



CSCDA
 CALIFORNIA STATEWIDE COMMUNITIES
 DEVELOPMENT AUTHORITY



REGULAR MEETING AGENDA

March 15, 2018 at 2:00 p.m.

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

Telephonic Locations:

County of Kern
 1115 Truxtun Avenue, Bakersfield, CA 93301

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

A. OPENING AND PROCEDURAL ITEMS

1. Roll Call.

<ul style="list-style-type: none"> _____ Dan Harrison, Chair _____ Larry Combs, Vice Chair _____ Kevin O'Rourke, Treasurer _____ Tim Snellings, Secretary _____ Michael Cooper, Alt. Member 	<ul style="list-style-type: none"> _____ Jordan Kaufman, Member _____ Dan Mierzwa, Member _____ Irwin Bornstein, Member _____ Brian Moura, Alt. Member
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2. Consideration of the Minutes of the March 1, 2018 Regular Meeting.
3. Consent Calendar.
4. Public Comment.
5. Recognition of Matt Cate's commitment to CSCDA.

B. ITEMS FOR CONSIDERATION

6. 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. Huntington Memorial Hospital, City of Pasadena, County of Los Angeles; issue up to \$135,000,000 in nonprofit revenue bonds.
 - b. PCSD 701 105th Ave LLC (Lodestar Charter School), City of Oakland, County of Alameda; issue up to \$10,000,000 in tax-exempt obligations.

This ___ page agenda was posted at 1100 K Street, Sacramento, California on _____, 2018 at ___: __ __m, Signed _____. Please email signed page to info@cscda.org

- c. Hayward Maple & Main Apartments, L.P. (Maple & Main Apartments), City of Hayward, County of Alameda; issue up to \$110,000,000 in multi-family housing bonds.
- 7. Consideration of updates to CSCDA Open PACE Handbook.
- 8. Update and consideration of action related to lead generation activities associated with PACE contractors.

C. STAFF ANNOUNCEMENTS, REPORTS ON ACTIVITIES OR REQUESTS

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

NEXT MEETING: Thursday, April 5, 2018 at 2:00 p.m.
League of California Cities
1400 K Street, 3rd Floor, Sacramento, CA 95814

CALIFORNIA STATEWIDE COMMUNITIES DEVELOPMENT AUTHORITY

CONSENT CALENDAR

1. Inducement of Channel Island Apartments, L.P. (Channel Island Park Apartments), City of Oxnard, County of Ventura; issue up to \$45 million in multi-family housing revenue bonds.
2. Inducement of Summercrest Apartment Associates, L.P. (Summercrest Apartments), City of National City, County of San Diego; issue up to \$80 million in multi-family housing revenue bonds.

March 15, 2018



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MINUTES

REGULAR MEETING OF THE CALIFORNIA STATEWIDE COMMUNITIES DEVELOPMENT AUTHORITY

March 1, 2018 at 2:00 p.m.

**League of California Cities
1400 K Street, 3rd Floor, Sacramento, CA 95814**

Commission Chair Dan Harrison called the meeting to order at 2:01 pm.

1. Roll Call.

Commission members present: Dan Harrison

Commission members participating via teleconference: Larry Combs, Tim Snellings, Jordan Kaufman, and Irwin Bornstein.

Others present: Cathy Bando, CSCDA Executive Director; Jon Penkower, Bridge Strategic Partners; James Hamill, Bridge Strategic Partners; Norman Coppinger, League of California Cities; and Sendy Young, CSAC Finance Corporation.

Others participating via teleconference: Tricia Ortiz, Richards Watson & Gershon and Meagan Singer, Orrick, Herrington & Sutcliffe.

2. Consideration of the Minutes of the February 15, 2018 Regular Meeting.

The commission approved the set of minutes with revisions.

Motion to approve by T. Snellings. Second by L. Combs. Unanimously approved by roll-call vote.

3. Consideration of the Consent Calendar.

The commission approved the Consent Calendar.

1. Inducement of Vintage Housing Development, Inc. (Highland Creek apartment), City of Roseville, County of Placer, issue up to \$30 million in multi-family housing revenue bonds.

Motion to approve by L. Combs. Second by I. Bornstein. Unanimously approved by roll-call vote.



4. Public Comment.

There was no public comment.

5. Consider resolution approving issuance of not to exceed \$37,500,000 in connection with the execution and delivery Certificates of Participation Series 2018 for the City of Salinas (Total Road Improvement Program).

Executive Director Bando excused herself from room due to a conflict of interest. James Hamill gave an overview of the Project, and the financing of the Project complies with CSCDA's general and issuance policies. The City of Salinas will be able to make the much-needed improvements to their street infrastructure. Staff recommends approval of the project.

Motion to approve and adopt by J. Kaufman. Second by L. Combs. Unanimously approved by roll-call vote.

6. Consider the following resolution to initiate proceedings to form multiple Statewide Community Infrastructure Program (SCIP) Assessment Districts:

- a. Resolution of intention to finance capital improvements and/ or the payment of development impact fees for public capital improvements including approval of proposed boundary maps.

Motion to approve and adopt by I. Bornstein. Second by T. Snellings. Unanimously approved by roll-call vote.

- b. Resolutions preliminarily approving the engineer's reports, setting the public hearing of protests for April 19, 2018 and providing for property owner ballots.

Motion to approve and adopt by L. Combs. Second by J. Kaufman. Unanimously approved by roll-call vote.

These are the first steps in connection with the SCIP 2018A issuance of bonds. It was noted during the board meeting that there are seventeen (17) projects. The last project listed Promenade was previously approved. Executive Director Bando recommends approval of the resolutions as presented to the Commission in the form of Attachment B and set the public hearing for April 9, 2018 at 2:00 pm at the California State Association of Counties.

7. Review Q2017-2018 Budget, Financial Progress and Bank Account Activity.

Informational item. Executive Director Bando gave an overview of CSCDA's second quarter bank account activity and budget for FY 2017-18, which were provided on the on the attached financial reports.



8. Executive Director Update.

Executive Director Bando announced that the CSAC Executive Board had appointed Michael Cooper as an Alternate Commissioner. Michael Cooper is the Assistant Treasurer-Tax Collector of Solano County. She looks forward to working with him and welcomed him to CSCDA.

9. Staff Update.

James Hamill announced that CSCDA would be hosting a lunch for Matt Cate on March 15th at the Firehouse. He will be emailing out details later this month.

10. Adjourn.

The meeting was adjourned at 2:28 pm.

Submitted by: Sedy Young, CSAC Finance Corporation

NEXT MEETING: Thursday, March 15, 2018 at 2:00 p.m.
California State Association of Counties
1100 K Street, 1st Floor, Sacramento, CA 95814

RESOLUTION NO. 18H-__

**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 March 15, 2018.

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 March 15, 2018.

By: _____
Authorized Signatory

EXHIBIT A

Project Name	Project Location	Project Description (units)	New Construction/ Acquisition and Rehabilitation	Legal Name of initial owner/operator	Bond Amount
Channel Island Park Apartments	City of Oxnard, County of Ventura	152	Acquisition and Rehabilitation	Channel Island Apartments, L.P.	\$45,000,000
Summercrest Apartments	City of National City, County of San Diego	372	Acquisition and Rehabilitation	Summercrest Apartment Associates, L.P.	\$80,000,000

Certificate of Appreciation

*The California Statewide Communities Development Authority
would like to recognize and extend its sincere appreciation to*

Matt Cate

*for his outstanding efforts in providing innovation, guidance and stewardship in serving the State and California's Counties.
His contributions for over five years have exemplified his commitment to helping communities grow and prosper through economic development.
His commitment to CSCDA in his role as the Executive Director of the California State Association of Counties was above and beyond
the call of duty. He confronted CSCDA's challenges and developed solutions that strengthened the Authority in many ways.
It is with great appreciation and admiration that we wish Matt the best in his future business endeavors. His presence will be missed.*



CSCDA
CALIFORNIA STATEWIDE COMMUNITIES
DEVELOPMENT AUTHORITY

March 15, 2018

Dan Harrison, Chair

Larry Combs, Vice Chair



Agenda Item No. 6a

Agenda Report

DATE: March 15, 2018

TO: CSCDA COMMISSIONERS

FROM: Cathy Bando, Executive Director

PROJECT: Huntington Memorial Hospital

PURPOSE: Authorize the Issuance of Bonds to Finance the Acquisition, Construction, Improvement, Renovation and Equipping of Healthcare Facilities located in the City of Pasadena, County of Los Angeles

AMOUNT: Not to Exceed \$135,000,000

EXECUTIVE SUMMARY:

Huntington Memorial Hospital, a 501c3 nonprofit organization (“Huntington”), has requested that CSCDA issue nonprofit revenue bonds in an amount not to exceed \$135,000,000 (the “Bonds”) to finance the acquisition, construction, improvement, renovation and equipping of healthcare facilities located in the City of Pasadena (the “Project”). The Bonds are being issued to make seismic safety related upgrades to Huntington’s facilities which will preserve 75 inpatient hospital beds. This will be the fourth CSCDA financing for Huntington.

PROJECT ANALYSIS:

About Huntington Memorial:

Huntington Memorial Hospital (“Huntington”) is a California nonprofit public benefit corporation located in Pasadena, California. The 619 bed facility is home to the only level II trauma center in the San Gabriel Valley. Huntington is renowned for its programs in neurosciences, cardiovascular services and cancer care. It is an active teaching hospital with graduate medical education programs in internal medicine and general surgery. Additionally, the hospital has a high level neonatal intensive care unit, treating babies with the highest acuity. Since 1892, Huntington has served the San Gabriel Valley community and has been committed to excellence, compassion and respect. Consistent with its mission, the hospital provides millions of dollars annually in charity care, benefits for vulnerable populations, health research, education and training and support programs that may otherwise be absent from the community.

Public Agency Approvals:

TEFRA Hearing: March 5, 2018 – City of Pasadena – Unanimous Approval

Economic Development:

- Huntington employs more than 3,800 physicians, nurses and other staff throughout its facilities. In addition, many Huntington employees live, eat and shop within the community and support the local economy.

Public Benefit:

- Huntington continues to collaborate in the education and training of general surgery and internal medicine residents, pharmacy interns and residents, other health care professionals such as registered nurses, technicians, experts in radiology, ultrasound, and echocardiology; paramedics, physical and occupational therapists, respiratory care practitioners, social workers, and psychologists. As a teaching facility affiliated with the University of Southern California's Keck School of Medicine, Huntington supports 42 residents each year specializing in internal medicine or general surgery.
- Health Care Resource – Huntington operates the only level II trauma center in the San Gabriel Valley, serving nearly 213,000 residents in the cities of Pasadena, San Marino, Altadena and South Pasadena.
- Community Benefit – For 2016, the economic value of community benefits provided by Huntington is estimated at \$108,569,972. Unreimbursed community benefits include medical care services, benefits for vulnerable populations, benefits for the community, and health research, education and training programs.
- Emergency care – Huntington provides 24-hour emergency care to all individuals, regardless of their ability to pay.
- Community Outreach – Huntington supports a wide range of activities and resources for chronic disease management. These programs are designed to address diabetes, obesity, oncology patients, and chronic pulmonary diseases. In 2016, 2,053 free flu shots were administered free of charge to targeted audiences: seniors, pregnant women, those with compromised immune systems and caretakers of children.
- Medi-Cal and Medicare Acceptance – Huntington provides health care and helps to subsidize the cost of service for patients who participate in government sponsored programs such as Medi-Cal and Medicare.

Sources and Uses:

Sources of Funds:

Series 2018 Par Amount:	\$ 100,000,000
Premium:	<u>\$ 11,241,774</u>
Total Sources:	\$ 111,241,774

Uses of Funds:

Project Fund:	\$ 109,740,000
Cost of Issuance	\$ 1,500,000
Additional Proceeds:	<u>\$ 1,774</u>
Total Uses:	\$ 111,241,774

Finance Partners:

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

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

Underwriter: Barclays, San Francisco

Finance Terms:

Rating: A- (S&P)
Term: 30 Years
Structure: Public Offering
Estimated Closing: April 30, 2018

CSCDA Policy Compliance:

The financing for Huntington complies with CSCDA's general and issuance policies.

DOCUMENTS: (as attachments)

1. CSCDA Resolution (Attachment A)

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

RESOLUTION NO. 18NP-__

**CALIFORNIA STATEWIDE COMMUNITIES
DEVELOPMENT AUTHORITY**

**A RESOLUTION AUTHORIZING THE ISSUANCE OF ONE OR MORE SERIES OF
REVENUE BONDS IN AN AGGREGATE PRINCIPAL AMOUNT NOT TO EXCEED
\$135,000,000 TO FINANCE THE ACQUISITION, CONSTRUCTION, IMPROVEMENT,
RENOVATION AND EQUIPPING OF HEALTH CARE FACILITIES FOR PASADENA
HOSPITAL ASSOCIATION, LTD. AND OTHER MATTERS RELATING THERETO**

WHEREAS, pursuant to the provisions of the Joint Exercise of Powers Act, comprising Articles 1, 2, 3 and 4 of Chapter 5 of Division 7 of Title 1 (commencing with Section 6500) of the Government Code of the State of California (the "Act"), a number of California cities, counties and special districts (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 Pasadena, 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, Pasadena Hospital Association, Ltd., a California nonprofit public benefit corporation (the "Corporation"), wishes to finance the acquisition, construction, improvement, renovation and equipping of certain health care facilities generally known as Huntington Hospital or portions thereof (the "Project") that are operated by the Corporation, owned by the Corporation or any of its affiliates and located in the City;

WHEREAS, the Corporation is requesting the assistance of the Authority in financing the Project;

WHEREAS, pursuant to one or more Bond Indentures (collectively, the "Indenture"), between the Authority and U.S. Bank National Association (the "Trustee"), the Authority will issue, from time to time, one or more series of the California Statewide Communities Development Authority Revenue Bonds (Huntington Memorial Hospital) (the "Bonds") for the purpose, among others, of financing the Project;

WHEREAS, pursuant to one or more Loan Agreements (collectively, the "Loan Agreement"), between the Authority and the Corporation, the Authority will loan the proceeds of the Bonds to the Corporation for the purpose, among others, of financing the Project;

WHEREAS, pursuant to one or more Bond Purchase Agreements, each to be dated the date of sale of the related series of the Bonds (collectively, the "Purchase Agreement"), among Barclays Capital Inc., as underwriter (the "Underwriter"), the Authority and the Corporation, the Bonds will be sold to the Underwriter, and the proceeds of such sale will be used as set forth in the Indenture to finance the Project and to pay costs incurred in connection with the issuance of the Bonds;

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

- (1) A proposed form of the Indenture;
- (2) A proposed form of the Loan Agreement;
- (3) A proposed form of the Purchase Agreement; and
- (4) A proposed form of one or more official statements (collectively, the "Official Statement") to be used by the Underwriter in connection with the offering and sale of the Bonds; and

WHEREAS, pursuant to Section 5852.1 of the California Government Code, the Authority, as a conduit financing provider, has received certain representations and good faith estimates from the Corporation and has disclosed such good faith estimates as set forth on Exhibit A attached hereto;

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

Section 1. Pursuant to the Act and the Indenture, the Authority is hereby authorized to issue its revenue bonds, designated as the "California Statewide Communities

Development Authority Revenue Bonds (Huntington Memorial Hospital)” in an aggregate principal amount not to exceed one hundred thirty-five million dollars (\$135,000,000), from time to time, in one or more series, with such other name or names of the Bonds or series thereof as designated in the Indenture pursuant to which the Bonds will be issued. The Bonds shall be issued and secured in accordance with the terms of, and shall be in the form or forms set forth in, the Indenture as made available to the Commissioners. 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. 17R-4 of the Authority, adopted on March 2, 2017, or any other resolution of the Authority (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 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 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, the dated date, maturity date or dates, interest rate or rates, 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 Indenture, as finally executed.

Section 3. The proposed form of 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 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 Purchase 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 Purchase 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 proposed form of Official Statement, as made available to the Commissioners, is hereby approved.

Section 6. The Underwriter is hereby authorized to distribute the Official Statement in preliminary form, to persons who may be interested in the purchase of the Bonds and to deliver the Official Statement in final form, in substantially the form of the preliminary Official Statement, to the purchasers of the Bonds.

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 purchaser or purchasers thereof, upon payment of the purchase price thereof.

Section 8. 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 9. 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 issuance of the Bonds are hereby ratified, confirmed and approved.

Section 10. 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 financing for the Project.

This Resolution shall take effect from and after its adoption.

PASSED AND ADOPTED by the California Statewide Communities Development Authority this 15th day of March, 2018.

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 March 15, 2018.

By:

Authorized Signatory
California Statewide Communities
Development Authority



Agenda Item No. 6b

Agenda Report

DATE: March 15, 2018

TO: CSCDA COMMISSIONERS

FROM: Cathy Bando, Executive Director

PROJECT: Lodestar Charter School

PURPOSE: Authorize the Issuance of Bonds to Finance a Charter School in the City of Oakland, County of Alameda

AMOUNT: Not to Exceed \$10,000,000

EXECUTIVE SUMMARY:

The Lodestar Charter School project (the “Project” or “Lodestar”) consists of the site acquisition and the adaptive rehabilitation of two buildings totaling 35,000 square feet to create approximately thirteen traditional classrooms, eight breakout rooms, two self-directed learning spaces, plus studio space for special programming.

PROJECT ANALYSIS:

About Lodestar:

Lodestar, a sister charter school of Lighthouse Community Charter School¹ in Oakland, opened in August 2016 serving kindergarten, 1st, 2nd, and 6th grades. Lodestar will have up to 800 students. It currently serves grades K, 1, 2, 3, 6 & 7. In August 2018, grades 4th and 8th will be added. In each subsequent year, the school will be enrolling new students from kindergarten through 6th grades, and continue with that growth pattern until the school is fully grown with approximately 850 students across grades K – 12 in the year 2022-23.

About the Project:

The Project consists of the site acquisition and the adaptive rehabilitation of two buildings totaling 35,000 square feet to create approximately thirteen traditional classrooms, eight breakout rooms, two self-directed learning spaces, plus studio space for special programming. These improvements will accommodate approximately 550 seats serving grades K-8. The Project also includes conference rooms, a multi-purpose/lunch room, teacher’s lounge, teacher workspaces, a nurse’s office, and administrative space. The

¹ CSCDA completed a financing for Lighthouse Community Charter School in 2016.

interior of the buildings, previously a seminary, will be remodeled from dormitory space and university-level classrooms to better suit the educational needs of elementary and middle school students. This project is to be completed by the end of July 2018 for immediate occupancy.

Public Agency Approval:

TEFRA Hearing: March 8, 2018 – City of Oakland – No comments and Mayor approved.

Public Benefit:

Lodestar provides free quality education to serve students from various backgrounds, including a large number of at-risk students in City of Oakland. The waitlist at its sister school, Lighthouse Community Charter School, is over 500 students therefore Lodestar will be able to serve some of these waitlist students.

Sources and Uses:

Sources of Funds:

Tax-Exempt Bonds:	\$ 10,000,000
Lodestar Contribution:	\$ 1,840,000
PCSD Contribution (Developer):	<u>\$ 3,937,500</u>
Total Sources:	\$ 15,777,500

Uses of Funds:

Acquisition:	\$ 8,759,775
Hard Costs:	\$ 5,047,937
Soft Costs:	\$ 1,255,884
Costs of Issuance:	\$ 466,904
Contingency:	<u>\$ 247,000</u>
Total Uses:	\$ 15,777,500

Finance Partners:

Bond Counsel: Hawkins, Delafield & Wood, LLP, San Francisco

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

Private Placement Purchaser: First Republic Bank, San Francisco

Finance Terms:

Anticipated Rating: Unrated
Term: 30 years at a fixed interest rate
Structure: Private Placement
Estimated Closing: March 29, 2018

CSCDA Policy Compliance:

The financing complies with CSCDA's general and issuance policies.

DOCUMENTS: (as attachments)

1. CSCDA Resolution (Attachment A)

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

RESOLUTION NO. ___ NP-___

**CALIFORNIA STATEWIDE COMMUNITIES
DEVELOPMENT AUTHORITY**

A RESOLUTION AUTHORIZING THE ISSUANCE OF AN OBLIGATION IN A PRINCIPAL AMOUNT NOT TO EXCEED \$10,000,000, TO FINANCE AND/OR REFINANCE CERTAIN CAPITAL EXPENDITURES OF THE PCSD 701 105TH AVE LLC OR AN AFFILIATE THEREOF, AND OTHER MATTERS RELATING THERETO

WHEREAS, pursuant to the provisions of the Joint Exercise of Powers Act, comprising Articles 1, 2, 3 and 4 of Chapter 5 of Division 7 of Title 1 (commencing with Section 6500) of the Government Code of the State of California (the "Act"), a number of California cities, counties and special districts (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 Oakland (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 Chapter 1, Division 1 of Title 3 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, PCSD 701 105TH AVE LLC, a California limited liability company (the “Company”) whose sole member is Pacific Charter School Development, Inc., an organization described in Section 501(c)(3) of the Code, wishes to: (1) refinance a bank loan, the proceeds of which financed (i) the acquisition and improvement of certain property, located at 701 105th Avenue, Oakland, CA 94603; and (ii) the costs of issuance with respect to such bank loan; (2) finance miscellaneous construction, improvements and renovations at 701 105th Avenue, Oakland, CA 94603 and (3) pay certain expenses incurred in connection with the delivery of the Loan. The projects described above are owned by the Borrower and leased to and operated by Lighthouse Community Public Schools, a California nonprofit public benefit corporation, or another nonprofit public benefit corporation;

WHEREAS, the Company is requesting the assistance of the Authority in financing and/or refinancing the Project;

WHEREAS, pursuant to a Master Loan Agreement to be executed by First Republic Bank (the “Lender”), the Authority and the Company (the “Master Loan Agreement”), the Authority will make a tax-exempt loan to the Company in a principal amount not exceeding \$10,000,000 (the “Obligation”), for the purpose of financing and/or refinancing the Project;

WHEREAS, pursuant to the policies of the Authority, the Obligation may only be assigned to Qualified Institutional Buyers (as defined in the Master Loan Agreement) and the Lender will sign an investor letter confirming that it is a Qualified Institutional Buyer and certain other related matters;

WHEREAS, there has been made available to the Commissioners of the Authority the proposed form of the Master Loan Agreement;

WHEREAS, pursuant to Section 5852.1 of the California Government Code, the Authority, as a conduit financing provider, has received certain representations and good faith estimates from the Borrower and has disclosed such good faith estimates as set forth on Exhibit A attached hereto;

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

Section 1. Pursuant to the Act and the Master Loan Agreement, the Authority is hereby authorized to issue the Obligation in an aggregate principal amount not to exceed Ten Million Dollars (\$10,000,000). The Obligation shall be issued and secured in accordance with the terms of the Master Loan Agreement.

Section 2. The proposed form of Master Loan Agreement, as made available to the Commissioners, is hereby approved. Any member of the Commission of the Authority or their administrative delegates duly authorized pursuant to Resolution No. 17R-4 of the Authority, adopted on March 2, 2017 (each an “Authorized Signatory”) is hereby authorized and directed, for and on behalf of the Authority, to execute and deliver the Master 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. The dated date, maturity date or dates, interest rate or rates, methods of determining rates, interest payment dates, denominations, forms, registration privileges, manner of execution, place or places of payment, terms of redemption, tender provisions, and other terms of the Obligation shall be as provided in the Master Loan Agreement, as finally executed.

Section 3. 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 Obligation, 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 4. 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 issuance of the Obligation are hereby ratified, confirmed and approved.

Section 5. 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 Obligation as may be required thereby and in accordance with Section 9 of the Agreement to provide financing and/or refinancing for the Project.

Section 6. This resolution shall take effect from and after its adoption.

PASSED AND ADOPTED by the California Statewide Communities Development Authority this 15th day of March, 2018.

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 March 15, 2018.

By: _____
Authorized Signatory
California Statewide Communities
Development Authority

PUBLIC DISCLOSURES RELATING TO CONDUIT REVENUE OBLIGATIONS

Pursuant to California Government Code Section 5852.1, the borrower (the "Borrower") identified below has provided the following required information to California Statewide Communities Development (the "Authority") as conduit financing provider, prior to the Authority's regular meeting (the "Meeting") of its board of commissioners (the "Board") at which Meeting the Board will consider the authorization of conduit revenue obligations (the "Obligations") as identified below.

1. Name of Borrower: PCSD 701 105th Ave. LLC.
2. Authority Meeting Date: March 15, 2018.
3. Name of Obligations: 2018 Tax-Exempt Loan (PCSD 701 105th Ave. LLC).
4. X Private Placement Lender or Bond Purchaser, ___ Underwriter or ___ Financial Advisor (mark one) engaged by the Borrower provided the Borrower with the required good faith estimates relating to the Obligations [as follows / attached as Schedule A]:
 - [(A) The true interest cost of the Obligations, which means the rate necessary to discount the amounts payable on the respective principal and interest payment dates to the purchase price received for Obligations (to the nearest ten-thousandth of one percent): Approximately 3.10%.
 - (B) The finance charge of the Obligations, which means the sum of all fees and charges paid to third parties: Approximately \$100,000.
 - (C) The amount of proceeds received by the public body for sale of the Obligations less the finance charge of the Obligations described in subparagraph (B) and any reserves or capitalized interest paid or funded with proceeds of the Obligations: Approximately \$9,900,000.
 - (D) The total payment amount, which means the sum total of all payments the Borrower will make to pay debt service on the Obligations plus the finance charge of the Obligations described in subparagraph (B) not paid with the proceeds of the Obligations (which total payment amount shall be calculated to the final maturity of the Obligations): Approximately \$15,000,000.]
5. The good faith estimates [provided above / attached as Schedule A] were ___ presented to the governing board of the Borrower, or ___ presented to the official or officials or committee designated by the governing board of the Borrower to obligate the Borrower in connection with the Obligations or, in the absence of a governing board, X presented

to the official or officials of the Borrower having authority to obligate the Borrower in connection with the Obligations (mark one).

The foregoing estimates constitute good faith estimates only. The actual principal amount of the Obligations issued and sold, the true interest cost thereof, the finance charges thereof, the amount of proceeds received therefrom and total payment amount with respect thereto may differ from such good faith estimates due to a variety of factors. The actual interest rates borne by the Obligations and the actual amortization of the Obligations will depend on market interest rates at the time of sale thereof. Market interest rates are affected by economic and other factors beyond the control of the Borrower.

The Authority is authorized to make this document available to the public at the Meeting of the Authority.

Dated: March 13, 2018



Agenda Item No. 6c

Agenda Report

DATE: March 15, 2018

TO: CSCDA COMMISSIONERS

FROM: Cathy Bando, Executive Director

PROJECT: Maple & Main Apartments

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

AMOUNT: Not to Exceed \$110,000,000

EXECUTIVE SUMMARY:

Maple & Main Apartments (the “Project”) is the new construction of a mixed income 240-unit rental affordable housing project located in the City of Hayward. Twenty-percent of the units will be rent restricted for low-income tenants.

PROJECT DESCRIPTION:

- Construction of 240-unit affordable rental housing facility located at 22330 Main Street in the City of Hayward.
- 2.92 acre site.
- Restricted apartments are comprised of studio, one-bedroom, two-bedroom and three-bedroom units.

PROJECT ANALYSIS:

Background on Applicant:

New Cities Investment Partners, LLC, was formed to acquire, entitle and develop urban infill apartment sites in the greater San Francisco Bay Area. Its formation is the culmination of 40 years of legal and real estate development experience of its founder and principal owner, Lee E. Newell. For over 36 years, Mr. Newell has successfully developed mixed income multifamily residential projects, planned communities and other single family residential, condominium, office, industrial and retail developments totaling over \$2.5 Billion in value. Mr. Newell has financed six affordable housing projects through CSCDA since as early as 1997.

Public Agency Approval:

TEFRA Hearing: June 13, 2017 – City of Hayward – unanimous approval

CDLAC Approval: July 19, 2017

Public Benefits:

- 20% of the units will be rent restricted for 55 years.
 - All restricted units (48 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:	\$ 84,200,000
Tax Credits:	\$ 5,906,195
Equity:	<u>\$ 15,000,000</u>
Total Sources:	\$ 105,106,195

Uses of Funds:

Land:	\$ 13,463,000
Hard Construction Costs:	\$ 64,044,613
Soft Construction Costs:	\$ 8,358,720
Professional Services:	\$ 2,425,000
Construction Finance:	\$ 3,061,500
Capitalized Interest:	\$ 3,086,870
Negative Arbitrage:	\$ 1,355,026
Tax Credit Fees:	\$ 404,720
Developer Fee:	\$ 3,184,756
Reserves:	\$ 500,000
Soft Cost Contingency:	<u>\$ 5,221,990</u>
Total Uses:	\$ 105,106,195

Finance Partners:

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

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

Bond Purchaser: Deutsche Bank, New York

Finance Terms:

Rating:	Unrated
Term:	30 Years at a Fixed Interest Rate
Structure:	Private Placement
Estimated Closing:	April 30, 2018

CSCDA Policy Compliance:

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

DOCUMENTS: (as attachments)

1. CSCDA Resolution (Attachment A)

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

RESOLUTION NO. 18H-__

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 \$110,000,000 FOR THE FINANCING OF A MULTIFAMILY RENTAL HOUSING PROJECT TO BE GENERALLY KNOWN AS MAPLE & MAIN 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, Maple and Main Apartments, LP, a California limited partnership, and entities related thereto (collectively, the "Borrower"), has requested that the Authority issue and deliver its multifamily housing revenue bonds (the "Bonds") to assist in the financing of the acquisition, construction and development of a 240-unit multifamily housing rental development to be located in the City of Hayward, California, and to be known as "Maple & Main Apartments" (the "Project");

WHEREAS, on July 19, 2017, the Authority received an allocation in the amount of \$110,000,000 from the California Debt Limit Allocation Committee in connection with the Project;

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

WHEREAS, the Authority is willing to issue the Bonds in an aggregate principal amount not to exceed \$110,000,000 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 Bonds will be issued and delivered to Deutsche Bank Securities Inc., or a related entity (the "Purchaser"), as the initial holder of the Bonds;

WHEREAS, pursuant to Section 5852.1 of the California Government Code, the Authority, as a conduit financing provider, has received certain representations and good faith estimates from the Borrower and has disclosed such good faith estimates as set forth on Exhibit A attached hereto;

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

- (1) A proposed form of Trust Indenture (the "Indenture") to be entered into by the Authority and U.S. Bank National Association, as trustee (the "Trustee");
- (2) A proposed form of Loan Agreement (the "Loan Agreement") to be entered into by the Authority and the Borrower; and
- (3) A proposed form of Regulatory Agreement and Declaration of Restrictive Covenants (the "Regulatory Agreement") to be entered into by and among the Authority, Hayward MMA, LP, a California limited partnership, 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 Indenture, and in accordance with the Housing Law, the Authority is hereby authorized to issue and deliver the Bonds in one or more series. The Bonds shall be designated as "California Statewide Communities Development Authority Multifamily Housing Revenue Bonds (Maple & Main Apartments) 2018 Series G" 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 \$110,000,000. 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 manual or facsimile signature of any Authorized Signatory. The Bonds shall be secured in accordance with the terms of the Indenture. 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 Member of the Commission of the Authority (each, a "Member"). The Bonds, when issued by the Authority and authenticated by the manual signature of the Trustee in accordance with the Indenture, shall be delivered to or upon the order of the Purchaser.

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. 17R-4 of the Authority, adopted on March 2, 2017) (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 February 1, 2058), 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 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. All actions heretofore taken by the officers and agents of the Authority with respect to the financing of the Project and the issuance and delivery of the Bonds are hereby approved, ratified and confirmed, and any Authorized Signatory, acting alone, is hereby authorized and directed, for and in the name and on behalf of the Authority, to do any and all things and take any and all actions and execute and deliver any and all certificates, agreements and other documents, including but not limited to a tax certificate, loan related documents, an assignment of deed of trust, an endorsement, allonge or assignment of any note and such other documents as described in the Indenture 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 7. 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 and delivery 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.

Section 8. This Resolution shall take effect upon its adoption.

PASSED AND ADOPTED by the California Statewide Communities Development Authority this 15th day of March, 2018.

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 March 15, 2018.

By _____
Authorized Signatory



Agenda Item No. 7

Agenda Report

DATE: March 15, 2018
TO: CSCDA COMMISSIONERS
FROM: Cathy Bando, Executive Director
PURPOSE: Consideration of updates to CSCDA Open PACE Handbook

BACKGROUND AND SUMMARY:

CSCDA adopted the Open PACE Handbook (the “Handbook”) on December 4, 2014. The Handbook outlines the general guidelines of the Open PACE program. Open PACE has evolved since 2014 and the recommended updates are attached (Attachment A) is a redline version to show the changes. A summary of the proposed changes are as follows:

1. **Foreclosure** – Section 1.3 of the Handbook has been changed to reflect that CSCDA has not and does not expedite foreclosure for delinquency of PACE assessments.
2. **Additional PACE Administrators** – Section 1.5 has been changed to include the PACE administrators that have been added to the CSCDA Open PACE program since 2014; PACE Funding, Spruce Finance and Clean Fund.
3. **Underwriting** – Section 2.2. has been changed to include state law property eligibility requirements adopted by the Legislature under AB 2693, SB 242 and AB 1284.
4. **Maximum Amount for PACE** – Since PACE is not subject to volume cap there is not a maximum amount to be issued under Open PACE.
5. **Signatory** – The Handbook identified Norman Coppinger as the signatory for assessment contracts, and this duty has been assumed by Laura Labanieh at CSAC Finance Corporation.

RECOMMENDED ACTION:

CSCDA’s Executive Director recommends approval of the update Open PACE Handbook.

ATTACHMENT A

California Statewide Communities Development Authority Open PACE Program Report

March 15, 2018 (Updated) ~~December 4, 2014~~

1. Introduction

The California Statewide Communities Development Authority (“CSCDA”) has established the CSCDA Open PACE Program for the benefit of its county-members (including any incorporated city within those counties) and the cities in Los Angeles County that are members of CSCDA (Los Angeles County is not currently a member of CSCDA). This CSCDA Open PACE Program Report (this “Program Report”) outlines the basic design and financing structure of a property assessed clean energy (“PACE”) municipal financing program called the CSCDA Open PACE Program (the “Open PACE Program” or “Program”).

CSCDA anticipates that there will be multiple program administrators engaged to independently administer and provide financing under the Open PACE Program. Separate Program Handbooks will provide additional details about how the Open PACE Program will operate in respect of a particular program administrator.

1.1 California Statewide Communities Development Authority

The California Statewide Communities Development Authority (“CSCDA”) is a statewide joint powers authority sponsored by the California State Association of Counties and the League of California Cities. CSCDA’s mission is to provide local governments access to low-cost financing for projects that provide a tangible public benefit, contribute to social and economic growth, and improve the overall quality of life in local communities.

1.2 Purpose of the Open PACE Program

CSCDA is offering the Open PACE Program on a statewide basis to encourage the installation of distributed generation renewable energy sources, energy efficiency improvements, water efficiency improvements, seismic strengthening improvements and electric vehicle charging infrastructure within the existing residential and non-residential building stock. CSCDA will issue assessment-backed bonds that will allow property owners to access competitive interest rates offered by the capital markets.

With the passage of AB 32, the State of California (the “State”) set ambitious goals for reducing carbon emissions and building alternative energy use. The California Public Utilities Commission has set a goal of retrofitting over 13 million residences in the State to be at least 30% more energy efficient. Many California cities and counties have also set their own greenhouse gas reduction targets. Similarly, water conservation efforts, including the promotion of water-related improvements to residential, commercial, industrial, or other real property, are necessary to address the issue of chronic water shortages in the State.

Property owners can help to achieve greenhouse gas reductions and reduce water use and, at the same time, save money by investing in distributed generation renewable energy sources, energy efficiency, and/or water efficiency improvements. The number one barrier to achieving these goals is the large upfront cost. Utilities sell power and water to their customers as a simple pay-as-you-go service. Homes and businesses can be converted to clean energy and reduce water use quickly, but many believe that it can happen only if paying for distributed generation renewable energy sources, energy efficiency improvements and water efficiency improvements becomes simple – like paying a utility bill. The Open PACE Program can make this happen.

Many cities and counties in the State have begun screening properties in their jurisdictions for deficient wood frame construction (“Soft Story”) and enacting mandatory seismic retrofit ordinances to address these problems. The Open PACE Program can provide property owners with an efficient means to finance these seismic retrofits and comply with local law.

1.3 Assessment Financing; Contractual Assessments

The Open PACE Program uses a tool that is widely used by local agencies in California to finance public benefit projects: land-secured financing. State law has long provided cities and counties with the power to issue bonds and levy assessments on the county property tax bill to finance public projects such as sewers, parks, and the undergrounding of utilities.

Chapter 29 of the Improvement Act of 1911, commencing with Section 5898.10 of the Streets & Highways Code of the State (“Chapter 29”), authorizes the levy of “contractual assessments” to finance the installation of distributed generation renewable energy sources, energy efficiency improvements, water efficiency improvements, seismic strengthening improvements, and electric vehicle charging infrastructure that are permanently fixed to real property.

A “contractual assessment” is an assessment that is levied by contract, between a public agency and property owner, pursuant to Chapter 29. A draft form of assessment contract is attached to this Program Report as Exhibit A (the “Assessment Contract”). The Assessment Contract is strictly voluntary and will be executed by each participating property owner and CSCDA.

Under the Open PACE Program, a contractual assessment lien is placed on each participating property in an amount necessary to (i) finance the installation of authorized renewable energy, energy efficiency, water efficiency, seismic strengthening or electric vehicle charging infrastructure improvements over a 5-39 year period of time, depending upon the expected useful life of the financed improvements, (ii) pay for costs of issuing bonds (including funding a reserve fund, if required), and (iii) pay the costs of administering the Open PACE Program. The contractual assessment installments are collected on the property tax bill of the county in which the participating property is located. If the owner sells the property, the contractual assessment obligation remains an obligation of the property.

Under the Open PACE Program, if a property owner fails to pay the annual contractual assessment installments, CSCDA is obligated to strip the delinquent installments off the property tax bill and commence judicial proceedings to foreclose the lien of the delinquent installments. ~~This is an expedited procedure that can result in the public sale of the property in less than a year.~~

All property owners participating in the Open PACE Program need to consult their private lenders to determine that the execution of the Assessment Contract will not violate their existing loan agreements. Property owners may wish to obtain written consent or affirmative acknowledgement of existing lenders whose consent or affirmative acknowledgement is required for further encumbrance. The Open PACE Program’s consent or affirmative acknowledgement requirement, if any, will be detailed in the Program Handbooks.

The Open PACE Program is completely voluntary, and property taxes for properties that do not choose to participate are completely unaffected by the Open PACE Program. Individual contractual assessments are not affected by other properties participating in the Open PACE Program.

1.4 Purpose of This Program Report

This Program Report constitutes the report required pursuant to Section 5898.22 of Chapter 29 for the Open PACE Program. The Open PACE Program will be offered throughout the State to owners of property that is located within the boundaries of:

- a. the unincorporated territory of a county that is a member of CSCDA, and the board of supervisors of that county has adopted an authorizing resolution in compliance with applicable law;
- b. the incorporated territory of a city located within a county that is a member of CSCDA, and the legislative body of the city has adopted an authorizing resolution in compliance with applicable law; or
- c. a city in Los Angeles County, and the legislative body of the City in Los Angeles County has adopted an authorizing resolution in compliance with applicable law.

1.5 Program Administration and Underwriting

CSCDA has ~~engaged hired~~ third-party administrators to administer the Open PACE Program, ~~initially the including AllianceNRG Program (CounterPointe Energy Solutions (CA) LLC), PACE Funding Group LLC, CaliforniaFirst (Renew Financial Group LLC), CleanFund Commercial PACE Capital and Spruce Pace LLC (the “Administrators”) AllianceNRG™ Program (delivered by Counterpointe Energy Solutions, Deutsche Bank and Leidos Engineering) and Renovate America, LLC.~~ The ~~A~~ administrators will review ~~and process~~ applications, ~~train contractors and provide and provide marketing and~~ customer service through a website, email, and a toll-free phone number.

2. Program Requirements

This Program Report identifies the Open PACE Program requirements relating to the types of improvements that can be financed under the Open PACE Program, eligible properties and financing parameters.

2.1 Eligible Products

The Open PACE Program offers financing of the installation of only approved distributed generation renewable energy sources, energy efficiency improvements, water efficiency improvements, seismic strengthening improvements and electric vehicle charging infrastructure improvements that will be permanently fixed to real property (“Eligible Products”).

The Open PACE Program will offer financing for a number of eligible equipment types, energy efficiency measures, water efficiency/conservation improvements, solar systems, seismic strengthening improvements and other innovative, energy-saving, water saving, and energy generation custom products for residential and commercial property owners as specified in the applicable Program Handbook.

Minimum energy efficiency specifications are set at EnergyStar, California Title 24 and Title 20, and WaterSense standards, as applicable. Efficiency standards will “ratchet-up” with EnergyStar, WaterSense, California Title 24 and Title 20 standards, or other new standards as may be appropriate and as agreed upon by the applicable program administrator.

Any solar PV system must be eligible for and participate in CSI or an equivalent utility rebate program, unless the property is not connected to the electricity grid or such utility rebate program is not available.

Property owners are responsible for installation, operation and maintenance of the Eligible Products installed as a result of their participation in the Open PACE Program. Property owners must address performance and other system-related issues directly with the contractor according to the terms of the contract between the property owner and the contractor. The Open PACE Program is a financing program only. Neither CSCDA nor its employees or agents are responsible for the Eligible Products or their performance.

2.2 Property Eligibility Criteria

In order to receive financing from the Open PACE Program, the property to be assessed and its owners must meet the following basic requirements. Details on the criteria are provided in the Program Handbooks; the criteria may be modified from time to time by the program administrators (without action by the Commission of CSCDA) in order to conform to changes in law, emerging best practices or otherwise deemed appropriate but the criteria must at all times be in compliance with applicable law.

- a. **Applicant.** Applicant(s) must be the property owner(s) of record.
- b. **Address.** The applicant’s property must be located within the boundaries of a jurisdiction that has authorized the Open PACE Program to operate within its boundaries as described in Section 1.4 of this Program Report.
- c. **Involuntary Liens.** The property must not be subject to involuntary liens, judgments or defaults or judgments in excess of the amount identified in the applicable Program Handbook.
- d. **Property Taxes.** The property owners must be current on their property taxes within the time period specified in the applicable Program Handbook.
- e. **Mortgage Debt.** The mortgage debt on the property must not exceed that certain percentage of the value of the property as set forth in the applicable Program Handbook and as required by State law.
- f. **Annual Property Taxes.** The total annual property tax and assessments, including the contractual assessment, on the property must not exceed 5% of the property’s market value, as determined at the time of approval of the Assessment Contract and as required by State law.
- g. **Bankruptcy.** The property owner must not have declared bankruptcy within the time period specified in the applicable Program Handbook and as required by State law.

2.3 Eligible Contractors

The cost of installation of Eligible Products shall be eligible to be financed under the Open PACE Program only if such installation is completed by a contractor that is registered with the Open PACE Program or by the property owner if self-installing such Eligible Products. A list of contractors that are registered with the Open PACE Program shall also be located on the Open PACE Program Administrator’s website. Registration of a contractor with the Open PACE Program is neither a recommendation of such contractor nor a guaranty of or acceptance of responsibility for such of such contractors by CSCDA or any of its Administrators, Deutsche Bank, Leidos Engineering, Counterpointe Energy Solutions, Renovate America or the City or County in which the property upon which the Eligible Products are installed

is located, any of their respective officers, employees nor agents and none of CSCDA, ~~Deutsche Bank, Leidos Engineering, Counterpointe Energy Solutions, Renovate America, or its Administrators~~ or the City or County in which the property upon which the Eligible Products are installed is located or any of their respective officers, employees or agents have any responsibility whatsoever for the selection by a property owner of a registered contractor or the work performed by such registered contractor.

2.4 Quality Assurance/~~Consumer Protection~~

Quality assurance protocols serve to prevent improper or low-quality installation of energy and water improvements and protect against fraud and abuse in the Open PACE Program. The Open PACE Program will institute a quality assurance protocol. All quality assurance procedures are subject to review and adjustment based on applicable State and federal standards. Details on the current quality assurance procedures are outlined in the applicable Program Handbook ~~and adopted by the CSCDA Commission~~. Despite the presence of these protocols and procedures, the responsibility for the successful operation of any products is that of the property owner and its contractor, and not of CSCDA, ~~its Administrators Deutsche Bank, Leidos Engineering, Counterpointe Energy Solutions, Renovate America~~ or the City or County in which the property upon which the Eligible Products are installed is located, including their respective officers, agents or employees.

3. Financing of the Open PACE Program

3.1 Minimum and Maximum Financing Amounts

~~**Maximum Financing Amount for the Open PACE Program.** The maximum aggregate dollar amount of the principal component of contractual assessments to be levied under the Open PACE Program is \$41 billion, subject to increase if there is sufficient demand.~~

Minimum and Maximum Financing Amounts for Each Property. The minimum and maximum financing amount for a single property is defined in the Program Handbooks.

3.2 Financing Structure

CSCDA will finance the installation of Eligible Products by issuing bonds backed by the assessments created by the Open PACE Program. The proceeds from the sale of the bonds will provide capital for the Open PACE Program to finance the Eligible Products. The financing or refinancing of Eligible Products may be in the form of paying for the ownership of the Improvements or, subject to the requirements of Chapter 29, paying or prepaying for the energy or other output of the Improvements, which Improvements may be owned for tax purposes or otherwise by a third-party.

3.3 Overview of Application and Financing Process

Applications from property owners for financing will be considered on a first come, first served basis. If an authorized maximum amount is exceeded, then the last property that caused the authorization amount to be exceeded will be ineligible for financing. ~~All applications receive a time stamp in order to evidence priority.~~

Sample Residential Application and Financing Process

Education. Property owners visit the Open PACE Program [Administrator](#) website to learn about the Open PACE Program, financing terms and other details, and find approved contractors and products.

Application. Property owners may complete an application over the phone, mail, fax or on-line. Completed applications must include a proposed project and contractor bid. Property owners must agree to the Open PACE Program terms as part of the application.

Review and Approval. The Open PACE Program [Administrator](#) performs title search to confirm ownership, screens for unpaid taxes or other delinquent property-based debt, applies loan-to-value metrics, and evaluates the proposed project. CSCDA will approve an application only after confirming that the property meets the underwriting criteria and other Open PACE Program requirements as outlined in this Program Report and the applicable Program Handbook.

Reservation. If CSCDA approves an application, the Open PACE Program will provide a Notice to Proceed to the property owner. The property owner has a specific period of time to install the Eligible Products and to request funding when the property has met all the applicable requirements for funding.

Installation. A qualified contractor must complete the installation of Eligible Products on the property. See “Eligible Products” and “Eligible Contractors” in the applicable Program Handbook.

Financing. Once a project is complete, the property owner submits a Completion Certificate, a lien is placed on the property, a bond is issued, and payment is released to the payment designee; however, where identified in the applicable Program Handbook, progress payments in the form of multiple disbursements may be arranged.

Repayment. The property owner will be expected to pay the contractual assessment installments in the amounts and at the times specified in the Assessment Contract. In general, the contractual assessments will be due at the same time as property taxes.

Sample Non-Residential Application and Financing Process

Education. Property owners visit the Open PACE Program [Administrator](#) web site to learn about the Open PACE Program, financing terms and other details, and find approved contractors and products. Additional information will be provided to non-residential property owners to determine that they meet the eligibility requirements outlined in the applicable Program Handbook.

Application. Property owners will complete an application over the phone, mail, fax or on-line. Applications must include a proposed project and contractor bid. Property owners must agree to the Open PACE Program terms as part of the application.

Review and Approval. The Open PACE Program performs title work to confirm ownership, screens for unpaid taxes or other delinquent property-based debt, applies loan-to-value metrics, and evaluates the proposed project. CSCDA will approve an application only after confirming that the property meets the underwriting criteria and other Open PACE Program requirements as outlined in this Program Report the applicable Program Handbook.

Reservation. If CSCDA approves an application, the Open PACE Program will provide a notice to proceed to the property owner. The property owner has a specific period of time to install the Eligible Products and request funding when the property has met all the applicable requirements for funding.

Installation. A qualified contractor must complete the installation of Eligible Products on the property. See Eligible Products” and “Eligible Contractors” in the applicable Program Handbook.

Financing. Once a project is complete, the property owner submits a Completion Certificate, a lien is placed on the property, a bond is issued, and payment is released to the payment designee; however, where identified in the applicable Program Handbook, progress payments in the form of multiple disbursements may be arranged.

Repayment. The property owner will be expected to pay the contractual assessment installments in the amounts and at the times specified in the Assessment Contract. In general, the contractual assessments will be due at the same time as property taxes.

3.4 Application; Approval or Denial

Application. All property owners interested in applying to the Open PACE Program must submit a signed application along with other application documents.

Approval or Denial. Based on the eligibility requirements listed in the applicable Program Handbook, CSCDA will approve or deny a residential or non-residential application within the specific time periods identified in the applicable Program Handbook. The applicant will be notified of approval or denial via email. See “Consumer Protection” in Section 4.

3.5 Costs of Issuance and Administrative Costs

The costs of issuing bonds and administering the Open PACE Program will be financed through participant application fees, proceeds of the financing, and an administrative component of the contractual assessment installments.

Financing of Upfront Costs. In addition to financing installation of the Eligible Products, CSCDA may finance certain costs of issuance and administrative costs, including but not limited to, the following amounts, which amounts may be included in the Assessment:

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

- **Lien Recording Fee.** This one-time fee is paid from a portion of bond proceeds to cover the cost associated with recording the lien of the Assessment on the participating property.
- **Reserve Fund Deposit.** This is a one-time deposit from a portion of bond proceeds into a debt service reserve fund for bonds issued by CSCDA to finance installation of the Eligible Products on the property and other properties participating in the Open PACE Program.
- **California Alternative Energy and Advanced Transportation Financing Authority (“CAEATFA”) PACE Loss Reserve Program Fee.** This is a one-time fee associated with the CAEATFA PACE Loss Reserve Program, which benefits any first mortgage lender on the property and other properties participating in the Open PACE Program. The fee will be paid from a portion of bond proceeds. This fee only applies to residential financing.
- **Deposit to Administrative Expense Fund for Foreclosure Expenses.** This is a one-time deposit from a portion of bond proceeds into an account that CSCDA may use to pay for the costs of foreclosing on the property and other properties participating in the Open PACE Program as a result of a delinquency in the payment of any contractual assessment installments or administrative expenses.
- **Capitalized Interest.** Each county establishes a deadline for placing contractual assessment installments and related administrative expenses on the county’s tax roll each year. Depending on the date that CSCDA issues a bond to finance installation of Eligible Products on a particular property in relationship to the applicable tax roll deadline of the county in which the related participating property is located a portion of the proceeds of the bond may be used to fund the payment of one or more interest payments on the bond.

Administrative Expenses. Pursuant to the 1915 Act (including Sections 8682(b) and 8682.1(a)), CSCDA may add annual amounts to any Financing Installment in order to pay for the costs of collecting that installment and administering the Open PACE Program.

3.6 Amounts That Can Be Financed

Financing Cost. In order to receive funding, property owners will agree to pay annual assessment installments in an amount equal to (i) a portion of the principal amount of the contractual assessment (ii) interest on the unpaid principal amount of the contractual assessment, and (iii) ongoing administrative expenses.

1. Principal Amount. The principal amount of the contractual assessment may be composed of various costs and deposits including, but not limited to, the following items:

- a. **Eligible Costs.** The Open PACE Program may finance the costs of installing Eligible Products, energy-efficiency or water-efficiency audit costs, and related professional services fees for engineering, project management and financing transaction structuring. All local and state rebates received for the project must be deducted from the financed amount prior to approval. The amount of the federal Investment Tax Credit (ITC) that the property may be eligible to receive does not need to be deducted from the financed amount.
- b. **Deposit to a Debt Service Reserve Fund.** CSCDA or project investors may require property owners to finance a deposit to a debt service reserve fund; the reserve fund would be used to pay debt service on the bonds in the event of contractual assessment installment delinquencies. The amount of the deposit to a debt service reserve fund will be provided in the applicable Program Handbook.
- c. **Deposit to CAEATFA Loss Reserve Fund.** The Open PACE Program may participate in the California Alternative Energy and Advanced Transportation Finance Authority’s Loss Reserve Program that will reimburse mortgage holders on losses experienced as a result of the Open PACE Program lien on foreclosed properties. The amount of the deposit to the Loss Reserve Fund will be provided in the applicable Program Handbook.
- d. **Deposit to Administrative Expense Fund for Foreclosure Expenses.** CSCDA may require property owners to finance a deposit to an account that will cover CSCDA’s costs to initiate judicial foreclosure for properties that are delinquent on payment of their assessment contract. The amount of such deposit will be provided in the applicable Program Handbook.
- e. **Capitalized Interest.** Because each county has established a deadline for placing the contractual assessments on its property tax bill, the principal component of the contractual assessment may also include the interest on the related bonds for one or more interest payment dates.

- f. **Costs of Issuance and Administrative Costs.** Initial administrative costs and the costs of issuing any bonds are built into the principal component of the contractual assessment. The costs to be included in the principal component are provided in the applicable Program Handbook. See Costs of Issuance of Administrative Costs in Section 3.5.

2. Interest Rate. The rate of interest on the contractual assessment will be a fixed interest rate. The rate will be fixed at the time of a completed application for each assessment contract.

3. Ongoing Program Administrative Fees. Ongoing administrative costs are reflected in the administrative component of the annual contractual assessment installments and subject to increase by CSCDA. See “Costs of Issuance and Administrative Costs” in Section 3.5.

3.7 Payment Terms

Payment of the Open PACE annual contractual assessment installments is made through the addition of a line item on the property tax bill. Payment terms range from five to 39 years, depending on the average expected useful life of the installed Eligible Product.

Contractual assessments may be prepaid in full or in part at any time and may or may not be subject to a prepayment penalty. The prepayment penalty will be identified in the Assessment Contract.

3.8 Transfer or Resale of Property

The contractual assessment obligation remains an obligation of the subject property following the sale of the subject property. Successor property owners will receive disclosure of the contractual assessment as a result of the two statutory notices recorded in the real property records: the “Notice of Assessment” and the “Payment of Contractual Assessment Required.” In addition, sellers of property are obligated by California law to disclose the contractual assessment obligations to prospective purchasers.

4. Consumer Protection

The Open PACE Program is subject to certain State and federal laws designed to protect consumers. Among other things, these laws require CSCDA to disclose information to property owners and, only during the three-day period following execution of the Assessment Contract, guarantee certain residential property owners the right to rescind the Assessment Contract without penalty (including the return of the application fee, if applicable). CSCDA will comply with all applicable State and federal laws in connection with the Open PACE Program.

5. Duration

The Open PACE Program will continue as long as there is sufficient demand and there is a positive regulatory environment.

6. Public Agency Official

CSCDA will, from time to time, authorize certain representatives to execute Assessment Contracts on its behalf; the current authorized representative(s) are:

Name: ~~Laura Labanich~~ Norman Coppinger
Title: ~~Authorized Signatory~~ Administrative Director
Phone: (916) 658-8277
Email: ~~laurancoppinger@csacfcities.org~~
Address: 11400 K Street, Suite 1400
Sacramento, CA 95814

7. Changes to the Report

CSCDA may make changes to this Report and the other Open PACE Program documents from time to time in its absolute discretion. No such changes will affect the amounts payable by a property owner under an existing Assessment Contract.

8. Program Handbooks

CSCDA has prepared Program Handbooks to communicate the Open PACE Program details to property owners and other interested parties. The Program Handbooks will be amended from time to time to reflect the details of the Open PACE Program.

9. Schedules and Exhibits

Schedule I: List of County-Members

Schedule II: List of City-Members Within Los Angeles County

Exhibit A: Form of Assessment Contract

Exhibit B: Open PACE Program Boundary Maps



Agenda Item No. 8

Agenda Report

DATE: March 15, 2018

TO: CSCDA COMMISSIONERS

FROM: Cathy Bando, Executive Director

PURPOSE: Update and consideration of action related to lead generation activities associated with PACE contractors.

BACKGROUND AND SUMMARY:

CSCDA staff has received complaints from cities that are part of CSCDA's Open PACE program where lead generation postcards have been received by residential property owners. The postcards are misleading in a number of ways: (1) the language in the postcard indicates that the city is a "sponsor" of PACE; (2) the website link incorporates the name of the city to make it appear that the postcard is associated with the city; (3) some of the postcards state the program is using "government authorized funds". A sample of a lead generation postcard is provided in Attachment A. The affected cities include Albany, San Jose, El Cerrito, Hercules, and Pleasanton, to name a few.

The postcards are not coming from and are not generated by CSCDA Open PACE Administrators. They are coming from lead generation companies hired by contractors who use PACE as a financing tool. Some cities have complained directly to the lead generation firm, but the firm has been unapologetic and continues to utilize the postcard marketing campaign. Renew Financial, administrator of the CaliforniaFirst program, has sent a cease and desist letter to the lead generation company and the postcards have continued to be sent.

The affected cities are very frustrated. CSCDA staff has been working with the affected cities together with Open PACE Administrators to identify contractors who are using the lead generation company.

Executive Director Recommendation:

The Executive Director recommends that the Commission authorize staff to work with CSCDA General Counsel to identify possible remedies which may include:

1. Require that Open PACE Administrators terminate contractors who are engaged with the lead generation company.
2. Not execute assessment contracts generated by contractors engaged with the lead generation company.
3. Development of a list of possible legal remedies that could be used by the affected cities.

ATTACHMENT A



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California have approved programs to assist
homeowners with the financial tools to upgrade
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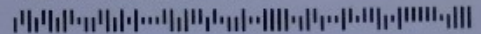
You can use the funds for:

- HVAC
- Roofing
- Windows
- Solar

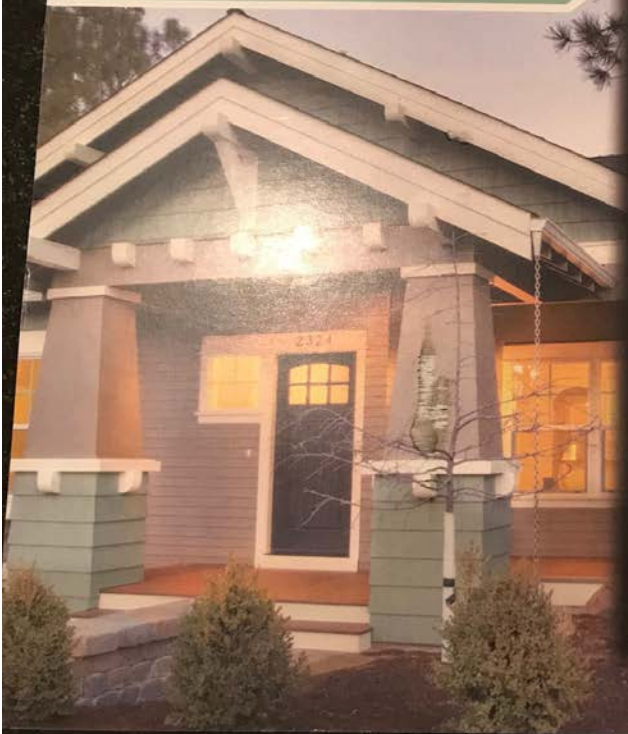
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