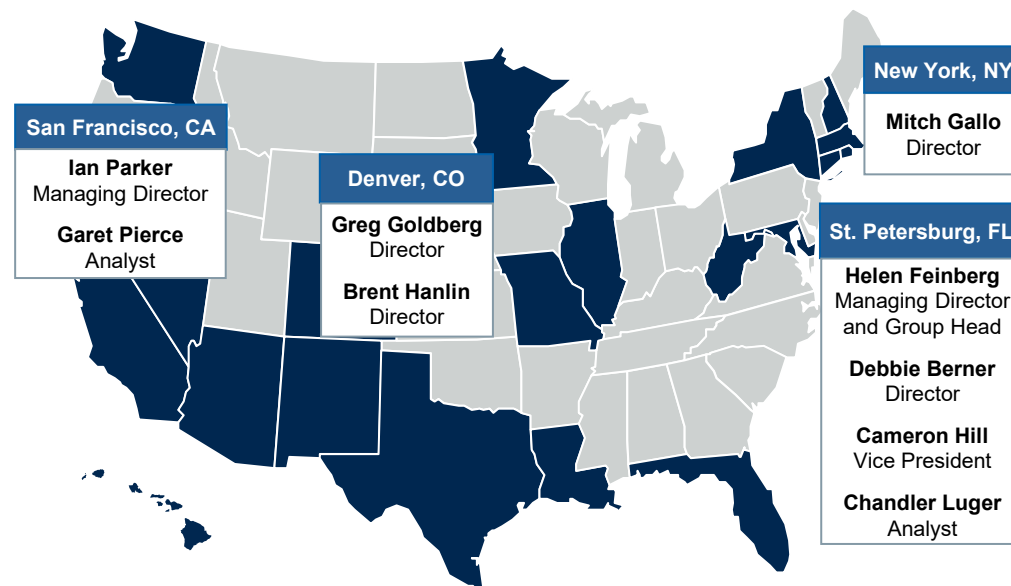
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# Our Municipal Housing Group's Leadership Housing Continues in 2023

## RBC Housing Statistics

- ✓ RBC CM has been the #1 or #2 ranked municipal housing bond underwriter since 2016\*  
*\*Source: Bloomberg*
- ✓ RBC CM has one of the largest, most experienced municipal housing groups in the country
  - ✓ 19 full time housing bankers in 7 offices
  - ✓ 100+ personnel in RBC Community Investments
- ✓ RBC CM is a full-service firm with underwriting, balance sheet, derivatives, & RBC Community Investments (Tax Credit Equity)

## National Multifamily Housing Investment Banking Team



**Combined Single and Multi-Family Lead Manager League Table**  
 Negotiated: True Economics to Book Runner  
 January 1, 2022 - December 31, 2022

Firm	Par Amount (US\$ mil)	Rank	Mkt. Share (%)	Number of Issues
<b>RBC Capital Markets</b>	<b>\$4,311.4</b>	<b>1</b>	<b>18.9</b>	<b>68</b>
Citi	2,719.0	2	11.9	16
Barclays	2,283.3	3	10.0	20
Stifel	2,222.0	4	9.7	101
BofA Securities	1,974.9	5	8.6	24
JP Morgan	1,806.9	6	7.9	20
Morgan Stanley	1,774.8	7	7.8	12
Jefferies	1,550.3	8	6.8	22
Wells Fargo	1,074.9	9	4.7	22
Raymond James & Associates	898.5	10	3.9	21
Top 10	20,615.9	-	90.3	326
Other Managers	1,749.9	-	9.7	82
<b>Total</b>	<b>\$22,365.8</b>	<b>-</b>	<b>100.0</b>	<b>408</b>

Source: Bloomberg

**Combined Single and Multi-Family Lead Manager League Table**  
 Negotiated: True Economics to Book Runner  
 January 1, 2021 - December 31, 2021

Firm	Par Amount (US\$ mil)	Rank	Mkt. Share (%)	Number of Issues
Citi	\$5,353.5	1	16.3	39
<b>RBC Capital Markets</b>	<b>4,202.8</b>	<b>2</b>	<b>12.8</b>	<b>90</b>
Jefferies	4,092.0	3	12.4	48
Stifel	2,796.0	4	8.5	121
Goldman Sachs	2,655.4	5	8.1	13
JP Morgan	2,533.0	6	7.7	29
BofA Securities	2,507.7	7	7.6	39
Wells Fargo	1,947.6	8	5.9	41
Morgan Stanley	1,638.0	9	5.0	25
Barclays	1,554.0	10	4.7	29
Top 10	29,279.9	-	89.0	474
Other Managers	3,626.8	-	11.0	122
<b>Total</b>	<b>\$32,906.6</b>	<b>-</b>	<b>100.0</b>	<b>596</b>

Source: Bloomberg

# RBCCM Maintains a Dedicated Multifamily Platform

A wide breadth of experience with nearly all municipal executions for affordable housing developers and issuers

## Public Housing Executions

- Bond distribution on a rated or nonrated basis
- Taxable public underwritings for 9% Low-Income Housing Tax Credit deals
- Cap Fund financings for PHA of Seattle, Denver, Charlotte
- Rental Assistance Demonstration conversions
- Acquisition financings for Low-Income Housing Tax Credit properties

## Public Offerings

- Over 233 placements totaling approximately \$4.9 billion in par value since 2013\*
- FNMA MBS as Tax-Exempt Bond Collateral
- Short Term Escrow Bonds (used with FHA, FNMA, and Freddie Mac taxable loans)

## Private Placements

- Over 169 placements totaling approximately \$3.1 billion in par value since 2013\*
- Developer driven transactions
- Facilitated many Freddie Mac Tax-Exempt Loan transactions
- Served as placement agent for issues placed with local banks and CRA driven investors
- Relationships with several institutional and bank investors

## Community Investments Group

- Over \$12B in equity raised through 124 active funds
- Approximately \$1 billion of average annual investment over trailing four years
- Over \$48 million of investment in 2 HI affordable properties, comprising 367 units (as of 12/31/22)

*\*Source: Internal RBC Tracking*

## Greg Goldberg

*Director*

*Multifamily Housing Investment Banking*

- Based in Denver
- Leads multifamily coverage of Western states
- Experienced with all multifamily structures
- 25 years in investment banking
  - 23 in housing
- 3 years at RBC



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**Greg Goldberg**  
Director  
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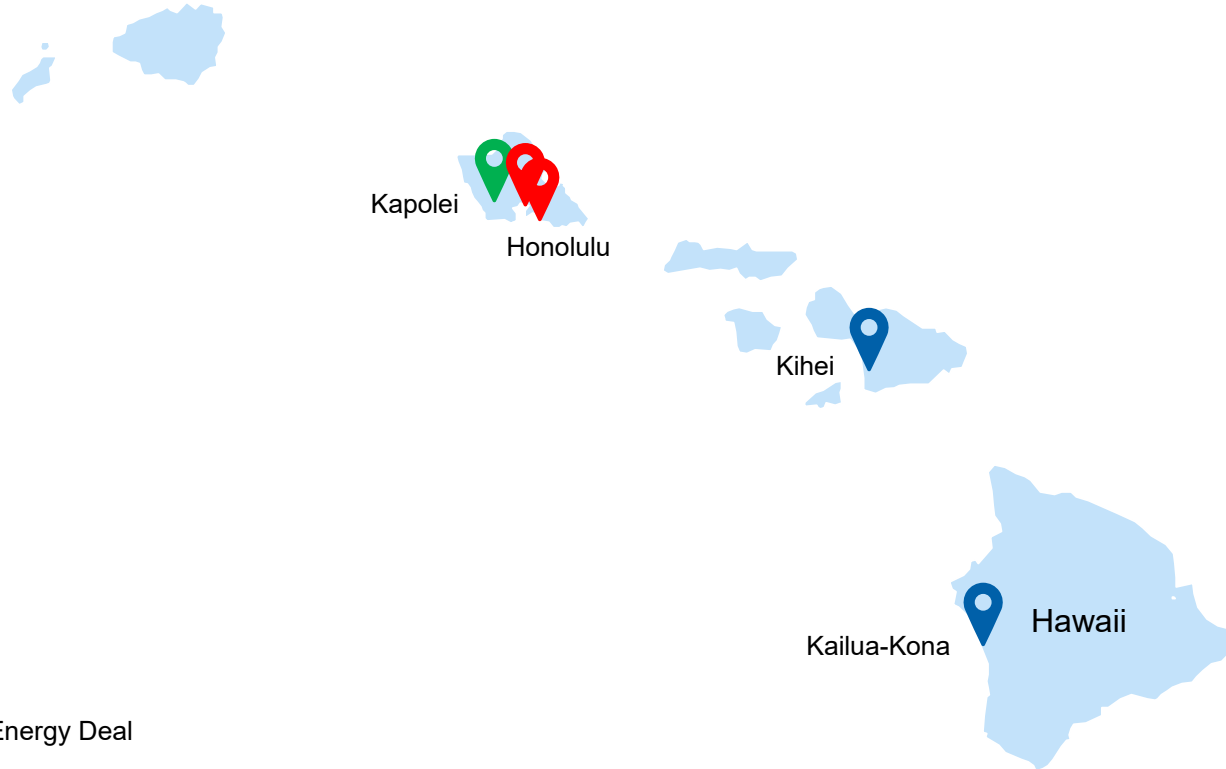
# RBC Community Investments in Hawaii

## Low Income Housing Tax Credit (LIHTC) Portfolio\*

	Closed	Pipeline	Total
Properties	2	2	4
Homes	367	222	589
Equity Invested	\$48.8mm	\$59.2mm	\$108.0mm

## Renewable Energy Portfolio\*

	Closed	Pipeline	Total
Projects	0	1	1
MW	0	185	185
MWh	0	565	565
Equity Invested	0	\$148.2mm	\$148.2mm



\*Source: Internal RBC Tracking

# RBC Community Investments: Case Study

## RBC Community Investments Closes on the 5th Largest Stand-Alone Battery Project in the World

### RBC raises \$148.2 Million in Tax Equity from Institutional Investors for Plus Power’s Kapolei Battery Energy Storage System

- RBC Community Investments won a competitive mandate in January 2023 to syndicate the tax equity interests of Plus Power’s \$148.2 million Kapolei Battery Energy Storage with anticipated credit delivery in 2023 given Commercial Operations Date projected in June 2023
- The Inflation Reduction Act (“IRA”) allows stand-alone battery energy storage systems (BESS) are eligible to be financed utilizing investment tax credits. This represents RBC’s second stand-alone BESS since the Act was passed 7 months ago
- Plus Power was recently awarded with Americas Renewables Deal of the Year Award by Project Finance International for the Kapolei BESS Project. Kapolei is the largest energy storage project selected by Hawaiian Electric (HECO) in its renewables procurement. When the project comes online in 2023 it will help enable the retirement of the AES Hawaii power plant, Hawaii’s last remaining coal-fired power project, which is in alignment with the state’s transition to 100% renewable energy generation
- RBC has successfully syndicated the Kapolei Battery Project to the Impact Renewables HoldCo-2, which includes a strong repeat investor roster of corporates and financial institutions.

### Relationship Management



- Founded in 2018, Plus Power is a leading, global developer and operator of battery energy storage systems headquartered in Houston, Texas
- The Sponsor has extensive experience in the battery storage field having over 8.0 GWh of BESS development, which is expected to come online in 2023 and beyond
- Plus Power is backed by TWG Global (enterprise value of more than \$60 billion) through a \$500 million debt facility.
- TWG Global is a diversified, US-based organization that invests capital and builds businesses across several industries including renewable energy and infrastructure.

Overview & Structure	Plus Power Kapolei Battery Energy Storage system
<b>Tax Equity / Location</b>	<ul style="list-style-type: none"> <li>▪ Tax Equity Commitment of \$148.2 million / Oahu, Hawaii</li> </ul>
<b>Project</b>	<ul style="list-style-type: none"> <li>▪ The 185 MW / 565 MWh Kapolei BESS Solar Project has been constructed by Moss &amp; Associates (as the EPC contractor)</li> <li>▪ The Project will utilize the new Tesla Megapack XL 2 which is 50% more powerful than its previous iteration.</li> </ul>
<b>Offtake</b>	<ul style="list-style-type: none"> <li>▪ Hawaiian Electric – 20 Year Energy Storage Power Purchase Agreement</li> </ul>
<b>Structure</b>	<ul style="list-style-type: none"> <li>▪ Yield-based partnership flip with returns primarily driven by Tax Benefits and Priority Distribution and Variable Cashflow</li> </ul>
<b>Investment Entity</b>	<ul style="list-style-type: none"> <li>▪ RBC Community Investments Impact Renewables HoldCo-2</li> </ul>



Kapolei BESS Project – DRM site visit January 10, 2023

## Case Study – Public Finance Authority

### Atherton Residential Life Innovation and Entrepreneurship Center

#### Background

- New construction student housing building located across from the main entrance of University of Hawai'i at Mānoa ("UHM")
- Developed by Hunt Companies in partnership with the UHM Foundation

#### Project

- Located on the campus of UHM
- 9,000 square feet of academic space
- 15,000 square feet of office space
- 1,700 square feet of retail space
- 219 units consisted of 373 beds
- Home of the Pacific Asian Center of Entrepreneurship

#### Notable Features

- RBC utilized an investor roadshow and individual calls with investors
- Deal was oversubscribed, leading to savings for the Borrower
- P3 project
- 501(c)(3) bonds

#### Transaction Overview

- (Taxable and tax-exempt) \$91,915,000 par value issuance
- Ba1 rated Senior Bonds, Unrated Subordinate Bonds
- Issuance was 40 year maturity term bonds with an all-in TIC of 4.31%
- RBC CM Role: Sole Manager
- Sale Date: 11/30/21

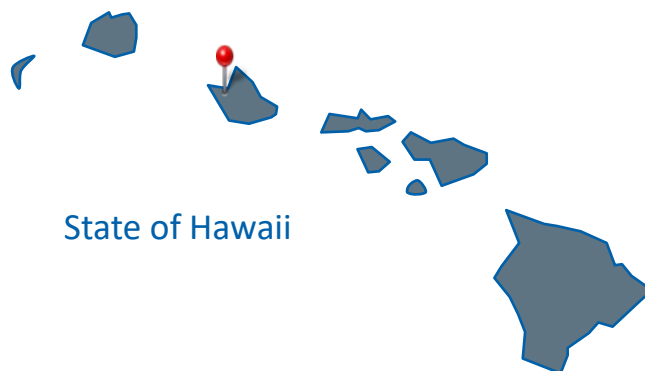


## RBC Community Investments: Case Study

### Highridge Costa – Hale Moena Ohana, Mixed Use Development, Phase II

#### Project

- RBC served as the tax credit equity syndicator for the Hale Moena Ohana development (phase II) located in Kapolei, Honolulu County, Hawaii
- RBC raised \$24,003,843 in tax equity
- Investment closed in August 2019
- Phase I: 13-story tower with 154 affordable senior rental units and ground floor retail space
- Phase II: 13-story tower with 143 family affordable units and additional retail
- Construction was finished ahead of schedule in March 2021, under budget, and fully leased by late 2021



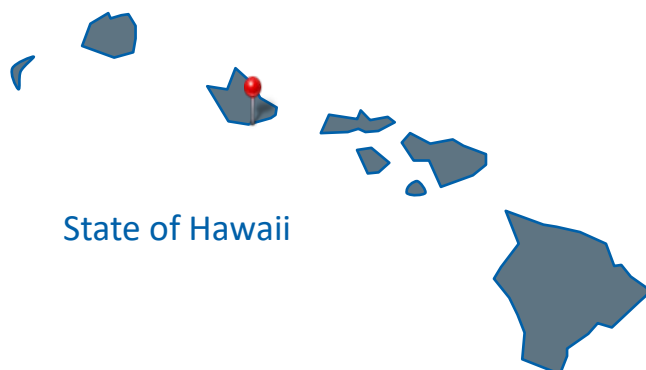


## RBC Community Investments: Case Study

### Highridge Costa – Kokua Elderly Apartments

#### Project

- RBC served as the tax credit equity syndicator for the Kokua Elderly Apartments Project located in Downtown Honolulu, Honolulu County, Hawaii
- The project is new construction of a 224 unit LIHTC senior center (55+) with 15 residential floors above a ground floor lobby and a 4-floor parking lot
- RBC raised approximately \$26.5 million in tax equity
- Investment closed in summer of 2021



# Potential Deployment Strategies



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# Potential Themes for Successful Deployment of Funds

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## ▪ Leveraging Funds

### – **Create a Guaranty Fund (within DHHL for example) and obtain Investment Grade Rating**

– Operate similarly to Community Development Finance Institutions

– Reduced Cost of Financing

– Acts as a ‘revolving fund’. Leveraging the initial available capital could guaranty the debt of significantly more housing than could be created by simply awarding grants or providing direct subsidies

– As projects complete construction, risk is reduced allowing the Guaranty Fund to issue additional debt for new projects

### – **Tap into additional Funding**

– Federal Infrastructure Funds may be available to extend utilities to reach rural land

– RHRF and other resources can leverage other State and private resources

– Large employers who might be able to provide funds to help with workforce development as Amazon, Microsoft, and Apple have done in certain locations on the mainland

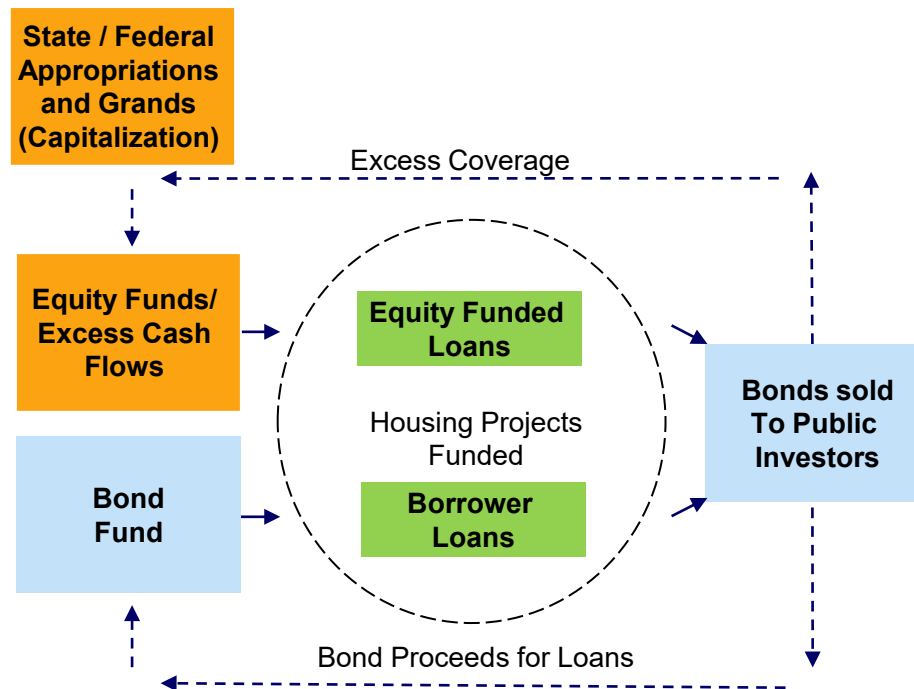
– HUD CDBG and other resources

# Existing Revolving Loan Pool Structures

## Existing State Level Pools that Fund Water and Economic Development Infrastructure Projects – Can be applied to Housing

- Need a State Level Entity set up that can Issue Bonds and Administer the Loan Pool
  - The examples below are existing pooled revolving loan funds for clean water and economic development and infrastructure projects
  - Key feature of these pools had overcollateralization from equity capitalization (funds allocated from State and Federal sources along with accumulated revenue from loan interest paid by each project, which creates a revolving loan feature from excess cash flows)
    - State Water Control Board State Revolving Fund -- U.S. EPA and CA State Match funded loans created the overcollateralization
    - California Infrastructure Bank State Infrastructure Revolving Fund-- State of California General Fund Appropriations created the overcollateralization

### Example based on CA I-Bank Infrastructure SRF





# Key Considerations for Establishing a Pooled Loan Fund

<b>Policy Decisions</b>	<ul style="list-style-type: none"> <li>▪ Nature of State support, if any, through capitalization monies or a credit backstop</li> <li>▪ Eligible recipients and projects</li> <li>▪ Nature of borrower pledge and step-up provisions, if any</li> <li>▪ Desired credit rating</li> <li>▪ Target loan rates and subsidies, if any</li> </ul>
<b>Borrower/Project Selection</b>	<ul style="list-style-type: none"> <li>▪ Selection criteria based on needs and fit with program goals             <ul style="list-style-type: none"> <li>– Creditworthiness of project and borrower</li> </ul> </li> <li>▪ Awarding of loans by priority after evaluation or on first-come, first-serve basis</li> <li>▪ If formal process is used, type of information required on application in order to rank requests</li> <li>▪ Reevaluation of selection every few years according to demand</li> </ul>
<b>Pool Parameters – Set by working with Rating Agency</b>	<ul style="list-style-type: none"> <li>▪ Maximum borrower loan amount in pool</li> <li>▪ Loan rate and subsidy level (if any)</li> <li>▪ Service fee to operate the program</li> <li>▪ Interventions and penalty in an event of default</li> <li>▪ Loan structure and tenor</li> <li>▪ Repayment terms and schedule</li> <li>▪ Prepayment terms</li> <li>▪ Refunding of unspent monies after project completion</li> </ul>
<b>Other Considerations</b>	<ul style="list-style-type: none"> <li>▪ Tax Equity and Fiscal Responsibility Act (“TEFRA”) compliance</li> <li>▪ Tax Increase Prevention and Reconciliation Act (“TIPRA”) compliance</li> <li>▪ Borrower rating requirements and target thresholds (if any)</li> <li>▪ Defined pool</li> <li>▪ Geographic makeup</li> <li>▪ Arbitrage constraints on equity and loan rate</li> <li>▪ Negative arbitrage in the project fund and mitigation strategies</li> <li>▪ Loan/Bond timing and associated market risk</li> </ul>

**Ultimate Objective of Establishing a Program that Balances Program Flexibility and Rating**

## Considerations for developing a pooled loan structure

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- 'Equity Funds' available may be leveraged ~3-4X (i.e. \$1 of capital injected by the State or Federal Government would yield \$3-\$4 in financing)
  - Trade off between leverage and rating, which impacts the cost of capital and therefore the effectiveness of the program
  - Achieving and maintaining an Investment Grade Rating is critical
- Financial feasibility of the loans granted is critical. (i.e. ensuring sufficient debt service coverage and funds to cover capital repairs and maintenance)
- Loan Types can be a mix of taxable and tax-exempt financing, depending on the underlying project ownership structure
- Specific Legislative Guidance is helpful in establishing such a program

# The Pooled Loan Fund Structure is Widely Utilized Nationally

Public Issuers fund a variety financing needs through pooled, revolving loan funds

## Wastewater and Drinking Water Revolving Loan Funds

- Approximately 30 states nationally have long established pooled, revolving loan funds that fund clean water and water supply projects
- Since 1988, clean water SRFs have funded over \$138 billion in projects through over 41,000 loans to borrowers nationally; and since 1996, more than \$38.2 billion in funding for over 14,000 loans to borrowers for drinking water projects nationally
- These revolving loan funds typically leverage \$1 into \$4 of funding using a combination of federal capitalization grants, state match monies and bond proceeds
- In recent years, the most active states utilizing bond proceeds to leverage their SRFs are NY, NJ, MA, CT, RI, OH, IN, IL, IA, TX, NM, and CA

## Many States Have Established Pooled Loan Funds to Meet Infrastructure Needs

- Texas Water Development Board established its State Water Infrastructure Fund for Tomorrow (“SWIFT”) which seeks to fund up to \$25 billion in projects to mitigate drought using bonds and \$2 billion in support monies from the State
- Rhode Island Infrastructure Bank created separate smaller pooled, revolving loan funds to (i) finance energy efficiency projects and (ii) smaller transportation projects using \$5 million each in state capitalization monies
- The Virginia Resources Authority established a pooled, revolving loan fund to finance local infrastructure project using a senior/subordinate structure where the subordinate bonds are backed by a Commonwealth moral obligation
- California Infrastructure & Economic Development Bank created an Infrastructure SRF using \$25 million in state capitalization monies to fund up to \$100 million in economic development and other infrastructure projects

## State Infrastructure Banks (“SIBs”)

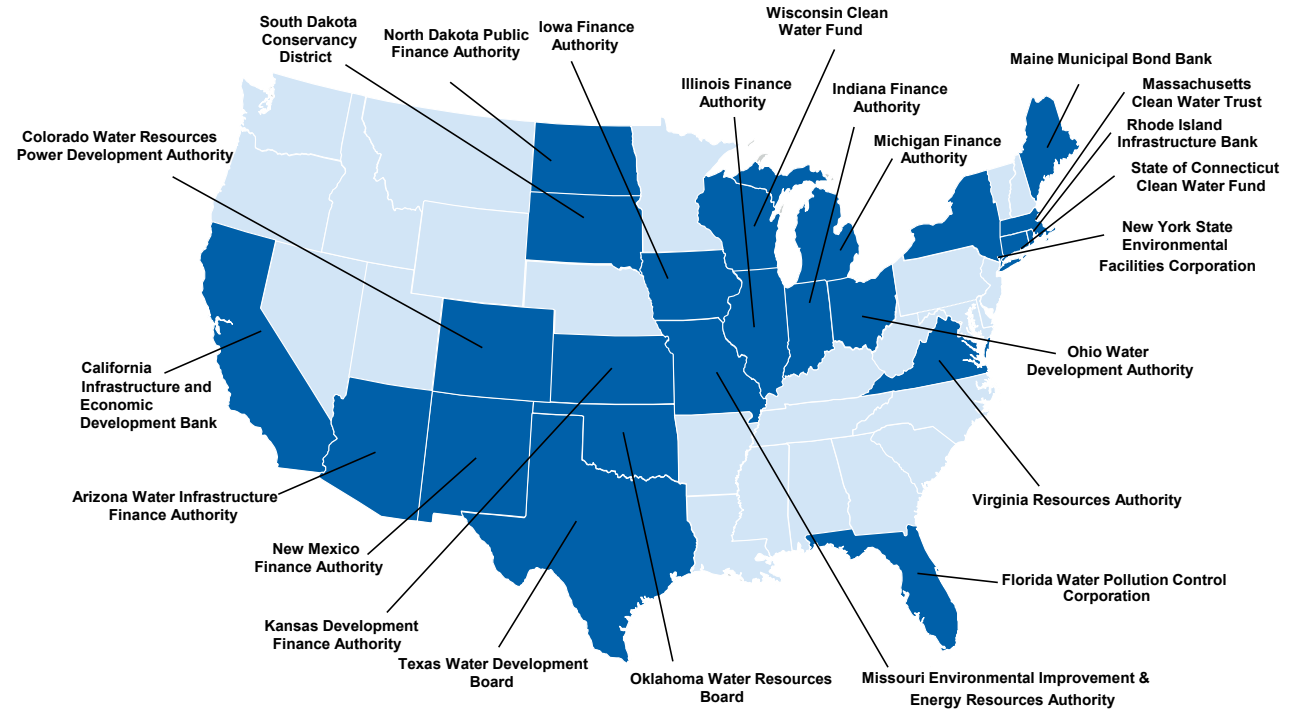
- SIBs function as revolving funds that, much like banks, can offer loans and other credit products to public and private sponsors of highway construction projects or transit and rail capital projects
- Federally capitalized SIBs have expanded to include 38 States and Puerto Rico
- The initial infusion of Federal and State matching funds is critical to the start-up of a SIB, and states have the opportunity to contribute additional State or local funds to enhance capitalization

# RBCCM is a Leader in the Pooled Revolving Loan Fund Sector








## Leading Pooled, Revolving Fund Expertise

- RBC is a leading SRF / Revolving Loan Fund underwriter
- Since 2015, RBC has senior managed \$6 billion in pooled revolving loan fund transactions
- Our SRF bankers have served as senior manager for 23 SRF programs nationwide
- RBC's SRF team combines deep revolving fund banking and underwriting expertise with senior quantitative bankers who have built cash flows and default tolerance analyses for numerous programs nationally
- RBC's SRF bankers have experience in:
  - Establishing new revolving loan fund programs (water/sewer, transportation, public charter schools, energy, etc.)
  - Developing innovative products and structures such as interim financing facilities, senior/subordinate financing structures, and criteria for green/sustainability bonds

## Experience with 23 SRF Programs Nationally



## Select RBCCM Revolving Fund Transactions

 <p><b>\$97,830,000</b></p> <p><b>South Dakota Conservancy District</b></p> <p>State Revolving Fund Revenue Bonds</p> <p>Senior Manager October 2022</p>	 <p><b>\$219,410,000</b></p> <p><b>Equitable School Revolving Fund</b></p> <p>National Charter School Revolving Fund Revenue Bonds</p> <p>Senior Manager August 2022</p>	 <p><b>\$250,000,000</b></p> <p><b>Ohio Water Development Authority</b></p> <p>Water Pollution Control Loan Fund Revenue Bonds (Green Bonds)</p> <p>Senior Manager November 2021</p>	 <p><b>\$387,715,000</b></p> <p><b>Massachusetts Clean Water Trust</b></p> <p>State Revolving Fund Bonds (Sustainability Bonds)</p> <p>Co-Senior Manager September 2021</p>	 <p><b>\$32,305,000</b></p> <p><b>New Mexico Finance Authority</b></p> <p>Senior Lien Public Project Revolving Fund Revenue Refunding Bonds</p> <p>Senior Manager April 2020</p>	 <p><b>\$120,700,000</b></p> <p><b>New York State Environmental Facilities Corporation</b></p> <p>State Clean Water &amp; Drinking Revolving Bonds</p> <p>Senior Manager May 2019</p>	 <p><b>\$250,375,000</b></p> <p><b>Indiana Finance Authority</b></p> <p>State Revolving Fund Program Bonds (Green Bonds)</p> <p>Senior Manager September 2016</p>
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Source: Bloomberg

# Potential Themes for Successful Deployment of Funds

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## ▪ Speed of Deployment

- Focus on new sites with infrastructure in place
- Potential for acquisitions of existing assets
- Multifamily will be more efficient than duplexes which will be more efficient than single family
- Work through partner for-profit and nonprofit developers to leverage their skills, resources, and pipelines

## ▪ Efficiency of Deployment

- Need for ‘shovel ready’ projects (i.e. proposed LIHTC projects that did not get allocation)
- Acquisitions of existing assets would be quicker than new builds
- Mixed Income / Mixed Population – Having some ‘middle income / workforce’ housing at market or slightly below rates could subsidize the lower income units
- Avoid deploying capital all at once, which could create imbalances in the Hawaii’s construction market due to sudden large demand for labor and materials and a stable supply

# Multifamily Housing Case Studies



Capital  
Markets

# Case Study – California Municipal Finance Authority

## Alliant Strategic Development (ASD) – Topanga Canyon and Residences on Canoga

### Background

- Expected to break ground in Q2 2023
- 34 units to be reserved at 30% AMI, 40 units to be reserved at 50% AMI, and 295 units to be unrestricted

### Project

- 7322-7340 Topanga Blvd, Canoga Park, CA 91303
- 7019, 7033, 7047 Canoga Ave, CA 91303
- Both buildings are located within walking distance to numerous restaurants and retail outlets
- 369 units
  - 23 studios, 337 one bedrooms, 9 two bedrooms

### Notable Features

- ASD entered into a Total Return Swap (TRS) on the project’s Senior debt
- Mezzanine debt placed with single institutional investor
- Both the Senior and Mezzanine Bonds structured with an approximately 32 year maturity date and a 5 year Mandatory Tender
- Recycled Private Activity Bonds

### Transaction Overview

- (Tax-Exempt) \$125,545,000 par value, unrated
- Rate: 3.812% net rate on Senior Bonds with TRS, 7.00% on Mezzanine Bonds
- RBC Role: Interest Rate Swap Provider
- RBC CM Role: Placement Agent
- Sale Date: March 30, 2023





# Case Study – California Municipal Finance Authority

## Pacific Oaks Senior Apartments

### Background

- Originally built in 1988, Pacific Oaks operates with 40% of its units reserved for seniors at under 60% of AMI
- Bonds were issued to finance the rehabilitation of the property through 750 Oddstad, LP, an affiliate of Bridge Housing

### Project

- 750 Oddstad Boulevard, Pacifica, CA 94044
- Located near Magnolia Center, a regional shopping mall
- 104 unit, Section 8 complex for seniors
  - 99 one bedroom units and 5 two bedroom units
- Amenities include a fitness center, community center, and laundry rooms

### Notable Features

- Placed with one institutional investor
- 501(c)(3) Bonds

### Transaction Overview

- (Tax-exempt) \$23,170,000 par value issuance
- Unrated bonds
- 35 year maturity with a 4.50% yield
- Mandatory tender after 10 years
- RBC CM Role: Sole Manager
- Sale date: 6/16/2022





# Case Study – CMFA Special Finance Agency I

## The Mix at CTR City

### Background

- Completed in 2008 as a market-rate apartment building
- Regulatory agreement was entered into at closing outlining 40% of units will be set aside for tenants at 80% Area Median Income (“AMI”), 20% at 100% AMI, and the remaining at 120% AMI

### Project

- 184 W. Center Street Promenade, Anaheim, CA 92805
- Located within downtown Anaheim
- 276 units with 23,350 square feet of retail space
  - 62 studios, 85 one bedrooms, 129 two bedrooms
- Amenities include an infinity pool, courtyard lounges and fireplace, yoga studio, fitness center, game room, and in-unit laundry

### Notable Features

- Offered only to QIBs and AIs with a Preliminary Limited Offering Memorandum (“PLOM”)
- RBC also utilized an investor roadshow and call with live Q&A period in the weeks preceding pricing
- All Series A principal is forecast to fully amortize in April 2048, eight years prior to the bond’s final maturity, however, actual results will vary based upon actual operations of the Facilities over time
- Essential Function Bonds

### Transaction Overview

- (Taxable and tax-exempt) \$131,650,000 par value issuance
- Unrated bonds
- Series 2021A-1 tax-exempt 30 year term bonds yielding 3.30%, Series 2021A-2 tax-exempt 35 year term bonds yielding 4.00%, Series 2021A-T taxable 20 year term bonds yielding 5.00%
- RBC CM Role: Sole Manager
- Sale Date: 3/18/21



# Case Study – CSCDA Community Improvement Authority

## CTR City Anaheim

### Background

- Completed in 2019 as a market-rate apartment building
- Regulatory agreement was entered into at closing outlining 40% of units will be set aside for tenants at 80% Area Median Income (“AMI”), 20% at 100% AMI, and the remaining at 120% AMI

### Project

- 255 N. Anaheim Boulevard, Anaheim, CA 92805
- Located within downtown Anaheim
- 3,514 square feet of ground floor retail space
- 220 units, with post-closing plans to expand to 231
  - 42 studios, 105 one bedrooms, 84 two bedrooms
- Amenities include a swimming pool, spa, barbecue grills, pet spas, fitness center, yoga lawn, and work study areas

### Notable Features

- Offered only to QIBs and AIs with a Preliminary Limited Offering Memorandum (“PLOM”)
- RBC also utilized an investor roadshow and call with live Q&A period
- Original Issue Premium was used to partially fund the funds, accounts, and reserves held under the indenture
- Essential Function Bonds

### Transaction Overview

- (Tax-exempt) \$112,575,000 par value issuance
- Unrated bonds
- Issuance was 33 year maturity term bonds yielding 3.40%
- RBC CM Role: Sole Manager
- Sale Date: 12/16/20

