



REGULAR MEETING AGENDA

October 20, 2016 at 2:00 p.m.

California State Association of Counties
1100 K Street, 1st Floor, Sacramento, CA 95814

Telephonic Locations:

709 Portwalk Place
 Redwood City, CA 94061

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

City of Auburn
 1225 Lincoln Way, Auburn, CA 95603

County of Monterey
 168 Alisal Street, Salinas, CA 93901

A. OPENING AND PROCEDURAL ITEMS

1. Roll Call.

_____ Dan Harrison, Chair	_____ Tim Snellings, Member
_____ Larry Combs, Vice Chair	_____ Dan Mierzwa, Member
_____ Kevin O'Rourke, Treasurer	_____ Irwin Bornstein, Member
_____ Ron Holly, Secretary	_____ Brian Moura, Alt. Member
2. Consideration of the minutes of the October 6, 2016 Regular Meeting.
3. Consideration of the Consent Calendar.
4. Public Comment.

B. ITEMS FOR CONSIDERATION

5. Consideration of the issuance of revenue bonds or other obligations to finance or refinance the following projects, the execution and delivery of related documents, and other related actions:
 - a. Hemet Vistas 1&2R Partners, L.P. (Hemet Vistas), City of Hemet, County of Riverside; issue up to \$13,000,000 in multi-family housing revenue bonds.
 - b. Fruit Avenue Housing Associates, LP (Parks at Fig Garden Apartments), City of Fresno, County of Fresno; issue up to \$27,791,620 in multi-family housing revenue bonds.

This ___ page agenda was posted at 1100 K Street, Sacramento, California on _____, 2016 at ___: ___m, Signed _____. Please email signed page to info@cscda.org

6. Consideration of adoption of resolution authorizing Amended and Restated Indenture of Trust, First Amendment to Loan Agreement, Supplemental Tax Exemption Certificate and Agreement, Replacement Bonds and related certificates and documents in connection with \$135,000,000 Pollution Control Refunding Revenue Bonds (Southern California Edison Company) 2006 Series C and D.
7. Consideration of fee schedule for GO Savers Program.
8. Review Q1 2016-2017 Budget, Financial Progress and Bank Account Activity.

C. STAFF ANNOUNCEMENTS, REPORTS ON ACTIVITIES OR REQUESTS

9. Executive Director Update.
10. Staff Updates.
11. Adjourn.

NEXT MEETING: Thursday, November 3, 2016 at 2:00 p.m.
League of California Cities
1400 K Street, 3rd Floor, Sacramento, CA 95814

CALIFORNIA STATEWIDE COMMUNITIES DEVELOPMENT AUTHORITY

CONSENT CALENDAR

1. Consent Calendar

- a. Inducement of Islas Development, LLC (Lilly Gardens Apartments), City of Gilroy, County of Santa Clara; issue up to \$35 million in multi-family housing revenue bonds.
- b. Consideration of Legal Services Agreement with Stradling, Yocca, Carlson & Roth as CSCDA foreclosure counsel under the Open PACE Program.
- c. Consideration of CEQA Resolution for Commercial PACEDirect under the Open PACE Program.
- d. Consideration of Master Assignment and related documents for PACE Funding under the Open PACE Program.
- e. Consideration of PACE Operating Agreement with Contra Costa County.

October 20, 2016



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

California State Association of Counties
1100 K Street, 1st Floor, Sacramento, California 95814

October 6, 2016

MINUTES

Commission chair Dan Harrison called the meeting to order at 2:06 pm.

1. Roll Call.

Commission members present: Dan Harrison and Tim Snellings. Irwin Bornstein and Larry Combs participated by teleconference.

CSCDA Executive Director, Catherine Bando participated by teleconference.

Others present included: Jon Penkower, Bridge Strategic Partners and Regina Kumar, CSAC Finance Corporation. James Hamill, Bridge Strategic Partners; Trish Eichar and Rich Moore, Orrick, Herrington, & Sutcliffe; Trisha Ortiz, Richards, Watson, & Gershon; and Chris Lynch, Jones Hall, participated by teleconference.

2. Consideration of the minutes of the September 15, 2016 Regular Meeting.

Motion to approve by Snellings; second by Combs; unanimously approved by roll-call vote.

3. Consideration of the Consent Calendar.

- a. Induce Woodstone by Vintage, LP (Woodstone Apartments), City of Lompoc, County of Santa Barbara; issue up to \$30 million in multi-family housing revenue bonds.
- b. Induce Cascade Housing Association (Lincoln Senior Apartments), City of Lincoln, County of Placer; issue up to \$10 million in multi-family housing revenue bonds.
- c. Induce Serra LP (Serra Apartments), City of Fremont, County of Alameda, issue up to \$70 million in multi-family housing revenue bonds.
- d. Induce Kensington Apartments LP (Kensington Apartments), City of Sacramento, County of Sacramento, up to \$45 million in multi-family housing revenue bonds.
- e. Consider California Housing Consortium Annual Membership (\$2,500).
- f. Consider Legal Services Agreement with Orrick, Herrington & Sutcliffe for Spruce Finance under the Open PACE Program.

- g. Consider Services Agreement with David Taussig & Associates for Tax Administration Services for Spruce Finance under the Open PACE Program.
- h. Consider Legal Services Agreement with Jones Hall for CleanFund Commercial PACE Capital under the Open PACE Program.
- i. Consider Santa Rita School District; Chualar School District; Mission School District; Salinas Union High School District; and Alisal School District as CSCDA Program Participants.
- j. Consider PACE Operating Agreement with Contra Costa County.

Items G and H were pulled from the consent calendar and postponed to a future meeting. Motion to approve items A, B, C, D, E, F, I, J by Combs; second by Bornstein; unanimously approved by roll-call vote.

4. Public Comment.

There was no public comment.

5. Consideration of the issuance of revenue bonds or other obligations to finance or refinance the following projects, the execution and delivery of related documents, and other related actions:

- a. Lancer Educational Housing, LLC, City of Riverside, County of Riverside; issue up to \$120,000,000 in student housing revenue bonds.

Bando indicated that the financing complies with CSCDA's general and issuance policies and she recommends approval.

Motion to approve Executive Director Bando's recommendation by Snellings; second by Bornstein; unanimously approved by roll-call vote.

- b. Mountain Shadows Support Group, Inc., City of Jurupa Valley, County of Riverside; City of Moreno Valley, County of Riverside; City of Escondido, County of San Diego; City of San Marcos, County of San Diego; issue up to \$18,000,000 in revenue bonds.

Bando indicated that the financing complies with CSCDA's general and issuance policies and she recommends approval.

Motion to approve Executive Director Bando's recommendation by Combs; second by Snellings; unanimously approved by roll-call vote.

- c. Marygold Associates II, LP (Marygold Gardens Apartments), City of Fontana, County of San Bernardino; issue up to \$15,000,000 in multi-family housing revenue bonds.

Bando indicated that the financing complies with CSCDA's general and issuance policies and she recommends approval.

Motion to approve Executive Director Bando's recommendation by Bornstein; second by Snellings; unanimously approved by roll-call vote.

- d. Columbia Associates II, LP (Columbia Apartments), City of Los Angeles, County of Los Angeles; issue up to \$18,000,000 in multi-family housing revenue bonds.

Bando indicated that the financing complies with CSCDA's general and issuance policies and she recommends approval.

Motion to approve Executive Director Bando's recommendation by Combs; second by Bornstein; unanimously approved by roll-call vote.

6. Consideration of the Adoption of Ordinance Levying a Special Tax for Fiscal Year 2016-2017 and Following Fiscal Years Solely Within and Relating to California Statewide Communities Development Authority Community Facilities District No. 2016-01 (Napa Pipe), County of Napa, State of California.

Motion to approve Adoption of Ordinance by Snellings; second by Combs; unanimously approved by roll-call vote.

7. Executive Director update.

Executive Director Bando informed the Commission that she was currently attending the League of California Cities Annual Conference and would be attending the County Administrative Officers of California (CAOAC) Annual Conference later in the month.

8. Staff updates.

James Hamill informed the Board that he would be attending a meeting at the White House the following week to discuss PACE issues.

9. Closed Session: Conference with Legal Counsel – Anticipated Litigation – Significant exposure to litigation pursuant to paragraph (2) of subdivision (d) of Section 54956.9 (One Potential Case).

The Commissioners met in closed session. No action was taken.

10. Chair Dan Harrison adjourned the meeting at 2:43 pm.

Submitted by: Laura Labanieh, CSAC Finance Corporation staff

*The next regular meeting of the commission is scheduled for
Thursday, October 20, at 2:00 pm
in the California State Association of Counties' office at 1100 K Street, 1st Floor,
Sacramento, California.*



Agenda Item No. 3

Agenda Report

DATE: October 20, 2016
TO: CSCDA COMMISSIONERS
FROM: Cathy Bando, Executive Director
PURPOSE: Consent Calendar

SUMMARY:

- b. Consideration of Legal Services Agreement with Stradling, Yocca, Carlson & Roth as CSCDA foreclosure counsel under the Open PACE Program.
Agreement continued to a future meeting.
- c. Consideration of CEQA Resolution for Commercial PACEDirect under the Open PACE Program.
Resolution being adopted for Clean Fund's commercial PACE program that is identical to the one approved for the CaliforniaFirst program. The resolution outlines the exemption from CEQA for the PACE financing mechanism, and outlines steps taken for projects that will need to comply with CEQA.
- d. Consideration of Master Assignment and related documents for PACE Funding under the Open PACE Program.
Resolution permits PACE Funding to work with a warehouse line of credit to fund PACE loans. The structure and terms are identical to those used by CaliforniaFirst, and necessary to fund loans on a weekly basis.
- e. Consideration of PACE Operating Agreement with Contra Costa County.
Contra Costa County (the "County") requires a separate agreement with CSCDA for PACE to operate in the County. The agreement has been reviewed and approved by CSCDA's General Counsel.

RESOLUTION NO. 16H-__

**A RESOLUTION OF THE CALIFORNIA STATEWIDE
COMMUNITIES DEVELOPMENT AUTHORITY SETTING
FORTH THE AUTHORITY'S OFFICIAL INTENT TO ISSUE
MULTIFAMILY HOUSING REVENUE BONDS TO UNDERTAKE
THE FINANCING OF VARIOUS MULTIFAMILY RENTAL
HOUSING PROJECTS AND RELATED ACTIONS**

WHEREAS, the Authority is authorized and empowered by the Title 1, Division 7, Chapter 5 of the California Government Code to issue mortgage revenue bonds pursuant to Part 5 (commencing with Section 52000) of the California Health and Safety Code (the "Act"), for the purpose of financing multifamily rental housing projects; and

WHEREAS, the borrowers identified in Exhibit A hereto and/or related entities (collectively, the "Borrowers") have requested that the Authority issue and sell multifamily housing revenue bonds (the "Bonds") pursuant to the Act for the purpose of financing the acquisition and rehabilitation or construction as set forth in Exhibit A, of certain multifamily rental housing developments identified in Exhibit A hereto (collectively, the "Projects"); and

WHEREAS, the Authority, in the course of assisting the Borrowers in financing the Projects, expects that the Borrowers have paid or may pay certain expenditures (the "Reimbursement Expenditures") in connection with the Projects within 60 days prior to the adoption of this Resolution and prior to the issuance of the Bonds for the purpose of financing costs associated with the Projects on a long-term basis; and

WHEREAS, Section 1.103-8(a)(5) and Section 1.150-2 of the Treasury Regulations require the Authority to declare its reasonable official intent to reimburse prior expenditures for the Projects with proceeds of a subsequent tax-exempt borrowing; and

WHEREAS, the Authority wishes to declare its intention to authorize the issuance of Bonds for the purpose of financing costs of the Projects (including reimbursement of the Reimbursement Expenditures, when so requested by the Borrower upon such terms and condition as may then be agreed upon by the Authority, the Borrower and the purchaser of the Bonds) in an aggregate principal amount not to exceed the amount with respect to each Project set forth in Exhibit A; and

WHEREAS, Section 146 of the Internal Revenue Code of 1986 limits the amount of multifamily housing mortgage revenue bonds that may be issued on behalf of for-profit borrowers in any calendar year by entities within a state and authorizes the governor or the legislature of a state to provide the method of allocation within the state; and

WHEREAS, Chapter 11.8 of Division 1 of Title 2 of the California Government Code governs the allocation of the state ceiling among governmental units in the State of California having the authority to issue private activity bonds; and

WHEREAS, Section 8869.85 of the California Government Code requires a local agency desiring an allocation of the state ceiling to file an application with the California Debt Limit Allocation Committee (the "Committee") for such allocation, and the Committee has certain policies that are to be satisfied in connection with any such application;

NOW, THEREFORE, BE IT RESOLVED by the Commission of the Authority as follows:

Section 1. The above recitals, and each of them, are true and correct.

Section 2. The Authority hereby determines that it is necessary and desirable to provide financing for the Projects (including reimbursement of the Reimbursement Expenditures) by the issuance and sale of Bonds pursuant to the Act, as shall be authorized by resolution of the Authority at a meeting to be held for such purpose, in aggregate principal amounts not to exceed the amounts set forth in Exhibit A. This action is taken expressly for the purpose of inducing the Borrowers to undertake the Projects, and nothing contained herein shall be construed to signify that the Projects comply with the planning, zoning, subdivision and building laws and ordinances applicable thereto or to suggest that the Authority or any program participant, officer or agent of the Authority will grant any such approval, consent or permit that may be required in connection with the acquisition and construction or rehabilitation of the Projects, or that the Authority will make any expenditures, incur any indebtedness, or proceed with the financing of the Project.

Section 3. This resolution is being adopted by the Authority for purposes of establishing compliance with the requirements of Section 1.103-8(a)(5) and Section 1.150-2 of the Treasury Regulations. In such regard, the Authority hereby declares its official intent to use proceeds of indebtedness to reimburse the Reimbursement Expenditures.

Section 4. The officers and/or the program managers of the Authority are hereby authorized and directed to apply to the Committee for an allocation from the state ceiling of private activity bonds to be issued by the Authority for each of the Projects in an amount not to exceed the amounts set forth in Exhibit A, and to take any and all other actions as may be necessary or appropriate in connection with such application, including but not limited to the payment of fees, the posting of deposits and the provision of certificates, and any such actions heretofore taken by such officers and program managers are hereby ratified, approved and confirmed.

PASSED AND ADOPTED by the California Statewide Communities Development Authority this October 20, 2016.

The undersigned, an Authorized Signatory of the California Statewide Communities Development Authority, DOES HEREBY CERTIFY that the foregoing resolution was duly adopted by the Commission of said Authority at a duly called meeting of the Commission of said Authority held in accordance with law on October 20, 2016.

By: _____
Authorized Signatory

EXHIBIT A

Project Name	Project Location	Project Description (units)	New Construction/ Acquisition and Rehabilitation	Legal Name of initial owner/operator	Bond Amount
Lilly Gardens Apartments	City of Gilroy, County of Santa Clara	84	Acquisition and Rehabilitation	Islas Development, LLC	\$35,000,000

RESOLUTION NO. 16R-[XX]

**RESOLUTION RENDERING APPROVAL, AND EXPLAINING REVIEW PROCESS,
UNDER CALIFORNIA ENVIRONMENTAL QUALITY ACT
FOR THE CLEAN FUND OPEN PACE PROGRAM**

2016 CLEANFUND OPEN PACE PROGRAM

WHEREAS, the California Statewide Communities Development Authority ("California Communities") is authorized under the authority granted to California Communities pursuant to Chapter 5 of Division 7 of Title 1 of the Government Code of the State of California (beginning with Section 6500) in accordance with Chapter 29 of Part 3 of Division 7 of the Streets & Highways Code of the State of California (beginning with Section 589810) ("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 November 6, 2014, pursuant to Resolution No. 14R-61 (the "Resolution of Intention"), California Communities declared its intention to establish the California Communities Open PACE Program (the "Program") in the Covered Jurisdictions (as defined in the Resolution of Intention), pursuant to which California Communities would enter into contractual assessments to finance the installation of Authorized Improvements in the Covered Jurisdictions; and

WHEREAS, the Resolution of Intention ordered the Program Manager for the Program to prepare and file with this Commission a report (the "Report") addressing all the matters set forth in Sections 5898.22 and 5898.23 of Chapter 29, including a form of agreement (the "Agreement") to be entered into between the Authority and any property owner participating in the Program and that provides for payment of contractual assessments; and

WHEREAS, the Report was filed with the Secretary of the Commission prior to December 4, 2014; and

WHEREAS, on December 4, 2014, pursuant to Resolution No. 14R-66 (the "Resolution Confirming Report"), the Commission of the Authority confirmed the Report and established the Program in the Covered Jurisdictions; and

WHEREAS, the Commission of the Authority has approved the execution and delivery of a Program Administration Agreement with CleanFund Commercial PACE Capital, Inc. ("Clean Fund"), in connection with the establishment by CleanFund of the Commercial PACEDirect program under the Program ("Commercial PACEDirect"); and

WHEREAS, the California Environmental Quality Act ("CEQA") requires that a public agency consider the environmental impacts of a "project" (for purposes of CEQA) for which it issues a discretionary approval, and the approval ("CEQA Approval") may consist of (i) a determination that the project is exempt or otherwise not subject to CEQA, (ii) a determination of no significant impact (a negative declaration), (iii) a determination of no significant impact based upon mitigation measures (a mitigated negative declaration), or (iv) the review and approval of the findings of an environmental impact report that assesses and approves environmental impacts, but may include limitations and requirements applicable to the project; and

WHEREAS, California Communities has been advised by counsel for Commercial PACEDirect that Commercial PACEDirect, or the financing of any individual project through Commercial PACEDirect (each, a "Program Project"), may constitute a "project" under CEQA; and

WHEREAS, California Communities has considered the environmental impacts of Commercial PACEDirect and wishes to render its CEQA Approval based on its findings; and

WHEREAS, California Communities also wishes to articulate its procedures for CEQA compliance in connection with the financing of each Program Project by Commercial PACEDirect;

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

1. Under CEQA Guideline Section 15378(b)(4), the Commercial PACEDirect program is not a project for purposes of CEQA because it is a government funding mechanism or other government fiscal activity that does not involve any commitment to any specific project that may result in a potentially significant physical impact on the environment. Any project or activity approved or funded under the Commercial PACEDirect program may be modified or not implemented at all depending upon a number of factors, including CEQA environmental review.

2. California Communities will comply with CEQA in its implementation of the Commercial PACEDirect program (including the approval of financing for each Program Project) by adhering to the following procedures:

Step 1. During the application review process for each Program Project, the staff of California Communities, or the staff's designees, will evaluate the facts submitted by the property owner applicants in the application materials and will complete the CEQA Approval Class Checklist ("Checklist") (attached to this Resolution as Exhibit A) in order to designate the proper CEQA classification for each Program Project. Each Program Project will be classified as a "Class A Project," "Class B Project" or "Class C Project."

A "Class A Project" is a project that will not result in a direct or reasonably foreseeable indirect physical change in the environment and are, therefore, not a "project" for purposes of CEQA. 14 Cal. Code Regs. § 15060(c)(2).

A "Class B Project" is a project that meets any one of the criteria listed at Step 2 of the Checklist, which shows that it is exempt from CEQA or it has been determined by California Communities to have no potential significant environmental impacts.

A "Class C Project" is a project that qualifies neither as a Class A Project or Class B Project.

Attached to this Resolution as Exhibit B is a chart showing the (i) Authorized Improvements that California Communities has concluded are Class A Projects and (ii) Authorized Improvements that California Communities has concluded should be reviewed pursuant to the Checklist to determine if they constitute Class B Projects or Class C Projects.

Step 2. For each Program Project, California Communities will take one of the

following actions based on the Program Project's classification:

a. Class A Projects. California Communities will complete the Checklist for any Program Project that is classified as a Class A Project, and California Communities will undertake no environmental review.

b. Class B Projects. A Program Project that is classified as a Class B Project will proceed through the application process with no additional CEQA or environmental review on the basis that the evidence on the record supports a determination that either (i) there is no possibility that the Program Project may have a significant effect on the environment and, therefore, the Program Project meets the common sense exemption (14 Cal. Code Regs. § 15061(b)(3)) or (ii) the Program Project is exempt from CEQA pursuant to the existing facilities categorical exemption (14 Cal. Code Reg. § 15301).

c. Class C Projects. California Communities will undertake an individual review and evaluation of each Program Project that it classifies as a Class C Project. If California Communities thereafter determines that it is required to comply with CEQA with respect to a Program Project, California Communities will comply with CEQA at that time, but only if the property owner applicant agrees to pay the costs incurred by California Communities or if another source of funds is available to California Communities for that purpose.

Step 3. California Communities will file a Notice of Exemption for each Program Project that California Communities determines is exempt from CEQA if the Program Manager determines it is prudent to do so.

3. The Program Manager is hereby directed to file a Notice of Exemption for the Commercial PACEDirect program in each Covered Jurisdiction in substantially the form of Exhibit C.

4. All actions heretofore taken by the officers and agents of California Communities with respect to the matters contemplated by this Resolution are hereby approved, confirmed and ratified, and the officers of California Communities are hereby authorized and directed, for and in the name and on behalf of California Communities, to do any and all things and take any and all actions consistent with the purposes of this Resolution.

5. This Resolution shall take effect immediately upon its adoption.

PASSED AND ADOPTED by the California Statewide Communities Development Authority this 6th day of October, 2016.

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 California Communities at a duly called meeting of the Commission of California Communities held in accordance with law on October 6, 2016.

Authorized Signatory California Statewide
Communities Development Authority

EXHIBIT A

[CEQA Approval Class Checklist]

EXHIBIT B

[Classification of Authorized Improvements]

EXHIBIT C

[Form of Notice of Exemption]

CALIFORNIA STATEWIDE COMMUNITIES DEVELOPMENT AUTHORITY

PACE FUNDING GROUP PROGRAM

MASTER ASSIGNMENT AND ASSUMPTION AGREEMENT

This Master Assignment and Assumption Agreement (this “**Assignment Agreement**”) is made as of _____, 2016 (“**Effective Date**”), by and between California Statewide Communities Development Authority, a joint exercise of powers agency duly organized and existing under the Constitution and laws of the State of California (“**Transferor**”), and PACE Funding Group, LLC, a California limited liability company (“**Transferee**”).

WITNESSETH

WHEREAS, the Transferor is authorized under Chapter 5 of Division 7 of Title 1 of the Government Code of the State of California (the “**Act**”) and a joint exercise of powers agreement entered into by a number of California cities, counties and special districts in accordance with the Act to authorize assessments to finance or refinance the installation of distributed generation renewable energy sources, energy efficiency improvements, water efficiency improvements, seismic strengthening improvements, electric vehicle charging infrastructure and such other work, infrastructure or improvements as may be authorized by law from time to time that are permanently fixed to real property, all in accordance with Chapter 29 of Part 3 of Division 7 of the Streets & Highways Code of the State of California, as amended (“**Chapter 29**”) (the “**Improvements**”); and

WHEREAS, on November 6, 2014, pursuant to Resolution No. 14R-61 (the “**Resolution of Intention**”), the Commission of the Transferor declared its intention to establish the CSCDA Open PACE Program (the “**Program**”) in the Covered Jurisdictions (as defined in the Resolution of Intention and the Master Indenture (defined below), the “**Covered Jurisdictions**”); and

WHEREAS, the Resolution of Intention directed the Executive Director of the Transferor or the designee thereof to prepare or cause to be prepared and to file with the Commission a report (the “**Program Report**”) addressing all of the matters set forth in Sections 5898.22 and 5898.23 of Chapter 29; and

WHEREAS, on December 4, 2014, pursuant to Resolution No. 14R-66 (the “**Resolution Confirming Report**”), the Commission of the Transferor confirmed the Program Report and established the Program in the Covered Jurisdictions, subject to the limitations set forth in the Resolution of Intention; and

WHEREAS, pursuant to Chapter 29 and the Resolution Confirming Report, the Transferor is authorized to enter into contractual assessments to finance or refinance the installation of Improvements in the Covered Jurisdictions, subject to the limitations set forth in the Resolution of Intention; and

WHEREAS, pursuant to the Resolution of Intention, the Commission of the Transferor provided for the issuance of one or more series of limited obligation improvement bonds from time to time pursuant to the Improvement Bond Act of 1915, Division 10 of the Streets and Highways Code of the State of California (the “**Bond Act**”) for the purpose, among others, of financing or refinancing the installation of Improvements; and

WHEREAS, on December 4, 2014, pursuant to Resolution No. 14R-67 (the “Resolution of Issuance”), the Commission of the Transferor authorized the issuance of one or more series of limited obligation improvement bonds from time to time pursuant to Chapter 29, the Bond Act and one or more master indentures for the purpose, among others, of financing or refinancing the installation of Improvements; and

WHEREAS, the Transferor has determined to issue its California Statewide Communities Development Authority Pace Limited Obligation Improvement Bonds, Open PACE Program (Phase 1) (the “Bonds”) in series from time to time as provided in the Master Trust Indenture, by and between the Transferor and Deutsche Bank National Trust Company, a national banking association duly organized and existing under the laws of the United States of America, as trustee (the “Trustee”), dated as of August 1, 2016 (the “Master Indenture”) for the purpose, among others, of financing or refinancing the installation of Improvements; and

WHEREAS, Transferee acts as the Program Administrator with respect to the Program, and, as such, generates the Assessment Contracts securing the Bonds, which are issued from time to time pursuant to the Master Indenture, as supplemented; and

WHEREAS, Section 5898.28(b) of the Act (i) authorizes Transferor to transfer its right, title, and interest in and to any voluntary contractual assessments, if bonds have not been issued, (ii) authorizes Transferor and any transferee to enter into an agreement that, among other things, identifies the specific period of time during which the transfer of voluntary contractual assessments will be operative, not to exceed three years and (iii) provides that a transfer of any voluntary contractual assessments under this provision shall be treated as a true and absolute transfer of the asset so transferred for the period of the transfer and not as a pledge or grant of a security interest by the public agency for any borrowing; and

WHEREAS, in anticipation of the issuance of Bonds under the Act and pursuant to the Master Indenture, as supplemented, Transferee wishes to enter into this Assignment Agreement to establish an interim financing mechanism for the Assessment Contracts;

NOW, THEREFORE, in consideration of the covenants and provisions herein set forth and for other valuable consideration the receipt and sufficiency of which are hereby acknowledged, the parties hereto do hereby agree as follows:

1. *Definitions.* All capitalized terms used in this Assignment Agreement that are not defined herein but are defined in the Master Indenture, shall have the same meanings ascribed to them as in the Master Indenture. The following capitalized terms shall have the following definitions:

“Assessment Contract Bond Issuance Date” means, with respect to any Assessment Contract, the date on which Bonds related to and secured by such Assessment Contract are issued.

“Assignment Date” means, with respect to any Assessment Contract, the period beginning on (and including) the date on which such the Assessment Contract is originated.

“Assignment Term” means with respect to any Assessment Contract, the period beginning on (and including) the Assignment Date and ending on (but excluding) the applicable Assignment Termination Date.

“Assignment Termination Date” means, with respect to any Assessment Contract, the earlier of (i) the Three-Year Anniversary or (ii) the date Bonds related to and secured by such are issued.

“Three-Year Anniversary” means, with respect to any Assessment Contract, the third (3rd) anniversary of the Assignment Date of such Assessment Contract (in accordance with Section 5898.28(b) of the Act).

2. *Assignment of Pre-Bond Issue Assessment Contracts;* Transferor hereby assigns and transfers to Transferee on each Assignment Date with respect to the Assessment Contracts, and Transferee accepts from Transferor, for the Assignment Term, all of Transferor’s right, title, and interest in and to each Assessment Contract. Transferee hereby acknowledges and agrees that the assignment of the Assessment Contracts is only for the Assignment Term, and shall automatically revert back to the Transferor on the applicable Assessment Contract Bond Issuance Date. Further, Transferee acknowledges that in no event shall Transferee or any other entity other than Transferor be permitted to initiate or prosecute any foreclosure action with respect to any Assessment Contract. Transferee also acknowledges and agrees that Transferor has no legal authority to initiate or prosecute any foreclosure action with respect to any Assessment Contract until the Assessment Contract Bond Issuance Date with respect to such Assessment Contract. As of each Assignment Termination Date with respect to any Assessment Contract, Transferee will, without any further action, cease to have any right, title or interest in and to such Assessment Contract.

3. *Continuing Assignment.* Pursuant to Section 5898(b) of the Act, the assignment of the Assessment Contracts for the Assignment Term pursuant to this Assignment Agreement shall constitute a true and absolute transfer of such Assessment Contracts for the Assignment Term and not a pledge or grant of a security interest by the Transferor for any borrowing, and such assignment shall remain in full force and effect until the Assignment Termination Date applicable to such Assessment Contracts. Without in any way limiting the preceding sentence, for the protection of the Transferee, if (a) the transfer is held not to be a true and absolute conveyance or (b) the Three-Year Anniversary with respect to an Assessment Contract occurs before the Assessment Contract Bond Issuance Date with respect to such Assessment Contract, Transferor shall, within 30 days of either (a) or (b) occurring, (x) pay to Transferee the unpaid principal amount of such Assessment Contract, (y) issue Bonds related to and secured by such Assessment Contract, or (z) execute a new three-year Assignment Agreement with respect to such Assessment Contract for the benefit of Transferee, with the choice of (x), (y) or (z) being in Transferor’s sole and absolute discretion.

The covenants of the Transferor in the previous paragraph are duties imposed by law, and it is the duty of each and every public official of Transferor to take such action and do such things as are required by law in the performance of the official duty of such officials to enable Transferor to carry out and perform such covenants.

4. *Representations and Agreements.*

(a) Each party represents to and agrees with the other that (i) it has full power and authority to enter into this Assignment Agreement and perform its obligations hereunder in accordance with the provisions hereof, (ii) this Assignment Agreement has been duly authorized, executed and delivered by such party, and (iii) this Assignment Agreement constitutes a legal, valid and binding obligation of such party, enforceable against such party in accordance with its terms, except as enforceability may be limited by applicable bankruptcy, insolvency, reorganization,

moratorium or other similar laws affecting creditors' rights generally and by general principles of equity.

(b) Each party represents to and agrees with the other that the execution and delivery of this Assignment Agreement and the consummation of the transactions contemplated hereby will not, in any material respect, conflict with or constitute a breach or default under any agreement or instrument to which such party is a party, or any existing law, regulation, court order or consent decree to which such party is subject.

5. *Entirety of Agreement.* This Assignment Agreement sets forth the entire understanding of the parties with respect to the transactions contemplated hereby, and merges and supersedes all prior and contemporaneous understandings, representations and warranties with respect to such transactions.

6. *Indemnity.* Transferee agrees to defend, indemnify and hold harmless Transferor from and against any and all claims, liabilities, obligations, losses, damages and penalties of any kind (including reasonable fees of outside counsel, litigation and court costs, amounts paid in settlement and amounts paid to discharge judgments) that may be imposed on, incurred by or asserted against the Transferor in any way relating to or arising out of the transfer of any interest in the Assessment Contracts by the Transferee prior to the Assignment Termination Date.

7. *Severability.* Every provision of this Assignment Agreement is intended to be severable. If any term or provision hereof is illegal or invalid for any reason whatsoever, such term or provision shall be enforced to the maximum extent permitted by law and, in any event, such illegality or invalidity shall not affect the validity of the remainder of this Assignment Agreement.

8. *Amendment.* This Assignment Agreement may be amended, waived or terminated only by a written instrument referencing this Assignment Agreement and signed by the parties to this Assignment Agreement.

9. *Counterparts; Signatures.* This Assignment Agreement may be executed in two or more counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument. Signatures may be delivered by electronic means which shall have the same force and effect as the delivery of original signature pages.

10. *Further Assurances.* To the extent permitted by law, the parties hereto agree that from time to time, they shall execute, acknowledge and deliver or cause to be executed, acknowledged and delivered, such further acknowledgments, agreements, supplements and further instruments as may be reasonably required for carrying out the intention of or facilitating the performance of this Assignment Agreement and to do or cause to be done such further acts and things as may be reasonably necessary or appropriate to give effect to the provisions hereof and to confirm intention of the parties under this Assignment Agreement.

11. *Headings.* The headings of the sections of this Assignment Agreement are for convenience only and shall not be used to interpret or construe this Assignment Agreement.

12. *Governing Law.* This Assignment Agreement shall be governed by, and construed in accordance with, the law of the State of California, and venue shall be in Sacramento County, California.

IN WITNESS WHEREOF, Transferor and Transferee have executed this Assignment Agreement by one of its officers thereunto duly authorized, as of the date first above written.

TRANSFEROR:

**CALIFORNIA STATEWIDE COMMUNITIES
DEVELOPMENT AUTHORITY**

By: _____
Authorized Signatory

TRANSFeree:

PACE FUNDING GROUP, LLC, a California
limited liability company

By: _____

Name: _____

Title: _____

**OPERATING AGREEMENT BETWEEN
CONTRA COSTA COUNTY AND PACE PROVIDER FOR
PROPERTY ASSESSED CLEAN ENERGY (PACE) FINANCING**

This agreement ("Agreement"), dated as of _____, 2016 ("Effective Date"), is by and between Contra Costa County, a political subdivision of the State of California (the "County"), and the California Statewide Communities Development Authority, a California limited joint powers authority established pursuant to Chapter 5 of Division 7, Title 1 of the Government Code of the State of California (Section 6500 and following (the "PACE Provider").

RECITALS

A. Property Assessed Clean Energy (PACE) financing is a method of providing loans to property owners to finance permanent energy efficiency improvements on real property. A property owner who obtains a PACE loan repays the loan by entering into an agreement that allows an assessment to be levied on the property. These assessments are known as voluntary contractual assessments.

B. Voluntary contractual assessments that are utilized to finance the installation of energy efficiency improvements on real property are authorized by (1) the Improvement Act of 1911, as amended by AB 811 (Streets and Highways Code Section 5898.10 et seq.) ("Improvement Act") and (2) the Mello-Roos Community Facilities Act of 1982, as amended by SB 555 (Government Code Section 53311 et seq. ("Mello-Roos Act").

C. The PACE Provider is a joint exercise of powers authority that has created one or more PACE financing programs (each, a "PACE Program"). The PACE Provider has established one or more PACE Programs to allow the financing of certain renewable energy, energy efficiency and water efficiency improvements that are permanently affixed to real property through the levy of assessments voluntarily agreed to by property owners participating in a PACE Program. Under each PACE Program, the PACE Provider accepts applications from eligible property owners, conducts assessment proceedings, and levies assessments.

NOW, THEREFORE, in consideration of the foregoing recitals and the mutual covenants contained herein, the parties agree as follows:

AGREEMENT

1. Definitions. As used in this Agreement, the following terms have the following meanings:
 - a. "PACE Administrator" means each independent contractor of the PACE Provider that markets, administers and carries out a PACE Program on behalf of the PACE Provider. Each PACE Program established by the

PACE Provider and administered by a PACE Administrator is specified in Exhibit 1, which is attached and incorporated by reference.

- b. "Eligible Improvement" is a renewable energy improvement, energy efficiency improvement or other improvement authorized by the Improvement Act, the Mello-Roos Act or other state law pertaining to voluntary contractual assessments.
- c. "Non-residential Property" means a property with four or more residential units or any commercial, agricultural, or industrial property that is otherwise eligible for PACE Financing.
- d. "Participating Contractor" is any contractor that installs Eligible Improvements that are funded by a PACE Provider.
- e. "Program Participant" is a property owner who enters into a voluntary contractual assessment with the PACE Provider.
- f. "Property Assessed Clean Energy (PACE) Financing" is a means of financing Eligible Improvements as authorized by the Improvement Act, the Mello-Roos Act, or other state law pertaining to voluntary contractual assessments.
- g. "Residential Property" means a property with three or fewer residential units.
- h. "Value" means the greater of: (1) assessed value; or (2) fair market value, as determined either by an automated valuation model or an appraisal.

2. General Requirements.

- a. PACE Provider's Specified Services. The PACE Provider may offer and provide Property Assessed Clean Energy Financing to property owners in the unincorporated areas of the County. The PACE Provider is solely responsible for the formation, operation and administration of the PACE Program, including the conduct of assessment proceedings, the levy and collection of assessments, and the offer, sale and administration of any bonds issued by the PACE Provider on behalf of the PACE Program.
- b. Cooperation with County. The PACE Provider shall independently operate its program and cooperate with the County and County staff as described in this Agreement.
- c. Performance Standard. The PACE Provider shall provide PACE Financing in a manner consistent with the level of competency and standard of care

normally observed by an organization providing PACE Financing pursuant to the Improvement Act or Mello-Roos Act.

3. Disclosure Requirements.

The PACE Provider shall require and ensure that each PACE Administrator does all of the following:

- a. Discloses in writing to potential Program Participants the financial risks associated with PACE Financing, including the risks associated with federal regulation and administration of mortgage financing and the position of the Federal Housing Finance Agency (FHFA) on PACE lending. The disclosure materials must include the disclosures contained in the Financing Application, which is attached and incorporated herein as Attachment A.
- b. Requires potential Program Participants to sign a written acknowledgment of the Federal Housing Finance Agency (FHFA) position on PACE liens.
- c. Requires Program Participants who own non-residential properties to obtain written consent to participate in the PACE Program from lenders who have made loans to the Program Participant where the property serves as security for the loan.
- d. Provides federal Truth in Lending Act disclosure details to the applicant specific to the requested amount of the financing. The details shall be provided to the applicant in the Financing Estimate, which is attached and incorporated herein as Attachment B, and in the "Agreement to Pay Assessment and Finance Improvements," which is attached and incorporated herein as Attachment C.
- e. Advises potential Program Participants of available state or federal rebate or incentive programs.
- f. Requires each Program Participant to obtain from the County all building permits for improvements.
- g. The PACE Administrator may recommend that property owners consult with a tax professional prior to claiming any tax deductions associated with the project.

4. Financial Requirements.

The PACE Provider shall require and ensure that each PACE Administrator does all of the following:

- a. Administers and reviews Program Participant eligibility and determines the Eligible Improvement costs to be financed.
- b. Establishes each PACE Program's own interest rates, payback terms and fees.
- c. Participates in the State of California's PACE Loss Reserve Program, administered by the California Alternative Energy and Advanced Transportation Financing Authority (CAEATFA), and provide evidence of current participation and copies of all application materials submitted to CAEATFA. If the State discontinues the PACE Loss Reserve Program, or if the County determines that the State's PACE Loss Reserve Program does not provide adequate coverage, then the County may terminate this Agreement unless the County is satisfied with coverage by an alternative loan loss reserve program.
- d. For residential properties, ensures that the loan amount to a Program Participant does not exceed 15% of the value of the property up to the first \$700,000 of the value of the property, and is for less than 10% of the remaining value of the property above \$700,000.
- e. Ensures that the combined amount of any loans existing prior to the proposed PACE lien and the amount of the PACE line itself, have an aggregate amount of no more than 95% of the value of the property, including all mortgage-related debt as determined as of the date the assessment contract is executed.
- f. Ensures that the total property taxes and assessments for each property that will have PACE Financing will not exceed 5% of the value of the property as determined as of the date the assessment contract is executed.
- g. Verifies that each Program Participant is current on all property taxes and has not made late payments in the past three years, and verify that each Program Participant has not filed for bankruptcy in the past three years.
- h. Coordinates with the Auditor-Controller's Office each year regarding delinquent assessments.

5. Reports.

For each property that has entered into a voluntary contractual assessment through the PACE Provider, the PACE Provider shall require and ensure that each PACE Administrator provides project information and data in an accessible electronic format to the County on a monthly and annual basis and upon request, including but not limited to the following:

- a. The Assessor's Parcel Number (APN) and property type (residential or non-residential) of the property.
 - b. The amount of the contractual assessment.
 - c. All installed Eligible Improvements financed through PACE Financing.
 - d. The solar STC-DC rating in watts or kilowatts of each Eligible Improvement.
 - e. The expected financial and energy savings associated with each Eligible Improvement.
 - f. For each property with a limited subordinate agreement, the effective date of that agreement.
6. Participating Contractor Obligations. The PACE Provider shall require and ensure that each Participating Contractor agrees to and abides by the following terms and conditions:
- a. Each Participating Contractor shall have all required California State License Board licenses and all other required State and County licenses.
 - b. Each Participating Contractor's bonding must be in good standing.
 - c. Each Participating Contractor shall hold harmless, indemnify and defend the County as set forth in Section 9 (c).
 - d. Each Participating Contractor shall have insurance as required in Section 12 (b).
 - e. Participating Contractors and their representatives, employees, and agents shall not represent themselves as agents, representatives, contractors, subcontractors, or employees of the County or the Department of Conservation and Development or claim association or affiliation with the County or Department of Conservation and Development.
7. Agreement with County Auditor-Controller. The PACE Provider will enter into a separate agreement with the Contra Costa County Auditor-Controller for the administration of property tax assessments placed on properties through the PACE Financing program.
8. Agreement with Program Participant. Each voluntary contractual assessment between the PACE Provider and a Program Participant shall require the Program Participant to hold harmless, indemnify and defend the County, and release the County from liability, in accordance with the "Agreement to Pay Assessment and

Finance Improvements,” which is attached and incorporated herein as Attachment C. The terms set forth in Attachment C shall be incorporated into the PACE Provider’s voluntary contractual assessment with each Program Participant for PACE Financing.

9. Indemnification and Release.

a. Indemnification Obligation of the PACE Provider. To the fullest extent not prohibited by applicable law, the PACE Provider shall defend, indemnify, protect, save, and hold harmless the County, the County Auditor-Controller, the County Treasurer-Tax Collector, their respective employees, agents, attorneys, officers, divisions, related agencies and entities, affiliates, successors and assigns (collectively and individually the “Indemnitees”), from any and all claims, cost, loss, liability, expense, damages, or other injury, claim, action or proceeding (collectively “Liability”) arising out of or connected with this Agreement or activities taken by the parties pursuant to this Agreement, including but not limited to the establishment, placement or collection of assessments on participating properties; and will make good to and reimburse Indemnitees for any expenditures, including reasonable attorney’s fees, the Indemnitees may make by reason of such matters. If requested by any of the Indemnitees, the PACE Provider will defend any such suits at the sole cost and expense of the PACE Provider with counsel selected or approved by the Contra Costa County Counsel.

The PACE Provider’s obligations under this section will exist regardless of concurrent negligence or willful misconduct on the part of any Indemnatee or any other person; provided, however, that the PACE Provider will not be required to indemnify Indemnitees for the proportion of Liability a court determines is attributable to the sole negligence or willful misconduct of the County, its governing body, officers or employees. This indemnification clause shall survive the termination or expiration of this Agreement.

b. PACE Provider’s Release. To the fullest extent not prohibited by applicable law, the PACE Provider hereby releases and forever discharges the County, the County Auditor-Controller, the County Treasurer-Tax Collector, their respective employees, agents, attorneys, officers, divisions, related agencies and entities, affiliates, successors and assigns (collectively “Released Parties”), from any and all claims, cost, loss, liability, expense, damage (including consequential damages), or other injury, claim, action or proceeding (including without limitation, attorneys fees and expenses), which the PACE Provider now has or could assert in any manner arising out of or connected with this Agreement, the subject matter of this Agreement, or activities taken by the parties pursuant to this Agreement, including any claim, action or proceeding to attack, set aside, void, abrogate, rescind or annul this Agreement or the actions of either party under this Agreement. The PACE Provider knowingly waives the right to make any claim against the Released Parties for such damages and expressly waives all rights provided by section 1542 of the California Civil Code, which provides as follows:

“A GENERAL RELEASE DOES NOT EXTEND TO CLAIMS WHICH THE CREDITOR DOES NOT KNOW OR SUSPECT TO EXIST IN HIS OR HER FAVOR AT THE TIME OF EXECUTING THE RELEASE, WHICH IF KNOWN BY HIM OR HER MUST HAVE MATERIALLY AFFECTED HIS SETTLEMENT WITH THE DEBTOR.”

The rights and obligations contained in this paragraph will survive termination of this Agreement.

c. Indemnification and Release Obligations of Participating Contractors.

The PACE Provider shall require and ensure that each Participating Contractor releases, defends, indemnifies, protects, saves, and holds harmless the County, the County Auditor-Controller, the County Treasurer-Tax Collector, their respective employees, agents, attorneys, officers, divisions, related agencies and entities, affiliates, successors and assigns, from any and all liability, claims, losses, costs, expenses, penalties, fines, forfeitures, judgments and damages, including attorneys' fees and costs, arising out of or connected with the Participating Contractor's actions under the PACE Program, including the installation of any Eligible Improvement.

10. Term of Agreement. The term of this Agreement shall be from the Effective Date until termination in accordance with the provisions of Section 11, Termination.

11. Termination.

- a. Termination without Cause. Notwithstanding any other provision of this Agreement, at any time and without cause, the County or PACE Provider shall have the right, in its sole discretion, to terminate this Agreement by giving 30 days' written notice to the other Party of this Agreement. This Agreement may be cancelled immediately by written mutual consent.
- b. Termination for Cause. Notwithstanding any other provision of this Agreement, if the PACE Provider fails to uphold any of its obligations under this Agreement, or otherwise violates any of the terms of this Agreement, the County may immediately terminate this Agreement by giving the PACE Provider written notice of such termination, stating the reason for termination.
- c. Discontinuation of PACE Program. Upon 24 hours' notice from the County, the PACE Provider shall immediately discontinue its residential PACE Program in the County's unincorporated area if the Federal Housing Finance Authority (FHFA) takes any action in California pertaining to PACE Financing, as it relates to Fannie Mae and Freddie Mac mortgages, that the County determines will create an undue liability to the County or Program Participants.

- d. Delivery of Data and Information upon Termination. In the event of termination and within 14 days following the date of termination, the PACE Provider must deliver to County all data and information for all properties with contractual assessments, as specified in Section 5, Reports.
- e. Effect of Termination. If the Board of Supervisors terminates this agreement pursuant to this Section 11, the PACE Provider may not solicit new assessment contracts within the unincorporated areas of the County.
- f. Upon termination of this Agreement or the discontinuance of the PACE Program, the PACE Provider shall continue to administer all voluntary assessment contracts that exist at the time of the termination.

12. Insurance.

- a. The PACE Provider shall maintain commercial general liability insurance, including contractual liability (or blanket contractual) coverage, owners' and contractors' protective coverage, and broad form property damage coverage, with a minimum of \$1 million per occurrence.
- b. The PACE Provider will ensure that the following insurance requirements are incorporated into all contracts entered into by the PACE Provider with each PACE Administrator and Participating Contractor, or their respective contractors, subcontractors or assigns, in connection with this Agreement: (1) each PACE Administrator and Participating Contractor must maintain workers' compensation insurance pursuant to state law; (2) each PACE Administrator and Participating Contractor must maintain commercial general liability insurance, including contractual liability (or blanket contractual) coverage, owners' and contractors' protective coverage, and broad form property damage coverage, with a minimum of \$1 million per occurrence; (3) each PACE Administrator and Participating Contractor must maintain vehicle liability insurance with a minimum combined single-limit coverage of \$500,000 per occurrence; and (4) each PACE Administrator shall maintain Professional Liability Errors and Omissions Insurance coverage at \$1,000,000 per occurrence or aggregate limit. Each PACE Administrator and Participating Contractor shall provide certificates of insurance to the County, copies of policies, or endorsements evidencing the above insurance coverage and requiring at least 30 days' written notice to the County of policy lapse, cancellation, or material change in coverage.

13. Miscellaneous Provisions.

- a. Independent Contractor Status. The parties intend that the PACE Provider, in implementing and operating the PACE Program, is an independent contractor, and that the PACE Provider will control the work and the

manner in which it is performed. This Agreement is not to be construed to create a relationship between the parties of agent, servant, employee, partnership, joint venture, or association. The PACE Provider is not a County employee. This Agreement does not give the PACE Provider any right to participate in any pension plan, workers' compensation plan, insurance, bonus, or similar benefits County provides to its employees.

- b. Compliance with the Law. The PACE Provider is subject to and must comply with all applicable federal, state, and local laws and regulations with respect to its performance under this Agreement, including but not limited to, licensing, employment, and purchasing practices; and wages, hours, and conditions of employment, including nondiscrimination.
- c. Authorization. The PACE Provider represents and warrants that it has full power and authority to enter into this Agreement and to perform the obligations set forth herein.
- d. Assignment and Delegation. Neither party hereto shall assign, delegate, sublet, or transfer any interest in or duty under this Agreement without the prior written consent of the other, and no such transfer shall be of any force or effect whatsoever unless and until the other party shall have so consented. This Agreement binds the heirs, successors, assigns and representatives of the PACE Provider.
- e. Method and Place of Giving Notice. All notices shall be made in writing and shall be given by personal delivery or by U.S. Mail or courier service. Notices shall be addressed as follows:

TO COUNTY: Contra Costa County
Department of Conservation and Development
Deputy Director, Building Inspection Division
30 Muir Road
Martinez, CA 94553

TO PACE PROVIDER:

The effective date of notice is the date of deposit in the mail or other delivery, except that the effective date of notice to the County is the date of receipt by the Deputy Director, Building Inspection Division, Department of

Conservation and Development. Changes may be made in the names and addresses of the person to whom notices are to be given by giving notice pursuant to this paragraph.

- f. Inspection. Upon the County's request, the County or its designee shall have the right at reasonable times and intervals to inspect the PACE Provider's financial and program records at the premises of the PACE Provider and the PACE Administrator. The PACE Provider or the PACE Administrator shall maintain all PACE Program records for a period of four years following termination of the Agreement, and shall make them available for copying upon the County's request at the County's expense.
- g. No Waiver of Breach. The waiver by the County of any breach of any term or promise contained in this Agreement shall not be deemed to be a waiver of such term or provision or any subsequent breach of the same or any other term or promise contained in this Agreement.
- h. Construction. To the fullest extent allowed by law, the provisions of this Agreement shall be construed and given effect in a manner that avoids any violation of statute, ordinance, regulation, or law. The parties agree that in the event that any provision of this Agreement is held by a court of competent jurisdiction to be invalid, void, or unenforceable, the remainder of the provisions hereof shall remain in full force and effect and shall in no way be affected, impaired, or invalidated thereby. The PACE Provider and the County acknowledge that they have each contributed to the making of this Agreement and that, in the event of a dispute over the interpretation of this Agreement, the language of the Agreement will not be construed against one party in favor of the other.
- i. Consent. Wherever in this Agreement the consent or approval of one party is required to an act of the other party, such consent or approval shall not be unreasonably withheld or delayed.
- j. No Third Party Beneficiaries. Nothing contained in this Agreement shall be construed to create, and the parties do not intend to create, any rights in third parties.
- k. Choice of Law. This Agreement is made in Contra Costa County and is governed by, and must be construed in accordance with, the laws of the State of California.
- l. Captions. The captions in this Agreement are solely for convenience of reference. They are not a part of this Agreement and shall have no effect on its construction or interpretation.

- m. Survival of Terms. All express representations, waivers, indemnifications, and limitations of liability included in this Agreement will survive its completion, expiration or termination for any reason.
- n. Time of Essence. Time is and shall be of the essence of this Agreement and every provision hereof.
- o. Entire Agreement. This Agreement contains all the terms and conditions agreed upon by the parties. Except as expressly provided herein, no other understanding, oral or otherwise, regarding the subject matter of this Agreement will be deemed to exist or to bind any of the parties hereto.
- p. Duplicate Counterparts. This Agreement may be executed in duplicate counterparts. The Agreement shall be deemed executed when it has been signed by both parties.

IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of the Effective Date.

PACE PROVIDER

CONTRA COSTA COUNTY

By: _____
Name: _____
Title: _____

By: _____
Name: _____
Title: _____

Sample Financing Application

Attachment A

FINANCING APPLICATION

Application Information

Application ID	Application Date	
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Property Information

Property Type		
Street Address		
City	State	Zip

Contractor Information

☐ Contractor-Install
 ☐ Self-Install

Company Name <i>(Not Applicable if Self Install)</i>		
Street Address		
City	State	Zip

Owner Information

Owner Type		Is Primary Contact for Application?	
First Name	Last Name	SSN	
Birth Date	Phone	Email	
Mailing Street Address			
Mailing City	Mailing State	Mailing Zip	

Maximum Eligible Project Amount

The Maximum Eligible Project Amount is the highest possible project amount for which you qualify with CaliforniaFIRST financing. Below is a list of requested products you want to install. If your Total Project Amount increases, you may need to re-sign new Financing Documents.	
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Eligible Product(s)

	Product Type	Requested Project Amount
Total Project Amount		

FINANCING APPLICATION DISCLOSURE

Application ID:

Property Address:

Under the CaliforniaFIRST program ("Program"), the California Statewide Communities Development Authority ("CSCDA") finances installation of renewable energy, energy efficiency and/or water efficiency products that are permanently fixed to real property ("Eligible Products"). Eligible Products will be financed by levying a contractual assessment and placing a lien on your real property. The assessment will be repaid by collecting payments through annual installments that will be included on your property tax bill, consistent with an assessment contract between CSCDA and the property owner(s) ("Assessment Contract"). As discussed below, these installments will include interest, fees, annual costs and other costs. The Program is administered by Renewable Financial Group LLC ("Program Administrator"). The Program Administrator manages the Program Call Center and daily activities of the Program.

All relevant information about the Program can be found in the CaliforniaFIRST Program Residential Property Owner Handbook ("Property Owner Handbook") and is discussed below. The list of cities and counties participating in the Program ("Participating Communities") is available on the Program website and in the Property Owner Handbook.

Program Requirements and Terms

The following requirements and terms apply to the Program. By signing this application, you acknowledge these requirements and terms and certify that, to the best of your knowledge, all applicable requirements have been satisfied. To verify that certain requirements have been satisfied, you authorize the Program Administrator to obtain a credit report for the property owner(s) and/or trustee(s) whose social security numbers are provided on this application.

- 1) The property identified above (the "Property") is within a Participating Community, is used for residential purposes, has three (3) units or fewer, and is not undergoing development.
- 2) There is at least 10% equity in the Property (in other words, mortgage-related debt is no more than 90% of the value of the Property). In addition, the amount financed under the Program is the lesser of \$200,000 or 15%¹ of the value of the Property and, when combined with any other debts or obligations secured by the Property, cannot exceed 100% of the value of the Property.²
- 3) Taxes on the Property must be current for the prior twelve (12) months and have not have been paid late more than once during the prior three (3) years (or since the purchase of the Property if owned by the current property owner(s) for less than 3 years). The Property is not subject to any current federal or state income tax liens, judgment liens, mechanic's liens, similar involuntary liens, or other liens/judgments over \$1,000 in total.²
- 4) All debts and obligations secured by the Property must be current and no mortgage payment can have been more than thirty (30) days late during the previous twelve (12) months. There have been no notices of default or foreclosure filed against the Property within the last two (2) years (or since the purchase of the Property if owned by the current property owner(s) for less than 2 years). The Property cannot be an asset in a bankruptcy proceeding and property owner(s) have not been involved in a bankruptcy proceeding during the past two (2) years.²
- 5) The Property's title is not subject to power of attorney, easements, or subordination agreements restricting authority of the property owner(s) to subject the Property to a PACE lien, other than issues related to standard mortgage loan agreements.
- 6) All owners of record of the Property have signed this application and all other required Program documentation.
- 7) The maximum term of the financing per Property is the lesser of a) the useful economic life of the greatest Eligible Product or approved Custom Product cost financed with respect to such Property and b) twenty-five (25) years.
- 8) The all in tax rate on the Property may not exceed 5% of the subject Property value.

¹ Note that 15% of Property Value is only available for the first \$700K of the property value, then 10% is applied.

² Additional underwriting criteria apply to properties within the City of San Diego and Unincorporated Contra Costa County. Full details provided in the [Property Owner Handbook](#).

- 9) State incentive and rebate programs are available and participating property owners must declare any rebates received for the project.

Program Rates, Fees, and Costs

Below are the rates, fees and costs of the Program. For rates, fees and costs specific to your application please see the Assessment Contract and Financing Statement.

RATES	
Fixed Interest Rate. The rate will be set when the Assessment Contract is issued and will be locked for 90-120 days (depending on the Eligible Products being financed). Installation of the Eligible Products must be completed and a Completion Certificate must be submitted to CSCDA by this date or the interest rate may change.	Set Daily.
Annual Percentage Rate (APR). Interest and certain other costs over the Assessment term expressed as a rate. This is not your interest rate.	Varies. Based on interest rate and other costs.
UPFRONT COSTS	
Program-Related Fees. One-time charges. Includes program administration, origination, program sponsor, bond counsel, and tax administration.	Not to exceed 6.40% of Assessment Amount
Lien Recording. The amount charged by the government for recording notice documents relating to the assessment on the Property.	Varies by county. Not to exceed \$100.
Reserve Fund. One-time charge deposited into debt service reserve fund for bonds issued by CSCDA to finance projects in the Program.	0.25% of Assessment Amount
CAEATFA PACE Loss Reserve Program. One-time charge for participation in the CAEATFA PACE Loss Reserve Program.	\$0
Foreclosure Expense Reserve Account. One-time charge deposited into a reserve account that CSCDA will use to pay for the costs of foreclosing on the Property and other properties participating in the Program as a result of a delinquency in the payment of any Financing Installment or Administrative Expenses.	Varies. Not to exceed \$10 per transaction.
Capitalized Interest. A lump sum interest charge for the period prior to the first tax year in which payment is made.	Varies based on when financing begins.
ANNUAL COSTS	
Estimated Administrative Expenses. An annual charge that will change based on the costs of the Program.	Varies by County. May be increased over time.

Additional Disclosures

The following describes some (but not all) characteristics and risks of participation in the Program as well as laws to which the Program is subject. Additional information regarding the Program is provided in the Assessment Contract and the other Program documents. The Program Administrator is committed to your understanding each of the items listed below before you enter into an Assessment Contract, and invites you to ask Program representatives any questions regarding these items or for copies of any document related to the Program.

- 1) **Existing Mortgage.** The Program establishes the manner by which CSCDA may finance, pursuant to Chapter 29 of Part 3 of Division 7 of the California Streets and Highways Code (commencing with Section 5898.10), the installation of Eligible Products. Eligible Products will be financed pursuant to an Assessment Contract between you and CSCDA. BEFORE COMPLETING A PROGRAM APPLICATION, YOU SHOULD CAREFULLY REVIEW ANY MORTGAGE AGREEMENT(S) OR OTHER SECURITY INSTRUMENT(S) THAT AFFECT THE PROPERTY OR TO WHICH YOU AS THE PROPERTY OWNER ARE A PARTY. ENTERING INTO AN ASSESSMENT CONTRACT WITHOUT THE CONSENT OF YOUR EXISTING LENDER(S) COULD CONSTITUTE AN EVENT OF DEFAULT UNDER SUCH AGREEMENTS OR SECURITY INSTRUMENTS. DEFAULTING UNDER AN EXISTING MORTGAGE AGREEMENT OR SECURITY INSTRUMENT COULD HAVE SERIOUS CONSEQUENCES TO YOU, WHICH COULD INCLUDE THE ACCELERATION OF THE REPAYMENT OBLIGATIONS DUE UNDER SUCH AGREEMENT OR SECURITY INSTRUMENT. IN ADDITION, FANNIE MAE AND FREDDIE MAC, THE OWNER OF A SIGNIFICANT PORTION OF ALL HOME MORTGAGES, STATED THAT THEY WOULD NOT PURCHASE HOME LOANS WITH ASSESSMENTS SUCH AS THOSE OFFERED BY CSCDA. THIS MAY MEAN THAT PROPERTY OWNERS



WHO SELL OR REFINANCE THEIR PROPERTY MAY BE REQUIRED TO PREPAY SUCH ASSESSMENTS, AND ANY ASSOCIATED PREPAYMENT PENALTIES, AT THE TIME THEY CLOSE THEIR SALE OR REFINANCING. RENEW FINANCIAL DOES NOT CHARGE A PERCENTAGE OF THE OUTSTANDING BALANCE TO THE PROPERTY OWNER AS A PENALTY BASED ON THE YEAR IN WHICH THEY MAKE A PREPAYMENT. HOWEVER, DEPENDING ON WHEN THE PREPAYMENT IS MADE, ACCRUED INTEREST UNTIL NEXT PAYMENT DATE TO BOND HOLDERS – TWICE A YEAR IN SEPTEMBER AND MARCH – MUST BE PAID AT TIME OF PREPAYMENT. If your lender requires an impound for your property taxes, you should notify the lender of the annual assessment payment amount so they can adjust your impound amount.

- 2) **Valuation Disclosure.** We will order an automated valuation of the Property. We will promptly give you a copy of this valuation, even if your financing does not close. You can pay for an additional appraisal for your own use and to establish the property value at your own cost.
- 3) **Foreclosure.** Not later than October 1 each year, CSCDA will determine whether any annual assessment obligation is not paid when due and will have the right and obligation to order that any such delinquent payment, penalties, interest, and associated costs be collected by an action brought in Superior Court to foreclose the lien of such delinquent assessment obligation in the manner provided and to the extent permitted by applicable law. By December 1 of the same year, CSCDA will initiate the order to foreclose.
- 4) **No Endorsement, Warranty or Liability.** CSCDA, purchasers of bonds issued by CSCDA, and the Program Administrator do not endorse any manufacturer, contractor, product, or system, or in any way warranty such equipment, installation, or the efficiency or production capability of any equipment. CSCDA, purchasers of bonds issued by CSCDA, and the Program Administrator make no representations and have no responsibility regarding the equipment and its installation, including the quality, safety, cost savings, efficiency or production capability of any equipment; or any compliance of the equipment or its installation with any applicable laws, regulations, codes, standards or requirements. Further, CSCDA, purchasers of bonds issued by CSCDA, and the Program Administrator shall not be in any way liable for any incidental or consequential damages resulting from the equipment or its installation.
- 5) **Validation.** The Program Administrator may validate that installed Eligible Products meet Program eligibility requirements including requiring the applicant to provide additional sales receipts, contractor invoices, serial numbers or other identifying details, portions of packages or stickers originally attached to the installed Eligible Products beyond what the Program already requires to be provided. The Program Administrator may also conduct an inspection to validate installation of Eligible Products at qualified locations. You, by submitting this application, consent to any such onsite validations, which shall be conducted during normal business hours following advance notice to you. By submitting this application, you also agree to sign the authorization form to participate in billing energy usage analysis to measure Program impact savings and participant satisfaction.
- 6) **Equal Credit Opportunity Act (ECOA).** The Federal Equal Credit Opportunity Act prohibits creditors from discriminating against credit applicants on the basis of race, color, religion, national origin, sex, marital status, age (provided that the applicant has the capacity to enter into a binding contract); because all or part of an applicant's income derives from any public assistance program; or because an applicant has in good faith exercised any right under the Consumer Credit Protection Act. The Federal Agency that administers compliance with this law concerning this creditor is the Federal Trade Commission, Equal Credit Opportunity, Washington, D.C. 20580.
- 7) **Fair Credit Reporting Act.** As part of assembling your Program application, CSCDA has requested a consumer report bearing on your credit worthiness, credit standing and credit capacity. This notice is given to you pursuant to the Fair Credit Reporting Act.
- 8) **Communications with Legal Advisers.** If you have any questions about any agreements or security instruments that affect the Property or to which you are a party, or about your authority to execute this application or enter into an Assessment Contract with CSCDA without the prior consent of your existing lender(s), we strongly encourage you to consult with your own legal counsel and your lender(s). Program staff cannot provide you with advice about existing agreements or security instruments.
- 9) **Monitoring and Recording Telephone Calls.** The Program Administrator may monitor or record telephone calls for security and customer service purposes. By applying for CaliforniaFIRST Financing, you consent to have any phone conversations with the Program Administrator recorded or monitored.
- 10) **Married Applicants.** A married applicant whose spouse does not have an ownership interest in the Property may apply for a separate account.

THE HOUSING FINANCIAL DISCRIMINATION ACT OF 1977 FAIR LENDING NOTICE

IT IS ILLEGAL TO DISCRIMINATE IN THE PROVISION OF OR IN THE AVAILABILITY OF FINANCIAL ASSISTANCE BECAUSE OF THE CONSIDERATION OF:

- 1) TRENDS, CHARACTERISTICS OR CONDITIONS IN THE NEIGHBORHOOD OR GEOGRAPHIC AREA SURROUNDING A HOUSING ACCOMMODATION, UNLESS THE FINANCIAL INSTITUTION CAN DEMONSTRATE IN THE PARTICULAR CASE THAT SUCH CONSIDERATION IS REQUIRED TO AVOID AN UNSAFE AND UNSOUND BUSINESS PRACTICE; OR**
- 2) RACE, COLOR, RELIGION, SEX, MARITAL STATUS, DOMESTIC PARTNERSHIP, NATIONAL ORIGIN OR ANCESTRY.**

IT IS ILLEGAL TO CONSIDER THE RACIAL, ETHNIC, RELIGIOUS OR NATIONAL ORIGIN COMPOSITION OF A NEIGHBORHOOD OR GEOGRAPHIC AREA SURROUNDING A HOUSING ACCOMMODATION OR WHETHER OR NOT SUCH COMPOSITION IS UNDERGOING CHANGE, OR IS EXPECTED TO UNDERGO CHANGE, IN APPRAISING A HOUSING ACCOMMODATION OR IN DETERMINING WHETHER OR NOT, OR UNDER WHAT TERMS AND CONDITIONS, TO PROVIDE FINANCIAL ASSISTANCE.

THESE PROVISIONS GOVERN FINANCIAL ASSISTANCE FOR THE PURPOSE OF THE PURCHASE, CONSTRUCTION, REHABILITATION OR REFINANCING OF ONE- TO FOUR-UNIT FAMILY RESIDENCES OCCUPIED BY THE OWNER AND FOR THE PURPOSE OF THE HOME IMPROVEMENT OF ANY ONE- TO FOUR-UNIT FAMILY RESIDENCE.

IF YOU HAVE ANY QUESTIONS ABOUT YOUR RIGHTS, OR IF YOU WISH TO FILE A COMPLAINT, CONTACT THE MANAGEMENT OF THIS FINANCIAL INSTITUTION OR:

**SECRETARY OF BUSINESS, TRANSPORTATION AND HOUSING
980 9TH STREET, SUITE 2450
SACRAMENTO, CALIFORNIA 95814**

Property Owner Declaration and Signature(s)

By signing this Application, I hereby declare under penalty of perjury under the laws of the State of California all of the following:

- 1) That the information provided in this Application is true and correct to the best of my knowledge as of the date set forth opposite my signature below and that I understand that any intentional or negligent misrepresentation(s) of the information contained in this Application may result in civil liability and/or criminal penalties including, but not limited to, imprisonment, liability for monetary damages to CSCDA, its agents, or successors and assigns, insurers and any other person who may suffer any loss due to reliance upon any misrepresentation which I have made in this Application, or both.
- 2) I have provided information to the Program Administrator regarding other PACE liens on the subject property, if applicable.
- 3) I have the authority to authorize the Program Administrator to obtain a credit report for each of the property owner(s) and/or trustee(s) whose social security number(s) is provided on this application.
- 4) I have the authority to authorize the Program Administrator to share relevant information on application and financing status with the contractor(s) indicated on this application. The Program Administrator will not share social security numbers with the contractor(s).
- 5) I understand that it is my responsibility to receive all necessary approvals from my homeowners' association and/or historical review board, as applicable to my Property and project.
- 6) I understand that it is my responsibility to receive, read and understand all documents regarding the Program, which, in addition to the information on the Program website, include without limitation the following:
 - a. Residential Property Owner Handbook;
 - b. Financing Application and Disclosure;
 - c. Assessment Contract;
 - d. Financing Statement;
 - e. Notice of Right to Cancel;
 - f. Electronic Record and Signature Disclosure;
 - g. Privacy Policy Notice;
 - h. Self-Install Agreement (if applicable);
 - i. Notice to Proceed; and
 - j. Completion Certificate.



- 7) I have had an opportunity to ask Program representatives and/or my legal counsel any questions I have regarding the documents listed above. I understand I will be asked to sign the Assessment Contract, among other documents, before receiving any funds.
- 8) I am applying to participate in the Program. I have the authority, without the consent of any third party, to execute and deliver this application, the Assessment Contract, and the various other documents and instruments referenced herein.
- 9) I understand that the financing provided pursuant to the Assessment Contract will be repayable through an assessment levied against the Property. I understand that a special priority assessment lien will be recorded by CSCDA against the Property in the office of the County Recorder of the County in which the Property is located upon execution of the Assessment Contract. The property tax bill for the Property will increase by the amount of installments sufficient to repay the assessment (with interest) and related administrative expenses. The Assessment Contract will specify the amount of the assessment and the assessment obligations (including principal, interest, and estimated administrative expenses) to be collected on the property tax bill for the Property each year during the assessment term specified in the Assessment Contract. The assessment obligations and any associated penalties will constitute a lien against the Property until they are paid. As with all tax and assessment liens, this lien will be senior to all existing and future private liens against the Property, including mortgages, deeds of trust and other security instruments.
- 10) I acknowledge receipt of a copy of The Housing Financial Discrimination Act of 1977 Fair Lending Notice.

I declare that: (i) I have the authority, without the consent of any third party which has not been previously obtained, to execute and deliver this application and attest to the accuracy of the information indicated in this application; (ii) I have received, read and understand the risks and characteristics of the Program described above; and (iii) I have been informed that I must take the sole responsibility to satisfy myself that executing the Assessment Contract, receiving financing for Eligible Products, and consenting to the assessment levied against the Property will not constitute a default under any other agreement or security instrument (including, specifically, the terms of any mortgage on the Property) which affects the Property or to which I am a party.

Date

Sample Financing Estimate

Attachment B

FINANCING ESTIMATE

Save this Financing Estimate to compare with your final Assessment Contract Exhibit B statement.
 Please see the CaliforniaFIRST Residential Program Handbook for more information.

DATE ISSUED
PROPERTY OWNERS
MAILING ADDRESS

PROPERTY ADDRESS

TERM
PURPOSE
PRODUCT
IDENTIFICATION #
RATE LOCK

☐ NO ☐ YES, until **Month, Day, Year**

After the Expiration Deadline interest rates and closing costs can change.

Product and Costs

Cost of Improvements		<ul style="list-style-type: none"> Product 1: Product 2:
Upfront Costs		<i>See Closing Costs Details on next page</i>
Capitalized Interest		
Lien Recording Fees		
Estimated Assessment Amount		

Terms

		Can this amount increase after closing?
Estimated Assessment Amount		NO
Interest Rate		NO
Estimated Annual Payment		YES <i>Annual Administrative Expenses are subject to change</i>
		Does the financing have these features?
Prepayment Penalty		NO*
Balloon Payment		NO

** Renew Financial does not charge a percentage of the outstanding balance to the property owner as a penalty based on the year in which they make a prepayment. However, depending on when the prepayment is made, accrued interest until next payment date to bond holders – twice a year in September and March – must be paid at time of prepayment.*

Projected Payments

Annual Payment Calculation	Years 1-	
Principal and Interest		
Estimated Annual Administrative Expenses		<i>Annual Administrative Expenses are subject to change</i>
Estimated Annual Payment		

Closing Cost Details

Costs at Closing

Estimated Closing Costs		Includes \$ in Upfront Costs + \$ in Other Costs + \$ in Capitalized Interest. <i>See Calculating Cash to Close summary for details.</i>
Estimated Cash to Close	\$0	<i>See Calculating Cash to Close summary for details.</i>

Upfront Costs

A. Upfront Costs	
Application Fee	\$0
Program-Related Fees	
Reserve Fund Deposit	
B. Services	
Appraisal Fee	\$0
Credit Report Fee	\$0
Tax Monitoring Fee	\$0
Tax Status Research Fee	\$0
Title- Title Search Fee	\$0
C. TOTAL UPFRONT COSTS (A + B)	

Other Costs

D. Recording Fees	
County Lien Recording Fees	

Capitalized Interest

E. Capitalized Interest <i>(from estimated close date to Initial Annual Payment)</i>	
--	--

Total Closing Costs

F. TOTAL CLOSING COSTS (C + D + E)	
---	--

Calculating Cash to Close

Total Closing Costs (F)	
Closing Costs Financed <i>(Paid from Total Assessment Amount)</i>	
Down Payment/Funds from Property Owner	\$0
Funds from Registered Contractor	\$0
Other Credits	\$0
Estimated Cash to Close	\$0

Summary

Assessment Obligations		<i>Total you will have paid in financing installments and annual administrative fees over the term.</i>
Annual Percentage Rate (APR)		<i>Your cost of funds over the term expressed as a rate. This is not your interest rate. This does not include tax savings, energy savings or prepayment assumptions.</i>
Total Interest		<i>The total amount of interest (including prepaid interest) that you will pay over the term.</i>

Additional Information About This Financing

PACE PROVIDER Renew Financial Group LLC ("Renew Financial")
EMAIL info@renewfinancial.com
PHONE 844-RENEWFI (844-736-3934)

Other Considerations

Home Sale or Refinancing	I UNDERSTAND that the CaliforniaFIRST Program is a long-term financing option for up to the life of the Improvements. The financing term for my project is # years. If I refinance my home, my mortgage company may require me to pay off the remaining balance. I understand that I may be required to pay off the remaining balance of this obligation by the mortgage lender refinancing my home. If I sell my home, the buyer or their mortgage lender may require me to pay off the balance of this obligation as a condition of sale.	
Monthly Mortgage Payments	I UNDERSTAND that my payments will be added to my property tax bill. I need to save an estimated \$ for my initial Annual Payment in the 2017-2018 tax year. If I pay my property taxes through my mortgage escrow or impound account, my monthly escrow payment should be adjusted to cover my increased property tax bill.	
Tax Benefits	I UNDERSTAND that I should consult my tax advisor regarding tax credits, credits and deductions, tax deductibility, and for other tax benefits of the CaliforniaFIRST Program, and I am responsible for submitting appropriate documentation with my tax return. I understand that it is my responsibility for making an appropriate application for the benefit.	
Three Day Right to Cancel	I UNDERSTAND that I may cancel the contract at any time prior to on or before midnight on the third business day after the date of the transaction to enter into the agreement without any penalty or obligation. To cancel this transaction, I may mail or deliver a signed and dated copy of the contract with notice of cancellation to: Renew Financial, 1620 E. Roseville Parkway Suite 240, Roseville, CA 95661. I may also cancel the contract by sending notification of cancellation by email to the following email address: info@californiafirst.org.	
Statutory Penalties	I UNDERSTAND that if my property tax payment is late, the amount due will be subject to a 10% penalty, late fees, and 1.5% per month interest penalty as established by state law, and my property may be subject to foreclosure.	

Confirm Receipt

By signing, you are only confirming that you have received and read this form, and it is NOT a contract. You do not have to accept this CaliforniaFIRST financing just because you have signed this form.

Date

Sample Assessment Contract

Attachment C

AGREEMENT TO PAY ASSESSMENT AND FINANCE IMPROVEMENTS

CALIFORNIA STATEWIDE COMMUNITIES DEVELOPMENT AUTHORITY CALIFORNIAFIRST (COUNTY OF CONTRA COSTA)

This AGREEMENT TO PAY ASSESSMENT AND FINANCE IMPROVEMENTS (this "**Agreement**") is made and entered into as of this **Month, Day, Year**, by and between the California Statewide Communities Development Authority, a joint exercise of powers authority (the "**Authority**"), and the record owner(s) (the "**Property Owner**") of the fee title to the real property identified on Exhibit A (the "**Property**").

RECITALS

WHEREAS, the Authority is a joint exercise of powers authority the members of which include numerous cities and counties in the State of California; and

WHEREAS, the Authority has established the CaliforniaFIRST program (the "**CaliforniaFIRST Program**") to allow the financing of certain renewable energy, energy efficiency and water efficiency improvements that are permanently fixed to real property (the "**Authorized Improvements**") through the levy of contractual assessments pursuant to Chapter 29 of Division 7 of the Streets & Highways Code ("**Chapter 29**") and the issuance of improvement bonds under the Improvement Bond Act of 1915 (Streets and Highways Code Sections 8500 and following) (the "**1915 Act**") upon the security of the unpaid contractual assessments; and

WHEREAS, Chapter 29 provides that assessments may be levied under its provisions only with the free and willing consent of the owner of each lot or parcel on which an assessment is levied at the time the assessment is levied pursuant to a contract between the property owner and the public agency; and

WHEREAS, the Authority has conducted the proceedings required by Chapter 29 with respect to the territory within the boundaries of the county identified on Exhibit A (the "**County**"); and

WHEREAS, the Property is located within the boundaries of unincorporated land of the County, or the incorporated city or city and county, identified in Exhibit A as the "Municipality" (the "**Municipality**"), and the Municipality has consented to (i) owners of property within its jurisdiction participating in the CaliforniaFIRST Program and (ii) the Authority conducting assessment proceedings under Chapter 29 and issuing bonds under the 1915 Act to finance the Authorized Improvements; and

WHEREAS, pursuant to Chapter 29, the Authority and the Property Owner wish to enter into a contract pursuant to which the Property Owner would agree to pay an assessment in order to finance the installation on the Property of the Authorized Improvements described on Exhibit A (the "**Improvements**") and the Authority would agree to provide financing, all on the terms set forth in this Agreement;

NOW, THEREFORE, in consideration of the foregoing and the material covenants hereinafter contained, the Property Owner and the Authority formally covenant, agree and bind themselves and their successors and assigns as follows:

AGREEMENT

Section 1. Purpose. The Property Owner and the Authority are entering into this Agreement for the purpose of financing the installation of the Improvements identified on Exhibit A on the Property. The Authority will not finance installation of Improvements other than those listed on Exhibit A.

Section 2. The Property. This Agreement relates to the real property identified on Exhibit A. The Property Owner has supplied to the Authority current evidence of its ownership of fee title to the Property and possesses all legal authority necessary to execute this Agreement on behalf of the Property Owner.

Section 3. Agreement to Pay Assessment; Prepayment.

(a) **Payment of Assessment.** The Property Owner hereby freely and willingly agrees to pay the assessment shown as the “Assessment Amount” on Exhibit B, representing the amounts being financed (i) for purposes of installing the Improvements, which are shown as the “Cost of Improvements” in Exhibit B, and (ii) for the purposes described in Section 3(b) (the “**Assessment**”). The Authority will not provide financing for the benefit of the Property Owner in an amount in excess of the Assessment.

Except as otherwise set forth in this Agreement, the Assessment will be paid in the installments of principal (representing the amortization of the Assessment over the period shown on Exhibit B), except as provided in Section 3(b)(vi), and interest on the unpaid principal at the rate set forth on Exhibit B (collectively, the “**Financing Installments**”). Interest will begin to accrue on the date on which the Authority disburses money to the Property Owner, or its designee, to finance the installation of the Improvements. The interest rate is further described in Section 5(b) of this Agreement.

(b) **Financing of Upfront Costs.** In addition to financing installation of the Improvements, the Authority will finance the following amounts, which are included in the Assessment and shown as “Upfront Costs” on Exhibit B:

(i) **Program-Related Fees.** These include closing fees paid from a portion of bond proceeds to the Authority, any other entities responsible for program management and administration, and issuer and bond counsel to the Authority, and as well as any other related costs of issuance of any bond.

(ii) **Lien Recording Fee.** This one-time fee is paid from a portion of bond proceeds to cover the cost associated with recording the lien of the Assessment on the Property.

(iii) **Reserve Fund Deposit.** This is a one-time deposit from a portion of bond proceeds into a debt service reserve fund for bonds issued by the Authority to finance installation of the Improvements on the Property and other Properties participating in the CaliforniaFIRST Program.

(iv) California Alternative Energy and Advanced Transportation Financing Authority ("CAEATFA") PACE Loss Reserve Program Fee. This is a one-time fee associated with the CAEATFA PACE Loss Reserve Program, which benefits any first mortgage lender on the Property and other Properties participating in the CaliforniaFIRST Program. The fee will be paid from a portion of bond proceeds.

(v) Foreclosure Expense Reserve Account Deposit. This is a one-time deposit from a portion of bond proceeds into a reserve account that the Authority will use to pay for the costs of foreclosing on the Property and other properties participating in the CaliforniaFIRST program as a result of a delinquency in the payment of any Financing Installment or Administrative Expenses.

(vi) Capitalized Interest. The Financing Installments and related Administrative Expenses may be billed either on or (to the extent permitted by law) off the County's property tax roll at the sole discretion of the Authority. If on-roll billing is utilized, the CaliforniaFIRST Program's deadline for placing the first year's Financing Installment and related Administrative Expenses (as defined in Section 3(c)) on the County's property tax roll is shown on Exhibit B as the "Applicable Tax Roll Deadline" (the "**Applicable Tax Roll Deadline**"). If the Authority issues a bond to finance installation of the Improvements on the Property before the Applicable Tax Roll Deadline occurring in the same calendar year of the bond issuance, then the first year's Financing Installment and related Administrative Expenses will be billed on the Property Owner's property tax bill for the related Tax Year (as defined in Section 5(c)). However, if the Authority issues such a bond after the Applicable Tax Roll Deadline occurring in the same calendar year of the bond issuance, the first year's Financing Installment will not include a principal component, and a portion of the proceeds of the bond will be used to fund the payment of all of such year's interest component.

(c) Administrative Expenses. The Property Owner hereby acknowledges that, pursuant to the 1915 Act (including Sections 8682(b) and 8682.1(a)), the Authority may add annual amounts to any Financing Installment in order to pay for the costs of collecting that installment and administering the CaliforniaFIRST Program ("**Administrative Expenses**"). Exhibit B shows the estimated Administrative Expenses with the Financing Installments; **however, such estimated Administrative Expenses may increase if the cost of collecting the Financing Installments or administering the CaliforniaFIRST Program increase.** The Property Owner agrees to pay actual Administrative Expenses, which may be higher than such estimates. The Administrative Expenses, together with each Financing Installment and the Assessment, are referred to collectively as the "**Assessment Obligations.**"

(d) Prepayment of the Assessment. The Assessment may be prepaid, in whole or any other amount of \$2500 or more, at any time. Prepayments will be applied at the end of the month in which funds are received. Upon request, the Authority will provide a payoff statement and payment instructions. The prepayment amount will include (i) a credit for any refund of capitalized interest, (ii) accrued interest that would otherwise accrue on the amount prepaid through the first bond interest payment date that is at least 65 days following the date of the prepayment and (iii) the reasonable costs of the Authority related to the prepayment. If Property Owner makes any prepayments, then on

or prior to June 30, the Authority will send an updated payment schedule that reduces subsequent annual installments so that the remaining scheduled payments will be sufficient to repay all amounts then due under the Assessment by the end of the original term of this Agreement. While the Property Owner will enjoy a lower annual installment following a partial prepayment, the total amount of interest Property Owner pays over the term of the Assessment will be higher than if Property Owner continued to pay annual installments of the original amount after a prepayment. Due to circumstances outside the Authority's control, prepayments made after June 30 of any calendar year may result in Property Owner receiving a tax bill that does not reflect that prepayment. In these circumstances, Property Owner must pay the full tax bill and the Authority will refund overpayments to Property Owner when the Authority receives the money from the tax collector.

(e) Absolute Obligation. The Property Owner hereby agrees that none of the Assessment Obligations will be subject to reduction, offset or credit of any kind in the event that the bonds secured thereby are refunded or for any other reason.

Section 4. Collection of Assessment; Lien. The Assessment Obligations, and the interest and penalties thereon imposed by law as a result of a delinquency in the payment of any Financing Installment and Administrative Expenses, shall constitute a lien against the Property until they are paid and shall be collected and have the lien priority set forth in Chapter 29.

The Property Owner acknowledges that if any Financing Installment and related Administrative Expenses are not paid when due, the Authority has the right to have the delinquent installment, associated penalties and interest stripped off the secured property tax roll and immediately enforced through a judicial foreclosure action that could result in a sale of the Property for the payment of the delinquent installment, associated penalties and interest, and all costs of suit, including attorneys' fees.

The Property Owner acknowledges that if bonds are sold to finance the Improvements, the Authority may obligate itself, through a covenant with the owners of the bonds, to exercise its foreclosure rights with respect to delinquent Financing Installments and related Administrative Expenses under specified circumstances. Such a covenant would typically provide that no later than a specific date in each year, the Authority will determine whether the Property is delinquent in the payment of Financing Installments and related Administrative Expenses and, if so, will notify its legal counsel ("**Authority Counsel**") of any such delinquencies. Authority Counsel will commence, or cause to be commenced, the foreclosure proceedings against the Property, including collection actions preparatory to the filing of any complaint, but will file the complaint by a specific date acceptable to the bond owner(s).

Section 5. Financing of the Improvements.

(a) Agreement to Finance Improvements. The Authority hereby agrees to use the Assessment to finance the Improvements, including the payment of the Authority's reasonable costs of administering the CaliforniaFIRST Program, subject to the Property Owner's compliance with the conditions for such financing established by the Authority. The Property Owner hereby acknowledges that the Improvements confer a special benefit to the Property in an amount at least equal to the Assessment.

(b) Financing Installments. The Property Owner agrees to the issuance of bonds by the Authority to finance the installation of the Improvements and other purposes described in Section 3(b). The interest rate used to calculate the interest component of the Financing Installments, as identified on Exhibit B, reflects the interest cost of the bonds. If the cost of the Improvements, as shown in a final invoice provided to the Authority by the Property Owner, is less than the amount shown on Exhibit B, then, concurrently with the disbursement of funds to the Property Owner, the Authority may provide the Property Owner with a schedule that provides for annual installments that are less than those set forth in the attached Exhibit B. The Property Owner hereby represents to the Authority that the cost of the Improvements as shown in a final invoice provided to the Authority by the Property Owner does not include any costs of constructing the Improvements for which the Property Owner will receive credits, incentives or rebates.

In the event the actual cost of acquisition, construction or installation of the Improvements exceeds the portion of the Assessment expected in this Agreement to be used to finance acquisition, construction and installation of the Improvements, then the Property Owner agrees to pay the additional costs and to complete acquisition, construction or installation of the Improvements.

(c) Initial Tax Year. The Financing Installments and related Administrative Expenses will be placed on the County property tax roll each “**Tax Year**” (being the period beginning July 1 and ending the immediately succeeding June 30), commencing with the first Tax Year in which the Financing Installments and related Administrative Expenses are placed on the Property Owner’s property tax bill prior to the Applicable Tax Roll Deadline for a Tax Year (the “**Initial Tax Year on Roll**”). The estimated Initial Tax Year on Roll is identified on Exhibit B.

Section 6. Term; Agreement Runs with the Land; Subdivision. (a) If the Authority has not received a completion certificate for the Improvements within 150 days of the date hereof, this Agreement shall automatically expire. The date of such expiration is shown as the “Expiration Date” on Exhibit B. Except as otherwise set forth in this Agreement, this Agreement shall also expire upon the final payment or prepayment of the Assessment Obligations. The Authority will notify the Property Owner in writing (at the address specified in Exhibit A) when the lien of the Assessment Obligations has been removed from the property.

(b) This Agreement establishes rights and obligations that are for the benefit of the Property and, therefore, such rights and obligations run with the land pursuant to Civil Code Section 1462.

(c) In the event the Property is subdivided while the Assessment Obligations remain unpaid, the Assessment Obligations will be assigned to the newly created parcel on which the Improvements are located. If the Improvements no longer exist, the Assessment Obligations will be assigned to each of the newly created parcels on a per-acre basis, unless the Authority, in its sole discretion, determines that the Assessment Obligations should be allocated in an alternate manner.

Section 7. Recordation of Documents. The Property Owner hereby authorizes and directs the Authority to cause to be recorded in the office of the County Recorder the various notices and other documents required by Chapter 29 and other

applicable laws to be recorded against the Property, including but not limited to the Notice of Assessment and the Payment of Contractual Assessment Required.

Section 8. Notice. To the extent required by applicable law, the Property Owner hereby agrees to provide written notice to any subsequent purchaser of the Property (including the purchasers of any subdivisions of the Property) of the obligation to pay the Assessment Obligations pursuant to this Agreement.

Section 9. Waivers, Acknowledgment and Agreement. Because this Agreement reflects the Property Owner's free and willing consent to pay the Assessment Obligations following a noticed public hearing, the Property Owner hereby waives any otherwise applicable requirements of Article XIID of the California Constitution or any other provision of California law for an engineer's report, notice, public hearing, protest or ballot.

The Property Owner acknowledges its right to cancel this transaction within three (3) business days from the date of its executing this Agreement.

The Property Owner hereby waives its right to repeal the Assessment Obligations by initiative or any other action, or to file any lawsuit or other proceeding to challenge the Assessment Obligations or any aspect of the proceedings of the Authority undertaken in connection with the CaliforniaFIRST Program. The Property Owner hereby agrees that the Property Owner and its successors in interest to fee title in the Property shall be solely responsible for the installation, operation and maintenance of the Improvements. The Property Owner hereby acknowledges that the Property will be responsible for payment of the Assessment Obligations regardless of whether the Improvements are properly installed, operated or maintained as expected.

The Property Owner hereby agrees that the Authority is entering into this Agreement solely for the purpose of assisting the Property Owner with the financing of the installation of the Improvements, and that any bond purchaser, the Authority and the city and county in which the Property is located have no responsibility of any kind for, and shall have no liability arising out of, the installation, operation, financing, refinancing or maintenance of the Improvements. Based upon the foregoing, the Property Owner hereby waives the right to recover from and fully and irrevocably releases any bond purchaser, the Authority, the city and county in which the Property is located and any and all agents, employees, attorneys, representatives and successors and assigns of the bond purchaser, the Authority and the city and county in which the Property is located from any and all losses, liabilities, claims, damages (including consequential damages), penalties, fines, forfeitures, costs and expenses (including all reasonable out-of-pocket litigation costs and reasonable attorney's fees), relating to the subject matter of this Agreement that the Property Owner may now have or hereafter acquire against the bond purchaser, the Authority, the city and county in which the Property is located and any and all agents, employees, attorneys, representatives and successors and assigns of the bond purchaser, the Authority or the city and county in which the Property is located.

To the extent that the foregoing waivers and agreements are subject to Section 1542 of the California Civil Code or similar provisions of other applicable law, it is the intention of the Property Owner that the foregoing waivers and agreements will be effective as a bar to any and all losses, liabilities, claims, damages (including

consequential damages), penalties, fines, forfeitures, costs and expenses (including all reasonable out-of-pocket litigation costs and reasonable attorney's fees), of whatever character, nature and kind, known or unknown, suspected or unsuspected, and Property Owner agrees to waive any and all rights and benefits conferred upon the Property Owner by the provisions of Section 1542 of the California Civil Code or similar provisions of applicable law. Section 1542 reads as follows:

"A GENERAL RELEASE DOES NOT EXTEND TO CLAIMS WHICH THE CREDITOR DOES NOT KNOW OR SUSPECT TO EXIST IN HIS OR HER FAVOR AT THE TIME OF EXECUTING THE RELEASE, WHICH IF KNOWN BY HIM OR HER MUST HAVE MATERIALLY AFFECTED HIS OR HER SETTLEMENT WITH THE DEBTOR."

By initialing below, the Property Owner agrees to waive the provisions of Section 1542 in connection with the matters that are the subject of the foregoing waivers and releases.

Property Owner's Initials:

The waivers, releases and agreements set forth in this Section 9 shall survive termination of this Agreement.

Section 10. Indemnification. The Property Owner agrees to indemnify, defend, protect, and hold harmless the Authority, the city and county in which the Property is located, any bond purchaser and any and all agents, employees, attorneys, representatives and successors and assigns of the Authority, the city and county in which the Property is located or any bond purchaser, from and against all losses, liabilities, claims, damages (including consequential damages), penalties, fines, forfeitures, costs and expenses (including all reasonable out-of-pocket litigation costs and reasonable attorney's fees) and any demands of any nature whatsoever related directly or indirectly to, or arising out of or in connection with (i) the Property Owner's participation in the CaliforniaFIRST Program, (ii) the Assessment Obligations, (iii) the Improvements, or (iv) any other fact, circumstance or event related to the subject matter of this Agreement, regardless of whether such losses, liabilities, claims, damages (including consequential damages), penalties, fines, forfeitures, costs and expenses (including all reasonable out-of-pocket litigation costs and reasonable attorney's fees) accrue before or after the date of this Agreement.

The provisions of this Section 10 shall survive the termination or expiration of this Agreement.

Section 11. Right to Inspect Property. The Property Owner hereby grants the Authority and its agents and representatives the right to enter at any reasonable time, upon reasonable notice, to inspect the Improvements. The Property Owner further hereby grants the Authority and its agents and representatives the right to examine and copy any documentation relating to the Improvements.

Section 12. Carbon Credits. The Property Owner hereby agrees that any carbon credits or other similar environmental attributes that are attributable to the Improvements shall be owned by the Authority.

Section 13. CaliforniaFIRST Application. The Property Owner hereby represents and warrants to the Authority that the information set forth in the CaliforniaFIRST Program Application submitted to the Authority in connection with its request for financing is true and correct as of the date hereof, and that the representations set forth in the CaliforniaFIRST Program Application are true and correct as of the date hereof as if made on the date hereof.

Section 14. Amendment. Except as set forth in Section 5(b), this Agreement may be modified only by the written agreement of the Authority and the Property Owner.

Section 15. Binding Effect; Assignment. This Agreement inures to the benefit of and is binding upon the Authority, the Property Owner and their respective successors and assigns.

The Authority has the right to assign any or all of its rights and obligations under this Agreement without the consent of the Property Owner. The obligation to pay the Assessment Obligations set forth in this Agreement is an obligation of the Property, and no agreement or action of the Property Owner will be competent to impair in any way the Authority's rights, including, but not limited to, the right to pursue judicial foreclosure of the Assessment Obligations lien or the right to enforce the collection of the Assessment Obligations or any installment thereof against the Property.

Section 16. Exhibits. The Exhibits to this Agreement are incorporated into this Agreement by this reference as if set forth in their entirety in this Agreement.

Section 17. Severability. If any provision of this Agreement is held invalid or unenforceable by any court of competent jurisdiction, such holding will not invalidate or render unenforceable any other provision of this Agreement.

Section 18. Corrective Instruments. The Authority and the Property Owner agree that they will, from time to time, execute, acknowledge and deliver, or cause to be executed, acknowledged and delivered, such supplements hereto and such further instruments as may reasonably be required in order to carry out the expressed intention of this Agreement.

Section 19. Governing Law; Venue. This Agreement is governed by and construed in accordance with the laws of the State of California. Any legal action brought under this Agreement must be instituted in the Superior Court of the County of Sacramento, State of California; provided, however, that actions to foreclose delinquent Financing Installments and related Administrative Expenses will be instituted in the superior court of the County or as otherwise provided by law.

Section 20. Existing Instruments. BEFORE ENTERING INTO THIS ASSESSMENT CONTRACT, THE PROPERTY OWNER SHOULD CAREFULLY REVIEW ANY MORTGAGE AGREEMENT(S) OR OTHER SECURITY INSTRUMENT(S) ("EXISTING INSTRUMENTS") THAT AFFECT THE PROPERTY OR

TO WHICH THE PROPERTY OWNER IS A PARTY. THE PROPERTY OWNER'S ENTERING INTO THIS AGREEMENT WITHOUT THE CONSENT OF AN EXISTING LENDER COULD CONSTITUTE AN EVENT OF DEFAULT UNDER SUCH EXISTING INSTRUMENTS. DEFAULTING UNDER AN EXISTING INSTRUMENT COULD HAVE SERIOUS CONSEQUENCES TO THE PROPERTY OWNER, WHICH COULD INCLUDE THE ACCELERATION OF THE REPAYMENT OBLIGATIONS DUE UNDER SUCH INSTRUMENT. IN ADDITION, FANNIE MAE AND FREDDIE MAC, THE OWNER OF A SIGNIFICANT PORTION OF ALL HOME MORTGAGES, STATED THAT THEY WOULD NOT PURCHASE HOME LOANS WITH ASSESSMENTS SUCH AS THOSE OFFERED BY THE AUTHORITY. THIS MAY MEAN THAT PROPERTY OWNERS WHO SELL OR REFINANCE THEIR PROPERTY MAY BE REQUIRED TO PREPAY SUCH ASSESSMENTS AT THE TIME THEY CLOSE THEIR SALE OR REFINANCING.

Section 21. Counterparts. This Agreement may be executed in several counterparts, each of which is an original and all of which constitutes one and the same instrument.

IN WITNESS WHEREOF, the Authority and the Property Owner have caused this Agreement to be executed in their respective names by their duly authorized representatives, all as of the date first above written.

**CALIFORNIA STATEWIDE COMMUNITIES
DEVELOPMENT AUTHORITY**

By:_____

Its: Authorized Signatory

The following are the authorized signatories of the Property Owner:

Name:
By: _____
Its: Authorized Signatory
Date: _____

EXHIBIT A
Description of the Property and Improvements

Description of Property

Application ID:

Property Owner 1 Name:

Property Owner 2 Name:

Property Address:

County:

Municipality:

APN:

Property Legal
Description:

Description of Improvements

☐ Improvements owned by Property Owner(s)

☐ Improvements owned by Third Party

Assessment Amount, Financing Installments, Estimated Administrative Expenses*, and Assessment Terms

Financing Installments and Estimated Administrative Expenses*

* Estimated Administrative Expenses may increase as provided in Section 3(c). Effective as of November 12, 2014, notwithstanding anything to the contrary contained in the Assessment Contract to which this Exhibit B is attached, prepayments of the Assessment will not be subject to any prepayment premium, and Section 3(d) shall be read without giving effect to clause (iii) thereof.

Assessment Terms:

The schedule of the Financing Installments is based on the following assumptions:

Cost of Improvements	
Upfront Costs <ul style="list-style-type: none">• Program-Related Fees pursuant to Section 3(b)(i)• Lien Recording Fee pursuant to Section 3(b)(ii)• Reserve Fund Deposit pursuant to Section 3(b)(iii)• CAEATFA PACE Loss Reserve Program Fee pursuant to Section 3(b)(iv)• Foreclosure Expense Reserve Account Deposit pursuant to Section 3(b)(v)• Capitalized interest pursuant to Section 3(b)(vi)	
Applicable Tax Roll Deadline	
Initial Tax Year on Roll	
Interest rate used to calculate the interest component of the Financing Installments	
Annual Percentage Rate^	
Expiration Date	
Term of Assessment Obligations	

^The Annual Percentage Rate is interest and certain other costs over the term of the Assessment Obligations expressed as a rate. This is not your interest rate.



Agenda Item No. 5a

Agenda Report

DATE: October 20, 2016

TO: CSCDA COMMISSIONERS

FROM: Cathy Bando, Executive Director

PROJECT: Hemet Vistas Apartments

PURPOSE: Approve the Financing of Rental Affordable Housing Project Located in the City of Hemet, County of Riverside

AMOUNT: Not to Exceed \$13,000,000

EXECUTIVE SUMMARY:

Hemet Vistas Apartments (the “Project”) is an acquisition and rehabilitation of a 108-unit rental affordable housing project located in the City of Hemet. 100% of the units will remain rent restricted for low-income tenants.

PROJECT DESCRIPTION:

- Acquisition and rehabilitation of 144-unit affordable rental housing facility located at 225 West Fruitvale Avenue in the City of Hemet.
- 8.96 acre site.
- 12 garden-style walk-up two-story residential buildings.
- Consists of 107 three-bedroom units, 36 four-bedroom units and one manager’s unit.

PROJECT ANALYSIS:

Background on Applicant:

Palm Communities is an integrated real estate development company that specializes in producing only the highest quality, service enriched affordable housing for families, seniors and those with special needs. With a portfolio consisting of more than 1,800 affordable multi-family units located in a variety of communities throughout Southern California, Palm Communities has earned a strong reputation for innovative design, commitment to lasting quality and the delivery of projects on time and on budget. For over 30 years, Palm Communities has been committed to developing physically and economically sustainable residential developments that exceed the expectations of all of its stakeholders: its public agency partners, business partners, lenders, investors and, most of all, its residents.

Palm Communities understands that high quality affordable housing is only the first step toward creating communities that are sustainable and that provide residents with the best opportunity to improve their outcomes in life. On-site social services support residents' goals of upward mobility and help to provide the peace of mind necessary for them to have the highest quality of life possible, regardless of economic circumstances. Services provided at Palm Communities' properties include after school programs, supplemental education programs, health, wellness and skill building classes, on-site case management, crisis management, mediation services and social activities. Palm Communities has constructed or rehabilitated more than 15 multi-family affordable housing projects and Hemet Vistas Apartments is its third financing with CSCDA.

Public Agency Approval:

TEFRA Hearing: May 12, 2016 – Riverside County – unanimous approval

CDLAC Approval: September 21, 2016

Public Benefits:

- 100% of the units will be rent restricted for 55 years.
 - 98% (140 units) restricted to 50% or less of area median income households.
 - 2% (3 units) restricted to 60% or less of area median income households.
- The Project is in walking distance to recreational facilities, grocery stores, and public K-12 schools.

Sources and Uses:

Sources of Funds:

Tax-Exempt Bonds:	\$ 10,882,161
Tax Credits:	\$ 888,165
County HOME Loan:	\$ 1,454,425
County RDA Loan:	\$ 779,144
Deferred Developer Fee:	\$ 1,698,159
CDLAC Performance Deposit:	\$ 54,415
Seller Carry-Back Note:	\$ 2,650,000
Total Sources:	\$ 18,406,469

Uses of Funds:

Acquisition:	\$ 10,450,000
Construction Costs:	\$ 3,659,400
Architecture & Engineering:	\$ 90,000
Permits & Impact Fees:	\$ 20,000
FF&E:	\$ 80,000
Insurance:	\$ 91,485
Loan Fees/Costs of Issuance:	\$ 651,385
Project Contingency:	\$ 475,940
Reserves:	\$ 282,809
Developer Fee:	\$ 1,991,836

Soft Costs:	\$ 613,614
Total Uses:	\$ 18,406,469

Finance Partners:

Bond Counsel: Orrick, Herrington & Sutcliffe, LLP, San Francisco

Authority Counsel: Orrick, Herrington & Sutcliffe, LLP, Sacramento

Private Placement Purchaser: Citibank

Finance Terms:

Rating: Unrated
Term: 35 years
Structure: Private Placement
Estimated Closing: November 15, 2016

CSCDA Policy Compliance:

The financing of the Project complies with CSCDA's general and issuance policies for unrated debt.

DOCUMENTS: (as attachments)

1. Photos of Hemet Vistas Apartments (Attachment A)
2. CSCDA Resolution (Attachment B)

COMMISSION ACTION RECOMMENDED BY THE EXECUTIVE DIRECTOR:

1. Approves the issuance of the Bonds and the financing of the Project;
2. Approves all necessary actions and documents in connection with the financing;
and
3. Authorizes any member of the Commission or Authorized Signatory to sign all necessary documents.

ATTACHMENT A

Hemet Vistas Apartments



ATTACHMENT B

RESOLUTION NO. 16H-__

A RESOLUTION OF THE CALIFORNIA STATEWIDE COMMUNITIES DEVELOPMENT AUTHORITY AUTHORIZING THE ISSUANCE AND DELIVERY OF MULTIFAMILY HOUSING REVENUE BONDS IN AN AGGREGATE PRINCIPAL AMOUNT NOT TO EXCEED \$13,000,000 FOR THE FINANCING OF A MULTIFAMILY RENTAL HOUSING PROJECT GENERALLY KNOWN AS HEMET VISTAS APARTMENTS; DETERMINING AND PRESCRIBING CERTAIN MATTERS AND APPROVING AND AUTHORIZING THE EXECUTION OF AND DELIVERY OF VARIOUS DOCUMENTS RELATED THERETO; RATIFYING ANY ACTION HERETOFORE TAKEN AND APPROVING RELATED MATTERS IN CONNECTION WITH THE BONDS.

WHEREAS, the California Statewide Communities Development Authority (the “Authority”) is authorized by the Joint Powers Act, commencing with Section 6500 of the California Government Code (the “JPA Law”), and its Amended and Restated Joint Exercise of Powers Agreement, dated as of June 1, 1988, as the same may be amended (the “Agreement”), to issue revenue bonds for the purpose of financing, among other things, the acquisition, construction, development and rehabilitation of multifamily rental housing projects in accordance with Chapter 7 of Part 5 of Division 31 of the California Health and Safety Code (the “Housing Law”);

WHEREAS, Hemet Vistas 1&2R Partners, L.P., a California limited partnership, and entities related thereto (collectively, the “Borrower”), has requested that the Authority issue and sell revenue bonds to assist in the financing of the acquisition and rehabilitation of a 144-unit housing development located in Hemet, California, and generally known as Hemet Vistas Apartments (the “Project”);

WHEREAS, on September 21, 2016 the Authority received an allocation in the amount of \$10,882,161 (the “Allocation Amount”) from the California Debt Limit Allocation Committee in connection with the Project;

WHEREAS, the City of Hemet is a Program Participant (as defined in the Agreement) of the Authority and has authorized the issuance of the Bonds;

WHEREAS, the Authority is willing to issue not to exceed \$13,000,000 aggregate principal amount of its Multifamily Housing Revenue Bonds (Hemet Vistas Project) 2016 Series V (the “Bonds”), provided that the portion of such Bonds issued as federally tax-exempt obligations shall not exceed the Allocation Amount, and loan the proceeds thereof to the Borrower to assist in providing financing for the Project, which will allow the Borrower to reduce the cost of the Project and to assist in providing housing for low income persons;

WHEREAS, the Bonds will be privately placed with JPMorgan Chase Bank, N.A. (the “Bank”), as the initial purchaser of the Bonds, in accordance with the Authority’s private placement policy;

WHEREAS, there have been prepared and made available to the members of the Commission of the Authority (the “Commission”) the following documents required for the issuance of the Bonds, and such documents are now in substantial form and appropriate instruments to be executed and delivered for the purposes intended:

(1) Master Agency Agreement (the “Agency Agreement”) to be entered into between the Authority and the Bank, as agent (the “Agent”);

(2) Master Pledge and Assignment (the “Pledge Agreement”) to be entered into among the Authority, the Agent and the Bank, as bondholder; and

(3) Regulatory Agreement and Declaration of Restrictive Covenants (the “Regulatory Agreement”) to be entered into between the Authority and the Borrower;

NOW, THEREFORE, BE IT RESOLVED by the members of the Commission, as follows:

Section 1. The recitals set forth above are true and correct, and the members of the Commission hereby find them to be so.

Section 2. Pursuant to the JPA Law and the Pledge Agreement, and in accordance with the Housing Law, the Authority is hereby authorized to issue one or more series of Bonds. The Bonds shall be designated as “California Statewide Communities Development Authority Multifamily Housing Revenue Bonds (Hemet Vistas Project) 2016 Series V,” with appropriate modifications and series and sub-series designations as necessary, in an aggregate principal amount not to exceed \$13,000,000; provided that the aggregate principal amount of any tax-exempt Bonds issued shall not exceed the Allocation Amount. The Bonds shall be issued in the form set forth in and otherwise in accordance with the Pledge Agreement, and shall be executed on behalf of the Authority by the facsimile signature of the Chair of the Authority or the manual signature of any Authorized Signatory (as defined below), and attested by the facsimile signature of the Secretary of the Authority or the Assistant to the Secretary of the Authority, or the manual signature of any Authorized Signatory. The Bonds shall be issued and secured in accordance with the terms of the Pledge Agreement presented to this meeting, as hereinafter approved. Payment of the principal and purchase price of, and redemption premium, if any, and interest on, the Bonds shall be made solely from amounts pledged thereto under the Pledge Agreement, and the Bonds shall not be deemed to constitute a debt or liability of the Authority or any Program Participant or Member of the Commission of the Authority (each, a “Member”).

Section 3. The Pledge Agreement in the form presented at this meeting is hereby approved. Any Member, or any other person as may be designated and authorized to sign for the Authority pursuant to a resolution adopted thereby (including, without limitation, the administrative delegates duly authorized pursuant to Resolution No. 15R-53 of the Authority,

adopted on October 22, 2015) (together with the Members, each such person is referred to herein individually as an "Authorized Signatory"), acting alone, is authorized to execute by manual signature and deliver the Pledge Agreement, with such changes and insertions therein as may be necessary to cause the same to carry out the intent of this Resolution and as are approved by counsel to the Authority, such approval to be conclusively evidenced by the delivery thereof. The date, maturity date or dates (which shall not extend beyond November 1, 2061), interest rate or rates (which shall not exceed 12%), interest payment dates, denominations, form, registration privileges, manner of execution, place of payment, terms of redemption and other terms of the Bonds shall be as provided in the Pledge Agreement as finally executed.

Section 4. The Agency Agreement in the form presented at this meeting is hereby approved. Any Authorized Signatory, acting alone, is authorized to execute by manual signature and deliver the Agency Agreement, with such changes and insertions therein as may be necessary to cause the same to carry out the intent of this Resolution and as are approved by counsel to the Authority, such approval to be conclusively evidenced by the delivery thereof.

Section 5. The Regulatory Agreement in the form presented at this meeting is hereby approved. Any Authorized Signatory, acting alone, is authorized to execute by manual signature and deliver the Regulatory Agreement, with such changes and insertions therein as may be necessary to cause the same to carry out the intent of this Resolution and as are approved by counsel to the Authority, such approval to be conclusively evidenced by the delivery thereof.

Section 6. The Authority is hereby authorized to sell the Bonds to the Bank pursuant to the terms and conditions of the Pledge Agreement.

Section 7. The Bonds, when executed, shall be delivered to the Agent for registration. The Agent is hereby requested and directed to register the Bonds by executing the certificate of registration appearing thereon, and to deliver the Bonds, when duly executed and authenticated, to or at the direction of the purchasers thereof in accordance with written instructions executed and delivered on behalf of the Authority by an Authorized Signatory, which any Authorized Signatory, acting alone, is hereby authorized and directed to execute and deliver such instructions to the Agent. Such instructions shall provide for the delivery of the Bonds to the purchasers thereof upon payment of the purchase price thereof.

Section 8. All actions heretofore taken by the officers and agents of the Authority with respect to the financing of the Project and the sale and issuance of the Bonds are hereby approved, ratified and confirmed, and any Authorized Signatory, acting alone, is hereby authorized and directed, for and in the name and on behalf of the Authority, to do any and all things and take any and all actions and execute and deliver any and all certificates, agreements and other documents, including but not limited to a tax certificate, loan related documents, an assignment of deed of trust and such other documents as described in the Pledge Agreement and the other documents herein approved, which they, or any of them, may deem necessary or advisable in order to consummate the lawful issuance and delivery of the Bonds and to effectuate the purposes thereof and of the documents herein approved in accordance with this resolution and resolutions heretofore adopted by the Authority and otherwise in order to carry out the financing of the Project.

Section 9. All consents, approvals, notices, orders, requests and other actions permitted or required by any of the documents authorized by this Resolution, whether before or after the issuance of the Bonds, including without limitation any of the foregoing that may be necessary or desirable in connection with any default under or amendment of such documents, any transfer or other disposition of the Project, any addition or substitution of security for the Bonds or any redemption of the Bonds, may be given or taken by any Authorized Signatory, as appropriate, without further authorization by the Commission, and each such officer is hereby authorized and directed to give any such consent, approval, notice, order or request and to take any such action that such officer may deem necessary or desirable to further the purposes of this Resolution and the financing of the Project; provided such action shall not create any obligation or liability of the Authority other than as provided in the Pledge Agreement and other documents approved herein.

Section 10. This Resolution shall take effect upon its adoption.

PASSED AND ADOPTED by the California Statewide Communities Development Authority this October 20, 2016.

The undersigned, an Authorized Signatory of the California Statewide Communities Development Authority, DOES 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 October 20, 2016.

By _____

Authorized Signatory



Agenda Item No. 5b

Agenda Report

DATE: October 20, 2016

TO: CSCDA COMMISSIONERS

FROM: Cathy Bando, Executive Director

PROJECT: Parks at Fig Garden Apartments

PURPOSE: Approve the Financing of Rental Affordable Housing Project Located in the City of Fresno, County of Fresno

AMOUNT: Not to Exceed \$27,791,620

EXECUTIVE SUMMARY:

Parks at Fig Garden Apartments (the “Project”) is an acquisition and rehabilitation of 366 units of rental affordable housing located in the City of Fresno. 100% of the units will remain rent restricted for low-income tenants.

PROJECT DESCRIPTION:

- Acquisition and rehabilitation of a 366-unit affordable rental housing facility located at 4085 North Fruit Avenue in the City of Fresno.
- 27.14 acre site.
- 49 two-story residential buildings, recreational facilities, six swimming pools and a daycare facility.
- Consists of 75 one-bedroom units, 229 two-bedroom units, 57 three-bedroom units and four manager’s unit.

PROJECT ANALYSIS:

Background on Applicant:

Community Housing Works (CHW) is a California 501(c)(3) non-profit organization that has been helping people and communities move up in the world since 1982. CHW specializes in developing and operating affordable rental apartments in urban, suburban, and rural residential communities throughout San Diego County and has completed more than 1,700 units within 35 projects. CHW has financed seven prior projects with CSCDA.

Public Agency Approval:

TEFRA Hearing: July 28, 2016 – City of Fresno – unanimous approval

CDLAC Approval: September 21, 2016

Public Benefits:

- 100% of the units will be rent restricted for 55 years.
 - 90% (325 units) restricted to 60% or less of area median income households.
 - 10% (37 units) restricted to 50% or less of area median income households.
- The Project is in walking distance to recreational facilities, grocery stores, and public K-12 schools.
- CHW will provide its resident services program including school age literacy, after school programs, family financial fitness and first time homeowner classes.

Sources and Uses:

Sources of Funds:

Tax-Exempt Bonds:	\$ 20,740,000
Tax Credit Equity:	\$ 19,694,382
Income:	\$ 1,748,196
Deferred Costs:	\$ 2,539,102
Deferred Developer Fee:	\$ 4,305,111
Seller Carry-Back:	<u>\$ 8,251,620</u>
Total Sources:	\$ 57,278,411

Uses of Funds:

Acquisition:	\$ 24,883,696
Construction Costs:	\$ 21,627,458
Architecture & Engineering:	\$ 460,700
Insurance/Taxes:	\$ 514,000
Relocation:	\$ 313,915
Capitalized Interest:	\$ 1,672,100
Developer Fee:	\$ 6,933,000
Costs of Issuance:	\$ 623,542
Soft Cost Contingency:	<u>\$ 250,000</u>
Total Uses:	\$ 57,278,411

Finance Partners:

Bond Counsel: Jones Hall, San Francisco

Authority Counsel: Orrick, Herrington & Sutcliffe, LLP, San Francisco

Private Placement Purchaser: Jones Lang LaSalle Multifamily, LLC

Finance Terms:

Rating: Unrated
Term: 35 years
Structure: Private Placement
Estimated Closing: November 16, 2016

CSCDA Policy Compliance:

The financing of the Project complies with CSCDA's general and issuance policies for unrated debt.

DOCUMENTS: (as attachments)

1. Photographs of Parks at Fig Garden Apartments (Attachment A)
2. CSCDA Resolution (Attachment B)

COMMISSION ACTION RECOMMENDED BY THE EXECUTIVE DIRECTOR:

1. Approves the issuance of the Bonds and the financing of the Project;
2. Approves all necessary actions and documents in connection with the financing;
and
3. Authorizes any member of the Commission or Authorized Signatory to sign all necessary documents.

ATTACHMENT A

Parks at Fig Garden Apartments



ATTACHMENT B

RESOLUTION NO. 16H-__

A RESOLUTION OF THE CALIFORNIA STATEWIDE COMMUNITIES DEVELOPMENT AUTHORITY AUTHORIZING THE ISSUANCE AND DELIVERY OF A MULTIFAMILY HOUSING REVENUE NOTE AND SUBORDINATE MULTIFAMILY HOUSING REVENUE BONDS IN AN AGGREGATE PRINCIPAL AMOUNT NOT TO EXCEED \$27,791,620 FOR THE FINANCING OF MULTIFAMILY RENTAL HOUSING DEVELOPMENTS KNOWN AS PARKS AT FIG GARDEN APARTMENTS; DETERMINING AND PRESCRIBING CERTAIN MATTERS AND APPROVING AND AUTHORIZING THE EXECUTION OF AND DELIVERY OF VARIOUS DOCUMENTS RELATED THERETO; RATIFYING ANY ACTION HERETOFORE TAKEN AND APPROVING RELATED MATTERS IN CONNECTION WITH THE BONDS.

WHEREAS, the California Statewide Communities Development Authority (the “Authority”) is authorized by the Joint Powers Act, commencing with Section 6500 of the California Government Code (the “JPA Law”), and its Amended and Restated Joint Exercise of Powers Agreement, dated as of June 1, 1988, as the same may be amended (the “Agreement”), to issue revenue bonds for the purpose of financing, among other things, the acquisition, construction, development and rehabilitation of multifamily rental housing projects in accordance with Chapter 7 of Part 5 of Division 31 of the California Health and Safety Code (the “Housing Law”);

WHEREAS, Fruit Avenue Housing Associates, L.P., a California limited partnership (the “Borrower”), has requested that the Authority issue, sell, and deliver its California Statewide Communities Development Authority Multifamily Housing Revenue Note (Parks at Fig Garden Apartments Project) 2016 Series T (the “Note”) and its California Statewide Communities Development Authority Multifamily Housing Revenue Bonds (Parks at Fig Garden Apartments Project) 2016 Series T-S (Subordinate Series) (the “Bonds”) to assist in the financing of the acquisition and rehabilitation of a multifamily rental development consisting of 366 units located at 4085 N. Fruit Avenue , located in the City of Fresno, County of Fresno, California, and to be known as Parks at Fig Garden Apartments Project (the “Project”);

WHEREAS, on September 21, 2016, the Authority received an allocation in the amount of \$27,791,620 (the “Allocation Amount”) from the California Debt Limit Allocation Committee in connection with the Project;

WHEREAS, City of Fresno is a Program Participant (as defined in the Agreement) of the Authority and has authorized the issuance of the Note and Bonds after a duly noticed public hearing;

WHEREAS, the Authority is willing to issue not to exceed \$27,791,620 aggregate principal amount of Notes and Bonds, and loan the proceeds thereof to the Borrower to assist in providing financing for the Project, which will allow the Borrower to reduce the cost of the Project and to assist in providing housing for low income persons;

WHEREAS, the Note will be privately placed with Jones Lang LaSalle Multifamily, LLC (the “Purchaser”), as the initial purchaser of the Note, in accordance with the Authority’s private placement policy;

WHEREAS, the Bonds will be privately placed with Parks at Fig, LLC as holder (the “Holder”), as the initial purchaser of the Bonds, in accordance with the Authority’s private placement policy;

WHEREAS, there have been prepared and made available to the members of the Commission of the Authority (the “Commission”) the following documents required for the issuance of the Note and Bonds, and such documents are now in substantial form and appropriate instruments to be executed and delivered for the purposes intended:

(1) Funding Loan Agreement (the “Funding Loan Agreement”) to be entered into between the Authority, Wilmington Trust, National Association as fiscal agent (the “Fiscal Agent”), and the Purchaser;

(2) Project Loan Agreement (the “Project Loan Agreement”) to be entered into among the Authority, the Borrower and the Fiscal Agent;

(3) Regulatory Agreement and Declaration of Restrictive Covenants (the “Regulatory Agreement”) to be entered into between the Authority and the Purchaser;

(4) Multifamily Deed of Trust, Assignment of Leases and Rents, Security Agreement and Fixture Filing, together with the Assignment of Security Instrument from the Authority to the Fiscal Agent;

(5) Subordinate Master Agency Agreement (the “Master Agency Agreement”) between the Authority and Parks at Fig, LLC as agent (the “Agent”); and

(6) Subordinate Master Pledge and Assignment (the “Master Pledge and Assignment”) among the Authority, the Holder, and the Agent.

NOW, THEREFORE, BE IT RESOLVED by the California Statewide Communities Development Authority, as follows:

Section 1. The recitals set forth above are true and correct, and the members of the Commission hereby find them to be so.

Section 2. Pursuant to the JPA Law and the Funding Loan Agreement, and in accordance with the Housing Law, the Authority is hereby authorized to issue a Note and one or more series of Bonds. The Note shall be designated as “California Statewide Communities Development Authority Multifamily Housing Revenue Note (Parks at Fig Garden Apartments Project) 2016 Series T” and the Bonds shall be designated as “California Statewide Communities Development Authority Multifamily Housing Revenue Bonds (Parks at Fig Garden Apartments Project) 2016 Series T-S,” including, if and to the extent necessary, one or more sub-series, with appropriate modifications and series and sub-series designations as necessary, in an aggregate principal amount not to exceed \$27,791,620; provided that the aggregate principal amount of any tax-

exempt Note and tax-exempt Bonds issued shall not exceed the Allocation Amount. The Note shall be issued in the form set forth in and otherwise in accordance with the Funding Loan Agreement, and shall be executed on behalf of the Authority by the manual or facsimile signature of any Authorized Signatory (as defined below). The Bonds shall be issued in the form set forth in and otherwise in accordance with the Master Pledge and Assignment, and shall be executed on behalf of the Authority by the facsimile signature of the Chair of the Authority or the manual signature of any Authorized Signatory (as defined below), and attested by the facsimile signature of the Secretary of the Authority or the Assistant to the Secretary of the Authority, or the manual signature of any Authorized Signatory. The Note and the Bonds shall be issued and secured in accordance with the terms of the Funding Loan Agreement and the Master Pledge and Assignment, respectively, presented to this meeting, as hereinafter approved. Payment of the principal and purchase price of, and redemption premium, if any, and interest on, the Note and the Bonds shall be made solely from amounts pledged thereto under the Funding Loan Agreement and the Master Pledge and Assignment, respectively, and the Note and the Bonds shall not be deemed to constitute a debt or liability of the Authority or any Program Participant or Member of the Commission of the Authority (each, a "Member").

Section 3. The Funding Loan Agreement, the Master Agency Agreement and the Master Pledge and Assignment in the forms presented at this meeting are hereby approved. Any Member, or any other person as may be designated and authorized to sign for the Authority pursuant to a resolution adopted thereby (including, without limitation, the administrative delegates duly authorized pursuant to Resolution No. 15R-53 of the Authority, adopted on October 22, 2015) (together with the Members, each such person is referred to herein individually as an "Authorized Signatory"), acting alone, is authorized to execute by manual signature and deliver the Funding Loan Agreement and the Master Pledge and Assignment, with such changes and insertions therein as may be necessary to cause the same to carry out the intent of this Resolution and as are approved by counsel to the Authority, such approval to be conclusively evidenced by the delivery thereof. The date, maturity date or dates (which shall comply with the provisions of the Housing Law), interest rate or rates (which shall not exceed 12%), interest payment dates, denominations, form, registration privileges, manner of execution, place of payment, terms of redemption and other terms of the Note and the Bonds shall be as provided in the Funding Loan Agreement and the Master Pledge and Assignment, respectively, as finally executed.

Section 4. The Project Loan Agreement in the form presented at this meeting is hereby approved. Any Authorized Signatory, acting alone, is authorized to execute by manual signature and deliver the Project Loan Agreement, with such changes and insertions therein as may be necessary to cause the same to carry out the intent of this Resolution and as are approved by counsel to the Authority, such approval to be conclusively evidenced by the delivery thereof.

Section 5. The Regulatory Agreement in the form presented at this meeting is hereby approved. Any Authorized Signatory, acting alone, is authorized to execute by manual signature and deliver the Regulatory Agreement, with such changes and insertions therein as may be necessary to cause the same to carry out the intent of this Resolution and as are approved by counsel to the Authority, such approval to be conclusively evidenced by the delivery thereof.

Section 6. The Multifamily Deed of Trust, Assignment of Leases and Rents, Security Agreement and Fixture Filing in the form presented at this meeting is hereby approved. Any Authorized Signatory, acting alone, is authorized to execute by manual signature and deliver the Assignment

of Security Instrument related thereto, with such changes and insertions therein as may be necessary to cause the same to carry out the intent of this Resolution and as are approved by counsel to the Authority, such approval to be conclusively evidenced by the delivery thereof.

Section 7. The Authority is hereby authorized to sell the Note to the Purchaser pursuant to the terms and conditions of the Funding Loan Agreement.

Section 8. The Authority is hereby authorized to sell the Bonds to the Holder pursuant to the terms and conditions of the Master Pledge and Assignment.

Section 9. The Note, when executed, shall be delivered to the Fiscal Agent for authentication and registration. The Fiscal Agent is hereby requested and directed to register the Note by executing the certificate of registration appearing thereon, and to deliver the Note, when duly executed and authenticated, to or at the direction of the purchasers thereof in accordance with written instructions executed and delivered on behalf of the Authority by an Authorized Signatory, which any Authorized Signatory, acting alone, is hereby authorized and directed to execute and deliver such instructions to the Fiscal Agent. Such instructions shall provide for the delivery of the Note to the purchasers thereof upon payment of the purchase price thereof.

Section 10. The Bonds, when executed, shall be delivered to the Agent for authentication and registration. The Agent is hereby requested and directed to register the Bonds by executing the certificate of registration appearing thereon, and to deliver the Bonds, when duly executed and authenticated, to or at the direction of the purchasers thereof in accordance with written instructions executed and delivered on behalf of the Authority by an Authorized Signatory, which any Authorized Signatory, acting alone, is hereby authorized and directed to execute and deliver such instructions to the Agent. Such instructions shall provide for the delivery of the Bonds to the purchasers thereof upon payment of the purchase price thereof.

Section 12. All actions heretofore taken by the officers and agents of the Authority with respect to the financing of the Project and the sale and issuance of the Note and Bonds are hereby approved, ratified and confirmed, and any Authorized Signatory, acting alone, is hereby authorized and directed, for and in the name and on behalf of the Authority, to do any and all things and take any and all actions and execute and deliver any and all certificates, agreements and other documents, including but not limited to a tax certificate, loan related documents, subordination agreements, such documents as are described in the Funding Loan Agreement, the Master Pledge and Assignment or the Project Loan Agreement, and the other documents herein approved, which they, or any of them, may deem necessary or advisable in order to consummate the lawful issuance and delivery of the Note and Bonds and to effectuate the purposes thereof and of the documents herein approved in accordance with this resolution and resolutions heretofore adopted by the Authority and otherwise in order to carry out the financing of the Project.

Section 11. All consents, approvals, notices, orders, requests and other actions permitted or required by any of the documents authorized by this Resolution, whether before or after the issuance of the Note and the Bonds, including without limitation any of the foregoing that may be necessary or desirable in connection with any default under or amendment of such documents, any transfer or other disposition of the Project, any addition or substitution of security for the Note and Bonds or any redemption of the Note or Bonds, may be given or taken by any Authorized Signatory, as appropriate, without further authorization by the Commission, and each

such officer is hereby authorized and directed to give any such consent, approval, notice, order or request and to take any such action that such officer may deem necessary or desirable to further the purposes of this Resolution and the financing of the Project; provided such action shall not create any obligation or liability of the Authority other than as provided in the Funding Loan Agreement, the Master Pledge and Assignment and other documents approved herein.

Section 12. This resolution shall take effect immediately upon its adoption.

PASSED AND ADOPTED by the California Statewide Communities Development Authority this 20th day of October 2016.

The undersigned Authorized Signatory of the California Statewide Communities Development Authority DOES 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 October 20, 2016.

CALIFORNIA STATEWIDE
COMMUNITIES
DEVELOPMENT AUTHORITY

By: _____
Authorized Signature



Agenda Item No. 6

Agenda Report

DATE: October 20, 2016

TO: CSCDA COMMISSIONERS

FROM: Cathy Bando, Executive Director

PURPOSE: Consideration of adoption of resolution authorizing Amended and Restated Indenture of Trust, First Amendment to Loan Agreement, Supplemental Tax Exemption Certificate and Agreement, Replacement Bonds and related certificates and documents in connection with \$135,000,000 Pollution Control Refunding Revenue Bonds (Southern California Edison Company) 2006 Series C and D.

BACKGROUND AND SUMMARY:

Southern California Edison Company (“SCE”) is requesting certain amendments to the documents for bonds issued by CSCDA in 2006 (the “Bonds”). The requested changes are outlined below.

Interest Rate Provisions:

The changes to the interest rate provisions are to eliminate of the Auction Rate Mode and to add the SIFMA-Based Term Rate Mode for the Bonds. This change provides a more stable interest rate mode for SCE versus the variability of an Auction Rate Mode.

Redemption Provisions:

The change to the redemption provisions were to remove two extraordinary optional redemption events because the San Onofre Nuclear Generating Station is in the process of being decommissioned. The original extraordinary optional redemption provisions granted the borrower with the ability to call the bonds if the project was damaged or destroyed and not rebuilt, or in the event excessive liabilities were imposed on the borrower in connection with the operation of the project. The optional redemption table will also be changed to match the new Term Rate Mode.

Insurance Provisions:

The Bonds are backed by FGIC Insurance Policies and such insurance has no value to SCE. The 2006 Indenture specifically provided that SCE could drop the insurance on any Mode Change/Mandatory Purchase Date and since 11/1/2016 is such a date, the insurance can be dropped without SCE having to pay FGIC off. In addition there will be new bondholders so nothing is being taken away from present bondholders.

Orrick, Herrington & Sutcliffe, as issuer's counsel, has reviewed and approved the content and form of the amendments.

RECOMMENDED ACTIONS:

CSCDA's Executive Director recommends that the Commission approve the adoption of a resolution authorizing Amended and Restated Indenture of Trust, First Amendment to Loan Agreement, Supplemental Tax Exemption Certificate and Agreement, Replacement Bonds and related certificates and documents in connection with \$135,000,000 Pollution Control Refunding Revenue Bonds (Southern California Edison Company) 2006 Series C and D.

ATTACHMENT A

RESOLUTION NO. __-__

**CALIFORNIA STATEWIDE COMMUNITIES
DEVELOPMENT AUTHORITY**

**A RESOLUTION AUTHORIZING THE AMENDMENT OF CERTAIN DOCUMENTS
RELATING TO THE \$135,000,000 POLLUTION CONTROL REFUNDING REVENUE BONDS
(SOUTHERN CALIFORNIA EDISON COMPANY) 2006 SERIES C AND D ISSUED BY THE
CALIFORNIA STATEWIDE COMMUNITIES DEVELOPMENT AUTHORITY AND OTHER
MATTERS RELATING THERETO**

WHEREAS, pursuant to the provisions of the Joint Exercise of Powers Act, comprising Articles 1, 2, 3 and 4 of Chapter 5 of Division 7 of Title 1 (commencing with Section 6500) of the Government Code of the State of California (the "Act"), a number of California cities, counties and special districts entered into a joint exercise of powers agreement (the "Agreement") pursuant to which the California Statewide Communities Development Authority (the "Authority") was organized; and

WHEREAS, pursuant to the provisions of the Act and the Agreement, the Authority may issue bonds and enter into a loan agreement for the purposes provided in the Act; and

WHEREAS, in 2006 Southern California Edison Company, a California corporation (the "Company"), applied for the financial assistance of the Authority in the refinancing of the acquisition and construction of its undivided interest in certain air and water pollution control facilities and sewage and solid waste disposal facilities (the "Project") at the San Onofre Nuclear Generating Station located in San Diego County, California; and

WHEREAS, on the basis of representations made by the Company in 2006, the Authority issued its Pollution Control Refunding Revenue Bonds (Southern California Edison Company) 2006 Series C and D in the aggregate principal amount of \$135,000,000 (the "Bonds") to refinance a portion of the Project in accordance with the terms and provisions of the Indenture of Trust, dated as of April 1, 2006 (the "Original Indenture"), by and between the Authority and The Bank of New York Mellon (formerly, The Bank of New York), as Trustee (the "Trustee"); and

WHEREAS, in 2006 the Authority duly entered into a Loan Agreement, dated as of April 1, 2006 (the "Original Agreement"), with the Company specifying the terms and conditions of the loan by the Authority to the Company of the proceeds of the Bonds to provide for the refinancing of the Project and the payment by the Company to the Authority of amounts sufficient for the payment of the principal (or redemption price) of and the interest and premium, if any, on the Bonds and certain related expenses; and

WHEREAS, in 2006 the Authority duly entered into a Tax Exemption Certificate and Agreement, dated April 12, 2006 (the "Original Tax Agreement"), with the Company and the Trustee; and

WHEREAS, the Company desires to amend certain provisions of the Original Indenture, the Original Agreement and the Original Tax Agreement to provide for (i) the addition, removal and

modification of certain interest rate modes, (ii) the amendment of certain redemption provisions, (iii) the ability to add credit facilities in the future, and (iv) the removal of bond insurance; and

WHEREAS, the Company desires that such amendments become effective on the Mandatory Purchase Date occurring for each series of the Bonds on November 1, 2016 at the end of the Interest Period for the Term Rate Mode for each such series of Bonds (as such terms are defined in the Original Indenture); and

WHEREAS, the Company requests that the Authority enter into (i) an Amended and Restated Indenture of Trust, dated November 1, 2016 (the “Amended and Restated Indenture”), by and between the Authority and the Trustee, (ii) a First Amendment to Loan Agreement, dated November 1, 2016 (the “First Amendment to Loan Agreement”), by and between the Authority and the Company, and (iii) a Supplemental Tax Exemption Certificate and Agreement, dated November 1, 2016 (the “Supplemental Tax Agreement”), between and among the Authority, the Company and the Trustee; and

WHEREAS, the Mode for each series of the Bonds will be changed on November 1, 2016 to a Weekly Mode (as such terms are defined in the Amended and Restated Indenture) and will be purchased by the Company in anticipation of the future remarketing of such Bonds to the public; and

WHEREAS, there have been presented to this meeting the following documents and agreements:

- (1) A proposed form of the Amended and Restated Indenture;
- (2) A proposed form of the First Amendment to Loan Agreement; and
- (3) A proposed form of the Supplemental Tax Agreement.

NOW THEREFORE, BE IT RESOLVED by the Commission of the California Statewide Communities Development Authority (the “Commission”), as follows:

Section 1. The proposed form of the Amended and Restated Indenture, as presented to this meeting, is hereby approved. Any member of the Commission or their administrative delegates duly authorized pursuant to Resolution No. 15R-53 of the Authority, adopted on October 22, 2015 (each, an “Authorized Signatory”) is hereby authorized and directed, for and on behalf of the Authority, to execute and deliver the Amended and Restated Indenture in substantially said form, with such changes and insertions therein as any member of the Commission, with the advice of counsel to the Authority, may approve, such approval to be conclusively evidenced by the execution and delivery thereof. The Trustee, dated date, maturity date, interest rate or rates or methods of determining rates, tender provisions, interest payment dates, denominations, forms, registration privileges, manner of execution, place or places of payment, terms of redemption and other terms of the Bonds shall be as provided in the Amended and Restated Indenture, as finally executed.

Section 2. The proposed form of the First Amendment to Loan Agreement, as presented to this meeting, is hereby approved. Any Authorized Signatory is hereby authorized and directed, for and on behalf of the Authority, to execute and deliver the First Amendment to Loan Agreement in substantially said form, with such changes and insertions therein as any member of the Commission, with the advice of counsel to the Authority, may approve, such approval to be conclusively evidenced by the execution and delivery thereof.

Section 3. The proposed form of the Supplemental Tax Agreement, as presented to this meeting, is hereby approved. Any Authorized Signatory is hereby authorized and directed, for and on behalf of the Authority, to execute and deliver the Supplemental Tax Agreement, in substantially said form, with such changes and insertions therein as any member of the Commission, with the advice of counsel to the Authority, may approve, such approval to be conclusively evidenced by the execution and delivery thereof.

Section 4. Pursuant to the Act and the Amended and Restated Indenture, replacement Bonds in substantially the form attached as Exhibit A to the Amended and Restated Indenture (the “Replacement Bonds”) shall be executed on behalf of the Authority by the facsimile signature of the Chair of the Authority or the manual signature of any Authorized Signatory, and attested by the facsimile signature of the Secretary of the Authority or the Assistant to the Secretary of the Authority or the manual signature of any Authorized Signatory.

Section 5. The Replacement Bonds, when executed as provided in Section 4, shall be delivered to the Trustee for authentication by the Trustee. The Trustee is hereby requested and directed to authenticate the Replacement Bonds by executing the Trustee’s Certificate of Authentication appearing thereon, and to deliver the Replacement Bonds, when duly executed and authenticated, to or as requested by the Company in accordance with written instructions executed on behalf of the Authority by an Authorized Signatory, which Authorized Signatory, acting alone, is authorized and directed, for and on behalf of the Authority, to execute and deliver to the Trustee. Such instructions shall provide for the delivery of the Replacement Bonds to or as requested by the Company, upon payment of the purchase price therefor.

Section 6. The Chair, the Vice Chair, the Secretary, the Treasurer, any other members of the Commission of the Authority and other appropriate officers and agents of the Authority are hereby authorized and directed, jointly and severally, for and in the name and on behalf of the Authority, to execute and deliver any and all documents, including, without limitation, any and all documents and certificates to be executed in connection with securing credit support, if any, for the Bonds, and to do any and all things and take any and all actions which may be necessary or advisable, in their discretion, to effectuate the actions which the Authority has approved in this Resolution and to consummate by the Authority the transactions contemplated by the documents approved hereby, including any subsequent amendments, waivers or consents entered into or given in accordance with such documents.

Section 7. All actions heretofore taken by the Chair, the Vice Chair, the Secretary, the Treasurer, any other members of the Commission of the Authority and other appropriate officers and agents of the Authority with respect to the transactions contemplated by the documents approved hereby are hereby ratified, confirmed and approved.

Section 8. This Resolution shall take effect from and after its adoption.

PASSED AND ADOPTED by the California Statewide Communities Development Authority this 20th day of October, 2016.

I, the undersigned, an Authority Signatory of the California Statewide Communities Development Authority, DO HEREBY CERTIFY that the foregoing resolution was duly adopted by the Commission of said Authority at a duly called meeting of the Commission of said Authority held in accordance with law on October 20, 2016.

By: _____
Authorized Signatory
California Statewide Communities
Development Authority



Agenda Item No. 7

Agenda Report

DATE: October 20, 2016
TO: CSCDA COMMISSIONERS
FROM: Cathy Bando, Executive Director
PURPOSE: Consideration of fee schedule for GO Savers Program

EXECUTIVE SUMMARY:

At the September 15, 2016 the CSCDA Commission approved the issuance of the GO Saver bonds for the Monterey County school district pool. The financing does not fall within any of the current CSCDA categories for issuance and annual administration fees. Working with the finance team it was determined that the following fees are within industry standards and are reasonable costs to provide significant refunding savings to go directly to the school district participants.

Issuance Fee: 20 basis points on the par amount of the bonds up to \$20 million and 10 basis points thereafter.

Annual Fee: 1.5 basis points on the par amount outstanding on the interest payment date.

The fees are slightly higher than CSCDA's general municipal fees which are an issuance fee of 15 basis points and an annual fee of 1.5 basis points. The proposed fee of 20 basis point issuance fee reflects the significant efforts required by CSCDA in connection with origination services required for the GO Savers pooled program.

RECOMMENDED ACTION:

CSCDA's Executive Director recommends approval of the fee schedule for the GO Saver program as follows:

Issuance Fee: 20 basis points on the par amount of the bonds up to \$20 million and 10 basis points thereafter.

Annual Fee: 1.5 basis points on the par amount outstanding on the interest payment date.



Agenda Item No. 8

Agenda Report

DATE: October 20, 2016

TO: CSCDA COMMISSIONERS

FROM: Cathy Bando, Executive Director

PURPOSE: Review of First Quarter FY 2016-17 Financials and Bank Account Activity

CSCDA's first quarter bank account activity and budget to actual figures for FY 2016-17 are provided on the attached financial reports.

FY 2016-2017 Q1 BUDGET REPORT:

The budget report provides FY 2015-16 actual figures for CSCDA, 2016-17 budget information, and actual figures for the quarter ending September 30, 2016. The variances represent 2016-17 budget figures compared to actual amounts received or disbursed through September 30, 2016. While CSCDA's receipts and disbursements are annual figures and not budgeted on a quarterly basis, a variance of 25% reflects that the amount is on target for the first quarter while variances below 25% are below budget and variances above 25% are above budget.

1. Issuance Fee Receipts

- Total Issuance fees received in the first quarter were \$850,000 which represents approximately 21% of the annual budget. CSCDA was approximately \$150,000 below targeted receipts for the first quarter.
- Qualified 501(c)(3) financings were slightly behind budget by about \$48,000. CSCDA does not expect to have a large number of individual non-profit transactions but the combined individual fees should be sufficient to meet the annual budgeted amount of \$500,000 by year end.
- Affordable housing was on budget at 25% of the amount budgeted for the fiscal year
- The overall issuance fee shortfall for Q1 was primarily attributed to the fact that no SCIP/CFD financings closed during the first quarter. The quarterly shortfall was approximately \$237,000 in fees. We anticipate that transactions will close later in the fiscal year to make up this shortfall and to meet the amount of \$950,000 that is budgeted for the 2016-17 fiscal year.
- \$505,000 in fees were generated from CSCDA's PACE programs representing 36% of the amount budgeted for the year. This represents \$155,000 over the amount budgeted for the quarter.
- The \$12,000 loss reflects market value declines for the first quarter which are required to be reported by GAAP accounting rules. Note that market value gains for FY2016 were over \$300,000.

2. Bond Administrative Fee Receipts

- Bond administrative fee collections were on budget at \$2.57 million.
- The variances within the categories were primarily due to the timing of collections.

3. Issuance Fee Disbursements

- Issuance fee disbursements were slightly below the amount budgeted for the quarter, by about \$150,000, reflecting the lower issuance fees collected.

4. Bond Administration Fee Disbursements

- Bond Administration Fee Disbursements are on budget at \$2.5 million.

5. General Administrative

- General Administrative disbursements were behind the amount for the quarter primarily due to the timing of disbursement requests. The annual budgeted amount of \$594,000 in disbursements should be realized by year end.

BANK ACCOUNT ACTIVITY:

CSCDA's fee collections are disbursed on a monthly basis after funding the professional services and operations accounts. Descriptions of disbursements and balances as of September 30, 2016 in the three accounts are described below.

1. Professional Services Account

- The balance as of September 30, 2016 was \$130,000.
- Deposits of \$144,000 were made and \$88,000 in disbursements were made.

2. Operations

- The Operations Account was established in July 2015 when it was determined that the Professional Services Account balance was insufficient to meet CSCDA's operating costs.
- The purpose of the account is to provide adequate funds for CSCDA's operations if and when the Professional Services Account balance is insufficient.
- The targeted balance in the Operations Account is \$300,000.
- \$15,555 was deposited in the Operations Account during the first quarter of FY2017 and no disbursements were paid from the account.
- The balance as of September 30, 2016 was \$300,000.

3. Charitable Contributions

- CSCDA's balance in the Charitable Contributions Account was \$25,817 as of September 30, 2016.

SUMMARY AND QUESTIONS

The variances in issuance and bond administration fee receipts are primarily due to the timing of transaction closings and bond administration fee billing cycles. We anticipate that the annual receipts will be equal to the budgeted amounts by year end.

CSCDA staff and League accounting personnel are available to respond to any questions the Commissioners may have about the attached FY2017 Q1 financial reports.

CSCDA
Budget-to-Actual for Fiscal Year 2016-17
For the Three Months Ended September 30, 2016

	Actual 2015-16	Budget 2016-17	YTD 2016-17	Variance 2016-17
Amounts collected				
Issuance fees				
Qualified 501 (c)(3)	714,075	500,000	77,450	15.49%
Qualified residential rental program	1,201,505	1,100,000	280,528	25.50%
PACE	1,225,924	1,400,000	505,570	36.11%
SCIP / Mello Roos	683,825	950,000	0	0.00%
Other municipal bond programs	50,000	50,000	0	0.00%
Investment income	450	400	(12,798)	-3199.45%
Total issuance fees	3,875,779	4,000,400	850,749	21.27%
Bond administrative fees				
Qualified 501 (c)(3)	2,845,117	2,710,290	334,965	12.36%
Qualified residential rental program	6,927,762	6,703,911	1,953,464	29.14%
SCIP / Mello Roos	142,882	206,098	107,588	52.20%
Other municipal bond programs	465,562	379,950	176,762	46.52%
Investment income	301,903	600	143	23.84%
Total bond administrative fees	10,683,225	10,000,849	2,572,922	25.73%
Total amounts collected	14,559,004	14,001,249	3,423,671	24.45%
Amounts disbursed				
Issuance				
Program management fees - BSP	1,894,126	1,866,667	417,914	22.39%
Program governance fees - CSAC	845,936	1,066,667	215,296	20.18%
Program governance fees - League	845,936	1,066,667	215,296	20.18%
Total issuance	3,585,998	4,000,001	848,507	21.21%
Bond administration				
Program management fees - BSP	110,738	313,333	52,754	16.84%
Compliance monitoring fees - BSP	89,553	150,000	41,411	27.61%
Administration fees - HB Capital	5,699,360	5,041,055	1,389,923	27.57%
Program governance fees - CSAC	1,273,635	1,366,683	365,401	26.74%
Program governance fees - League	1,273,635	1,366,683	365,401	26.74%
Compliance fees - Compliance Services LLC	626,103	0	0	
Compliance fees - Urban Futures	580,131	1,020,000	284,906	27.93%
Charitable Contribution	0	40,000	0	0.00%
Total bond administration	9,653,155	9,297,754	2,499,796	26.89%
Subtotal Issuance & Bond Administration	13,239,153	13,297,755	3,348,302	25.18%

CSCDA
Budget-to-Actual for Fiscal Year 2016-17
For the Three Months Ended September 30, 2016

	Actual 2015-16	Budget 2016-17	YTD 2016-17	Variance 2016-17
General administrative				
Executive Director	110,198	72,000	0	0.00%
General Counsel - Richards Watson Gershon	223,777	150,000	3,535	2.36%
Insurance	26,518	30,000	0	0.00%
Board travel reimbursements	2,761	5,000	0	0.00%
Issuer counsel - Orrick	140,450	181,250	0	0.00%
Auditor - MGO	20,600	30,000	0	0.00%
Other professional services: Nielsen	46,386	45,000	11,266	25.03%
BSP municipal advisor fee	24,000	24,000	6,000	25.00%
Bank service fees	5,962	7,000	0	0.00%
Marketing and Sponsorships	11,885	30,000	6,000	20.00%
Other	27,679	20,000	93	0.46%
Total general administrative	640,215	594,250	26,893	4.53%
Total amounts disbursed	13,879,368	13,892,005	3,375,196	24.30%
Net surplus (deficit)	679,636	109,244	48,475	44.37%

CSCDA
Bank Account Activity
For the Three Months Ended September 30, 2016

	Beg Bal 06/30/16	Add: Deposits	Less: Disbursements	End Bal 09/30/16
Bank account:				
Professional Services	73,343	144,397	(87,771)	129,969
Operations	284,446	15,555	0	300,001
Charitable Contributions	25,815	2	0	25,817
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	383,604	159,954	(87,771)	455,787
	=====	=====	=====	=====