



## **REGULAR MEETING AGENDA**

**March 2, 2017 at 2:00 p.m.**

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

Telephonic Locations:

709 Portwalk Place  
Redwood City, CA 94061

27788 Hidden Trail Road  
Laguna Hills, CA 92653

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

County of Kern  
1115 Truxtun Avenue, Bakersfield, CA 93301

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

1. Roll Call.

_____ Dan Harrison, Chair	_____ Tim Snellings, Member
_____ Larry Combs, Vice Chair	_____ Dan Mierzwa, Member
_____ Kevin O'Rourke, Treasurer	_____ Irwin Bornstein, Member
_____ Ron Holly, Secretary	_____ Brian Moura, Alt. Member
_____ Jordan Kaufman, Alt. Member	
2. Consideration of the minutes of the February 2, 2017 and February 16, 2017 Regular Meetings.
3. Consideration of the Consent Calendar.
4. Public Comment.

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

5. Consideration of the issuance of revenue bonds or other obligations to finance or refinance the following projects, the execution and delivery of related documents, and other related actions:
  - a. Summer Field Community Partners, LP (Summer Field Apartments), City of Indio, County of Riverside; issue up to \$42,000,000 in multifamily housing revenue bonds.

This \_\_\_ page agenda was posted at 1100 K Street, Sacramento, California on \_\_\_\_\_, 2017 at \_\_\_: \_\_\_ m, Signed \_\_\_\_\_. Please email signed page to [info@cscda.org](mailto:info@cscda.org)

6. GO Savers Pricing and Opportunity Update (Informational Item).
7. Consideration of resolution adding James Hamill and Jon Penkower as authorized signatories for documents approved by the CSCDA Commission.
8. Consideration of Updated CSCDA PACE Consumer Protection Policies.
9. Recognition of Ron Holly's 4-year commitment as a Commissioner to CSCDA.

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

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

**NEXT MEETING:** Thursday, March 16, 2017 at 2:00 p.m.  
California State Association of Counties  
1100 K Street, 1st Floor, Sacramento, CA 95814



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**CALIFORNIA STATEWIDE COMMUNITIES DEVELOPMENT AUTHORITY**

**CONSENT CALENDAR**

1. Consent Calendar

- a. Inducement of Fairfield Investment Company, LLC (Warm Springs Apartments), City of Fremont, County of Alameda; issue up to \$40 million in multi-family housing revenue bonds.
- b. Association of California Cities – Orange County Membership.
- c. CaliforniaFirst Program Document Updates.
- d. Approval of Rainbow Municipal Water District as a member to CSCDA.

March 2, 2017

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

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

February 2, 2017

**MINUTES**

Commission chair Dan Harrison called the meeting to order at 2:03 pm.

1 Roll Call.

Commission members present: Dan Harrison; and Larry Combs. Kevin O'Rourke; Irwin Bornstein; Alternate commissioner Brian Moura (not participating); Dan Mierzwa; Ron Holly; Tim Snellings; and Alternate commissioner Jordan Kaufman (not participating) participated by conference telephone.

CSCDA Executive Director, Catherine Bando was also present.

Others present included: Perry Stottlemeyer, League of California Cities; and James Hamill and Jon Penkower, Bridge Strategic Partners. Laura Labanieh, CSAC Finance Corporation; and Tricia Ortiz, Richards Watson & Gershon, participated by conference telephone.

2 Approval of the minutes of the January 5, 2017 annual meeting and January 19, 2017 regular meeting.

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

3 Approval of consent calendar:

- a Induce Kings Canyon Affordable Housing LLC (Kings Canyon Apartments), City of Fresno, County of Fresno; issue up to \$35 million in multi-family housing revenue bonds.

Motion to approve consent calendar by Combs; second by Mierzwa; unanimously approved by roll-call vote.

4 Public comment.

None.

5 Approval 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 The Emerald Park 2016, LP (Emerald Gardens Apartments), City of Buena Park, County of Orange; issue up to \$22 million in multi-family housing revenue bonds.

Executive Director Bando explained that this project is for the acquisition and rehabilitation of a 110-unit affordable housing project located on 3.89 acres in Buena Park. The 35-year unrated fixed rate bonds will be privately placed. Bando indicated that the financing complies with CSCDA's general and issuance policies for unrated debt and she recommends approval.

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

- b Cypress Villa 2016, LP (Cypress Villa Apartments), City of La Habra, County of Orange; issue up to \$15 million in multi-family housing revenue bonds.

Executive Director Bando explained that this project is for the acquisition and rehabilitation of a 72-unit affordable housing project located on 2.89 acres in La Habra. The 35-year unrated fixed rate bonds will be privately placed. Bando indicated that the financing complies with CSCDA's general and issuance policies for unrated debt and she recommends approval.

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

- 6 Review Q2 2016-17 budget, financial progress and bank account activity.

Executive Director Bando explained the budget-to-actual second quarter results, including bank account activity.

Kevin O'Rourke asked whether there is a revenue source to fund the Charitable Contributions account. He mentioned that one of CSCDA's competitors, California Municipal Finance Authority (CMFA), distributes or grants a portion of the issuance fee back to the participating agencies within the jurisdiction in which a project is funded. There was then some discussion regarding how CSCDA's program administrator handles questions about CSCDA's policy when the subject is raised.

- 7 CSCDA issuance policy update.

Executive Director Bando explained that each year CSCDA staff and issuer counsel, Orrick Herrington & Sutcliffe (Orrick), review issuance and other policies to determine whether refinements or changes need to be made. Two revisions are being recommended by Orrick to be integrated into the current issuance policies. One revision relates to post-issuance compliance for nonprofit borrowers and the other concerns a covenant relating to the preliminary official statement. The language for both policy revisions was provided in the agenda packet.

Bando recommends approval of the two revisions/modifications to CSCDA's issuance policies and standard document provisions.

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

- 8 Executive Director update.

Executive Director Bando explained that the CSFA meeting that was scheduled to immediately follow today's meeting will not be held because it was not noticed at the League's office.

Bando, along with Dan Harrison, Larry Combs, and James and Jon, met earlier today with the League's new Executive Director, Carolyn Coleman, to provide an overview of CSCDA and discuss strategies for growing CSCDA's programs.

Next week, Bando will attend the CSAC Premier Partners meeting in San Diego.

Finally, Ron Holly has announced his retirement from Monterey County, which is effective March 31, and his final CSCDA meeting will be March 16. There will be a farewell lunch to honor Ron's contribution to CSCDA on March 16 prior to the meeting.

9 Staff updates.

None.

10 Chair Dan Harrison adjourned the meeting at 2:31 pm.

Submitted by: Perry Stottlemeyer, League of California Cities staff

*The next regular meeting of the commission is scheduled for  
**Thursday, February 16, at 2:00 pm**  
in California Association of Counties' office at 1100 K Street, 1st Floor, Sacramento, California.*

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

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

February 16, 2017

**MINUTES**

Commission chair Dan Harrison called the meeting to order at 2:03 pm.

1 Roll Call.

Commission members present: Dan Harrison; and Kevin O'Rourke. Irwin Bornstein; Alternate commissioner Brian Moura (not voting); Dan Mierzwa (not voting because his location was not noticed); Ron Holly; Tim Snellings; and alternate commissioner Jordan Kaufman (representing Larry Combs) participated by conference telephone.

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

Others present included: Norman Coppinger and Perry Stottlemeyer, League of California Cities; Laura Labanieh, CSAC Finance Corporation; and James Hamill and Jon Penkower, Bridge Strategic Partners. Tricia Ortiz, Richards Watson Gershon participated by conference telephone.

2 Approval of the minutes of the February 2, 2017 regular meeting.

Minutes were not distributed to commissioners or included in the agenda packet, so this item will be deferred until next meeting.

3 Approval of consent calendar:

- a Induce WP Sierra Heights Apartments, LP (Sierra Heights Apartments), City of Oroville, County of Butte; issue up to \$15 million in multi-family housing revenue bonds.
- b Approve bronze level patron program level sponsorship of CCHA.

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

4 Public comment.

Ron Holly announced that earlier today, the first series of Monterey County GO SAVERs bonds were priced and sold. He is hopeful that the program is now ready to be rolled out statewide.

5 Approval 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 Enloe Medical Center, City of Chico, County of Butte; issue up to \$28 million in nonprofit revenue obligations.

Executive Director Bando explained that this project is for the financing of an electronic health records system and related property for Enloe Medical Center, one of two Level II trauma centers north of Sacramento. The 8-year unrated bonds will be placed directly with Bank of America Public Capital Group in Seattle.

Bando indicated that this project complies with CSCDA's general and issuance policies, and recommends approval of the project.

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

- b La Puente Park Preservation, LP (La Puente Park Apartments), City of La Puente, County of Los Angeles; issue up to \$27 million in multi-family housing revenue bonds.

Executive Director Bando explained that this project is for the acquisition and rehabilitation of a 132-unit affordable housing project located on six acres in La Puente. Preservation Partners Development is the developer and this is their seventh financing with CSCDA. The 40-year fixed rate bonds will be offered publicly.

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

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

- 6 Approve resolution adding James Hamill and Jon Penkower as authorized signatories for documents approved by the CSCDA commission.

Executive Director Bando explained that primarily due to the increase in volume because of the PACE program, the demand on authorized signatories has increased. Also, most documents were previously prepared by Orrick Herrington Sutcliffe, and organized consistently and meticulously; however, there are now multiple law firms involved in the preparation of documents to be executed, which means that document packages are no longer consistent with regard to how they are organized. Accordingly, authorized signers must take more time to navigate through each document package. Additionally, many of the document packages must be signed within a short turnaround time. This resolution will authorize James Hamill and Jon Penkower to sign commission-approved documents, which will relieve some of the time demand placed on the current authorized signatories.

Kevin O'Rourke raised the question whether General Counsel has reviewed this resolution and determined that having the Program managers sign documents would cause no problem. After some discussion relating to this question, it was decided to postpone a vote until General Counsel reviews and approves the resolution.

- 7 Approval of first amendment to professional services contract with Urban Futures Bond Administration.

This item is postponed until next meeting.

- 8 Executive Director update.

Executive Director Bando indicated that last week she attended the CSAC Corporate Premier Partners forum in Torrey Pines. She felt that it was one of the finest events of this type that she has ever attended. It was particularly good because it was a meeting of both the public and private sectors, representing interests for both sides for issues such as cannabis and how it will be regulated county by county. There was also a briefing by San Bernardino County about the terror attack that occurred there. There was also a legislative update for both national and statewide issues. Bando was able to address the group as to the role CSCDA plays and the services it provides.

Ron Holly's last meeting has been moved up to March 2. There will be a farewell lunch for Ron on that date immediately prior to the meeting.

- 9 Staff updates.

None.

- 10 Chair Dan Harrison adjourned the meeting at 2:28 pm.

Submitted by: Perry Stottlemeyer, League of California Cities staff

*The next regular meeting of the commission is scheduled for  
**Thursday, March 2, at 2:00 pm**  
in the League of California Cities' office at 1400 K Street, 3rd Floor, Sacramento, California.*



## Agenda Item No. 3

### Agenda Report

**DATE:** March 2, 2017  
**TO:** CSCDA COMMISSIONERS  
**FROM:** Cathy Bando, Executive Director  
**PURPOSE:** Consent Calendar

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#### SUMMARY:

- b. Association of California Cities – Orange County Membership  
*In order to work closer with Orange County cities regarding the implementation of PACE it is recommended that CSCDA under its Open PACE program become a member to the Association of California Cities – Orange County. This will be a shared expense with the PACE providers and will only cost \$1,000 for CSCDA's contribution.*
- c. CaliforniaFirst Program Document Updates.  
*CaliforniaFirst has presented the following document updates to the PACE Ad Hoc Committee (the Committee), and such updates have been approved by the Committee. The updates include the following:*
  - (1) Implementation of an ability-to-pay underwriting platform for residential PACE financings.*
  - (2) Adoption of using a trust certificate for proof of trust ownership in a residential property.*
  - (3) The addition of new measures allowed to be financed with PACE which include the following: refrigerators, dishwashers, freezers, microwave oven, refrigerator, gas fireplace (all permanently affixed), pool filter, water softener, seismic retrofit, interior window treatment (blinds, shades, interior shutters), drought tolerant hardscape.*

**RESOLUTION NO. 17H-\_\_**

**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 2, 2017.

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 2, 2017.

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

**EXHIBIT A**

<b>Project Name</b>	<b>Project Location</b>	<b>Project Description (units)</b>	<b>New Construction/ Acquisition and Rehabilitation</b>	<b>Legal Name of initial owner/operator</b>	<b>Bond Amount</b>
Warm Springs Apartments	City of Fremont, County of Alameda	102	New Construction	Fairfield Investment Company, LLC	\$40,000,000

## **RESOLUTION NO. 17R-3**

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

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

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

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

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

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

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

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

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

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



PASSED AND ADOPTED by the California Statewide Communities Development Authority on March 2, 2017.

\* \* \* \* \*

I, the undersigned, a duly appointed, and qualified Authorized Signatory of the Commission of the California Statewide Communities Development Authority, DO HEREBY CERTIFY that the foregoing resolution was duly adopted by the Commission of said Authority at a duly called meeting of the Commission of said Authority held in accordance with law on March 2, 2017.

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

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

**1. Rainbow Municipal Water District**

## **RESOLUTION NO. 17R-3**

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

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

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

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

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

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

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

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

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

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

PASSED AND ADOPTED by the California Statewide Communities Development Authority on March 2, 2017.

\* \* \* \* \*

I, the undersigned, a duly appointed, and qualified Authorized Signatory of the Commission of the California Statewide Communities Development Authority, DO HEREBY CERTIFY that the foregoing resolution was duly adopted by the Commission of said Authority at a duly called meeting of the Commission of said Authority held in accordance with law on March 2, 2017.

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

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

**1. Rainbow Municipal Water District**



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

### **Agenda Report**

**DATE:** March 2, 2017

**TO:** CSCDA COMMISSIONERS

**FROM:** Cathy Bando, Executive Director

**PROJECT:** Summer Field Apartments

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

**AMOUNT:** Not to Exceed \$45,000,000

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#### **EXECUTIVE SUMMARY:**

Summer Field Apartments (the “Project”) is an acquisition and rehabilitation of a 268-unit rental affordable housing project located in the City of Indio. 100% of the units will remain rent restricted for low-income tenants.

#### **PROJECT DESCRIPTION:**

- Acquisition and rehabilitation of 268-unit affordable rental housing facility located at 83385 Gemini Street in the City of Indio.
- 17.6 acre site.
- Two-story wood frame garden-style buildings.
- Consists of 32 one-bedroom units, 91 two-bedroom units, 95 three-bedroom units, 32 four-bedroom units, 16 five-bedroom units and two manager’s units.

#### **PROJECT ANALYSIS:**

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

WNC Community Preservation Partners (WNC) is WNC & Associate’s development arm. It was formed primarily to create exit strategies for owners and investors of multifamily communities older than 10 years. Through recapitalization, older communities are kept as affordable housing and deliver a new tax credit stream. With both WNC as developer and property manager, the properties receive a high level of commitment to safe and clean communities. The WNC staff brings to the table the necessary experience, knowledge and resources which can benefit the revitalization of these older projects. WNC currently owns over 1,000 units with a total development cost of over \$90 million. This is WNC’s 22<sup>nd</sup> financing with CSCDA.

**Public Agency Approval:**

**TEFRA Hearing:** January 18, 2017 – City of Indio – unanimous approval

**CDLAC Approval:** Expected March 15, 2016. CSCDA’s approval of the financing shall be contingent upon a successful award of bond allocation from CDLAC.

**Public Benefits:**

- 100% of the units will be rent restricted for 55 years.
  - 90% (183 units) restricted to 60% or less of area median income households.
  - 30% (83 units) restricted to 50% or less of area median income households.
  - 2 manager’s units
- The Project is in close proximity to recreational facilities, grocery stores, public K-12 schools and health care facilities.

**Sources and Uses:**

Sources of Funds:

Tax-Exempt Bonds:	\$ 43,540,027
Tax Credits:	\$ 13,944,903
Capitalized Interest:	\$ 3,347,023
Replacement Reserves:	\$ 2,725,635
Deferred Developer Fee:	<u>\$ 8,926,753</u>
Total Sources:	\$ 72,484,341

Uses of Funds:

Acquisition:	\$ 36,125,000
Construction Costs:	\$ 12,333,808
Architecture & Engineering:	\$ 1,621,073
Third Party Reports:	\$ 407,000
Reserves:	\$ 1,237,000
Tax Credit Investor Reserves:	\$ 3,432,900
Financing Costs:	\$ 629,300
Capitalized Interest:	\$ 3,347,023
Seller Notes:	\$ 3,592,048
Developer Fee:	\$ 8,926,753
Cost of Issuance:	\$ 185,200
Soft Costs:	<u>\$ 647,236</u>
Total Uses:	\$ 72,484,341

**Finance Partners:**

Bond Counsel: Orrick, Herrington & Sutcliffe, LLP, San Francisco  
Authority Counsel: Orrick, Herrington & Sutcliffe, LLP, Sacramento  
Private Placement Purchaser: JLL Multifamily

**Finance Terms:**

**Rating:** Unrated  
**Term:** 35 years at a fixed interest rate  
**Structure:** Private Placement  
**Closing:** March 28, 2017

**CSCDA Policy Compliance:**

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

**DOCUMENTS:** (as attachments)

1. Photographs of Summer Field Apartments (Attachment A)
2. CSCDA Resolution (Attachment B)

**COMMISSION ACTION RECOMMENDED BY THE EXECUTIVE DIRECTOR:**

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



**ATTACHMENT A**  
**Summer Field Apartments**



**ATTACHMENT B**

**RESOLUTION NO. 17H-\_\_**

**A RESOLUTION OF THE CALIFORNIA STATEWIDE COMMUNITIES DEVELOPMENT AUTHORITY AUTHORIZING THE EXECUTION AND DELIVERY OF A MULTIFAMILY HOUSING REVENUE NOTE IN AN AGGREGATE PRINCIPAL AMOUNT NOT TO EXCEED \$45,000,000 FOR THE FINANCING OF A MULTIFAMILY RENTAL HOUSING PROJECT GENERALLY KNOWN AS SUMMER FIELD APARTMENTS; DETERMINING AND PRESCRIBING CERTAIN MATTERS AND APPROVING AND AUTHORIZING THE EXECUTION OF AND DELIVERY OF VARIOUS DOCUMENTS RELATED THERETO; RATIFYING ANY ACTION HERETOFORE TAKEN AND APPROVING RELATED MATTERS IN CONNECTION WITH THE NOTE.**

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

**WHEREAS**, Summer Field Community Partners, LP, a California limited partnership, and entities related thereto (collectively, the “Borrower”), has requested that the Authority execute and deliver its California Statewide Communities Development Authority Multifamily Housing Revenue Note (Summer Field Apartments) 2017 Series E (the “Note”) to assist in the financing of the acquisition, rehabilitation and development of a 268-unit multifamily housing rental development located on two sites in the City of Indio, California, and known or to be known as Summer Field Apartments (the “Project”);

**WHEREAS**, on March 15, 2017, the Authority expects to receive an allocation in the amount of \$42,000,000 (the “Allocation Amount”) from the California Debt Limit Allocation Committee in connection with the Project;

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

**WHEREAS**, the Authority is willing to execute and deliver the Note in an aggregate principal amount not to exceed \$45,000,000, provided that the portion of such Note executed and delivered as federally tax-exempt obligations shall not exceed the Allocation Amount, and to loan the proceeds thereof to the Borrower to assist in providing financing for the Project, which will allow the Borrower to reduce the cost of the Project and to assist in providing housing for low income persons;

**WHEREAS**, the Note will be executed and delivered to Jones Lang LaSalle Multifamily, LLC (the “Funding Lender”), as the initial holder of the Note;

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

- (1) A proposed form of Funding Loan Agreement (the “Funding Loan Agreement”) to be entered into among the Authority, Wilmington Trust, National Association, as fiscal agent (the “Fiscal Agent”) and the Funding Lender;
- (2) A proposed form of Project Loan Agreement (the “Project Loan Agreement”) to be entered into among the Authority, the Fiscal Agent and the Borrower;
- (3) A proposed form of Regulatory Agreement and Declaration of Restrictive Covenants relating to each Project site (collectively, the “Regulatory Agreement”) with respect to the Project to be entered into by the Authority and the Borrower; and

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

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

Section 2. Pursuant to the JPA Law and the Funding Loan Agreement, and in accordance with the Housing Law, the Authority is hereby authorized to execute and deliver the Note in one or more series. The Note shall be designated as “California Statewide Communities Development Authority Multifamily Housing Revenue Note (Summer Field Apartments) 2017 Series E” 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 \$45,000,000; provided that the aggregate principal amount of any tax-exempt Note executed and delivered shall not exceed the Allocation Amount. The Note shall be executed and delivered in the form set forth in and otherwise in accordance with the Funding Loan Agreement, and shall be executed on behalf of the Authority by the manual signature of any Authorized Signatory. The Note shall be secured in accordance with the terms of the Funding Loan Agreement presented to this meeting, as hereinafter approved. Payment of the principal and purchase price of, and prepayment premium, if any, and interest on, the Note shall be made solely from amounts pledged thereto under the Funding Loan Agreement, and the Note shall not be deemed to constitute a debt or liability of the Authority or any Program Participant or Member of the Commission of the Authority (each, a “Member”).

Section 3. The Funding Loan Agreement in the form presented at this meeting is hereby approved. Any Member, or any other person as may be designated and authorized to sign for the Authority pursuant to a resolution adopted thereby (including, without limitation, the administrative delegates duly authorized pursuant to Resolution No. 15R-53 of the Authority, adopted on October 22, 2015) (together with the Members, each such person is referred to herein individually as an “Authorized Signatory”), acting alone, is authorized to execute by manual signature and deliver the Funding Loan Agreement, with such changes and insertions therein as may be necessary to cause the same to carry out the intent of this Resolution and as are approved by counsel to the Authority, such approval to be

conclusively evidenced by the delivery thereof. The date, maturity date or dates (which shall not extend beyond March 1, 2062), interest rate or rates (which shall not exceed 12%), interest payment dates, denominations, form, registration privileges, manner of execution, place of payment, terms of prepayment and other terms of the Note shall be as provided in the Funding Loan Agreement as finally executed.

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

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

Section 6. The Authority is hereby authorized to execute and deliver the Note to the Funding Lender pursuant to the terms and conditions of the Funding Loan Agreement.

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

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

Section 9. All consents, approvals, notices, orders, requests and other actions permitted or required by any of the documents authorized by this Resolution, whether before or after the execution and delivery of the Note, including without limitation any of the foregoing that may be necessary

or desirable in connection with any default under or amendment of such documents, any transfer or other disposition of the Project, any addition or substitution of security for the Note or any prepayment of the Note, may be given or taken by any Authorized Signatory, as appropriate, without further authorization by the Commission, and each such officer is hereby authorized and directed to give any such consent, approval, notice, order or request and to take any such action that such officer may deem necessary or desirable to further the purposes of this Resolution and the financing of the Project; provided such action shall not create any obligation or liability of the Authority other than as provided in the Funding Loan Agreement and other documents approved herein.

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

**PASSED AND ADOPTED** by the California Statewide Communities Development Authority this March 2, 2017.

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 2, 2017.

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



## **Agenda Item No. 7**

### **Agenda Report**

**DATE:** March 2, 2017

**TO:** CSCDA COMMISSIONERS

**FROM:** Cathy Bando, Executive Director

**PURPOSE:** Consideration of resolution adding James Hamill and Jon Penkower as authorized signatories for documents approved by the CSCDA Commission.

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

Currently the following staff at CSAC, the League and CSCDA's Executive Director are authorized signatures to sign documents approved by the Commission: Alan Fernandes, Dorothy Holzem, Graham Knaus, Catherine Bando, Laura Labanieh and Norman Coppinger. With the increase in the volume of PACE signatures, travel schedules and a general increased volume of CSCDA bond transactions the recommendation is to add James Hamill and Jon Penkower as authorized signatories for documents that have been approved by the Commission. The recommendation was discussed with the CSCDA Professional Services Ad Hoc Committee and they are in agreement to make the additions. CSCDA's General Counsel has also reviewed and approved the proposed resolution.

#### **ATTACHMENTS:**

Attachment A: CSCDA Designation Resolution

#### **RECOMMENDATION:**

CSCDA's Executive Director recommends the approval of adding James Hamill and Jon Penkower as authorized signatories for documents approved by the CSCDA Commission.

**RESOLUTION NO. 17R-\_\_**

**A RESOLUTION OF THE CALIFORNIA STATEWIDE COMMUNITIES  
DEVELOPMENT AUTHORITY AUTHORIZING, AMONG OTHER  
MATTERS, DESIGNEES THEREOF TO EXECUTE AND DELIVER ON  
BEHALF OF THE COMMISSION OR THE AUTHORITY DOCUMENTS  
REQUIRING SIGNATURE BY A MEMBER OF THE COMMISSION AND  
AUTHORIZED BY AUTHORITY RESOLUTION**

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

**WHEREAS**, pursuant to the Agreement, the Authority is administered by a commission (the “Commission”) consisting of seven members (the “Members”) vested with the powers set forth therein, four of which are appointed by the California State Association of Counties (“CSAC”), successor to County Supervisors Association of California, and three of which are appointed by the League of California Cities (the “League”); and

**WHEREAS**, pursuant to the Agreement, the Commission has the power, by resolution, to the extent permitted by the Act and any other applicable law, to delegate any of its functions to one or more of the Members, its officers or its agents and to cause such designees to take any actions and execute any documents or instruments for and in the name and on behalf of the Commission; and

**WHEREAS**, given the increase in the number of issues of bonds per year by the Authority and the related documentation since the formation of the Authority, the Commission desires to delegate to certain agents the function of execution and delivery on behalf of the Authority of any documents, certificates or instruments requiring signature by any Member, including any Member acting as an officer of the Commission, that are authorized for execution and delivery by adoption of a resolution of the Authority (each an “Authority Resolution”); and

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

Section 1. The Authority hereby finds and determines that the foregoing recitals are true and correct.

Section 2. The Authority hereby appoints James Hamill and Jon Penkower, and such other persons as may from time to time be appointed pursuant to a resolution of the Authority, as delegates of the Members with certain administrative duties as further specified in Sections 4 and 5 below.

Section 3. The Authority hereby confirms its appointment of Alan Fernandes, originally appointed pursuant to Resolution No. 15R-53, adopted by the Authority on October 22, 2015; Dorothy Holzem and Graham Knaus, originally appointed pursuant to Resolution No. 15R-11, adopted by the Authority on April 9, 2015; Executive Director, Catherine Bando, originally appointed pursuant to Resolution No. 14R-4, adopted by the Authority on February 6, 2014; Laura Labanieh (formerly Laura Campbell), originally appointed pursuant to Resolution No. 13R-20, adopted by the Authority on September 5, 2013, with her name change from Laura Campbell to Laura Labanieh recognized by the Authority pursuant to Resolution No. 14R-58, adopted by the Authority on November 6, 2014; and Norman Coppinger, originally appointed pursuant to Resolution No. 13R-12, adopted by the Authority on May 30, 2013. James Hamill, Jon Penkower, Alan Fernandes, Dorothy Holzem, Graham Knaus, Catherine Bando, Laura Labanieh and Norman Coppinger, are each referred to herein as an “Authorized Signatory.”

Section 4. To the extent permitted by the Act or any other applicable law, the Commission hereby delegates to each Authorized Signatory, on behalf of a Member, the administrative authority to execute and deliver, any documents, certificates or instruments requiring signature by any Member, including any Member acting as an officer of the Commission, that are authorized for execution and delivery by Authority Resolution, including, but not limited to, the execution and delivery of any bonds, notes or other evidences of indebtedness issued and/or delivered by the Authority.

Section 5. To the extent permitted by the Act or any other applicable law, the Commission hereby further delegates to each Authorized Signatory, on behalf of a Member, the administrative authority to execute and deliver any amendments, waivers, consents, approvals, notices, orders, requests and other actions of the Authority entered into or given in accordance with the documents approved by an Authority Resolution or as otherwise provided in Resolution No. 00R-5, adopted by the Authority on March 28, 2000, as provided to such Authorized Signatory by staff to the Authority upon the advice of counsel to the Authority.

Section 6. The Commission hereby further delegates to each Authorized Signatory, the administrative authority to record and publish minutes of meetings of the Commission on behalf of the Authority and further authorizes each Authorized Signatory, to delegate such functions to staff of the League or CSAC, as he or she may deem necessary or appropriate.

Section 7. All actions heretofore taken by any Member, Authorized Signatory and other appropriate officers and agents of the Authority with respect to the matters herein contained are hereby ratified, confirmed and approved.

Section 8. This resolution shall take effect immediately upon its passage.

**PASSED AND ADOPTED** by the California Statewide Communities Development Authority this March 2, 2017.

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 2, 2017.

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





## **Agenda Item No. 8**

### **Agenda Report**

**DATE:** March 2, 2017  
**TO:** CSCDA COMMISSIONERS  
**FROM:** Cathy Bando, Executive Director  
**PURPOSE:** Consideration of Updated CSCDA PACE Consumer Protection Policies

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

On December 3, 2015 the CSCDA Commission adopted the first version of PACE Consumer Protection Policies.

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

The key updates from the first version include updates to the disclosure requirements pursuant to AB 2693 which went into effect on January 1, 2017, and the requirement for a third-party audit of the PACE administrators.

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

#### **RECOMMENDED ACTION:**

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

## **ATTACHMENT I**

# Open PACE Consumer Protection Policies

Version 1.1

CSCDA Residential Open PACE Program

## Residential Open PACE Consumer Protection Policies Version 1.1

### Executive Summary

1. **Eligible Properties.** The Program will finance improvements on residential properties (3 units or less) that meet the following criteria: (a) All mortgage-related debt on the Property may not exceed 90% of the Property's fair market value (FMV); (b) The financing may not exceed (i) fifteen percent (15%) of the FMV of the Property, up to the first seven hundred thousand dollars (\$700,000) of the Property's FMV, and (ii) ten percent (10%) of the remaining value of the Property above seven hundred thousand dollars (\$700,000); (c) The total mortgage-related debt on the underlying Property plus Program financing may not exceed the FMV of the Property.
2. **Eligible Improvements.** The Program will only finance energy efficiency, water efficiency and renewable energy improvements that are permanently affixed to the property. All improvements and products must meet standards established by the U.S. Department of Energy, the U.S. Environmental Protection Agency, California state agencies, or other reputable third parties.
3. **Disclosure of Financing Terms and FHFA Risk.** In accordance with AB 2693 (Dababneh 2016) the Program must plainly disclose to homeowners the terms of the financing: (a) the amount financed, fees and capitalized interest included, (b) the repayment process and schedule, (c) the payment amounts, (d) a term that does not exceed the useful life of the majority of the improvements, (e) the effective rate of interest charged (APR), (f) a rate of interest that is fixed (not variable), (g) a payment schedule that fully amortizes the amount financed, (h) the nature of the lien created upon recordation, (i) the specific improvements to be installed, (j) the 3-day right to cancel the financing, (k) FHFA policy toward PACE.
4. **Complaints and Dispute Resolution.** The Program must receive, manage, track, timely resolve, and report on all inquiries and complaints from homeowners. In addition, the Program must investigate and mediate disputes between homeowners and contractors. The Program must also establish a due process system to evaluate contractor complaints, and have a process to suspend and/or terminate contractors who violate Program policies.
5. **Data Security.** The Program is responsible for taking security measures that protect the security and confidentiality of consumer records and information in proportion to the sensitivity of the information.
6. **Consumer Privacy.** The Program must develop and maintain a privacy policy that complies with state and federal law (e.g., the Gramm Leach Bliley Act) and, in particular, prohibits sharing with third parties personal identifying information of homeowners without the homeowner's express authorization except where expressly permitted by state and federal law.
7. **Marketing and Communications.** The Program prohibits practices that are or could appear to be unfair, deceptive, abusive, and/or misleading, that violate laws or regulations, that provide tax advice, that are inappropriate, incomplete or are inconsistent with the Program's purpose. Cash incentives to homeowners in exchange for financing with the Program are prohibited.

8. **Protected Classes.** The Program must confirm live by telephone for each applicant who is over 64 years old the Program financing terms and an understanding of the eligible improvement project for which they are seeking Program financing.
9. **Contractor Management.** The Program ensures that contractors are licensed by the California State Licensing Board, insured and bonded. Additionally, contractors must agree to follow program marketing guidelines, and act in good faith to timely resolve homeowner complaints.
10. **Maximum Financing Amounts.** The Program will establish Maximum Financing Amounts for every project type. The Program will establish pricing rules to ensure that consumers are protected from excessive charges.
11. **Reporting.** The Program will report on a quarterly basis to its public sector partners on the number of applications submitted, projects completed, energy and water saved, and jobs created as a result of the Program.
12. **Closing and Funding.** The program requires that the homeowner and the contractor sign a certificate of completion prior to providing funding to the contractor for the project. The Program also requires that any necessary permits are pulled and verified prior to funding. The Program will conduct a randomized onsite inspection protocol to verify that the appropriate financed products have been installed.
13. **Examination.** On an annual basis, CSCDA will have an audit conducted of the Program's compliance with the policies set forth in this document. The results of the audit will be made available to participating local governments upon request.

## OVERVIEW

*Property assessed clean energy (“**PACE**”) programs enable a much broader range of homeowners (including trustee, if home is owned by a trust or other authorized agent acting on behalf of the homeowners) where a Project will be installed or who has submitted an application for PACE Financing (each a “**Property Owner**”) the ability to install energy efficiency, renewable energy, water efficiency improvements and other improvements that increase the functionality and sustainability of their homes. Such improvements financed under the Program (“**Measures**” or collectively in one installation, “**Project**”) may make homes less costly to operate and more comfortable to live in, while simultaneously reducing energy and water consumption.*

*PACE Programs (“**PACE Programs**” or “**Program**”), including the government authorities sponsoring them (each an “**Authority**”) and, where applicable, the third party non-government entity who helps implement them (each a “**Partner**”), provide tools and resources enabling Property Owners to make smart, informed and responsible choices regarding such Measures. PACE Programs must be responsible for ensuring that the tools and resources are appropriate and accurate, which means care must be taken with Property Owners before, during and after the origination of financing under the Program (“**PACE Financing**”). Consumer protections serving Property Owners must be a core value of PACE Programs, including the Authorities and Partners. In this document, “Partner” refers to the Authority in all cases where a Program does not include a third party non-government partner.*

*The baseline consumer protection policies of the Program cover the following areas: (1) Eligibility and Risk, (2) Disclosures and Documentation, (3) Financing Terms, (4) Operations, (5) Post-Funding Property Owner Support, (6) Data Security, (7) Privacy, (8) Marketing and Communications, (9) Protected Classes, (10) Participating Contractor Requirements, (11) Eligible Measures, (12) Maximum Cost per Measure, (13) Reporting, (14) Closing & Funding and (15) Oversight. The recommended consumer protection policies set forth herein can help guide PACE Program implementation to ensure Property Owners realize maximum benefit.*

### 1. ELIGIBILITY AND RISK

*Policy Summary: The Program blends traditional credit risk considerations together with statutory*

*requirements and administrative policy objectives to develop specific risk and eligibility criteria for participation in the Program. While this process will exclude unqualified Property Owners and properties, special consideration has been given to develop inclusive standards. The criteria examine three key attributes of every Project: (1) the real property on which the Measures will be installed (“**Property**”), (2) the Property Owner’s mortgage and property tax payment history, and (3) the eligibility of the Measures to be installed.*

1.1. Properties. Consistent with its foundational considerations, it is the policy of the Program to make the Program available to the entirety of the existing residential housing stock within its political boundaries. Applicable law often governs the eligibility criteria for Properties and not all properties may be eligible for PACE Financing, which may include: (i) commercial properties, (ii) new properties under construction, or (iii) properties that cannot be subject to an assessment or levy. The Partner will examine the Property for compliance with the criteria set forth in applicable law. If requested in good faith by a Property Owner whose Property has been found ineligible, the Partner may undertake a “second look” eligibility review of the applicant’s Property, re-examining the specific attributes of the Property in question and confirming or modifying the original determination. Accordingly, unless otherwise allowed or required by applicable law, Properties eligible for Program financing will have the following attributes:

- 1.1.1. All property taxes for the Property are current for the previous three years or since the current owner acquired the Property, whichever period is shorter.
- 1.1.2. The Property is not subject to any involuntary lien in excess of \$1,000.
- 1.1.3. The Property is not subject to any notices of default.
- 1.1.4. The Property is within the geographical boundaries of the PACE Program.
- 1.1.5. The PACE Financing is for a residential property of three units or fewer.
- 1.1.6. The PACE Financing is for less than fifteen percent (15%) of the value of the property, up to the first seven hundred thousand dollars (\$700,000) of the value of the property, and is for less than ten percent (10%) of the remaining value of the property above seven hundred thousand dollars (\$700,000).
- 1.1.7. The total mortgage-related debt and PACE Financing on the underlying property does not exceed the value of the property.

In each case the value of the Property shall be determined at the time of Property Owner's application for PACE Financing using a documented and uniform process.

1.2. Property Owners. The assessment associated with PACE Financing ("**PACE Assessment**") typically appears as line items on property tax bills and Property Owners repay their PACE Financing when they pay their property tax bills. The Property Owner's mortgage and property tax payment history is, thus, an important factor in determining a Property Owner's eligibility to participate in the Program. Accordingly, at the time of application, and unless otherwise allowed or required by applicable law, applicants must have status and payment histories that are consistent with the following in order to be eligible for PACE Financing:

- 1.2.1. The Property Owner is not in bankruptcy proceedings.
- 1.2.2. The Property Owner is current on all mortgage debt.
- 1.2.3. The Party seeking financing is the holder of record on the property.

1.3. Eligible Measures. The Program provides financing for a broad range of eligible Measures permanently-affixed to the Property, the details of which are set forth in Section 11. Only those Measures specified in Section 11 are eligible for PACE Financing, provided that a Property Owner may request a review of specific measures on a case-by-case basis to determine if a particular product not otherwise listed in Section 11 may be included as an eligible Measure by the Partner. While the Partner is responsible for confirming the eligibility of Measures, it is not responsible for determining post-installation energy performance, savings or efficacy of such Measures. The Program relies on applicable law as well as data and ratings from the U.S. Department of Energy, the Environmental Protection Agency or other federal and state government agencies or other reputable third parties in determining what constitutes an eligible Measure.

## 2. DISCLOSURES & DOCUMENTATION

*Policy Summary: Program documentation should ensure compliance with these consumer protection policies and must be clear, complete, and fair to all parties. PACE Financing is a relatively new form of financing that, while sharing some features of traditional financing, presents*



*new considerations for Property Owners. Best practices counsel the Program to disclose traditional “know before you owe” financing terms (“**Disclosures**”) in a form substantially similar to that set forth in Attachment A. Disclosures covering the PACE Financing repayment cycle (typically, annual or semiannual) and the Federal Housing Finance Authority’s announcement regarding payoff of the PACE Assessment at the time of sale or refinance are among the new considerations. The Disclosures are a method to provide Property Owners information regarding the Program’s traditional and non-traditional features.*

- 2.1. Document Timing. Before commencement of any Project, a Property Owner needs to: (i) submit an application; (ii) receive approval of the Measures from the Partner; and (iii) execute documentation covering the terms and Disclosures summarized in this Section 2. Following installation of the Measures, a Property Owner needs to: (i) acknowledge that the installation of the Measures has been satisfactorily completed; and (ii) receive a final summary of the PACE Financing costs and payments. Delivery of all such documentation to the Property Owner is the responsibility of the Partner.
- 2.2. Terms. Fundamental terms to include in the Disclosures include: (i) the amount financed including the cost of the installed Measure(s), together with Program fees and capitalized interest, if any, (ii) the repayment process and schedule, (iii) the payment amounts, (iv) the term of the financing, (v) the rate of interest charged, (vi) a payment schedule that fully amortizes the amount financed, (vii) the nature of the lien or obligation created upon recordation, (viii) the Measures to be installed, (ix) the right to cancel the financing pursuant to applicable law, (x) the right to withhold approval of final payment until the Project is completed to the Property Owner’s satisfaction, and (xi) any other relevant state-specific rights, notices, or requirements. It is the responsibility of the Partner to prepare, deliver and arrange for any applicable execution of documents reflecting such terms.
- 2.3. Disclosures Policy. Disclosures ensure that Property Owners are aware of and understand key PACE Financing terms and risks associated with the Program. It is the policy of the Program that the Partner confirm delivery to the Property Owners of these Disclosures, and obtain written acknowledgement that the Property Owner has read and understood them.

Disclosures	Description
Term of financing	The maximum time period of the financing
Amount financed	The total amount financed, including the installed cost of the Measure(s), Program fees and capitalized interest, if any
Annual payment amount	The amount due each year, even if paid in semi-annual installments or through monthly impound/escrow payments
Annual percentage rate/APR	The effective interest rate after taking into account all fees and capitalized interest
Product(s) financed	The Measures installed
Mortgage risks	The risk that the Property Owner may need to pay off the PACE Assessment at the time of sale or refinance
Right to cancel	The right to rescind the financing pursuant to applicable law
Prepayment	The right to prepay the PACE Financing with clearly defined penalties, if any. Also: disclose that prepayment may wait until next tax period if notice is provided after tax roll is boarded.

The following comprise additional key Disclosures of the Program provided by the Partner.

Disclosures	Description
Program overview	A document or section of a document that provides a comprehensive summary of the Program, including a summary of a Property Owner's rights and obligations
Property tax repayment process	Description of the property tax payment process and the line item

Disclosures	Description
	for repayment of the PACE Financing
Tax benefits	Recommend Property Owners consult with a tax professional regarding potential tax benefits that could apply to them.
Privacy	A notice describing the privacy policies of the Program or Partner

2.4 Confirmation of Terms. For all PACE Financing applications, it is the policy of the Program that the Partner confirm with the Property Owner applicant each of the PACE Financing terms listed in (a)-(i) below.

Further, it is the policy of the Program that the Partner confirm live by telephone for each applicant who is over 64 years old the Program financing terms listed in (a)-(i) of this Section 2.4, and any other special categories of Property Owners as designated by the Program. For avoidance of doubt, for Property Owners over 64 years old, a voicemail message does not satisfy the requirement of Program financing term confirmation under this Section 2.4.

Before any notice to proceed with the installation of Measures, the Partner will confirm the Property Owner understands:

- (a) The improvement(s) being installed are being financed under the Program;
- (b) The total estimated annual payment, including applicable fees;
- (c) The estimated date the first property tax payment will be due;
- (d) The term of the PACE Financing;
- (e) The PACE Financing payments will be made through the Property Owner's property taxes and paid either directly to the county assessor's office or through his or her mortgage impound/escrow account;
- (f) The existence of potential tax benefits and recommendation that Property Owner consult a tax advisor;

- (g) The possibility that the PACE Assessment (a) may transfer and remain on the Property or (b) may be required to be paid off if the Property Owner sells or refinances the Property;
- (h) Only the Measures indicated in the financing agreement will be financed by the PACE Financing; and,
- (i) Partner must be informed prior to funding the PACE Financing if Property Owner has authorized any new Measures.
- (j) If homeowner prepays after the County has placed the assessment on the tax roll, it may not be able to be adjusted.

### 3. FINANCING TERMS

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

- 3.1 Interest Rates. It is the policy of the Program that the Partner offer fixed simple interest rates, and payments that fully amortize the obligation. Variable interest rates or negative amortization financing terms are not permitted. For the avoidance of doubt, capitalized interest included in the original balance of PACE Financing does not constitute negative amortization.
- 3.2 Sustainable Funding Source. It is the policy of the Program that the Partner establish a sustainable source of capital for funding PACE Financing separate from the Authority's general fund or budget and have access to capital markets to ensure PACE Financing for qualified Projects is available on a consistent basis. A Partner must demonstrate the capacity to fund PACE Financing the Program and Partner anticipate originating through such Partner over a six (6) month period immediately following the Program's review of such Partner's financial statements.
- 3.3 Subordination. For Programs in states with senior lien PACE statutes, a Program and/or its Partner may accommodate Property Owners with a PACE Assessment and prospective buyers of such Properties by offering to subordinate certain of its/their rights derived from the PACE Assessment lien to the lien of a mortgage or deed of trust. The subordination may provide the lien under a mortgage or deed of trust with senior rights such that the lender may be induced to provide a mortgage loan on a Property with a PACE Assessment. The subordination option may be made available to homebuyers and Property Owners in accordance with policy agreed upon by the Program and the Partner.
- 3.4 Contractor Fees. It is the policy of the Program that the Partner can only charge fees to Participating Contractors as long as the Partner requires that such Participating Contractors absorb such fees and not pass the fees on to Property

Owners.

## 4. OPERATIONS

*Policy Summary: Operations refers to the staff, procedures, and systems that the Partner uses to deliver the Program to Property Owners and provide ongoing support. For the Partner, operational competence rests on the ability to perform well in a range of areas and disciplines, such as accounting, finance, capital markets, risk assessment, legal, compliance, government affairs, municipal engagement training, marketing and sales, contractor engagement, business development, and corporate development. While each operating unit incorporates thoughtful and highly effective consumer protections in the work it produces, Operations is the gatekeeper responsible for assuring the Program has the people, processes, tools and technology necessary to deliver to Property Owners the PACE Financing, as well as the consumer protections described in these policies.*

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

## 5. POST-FUNDING PROPERTY OWNER SUPPORT

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

- 5.1. Proactive Engagement. It is the policy of the Program that the Partner proactively monitor and test the consumer protections delivered to Property Owners, and to request feedback from Property Owners, local governments and Participating Contractors to identify potential improvement actions.
- 5.2. Onboarding. It is the policy of the Program that the Partner develop and implement a post-installation onboarding procedure for Property Owners to reinforce key characteristics of the Program, such as those highlighted in the Program disclosures.
- 5.3. Payments. It is the policy of the Program that the Partner have disclosures and resources in place to resolve any Property Owner questions regarding payments. The Program requires that the Partner implement procedures for responding to requests for partial or full prepayment of their PACE Financing in a timely and complete manner, matters regarding impound/escrow account payments, payment timing inquiries, and payment amount reconciliation among others.
- 5.4. Inquiries and Complaints. It is the policy of the Program that the Partner receive, manage, track, and timely resolve all inquiries and complaints from Property Owners. This policy contemplates the Partner having an ability to perform inspections, meet with Property Owners and Participating Contractors, investigate matters, and assist in facilitating resolutions between Property Owners and Participating Contractors where appropriate. The Partner must proactively work to resolve inquiries and complaints in a reasonable and timely manner and in accordance with the Program guidelines and must make communication for Property Owners available during regular business hours by phone and email.



- 5.5. Real Estate Transactions. It is the Program's policy that the Partner develop capabilities to assist Property Owners who are refinancing or selling their Property. The Partner must support real estate professionals providing services to refinance and sales transactions for Properties with PACE Assessments.

## 6. DATA SECURITY

*Policy Summary: Trust is fundamental to any financing relationship, and Program financing is no exception. The public/private partnership at the center of the Program, as well as the confidential relationship Property Owners have with the Partner, mandate that the Program implement industry-standard cyber-security policies and procedures, and in particular develop secure and tested processes protecting Property Owners' nonpublic personal information at points of potential vulnerability, especially during the application process.*

6.1. Information Systems. It is the policy of the Program that the Partner develop and comply with secure and tested processes to protect the nonpublic personal information of the Property Owner described in Section 7, including:

- 6.1.1. A cyber-security policy and protocol that, at a minimum, requires data encryption “during transmission” and “at rest,” and in compliance with its cyber-security standards.
- 6.1.2. A protocol for Partner employee access to Property Owner information based upon job function and need-to-know criteria.
- 6.1.3. Procedures protecting the security and confidentiality of Property Owner records and information, including, without limitation, requiring all its computers and other devices containing any nonpublic personal information of Property Owners to have all drives encrypted with industry-standard encryption software.
- 6.1.4. Monitoring and logging all remote access to its systems, whether through VPN or other means.
- 6.1.5. Data security policies and procedures that are subject to auditing and penetration testing conducted by an independent auditor.
- 6.1.6 Ensuring minimum viable configurations are in place on all servers. All firewalls should have continuous logging enabled. In addition, access control lists and audited server configurations should be used to ensure that data security is maintained.

6.2. Personnel. The Partner is responsible for:

- 6.2.1. Informing and enforcing compliance with the Program's data privacy and security policies on the part of its employees, Participating Contractors, vendors, agents, service providers, representatives, and associates exposed to nonpublic personal information of Property Owners.
- 6.2.2. Implementing procedures and controls to prevent unauthorized copying, disclosure, or other misuse of nonpublic personal information.

## 7. PRIVACY

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

- 7.1. Privacy Policy. The Partner obtains “**nonpublic personal information**” (as defined in the Gramm-Leach Bliley Act of 1999, title V, its implementing regulations, and other similar laws and regulations) from Property Owners as part of the Program application process or through other Property Owner touch points with the Program. It is the Program's policy that the Partner develop a privacy policy covering (i) the sources from which nonpublic personal information is obtained, (ii) the Partner's use of nonpublic personal information, and (iii) a mechanism by which a Property Owner may opt-out of sharing information. The Partner will deliver the privacy policy to Property Owners prior to the receipt of the Property Owner's signed PACE Financing agreement and will provide Property Owners with updates to such privacy policy.
- 7.2. Application Process. Unless otherwise consented to by the Property Owner, it is the policy of the Program that all nonpublic personal information provided by a Property Owner to a Partner during the application process is provided directly by the Property Owner to the Partner.

## 8. MARKETING & COMMUNICATIONS

*Policy Summary: Clear, informative, truthful, balanced, transparent and complete communications are essential for the Program. The stakeholders of the Program include Property Owners, Participating Contractors, the Authority, government officials and staff, investors, finance partners, real estate professionals, mortgage lenders, and the Partner among others. Communications or acts and practices that mislead stakeholders, abuse stakeholders, or otherwise fail to meet the core communication standards of appropriateness for the Program are not acceptable.*

- 8.1. Prohibited Practices. The Program prohibits marketing practices that are unfair, deceptive, abusive, misleading, violate federal or state laws or regulations or are inconsistent with the Program’s purpose. The Partner and Participating Contractors and other permitted vendors making marketing or sales telephone calls on the Partner’s behalf must not violate federal or state “Do-Not-Call” laws. The Partner is responsible for developing and enforcing marketing practices meeting the requirements set forth herein.
- 8.2. Permitted Practices. It is the policy of the Program to adhere to all legal and regulatory requirements pertaining to its advertising and marketing efforts. On the basis of providing clear and concise communication to Property Owners, any practice that promotes an informed decision on the part of Property Owners and is not prohibited as described in Section 8.1 is permitted. The Partner is responsible for monitoring and testing co-branded (branded by Partner and a Participating Contractor) marketing materials for compliance and promptly correcting any non-compliant materials.
- 8.3. Tax Advice. It is the policy of the Program that no Partner, Participating Contractor or other third party acting on Partner’s behalf, who is not a tax expert, may provide tax advice to Property Owners regarding PACE Financing; provided the Partner may indicate to the Property Owner that tax benefits may be available to certain Property Owners who have a PACE Assessment as described in IRS Tax Topic 503<sup>1</sup> and direct Property Owners to seek the advice of an expert regarding tax matters related to the Program. The Partner shall monitor and test the sales practices of its employees and Participating Contractors to

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<sup>1</sup> <https://www.irs.gov/taxtopics/tc503.html>

confirm adherence to the policy set forth in this Section 8.3.

- 8.4. Payments in Exchange for Financing. It is the policy of the Program that no Partner, contractor or affiliated individual may provide a direct cash payment or other thing of value to a homeowner explicitly in exchange for such homeowner's selecting Program financing. For avoidance of doubt, the limitations provided in this Section 8.4 are not intended to prevent the Program from offering to homeowners, contractors or affiliated individuals promotions that are not explicitly part of the exchange referred to in the preceding sentence.

## 9. PROTECTED CLASSES

*Policy Summary: The Partner must ensure compliance with all state and federal laws that cover individuals in protected classes. A specific requirement of the Program includes heightened protections for Property Owners over 64 years old, such as confirming such Property Owners' understanding of financing terms and Project specifications. Unintentional non-compliance will not excuse a failure to comply with all state and federal laws regarding protected classes.*

- 9.1. General. The Program requires that the Partner develop procedures to monitor and test compliance with all state and federal laws covering Property Owners in protected classes.
- 9.2 Financing Application Access and Decisioning. It is the responsibility of the Partner to provide legally unbiased access to and decisioning regarding Program participation to all applicants for PACE Financing.

## 10.CONTRACTOR REQUIREMENTS

*Policy Summary: Participating Contractors and their sales persons are one of the primary means by which Property Owners become aware of PACE and Program participation options. Participating Contractors enter into contracts with the Partner, and are required to register with state and local licensing boards and agencies required by applicable law. Participating Contractors are required to complete training courses, follow a code of conduct, maintain insurance, post bonds, and follow marketing requirements, among other obligations, all of which are designed to facilitate the Property Owners' positive and productive interaction with the Program.*

10.1. Policies. It is the policy of the Program that all contractors who sell, install, or manage subcontractors who install eligible Measurers will have become “**Participating Contractors**” by executing the Program’s Contractor Participation Agreement (the “**PCPA**”) and that all such Participating Contractors meet the requirements of the PCPA, which include:

10.1.1. Compliance with any relevant state contractor code of conduct.

10.1.2. Maintenance of an active license, and in good standing, with any relevant state licensing board, as well as maintenance of insurance and an ability to meet bonding requirements;

10.1.3. Execution of the PCPA only by a person who is authorized to act on behalf of, and who is responsible for the actions of, a Participating Contractor and in compliance with any applicable licensing board requirements;

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

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

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

10.1.7. Requiring that Participating Contractors register any individuals who are

providing sales services related to the Program on their behalf.

10.1.8 Contractors have confirmed that they have read the CSCDA Consumer Protection Policies.

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

10.2.1. Has a specified probationary period (i.e., place the new Participating Contractors on a watch list) until the new Participating Contractors have completed the required number of Projects;

10.2.2. Has procedures in place, during the Participating Contractor probationary period, to provide additional quality assurance steps for Projects completed by the new Participating Contractors; and

10.2.3. Has procedures in place to review Participating Contractor work to confirm satisfactory completion of Projects conducted during the probationary period.

10.3 Contractor Management. It is the policy that the Partner use commercially reasonable efforts to manage and track Participating Contractor training and any compliance violations on an individual and Participating Contractor company basis.

10.4 Contractor Training. It is the policy of the Program that the Partner make available Participating Contractor training regarding, at a minimum, the following: (i) the applicable contractor code of conduct terms as required by the Program, (ii) protected classes, including, without limitation, elder protection, and (iii) other consumer protection measures as required by the Program.

10.5 Remedial Action. Following reasonable escalation procedures, Partners may suspend or terminate a Participating Contractor from the Program based on violations of the PCPA or any applicable law. It is the policy of the Program that the Partner implement processes for the review and documentation of alleged violation(s) of a Participating Contractor and, if applicable, the suspension and/or termination of such Participating Contractor.



## 11. ELIGIBLE MEASURES

*Policy Summary: The Program enables and encourages Property Owners to install Measures designed to provide a public benefit (such as saving water and energy) in accordance with applicable law. The Partner is responsible for implementing practices and controls (e.g., eligible Measure databases and Measure confirmation processes) to ensure that PACE Financing is used only for eligible Measures. Establishing eligible Measures ensures Property Owners finance improvements which are industry recognized for achieving high levels of home energy or water efficiency, or other state-specific approved Measures.*

11.1. Policies. Consistent with the objectives of the PACE enabling legislation, it is the policy of the Program through consultation with the Partner and the Authority to:

11.1.1. Establish, and maintain an eligible Measures database and/or list, documenting the associated eligibility specifications for each Measure;

11.1.2. Define a process for adding to or modifying the eligible Measure database;

11.1.3. Ensure that eligible Measure energy efficiency/water efficiency/energy generation (as applicable) performance standards are calibrated and verified using performance criteria that the U.S. Department of Energy, U.S. Environmental Protection Agency, and/or other federal and state agencies or other reputable third parties have established;

11.1.4. Use credible third party sources to determine the useful life of each installed Measure, which will be used in connection with setting the maximum term for PACE Financing; and

11.1.5. Require that each Measure is permanently affixed to the Property.

11.1.6. Anything of value provided by a Participating Contractor to the Property Owner other than the Measures cannot be included in the PACE Financing. For the avoidance of doubt, site preparation required to support and enable installation of the Measures may be included in PACE Financing.

11.2. Procedures. It is the policy of the Program that the Partner establish procedures confirming that the Property Owner applying for PACE Financing intends to install

eligible Measures, and that at the time of final funding such Measures have been installed to the Property Owner's satisfaction.

11.3. Ineligible Products.

11.3.1. Financing of ineligible products under the Program is prohibited.

11.3.2. Products that are not included on the eligible Measures list or in the eligible Measures database can be submitted for review to the Partner on a case-by-case basis, to determine if such products may be eligible for PACE Financing.

## 12. MAXIMUM COST PER MEASURE

*Policy Summary: Many Property Owners cannot readily access price information regarding the installation of energy efficiency, renewable energy and water conservation Measures for their homes, and cost often is a key economic consideration. It is in the public interest to implement a Maximum Cost per Measure (“**MCM**”) procedure based upon the fair market value of the Measures setting the ceiling for amounts that can be financed with PACE Financing.*

The Program’s MCM policies provide as follows:

- 12.1. It is the policy of the Program for the Partner to develop MCMs based on market data and the Partner’s experience. In evaluating Measure pricing, the Partner may take into account regional factors contributing to the pricing of Measures.
- 12.2. It is the policy of the Program that the Partner, at a minimum, establish an MCM for each Measure type (e.g. for central air conditioners, solar PV systems, solar thermal systems and artificial turf).
- 12.3. It is the policy of the Program that the Partner establish attribute-related pricing rules for each type of Measure to correspond with and justify the applicable MCM.
- 12.4. It is the policy of the Program that the Partner establish procedures and systems for purposes of enforcing the MCM rules for every Project.
- 12.5. A Measure may only be financed under the Program for an amount that is greater than the applicable MCM if the greater amount is justified by reasonable standards that are validated and documented by the Partner.

### 13.REPORTING

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

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

## 14.CLOSING & FUNDING

*Policy Summary: The Program provides limited purpose financing to Property Owners, and not general purpose financing that is more common among other sources of financing. The Program has front-end and pre-funding procedures designed to confirm that PACE Financing dollars are used for permissible purposes. A policy requiring such procedures is essential to protecting the integrity of the Program.*

- 14.1. Installation Completion Sign-off. It is the policy of the Program that the Partner confirm, before final funding, that the Measures are installed, operational and in a condition that is acceptable to the Property Owner and the Participating Contractor, and to require that the Property Owner and the Participating Contractor to acknowledge the same. It is the responsibility of the Partner to confirm any such acknowledgement is provided within the maximum allowable installation time as specified by the Program.
- 14.2. Permits. It is the policy of the Program for Property Owners seeking PACE Financing to obtain required permits for the installation of Measures and provide verification thereof upon request to the Partner.
- 14.3. Funding. It is the policy of the Program that the Partner disburses final payment to the Participating Contractor only for Projects that are complete in accordance with this Section 14.
- 14.4. Recording. It is the policy of the Program that the Partner record the required lien recordation documentation in a manner consistent with state law.
- 14.5. Asset verification. It is the policy of the Program that the Partner confirms that Measures listed on any acknowledgement of satisfactory completion and for which PACE Financing has been provided have been installed and that the Partner develop and implement a randomized onsite inspection protocol acceptable to the Authority.

## 15.OVERSIGHT

*Policy Summary: Oversight provides assurances to stakeholders that the Program and Partner are operating in compliance with its legislative purpose. The Authority shall facilitate, through an independent, third party process, the certification of the PACE Program as compliant with the policies set forth herein, the procedures developed in response to them and the legislation enabling the Program.*

15.1 Examination Process. On an annual basis, the Authority shall cause a reputable independent third party to conduct a review and audit of the Partner's compliance with the requirements set forth in this PACE Consumer Protection Policies document. Upon completion of such review and audit, the Authority shall make the results available to its local government participants upon request.

Attachment A

Form of Disclosures

# Certificate of Appreciation

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

## Ron Holly

*for his outstanding efforts in providing innovation, guidance and stewardship in serving local governments throughout California.*

*His contributions over the last 4 ½ years have exemplified his commitment to helping communities grow and prosper through economic development. His commitment as a CSCDA Commissioner and as Secretary to the Commission went above and beyond the call of duty. Ron provided critical advice and key insights to the Authority as a member of CSCDA's P3 Ad Hoc Committee and its PACE Ad Hoc Committee. Ron also played a key role in the development of CSCDA's GO Saver's Program. It is with great appreciation and admiration that we wish Ron the best in his retirement. His presence will be greatly missed.*



**CSCDA**  
CALIFORNIA STATEWIDE COMMUNITIES  
DEVELOPMENT AUTHORITY

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Dan Harrison, Chair

March 2, 2017

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Larry Combs, Vice Chair