



## REGULAR MEETING AGENDA

**December 3, 2015 at 10:00 a.m.**

**League of California Cities  
1400 K Street, 3<sup>rd</sup> Floor, Sacramento, CA 95814**

Telephonic Locations:

3252 Southern Hills Drive, Fairfield, CA 94534

112 Cassin Court, Folsom, CA 95630

Monterey Marriott Hotel  
350 Calle Principal, Monterey, CA 93940

City of Sausalito  
420 Litho Street, Sausalito, CA 94965

### A. OPENING AND PROCEDURAL ITEMS

1. Roll Call.
 

|                                  |                                |
|----------------------------------|--------------------------------|
| _____ Larry Combs, Chair         | _____ Tim Snellings, Member    |
| _____ Kevin O'Rourke, Vice Chair | _____ Dan Mierzwa, Member      |
| _____ Terry Schutten, Treasurer  | _____ Ron Holly, Alt. Member   |
| _____ Dan Harrison, Secretary    | _____ Brian Moura, Alt. Member |
| _____ Irwin Bornstein, Member    |                                |
2. Consideration of the minutes of the November 19, 2015 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. Vintage at Bouquet Canyon, LP (Bouquet Canyon Senior Apartments), City of Santa Clarita, County of Los Angeles, up to \$36,800,000 in multi-family housing revenue bonds.
  - b. Springdale West Preservation Limited Partnership (Springdale West Apartments), City of Long Beach, County of Los Angeles, up to \$80,000,000 in multi-family housing revenue bonds.

This \_\_\_ page agenda was posted at 1100 K Street, Sacramento, California on \_\_\_\_\_, 2015 at \_\_\_: \_\_\_ m, Signed \_\_\_\_\_. Please email signed page to [info@cscda.org](mailto:info@cscda.org)

- c. St. Timothy's Preservation, L.P. (St. Timothy's Tower & Manor Apartments), City of Compton, County of Los Angeles, up to \$16,000,000 in multi-family housing revenue bonds.
- 6. Consider resolution approving issuance of not to exceed \$15,000,000 principal amount of CFD No. 2015-01 (University District) Special Tax Bonds, Series 2015A; authorizing the execution and delivery of an indenture; approving a Bond Purchase Contract, an Official Statement, a Continuing Disclosure Certificate, an Acquisition Agreement; authorizing the sale of such bonds; and authorizing related actions and the execution of related documents in connection with the issuance, sale and delivery of such bonds.
- 7. Consider approval of Amended and Restated Trust Indenture and Amended and Restated Loan Agreement and related documents and actions in connection with the addition of a bank direct purchase interest rate mode, conversion to such bank direct purchase interest rate mode and tax reissuance of the California Statewide Communities Development Authority Variable Rate Refunding Revenue Bonds (Institute for Defense Analyses Project) Series 2000.
- 8. Consider adoption of PACE Consumer Protection Policies.

**C. STAFF ANNOUNCEMENTS, REPORTS ON ACTIVITIES OR REQUESTS**

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

**NEXT MEETING:** Thursday, December 17, 2015 at 10:00 a.m.  
California State Association of Counties  
1100 K Street, 1st Floor, Sacramento, CA 95814

**CALIFORNIA STATEWIDE COMMUNITIES DEVELOPMENT AUTHORITY**

**CONSENT CALENDAR**

1. Consent Calendar

- a. Inducement of Daly City Pacific Associates, a California Limited Partnership (Brunswick Street Apartments), City of Daly City, County of San Mateo; issue up to \$63 million in multi-family housing revenue bonds.
- b. Inducement of Santa Cruz Pacific Associates, a California Limited Partnership (Ocean Street Apartments), City of Santa Cruz, County of Santa Cruz; issue up to \$35 million in multi-family housing revenue bonds.
- c. Inducement of Columbia Associates II, LP (Columbia Apartments), City of Los Angeles, County of Los Angeles; issue up to \$22 million in multi-family housing revenue bonds.
- d. Inducement of Marygold Associates II, LP (Marygold Gardens Apartments), City of Fontana, County of San Bernardino; issue up to \$15 million in multi-family housing revenue bonds.
- e. Approve CSCDA program participant's name change from Lee Lake Water District to Temescal Valley Water District.

December 3, 2015



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**REGULAR MEETING OF THE  
CALIFORNIA STATEWIDE COMMUNITIES DEVELOPMENT AUTHORITY  
(CSCDA)**

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

November 19, 2015

**MINUTES**

Commissioner Terry Schutten called the meeting to order at 10:02 am.

1 Roll Call.

Commission members present: Terry Schutten. Dan Harrison, Alternate commissioner Brian Moura (representing Kevin O'Rourke), and Alternate Commissioner Ron Holly (representing Tim Snellings) participated by conference telephone.

CSCDA Executive Director, Catherine Bando also participated by conference telephone.

Others present included: Perry Stottlemeyer, League of California Cities; Jon Penkower, Bridge Strategic Partners; and Mark Paxson, State Treasurer's Office. Laura Labaneigh, CSAC Finance Corporation; James Hamill, Bridge Strategic Partners; Greg Stepanicich, Richards Watson & Gershon; Patricia Eichar and Erin Pham, Orrick Herrington & Sutcliffe; Mimi Frusha, Renew Financial; and Chris Lynch, Jones Hall, participated by conference telephone.

2 Approval of the minutes of the November 5, 2015 regular meeting.

Motion to approve by Harrison; second by Holly; unanimously approved by roll-call vote.

3 Approval of consent calendar.

- a Approve and ratify the addition of the City of Sonoma as a member to CSCDA.
- b Induce The Salvation Army Bell Oasis Apartments, LP (The Salvation Army Bell Oasis Apartments), City of Bell, County of Los Angeles; issue up to \$14 million in multi-family housing revenue bonds.
- c Induce Cadence Family Irvine Housing Partners, LP (RCC Cadence Family), City of Irvine, County of Orange; issue up to \$21 million in multi-family housing revenue bonds.
- d Induce Paramount Family Irvine Housing Partners, LP (ETHIC Paramount Family), (City of Irvine, County of Orange; issue up to \$22 million in multi-family housing revenue bonds.
- e Induce D1 Senior Irvine Housing Partners, LP (D1 Senior), City of Irvine, County of Orange; issue up to \$28 million in multi-family housing revenue bonds.

Motion to approve by Harrison; second by Moura; unanimously approved by roll-call vote.

4 Public comment.

None.

- 5 Approval of resolution approving issuance of not to exceed \$15 million principal amount of CFD No. 2015-01 (University District) Special Tax Bonds, Series 2015A; authorizing the execution and delivery of an indenture; approving a Bond Purchase Contract, an Official Statement, a Continuing Disclosure Certificate, an Acquisition Agreement; authorizing the sale of such bonds; and authorizing related actions and the execution of related documents in connection with the issuance, sale and delivery of such bonds.

This item was pulled from the agenda.

- 6 Conducted proceedings with respect to the Statewide Community Infrastructure Program (SCIP) Assessment District No. 15-01 (City of Roseville, County of Placer, State of California).

- a Public hearing opened at 10:05 am.
- b Due to no comments or testimony, the hearing closed at 10:05 am.
- c Erin Pham, Orrick Herrington & Sutcliffe, reported that all ballots received were cast in favor.

- 7 Approval of the following resolutions with respect to Statewide Community Infrastructure Program (SCIP) Assessment District Assessment District No. 15-01 (City of Roseville, County of Placer, State of California).

- a Resolution approving an amended assessment diagram and final engineer's report, levying assessments, ordering the financing of specified development impact fees, and conforming unpaid assessment amounts.

Motion to approve by Holly; second by Moura; unanimously approved by roll-call vote.

- b Resolution providing for the issuance of a separate series of SCIP limited obligation for improvement bonds and approving the form and substance of a trust agreement.

Motion to approve by Harrison; second by Moura; unanimously approved by roll-call vote.

- 8 Approval of Resolution approving the form of the Deposit and Reimbursement Agreement for CSCDA Assessment Districts and the Statewide Community Infrastructure Program (SCIP).

Executive Director Bando explained that for CSCDA to recover third party professional expenses incurred relating to the establishment of assessment districts and for the SCIP program, a deposit and reimbursement agreement is established between CSCDA and the developer. CSCDA's issuer counsel prepared the document and approved the form. This document will be used moving forward.

Bando recommends approval of the form of deposit and reimbursement agreement.

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

- 9 Approval of Resolution to approve forms of assignment-related agreements to facilitate limited subordination of voluntary contractual assessments for the CaliforniaFIRST program.

Executive Director Bando explained that the CSCDA commission approved the limited subordination of voluntary contractual assessments for the CaliforniaFIRST program back on September 10, 2015. To facilitate the mechanism, CaliforniaFIRST program's bond counsel drafted the related documents and has submitted them for approval.

Bando recommends approval of the resolution to approve the forms of assignment related agreements to facilitate the limited subordination of voluntary contractual assessments for the CaliforniaFIRST program.

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

- 10 Conduct public hearing and consider resolution confirming amended and restated program report to incorporate seismic and other improvements authorized under AB 811 into the CaliforniaFIRST program.

Public hearing opened at 10:15 am.

Due to no comments or testimony, the hearing closed at 10:15 am.

Motion to approve resolution by Holly; second by Moura; unanimously approved by roll-call vote.

- 11 Approval of financial hardship fee waivers for Chelsea Investment Corporation.

Executive Director Bando explained that the CSCDA commission adopted a policy for approval of hardship fee waivers during the November 5, 2015 meeting. This request by Chelsea meets most of the requirements in the new policy. Chelsea is subject to the old pricing policy of 25 basis points based on the original principal, and is asking to base fees on the outstanding principal instead. (Current fees are only five basis points). Chelsea submitted historical documentation to illustrate the financial difficulties it has experienced since 2010, and continues to experience.

Based on Chelsea's history with CSCDA, as well as the Authority's policies, Bando recommends approval of the fee waivers.

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

- 12 Executive Director update.

Executive Director Bando shared that at the last meeting (Nov 5, 2015), commissioners made changes relating to management of transactions that closed prior to July 1, 2015. Accordingly, HB Capital is transferring the housing compliance data to Urban Futures. Also, there was discussion at the Nov 5 meeting about billing and collections; however, the League needs more time to implement the transfer of those duties. Additionally, the CaliforniaFIRST program is doing very well, funding about \$11 to \$13 million per month. Finally, on Wednesday December 2, during the week of the CSAC conference, Laura Labanieh will be in Monterey, so there is a need to have someone act as signer of documents on that date.

13 Staff updates.

Jon Penkower indicated he will try to get the meeting announcement posted at the hotel or somewhere in Monterey so that there is a quorum for the meeting on December 3.

14 Commissioner Terry Schutten adjourned the meeting at 10:22 am.

Submitted by: Perry Stottlemeyer, League of California Cities staff

*The next regular meeting of the commission is scheduled for  
**Thursday, December 3, at 10:00 am**  
in the League of California Cities' office at 1400 K Street, 3rd Floor, Sacramento, California.*



**RESOLUTION NO. 15H-\_\_**

**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 December 3, 2015.

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 December 3, 2015.

By: \_\_\_\_\_  
Authorized Signatory

**EXHIBIT A**

| <b>Project Name</b>         | <b>Project Location</b>                    | <b>Project Description (units)</b> | <b>New Construction/ Acquisition and Rehabilitation</b> | <b>Legal Name of initial owner/operator</b>                     | <b>Bond Amount</b> |
|-----------------------------|--|------------------------------------|---|---|--------------------|
| Brunswick Street Apartments | City of Daly City, County of San Mateo     | 206                                | New Construction  | Daly City Pacific Associates, a California Limited Partnership  | \$63,000,000       |
| Ocean Street Apartments     | City of Santa Cruz, County of Santa Cruz   | 63                                 | New Construction  | Santa Cruz Pacific Associates, a California Limited Partnership | \$35,000,000       |
| Columbia Apartments         | City of Los Angeles, County of Los Angeles | 127                                | Acquisition & Rehabilitation                            | Columbia Associates II, LP                                      | \$22,000,000       |
| Marygold Gardens Apartments | City of Fontana, County of San Bernardino  | 80                                 | Acquisition & Rehabilitation                            | Marygold Associates II, LP                                      | \$15,000,000       |

## **RESOLUTION NO. 15R-58**

### **RESOLUTION OF THE CALIFORNIA STATEWIDE COMMUNITIES DEVELOPMENT AUTHORITY APPROVING AND RATIFYING THE ADDITION OF PROGRAM PARTICIPANTS TO THE AUTHORITY**

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WHEREAS, the California Statewide Communities Development Authority (the “Authority”) is a public entity of the State of California, duly organized and existing pursuant to the provisions relating to the joint exercise of powers found in Chapter 5 of Division 7 of Title 1 of the California Government Code, and the Amended and Restated Joint Exercise of Powers Agreement, dated as of June 1, 1988 (the “JPA Agreement”); and

WHEREAS, pursuant to Section 13 of the JPA Agreement, the Authority may add a qualifying public agency to become a Program Participant (as defined in the JPA Agreement) upon (i) receipt from such public agency of an executed counterpart of the JPA Agreement, together with a certified copy of the resolution of the governing body of such public agency approving the JPA Agreement and the execution and delivery thereof and (ii) the approval of the Commission of the Authority to add such public agency as a Program Participant; and

WHEREAS, this Commission of the Authority desires to approve and ratify the admission of the public entities listed in Schedule A attached hereto and incorporate herein by reference (the “Applicants”) as Program Participants of the Authority; and

WHEREAS, this Commission hereby finds and determines that the Applicants are qualified to be added as parties to the JPA Agreement and to become Program Participants of the Authority; and

WHEREAS, the Applicants have, respectively, filed with the Authority executed counterparts to the JPA Agreement, together with certified copies of the resolutions approving the JPA Agreement and the execution and delivery thereof;

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

Section 1. This Commission hereby finds and determines that the foregoing recitals are true and correct.

Section 2. The addition of the Applicants as Program Participants is hereby approved, confirmed and ratified, and any actions heretofore taken on behalf of any such Applicants is hereby approved, confirmed and ratified.

Section 3. This resolution shall take effect immediately upon its passage.

PASSED AND ADOPTED by the California Statewide Communities Development Authority on December 3, 2015.

\* \* \* \* \*

I, the undersigned, a duly appointed, and qualified Authorized Signatory of the Commission 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 December 3, 2015.

By \_\_\_\_\_  
Authorized Signatory

**EXHIBIT A**  
**CALIFORNIA STATEWIDE COMMUNITIES DEVELOPMENT AUTHORITY**  
**PROGRAM PARTICIPANTS**

**Name Change of current Program Participant Lee Lake Water District to:**

**Temescal Valley Water District**



## **Agenda Item No. 5a**

### **Agenda Report**

**DATE:** December 3, 2015

**TO:** CSCDA COMMISSIONERS

**FROM:** Cathy Bando, Executive Director

**PROJECT:** Bouquet Canyon Senior Apartments

**PURPOSE:** Approve the Financing of Rental Affordable Housing Project Located in the City of Santa Clarita, County of Los Angeles

**AMOUNT:** Not to Exceed \$36,800,000

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#### **EXECUTIVE SUMMARY:**

Bouquet Canyon Senior Apartments (the “Project”) is an acquisition and rehabilitation of a 264-unit rental affordable housing project located in the City of Santa Clarita. 100% of the units will remain rent restricted for low-income senior tenants.

#### **PROJECT DESCRIPTION:**

- Acquisition and rehabilitation of 264-unit affordable rental housing facility located at 26705 Bouquet Canyon Road in the City of Santa Clarita
- 8.87 acre site.
- One three-story residential building.
- Consists of 183 one-bedroom units and 81 two-bedroom units.

#### **PROJECT ANALYSIS:**

##### **Background on Applicant:**

Vintage Housing Development, Inc. (“Vintage Housing”) has been developing and operating apartment homes for income qualified families and active seniors for over ten years. With communities throughout California, Washington, Nevada, Oregon, and Missouri, Vintage has a variety of properties with amenities to meet the needs of its residents. Vintage Housing’s apartments for seniors provide their respective city and surrounding areas with quality affordable retirement housing for independent seniors ages 55 and older. Additionally, a specified number of units in various locations are made available for seniors with disabilities. All of the Vintage Housing properties for seniors offer a wide variety of amenities which may include on-site property management services, arrangements for grocery delivery, pharmacy delivery, monthly



newsletters, a wellness program administered by visiting physicians, and organized activities and trips in conjunction with local senior citizen organizations and controlled building entry for enhanced resident security. Bouquet Canyon Senior Apartments is the first Vintage Housing financing with CSCDA.

**Public Agency Approval:**

**TEFRA Hearing:** September 8, 2015 – City of Santa Clarita – unanimous approval

**CDLAC Approval:** October 21, 2015

**Public Benefits:**

- 100% of the units will be rent restricted for 55 years.
  - 90% (234 units) restricted to 60% or less of area median income households.
  - 10% (27 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.

**Sources and Uses:**

Sources of Funds:

|                         |                     |
|-------------------------|---------------------|
| Tax-Exempt Bonds:       | \$ 36,800,000       |
| Taxable Debt Proceeds:  | \$ 2,186,077        |
| Developer Equity:       | \$ 645,321          |
| Tax Credits:            | \$ 6,289,888        |
| Deferred Developer Fee: | <u>\$ 2,500,000</u> |
| Total Sources:          | \$ 48,421,286       |

Uses of Funds:

|                             |                     |
|-----------------------------|---------------------|
| Acquisition:                | \$ 36,000,000       |
| Construction Costs:         | \$ 5,650,000        |
| Architecture & Engineering: | \$ 350,000          |
| Contractor Overhead:        | \$ 287,500          |
| Relocation                  | \$ 227,500          |
| Capitalized Interest        | \$ 927,475          |
| Developer Fee:              | \$ 2,500,000        |
| Cost of Issuance:           | \$ 650,338          |
| Soft Cost Contingency:      | <u>\$ 1,828,473</u> |
| Total Uses:                 | \$ 48,421,286       |

**Finance Partners:**

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

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

Private Placement Purchaser: Citigroup

**Finance Terms:**

**Rating:** Unrated  
**Term:** 35 years  
**Structure:** Private Placement  
**Estimated Closing:** December 18, 2015

**CSCDA Policy Compliance:**

The financing for Bouquet Canyon Senior Apartments complies with CSCDA's general and issuance policies for unrated debt.

**DOCUMENTS:** (as attachments)

1. Photo of Bouquet Canyon Senior 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**



**ATTACHMENT B**

**RESOLUTION NO. 15H-\_\_**

**A RESOLUTION OF THE CALIFORNIA STATEWIDE COMMUNITIES DEVELOPMENT AUTHORITY AUTHORIZING THE EXECUTION AND DELIVERY OF MULTIFAMILY HOUSING REVENUE NOTES IN AN AGGREGATE PRINCIPAL AMOUNT NOT TO EXCEED \$36,800,000 FOR THE FINANCING OF A MULTIFAMILY RENTAL HOUSING PROJECT GENERALLY KNOWN OR TO BE KNOWN AS BOUQUET CANYON SENIOR 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 NOTES.**

**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 and execute and deliver revenue notes for the purpose of financing, among other things, the acquisition, construction, rehabilitation, and development 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**, Vintage at Bouquet Canyon, LP, a California limited partnership, and entities related thereto (collectively, the “Borrower”), has requested that the Authority execute and deliver its California Statewide Communities Development Authority Multifamily Housing Revenue Construction/Permanent Note (Bouquet Canyon Senior Apartments Project) 2015 Series CC-1 and its California Statewide Communities Development Authority Multifamily Housing Revenue Construction Note (Bouquet Canyon Senior Apartments Project) 2015 Series CC-2 (collectively, the “Notes”) to assist in the financing of the acquisition, rehabilitation and development of a 264-unit multifamily housing rental development for seniors located in the City of Santa Clarita, California, and known or to be known as Bouquet Canyon Senior Apartments (the “Project”);

**WHEREAS**, on October 21, 2015, the Authority received an allocation in the amount of \$36,800,000 (the “Allocation Amount”) from the California Debt Limit Allocation Committee in connection with the Project;

**WHEREAS**, the City of Santa Clarita (the “City”) is a Program Participant (as defined in the Agreement) of the Authority and has authorized the execution and delivery of the Notes;

**WHEREAS**, the Authority is willing to execute and deliver the Notes in an aggregate principal amount not to exceed \$36,800,000, provided that the portion of such Notes executed and delivered as federally tax-exempt obligations shall not exceed the Allocation

Amount, and to 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 Notes will be executed and delivered to Citibank, N.A. (the “Funding Lender”), as the initial holder of the Notes;

**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 execution and delivery of the Notes, 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 Funding Lender and the Authority;

(2) Borrower Loan Agreement (the “Borrower Loan Agreement”) to be entered into between the Authority and Borrower;

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

(4) Contingency Draw-Down Agreement (the “Contingency Draw-Down Agreement”) to be entered into by the Funding Lender 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 Funding Loan Agreement, and in accordance with the Housing Law, the Authority is hereby authorized to execute and deliver the Notes in one or more series. The Notes shall be designated as “California Statewide Communities Development Authority Multifamily Housing Revenue Construction/Permanent Note (Bouquet Canyon Senior Apartments Project) 2015 Series CC-1” and “California Statewide Communities Development Authority Multifamily Housing Revenue Construction Note (Bouquet Canyon Senior Apartments Project) 2015 Series CC-2” 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 \$36,800,000; provided that the aggregate principal amount of any tax-exempt Notes executed and delivered shall not exceed the Allocation Amount. The Notes shall be executed and delivered 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 signature of any Authorized Signatory. The Notes shall be secured in accordance with the terms of the Funding Loan Agreement presented to this meeting, as hereinafter approved. Payment of the principal and purchase price of, and prepayment premium, if any, and interest on, the Notes shall be made solely from amounts pledged thereto under the Funding Loan Agreement, and the Notes 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 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 Funding 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. The date, maturity date or dates (which shall not extend beyond December 1, 2060), interest rate or rates (which shall not exceed 12%), interest payment dates, denominations, form, registration privileges, manner of execution, place of payment, terms of prepayment and other terms of the Notes shall be as provided in the Funding Loan Agreement as finally executed.

Section 4. The Borrower 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 Borrower 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 Contingency Draw-Down Agreement in the form presented at this meeting is hereby approved.

Section 7. The Authority is hereby authorized to execute and deliver the Notes to the Funding Lender pursuant to the terms and conditions of the Funding Loan Agreement.

Section 8. All actions heretofore taken by the officers and agents of the Authority with respect to the financing of the Project and the execution and delivery of the Notes 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, an endorsement, allonge or assignment of any note, a termination of regulatory agreement and such other documents as described in the Funding 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 execution and delivery of the Notes 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 execution and delivery of the Notes, 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 Notes or any prepayment of the Notes, 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 and other documents approved herein.

This Resolution shall take effect upon its adoption.

**PASSED AND ADOPTED** by the California Statewide Communities Development Authority this December 3, 2015.

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 December 3, 2015.

By \_\_\_\_\_  
Authorized Signatory



## **Agenda Item No. 5b**

### **Agenda Report**

**DATE:** December 3, 2015

**TO:** CSCDA COMMISSIONERS

**FROM:** Cathy Bando, Executive Director

**PROJECT:** Springdale West Apartments

**PURPOSE:** Approve the Financing of Rental Affordable Housing Project Located in the City of Long Beach, County of Los Angeles

**AMOUNT:** Not to Exceed \$80,000,000

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#### **EXECUTIVE SUMMARY:**

Springdale West Apartments (the “Project”) is an acquisition and rehabilitation of a 406-unit rental affordable housing project located in the City of Long Beach. 100% of the units will remain rent restricted for low-income tenants.

#### **PROJECT DESCRIPTION:**

- Acquisition and rehabilitation of 406-unit affordable rental housing facility located at 2095 West Spring Street in the City of Long Beach.
- 15 acre site.
- 108 two-story residential buildings, six laundry rooms and a community room.
- Consists of 10 one-bedroom units, 292 two-bedroom units, and 104 three-bedroom units.

#### **PROJECT ANALYSIS:**

##### **Background on Applicant:**

Preservation Partners Development (PPD) acquires, rehabilitates and permanently preserves “at-risk” affordable housing resources which were originally developed under U.S. Department of Housing and Urban Development (HUD) financing and direct rental subsidy programs. PPD’s objective is to provide long term, secure housing communities, and in partnership with affiliated nonprofit corporations, provide supportive social services focused on the most basic needs of very low income families and seniors. PPD has previously constructed or rehabilitated more than 30 multifamily properties and this is PPD’s sixth financing with CSCDA.



**Public Agency Approval:**

**TEFRA Hearing:** June 9, 2015 – City of Long Beach – unanimous approval

**CDLAC Approval:** October 21, 2015

**Public Benefits:**

- 100% of the units will be rent restricted for 55 years.
  - 90% (365 units) restricted to 60% or less of area median income households.
  - 10% (41 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.

**Sources and Uses:**

Sources of Funds:

|                        |                |
|------------------------|----------------|
| Tax-Exempt Bonds:      | \$ 75,000,000  |
| Taxable Debt Proceeds: | \$ 24,228,837  |
| Developer Equity:      | \$ 2,500,000   |
| Tax Credits:           | \$ 38,539,456  |
| Income:                | \$ 3,000,000   |
| Total Sources:         | \$ 143,268,293 |

Uses of Funds:

|                             |                |
|-----------------------------|----------------|
| Acquisition:                | \$ 105,000,000 |
| Construction Costs:         | \$ 19,882,468  |
| Architecture & Engineering: | \$ 230,000     |
| Contractor Overhead:        | \$ 2,574,230   |
| Relocation                  | \$ 2,432,400   |
| Capitalized Interest        | \$ 3,000,000   |
| Developer Fee:              | \$ 2,500,000   |
| Cost of Issuance:           | \$ 3,759,511   |
| Soft Cost Contingency:      | \$ 3,889,684   |
| Total Uses:                 | \$ 143,268,293 |

**Finance Partners:**

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

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

Private Placement Purchaser: Citigroup

**Finance Terms:**

**Rating:** Unrated  
**Term:** 35 years  
**Structure:** Private Placement  
**Estimated Closing:** December 18, 2015

**CSCDA Policy Compliance:**

The financing for Springdale West Apartments complies with CSCDA's general and issuance policies for unrated debt.

**DOCUMENTS:** (as attachments)

1. Photo of Springdale West 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**



**ATTACHMENT B**

**RESOLUTION NO. 15H-\_\_**

**A RESOLUTION OF THE CALIFORNIA STATEWIDE COMMUNITIES DEVELOPMENT AUTHORITY AUTHORIZING THE EXECUTION AND DELIVERY OF A MULTIFAMILY HOUSING REVENUE NOTE IN AN AGGREGATE PRINCIPAL AMOUNT NOT TO EXCEED \$80,000,000 FOR THE FINANCING OF A MULTIFAMILY RENTAL HOUSING PROJECT TO BE GENERALLY KNOWN AS SPRINGDALE WEST 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 NOTE.**

**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 and execute and deliver revenue notes for the purpose of financing, among other things, the acquisition, construction, rehabilitation, and development 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**, Springdale West Preservation Limited Partnership, a California limited partnership, and entities related thereto (collectively, the “Borrower”), has requested that the Authority execute and deliver its California Statewide Communities Development Authority Multifamily Housing Revenue Note (Springdale West Apartments) 2015 Series BB (the “Note”) to assist in the financing of the acquisition, rehabilitation and development of a 410-unit multifamily housing rental development located in the City of Long Beach, County of Los Angeles, California, and known as Springdale West Apartments (the “Project”);

**WHEREAS**, on October 21, 2015, the Authority received an allocation in the amount of \$80,000,000 (the “Allocation Amount”) from the California Debt Limit Allocation Committee in connection with the Project;

**WHEREAS**, the City of Long Beach (the “City”) is a Program Participant (as defined in the Agreement) of the Authority and has authorized the execution and delivery of the Note;

**WHEREAS**, the Authority is willing to execute and deliver the Note in an aggregate principal amount not to exceed \$80,000,000, provided that the portion of such Note executed and delivered as federally tax-exempt obligations shall not exceed the Allocation Amount, and to 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 executed and delivered to Citibank, N.A. (the "Funding Lender"), as the initial holder of the Note;

**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 execution and delivery of the Note, 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 Funding Lender and the Authority;

(2) Borrower Loan Agreement (the "Borrower Loan Agreement") to be entered into between the Authority and Borrower;

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

(4) Contingency Draw-Down Agreement (the "Contingency Draw-Down Agreement") to be entered into by the Funding Lender 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 Funding Loan Agreement, and in accordance with the Housing Law, the Authority is hereby authorized to execute and deliver the Note in one or more series. The Note shall be designated as "California Statewide Communities Development Authority Multifamily Housing Revenue Note (Springdale West Apartments) 2015 Series BB" 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 \$80,000,000; provided that the aggregate principal amount of any tax-exempt Notes executed and delivered shall not exceed the Allocation Amount. The Note shall be executed and delivered 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 signature of any Authorized Signatory. The Note shall be secured in accordance with the terms of the Funding Loan Agreement presented to this meeting, as hereinafter approved. Payment of the principal and purchase price of, and prepayment premium, if any, and interest on, the Note shall be made solely from amounts pledged thereto under the Funding Loan Agreement, and the Note 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 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 Funding 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. The date, maturity date or dates (which shall not extend beyond December 1, 2060), interest rate or rates (which shall not exceed 12%), interest payment dates, denominations, form, registration privileges, manner of execution, place of payment, terms of prepayment and other terms of the Note shall be as provided in the Funding Loan Agreement as finally executed.

Section 4. The Borrower 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 Borrower 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 Contingency Draw-Down Agreement in the form presented at this meeting is hereby approved.

Section 7. The Authority is hereby authorized to execute and deliver the Note to the Funding Lender pursuant to the terms and conditions of the Funding Loan Agreement.

Section 8. All actions heretofore taken by the officers and agents of the Authority with respect to the financing of the Project and the execution and delivery of the Note 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, an endorsement, allonge or assignment of any note and such other documents as described in the Funding 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 execution and delivery of the Note 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 execution and delivery of the Note, 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 or any prepayment of the Note, 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 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 December 3, 2015.

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 December 3, 2015.

By \_\_\_\_\_  
Authorized Signatory



## **Agenda Item No. 5c**

### **Agenda Report**

**DATE:** December 3, 2015

**TO:** CSCDA COMMISSIONERS

**FROM:** Cathy Bando, Executive Director

**PROJECT:** St. Timothy's Tower & Manor Apartments

**PURPOSE:** Approve the Financing of Rental Affordable Housing Project Located in the City of Compton, County of Los Angeles

**AMOUNT:** Not to Exceed \$16,000,000

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#### **EXECUTIVE SUMMARY:**

St. Timothy's Tower & Manor Apartments (the "Project") is an acquisition and rehabilitation of a 135-unit rental affordable housing project located in the City of Compton. 100% of the units will remain rent restricted for low-income tenants.

#### **PROJECT DESCRIPTION:**

- Acquisition and rehabilitation of 135-unit affordable rental housing facility located at 425 S. Oleander Avenue in the City of Compton.
- 1 acre site.
- 1 eight-story residential building.
- Consists of 112 studio units and 23 one-bedroom units.

#### **PROJECT ANALYSIS:**

##### **Background on Applicant:**

BlueGreen Preservation and Development, LLC (BlueGreen) is an industry leader in developing and preserving affordable housing. BlueGreen has extensive experience in family, senior, urban, suburban, HUD preservation and neighborhood revitalization developments. BlueGreen uses that experience to improve the lives of the residents in their properties. Its affordable housing properties utilize the same quality design and construction as market-rate housing properties. BlueGreen has previously rehabilitated 6 multifamily properties in the Los Angeles area, and this is BlueGreen's first financing with CSCDA.



**Public Agency Approval:**

**TEFRA Hearing:** March 3, 2015 – City of Compton – unanimous approval

**CDLAC Approval:** May 20, 2015

**Public Benefits:**

- 100% of the units will be rent restricted for 55 years.
  - 58% (78 units) restricted to 60% or less of area median income households.
  - 42% (55 units) restricted to 50% or less of area median income households.

**Sources and Uses:**

Sources of Funds:

|                         |                     |
|-------------------------|---------------------|
| Tax-Exempt Bonds:       | \$ 13,173,271       |
| Seller Note:            | \$ 2,045,436        |
| Tax Credits:            | \$ 5,644,030        |
| Replacement Reserve:    | \$ 374,832          |
| Deferred Developer Fee: | \$ <u>1,750,000</u> |
| Total Sources:          | \$ 22,987,569       |

Uses of Funds:

|                             |                   |
|-----------------------------|-------------------|
| Acquisition:                | \$ 11,849,832     |
| Construction Costs:         | \$ 4,467,555      |
| Architecture & Engineering: | \$ 575,000        |
| Relocation                  | \$ 202,500        |
| Interest & Fees             | \$ 1,143,196      |
| Developer Fee:              | \$ 2,500,000      |
| Cost of Issuance:           | \$ 1,127,413      |
| Contingency                 | \$ 440,006        |
| Reserves:                   | \$ <u>682,067</u> |
| Total Uses:                 | \$ 22,987,569     |

**Finance Partners:**

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

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

Private Placement Purchaser: Red Stone Tax Exempt Funding

**Finance Terms:**

**Rating:** Unrated  
**Term:** 40 years  
**Structure:** Private Placement  
**Estimated Closing:** December 9, 2015

**CSCDA Policy Compliance:**

The financing for St. Timothy's Tower and Manor Apartments complies with CSCDA's general and issuance policies for unrated debt.

**DOCUMENTS:** (as attachments)

1. Photo of St. Timothy's Tower and Manor 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**



**ATTACHMENT B**

**RESOLUTION NO. 015H-\_\_**

**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 \$16,000,000 FOR THE FINANCING OF A MULTIFAMILY RENTAL HOUSING PROJECT GENERALLY KNOWN AS ST. TIMOTHY'S TOWER AND MANOR 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, rehabilitation and development 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**, St. Timothy's Preservation, 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, rehabilitation and development of a 135-unit multifamily rental housing development for seniors located in the City of Compton (the "City"), County of Los Angeles, California, and known as St. Timothy's Tower and Manor Apartments (the "Project");

**WHEREAS**, the Authority received an allocation in the amount of \$16,000,000 (the "Allocation Amount"), on May 20, 2015, from the California Debt Limit Allocation Committee ("CDLAC") in connection with the Project;

**WHEREAS**, the City 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 \$16,000,000 aggregate principal amount of its Multifamily Housing Revenue Bonds (St. Timothy's Tower and Manor Apartments) 2015 Series DD (the "Bonds"), provided that the aggregate portion of such Bonds issued as federally tax-exempt obligations shall not exceed the Allocation Amount, as finally approved, 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**, 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) Trust Indenture (the "Indenture"), to be entered into between the Authority and Wilmington Trust, National Association, as trustee (the "Trustee");

(2) Loan Agreement (the "Loan Agreement"), to be entered into between the Authority and the Borrower;

(3) Bond Purchase Agreement (the "Purchase Agreement"), to be entered into among the Authority, the Borrower, and FMSbonds, Inc., as underwriter of the Bonds (the "Underwriter");

(4) Regulatory Agreement and Declaration of Restrictive Covenants (the "Regulatory Agreement"), to be entered into among the Borrower, the Authority and the Trustee.

**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 Indenture, 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 (St. Timothy's Tower and Manor Apartments) 2015 Series DD" with appropriate modifications and series and sub-series designations as necessary, in an aggregate principal amount not to exceed \$16,000,000; 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 Indenture, 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 manual signature of any Authorized Signatory. The Bonds shall be issued and secured in accordance with the terms of the Indenture, 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 Indenture, and the Bonds shall not be deemed to constitute a debt or liability of the Authority or any Program Participant or any Member of the Commission of the Authority (each, a "Member").

Section 3. The Indenture 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 Indenture, 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 December 1, 2060), 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 Indenture as finally executed.

Section 4. The 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 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 Authority is hereby authorized to sell the Bonds to the Underwriter pursuant to the terms and conditions of the Purchase Agreement. The form, terms and provisions of the Purchase Agreement in the form presented at this meeting are hereby approved. Any Authorized Signatory, acting alone, is authorized to execute by manual signature and deliver the Purchase 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 hereby approved by counsel to the Authority, such approval to be conclusively evidenced by the delivery thereof.

Section 6. 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 7. The Bonds, when executed, shall be delivered to the Trustee for authentication. The Trustee is hereby requested and directed to authenticate the Bonds by executing the certificate of authentication of the Trustee appearing thereon, and to deliver the Bonds, when duly executed and authenticated, to or at the direction of the Underwriter, 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 Trustee. Such instructions shall provide for the delivery of the Bonds to or at the direction of the Underwriter in accordance with the Purchase Agreement 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, a subordination or intercreditor agreement, any endorsement and/or assignment of the deed of trust and such other documents as described in the Indenture, the Purchase 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 Indenture, and other documents approved herein.

This Resolution shall take effect upon its adoption.

**PASSED AND ADOPTED** by the California Statewide Communities Development Authority this 3rd day of December 2015.

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 December 3, 2015.

By: \_\_\_\_\_  
Authorized Signatory





## **Agenda Item No. 7**

### **Agenda Report**

**DATE:** December 3, 2015

**TO:** CSCDA COMMISSIONERS

**FROM:** Cathy Bando, Executive Director

**PURPOSE:** Consider approval of Amended and Restated Trust Indenture and Amended and Restated Loan Agreement and related documents and actions in connection with the addition of a bank direct purchase interest rate mode, conversion to such bank direct purchase interest rate mode and tax reissuance of the California Statewide Communities Development Authority Variable Rate Refunding Revenue Bonds (Institute for Defense Analyses Project) Series 2000.

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#### **BACKGROUND AND SUMMARY:**

The Institute for Defense Analyses (the “IDA”) previously issued variable rate bonds (the “Bonds”) through CSCDA in 2000 in the amount of \$4,015,000 for the purpose of refinancing the acquisition, construction and equipping of its research facility in the City of San Diego.

Pursuant to their terms, the Bonds may bear interest at a weekly rate, fixed rate or alternate rate.

The IDA desires to convert the Bonds to an alternate rate wherein BB&T Community Holdings will purchase the Bonds and hold them as a private placement. This will provide more stability for the interest rates paid by the IDA, and remove the expense of bond insurance that is currently required.

The above-referenced change in structure requires an amendment and restatement of the indenture reflecting the private placement structure per the attached resolution.

#### **RECOMMENDED ACTION:**

CSCDA’s Executive Director recommends approval of the Amended and Restated Trust Indenture and Amended and Restated Loan Agreement and related documents and actions in connection with the addition of a bank direct purchase interest rate mode, conversion to such bank direct purchase interest rate mode and tax reissuance of the California Statewide Communities Development Authority Variable Rate Refunding Revenue Bonds (Institute for Defense Analyses Project) Series 2000.

**ATTACHMENT I**

**RESOLUTION NO. \_\_NP-\_\_**

**CALIFORNIA STATEWIDE COMMUNITIES  
DEVELOPMENT AUTHORITY**

**A RESOLUTION AUTHORIZING THE APPROVAL OF AN AMENDED AND RESTATED TRUST INDENTURE, AN AMENDED AND RESTATED LOAN AGREEMENT AND OTHER RELATED DOCUMENTS IN CONNECTION WITH THE ADDITION OF A BANK HOLDER RATE PERIOD, CONVERSION TO SUCH BANK HOLDER RATE PERIOD AND TAX REISSUANCE OF THE CALIFORNIA STATEWIDE COMMUNITIES DEVELOPMENT AUTHORITY VARIABLE RATE REFUNDING REVENUE BONDS (INSTITUTE FOR DEFENSE ANALYSES PROJECT) SERIES 2000**

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 (each, a "Program Participant") entered into a joint exercise of powers agreement (the "Agreement") pursuant to which the California Statewide Communities Development Authority (the "Authority") was organized;

WHEREAS, the Authority is authorized by its Agreement to issue bonds, notes or other evidences of indebtedness, or certificates of participation in leases or other agreements in order to promote economic development;

WHEREAS, the Authority is authorized by a resolution adopted March 21, 1991, to issue bonds, notes or other evidences of indebtedness, or certificates of participation in leases or other agreements to finance or refinance facilities owned and/or leased and operated by organizations described in Section 501(c)(3) of the Internal Revenue Code of 1986 which are determined by the Authority to satisfy the criteria set forth in such resolution (the "Eligible Organizations");

WHEREAS, pursuant to the provisions of the Act, the cities, counties and special districts which are the contracting parties comprising the membership of the Authority are authorized to jointly exercise any power common to such contracting parties, including, without limitation, the power to acquire and dispose of property, both real and personal;

WHEREAS, the City of San Diego, California (the "City") is a Program Participant, and such City is authorized to acquire and dispose of property, both real and personal, pursuant to the provisions of Article 1, Chapter 5, Part 2 of Division 3 of Title 4 of the Government Code of the State of California;

WHEREAS, pursuant to the provisions of the Act and the Agreement, the Authority is authorized to enter into installment purchase and/or sale agreements with the Eligible Organizations and to deliver certificates of participation evidencing interests therein;

WHEREAS, pursuant to the provisions of the Act, the Authority may, at its option, issue bonds, rather than certificates of participation, and enter into a loan agreement with the Eligible Organizations;

WHEREAS, at the request of the Institute for Defense Analyses, a Delaware nonprofit Corporation (the "Corporation"), the Authority previously issued its California Statewide Communities

Development Authority Variable Rate Refunding Revenue Bonds (Institute for Defense Analyses Project) Series 2000 (the “Bonds”) in the original aggregate principal amount of \$4,015,000 for the purpose of refinancing the acquisition, construction and equipping of a research facility (the “Project”) owned and operated by the Corporation and located in the City;

WHEREAS, the Authority issued the Bonds pursuant to a Trust Indenture dated as of June 1, 2000, as amended and supplemented by a First Supplemental Indenture of Trust, dated as of July 1, 2008, each by and between the Authority and Wells Fargo Bank, National Association (as successor to Norwest Bank Minnesota, National Association), as trustee (the “Trustee”), (the “Original Indenture”);

WHEREAS, the proceeds of the Bonds were loaned by the Authority to the Corporation pursuant to a Loan Agreement dated as of June 1, 2000, between the Authority and the Corporation (the “Original Loan Agreement”), specifying the terms and conditions of a loan by the Authority to the Corporation of the proceeds of the Bonds to provide for refinancing of the Project and of the payment by the Corporation to the Authority of amounts sufficient for the payment of the principal (or redemption price) of and interest on the Bonds and certain related expenses;

WHEREAS, pursuant to the terms of the Original Indenture, the Bonds may bear interest at a Weekly Rate, Fixed Rate or Alternate Rate, each as defined in the Original Indenture;

WHEREAS, the Corporation desires to convert the Bonds to an Alternate Rate (the Bank Holder Rate Period) pursuant to the provisions of the Original Indenture, and BB&T Community Holdings (the “Bank Holder”), which is an Approved Institutional Buyer as defined in the Amended and Restated Indenture (defined below), has agreed to purchase the Bonds, as amended and restated and bearing interest at the Alternate Rate, and will consent as beneficial owner of 100% of the Bonds to the release by the Authority and the Trustee of the municipal bond insurance policy issued by Ambac Assurance Corporation (“Ambac”) and the termination of the liquidity facility currently securing the Bonds;

WHEREAS, it is necessary to amend and restate the Original Indenture in its entirety as set forth in the Amended and Restated Trust Indenture (the “Amended and Restated Indenture”) between the Authority and the Trustee and to amend and restate the Original Loan Agreement in its entirety as set forth in the Amended and Restated Loan Agreement (the “Amended and Restated Loan Agreement”) between the Authority and the Corporation, both to be amended and restated in accordance with the provisions of the Original Indenture to provide for the Bank Holder Rate Period and to provide for the replacement of the Bonds with the amended and restated Bonds having terms consistent with the Amended and Restated Indenture; and

WHEREAS, there have been made available to the Commissioners of the Authority the following documents and agreements:

- (1) A proposed form of the Amended and Restated Indenture;
- (2) A proposed form of the Amended and Restated Loan Agreement; and
- (3) A proposed form of the Release Agreement dated as of January 6, 2016, between Ambac; the Trustee; Branch Banking and Trust Company, as the letter of credit provider; the Bank Holder; the Corporation and the Authority (the “Release Agreement”).

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

**Section 1.** The amended and restated Bonds shall be secured in accordance with the terms of, and shall be in the form or forms set forth in, the Amended and Restated Indenture. The Bonds shall be executed on behalf of the Authority by the manual or facsimile signature of the Chair of the Authority or the manual signature of any member of the Commission of the Authority or their administrative delegates duly authorized pursuant to Resolution No. 15R-53 of the Authority, adopted on October 22, 2015 (each, an “Authorized Signatory”), and attested by the manual or 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 2.** The proposed form of the Amended and Restated Indenture, as made available to the Commissioners, is hereby approved. Any 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 or dates, 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 3.** The proposed form of the Amended and Restated Loan Agreement, as made available to the Commissioners, is hereby approved. Any Authorized Signatory is hereby authorized and directed, for and on behalf of the Authority, to execute and deliver the Amended and Restated 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 4.** The proposed form of the Release Agreement, as made available to the Commissioners, is hereby approved. Any Authorized Signatory is hereby authorized and directed, for and on behalf of the Authority, to execute and deliver the Release 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 5.** 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 6.** 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 tax reissuance of the Bonds and the Amended and Restated Indenture and Amended and Restated Loan Agreement are hereby ratified, confirmed and approved.

**Section 7.** The Bonds, when executed as provided in Section 1, shall be delivered to the Trustee for authentication by the Trustee. The Trustee is hereby requested and directed to authenticate the Bonds by executing the Trustee’s Certificate of Authentication appearing thereon, and to deliver the Bonds, when duly executed and authenticated, to the purchaser or purchasers thereof in accordance with written

instructions executed on behalf of the Authority by an Authorized Signatory, which any 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 Bonds to the Bank Holder, upon payment of the purchase price thereof.

**Section 8.** Notwithstanding anything to the contrary in this Resolution, no documents referenced in this Resolution may be executed and delivered until the City has held the hearing pursuant to Section 147(f) of the Internal Revenue Code of 1986, if required by said Section, and has approved the issuance of the Bonds as may be required thereby and in accordance with Section 9 of the Agreement to provide refinancing for the Project.

**Section 9.** This Resolution shall take effect from and after its adoption.

PASSED AND ADOPTED by the California Statewide Communities Development Authority this 3rd day of December, 2015.

I, the undersigned, an Authorized Signatory of the California Statewide Communities Development Authority, DO HEREBY CERTIFY that the foregoing resolution was duly adopted by the Commission of the Authority at a duly called meeting of the Commission of the Authority held in accordance with law on December 3, 2015.

By: \_\_\_\_\_  
Authorized Signatory  
California Statewide Communities  
Development Authority



## **Agenda Item No. 8**

### **Agenda Report**

**DATE:** December 3, 2015  
**TO:** CSCDA COMMISSIONERS  
**FROM:** Cathy Bando, Executive Director  
**PURPOSE:** Consider adoption of PACE Consumer Protection Policies

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#### **BACKGROUND AND SUMMARY:**

As the CSCDA Commission is aware, PACE is a relatively new mechanism for financing renewable and energy efficiency upgrades to both residential and commercial properties. In an effort to provide CSCDA's member cities and counties with a PACE program that provides consumer protections to residential property owners, CSCDA staff has been working with its finance partners in conjunction with the Western Riverside Council of Governments (WRCOG) who manages the HERO program to establish such protections.

Attached are the policies for consideration that have been reviewed and recommended by the CSCDA PACE Ad Hoc Committee. The policies address the following key areas: (1) Risk; (2) Disclosures and Documentation; (3) Financing Terms; (4) Operations; (5) Post-Funding Support; (6) Data Security; (7) Privacy; (8) Marketing and Communication; (9) Protected Classes; (10) Contractors; (11) Eligible Products; (12) Pricing; (13) Reporting; (14) Closing and Funding; and (15) Examination.

It is likely that CSCDA's policies will evolve as the PACE markets further develop, and the retention of current policies will establish CSCDA as leader in providing protections to PACE end users.

#### **RECOMMENDED ACTION:**

CSCDA's Executive Director recommends approval of the PACE Consumer Protection Policies.

## **ATTACHMENT I**

**CSCDA**  
**Residential Open PACE Consumer Protection Policies**  
**Executive Summary**

1. **Eligible Properties.** The Program will finance improvements on residential properties (3 units or less) that meet the following criteria: (a) All mortgage-related debt on the Property may not exceed 90% of the Property's fair market value (FMV); (b) The financing may not exceed (i) fifteen percent (15%) of the FMV of the Property, up to the first seven hundred thousand dollars (\$700,000) of the Property's FMV, and (ii) ten percent (10%) of the remaining value of the Property above seven hundred thousand dollars (\$700,000); (c) The total mortgage-related debt on the underlying Property plus Program financing may not exceed the FMV of the Property.
2. **Eligible Improvements.** The Program will only finance energy efficiency, water efficiency and renewable energy improvements that are permanently affixed to the property. All improvements and products must meet standards established by the U.S. Department of Energy, the U.S. Environmental Protection Agency, or California state agencies.
3. **Disclosure of Financing Terms and FHFA Risk.** The Program must plainly disclose to homeowners the terms of the financing: (a) the amount financed, fees and capitalized interest included, (b) the repayment process and schedule, (c) the payment amounts, (d) a term that does not exceed the useful life of the majority of the improvements, (e) the effective rate of interest charged (APR), (f) a rate of interest that is fixed (not variable), (g) a payment schedule that fully amortizes the amount financed, (h) the nature of the lien created upon recordation, (i) the specific improvements to be installed, (j) the 3-day right to cancel the financing, (k) FHFA policy toward PACE.
4. **Complaints and Dispute Resolution.** The Program must receive, manage, track, timely resolve, and report on all inquiries and complaints from homeowners. In addition, the Program must investigate and mediate disputes between homeowners and contractors.
5. **Data Security.** The Program is responsible for taking security measures that protect the security and confidentiality of consumer records and information in proportion to the sensitivity of the information.
6. **Consumer Privacy.** The Program must develop and maintain a privacy policy that complies with state and federal law (e.g., the Gramm Leach Bliley Act) and, in particular, prohibits sharing with third parties personal identifying information of homeowners without the homeowner's express authorization except where expressly permitted by state and federal law.
7. **Marketing and Communications.** The Program prohibits practices that are or could appear to be unfair, deceptive, abusive, and/or misleading, that violate laws or regulations, that provide tax advice, that are inappropriate,



- incomplete or are inconsistent with the Program's purpose. Cash incentives to homeowners in exchange for financing with the Program are prohibited.
8. **Protected Classes.** The Program must develop and implement a program that validates elder homeowner (i.e., homeowners over 64 years old) understanding of the eligible improvement project for which they are seeking Program financing, including the terms of such financing.
  9. **Contractor Management.** The Program ensures that contractors are licensed by the California State Licensing Board, insured and bonded. Additionally, contractors must agree to follow program marketing guidelines, and act in good faith to timely resolve homeowner complaints.
  10. **Maximum Financing Amounts.** The Program will establish Maximum Financing Amounts for every project type. The Program will establish pricing rules to ensure that consumers are protected from excessive charges.
  11. **Reporting.** The Program will report on a quarterly basis to its public sector partners on the number of applications submitted, projects completed, energy and water saved, and jobs created as a result of the Program.
  12. **Closing and Funding.** The program requires that the homeowner and the contractor sign a certificate of completion prior to providing funding to the contractor for the project. The Program also requires that any necessary permits are pulled and verified prior to funding. The Program will conduct a randomized onsite inspection protocol to verify that the appropriate financed products have been installed.

CSCDA

# Open PACE Consumer Protection Policies

Version 1.0

(Residential PACE Program)

November 30, 2015

## OVERVIEW

*Property assessed clean energy (“PACE”) programs enable an unprecedented range of homeowners to access energy efficiency, renewable energy, and water efficiency measures that improve the financial, functional and environmental aspects of home ownership. Improvements such as these make homes less costly to operate and more comfortable to live in, while simultaneously reducing energy and water consumption. Without PACE Programs many homeowners would have no, or costly, access to such benefits.*

*PACE Programs (“PACE Programs” or the “Program”), including the government authority sponsoring and administering them (“Authority”, Program Administrator” or “Administrator”) and, where applicable, the entity or entities who help implement them (“Partner”), deliver tools and resources that enable homeowners to make smart, informed and responsible choices regarding such measures (“Measures”). Appropriate use of such tools is the responsibility of all Programs, which means that care needs to be taken with homeowners before, during and after origination of Program financing. In other words, consumer protections that serve homeowners must be a core value of the Program, the Authority and the Partner. In this document, “Partner” refers to the government authority in all cases where the Program does not include a third party non-government partner.*

*The baseline consumer protection policies of the Program cover the following areas: (i) Risk, (ii) Disclosures and Documentation, (iii) Financing Terms, (iv) Operations, (v) Post-Funding Support, (vi) Data Security, (vii) Privacy, (viii) Marketing and Communications, (ix) Protected Classes, (x) Contractors, (xi) Eligible Products, (xii) Pricing, (xiii) Reporting, (xiv) Closing & Funding and (xv) Examination. These Policies provide homeowners with a greater level of consumer protection than any other form of financing. They also guide the Program’s implementation, enabling the transformation of its potential into tangible benefits for homeowners.*

## 1. RISK

*Policy Summary: The Program blends traditional credit risk considerations together with statutory requirements and legislative policy to develop risk criteria that are fitted to the Program. These criteria take into account the unique risk profile that this form of financing presents to enable qualifying homeowners to access it. While this process will exclude unqualified homeowners and properties, special consideration has been given to developing inclusive standards. These criteria examine four key attributes of every financed project: (i) the real property on which the improvements will be installed (“Property” or “Properties”), (ii) the encumbrances presently recorded against the Property, (iii) the nature of the improvements to be installed; and (iv) the homeowner’s mortgage and property tax payment history.*

- 1.1. Properties. Consistent with foundational considerations, it is the policy of the Program to make the Program available to the entirety of the existing residential housing stock in political boundaries of the Program. Properties for which this form of financing is not available include: (i) commercial properties (including residential properties comprising four (4) or more units), (ii) new properties under construction and (iii) tax exempt properties (properties not subject to levy), such as tribal, non-profit or state-owned residential properties. If requested in good faith by the homeowner applying for the Program, the Partner is responsible for completing a “second look” eligibility review of all applications related to properties initially determined to be excluded, re-examining the specific attributes of the Property in question and confirming or modifying the original determination.
- 1.2. Encumbrances. The encumbrance profile of Properties is an important element of the decisioning process for Program participation. The Program is designed to harness unused financing capacity of homes in which eligible improvements are installed. Such financing is inappropriate if it burdens Properties and their owners too greatly. Accordingly, Properties eligible for Program financing will have the following attributes:
  - 1.2.1. All mortgage-related debt on the Property may not exceed 90% of the Property’s fair market value (“FMV”), or assessed value if market value data is unavailable or unreliable, at the time of initial approval;
  - 1.2.2. Reliability of the Program FMV model should be verified through an accepted and regular audit process, sampling appraisal data as a means of measurement and verification;
  - 1.2.3. The financing may not exceed (i) fifteen percent (15%) of the FMV of the Property, up to the first seven hundred thousand dollars (\$700,000) of the Property’s FMV, and (ii) ten percent (10%) of the remaining value of the Property above seven hundred thousand dollars (\$700,000);
  - 1.2.4. The total mortgage-related debt on the underlying Property plus Program financing

may not exceed the FMV of the Property; and

1.2.5. The total amount of any annual property taxes and assessments shall not exceed five percent (5%) of the Property's FMV, determined at the time Program financing is approved.

1.3. Eligible Improvements. The Program provides financing for a broad range of eligible products and projects permanently-affixed to the Property, the details of which are set forth in Section 11 below. The Program is not available to finance ineligible products and projects, which comprise everything not specified in Section 11. While the Program is responsible for confirming compliance with the Section 11 requirements, it is not responsible for determining post-installation energy performance, savings or efficacy of such products or projects. The Program relies on U.S. Department of Energy, the Environmental Protection Agency and other government agencies in determining what constitutes an Eligible Improvement.

1.4. Homeowners. PACE Program assessments appear as line items on property tax bills and homeowners repay their financing when they pay their property tax bills. The mortgage and property tax payment history of homeowners of record thus is an important decisioning element of Program eligibility criteria. Accordingly, at the time of application, homeowners eligible for Program financing will have status and payment histories that are consistent with the following:

1.4.1. The Applicants are the owners of record;

1.4.2. Property tax payments for the assessed Property are current. Additionally, the homeowner must certify that there is no more than one late payment for the shorter of (i) the previous three years, or (ii) since the present homeowner acquired the Property;

1.4.3. Homeowner(s) are current on all mortgage debt, and have been late on such payments no more than once (30 days maximum) during the 12-month period preceding funding;

1.4.4. No homeowner applicant has had any active bankruptcies within the last 7 years; provided, however, that this criterion can be met if a homeowner's bankruptcy was discharged between two and seven years before the application date, and the homeowner(s) have had no payments (mortgage and non-mortgage) past due for more than 60 days in the most recent 24 months; and

1.4.5. Homeowner(s) have no involuntary lien(s) recorded against the Property in excess of \$1,000.

## 2. DISCLOSURES & DOCUMENTATION

*Policy Summary: The documentation of the Program gives it shape, integrity and enforceability. Program participation documentation embodies principles key to the Program such as clarity, fairness, compliance, disclosure, knowledge and completeness. A reader who has spent time with the documentation should develop an unambiguous understanding of each and every right, risk and obligation associated with the Program's financing product. PACE is a new form of financing that, while sharing some features of traditional financing, presents new considerations for homeowners. Disclosures covering Program financing's unique repayment cycle (annual or semiannual) and the Federal Housing Finance Authority announcement regarding payoff of Program financing at the time of sale or refinance are among the new considerations. Best practices counsel the Program to disclose traditional financing terms (e.g., interest rates, financing term, payment amounts) as well. In the end, a homeowner who understands the Program's disclosures will be informed and have a clear understanding of the Program's traditional and non-traditional features.*

- 2.1. Document timing. Before commencement of any Program-financed project, a homeowner needs to: (i) submit an application; (ii) receive approval of the Measures from the Partner; and (iii) execute documentation covering the terms described in this Section and in the Disclosures summarized in this Section. Following construction of the Measures, a homeowner needs to: (i) execute an acknowledgement that the installation of the Measures has been completed satisfactorily; and (ii) receive a final summary of costs and payments. Delivery to, and execution of all such documentation by, the homeowner is the responsibility of the Partner.
- 2.2. Terms. Terms that are fundamental to the Program and that need to be reflected in its documents comprise: (i) the amount financed, fees and capitalized interest included, (ii) the repayment process and schedule, (iii) the payment amounts, (iv) a term that does not exceed the useful life of the improvements, (v) the rate of interest charged, (vi) a rate of interest that is fixed (not variable), (vii) a payment schedule that fully amortizes the amount financed, (viii) the nature of the lien created upon recordation, (ix) the specific improvements to be installed, (x) the 3-day right to cancel the financing, (xi) the right to withhold approval of payment until the project is complete, and (xii) Section 5899.2 rights for solar lease improvements. It is the responsibility of the Partner to prepare, deliver and arrange for execution of documents reflecting such terms.
- 2.3. Disclosures Policies. Disclosures heighten homeowner's awareness of key program financing terms and risks that appear in the Program terms and documentation. It is the policy of the Program that Partners confirm delivery to, and receipt by, homeowners of

these disclosures, and obtain written acknowledgement that homeowners have read and understand them. The following comprise the key disclosures of the Program provided by Partners in a financing summary in the form attached hereto as Attachment A.

| Disclosures              | Description  |
|--------------------------|--|
| Term of financing        | The maximum time period of the financing   |
| Amount financed          | The total amount financed, including fees and capitalized interest                                   |
| Annual payment amount    | The amount due each year, even if paid in semi-annual installments or through impound payments       |
| Annual interest rate/APR | The effective interest rate after taking into account all fees and capitalized interest              |
| Improvements financed    | The Measures installed   |
| FHFA risks               | The risk that the homeowner may need to pay off the PACE assessment at the time of sale or refinance |
| Right to cancel          | The 3-day right to rescind the financing   |
| Prepayment               | The right to prepay the Program financing without penalty  |

The following comprise additional key disclosures of the Program provided by Partners.

| Disclosures                    | Description   |
|--------------------------------|---|
| Program overview               | A document or section of a document that provides a comprehensive summary of the Program, including a summary of a homeowner's rights and obligations |
| Property tax repayment process | Payment of a homeowner's property tax bill that will include a line item related to the installed Measures  |
| Tax benefits                   | Benefits associated with the purchase of certain Measures and the annual payments related to them.  |
| Privacy                        | A notice describing the privacy policies of the Program   |
| Federal disclosures            | Those appearing in the Program application  |
| Foreclosure                    | The foreclosure process in the event of a homeowner default   |

2.4 Confirmation of Terms. For all Program financing applications associated with contractors that are either new to the Program or are on a Partner's "watch list" (i.e. those contractors that are not "Top Rated Contractors" defined below), it is the policy of the Program that such Partner confirm live by telephone with the homeowner applicant each Program financing term listed in (b)-(g) of this Section 2.4 below. These confirmation requirements do not apply to contractors who have reached the Partner's top rating category (the "Top Rated Contractors"). For Top Rated Contractors, it is the policy of the Program that the Partner conduct randomized calls to homeowners to confirm financing terms.

Notwithstanding the above, irrespective of the contractor with whom the Program financing is associated, it is the policy of the Program that the Partners confirm live by telephone for each applicant who is over 64 years old the Program financing terms listed in (a)-(g) of this Section 2.4 below, and any other special categories of homeowners as designated by the Program. For avoidance of doubt, for homeowners over 64 years old, a voicemail message does not satisfy the requirement of Program financing term confirmation under this Section 2.4.

When confirming terms of a Program financing with a homeowner, the Partners will request the homeowner to describe generally the improvement(s) being financed using the Program financing, and will ascertain that the homeowner understands:

- (a) The reason for the specific improvement(s) being obtained by such homeowner.
- (b) His or her total estimated annual payment.
- (c) The date his or her first tax payment will be due.
- (d) The term of the Program financing.
- (e) Any additional fees (including recording fees) that will be charged to him or her.
- (f) That payments for the Program financing will be added to his or her property tax bill and will cause the property tax bill to increase.
- (g) That he or she may make payments on the Program financing either directly to the county assessor's office or through his or her mortgage impound account.



### 3. FUNDING

Policy Summary: *PACE is a new form of financing that, while sharing some features of traditional financing, presents new considerations for financing capital sources and structures. Best practices counsel the Program to proactively solicit feedback from Program stakeholders and homeowners and incorporate learnings into policy improvements which benefit homeowners.*

Interest Rates. It is the policy of the Program that the Partner offers fixed simple interest rates, and payments that fully amortize the obligation. Variable interest rates or negative amortization financing terms are not permitted.

Sustainable funding source. It is the policy of the Program that Partners establish a sustainable source of capital for funding PACE financed projects separate from the Authority's general fund or budget and have access to capital markets to ensure funding of qualified projects is available on a consistent basis. A Partner must demonstrate the capacity to fund assessments that the Administrator anticipates originating through such Partner over the six (6) month period immediately following the Administrator's review of such Partners' financial statements.

Subordination. The Program is not required but may offer the capability to accommodate homebuyers and homeowners by offering subordination of certain rights of its PACE assessment lien to the lien of a mortgage or deed of trust. The subordination may provide the lien under a mortgage or deed of trust with senior rights such that the lender will be induced to make a loan on a PACE-assessed property. The subordination option may be made available to homebuyers and homeowners in accordance with policy agreed upon by the Authority and the Partner.

Contractor fees. It is the policy of the Program that Partners can only charge fees to contractors offering Program financing as long as Partners (i) clearly and conspicuously disclose such fees to homeowners and (ii) require that contractors absorb such obligations and not pass such fees on to homeowners.

#### 4. OPERATIONS

*Policy Summary: Operations delivers the Program to homeowners. Operations commercializes, productizes and draws on the work completed in a broad range of disciplines by the Partner or its Partner, such as sales, training, risk, contractor engagement, municipal engagement, accounting, finance, legal, capital markets, compliance, business development, marketing, government affairs and corporate development. While each operating unit incorporates thoughtful and highly effective consumer protections in the work it produces, Operations is the gatekeeper responsible for assuring that the Program has the people, processes, tools and technology necessary to deliver to homeowners the Program financing product, as well as the consumer protections described in these Policies.*

Operational consumer protection policies. It is the policy of the Program that the Administrator and its Partner develop and provide people, processes, tools and technology necessary to support the consumer protection measures described in detail elsewhere in this policy, including: (i) risk and underwriting processes; (ii) terms and documentation delivery systems; (iii) documentation, maintenance and retrieval processes; (iv) disclosure development, delivery and acknowledgment receipt; (v) post-funding support for homeowners and other stakeholders such as real estate professionals; (vi) data security measures; (vii) privacy policy development and protections; (viii) marketing and communication oversight; (ix) protected class data and communication processes; (x) contractor management and engagement; (xi) eligible product database and/or list development and maintenance; (xii) implementation of the maximum financing amounts; (xiii) key metrics reporting; (xiv) closing and funding processes (including the ability to fulfill financing obligations); (xv) examination data production; and (xvi) implementation of procedures to identify and prohibit conflicts of interest within and associated with the Program.

## 5. POST-FUNDING HOMEOWNER SUPPORT

*Policy Summary: A public/private partnership is at the core of the Program. This partnership carries with it elevated consumer protection responsibilities that apply to the Program with as much significance during the post-funding period as they do during the time of application and origination. Establishing and operating an executive office responsible for customer care that responds to inquiries, complaints, contractor and workmanship concerns, product performance questions and related matters for the lifecycle of the improvements financed is fundamental to the consumer protections that the Program provides.*

- 5.1. Proactive Engagement. It is the policy of the Program that the Partner and its Partner proactively to monitor and test the consumer protections delivered to homeowners, and to request feedback from homeowners and contractors to identify areas in need of improvement.
- 5.2. Onboarding. It is the policy of the Program that Partners develop and implement a post-installation onboarding procedure to reinforce key characteristics of the Program, such as those highlighted in the Program disclosures.
- 5.3. Payments. It is the policy of the Program that the Partner have disclosures and resources in place to resolve homeowner questions regarding matters such as impound account catch up payments, payment timing inquires and payment amount reconciliation. It is also the policy of the Program that the Partner implement procedures for responding to requests for partial or full prepayment of their PACE property tax assessment in a timely and complete manner.
- 5.4. Inquiries and complaints. It is the policy of the Program that the Partner receive, manage, track, timely resolve, and report on all inquiries and complaints from homeowners. This policy contemplates development of a team with the skills necessary to perform inspections, meet with homeowners and contractors, investigate matters, and mediate resolutions with homeowners and contractors. The Partner must proactively work to resolve inquiries and complaints in a reasonable and timely manner and in accordance with the Program guidelines and must make communication for homeowners available during regular business hours by phone, email and facsimile communication.
- 5.5. Real estate transactions. It is the policy of the Program that the Partner develop capabilities to assist homeowners who are refinancing or selling their Properties. The Partner must support real estate professionals providing services to refinance and sales transactions for properties with PACE assessments.

## 6. DATA SECURITY

*Policy Summary: Trust is fundamental to any financing relationship, and Program financing is no exception. The public/private partnership at the center of the Program, as well as the confidential relationship homeowners have with the Program Partner mandate that any market-ready Program be in robust compliance with sturdy cyber-security standards, and in particular develop secure and tested processes that protect homeowner personal identifiable information at points of potential vulnerability, especially during the application process.*

6.1. Information systems. It is the policy of the Program that the Partner develop and comply with secure and tested processes to protect the personal identifiable information of the homeowner described in Section 7 below. Such secure and tested processes should, at a minimum, include:

- 6.1.1. A cyber-security policy and protocol that, at a minimum, requires data encryption “during transmission” and “at rest,” and compliance with sturdy cyber-security standards.
- 6.1.2. The Partner is responsible for controlling access to information, based upon, job function and need-to-know criteria.
- 6.1.3. The Partner is responsible for taking security measures that protect the security and confidentiality of consumer records and information in proportion to the sensitivity of the information, including, without limitation, requiring all computers and other devices containing any confidential consumer information to have all drives encrypted with industry standard encryption software.
- 6.1.4. The Partner is responsible for monitoring and logging all remote access to its systems, whether through VPN or other means.
- 6.1.5. Data security policies are subject to auditing and penetration testing conducted by an independent auditor hired by the Authority at least annually and any time a change is made that may have any potential impact on the servers, security policies or user rights.
- 6.1.6 The Partner is responsible for ensuring minimum viable configurations are in place on all servers. All firewalls should have continuous logging enabled. In addition, access control lists and audited server configurations should be used to ensure that data security is maintained.

6.2. Personnel.

- 6.2.1. The Partner is responsible for informing and enforcing the compliance with the Program’s data privacy and security policies on the part of every employee, contractor, vendor, agent, service provider, representative, and associate who is exposed to personal identifiable information of homeowners.

6.2.2. The Partner is responsible for implementing protections and controls to prevent unauthorized copying, disclosure, or other misuse of sensitive consumer information.

## 7. PRIVACY

*Policy Summary: The trusting and confidential relationship that exists between homeowners and Program extends to the Partner's use of homeowner data. Compliance with the Gramm- Leach- Bliley Act as well as the establishment of clear opt-in and opt-out protocols for information sharing are the pillars of the Program's privacy policy. More broadly, Program must protect and manage sensitive consumer information, must respect the privacy of all homeowners, and must implement robust controls to prevent unauthorized collection, use and disclosure of such information.*

The following summarizes the Program's privacy policy:

- 7.1. Privacy policy. The Program obtains sensitive consumer information from homeowners as part of the application process for Program participation or through other homeowner touch points with the Program. It is the policy of the Program that the Partner develops and delivers to homeowners who apply for the Program or who otherwise provide personal identifiable information (e.g., full name, home address, social security numbers, date of birth,) a privacy policy that complies with state and federal law (e.g., the Gramm-Leach-Bliley Act) and, in particular, prohibits sharing with third parties personal identifying information of homeowners without the homeowners' express authorization except where expressly permitted by state and federal law. Such privacy policy will cover (i) the sources from which sensitive consumer information is obtained, (ii) the Partner's use of sensitive consumer information, and (iii) a mechanism by which a consumer may opt-out of sharing information. The Partner will deliver to homeowners any updates to such privacy policies.
- 7.2. Application process. It is the policy of the Program that all personal identifying information provided by a homeowner to the Partner during the application process is provided directly by the homeowner to the Partner. The Partners will establish processes and controls to ensure that personal identifiable information of a homeowner is obtained directly from such homeowner (or his verifiable legal representative or attorney in fact) and not from a contractor or other third party.

## 8. MARKETING & COMMUNICATIONS

*Policy Summary: Clear, informative, truthful, balanced, transparent and complete communications are essential for the Program. The stakeholders of any Program include (without limitation) homeowners, contractors, the Authority, government officials and staff, investors, finance partners, real estate professionals and lenders. Communications, acts and practices that mislead stakeholders add ineligible expense to PACE financing or to the Program, abuse stakeholders, and otherwise fail to meet the core communication standards of appropriateness for the Program and are not acceptable.*

- 8.1. Prohibited practices. It is the policy of the Program to prohibit practices that are or could appear to be unfair, deceptive, abusive, and/or misleading, that violate laws or regulations, that provide tax advice, that are inappropriate, incomplete or are inconsistent with the Program's purpose (e.g., use of check facsimiles to dramatize the amount of PACE Program financing available or presented as if a negotiable instrument). Marketing practices that are likely to add unnecessary expense to a homeowner (e.g., paying consumers for applications), that unlawfully use sensitive consumer data or that violate any other law or regulation (including, for example, practices related to telemarketing) are prohibited.
- 8.2. Permitted practices. It is the policy of the Program to adhere to all legal and regulatory requirements (e.g., telemarketing) pertaining to its advertising and marketing efforts. On the basis of providing clear and concise communication to consumers, any practice that promotes informed decisioning on the part of homeowners and is not prohibited as described in section 8.1 above is permitted. The Partner is responsible for developing, delivering to and enforcing marketing guidelines for the Program's Registered Contractors. Any marketing materials that fall outside of marketing guidelines established must be approved by the Partner to ensure that they are not unfair, deceptive, abusive and/or misleading.
- 8.3. Tax advice. It is the policy of the Program that no Partner, contractor or third party (who is not a tax expert) may provide tax advice to consumers regarding their Program financing which includes making affirmative statements or claims as to the tax deductibility of the payments. Homeowners are encouraged to seek the advice of an expert regarding tax matters related to the Program. The Program shall monitor and test the sales practices of employees and contractors to confirm adherence to the policy set forth in this Section 8.3.
- 8.4. Payments in Exchange for Financing. It is the policy of the Program that no Partner, contractor or Affiliated Individual may provide a direct cash payment or other thing of value to a homeowner explicitly in exchange for such homeowner's selecting Program

financing. For avoidance of doubt, the limitations provided in this Section 8.4 are not intended to prevent the Program from offering to homeowners, contractors or Affiliated Individuals promotions that are not explicitly part of the exchange referred to in the preceding sentence.



## 9. PROTECTED CLASSES

*Policy Summary: It is the Partner's responsibility to ensure compliance with all state and federal laws that cover individuals in protected classes (e.g., race, religion, color, marital status, sex, national origin, citizenship, presence of children, disability, gender, age and/or sexual preference because an applicant receives income from a public assistance program, or because an applicant has in good faith exercised any right under the Consumer Credit Protection Act.) Heightened protections for homeowners over 64 years old, such as confirming understanding of financing terms and project specifications, is a focus of the Program. The Partner is responsible for protecting against intended and unintended non-compliance with such standards, and in particular for providing legally unbiased access to, and decisioning of, requests for Program financing.*

- 9.1. General. It is the policy of the Program that controls be designed to monitor and test compliance with all state and federal laws covering homeowners in protected classes.
- 9.2. Elders. It is the responsibility of the Partner to develop and implement a program that validates elder homeowner (i.e., homeowners over 64 years old) understanding of the eligible improvement project for which they are seeking Program financing, including the terms of such financing.
- 9.3 Financing Access and Decisioning. It is the responsibility of the Partner to provide legally unbiased access to, and decisioning of, requests for Program participation.

## 10.CONTRACTOR REQUIREMENTS

*Policy Summary: Contractors and their sales persons are one of the primary means through which homeowners become aware of Program participation options. Contractors and their sales persons enter into contracts with the Partner, and register with all relevant state and local licensing boards and agencies. Contractors are required to follow a code of conduct, maintain policies of insurance, post bonds, follow marketing requirements, complete training courses, among other similar obligations, all of which are designed to assure positive and productive homeowner interaction with the Program.*

10.1. Policies. It is the policy of the Program that all contractors who sell, install, or manage subcontractors who install, eligible improvements will have executed and that all such contractors and all employees, entities, owners, partners, principals, independent contractors, third party agents or other person who perform any services for the contractor in connection with a Program financing (collectively, the “Affiliated Individuals”) meet the requirements of the Program’s Contractor Participation Agreement, which include:

10.1.1. Compliance with the current Registered Contractor code of conduct, a sample of which is attached hereto as Attachment B or other code of conduct that embodies the principles outlined in Attachment B;

10.1.2. Maintenance of an active license, and be in good standing, with the California Contractor State License Board (“CSLB”), including compliance with the CSLB (or equivalent agency or program) insurance and bonding requirements;

10.1.3. Execution of the Program’s Contractor Participation Agreement only by a person who is listed as an Responsible Managing Owner (“RMO”), Responsible Managing Employee (“RME”), Responsible Managing Manager (“RMG”) , Responsible Managing Member (“RMM”), sole owner or qualifying partner with the CSLB and who is authorized to act on behalf of, and who is responsible for the actions of, a Registered Contractor (a “Qualifying Individual”);

10.1.4. Oversight and management of employees, independent contractors and subcontractors who provide services to Registered Contractors accessing the Program;

10.1.5. Meeting all other state and local licensing, training and permitting requirements;

10.1.6. Compliance with the Program’s marketing policies; and

10.1.7. Ensuring all Affiliated Individuals register with the Program.

10.2. New Contractors. Regarding Registered Contractors new to the Program, it is the policy that the Partner:

- 10.2.1. Has a specified probationary period (i.e., place the new Registered Contractors on a watch list) until the new Registered Contractors have completed the required number of Measures;
- 10.2.2. Has procedures in place, during the Registered Contractor probationary period, to provide additional quality assurance steps for Measures completed by the Registered Contractors on the watch list; and
- 10.2.3. Has procedures in place to review Registered Contractor work to confirm satisfactory completion of projects conducted during the probationary period for which Program financing is used.
- 10.3 Contractor Management. It is the policy that the Partner implement contractor management systems and procedures that manage and track contractor training and compliance violations on an individual and company basis.
- 10.4 Contractor Training. It is the policy of the Program that each Partner make available contractor training regarding, at a minimum, the following: (i) the applicable contractor code of conduct terms as required by the Program, (ii) protected classes, including, without limitation, elder protection, and (iii) other consumer protection measures as required by the Program.
- 10.5 Remedial Action. Partners warn, suspend or terminate a Registered Contractor and/or Affiliated Individual from the Program based on violations of the Contractor Participation Agreement. The Program does not accept Program applications processed by suspended or terminated contractors and/or associated representatives.

## 11. ELIGIBLE PRODUCTS

*Policy Summary: The Program enables and encourages homeowners to install Measures on their homes which are designed but not guaranteed to save water or energy. The Program is responsible for implementing practices and controls (e.g., eligible product databases and product confirmation processes) ensuring that financing is used only for eligible Measures, and that it is not provided for ineligible ones. Program product eligibility criteria ensure that property owners are financing improvements which are industry recognized for achieving higher levels of home energy or water efficiency. While the Program is responsible for confirming compliance with the initial capacities of such products, it is not responsible for determining post-installation energy performance, savings or efficacy of such Measures.*

- 11.1. Policies. Consistent with the objectives of the PACE enabling legislation, it is the policy of the Program through consultation with the Partner and the Authority to:
  - 11.1.1. Establish, and maintain an eligible products database and/or list, documenting the associated eligibility specifications for each product that conform to the requirements outlined in Attachment C hereto;
  - 11.1.2. Define a process for adding or modifying the eligible product database;
  - 11.1.3. Ensure that eligible product energy efficiency/water efficiency/energy generation (as applicable) performance standards are calibrated and verified using performance criteria that the U.S. Department of Energy, U.S. Environmental Protection Agency, the California Energy Commission and/or other federal and state agencies or other reputable third parties has established;
  - 11.1.4. Use credible third party sources to determine the useful life of the product, which will be used to set the maximum term for the Program's financing; and
  - 11.1.5. Require that the product is permanently affixed to the Property.
- 11.2. Procedures. It is the policy of the Program that the Partner establish procedures confirming that the homeowner applying for Program financing intends to install eligible products, and that at the time of funding such improvements have been installed.
- 11.3. Ineligible Products.
  - 11.3.1. Financing of ineligible products under the Program is prohibited.
  - 11.3.2. Products that are not included on the eligible products list or in the eligible products database can be submitted for review by the Program, if a homeowner has a good faith reason to believe they should have been included.

## 12. MAXIMUM FINANCING AMOUNT

*Policy Summary: Many homeowners cannot readily access price information regarding the installation of energy efficiency, renewable energy and water conservation improvements for their homes, and cost often is a key economic consideration. While the Program does not set price controls, it implements a maximum financing amount (“MFA”) procedure based upon the fair market value of the Measures. The MFA sets the ceiling for amounts that can be financed.*

The Program’s maximum financing amount policies provide as follows:

- 12.1. It is the policy of the Program to develop maximum financing amounts based on market data and the Partner’s experience, but not to set pricing for installation of eligible products and projects. In evaluating project pricing, the Partner takes into account regional factors that may contribute to the pricing of improvements.
- 12.2. It is the policy of the Program that each Partner will, at a minimum, establish an MFA for each product type (e.g. for central air conditioners, solar PV systems, solar thermal systems and artificial turf).
- 12.3. Within each MFA, there is a low to high range of justifiable pricing, depending on the particular product within a product type (e.g. there may be different types of central air conditioners, solar PV systems, solar thermal systems and artificial turf). It is the policy of the Program that each Partner will establish product/project attribute related pricing rules that dictate what pricing within such low to high MFA range is justified.
- 12.4. It is the policy of the Program that each Partner establish processes and systems for purposes of enforcing the MFA rules (as described in Section 12.3) for every project.
- 12.5. A product may only be funded for an amount that is greater than the MFA for such product if the amount exceeding the MFA is justified by reasonable standards that are validated and documented through processes and systems acceptable to the Authority.

### 13.REPORTING

*Policy Summary: Reporting the economic and environmental results of Program participation is essential for the Program, Partners, elected officials, environmental agencies, the investment community, the real estate and mortgage industry and many other stakeholders. Metrics such as economic stimulus dollars invested, greenhouse gas reduction, the number of Measures funded, the amounts funded, renewable energy production and energy savings serve this need. The Partner is responsible for producing, on a quarterly basis, a key metrics report.*

- 13.1. Reporting categories. It is the policy of the Program that Program statistics reporting and estimated impact metrics in the following categories be developed and reported quarterly to the Authority: (i) number of projects funded, (ii) project amount funded, (iii) estimated amount of energy savings, (iv) estimated amount of renewable energy produced, (v) estimated amount of water savings, (vi) estimated amount of greenhouse gas emissions reductions, and (vii) estimated number of jobs created.
- 13.2. Reporting standards. It is the policy of the Program that all data collected for the quarterly metrics reports be developed and collected using standardized, third party verified methodologies. The methodologies and supporting assumptions and/or sources must be made available to the Authority by the Partner. It is the responsibility of the Partner to develop reports consistent with each of categories listed above and to test and verify the data collection and reporting methods and models used. All reports shall include only aggregate data, excluding any sensitive customer information.
- 13.3 Participation in CAEATFA. Residential PACE programs operating in California must participate in the PACE Reserve program of the California Alternative Energy and Advanced Transportation Authority. Accordingly, the Programs must report bi-annually on program activity to CAEATFA.

## 14.CLOSING & FUNDING

*Policy Summary: The Program provides limited purpose financing to homeowners, and not general purpose financing that is common among traditional sources of financing. The Program has front-end (e.g., eligible product call-in requirements) and pre-funding (e.g., completion certificates and permits) procedures designed to confirm that their financing dollars are used for permissible purposes. A policy requiring such procedures is essential to protecting the integrity of the Program.*

- 14.1. Installation Completion Sign-off. It is the policy of the Program to confirm, before funding, that the eligible products financed are installed, operational and in a condition that is acceptable to the homeowner and the contractor, and to require that the homeowner and the contractor attest to such by signing a document stating that all products have been installed to the homeowner's satisfaction and in accordance with product specifications. It is the responsibility of the Partner to confirm any such document is signed within the maximum allowable installation time as specified by the Program
- 14.2. Permits. It is the policy of the Program for homeowners seeking Program financing to obtain required permits for the installation of Measures and provide verification thereof upon request.
- 14.3. Funding. It is the policy of the Program to disburse funds only for projects that are complete.
- 14.4. Recording. It is the policy of the Program to record the Notice of Assessment and Payment of Contractual Assessment Required documentation in a manner consistent with state law.
- 14.5. Asset verification. It is the policy of the Program to confirm that product(s) listed on the Completion Certificate and for which Program financing has been provided have been installed and that the Partner develop and implement a randomized onsite inspection protocol acceptable to the Authority.

# Financing Estimate

Save this Financing Estimate to compare with your Final Payment Summary.

|                        |  |                         |  |
|------------------------|--|-------------------------|--|
| <b>DATE ISSUED</b>     | 2/15/2013  | <b>TERM</b>             | 10 years   |
| <b>PROPERTY OWNERS</b> | Michael Jones and Mary Stone<br>123 Anywhere Street<br>Anytown, ST 12345 | <b>PURPOSE</b>          | Home Improvement   |
| <b>PROPERTY</b>        | 456 Somewhere Avenue<br>Anytown, ST 12345                                | <b>PRODUCT</b>          | Partner Program  |
|                        |  | <b>IDENTIFICATION #</b> | 123456789  |
|                        |  | <b>RATE LOCK</b>        | <input type="checkbox"/> NO <input checked="" type="checkbox"/> YES, until 9/14/2015<br>After the expiration date interest rates and closing costs can change. |

## Products and Costs

|                  |             |   |
|------------------|-------------|---|
| Product Cost     | \$16,900.00 | <ul style="list-style-type: none"> <li>• Building Envelope- Wall Installation</li> <li>• High Efficiency Pool Equipment- Pool Pump</li> <li>• Windows, Doors, and Skylights- Exterior Windows</li> <li>• High Efficiency HVAC- Whole House Fan</li> </ul> |
| Financing Cost   | \$970.30    | See closing costs details   |
| Prepaid interest | \$1,445.45  |   |
| Other Costs      | \$130.00    |   |
| Financed Amount  | \$19,445.89 | Total amount of the assessment  |

## Terms

|  |             |   |   |
|--|-------------|---|---|
|  |             | Can this amount increase after closing? |   |
| Financed Amount                            | \$19,445.89 | NO                                      | Total amount of the assessment                  |
| Interest Rate                              | 7.69%       | NO                                      |   |
| Annual Principal, Interest and Other Costs | \$2,892.62  | YES                                     | Annual administrative fee is subject to change  |
|  |             | Does the financing have these features? |   |
| Prepayment Penalty                         |             | NO                                      | Interest will be due to the next bond call date |
| Balloon Payment                            |             | NO                                      |   |

## Projected Payments

| Payment Calculation                   |   | Years 1-10        |  |
|---------------------------------------|---|-------------------|--|
| Principal & Interest                  |   | \$2,857.62        |  |
| Annual Administrative Fee             | + | \$35.00           | Annual administrative fee is subject to change |
| <b>Estimated Total Annual Payment</b> |   | <b>\$2,892.62</b> |  |

Your payment will be added to your property bill for the next 10 years. If your project is completed and all your documents are submitted and approved by June 15, 2016, your first payment will be included on your November 2016 tax bill. If your documents are submitted and/or approved after June 15, 2016, your first payment will be included on your November 2017 tax bill. Estimated payment information on this document assumes all documentation is approved on September 14, 2016.



## Closing Cost Details

| Costs at Closing        |             |  |
|-------------------------|-------------|--|
| Estimated Closing Costs | \$2,545.75* | Includes \$970.30 in Financing Costs + \$130 in Other Costs + \$1,445.45 in Prepaid Interest.<br><i>See Calculating Cash to Close summary for details.</i><br><br>*While no cash is required to close this transaction, these items are included in the amount financed. If you do not wish to finance these items, you may pay them at the time of funding. |
| Estimated Cash to Close | \$0         | <i>See Calculating Cash to Close summary for details.</i>  |

| Financing Costs                         |                 | Other Costs  |                   |
|---|-----------------|--|-------------------|
| <b>A. Origination Charges</b>           | <b>\$970.30</b> | <b>D. Recording and Administrative Fees</b>                | <b>\$130.00</b>   |
| Application Fee                         | \$0             | County Recording Fee                                       | \$95.00           |
| Underwriting and Bond Issuance Fee      | \$970.30        | Program Administrative Fee (Annual)                        | \$35.00           |
| <b>B. Services</b>                      | <b>\$0</b>      | <b>Prepaid Interest</b>                                    |                   |
| Appraisal Fee                           | \$0             | <b>E. Prepaid Interest (from closing to first payment)</b> | <b>\$1,445.45</b> |
| Credit Report Fee                       | \$0             |  |                   |
| Tax Monitoring Fee                      | \$0             | <b>F. TOTAL CLOSING COSTS (C + D + E)</b>                  | <b>\$2,545.75</b> |
| Tax Status Research Fee                 | \$0             |  |                   |
| Title- Title Search Fee                 | \$0             |  |                   |
| <b>C. TOTAL FINANCING COSTS (A + B)</b> | <b>\$970.30</b> | <b>Calculating Cash to Close</b>                           |                   |
|   |                 | Total Closing Costs (F)                                    | \$2,545.75        |
|   |                 | Closing Costs Financed (Paid from Financed Amount)         | - \$2,545.75      |
|   |                 | Down Payment/Funds from Borrower                           | \$0               |
|   |                 | <b>Estimated Cash to Close</b>                             | <b>\$0</b>        |

## Additional Information About This Financing

**PACE PROVIDER** Partner Program  
**EMAIL** info@partnerprogram.com  
**PHONE** (855) 0000-411

| Comparisons                     | Use these measures to compare this financing with other forms of financing. |  |
|---------------------------------|---|--|
| In 10 Years                     | \$19,445.89   | Principal you will have paid off.  |
|                                 | + \$8,065.01  | Amount of interest you will have paid.   |
|                                 | + \$1,415.30  | Amount of financing and other costs you will have paid.  |
|                                 | = \$28,926.20   | Total you will have paid in principal, interest, financing and other costs.                            |
| Annual Percentage Rate (APR)    | 9.47%   | Your costs over the term expressed as a rate. This is not your interest rate.                          |
| Total Interest Percentage (TIP) | 46.95%  | The total amount of interest that you will pay over the term as a percentage of your financing amount. |

|                             |   |
|-----------------------------|---|
| <b>Other Considerations</b> |   |
| <b>Assumption</b>           | <p>If you sell or transfer this property to another person, we</p> <p><input checked="" type="checkbox"/> will allow, this person to assume this financing on the original terms.</p> <p><input type="checkbox"/> will not allow assumption of this financing on the original terms.</p> <p>I understand, if i refinance my home, my mortgage company may require me to pay off the remaining balance. If i sell my home, the buyer or their mortgage company may require me to payoff the remaining balance.</p> <p>1 PO INITIAL</p> |
| <b>Payments</b>             | <p>Your payments will be added to your property tax bill. Whether you pay your property taxes through your mortgage payment, using an impound account, or if you pay them directly to the tax collector you need to save an estimated \$2,892.62 for your first payment in November 2016. After your first payment if you pay your property taxes through an impound account your monthly mortgage payment should adjust to cover your increased property tax bill.</p> <p>1 PO INITIAL</p>   |
| <b>Tax Benefits</b>         | <p>Consult your tax advisor regarding tax credits, tax deductibility, and other tax benefits of the HERO Program. You are responsible for submitting appropriate document with your tax return.</p> <p>1 PO INITIAL</p>   |
| <b>Late Payment</b>         | <p>If your tax payment is late you are subject to penalties and late fees established by the tax collector.</p>   |

|   |      |                          |      |
|---|------|--------------------------|------|
| <b>Confirm Receipt</b>  |      |                          |      |
| By signing, you are only confirming that you have received this form. You do not have to accept this financing because you have signed or received this form. |      |                          |      |
| Property Owner Signature  | Date | Property Owner Signature | Date |
| Property Owner Signature  | Date | Property Owner Signature | Date |

## **1.1. Sample Registered Contractor Code of Conduct**

- 1.1.1. Registered Contractors, on behalf of themselves and the employees, entities, owners, partners, principals, independent contractors, third party agents or other person (the “Registered Individuals”) who perform any sales, installation, advising, construction, creative services, digital marketing, lead generation, inspection or any other services in connection with the Registered Contractor on its behalf, shall:
- 1.1.1.1. Conduct business with Property Owners on a legal, respectful, ethical, fair and equitable basis.
  - 1.1.1.2. Ensure that Registered Individuals present identification (as determined by the PACE Program) establishing their affiliation with a Registered Contractor upon initial contact with a Property Owner, whether such contact occurs in connection with canvassing, sales, service or any other occasion upon which such representatives enter onto a Property Owner’s premises.
  - 1.1.1.3. Not provide, or even appear to provide, tax advice to Property Owners regarding any aspect of PACE Program financing. Any PACE Program that provides a simple tool on its website is merely intended to provide Property Owners the ability to easily quantify the effects if they determine that some or all of the PACE Program payments are deductible. If asked about the tax aspects of PACE Program financing, Registered Contractors should urge Property Owners to consult their tax advisor.
  - 1.1.1.4. Present Property Owners with the full and complete set of Partner Financing Program Documents, which include all pages of the Assessment Contract, Right to Cancel, Application, Financing Summary, and all other PACE Program documents and instruct the Property Owners to contact the Partner directly with any PACE Financing questions.
  - 1.1.1.5. Present the Completion Certificate for signature to the Property Owner only after completion of the project and when the Property Owner is satisfied and is ready for the PACE Program to release funds to the Registered Contractor.
  - 1.1.1.6. Analyze accurately each Property Owner’s energy usage, and anticipated energy savings likely to result from any Eligible Product installation following standards that can withstand independent, third party review and analysis.
  - 1.1.1.7. Seek always to provide high value products and services best suited to a Property Owner’s request or needs and comply with the Eligible Product requirements of the PACE Program. Install only Eligible Products for reasonable, market-based prices that are within industry price guidelines and that do not exceed the PACE Program maximum guidelines.
  - 1.1.1.8. Protect Property Owners, especially those in protected classes such as elders, from and against any exercise of undue influence that could lead to adverse purchasing, pricing and financing decisions.
  - 1.1.1.9. Maintain active, participating and good standing status as a member of the CSLB, and participate in continuing education in its/his/her chosen area of expertise, as well as in the PACE Program requirements, policies and procedures.
  - 1.1.1.10. Have a written contract with the Property Owner stating all proposed work and services.
  - 1.1.1.11. Obtain all legally required building permits, on behalf of the Property Owner, and follow through in obtaining sign off or approval from any authority with jurisdiction over any project on which Contractor works.
  - 1.1.1.12. Comply with all federal, state and local laws, ordinances, rules and regulations.

- 1.1.1.13. Use sound and legally compliant hiring practices, including but not limited to conducting credit and background and screening checks on all employees, temporary staff, contract employees, subcontractors and third party associates to assure that such persons comply with Registered Contractor's legal and ethical obligations described herein.
- 1.1.1.14. Provide PACE Program training for all employees, subcontractors and third party associates of Registered Contractors.
- 1.1.1.15. Maintain and provide the PACE Program with copies of requested documents that relate to projects financed by or through the PACE Program, as well as documents that relate to Registered Contractor certifications, licenses, or insurance/bonding.
- 1.1.1.16. Act in good faith to resolve promptly any complaint or grievance that a Property Owner may file with the PACE Program or the Registered Contractor.
- 1.1.1.17. Document and retain records regarding the resolution of all Property Owner disputes with a Registered Contractor for the PACE Program's review and assessment.
- 1.1.1.18. Comply with the letter and the intent of all provisions of the California Business and Professions Code relevant to the Registered Contractor's business.
- 1.1.1.19. Comply with all local, state and federal marketing and telemarketing laws, regulations and rules, including but not limited to the Telephone Consumer Protection Act, the Older American's Act (including Elder Rights Protection principles) and the Truth in Lending Act.

## ELIGIBLE PRODUCTS LIST

In addition to the Product Eligibility Criteria listed below, **all product specifications and installation quality must meet or exceed applicable local and state permitting, codes and health and safety standards.** Pulled permits are required for many of the products below (if required by the local jurisdiction). **All products must be installed per manufacturer's specifications.**

| Product Section   | Product Category                  | Product Type                      | Eligibility Criteria  | Maximum Term |
|-------------------|-----------------------------------|-----------------------------------|---|--------------|
| Renewable Energy  | Electric Vehicle Charging Station | Electric Vehicle Charging Station | <ol style="list-style-type: none"> <li>1. Product must be a Level 2 charger with SAE J1772 standard charging plug.</li> <li>2. Product must be Underwriters Laboratory (UL) listed.</li> <li>3. A copy of the pulled permit or permit number must be submitted for this product prior to funding.</li> </ol>  | 10           |
| Renewable Energy  | Energy Storage                    | Advanced Energy Storage Systems   | <ol style="list-style-type: none"> <li>1. Product must meet the eligibility requirements outlined in the current California Self-Generation Incentive Program (SGIP) Handbook.</li> <li>2. System must be grid connected unless the property is not currently connected to the grid. System does not need to be interconnected at time of funding.</li> <li>3. A copy of the pulled permit or permit number must be submitted for this product prior to funding.</li> </ol>                 | 10           |
| Renewable Energy  | Solar Photovoltaic                | Solar Inverters                   | <ol style="list-style-type: none"> <li>1. Product must be on California Solar Initiative Eligible Products list.</li> <li>2. A copy of the pulled permit or permit number must be submitted for this product prior to funding.</li> <li>3. System must be grid connected unless the property is not currently connected to the grid. System does not need to be interconnected at time of funding.</li> </ol>   | 20           |
| Renewable Energy  | Solar Photovoltaic                | Solar Panels - With Monitoring    | <ol style="list-style-type: none"> <li>1. Product must be on California Solar Initiative Eligible Products list.</li> <li>2. A copy of the pulled permit or permit number must be submitted for this product prior to funding.</li> <li>3. System must be grid connected unless the property is not currently connected to the grid. System does not need to be interconnected at time of funding.</li> <li>4. To qualify for a 25-year term, a system must monitor performance.</li> </ol> | 25           |
| Renewable Energy  | Solar Photovoltaic                | Solar Panels - Without Monitoring | <ol style="list-style-type: none"> <li>1. Product must be on California Solar Initiative Eligible Products list.</li> <li>2. A copy of the pulled permit or permit number must be submitted for this product prior to funding.</li> <li>3. System must be grid connected unless the property is not currently connected to the grid. System does not need to be interconnected at time of funding.</li> </ol>   | 20           |
| Renewable Energy  | Solar Thermal                     | Solar Pool Heating                | <ol style="list-style-type: none"> <li>1. Product must have OG-100 Collector Certification by the Solar Rating and Certification Corporation (SRCC) or International Association of Plumbing and Mechanical Officials (IAPMO).</li> </ol>   | 15           |
| Renewable Energy  | Solar Thermal                     | Solar Water Heating               | <ol style="list-style-type: none"> <li>1. System must have OG-300 System Certification by Solar Rating and Certification Corporation (SRCC) or International Association of Plumbing and Mechanical Officials (IAPMO).</li> <li>2. System Solar Fraction (SF) must be <math>\geq 0.5</math> in property's climate zone.</li> <li>3. A copy of the pulled permit or permit number must be submitted for this product prior to funding.</li> </ol>  | 15           |
| Renewable Energy  | Wind Energy                       | Small Wind Turbine                | <ol style="list-style-type: none"> <li>1. Product must meet the eligibility requirements outlined in the current California Self-Generation Incentive Program (SGIP) Handbook.</li> <li>2. System must be installed to be grid connected unless the property is not currently connected to the grid. System does not need to be interconnected at time of funding.</li> <li>3. A copy of the pulled permit or permit number must be submitted for this product prior to funding.</li> </ol> | 20           |
| Energy Efficiency | HVAC                              | Air-Source Heat Pump              | <ol style="list-style-type: none"> <li>1. SEER <math>\geq 14.0</math>, EER <math>\geq 11.0</math>, and HSPF <math>\geq 8.0</math>.</li> <li>2. Product must replace an existing product.</li> <li>3. A copy of the pulled permit or permit number must be submitted for this product prior to funding.</li> </ol>   | 15           |
| Energy Efficiency | HVAC                              | Attic Fan                         | <ol style="list-style-type: none"> <li>1. Product must have thermostat control.</li> </ol>  | 15           |
| Energy Efficiency | HVAC                              | Boiler                            | <ol style="list-style-type: none"> <li>1. AFUE <math>\geq 85\%</math>.</li> <li>2. Only Natural Gas and Propane systems are eligible.</li> <li>3. Product must replace an existing product.</li> <li>4. A copy of the pulled permit or permit number must be submitted for this product prior to funding.</li> </ol>  | 20           |

**ELIGIBLE PRODUCTS LIST**

| Product Section   | Product Category | Product Type                              | Eligibility Criteria  | Maximum Term |
|-------------------|------------------|---|---|--------------|
| Energy Efficiency | HVAC             | Ceiling Fan                               | 1. Product must be ENERGY STAR Certified.   | 10           |
| Energy Efficiency | HVAC             | Central Air Conditioner                   | 1. SEER $\geq$ 14.0 and EER $\geq$ 11.0.<br>2. Product must replace an existing product.<br>3. A copy of the pulled permit or permit number must be submitted for this product prior to funding.  | 15           |
| Energy Efficiency | HVAC             | Duct Insulation                           | 1. R-value $\geq$ 6.<br>2. Per Title 24, total system leakage must be $\leq$ 15% of nominal system air flow prior to insulation.  | 20           |
| Energy Efficiency | HVAC             | Duct Replacement                          | 1. Installation must comply with Title 24 Requirements.<br>2. Final total system leakage must be $\leq$ 6% of nominal system air flow.<br>3. Product must be insulated with R-value $\geq$ 6.<br>4. Final total system leakage as a percent of nominal air flow must be submitted on the final invoice.<br>5. Per Title 24, duct leakage test is required unless asbestos or other health/safety issues are present. Photo must be submitted to receive exemption.  | 20           |
| Energy Efficiency | HVAC             | Duct Sealing                              | 1. Installation must comply with Title 24 Requirements.<br>2. Final total system leakage must be $\leq$ 15% of nominal system air flow.<br>3. Final total system leakage as a percent of nominal air flow must be submitted on the final invoice.<br>4. Per Title 24, duct leakage test is required unless asbestos or other health/safety issues are present. Photo must be submitted to receive exemption.  | 20           |
| Energy Efficiency | HVAC             | Ductless Mini-Split                       | 1. SEER $\geq$ 15.0 and HSPF $\geq$ 8.2.<br>2. Product must replace an existing product.<br>3. A copy of the pulled permit or permit number must be submitted for this product prior to funding.  | 15           |
| Energy Efficiency | HVAC             | Evaporative Cooler                        | 1. Product must be listed in the CEC Appliance Efficiency Database.<br>2. Product must have separate ducting system, independent of the air conditioning and heating duct system.<br>3. Product must be permanently installed through wall or on the roof. Window-installed product is not eligible.  | 10           |
| Energy Efficiency | HVAC             | Furnace                                   | 1. AFUE $\geq$ 90%, or AFUE $\geq$ 80% with ECM.<br>2. Product must replace an existing product.<br>3. A copy of the pulled permit or permit number must be submitted for this product prior to funding.  | 15           |
| Energy Efficiency | HVAC             | Geothermal Heat Pump                      | 1. Product must meet the criteria below:<br>a. Closed Loop Water-to-Air: EER $\geq$ 14.1 and COP $\geq$ 3.3<br>b. Open Loop Water-to-Air: EER $\geq$ 16.2 and COP $\geq$ 3.6<br>c. Closed Loop Water-to-Water: EER $\geq$ 15.1 and COP $\geq$ 3.0<br>d. Open Loop Water-to-Water: EER $\geq$ 19.1 and COP $\geq$ 3.4<br>e. DGX: EER $\geq$ 15.0 and COP $\geq$ 3.5.<br>2. Product must replace an existing product.<br>3. A copy of the pulled permit or permit number must be submitted for this product prior to funding. | 15           |
| Energy Efficiency | HVAC             | Heating and Air Conditioning Package Unit | 1. SEER $\geq$ 14.0, EER $\geq$ 11.0, and AFUE $\geq$ 80% with ECM.<br>2. Product must replace an existing product.<br>3. A copy of the pulled permit or permit number must be submitted for this product prior to funding.   | 15           |
| Energy Efficiency | HVAC             | Pellet Stove or Insert                    | 1. Product must be on the List of EPA Certified Wood Stoves.  | 20           |
| Energy Efficiency | HVAC             | Programmable Thermostat Control           | 1. Product must be programmable.  | 15           |

## ELIGIBLE PRODUCTS LIST

| Product Section   | Product Category           | Product Type                                | Eligibility Criteria   | Maximum Term |
|-------------------|----------------------------|---|--|--------------|
| Energy Efficiency | HVAC                       | Radiant Heating (Floor, Wall, Ceiling)      | 1. Distribution must be hydronic, not electric resistance.<br>2. If installing a heat source, the heating equipment must comply with eligibility criteria.<br>3. A copy of the pulled permit or permit number must be submitted for this product prior to funding.   | 15           |
| Energy Efficiency | HVAC                       | Ventilating Fans                            | 1. Product must be ENERGY STAR Certified.  | 10           |
| Energy Efficiency | HVAC                       | Whole House Fan                             | 1. Product must be listed in the CEC Appliance Efficiency Database.<br>2. Installation must comply with Title 24 Requirements.   | 15           |
| Energy Efficiency | Insulation and Air Sealing | Air Sealing                                 | 1. Service must be performed to BPI and ASHRAE 62.2 guidelines.<br>2. Final ACHn $\leq 0.5$ OR overall infiltration reduction $\geq 35\%$ .<br>3. Final ACHn OR infiltration reduction percentage must be submitted on final invoice.  | 10           |
| Energy Efficiency | Insulation and Air Sealing | Attic Insulation                            | 1. R-value $\geq 38$ .<br>2. Installation must comply with CEC QII Standards.  | 20           |
| Energy Efficiency | Insulation and Air Sealing | Floor Insulation (over unconditioned space) | 1. R-value $\geq 19$ .<br>2. Installation must comply with CEC QII Standards.  | 20           |
| Energy Efficiency | Insulation and Air Sealing | Foam Insulation - Attic/Roof                | 1. R-value $\geq 30$ .<br>2. Surface must be insulated with spray foam.<br>3. Space beneath insulation must be conditioned space.<br>4. Installation must comply with CEC QII Standards.   | 20           |
| Energy Efficiency | Insulation and Air Sealing | Wall Insulation                             | 1. R-value $\geq 13$ .<br>2. Installation must comply with CEC QII Standards.  | 20           |
| Energy Efficiency | Lighting                   | Indoor Lighting Fixtures                    | 1. Product must be ENERGY STAR Certified.<br>2. Product must be permanently installed.   | 10           |
| Energy Efficiency | Lighting                   | Outdoor Lighting Fixtures                   | 1. Product must be ENERGY STAR Certified.<br>2. Product must be permanently installed.   | 10           |
| Energy Efficiency | Pool Equipment             | Automatic Pool Covers                       | 1. Product must be an automatic (not manual) pool cover.<br>2. Product must be Underwriters Laboratory (UL) listed.  | 10           |
| Energy Efficiency | Pool Equipment             | Gas Pool Heater                             | 1. Product must be listed in the CEC Appliance Efficiency Database.<br>2. Thermal Efficiency $\geq 83\%$ .<br>3. Product must replace an existing product.<br>4. A copy of the pulled permit or permit number must be submitted for this product prior to funding.   | 10           |
| Energy Efficiency | Pool Equipment             | Pool Pump and Motor                         | 1. Product must be ENERGY STAR Certified.<br>2. Product must replace an existing product.  | 10           |
| Energy Efficiency | Roofing and Siding         | Cool Roof - Performance                     | 1. If the roof does not qualify as a Prescriptive Cool Roof, then ONE of the following performance criteria must be met in order to qualify as a Performance Cool Roof:<br>a. Eligible Attic Insulation is installed<br>b. Eligible Duct Replacement is installed<br>c. Eligible Duct Sealing and Duct Insulation is completed<br>d. Eligible Radiant Barrier is installed<br>e. 1" air-space is installed between top of roof deck and bottom of roofing product<br>f. Insulation is installed above roof deck with R-value $\geq 4$ .<br>2. Installation must comply with Title 24 Requirements.<br>3. A copy of the pulled permit or permit number must be submitted for this product prior to funding. | 20           |

**ELIGIBLE PRODUCTS LIST**

| Product Section   | Product Category   | Product Type                              | Eligibility Criteria  | Maximum Term |
|-------------------|--------------------|---|---|--------------|
| Energy Efficiency | Roofing and Siding | Cool Roof - Prescriptive                  | 1. Product must meet ONE of the criteria below. Per Title 24, if Aged Solar Reflectance is not available, it can be calculated using the following equation: Aged Solar Reflectance = (0.7)*(Initial Solar Reflectance) + 0.06.<br>a. Low-Slope roofs (roof pitch $\leq$ 2:12) must have an Aged Solar Reflectance $\geq$ 0.5.<br>b. Steep-Slope roofs (roof pitch > 2:12) must have an Aged Solar Reflectance $\geq$ 0.15.<br>2. Installation must comply with Title 24 Requirements.<br>3. A copy of the pulled permit or permit number must be submitted for this product prior to funding.  | 20           |
| Energy Efficiency | Roofing and Siding | Exterior Coating                          | 1. Product must have solar reflectance $\geq$ 0.5 as tested by recognized third-party laboratory using ASTM C1549-09 test method.   | 20           |
| Energy Efficiency | Roofing and Siding | Insulated Siding                          | 1. R-Value $\geq$ 2.  | 20           |
| Energy Efficiency | Roofing and Siding | Radiant Barrier                           | 1. Emissivity $\leq$ 0.1 and Reflectivity $\geq$ 0.9.<br>2. Product must be installed with an air space $\geq$ 1" on at least one side of the barrier.  | 20           |
| Energy Efficiency | Water Heating      | Electric Heat Pump Tank Water Heater      | 1. Product must be ENERGY STAR Certified.<br>2. A copy of the pulled permit or permit number must be submitted for this product prior to funding.   | 10           |
| Energy Efficiency | Water Heating      | Gas Storage Tank Water Heater             | 1. Product must be ENERGY STAR Certified.<br>2. A copy of the pulled permit or permit number must be submitted for this product prior to funding.   | 10           |
| Energy Efficiency | Water Heating      | Gas Tankless Water Heater                 | 1. Product must be ENERGY STAR Certified.<br>2. A copy of the pulled permit or permit number must be submitted for this product prior to funding.   | 10           |
| Energy Efficiency | Water Heating      | Hot Water Tank Insulation                 | 1. R-value $\geq$ 6.  | 20           |
| Energy Efficiency | Water Heating      | Pipe Insulation - Hot Water               | 2. Product must only be installed on water tank with R-value < 24.  | 20           |
| Energy Efficiency | Water Heating      | Water Heat Recovery                       | 1. R-value $\geq$ 3.  | 20           |
| Energy Efficiency | Water Heating      | Water Heat Recovery                       | 1. Heat exchanger must transfer waste heat from drain to hot water tank or hot water delivery system.   | 10           |
| Energy Efficiency | Windows and Doors  | Applied Window Films                      | 1. Product must be NFRC Certified.  | 10           |
| Energy Efficiency | Windows and Doors  | Doors                                     | 1. Product must meet the criteria below:<br>a. Opaque Doors: U-Factor $\leq$ 0.21.<br>b. $\leq$ 1/2-Lite Doors: U-Factor $\leq$ 0.27 and SHGC $\leq$ 0.30.<br>c. > 1/2-Lite Doors: U-Factor $\leq$ 0.32 and SHGC $\leq$ 0.30.<br>2. Product must replace an existing product.   | 20           |
| Energy Efficiency | Windows and Doors  | Exterior Shade Products                   | 1. Each product must be permanently installed to provide shading to at least one window or door.<br>2. Product must be installed on the West or South side of property.<br>3. Qualifying equipment includes: awnings, exterior window shades, solar screens and patio covers.<br>4. Other exterior structural elements are NOT eligible including, but not limited to sunroom enclosures, exterior decks, balconies, roof overhangs, and/or any freestanding structure.<br>5. Interior window shades are NOT eligible.<br>6. Product can ONLY be installed on properties located within California Building Climate Zones 2 and 6-16. | 10           |
| Energy Efficiency | Windows and Doors  | Skylights and Tubular Daylighting Devices | 1. U-Factor $\leq$ 0.55 and SHGC $\leq$ 0.30.   | 20           |
| Energy Efficiency | Windows and Doors  | Windows                                   | 1. U-Factor $\leq$ 0.32 and SHGC $\leq$ 0.30.<br>2. Product must replace an existing product.<br>3. A copy of the pulled permit or permit number must be submitted for this product prior to funding.   | 20           |



# ELIGIBLE PRODUCTS LIST

| Product Section  | Product Category             | Product Type                             | Eligibility Criteria  | Maximum Term |
|------------------|------------------------------|--|---|--------------|
| Water Efficiency | Drought Tolerant Landscaping | Artificial Turf                          | <ol style="list-style-type: none"> <li>1. Product must replace existing, living lawn or hardscape (e.g. asphalt/concrete driveway, patio).</li> <li>2. Product must be water-permeable.</li> <li>3. Product must be non-toxic and lead free (including any infill material).</li> <li>4. Product installation must carry a warranty <math>\geq 10</math> years.</li> <li>5. Artificial turf is not allowed in the following cities in Los Angeles County: Alhambra, Bellflower, Cerritos, Cudahy, Culver City, El Monte, Glendale, Monrovia, Montebello, Redondo Beach, San Gabriel, San Marino, West Hollywood, Westlake Village.</li> </ol> | 10           |
| Water Efficiency | Drought Tolerant Landscaping | Permeable Ground Cover                   | <ol style="list-style-type: none"> <li>1. Product must replace existing, living lawn or hardscape (e.g. asphalt/concrete driveway, patio).</li> <li>2. Product must be water-permeable.</li> <li>3. The following products qualify: <ol style="list-style-type: none"> <li>a. Decomposed granite</li> <li>b. Pavers and patio stones with a minimum of 1/4" joint spacing</li> <li>c. Gravel/rock/boulders/stone</li> <li>d. Artificial Turf underlayment.</li> </ol> </li> <li>4. Product depth must be at least 2".</li> <li>5. Plants, biodegradable material, and any other products not listed do not qualify.</li> </ol>                | 20           |
| Water Efficiency | Indoor Water Efficiency      | High-Efficiency Faucet Fitting           | <ol style="list-style-type: none"> <li>1. Product must be listed in the CEC Appliance Efficiency Database.</li> <li>2. Flow rate <math>\leq 1.5</math> GPM.</li> <li>3. Product must be permanently installed.</li> </ol>   | 15           |
| Water Efficiency | Indoor Water Efficiency      | High-Efficiency Showerhead               | <ol style="list-style-type: none"> <li>1. Product must be listed in the CEC Appliance Efficiency Database.</li> <li>2. Flow rate <math>\leq 1.5</math> GPM.</li> <li>3. Product must be permanently installed..</li> </ol>  | 10           |
| Water Efficiency | Indoor Water Efficiency      | Toilets                                  | <ol style="list-style-type: none"> <li>1. Product must be WaterSense Certified.</li> </ol>  | 20           |
| Water Efficiency | Indoor Water Efficiency      | Water Delivery Systems                   | <ol style="list-style-type: none"> <li>1. Product must meet the definition of one of the following water delivery options: <ol style="list-style-type: none"> <li>a. Dedicated Recirculation Line</li> <li>b. Whole House Manifold System</li> <li>c. Demand-initiated Recirculating System</li> <li>d. Core Plumbing System.</li> </ol> </li> <li>2. Installation cannot include any work on the sewage system or the city main.</li> <li>3. A copy of the pulled permit or permit number must be submitted for this product prior to funding.</li> </ol>  | 15           |
| Water Efficiency | Outdoor Water Efficiency     | Drip Irrigation                          | <ol style="list-style-type: none"> <li>1. Product must be installed in turf, garden, planter, or flower bed areas.</li> </ol>   | 10           |
| Water Efficiency | Outdoor Water Efficiency     | Greywater Systems                        | <ol style="list-style-type: none"> <li>1. Installation must comply with Chapter 16A of the California Plumbing Code.</li> <li>2. A copy of the pulled permit or permit number must be submitted for this product prior to funding.</li> </ol>   | 15           |
| Water Efficiency | Outdoor Water Efficiency     | Rainwater Catchment Systems              | <ol style="list-style-type: none"> <li>1. Product must hold <math>\geq 50</math> gallons at one time.</li> <li>2. Product must be permanently installed.</li> </ol>   | 10           |
| Water Efficiency | Outdoor Water Efficiency     | Weather-Based Irrigation Control Systems | <ol style="list-style-type: none"> <li>1. Product must be WaterSense Certified.</li> </ol>  | 10           |



**CSCDC**  
CALIFORNIA STATEWIDE COMMUNITIES  
DEVELOPMENT CORPORATION



## **MEETING AGENDA**

**December 3, 2015**

**10:15 a.m. or upon adjournment of the regularly scheduled CSCDA Commission Meeting**

**League of California Cities  
1400 K Street, 3<sup>rd</sup> Floor, Sacramento, CA 95814**

Telephonic Locations:

3252 Southern Hills Drive, Fairfield, CA 94534

112 Cassin Court, Folsom, CA 95630

Monterey Marriott Hotel  
350 Calle Principal, Monterey, CA 93940

City of Sausalito  
420 Litho Street, Sausalito, CA 94965

### **A. OPENING AND PROCEDURAL ITEMS**

1. Roll Call.

\_\_\_\_ Larry Combs, President  
\_\_\_\_ Kevin O'Rourke, Vice President  
\_\_\_\_ Terry Schutten, Treasurer  
\_\_\_\_ Dan Harrison, Secretary  
\_\_\_\_ Irwin Bornstein, Member

\_\_\_\_ Tim Snellings, Member  
\_\_\_\_ Dan Mierzwa, Member  
\_\_\_\_ Ron Holly, Alt. Member  
\_\_\_\_ Brian Moura, Alt. Member

2. Consideration of the minutes of the September 24, 2015 Meeting.

3. Public Comment.

### **B. ITEMS FOR CONSIDERATION**

4. Consideration of resolution approving the filing of an application requesting an allocation of New Markets Tax Credits.

### **C. STAFF ANNOUNCEMENTS, REPORTS ON ACTIVITIES OR REQUESTS**

5. Executive Director Update.

6. Staff Updates.

7. Adjourn.

This \_\_\_ page agenda was posted at 1100 K Street, Sacramento, California on \_\_\_\_\_, 2015 at \_\_\_: \_\_\_ m, Signed \_\_\_\_\_. Please email signed page to [info@cscda.org](mailto:info@cscda.org)

**REGULAR MEETING OF THE  
CALIFORNIA STATEWIDE COMMUNITIES DEVELOPMENT CORPORATION (CSCDC)**

California State Association of Counties  
1100 K Street, Sacramento, California

September 24, 2015

**MINUTES**

Board Chair Larry Combs called the meeting to order at 10:22 a.m.

**1. Roll Call**

Directors present: Larry Combs, Kevin O'Rourke and Dan Harrison. Dan Mierzwa, alternate director Ron Holly (representing Terry Schutten) and Brian Moura (representing Irwin Bornstein) participated by conference call.

CSCDA executive director Catherine Bando and legal counsel Gregory Stepanicich present.

Others present: Norman Coppinger, League of California Cities; Graham Knaus, California State Association of Counties; Laura Labanieh, CSAC Finance Corporation; James Hamill and Jon Penkower, Bridge Strategic Partners; and Mark Paxson, State Treasurer's Office.

**2. Approval of Minutes**

The board approved the minutes of the meeting held July 9, 2015.

Motion by O'Rourke; second by Harrison; unanimously approved by roll-call vote.

**3. Public Comment**

None

**4. Advisory Board Appointment**

CSCDC staff briefed the board indicating CSCDC is a Community Development Entity (CDE) and must comply with the regulations set forth by the U.S. Treasury through the CDFI Fund. A CDE must demonstrate that it maintains accountability to residents of low income communities through their representation on a governing board or an advisory board for the CDE. At least 20% of the governing board or advisory board members must be representative of a low-income community (but not necessarily a resident in the community).

Page 1 of 2

CSCDC's current advisory board is comprised of six members, all of whom are representative of low income communities. Two members, Amy Laughlin and Scott Spote, have served on CSCDC's advisory board since its inception and will be stepping down to pursue other opportunities.

CSCDC's executive director recommended to the board that TJ Cox and Michael Carnes replace Ms. Laughlin and Mr. Spote on the CSCDC advisory board. It was noted that Mr. Cox and Mr. Carnes are representatives of low income communities and if their appointment is approved, CSCDC's advisory board will remain 100% accountable to low income communities.

The board approved the appointment of TJ Cox and Michael Carnes to CSCDC's advisory board.

Motion by Holly; second by Moura; unanimously approved by roll-call vote.

## **5. Executive Director Update**

Executive director Bando noted CSCDC will be submitting an application for New Market Tax Credit funding.

## **6. Staff Updates**

Staff the New Market Tax Credit application will be released in October and is due before the end of the year. Staff also indicated they are working to identify eligible projects.

None

## **7. Adjourn**

Board Chair Combs adjourned the meeting at 10:27 a.m.

Submitted by: Norman Coppinger, Assistant to the Secretary

## **Agenda Report**

**DATE:** December 3, 2015

**TO:** CSCDC BOARD OF DIRECTORS

**FROM:** Cathy Bando, Executive Director  
Jon Penkower, Managing Director

**PURPOSE:** Consideration of resolution approving the filing of an application requesting an allocation of New Markets Tax Credits

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### **SUMMARY:**

On April 24, 2013, CSCDC was awarded \$35,000,000 in New Markets Tax Credit (NMTC) allocation during Round 10, and on June 5, 2014, CSCDC was awarded \$38,000,000 in NMTC allocation during Round 11. CSCDC was unsuccessful in receiving a NMTC allocation award during Round 12 earlier this year. The next round of allocation availability (Round 13) has commenced and the U.S. Treasury Department's CDFI Fund will be receiving applications from community development entities seeking NMTC allocation. Staff has been working diligently on the Round 13 application and a brief overview of the Round 13 application can be found in Attachment A. If the resolution is adopted, the application will be submitted on or before December 16, 2015 and awards are expected in late summer, 2016.

### **RECOMMENDED ACTION:**

CSCDC's Executive Director recommends that the directors of CSCDC approve the Resolution (in the form of Attachment B) as submitted to the directors, which:

1. Approves the filing of an application for an allocation of New Markets Tax Credits; and
2. Authorizes any member of the Board of Directors or a designated agent of the Board of Directors (each, an "Authorized Officer") to do any and all things and to execute and deliver any and all documents which such Authorized Officer may deem necessary or appropriate to complete the allocation application.

## **Attachment A**

### **Overview of Allocation Application**

CSCDA created a Community Development Entity (“CDE”), California Statewide Communities Development Corporation (“CSCDC”), to provide below-market rate “gap financing” to communities throughout the State of California, enhancing the subsidized financing programs already offered by CSCDA (such as industrial development bonds, affordable housing bonds, nonprofit bonds and other tax-exempt bonds for over 500 cities, counties and special districts. CSCDC will be seeking a \$70 Million allocation of New Markets Tax Credits from the U.S. Treasury’s CDFI Fund.

Similarly to its Round 10 and 11 Applications, CSCDC will focus on communities that traditionally lack access to capital in both minor urban areas, such as cities throughout the Central Valley, as well as major urban areas where vulnerable populations are in need of services. CSCDC will target communities that suffer chronic underinvestment due to perceptions of poor credit worthiness. CSCDC will have a special emphasis on projects that have difficulty attracting sufficient financing and create public benefit by providing critical community services that promote economic development, health, and education.

The focus of CSCDC is driven by that of the founding members of the League and CSAC, which are the leading advocates for the interests of California’s cities and counties, and the enhancement of the quality of life and welfare of citizens. CSCDC anticipates that it will be able to access high impact projects that uniquely cater to the provision of public benefits for communities, through leveraging the deep existing networks of relationships of the CSCDA, the League, and CSAC in small cities and districts that receive fewer public resources and investment.

CSCDC will provide NMTC financing for businesses and facilities that promote public benefit through: 1) economic development through creating jobs, technologies, and goods and services with an emphasis on benefits for Low Income Persons; 2) health and social welfare and healthy living; 3) education and job training. Such businesses and projects are particularly challenged to fund capital gaps, as the State’s poor credit and finances have made raising conventional debt and equity financing more expensive, and made government subsidies even scarcer. CSCDC anticipates that it will be able to access high impact projects that uniquely cater to the provision of public benefits for communities, through leveraging the deep existing networks of relationships of CSCDA in small cities and districts that receive fewer public resources and investment.

**Attachment B**

**RESOLUTION NO. 15-01**

**A RESOLUTION OF THE CALIFORNIA STATEWIDE COMMUNITIES DEVELOPMENT CORPORATION APPROVING THE FILING OF AN APPLICATION REQUESTING AN ALLOCATION OF NEW MARKETS TAX CREDITS AND APPROVING SUCH OTHER ACTIONS AS NECESSARY OR APPROPRIATE THERETO**

WHEREAS, on May 25, 2011, the California Statewide Communities Development Corporation (the "Corporation") approved the filing of an application for certification as a Community Development Entity (the "Certification Application"); and

WHEREAS, the Corporation now desires to approve the filing of an application with the U.S. Treasury for an allocation of New Markets Tax Credits.

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

Section 1. The Board of Directors of the Corporation hereby approves the filing of an application for an allocation of New Markets Tax Credits and hereby authorizes any member of the Board of Directors or a designated agent of the Board of Directors (each, an "Authorized Officer") to do any and all things and to execute and deliver any and all documents which such Authorized Officer may deem necessary or appropriate to complete the application for such allocation of New Markets Tax Credits, and any such actions previously taken by an Authorized Officer are hereby ratified and confirmed.

PASSED AND ADOPTED by the California Statewide Communities Development Corporation this 3rd day of December, 2015.

I, the undersigned, the duly appointed and qualified member of the Board of Directors or Authorized Signatory of the California Statewide Communities Development Corporation, DO HEREBY CERTIFY that the foregoing resolution was duly adopted by the Board of Directors of the California Statewide Communities Development Corporation at a duly called meeting of the Board of said Corporation held in accordance with law on December 3, 2015.

By: \_\_\_\_\_  
Authorized Signatory