AGENDA OF THE
REGULAR MEETING OF THE
CALIFORNIA STATEWIDE COMMUNITIES DEVELOPMENT AUTHORITY

March 6, 2014
10:00 a.m.
League of California Cities
1400 K Street, 3rd Floor
Sacramento, California

Teleconference Locations

County of Butte
7 County Center Drive
Oroville, CA 95965

County of Yuba
915 8th Street, Suite 103
Marysville, CA 95901

County of Monterey
168 West Alisal Street
Salinas, CA 93901

City of Walnut Creek
1666 North Main St.
Walnut Creek, CA 94596

3252 Southern Hills Drive
Fairfield, CA 94534

I. Call the Roll (alternates designate which member they are representing).

II. Consideration of the Minutes of the February 20, 2014 Annual Meeting and Workshop.

III. Staff Updates.

IV. Consideration of Consent Calendar.

V. Consideration of revised Issuance Policy.
VI. Review and discuss CSCDA PACE Program.

VII. Public Comment.

VIII. Adjourn.
CALIFORNIA STATEWIDE COMMUNITIES DEVELOPMENT AUTHORITY
CONSENT CALENDAR

1. Consent Calendar:
   a. Inducement of Glad Tidings Community Development Corporation (Faith Manor Apartments), City of Hayward, County of Alameda; issue up to $10 million in multi-family housing debt obligations.

   Thursday, March 6, 2014

Note: Persons requiring disability-related modification or accommodation to participate in this public meeting should contact (925) 933-9229, extension 225.
Item II

Consideration of the Minutes of the February 20, 2014 Annual Meeting and Workshop.
Commission Chair Larry Combs called the meeting to order at 10:02 am.

I. Roll Call

Commission members present: Larry Combs, Chair, Tim Snellings, Terry Schutten, Dwight Stenbakken, alternate Commissioner Ron Holly, representing Dan Mierzwa, and alternate commissioner Brian Moura, representing Irwin Bornstein. Dan Mierzwa participated by conference telephone, but was unable to participate in voting.

CSCDA Executive Director, Catherine Bando was also present.

Others present included: Perry Stottlemeyer and Norman Coppinger, League of California Cities; Caitlin Lancot, Scott Carper, Brian Shumey and Mike LaPierre, HB Capital; Laura Labanieh Campbell and Nancy Parrish, CSAC Finance Corporation; Greg Stepanicich, Richards Watson & Gershon; Justin Cooper, Erin Pham and Roger Davis, Orrick Herrington & Sutcliffe; Mark Paxson, State Treasurer’s Office; James Hamill; Bob Williams, RBC; Cisco DeVries, Cliff Staton and Mimi Frusha, Renewable Funding, and Jean Jordan, CSAC.

II. Election of officers

Schutten nominated Larry Combs as chair; second by Snellings; unanimously approved by voice vote.

Schutten nominated Kevin O’Rourke as vice-chair; second by Stenbakken; unanimously approved by voice vote.

Chair Larry Combs nominated Terry Schutten for Treasurer; second by Holly; unanimously approved by voice vote.

Holly nominated Dwight Stenbakken for Secretary; second by Snellings unanimously approved by voice vote.

III. Approval of minutes—February 6, 2014

The commission approved the minutes for the regular meeting held February 6, 2014.

Motion to approve by Stenbakken; second by Holly; unanimously approved by voice vote.
IV. Staff Updates

None.

V. Approval of Consent Calendar

1. Approve the following invoices for payment:

a. Wells Fargo invoice #1026344

Motion to approve by Schutten; second by Snellings; unanimously approved by voice vote.

VI. Approve the financing, all necessary actions, the execution and delivery of all necessary documents and authorize any member to sign all necessary financing documents for the following:

a. Rocky Hill Partners, LP (Rocky Hill Apartments), City of Vacaville, County of Solano; issue up to $8 million in multi-family housing revenue bonds.

Motion to approve by Stenbakken; second by Schutten; unanimously approved by voice vote.

VII. Conduct proceedings with respect to the Statewide Community Infrastructure Program (SCIP), Assessment District 14-01 Placer, Santa Clara, San Diego and San Joaquin Counties.


b. Commission chair Larry Combs asked if anyone from the public wished to testify relating to Close the Public Hearing for Placer and San Joaquin Counties’ SCIP projects. No testimony heard, so the Public Hearing was closed at 10:09 am. Erin Pham (Orrick Herrington & Sutcliffe) read the results for Placer and San Joaquin Counties. She received two ballots and two consent waivers for the City of Rocklin, and one ballot and consent waiver for City of Manteca. All three ballots were in favor of establishing the proposed Districts.

Motion to approve by Snellings; second by Holly; unanimously approved by voice vote.

c. Continue Assessment District Public Hearing for Santa Clara and San Diego Counties to March 20, 2014 to be held at California State Association of Counties, 1100 K Street, Sacramento, California.

VIII. Approve the following resolutions for the upcoming Statewide Community Infrastructure Program (SCIP) project.

a. A resolution approving the final engineer’s reports, levying assessments, ordering the financing of specified development impact fees and capital improvements, and confirming unpaid assessment amounts.

Motion to approve staff recommendation by Holly; second by Schutten; unanimously approved by voice vote.
b. A resolution providing for the issuance of two series of SCIP limited obligation improvement bonds and approving a trust agreement.

Motion to approve staff recommendation by Stenbakken; second by Schutten; unanimously approved by voice vote.

IX. Public Comment.

None.

XII. Adjournment.

Commission Chair Larry Combs adjourned the meeting at 10:12 am.

Submitted by: Perry Stottlemyer, League of California Cities staff

*The next regular meeting of the commission is scheduled for Thursday, March 6, at 10:00 a.m. in the League’s office at 1400 K Street, Sacramento, California.*
REGULAR MEETING OF THE  
CALIFORNIA STATEWIDE COMMUNITIES DEVELOPMENT AUTHORITY  
(CSCDA)  
California State Association of Counties  
1100 K Street, Sacramento, California  
February 20, 2014  
MINUTES  
Commission Chair Larry Combs called the meeting to order at 10:12 am.

Introductions  
Commission members present: Larry Combs, Chair, Tim Snellings, Terry Schutten, Dwight Stenbakken, alternate Commissioner Ron Holly and alternate commissioner Brian Moura. Dan Mierzwa participated by conference telephone.

CSCDA Executive Director, Catherine Bando was also present.

Others present included: Perry Stottlemeyer and Norman Coppinger, League of California Cities; Caitlin Lancot, Scott Carper, Brian Shumey and Mike LaPierre, HB Capital; Laura Labanieh Campbell and Nancy Parrish, CSAC Finance Corporation; Greg Stepanicich, Richards Watson & Gershon; Justin Cooper, Erin Pham and Roger Davis, Orrick Herrington & Sutcliffe; Mark Paxson, State Treasurer’s Office; James Hamill; Bob Williams, RBC; Cisco DeVries, Cliff Staton and Mimi Frusha, Renewable Funding; and Jean Jordan, CSAC.

I. Statewide Community Infrastructure Program (SCIP) overview.

Bob Williams, RBC, presented overview information relating to the SCIP program to the commissioners. Handouts were provided. The program has been in operation since 2003 and is designed to finance development impact fees and infrastructure. Since its inception, SCIP has completed 13 bond issues (about $200 million).

II. CaliforniaFIRST Residential PACE program.

Cisco DeVries, Cliff Staton and Mimi Frusha, Renewable Funding, presented information relating to the CaliforniaFIRST Residential Property Assessed Clean Energy (PACE) program to the commissioners. The program allows financing for energy efficiency and renewable energy. PACE started in California in 2008 and allows property owners to finance energy efficiency projects and repay via assessments on their property. In July of 2010, the Federal Housing Finance Agency (FHFA) indicated the programs should be paused, so the bulk of the program in California stopped at that time.

In January of 2014, FHFA developed new draft regulations to create the new $10 million PACE reserve fund, which will repay the lender for outstanding PACE assessments in the event of foreclosure. Earlier this week, the California Treasurer’s office voted to approve the PACE loss reserve fund. The program is expected to become operational sometime in March of this year.
III. P3 ownership structure presentation.

Roger Davis, Orrick Herrington & Sutcliffe, presented information relating to the Public Private Partnership (P3) asset ownership program. Handouts were provided. Under this program, CSCDA acts as a conduit and has no liability for repayment of the bonds, other than revenues of the project, or in the event of default, proceeds of the foreclosure or other disposition. Default on the bonds results in no claim on assets of CSCDA, other than the project and its revenues from bondholders. CSCDA has no liability or obligation to spend any of its moneys in the event of unexpected project costs (such costs are addressed by cash flow and expense reserves from borrower operations). CSCDA’s ongoing administrative responsibilities are focused on ensuring the bonds remain tax-exempt, as opposed to operating or maintaining the project.

Commissioners expressed interest in this concept, but not without reservation in terms of potential risk. It was decided an ad hoc committee should investigate various benefits/concerns and report back to the Commission. Points of interest are: specific decision points about the program, options, legal risk assessment, etc. Ron Holly, Brian Moura and Tim Snellings were enlisted to serve on the ad hoc committee.

IV. CSCDA 2013 year-end report.

Caitlin Lanctot, HB Capital, presented the CSCDA 2013 year-end report. During the year, 3,730 affordable housing units were financed, seven continuing care retirement facilities and three hospital facilities, and received $35 million allocation of New Market Tax Credits, which were used to finance four projects in distressed communities. 52% of the year’s volume was for multi-family housing (31 projects), with 42% for 501(c)(3) financing.

It was noted that this report might be a great marketing piece.

V. Review CSCDA policies.

Scott Carper, HB Capital, presented CSCDA policies to ensure they are up-to-date and current with market conditions. Will be adding the PACE program underwriting requirements, as well as the SCIP program, to the list of policies. Also, for financings rated BBB- or better, two credit ratings from two of the major three agencies have been required; however, the industry standard is to require one, so that change will be made (Fitch, S&P and/or Moody’s).

Commission Chair Larry Combs noted we should drop the term “California Communities,” in favor of “CSCDA.” Also, there are several areas where the Executive Director should be noted as the responsible party. These changes should be made before bringing the policies to the Commission for approval.

VI. Public Comment.

None.

VII. Adjournment.

Commission Chair Larry Combs adjourned the meeting at 12:31 pm.

Submitted by: Perry Stotlemeyer, League of California Cities staff
Item IV

Consideration of Consent Calendar

a. Inducement of Glad Tidings Community Development Corporation (Faith Manor Apartments), City of Hayward, County of Alameda; issue up to $10 million in multi-family housing debt obligations.
### Applicant Information

Name of Developer: Glad Tidings Community Development Corporation

<table>
<thead>
<tr>
<th>TIN or EIN:</th>
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### Primary Contact

<table>
<thead>
<tr>
<th>First Name:</th>
<th>Last Name:</th>
</tr>
</thead>
<tbody>
<tr>
<td>Jan</td>
<td>Laufik</td>
</tr>
</tbody>
</table>

**Title:** Consultant

**Address:**

<table>
<thead>
<tr>
<th>Street:</th>
<th>City:</th>
<th>State:</th>
<th>Zip:</th>
</tr>
</thead>
<tbody>
<tr>
<td>244 S San Pedro Street</td>
<td>Los Angeles</td>
<td>California</td>
<td>90012</td>
</tr>
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</table>

<table>
<thead>
<tr>
<th>Phone:</th>
<th>Ext:</th>
<th>Fax:</th>
</tr>
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<tbody>
<tr>
<td>858-692-4216</td>
<td>N/A</td>
<td>858-792-2356</td>
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</table>

**Email:** jan@cceda.com

### Borrower Description:

<table>
<thead>
<tr>
<th>Same as developer?</th>
</tr>
</thead>
<tbody>
<tr>
<td>✓</td>
</tr>
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</table>

**Name of Borrowing Entity:** Glad Tidings Community Development Corporation

### Type of Entity:

<table>
<thead>
<tr>
<th>For-profit Corporation</th>
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<table>
<thead>
<tr>
<th>Non-profit Corporation</th>
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<table>
<thead>
<tr>
<th>Partnership</th>
</tr>
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<table>
<thead>
<tr>
<th>Other (specify)</th>
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</table>

### Primary Billing Contact

<table>
<thead>
<tr>
<th>First Name:</th>
<th>Last Name:</th>
</tr>
</thead>
<tbody>
<tr>
<td>Landis</td>
<td>Graden</td>
</tr>
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**Title:** Board member

**Address**

<table>
<thead>
<tr>
<th>Street:</th>
<th>City:</th>
<th>State:</th>
<th>Zip:</th>
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</thead>
<tbody>
<tr>
<td>907 W Tennyson Road</td>
<td>Hayward</td>
<td>California</td>
<td>94544</td>
</tr>
</tbody>
</table>

<table>
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<tr>
<th>Phone:</th>
<th>Ext:</th>
<th>Fax:</th>
</tr>
</thead>
<tbody>
<tr>
<td>707-304-4340</td>
<td>N/A</td>
<td>925-241-4183</td>
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</table>

**Email:** lgraden@dcgrealestate.com
Project Information

Project Name: Faith Manor Apartments
New Project Name(optional): N/A

Facility Information

Facility #1
Facility Name: Faith Manor Apartments
Facility Bond Amount: $8,300,000.00

Project Address:
Street: 987-995 Forselles Way & 27597-27601 Tyrrell Avenue
City: Hayward
County: Alameda
State: California
Zip: 94544

Is Project located in an unincorporated part of the County? Y N

Total Number of Units:
Market: 1
Restricted: 61
Total: 62
Lot size: 3.18
Amenities: N/A

Type of Construction (i.e., Wood Frame, 2 Story, 10 Buildings):
Wood frame 2-story townhomes in 24 buildings

Type of Housing:
☐ New Construction
☐ Acquisition/Rehab

Facility Use:
☐ Family
☐ Senior

Is this an Assisted Living Facility? ☐

Has the City or County in which the project is located been contacted? If so, please provide name, title, telephone number and e-mail address of the person contacted:
First Name: Omar
Last Name: Cortez
Title: Housing Development Specialist
Phone: Ext: Fax:
Email: Omar.Cortez@hayward-ca.gov

Public Benefit Info:

Percentage of Units in Low Income Housing: 100
Percentage of Area Median Income(AMI) for Low Income Housing Units: 60
Total Number of Management Units: 1

<table>
<thead>
<tr>
<th>#</th>
<th>Bedrooms (Unit Size)</th>
<th>%AMI</th>
<th>No. of restricted units</th>
<th>Restricted rent</th>
<th>Market rent</th>
<th>Expected savings</th>
</tr>
</thead>
<tbody>
<tr>
<td>1.</td>
<td>2 Bedrooms</td>
<td>50</td>
<td>3</td>
<td>988.00</td>
<td>1,652.00</td>
<td>664.00</td>
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<tr>
<td>2.</td>
<td>2 Bedrooms</td>
<td>60</td>
<td>21</td>
<td>1,195.00</td>
<td>1,652.00</td>
<td>457.00</td>
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<tr>
<td>3.</td>
<td>3 Bedrooms</td>
<td>50</td>
<td>4</td>
<td>1,138.00</td>
<td>1,985.00</td>
<td>847.00</td>
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<tr>
<td>4.</td>
<td>3 Bedrooms</td>
<td>60</td>
<td>33</td>
<td>1,377.00</td>
<td>1,985.00</td>
<td>608.00</td>
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</table>

Note: Restricted Rent must be least 10% lower than Market Rent and must be lower than the HUD Rent limit.

Government Information
Project/Facility is in:

<table>
<thead>
<tr>
<th>Congressional District #:</th>
<th>State Senate District #:</th>
<th>State Assembly District #:</th>
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</thead>
<tbody>
<tr>
<td>15</td>
<td>10</td>
<td>20</td>
</tr>
</tbody>
</table>
Financing Information

Maturity 2 Years

Interest Rate Mode:
- Fixed
- Variable

Type of Offering:
- Public Offering
- Private Placement
- New Construction
- Acquisition of Existing Facility

Refunding (Refunding only) Will you be applying for State Volume Cap? Yes ☐ No ☐

Is this a transfer of property to a new owner? Yes ☐ No ☐

Construction Financing:
- Credit Enhancement
- Letter of Credit
- None
- Other (specify): GIC

Name of Credit Enhancement Provider or Private Placement Purchaser:

Permanent Financing:
- Credit Enhancement
- Letter of Credit
- None
- Other (specify): Taxable FHA 221(d)(4)

Name of Credit Enhancement Provider or Private Placement Purchaser: N/A

Expected Rating:
- Unrated
- Moody's: S&P: Fitch:
- "A" or better

Projected State Allocation Pool:
- General ☐ Mixed Income ☐ Rural ☐

Will the project use Tax-Credit as a source of funding? Yes ☐ No ☐
## Sources and Uses

### Sources of Proceeds

<table>
<thead>
<tr>
<th>Source</th>
<th>Amount</th>
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</thead>
<tbody>
<tr>
<td>Tax-Exempt Bond Proceeds</td>
<td>$8,300,000.00</td>
</tr>
<tr>
<td>Taxable Bond Proceeds</td>
<td>$</td>
</tr>
<tr>
<td>Tax Credits</td>
<td>$4,400,397.00</td>
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<tr>
<td>Developer Equity</td>
<td>$</td>
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<tr>
<td>Other Funds (Describe):</td>
<td>$</td>
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<tr>
<td><strong>Seller Financing</strong></td>
<td><strong>$4,190,000.00</strong></td>
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<tr>
<td><strong>Deferred Developer Fee</strong></td>
<td><strong>$300,000.00</strong></td>
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<tr>
<td><strong>Excess Construction Bonds</strong></td>
<td><strong>-$300,000.00</strong></td>
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<tr>
<td><strong>Total Sources:</strong></td>
<td><strong>$16,890,397.00</strong></td>
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</table>

### Uses:

<table>
<thead>
<tr>
<th>Use</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Land Acquisition:</td>
<td>$</td>
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<tr>
<td>Building Acquisition:</td>
<td>$8,700,000.00</td>
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<tr>
<td>Construction or Remodel:</td>
<td>$4,074,157.00</td>
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<tr>
<td>Cost of Issuance:</td>
<td>$300,181.00</td>
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<tr>
<td>Capitalized Interest:</td>
<td>$337,258.00</td>
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<td>Reserves:</td>
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<td>Other Uses (Describe):</td>
<td>$1,795,319.00</td>
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<tr>
<td><strong>Other Soft Costs</strong></td>
<td><strong>$823,482.00</strong></td>
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<td><strong>Total Uses:</strong></td>
<td><strong>$16,890,397.00</strong></td>
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Financing Team Information

**Bond Counsel**
Firm Name: Jones Hall

**Primary Contact**
First Name: Stephan  
Last Name: Melikian  
Title: N/A  
Address:  
Street: 850 California Street  
City: San Francisco  
State: California  
Zip: 94108  
Phone: 415-391-5784  
Ext: 205  
Fax: 415-391-5784  
Email: smeliakian@joneshall.com

**Bank/Underwriter/Bond Purchaser**
Firm Name: Wedbush Securities, Inc.

**Primary Contact**
First Name: Ronald  
Last Name: Lehr  
Title: N/A  
Address:  
Street: 1300 SW 5th Avenue  
City: Portland  
State: Oregon  
Zip: 97201  
Phone: 503-471-6794  
Ext: N/A  
Fax: 503-224-7097  
Email: ronald.lehr@wedbush.com

**Financial Advisor**
Firm Name: California Community Economic Development Association

**Primary Contact**
First Name: Jan  
Last Name: Laufik  
Title: N/A  
Address:  
Street: 244 S San Pedro Street  
City: Los Angeles  
State: California  
Zip: 92012  
Phone: 858-692-4216  
Ext: N/A  
Fax: 858-792-2356  
Email: jan@cceda.com

**Rebate Analyst**
Firm Name:  
**Primary Contact**
First Name:  
Last Name:  
Title:  
Address:  
Street:  
City:  
State:  
Zip:  
Phone:  
Ext:  
Fax:  
Email:
Item V

Consideration of revised Issuance Policy.
GENERAL POLICIES

Public Benefits

Each project to be financed must demonstrate tangible public benefits to the community in which it resides. For more information of public benefits, please visit the respective program links.

Bond Counsel

California Communities®CSCDA shall reserve the right to select bond counsel for the financing. In the event the applicant wishes to select its own bond counsel (subject to California CommunitiesCSCDA approval) the applicant shall pay any additional costs associated with separate Authority counsel.

In most cases, the Authority uses Orrick, Herrington and Sutcliffe as Issuer's Counsel. If the borrower chooses to use a bond counsel other than Orrick, a fee of $7,500 will apply. There are some limited instances where the fee will be higher depending on the complexity of the dealfinancing.

Internal Program Manager Review

California Communities®CSCDA shall use its Executive Director and Program Manager to review the proposed bond financing, to ensure it meets all applicable Authority policies and procedures. The Executive Director and Program Manager may also conduct a site visit and meet with the borrower prior to final Authority consideration. No additional fee beyond the Authority fee is charged for this review.

Finance Team Approval/Independent Study

The Authority shall approve each Finance Team member proposed by the borrower and reserves right to require an independent study of the project.

Indemnity

The borrower shall be required to provide indemnification to the Authority, its members, officers, agents, program managers and employees for all costs, expenses and attorney fees, as well as any
claim, judgment or settlement costs arising out of or involved in the financing, or in any documentation related thereto.

**Minority and Women Owned Participation**

The Authority encourages minority and women-owned business participation in all aspects of a financing including legal, trustee and underwriting services. The Authority encourages all senior underwriters to provide the opportunity for minority and women-owned underwriting firms to sell a portion of the bonds. Selection of minority and women-owned underwriting firms shall be left to the senior managing underwriter.

**Issuance Policy**

Please review the Authority's Issuance Policies for further information.
Please Note:

This CSCDA Financing Policy is intended as a guide for the Authority and for applicants. While the Authority reserves the right, in its discretion, to approve exceptions, applicants should not expect any exceptions.

I. General Requirements – All Financings

The following issuance policies relate to all financings issued through CSCDA:

1. The city, county or local agency hosting the proposed project must be a member of California Communities CSCDA. Click here for a list of California Communities CSCDA Members.
2. Approval by the city, county or local agency hosting the proposed project as required under the Internal Revenue Code (if applicable) and as set forth in Section 9 of California Communities CSCDA's Joint Powers Agreement.
3. Standard indemnification with respect to the financing and the project provided by the applicant to California Communities CSCDA in the appropriate financing documents.
4. Standard indemnification with respect to the issuance and sale of Bonds provided by the underwriter to California Communities CSCDA in the purchase contract.
5. California Communities' CSCDA's counsel shall conduct a review of the financing documents for consistency with California Communities' CSCDA's policies and form documents.
6. California Communities' CSCDA's Executive Director and Program Manager shall conduct a review of the financing and the associated public benefits.
7. If offering material or a disclosure document is required, it shall contain language that California Communities CSCDA takes no responsibility for the disclosures contained therein (except for information under the sections titled "THE AUTHORITY" and "LITIGATION" to the extent such information pertains to California Communities CSCDA).
8. If offering material or a disclosure document is required, the applicant shall have its counsel deliver a 10b-5 opinion covering such document at closing. The contents of such opinion shall be to the satisfaction of California Communities CSCDA and its counsel.
9. No gaming facilities are to be financed.

II. Additional Requirements for Financings Rated "BBB- or Baa3" or Better

Please Note:

Financings that have been assigned a minimum of one investment grade credit rating -rated "BBB-" through "AAA" by any 2 of the 3 major rating agencies (Standard & Poor's, Moody's Investors

\[1\] The lowest investment grade credit rating by S&P and Fitch is BBB- and by Moody's is Baa3.
Service and/or Fitch Ratings) will be subject to the additional issuance requirements below, even if the third rating is less than “BBB-”.

1. Bonds may be issued and sold through a public offering, private placement or limited public offering with appropriate disclosure or offering materials.
2. Bonds may be issued in $5,000 or such other minimum denominations at the discretion of the applicant and approved by California Communities CSCDA.

III. Requirements for Land Secured Bond Financings

The value of real property subject to either a special tax or special assessment to pay debt service must be at least four times the principal amount of the bonds being sold through CSCDA plus all other bonds outstanding that are secured by a special tax or assessment. All special tax or assessment bond financings must be enhanced by a reserve fund in the amount equal to the lesser of (a) 10% of the original proceeds of the bonds, (b) maximum annual debt service on the bonds, and (c) 125% of the average annual debt service on the bonds. The Authority may require additional measures to increase the credit quality of land secured bond issues. Land secured financings will be subject to the issuance requirements below:

1. Bonds may be issued and sold through a public offering, private placement or limited public offering with appropriate disclosure or offering materials.
2. Bonds may be issued in $5,000 or such other minimum denominations at the discretion of the applicant and approved by California Communities CSCDA.

IV. Additional Requirements for Financings Rated Below “BBB-” or Unrated

1. Either: (a) Bonds must be sold to purchasers that are “qualified institutional buyers” as generally defined under Rule 144A of the Securities Act of 1933 or (b) Bonds must be privately placed with purchasers that are “accredited investors” as generally defined under Regulation D of the Securities Act of 1933 and all initial and subsequent “accredited investors” shall execute a “traveling” sophisticated investor letter in form acceptable to California Communities CSCDA.
2. The offering material/disclosure document, if any, shall prominently indicate on the cover that Bonds can only be sold to qualified institutional buyers or accredited investors, as applicable.
3. The face of each Bond shall contain a legend stating to the effect that such Bond can only be sold to qualified institutional buyers or accredited investors, as applicable.

Click here for a copy of CSCDA’s goals and policies for Mello-Roos Community Facilities Districts.

² Except non-rated land secured financings that meet the authority’s minimum credit criteria detailed in Section III.
4. The bond documents shall contain provisions that restrict the ability to transfer the Bonds to only qualified institutional buyers or accredited investors, as applicable.
5. Bonds may be issued and sold through a private placement or limited public offering with appropriate disclosure or offering materials.
6. Bonds sold to "qualified institutional buyers" as specified above shall be sold in minimum denominations of $25,000 or greater.
7. Bonds sold to "accredited investors" as specified above shall be sold in minimum denominations of $100,000 or greater.
8. Bonds shall be delivered in book-entry form, if delivered to a broker or dealer subject to MSRB Rule G-15, and otherwise shall be physically delivered.

Effective Date

California Communities® CSCDA’s Financing Policy as set forth herein shall be effective immediately upon its adoption. (January 22, 2002; as revised on September 16, 2003, and as further revised on August 17, 2006, January 27, 2010, and March 6, 2014.)
CALIFORNIA STATEWIDE COMMUNITIES DEVELOPMENT AUTHORITY
AMENDED AND RESTATED GOALS AND POLICIES
FOR
MELLO-ROOS COMMUNITY FACILITIES DISTRICTS

I. INTRODUCTION

Section 53312.7(a) of the California Government Code provides that, on and after January 1, 1994, a local agency may initiate proceedings to establish a community facilities district ("CFD") pursuant to the Mello-Roos Community Facilities Act of 1982 (the "Act") only if it has first considered and adopted local goals and policies concerning the use of the Act. The following goals and policies have been considered and adopted by the California Statewide Communities Development Authority (the "Authority") and are intended to meet the requirements of the Act.

II. GOALS AND POLICIES GENERALLY

The Authority's goal is to use the Act to promote economic development within the boundaries of the Authority's members by assisting in the development of property to be used for residential, commercial or industrial purposes, including multi-family apartment and office buildings. Therefore, it is the policy of the Authority to use the Act to finance public facilities that will encourage the development of property for such residential, commercial or industrial purposes. The Authority may use the Act in situations where the CFD special tax is expected to be levied on property used for residential, commercial or industrial purposes, including multi-family apartment and office buildings. The Authority will use the Act only in situations where it has been petitioned to do so by the owners of 100% of the property in the proposed CFD and where the local agency which issues building permits for the project (the "Local Agency Participant") has consented to the use of the Act by the Authority.

III. PRIORITIES FOR FINANCING

The priority that various kinds of public facilities will have for financing through the Authority's use of the Act is as follows:

a. facilities needed to serve approved development which is deficient in infrastructure needed to develop the area as planned;

b. other facilities for which there is a clearly demonstrated public benefit;

c. development impact fees, connection charges and other local government levies applicable to the new development which are to be used to fund public capital improvements by the local agency which levies the fee; and

d. other facilities permitted by the Act.
The Authority will, at the request of the Local Agency Participant, include special taxes in a CFD for services provided by the Local Agency Participant; provided, that the Local Agency Participant must certify that the services comply with and are eligible under the provisions of the Act and the Local Agency Participant shall be responsible for all budgets, expenditure controls and reporting requirements for any such services.

IV. CREDIT QUALITY REQUIREMENTS FOR CFD BOND ISSUES

The Authority will require that the credit quality of any CFD bond issue be such that the requirements of Section 53345.8 of the Act will be met; provided, however, that the Authority will require that the value of the real property that would be subject to the special tax to pay debt service on the bonds be at least four times the principal amount of the bonds to be sold and the principal amount of all other bonds outstanding that are secured by a special tax levied pursuant to the Act on property within the CFD or a special assessment levied on property within the CFD.

In order to enhance the credit quality of bond issues, the Authority will require that each bond issue be secured by a reserve fund funded in an amount no less than the least of (a) 10% of the original proceeds of the bond issue, (b) maximum annual debt service on the bonds of such issue, and (c) 125% of the average annual debt service on the bonds of such issue.

The Authority may require additional measures to increase the credit quality of a bond issue, or may require credit enhancement with respect thereto, in any particular case.

V. DISCLOSURE TO PROSPECTIVE PROPERTY PURCHASERS

In order to ensure that prospective property purchasers are fully informed about their taxpaying obligations imposed under the Act, the Authority will require that the requirements of disclosure to prospective property purchasers contained in the Act, including, but not limited to, Sections 53328.3, 53328.5 (including the referenced sections of the California Streets and Highways Code), 53340.2 and 53341.5, be met. The Authority reserves the right to require additional disclosure procedures in any particular case.

VI. EQUITY OF SPECIAL TAX FORMULAS AND MAXIMUM SPECIAL TAXES

The Authority's criteria for evaluating the equity of tax allocation formulas, and the desirable and maximum amounts of special taxes to be levied against any parcel pursuant to the Act, are set forth in this section.

Special taxes must be allocated and apportioned on a reasonable basis to all categories and classes of property (other than exempt property) receiving general or special benefit from the public facilities financed through the CFD. Exemptions from the special tax may be given to parcels which are publicly-owned, are held by property owners associations, are used for public purposes such as open space or wetlands, or are affected by public utility easements making impractical their utilization for other than the purposes set forth in the easement.
The CFD special tax allocation formula must be structured so as to annually produce special tax revenues sufficient to pay (a) annual debt service on all CFD bonds, and (b) reasonable and necessary annual administrative expenses of the CFD. Additionally, the special tax formula may be structured so as to produce amounts sufficient to fund (a) any amounts required to establish or replenish any reserve fund established for a CFD bond issue, (b) the accumulation of funds reasonably required for future debt service on a CFD bond issue, (c) amounts equal to projected delinquencies in special tax payments, (d) remarketing, credit enhancement or liquidity fees, (e) differences between expected earnings on any escrow account and the interest payments due on CFD bonds associated with such escrow account, and any costs associated with the release of funds from an escrow account, and (f) any other costs or payments permitted by law. The special tax allocation formula must be structured such that the projected maximum special tax that could be levied in any year would produce special tax revenues at least equal to (a) 110% of projected annual debt service on all CFD bonds for such year, plus (b) projected reasonable and necessary administrative expenses of the CFD for such year.

The total projected property tax levels for any CFD may not exceed any maximum specified in the Act. The annual increase, if any, in the maximum special tax for any parcel may not exceed any maximum specified in the Act. The increase in the special tax levied on any parcel as a consequence of delinquency or default by the owner on any other parcel may not exceed any maximum specified in the Act.

VII. APPRAISALS

The definitions, standards and assumptions to be used in appraisals required in connection with the Authority’s use of the Act are as set forth in the Appraisal Standards for Land Secured Financings (the “Standards”) published by the California Debt Advisory Commission and dated May 1994 and revised July 2004, with the following modifications:

a. the independent review appraiser is an option, and not a requirement;

b. the comparable sales method may be used whenever there is sufficient data available;

c. the appraiser should assume the presence of the public infrastructure to be financed with the bonds;

d. the special tax lien need not be computed as the present value of the future tax payments if there is a pre-payment mechanism or other more appropriate measure;

e. except where necessary to make a meaningful comparable sale comparison, the appraiser is not to discount the value of property for the amount of the special tax or assessment liens; This also means that the special tax should be ignored in any discounted cash flow analysis; and
f. the definition of "Bulk Sale Value" on page 29 of the Standards states the requirement that all parcels within a tract or development be included; instead it may be any defined portion of the property.

VIII. CONSULTANTS

The selection of all consultants necessary for the formation of a CFD and the issuance of bonds, including the appraiser, market absorption study analyst, special tax consultant, bond counsel and underwriter, will be subject to final approval by the Authority. The applicant for CFD financing may not recommend, or participate in the selection of, the appraiser.

IX. APPLICATIONS; CONDITIONS

The owner or owners of the property the development of which is to be assisted through the Authority's proposed use of the Act, will be required to complete an application in such form as the Authority may prescribe. Any information provided in the application must be considered public information by California law.

The applicant must have the approval of the city or the county in which the project is located. Such approval may be in the form of a letter from an appropriate city or county official supporting the project or in such other form as the Authority may approve.

All Authority and consultant costs incurred in the evaluation of any CFD application, or in the formation of a CFD or the issuance of CFD bonds, will be paid by the applicant, which payment will be secured by an advance deposit with the Authority. The Authority will not incur any nonreimbursable expenses for processing a CFD, and expenses not chargeable to the CFD will be borne by the applicant.

Each applicant will be required to provide an indemnity to the Authority, its members, officers, agents and employees for all costs, expenses and attorney fees, as well as any judgment or settlement costs arising out of or involved in the CFD financing, or in any of the documentation related thereto.

X. MINIMUM STANDARDS; WAIVERS AND AMENDMENT

The policies set forth herein reflect the minimum standards under which the Authority will assist in the development of property through the use of the Act. The Authority may, in its discretion, require additional measures and procedures, enhanced security and higher standards in particular cases.

The Authority may, in limited and exceptional circumstances and to the extent permitted by law, in its discretion, waive any of the policies set forth herein in particular cases.

The goals and policies set forth herein may be amended at any time and from time to time by the Authority.
FEE SCHEDULE

Policies for Fee Collection and Retention

1. Issuance Fees and Annual Administration Fees will be assessed according to California Communities® CSCDA policy.
2. All Issuance Fees will be collected at the closing of the bond issue except for issues requiring State of California (the "State") volume cap. Issuance Fees for applications requiring State volume cap will be collected at the time of application submission to the State.
3. An Issuance Fee Deposit of $5,000 ($2,500 for Municipal or designated Small Issue Program projects) will be collected at the time of application submission. The Issuance Fee Deposit covers applications from the same borrower during the calendar year. The Issuance Fee Deposit is nonrefundable unless California Communities®, CSCDA, the State, or the city or county in which the projects resides declines the proposed financing. The Issuance Fee Deposit is applied to the issuance fee at closing.
4. No other fees will be collected unless and until the project financing closes, with the exception of projects requiring allocation of State volume cap. For projects requiring volume cap, the entire Issuance Fee is forfeited if the financing fails once the volume cap has been awarded by the State. If the application is withdrawn by the applicant, after submission to the State, but prior to the award of allocation, all fees except the Issuance Fee Deposit are refundable.
5. All Annual Administration Fees will be paid at the time interest payments are due but no less than once a year. For Housing Bonds, a pro rata portion of the Annual Administration Fee will be collected at the time of issuance. Annual Administration Fees are assessed against the original principal or outstanding principal at the required payment dates based on the financing type as noted on the Fee Schedule.
6. A minimum Issuance Fee of $10,000 will be charged for any Individual Project.

An Individual Project may be defined as a project that has been awarded State volume cap in the past and requires additional volume cap for project completion within two years of original bond issuance subject to the Executive Director and Program Manager review. An Individual Project does not include the issuance of bonds for refunding purposes or phasing a project for State volume cap purposes. An Individual Project seeking an additional award of State volume cap for project completion in conjunction with a refunding of prior bonds issued will be subject to the Issuance Fee as specified on the Fee Schedule.

Click here to download the Fee Schedule.
PUBLIC ACCESS TO RECORDS POLICY

It is the intention of the California Statewide Communities Development Authority ("California Communities®CSCDA") to make records accessible to the public in an expedient and reasonable manner under the terms of the California Public Records Act (California Government Code Section 6250 and following). Accordingly, the following policy has been adopted by the Commission of the California Communities®CSCDA.

Requests

California Communities®CSCDA prefers that all records requests be submitted in writing. However, should a request be made orally, the request will be recorded as accurately as possible and California Communities®CSCDA will address the request in accordance with the manner in which it was recorded.

Requests for the right to inspect and / or for copies of California Communities®CSCDA records that are disclosable under the Act may be made in writing to:

Document Request:
VIA REGULAR MAIL:
California Statewide Communities Development Authority
1100 K Street
Sacramento, CA 95814

VIA FAX:
(916) 441-5507
(Attention: California Communities®CSCDA Document Request)

VIA EMAIL:

docrequest@cacommunities.org

Provided that if a member of the public appears in person during normal office hours at any facility where California Communities®CSCDA public records are maintained requesting the right to inspect disclosable documents located at such facility, such person shall be presented with such documents for inspection as soon as practicable after making such a request following determination by the Authority officers or staff as to any applicable exemptions. Hard copies of records and documents requested will be provided to the member of the public making the written or oral request for such documents upon payment of the costs described below.

Records will be made available in an electronic format if requested in such a format and if they are currently maintained in such a format. If a particular kind of format such as CD or DVD is requested, records requested in that format will be made available in that format if California...
Communities®CSCDA has used that format to create copies for its own use or for provision to other agencies. California Communities®CSCDA will not release a record in an electronic format if to do so would jeopardize or compromise the security or integrity of the original record or of any proprietary software in which it is maintained. California Communities®CSCDA is not obligated to reconstruct a record in an electronic format if the record is no longer available in that form.

Timing of the Response

Each request for California Communities®CSCDA records shall be reviewed as soon as possible by Authority officers or staff to determine (i) whether the documents are exempt under the Act, (ii) where the documents are located and (iii) if to be copied by the California Communities®CSCDA, an estimation of the time required for duplicating and shipping the requested documents and the cost of duplication and shipping (as required below). This determination will be provided to the person requesting documents not more than 10 days after the California Communities®CSCDA has received such request unless "unusual circumstances" exist, in which case, the person requesting documents shall be provided in writing, the date that the determination will be made available (which date shall be not be extended more than 14 days thereafter) and the unusual circumstance causing the delay.

Upon receipt of payment of costs, California Communities®CSCDA shall promptly make the requested copies of documents available to the person requesting such documents.

Costs

Person requesting copies of California Communities®CSCDA records shall, prior to the duplications of such records, pay the costs of duplication and shipping as follows:

Duplicating/production costs:
- $.25 per page 8.5x11 or 8.5x14 page
- $.25 per page Computer printouts
- $5.00 each Photograph reproduction
- Actual cost plus $5.00 Copies that require special equipment or special technique
- No charges Person requesting documents makes own arrangements for documents to be copied on site

Shipping costs:
- Actual postage First class mail
- Actual cost plus $5.00 Overnight delivery or messenger service
No charges Documents picked up by person requesting them

Costs shall be paid by check or money order made payable to CSAC Finance Corporation CSCDA and delivered to the Secretary at the same address as written requests for documents noted above.

**Distribution of Policy**

The California Communities@CSCDA shall post this policy at www.cacommunities.org and shall make a copy of this policy, at no cost, to any person requesting the policy.
Item VI

Review and discuss CSCDA PACE Program.
AGENDA OF THE
SPECIAL MEETING OF THE
CALIFORNIA STATEWIDE COMMUNITIES DEVELOPMENT AUTHORITY

March 6, 2014
10:15 a.m. or upon adjournment of the CSCDA Regular Meeting
League of California Cities
1400 K Street, 3rd Floor
Sacramento, California

Teleconference Locations

County of Butte
7 County Center Drive
Oroville, CA 95965

County of Yuba
915 8th Street, Suite 103
Marysville, CA 95901

County of Monterey
168 West Alisal Street
Salinas, CA 93901

City of Walnut Creek
1666 North Main St.
Walnut Creek, CA 94596

I. Call the Roll (alternates designate which member they are representing).

II. Consideration of Resolution Rescinding Resolution No.10H-29 to allow financing for residential properties through the CaliforniaFIRST program.

III. Public Comment.

IV. Adjourn.
CaliforniaFIRST: Re-Launched of Residential PACE
March 6, 2014
CaliforniaFIRST Residential PACE Complete Solution

- Renewable Funding is a leading national clean energy finance firm active across the United States
- CaliforniaFIRST ready to go with world-class team
- Active and exclusive network of 4,000 contractors in California
- Facilitated over $1 billion in home energy improvement financing
- Commitment for $300 million in capital to purchase residential PACE bonds
- Capital markets tested technology, operations, and origination experience
Section I

Renewable Funding Background
Renewable Funding: National EE Finance Leaders

- Created Property Assessed Clean Energy (PACE)
  - Invented, Built, Operated, and Funded the first PACE program in Berkeley, CA
  - Built programs and originated residential PACE projects in multiple states, secured over $300 million in capital commitments

- Created Warehouse for Home Energy Efficiency Loans (WHEEL)
  - $100mm warehouse facility with Citigroup and State of PA Treasury to fund unsecured residential loans across U.S.
  - Partnership with the National Association of State Energy Officials (NASEO)
  - Program underway with multiple states, first securitization in Q3

- Building First Investment Grade Utility On-Bill Financing Program
  - Hired by the State of Hawaii to serve as program and fund manager for their $150mm Green Infrastructure Authority (“Green Bank”)
  - Designing capital structure and program for utility on-bill financing program initiated through the Hawaii Public Utilities Commission
RF: Energy Program Data and Expertise

*Renewable Funding created consumer, contractor, and data technology systems*

- **Energy Upgrade California**
  - One stop shop with for energy upgrades - tools, tips, rebates, financing
  - 4 million page views
  - Over 4,500 projects and counting

- **Data Warehouse**
  - Aggregation effort across a variety of sources to create comprehensive data set on energy efficiency projects in California
  - 9 local government organizations representing 15 different programs
  - Normalized data, built and deployed EUC Reporting Portal
Integration: Originators, Investors & Contractors

Renewable Funding has built out its IT infrastructure to support its financing platform

- Direct interface/transfer of data with loan originators and servicers
- Data management and reporting requirements for institutional investors
- As RF expands its product offering, consumer facing tools will help guide contractors and consumers to third-party originators for RF products
RF: Experienced Management Team

- **Cisco DeVries, President and CEO**
  - Co-founder of Renewable Funding, innovator of PACE, former government executive and appointee in Clinton Administration

- **Jack Bernard, Executive Vice President**
  - 25 years of capital markets and investment management experience with Merrill Lynch Capital Markets, RCM Capital Management, hedge funds and as an advisor to institutional investment organizations

- **Scott Strait, Chief Technology Officer**
  - Over 20 years experience leading technology operations, including 12 years as CTO with Charles Schwab, where he developed the tech strategy to completely rewrite Schwab.com

- **Mimi Frusha, Chief Operating Officer**
  - Co-founder of Renewable Funding, over 10 years implementing a variety of consumer and business based financing programs

- **Cliff Staton, Executive Vice President**
  - 20 years as a partner with the political strategy consulting firm of Staton & Hughes. Helped elect numerous members of Congress and California legislature
Section II

CaliforniaFIRST Team and Capabilities
CaliforniaFIRST Background

- In response to CSCDA RFP, Renewable Funding was selected to be the administrator of the CaliforniaFIRST PACE program in December 2008
- As the nation’s leading PACE program provider, Renewable Funding created the CaliforniaFIRST program, including establishing program eligibility, underwriting criteria, developing local government relationships
- 2009-10 Renewable Funding traveled throughout the state and recruited 14 counties and 146 cities into the program
- In 2011-12, Renewable Funding worked with CSCDA to launch commercial PACE
- Renewable Funding paid for legal work to create 14 districts and conduct judicial validation, completed Sept. 2012
- Renewable Funding recruited three additional counties into the program in 2013. Validation scheduled to be completed in May.
CaliforniaFIRST Team Overview

CaliforniaFIRST
Program Sponsor and Bond Issuer:
CSCDA

Program Administrator:
Renewable Funding LLC

Originator:
Renewable Funding/EGIA

Bond Counsel:
Jones Hall

Trustee:
Wilmington Trust

Tax Administrator:
Willdan
<table>
<thead>
<tr>
<th>Entity</th>
<th>Key Responsibilities</th>
<th>Capabilities</th>
</tr>
</thead>
<tbody>
<tr>
<td>Program Management, Administration and Finance (Renewable Funding)</td>
<td>Responsible for all aspects of the program including management of all team members; Designs program, ensures compliance with AB 811 and other applicable law</td>
<td>PACE documents and procedures already established. Prior experience building PACE ops infrastructure and processing team. Currently engaging with key team members via PACE Commercial Program. Working with many since 2008.</td>
</tr>
<tr>
<td>- Contractor Management (EGIA)</td>
<td>Third party partner supporting contractor management and origination; Creates and maintains system to accept and process applications; registers, supports and monitors contractors; provides customer service to property owners and contractors</td>
<td>25,000 member national network of contractors and manufacturers, including 4,000 in CA. Has facilitated $1 billion in financing for energy efficiency and renewable energy projects and administered $450 million in rebates. Non-profit based in Sacramento.</td>
</tr>
<tr>
<td>Bond &amp; Issuer Counsel (Jones Hall, Orrick)</td>
<td>Supports program formation and validation; develops and review key legal documents; Legal oversight on bond issuance and compliance with AB 811</td>
<td>Supported first PACE program (JH). Lead PACE Counsel in State for program formation (JH) and validation (Orrick) for a number of jurisdictions.</td>
</tr>
<tr>
<td>Trustee (Wilmington Trust)</td>
<td>Responsible for management and disbursement of proceeds and repayments to all respective payees</td>
<td>Serves as Trustee for number of CSCDA programs/transactions.</td>
</tr>
<tr>
<td>Tax Administrator (Willdan)</td>
<td>Oversees placement of assessment on tax roll; Manages repayment and delinquency</td>
<td>Serves as Tax Administration for a number of CSCDA programs/transactions. Providing Tax Administration services for nearly 20 years</td>
</tr>
</tbody>
</table>
Section III

Introducing PACE 2.0
Technical and Operations Buildout
Introducing PACE 2.0

- Fast, easy affordable for consumers
- Contractor focused
- Rooted in strong local govt partnerships
- Attractive to investors
- Minimal risk to regulators and mortgage holders
Components of CalFirst Operations

1. Contractor Management
   - Recruitment
   - Enrollment & Training
   - On-Going Management
   - Dispute Resolution

2. Application Processing
   - Consumer Marketing
   - Call Center
   - Property & Project Underwriting
   - Document Generation

3. Project Installation to Lien Recordation
   - Completion Certificate & Project Validation
   - Lien Recordation & Validation

4. Bond Issuance to Funding
   - Document Generation
   - Approvals & Signatures
   - Bond Issued
   - Funds Disbursed

5. Repayment
   - Placement on Tax Roll
   - Assessment Repayment
   - Delinquency Management
Renewable Funding will engage with 3rd party partner, EGIA, a non-profit trade association working with energy efficiency and renewable energy contractors, to provide contractor management services. EGIA will provide a contractor portal and materials to support contractors in using PACE.

<table>
<thead>
<tr>
<th>Core Activity</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>Recruitment</td>
<td>Reach out to high potential contractors in existing network and encourage them to add PACE to their sales process. Promote PACE to all California based targeted contractors in existing prospect database.</td>
</tr>
<tr>
<td>Enrollment and Training</td>
<td>Guide contractors through the enrollment process and review requirements to approve participation. Train participating contractors on how to integrate PACE into their sales process.</td>
</tr>
<tr>
<td>On-going management</td>
<td>Provide on-going training and materials. Continuously monitor contractor loan activity.</td>
</tr>
<tr>
<td>Dispute Resolution</td>
<td>Support in contractor/ consumer dispute resolution, and depending upon the circumstances, engage contractors, manufacturers, and/or distributors in remediating warranty problems, if the contractor fails to do so.</td>
</tr>
</tbody>
</table>
2. Application Processing

Renewable Funding is responsible for the development of consumer portals and materials, the application processing portal, call center, application processing, data entry, and document generation.

<table>
<thead>
<tr>
<th>Core Activity</th>
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</tr>
</thead>
<tbody>
<tr>
<td>Consumer Marketing and Lead Generation</td>
<td>Primarily leverage contractor network to promote program to consumers. Ensure contractors have tools to support marketing and sales process.</td>
</tr>
<tr>
<td>Call Center</td>
<td>Management of in-bound calls regarding program inquiry or application processing as well as out-bound calls for application follow-up and contractor management</td>
</tr>
<tr>
<td>Property and Project Underwriting</td>
<td>Includes underwriting of property owner, property and project. Vast majority of the underwrite is done through auto-decision. Exceptions may require application processor manual review.</td>
</tr>
<tr>
<td>Document Generation</td>
<td>Auto generation of all property owner financing documents enabled with electronic signature. Documents are disbursed electronically to property owner and may be returned electronically or via hard copy.</td>
</tr>
</tbody>
</table>
3. Project Installation to Lien Recordation

Renewable Funding will handle all facets from project validation to lien recordation. The vast majority of this component is managing documents and signatures. Renewable Funding will use a 3rd party courier D&T Legal Services to assist with the lien recordation process.

<table>
<thead>
<tr>
<th>Core Activity</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>Completion Certificate &amp; Project Validation</td>
<td>Program Administrator reviews all Completion Certificates for completeness and conducts necessary steps to validate that project was installed including out-bound calls as well as random in-field inspection.</td>
</tr>
<tr>
<td>Lien Recordation &amp; Validation</td>
<td>Program Administrator oversees all aspects of the lien recordation process, including gathering the necessary signatures, providing documents for recordation, recording lien and validating recordation.</td>
</tr>
</tbody>
</table>
4. Bond Issuance to Funding

Renewable Funding will coordinate the PACE Team, including the Program Sponsor, Legal Counsel and the Trustee to facilitate the Bond Issuance and Funding. Renewable Funding will be responsible for preparing all documents for review by PACE Team and overseeing disbursement of funds to contractors and/or property owners.

<table>
<thead>
<tr>
<th>Core Activity</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>Document Generation</td>
<td>After lien recordation, all bond documents and supporting documents including information on underlying assessments must be generated weekly.</td>
</tr>
<tr>
<td>Approvals and Signatures</td>
<td>Approval and signature must be received by all parties to the transaction, which includes the Issuer, Counsel, Trustee and Investor. Program Administrator and Tax Administrator are responsible for reviewing documents.</td>
</tr>
<tr>
<td>Bond Issued</td>
<td>Bonds are closed weekly once all signatures are received and funds are transferred from investor.</td>
</tr>
<tr>
<td>Funds Disbursed</td>
<td>Program Administrator directs Trustee on disbursement of funds to property owner or contractors on a weekly basis.</td>
</tr>
</tbody>
</table>
Bond Issuance to Funding

1. Completion Certificate (Day 1)
2. Lien Recordation (Day 2-4)  
   Note: Requires CSCDA signature
3. Notice of Bond Issuance (Day 5)
4. Bond Issuance Documents (Day 7)
5. Bond Purchase Price (Day 8)
6. Bond Purchase Documents (Day 8)
7. Project Costs (Day 9)
7. Admin Expenses (Day 9)

LEGEND

- Investor Funds
- Trigger Events/Docs
### 5. Assessment Repayment

*Renewable Funding will oversee the core repayment activities conducted by the Tax Administrator, County, Trustee and Program Sponsor.*

<table>
<thead>
<tr>
<th>Core Activity</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>Placement on Tax Roll</td>
<td>After lien recordation and funding, assessment installment must be placed on annual tax roll to ensure collection from County. Annual tax roll is prepared in late summer by each County. Tax Administrator is responsible for preparing information for submission to each County.</td>
</tr>
<tr>
<td>Assessment Repayment</td>
<td>County is responsible for collecting annual assessment installment from property owner in one or two installments and for remitting payment to the Trustee.</td>
</tr>
<tr>
<td>Delinquency Management</td>
<td>Tax Administrator annually reviews repayment from property owners and reports to Team on delinquencies. Tax Administrator manages delinquency and/or foreclosure process at direction of Program Sponsor/Issuer.</td>
</tr>
</tbody>
</table>
CSCDA Operational Considerations

- **Weekly Bond Issuance**: In order to support regular funding for contractors, bonds ideally would be issued on a weekly basis. This could be supported by a resolution permitting maximum issuance amount during a month or quarter. Upon reaching the maximum issuance cap or time period, CSCDA could pass another resolution.

- **Weekly Signature Process**: This would require adjustments to CSCDA’s typical signature schedule and process. Recommend staff work with RF, bond counsel, and trustee to develop process. There are several bond and property owner documents that require CSCDA’s signature on a weekly basis:
  - Weekly Assessment Contract Signature (Electronic) - in order to provide countersigned copy to property owner
  - Weekly Notice of Assessment Contract and Payment of Assessment Contract Required (Wet)
  - Weekly Bond Documents (Electronic)

- **Fee Schedule**: Attempting to set-up fee structure to minimize on-going fees. Recommend CSCDA take one-time upfront fee that would be equivalent of typical upfront and on-going fee.
Section IV

Financing Commitment
Committed Financing for Immediate Launch

- One of the world’s largest alternative investment funds, with $161 billion in assets under management, has committed to supporting CaliforniaFIRST.
- This firm has committed $300 million to Renewable Funding for the launch of the CaliforniaFIRST program.
- Cost to consumer will be “as good or better” from day one.
Section V

Market Competition/Pricing
## Current PACE Program Interest Rates

<table>
<thead>
<tr>
<th>Program</th>
<th>5 Year Term</th>
<th>10 Year Term</th>
<th>15 Year Term</th>
<th>20 Year Term</th>
</tr>
</thead>
<tbody>
<tr>
<td>HERO-WRCOG</td>
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<td>7.95%</td>
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<tr>
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<td>CalFIRST</td>
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<td>6.85%</td>
<td>7.85%</td>
<td>8.15%</td>
</tr>
</tbody>
</table>

*Additional closing costs will apply*
Ready to Go from Day One

- Next Steps for Residential PACE Launch
  - Consider Resolution to restart residential PACE
  - Consider Renewable Funding contract
  - File statewide validation
RESOLUTION NO. _____

RESOLUTION RESCINDING RESOLUTION NO. 10H-29 ENTITLED “RESOLUTION ADDRESSING THE CONCERNS OF THE FEDERAL HOUSING FINANCE AGENCY RELATING TO CALIFORNIAFIRST FINANCING FOR RESIDENTIAL PROPERTIES”

WHEREAS, the California Statewide Communities Development Authority (“California Communities”) is authorized under the authority granted California Communities pursuant to Chapter 5 of Division 7 of Title 1 of the Government Code of the State of California in accordance with Chapter 29 of Part 3 of Division 7 of the Streets & Highways Code of the State of California (“Chapter 29”) to levy contractual assessments to finance the installation of distributed generation renewable energy sources and energy efficiency and water efficiency improvements that are permanently fixed to real property (“Authorized Improvements”); and

WHEREAS, the Commission of California Communities has previously established a CaliforniaFIRST program in each of the following counties (collectively, the “Counties”), pursuant to which California Communities would enter into contractual assessments to finance the installation of Authorized Improvements in the Counties: (i) Alameda, (ii) Fresno, (iii) Kern, (iv) Marin, (v) Monterey, (vi) Napa, (vii) Sacramento, (viii) San Benito, (ix) San Diego, (x) San Luis Obispo, (xi) San Mateo, (xii) Santa Clara, (xiii) Santa Cruz, (xiv) Solano, (xv) Tulare, (xvi) Ventura and (xvii) Yolo; and

WHEREAS, on July 6, 2010, the Federal Housing Finance Agency issued the Statement attached hereto as Exhibit A (the “Statement”); and

WHEREAS, as a result of the Statement and in order to avoid any adverse impact on residential property owners in the Counties as a result of the CaliforniaFIRST program, the Commission adopted its Resolution No. 10H-29 entitled, “Resolution Addressing the Concerns of the Federal Housing Finance Agency Relating to CaliforniaFIRST Financing for Residential Properties” (“Resolution No. 10H-29”), which declared that California Communities would not accept applications for the CaliforniaFIRST program from residential properties or provide financing through the CaliforniaFIRST program to residential property owners in the Counties; and

WHEREAS, the Commission wishes to rescind Resolution No. 10H-29 due to indications of strong demand by residential property owners to finance the installation of Authorized Improvements and evidence that the regulatory environment is more conducive to operation of the CaliforniaFIRST residential program than it was in 2010;

NOW THEREFORE, BE IT RESOLVED that the Commission of the California Statewide Communities Development Authority hereby finds, determines and resolves as follows:

1. Recitals. The above recitals are true and correct.

2. Conduct of CaliforniaFIRST Program for Residential Properties. The Commission hereby rescinds Resolution No. 10H-29, and California Communities may accept applications for the CaliforniaFIRST program from residential properties in the Counties and provide financing through the CaliforniaFIRST program to residential properties in the Counties.

3. Effective Date. This resolution shall take effect immediately upon its adoption.
PASSED AND ADOPTED by the California Statewide Communities Development Authority this ___ day of _____, 2014.

I, the undersigned, an Authorized Signatory of the California Statewide Communities Development Authority, DO HEREBY CERTIFY that the foregoing resolution was duly adopted by the Commission of the Authority at a duly called meeting of the Commission of the Authority held in accordance with law on ____, 2014.

By:_________________________________
Authorized Signatory
California Statewide
Communities Development
Authority
RESOLUTION NO. 10H-29

RESOLUTION ADDRESSING THE CONCERNS OF THE FEDERAL HOUSING FINANCE AGENCY RELATING TO CALIFORNIAFIRST FINANCING FOR RESIDENTIAL PROPERTIES

WHEREAS, the California Statewide Communities Development Authority ("California Communities") is authorized under the authority granted California Communities pursuant to Chapter 5 of Division 7 of Title 1 of the Government Code of the State of California in accordance with Chapter 29 of Part 3 of Division 7 of the Streets & Highways Code of the State of California ("Chapter 29") to levy contractual assessments to finance the installation of distributed generation renewable energy sources and energy efficiency and water efficiency improvements that are permanently fixed to real property ("Authorized Improvements"); and

WHEREAS, on March 10, 2010, the Commission of California Communities established a CaliforniaFIRST program in each of the following counties (collectively, the "Counties"), pursuant to which California Communities would enter into contractual assessments to finance the installation of Authorized Improvements in the Counties: (i) Alameda, (ii) Fresno, (iii) Kern, (iv) Monterey, (v) Sacramento, (vi) San Benito, (vii) San Diego, (viii) San Luis Obispo, (ix) San Mateo, (x) Santa Clara, (xi) Santa Cruz, (xii) Solano, (xiii) Ventura and (xiv) Yolo; and

WHEREAS, on July 6, 2010, the Federal Housing Finance Agency issued the Statement attached hereto as Exhibit A (the "Statement"); and

WHEREAS, as a result of the Statement and in order to avoid any adverse impact on residential property owners in the Counties as a result of the CaliforniaFIRST program, the Commission wishes to declare that, as long as the Statement is in effect, California Communities will not accept applications for the CaliforniaFIRST program from residential properties or provide financing through the CaliforniaFIRST program to residential property owners in the Counties;

NOW THEREFORE, BE IT RESOLVED that the Commission of the California Statewide Communities Development Authority hereby finds, determines and resolves as follows:

1. Recitals. The above recitals are true and correct.

2. Conduct of CaliforniaFIRST Program for Residential Properties. The Commission hereby orders that, as long as the Statement is in effect, California Communities shall not accept applications for the CaliforniaFIRST program from residential properties in the Counties or provide financing through the CaliforniaFIRST program to residential properties in the Counties.
The Commission hereby orders that, except as provided in the previous sentence, the CaliforniaFIRST program shall remain in full force and effect.

3. **Effective Date.** This resolution shall take effect immediately upon its adoption.
PASSED AND ADOPTED by the California Statewide Communities Development Authority this 4th day of August, 2010.

I, the undersigned, an Authorized Signatory of the California Statewide Communities Development Authority, DO HEREBY CERTIFY that the foregoing resolution was duly adopted by the Commission of the Authority at a duly called meeting of the Commission of the Authority held in accordance with law on August 4, 2010.

By: [Signature]

Authorized Signatory
California Statewide
Communities Development
Authority