



REGULAR MEETING AGENDA

April 7, 2016 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

County of Butte
7 County Drive, Oroville, CA 95965

County of Monterey
168 Alisal Street, Salinas, CA 93901

27788 Hidden Trail Road
Laguna Hills, CA 92653

A. OPENING AND PROCEDURAL ITEMS

1. Roll Call.

<input type="checkbox"/> Dan Harrison, Chair	<input type="checkbox"/> Tim Snellings, Member
<input type="checkbox"/> Larry Combs, Vice Chair	<input type="checkbox"/> Dan Mierzwa, Member
<input type="checkbox"/> Kevin O'Rourke, Treasurer	<input type="checkbox"/> Ron Holly, Alt. Member
<input type="checkbox"/> Terry Schutten, Secretary	<input type="checkbox"/> Brian Moura, Alt. Member
<input type="checkbox"/> Irwin Bornstein, Member	
2. Consideration of the minutes of the March 17, 2016 Regular Meeting.
3. Consideration of the Consent Calendar.
4. Public Comment.

B. ITEMS FOR CONSIDERATION

5. Consideration of the issuance of revenue bonds or other obligations to finance or refinance the following projects, the execution and delivery of related documents, and other related actions:
 - a. Loma Linda University Medical Center, Cities of Loma Linda and Redlands, County of San Bernardino; City of Murrieta, County of Riverside; issue up to \$950,000,000 in nonprofit healthcare refunding and revenue bonds.

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- b. Cadence Family Irvine Housing Partners, L.P. (RCC Cadence Family Apartments), City of Irvine, County of Orange; issue up to \$17,000,000 in multi-family housing revenue bonds.
 - c. Stonehaven Student Housing, Inc. (Stonehaven Apartments), City of Riverside, County of Riverside; issue up to \$21,000,000 in nonprofit revenue refunding bonds.
- 6. Consideration of Agreement with CleanFund Commercial PACE Capital for Services as an Administrator for CSCDA Open PACE Program.
- 7. Consideration of a resolution ratifying and approving the forms of certain documents to be used in connection with the issuance of CSCDA Open Pace limited obligation improvement bonds not to exceed \$100 million for Commercial PACEDirect and approving related documents and actions.
- 8. Consideration of a resolution ordering change and modification proceedings and approving an amended and restated engineer's report for SCIP 2016-02 (City of Santa Rosa, County of Sonoma).
- 9. Consideration of CSCDA position related to AB 2693.

C. STAFF ANNOUNCEMENTS, REPORTS ON ACTIVITIES OR REQUESTS

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

NEXT MEETING: Thursday, April 21, 2016 at 2:00 p.m.
California State Association of Counties
1100 K Street, 1st Floor, Sacramento, CA 95814

CALIFORNIA STATEWIDE COMMUNITIES DEVELOPMENT AUTHORITY

CONSENT CALENDAR

1. Consent Calendar

- a. Inducement of La Puente Park Preservation LP (La Puente Park Apartments), City of La Puente, County of Los Angeles; issue up to \$31 million in multi-family housing revenue bonds.
- b. Inducement of KDF Hallmark, LP (Hallmark House Apartments), City of Redwood City, County of San Mateo; issue up to \$15 million in multi-family housing revenue bonds.
- c. Approve City of Highland and City of Big Bear Lake as new CSCDA program participants.

April 7, 2016



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

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

March 17, 2016

MINUTES

Commission chair Dan Harrison called the meeting to order at 2:02 pm.

1 Roll Call.

Commission members present: Dan Harrison. Dan Mierzwa; Tim Snellings, Alternate commissioner Brian Moura (representing Irwin Bornstein); and Alternate Commissioner Ron Holly (representing Terry Schutten) participated by conference telephone.

CSCDA Executive Director, Catherine Bando was also present.

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

2 Approval of the minutes of the March 3, 2016 regular meeting.

It was noted that there was a typographical error in the description for agenda item 7 that will be corrected.

Motion to approve minutes, subject to correction, by Mierzwa; second by Snellings; unanimously approved by roll-call vote.

3 Approval of consent calendar:

- a Induce Kore Infrastructure, LLC (Rialto Project), City of Rialto, County of San Bernardino; issue up to \$50 million in solid waste disposal revenue bonds.
- b Approve South Placer Municipal Utility District as a new CSCDA program participant.

Motion to approve by Mierzwa; second by Moura; 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 LIH Casa Blanca LP (Casa Blanca Apartments); City of Antioch, County of Contra Costa; issue up to \$17 million in multi-family housing revenue bonds.

Executive Director Bando explained that this project relates to the rehabilitation of a 115-unit affordable housing project, 100% of which will remain rent restricted for low-income tenants. This is the borrower's fourth financing with CSCDA, and the bonds will be privately placed.

Executive Director Bando indicates that the project meets CSCDA's issuance policies and she recommends approval.

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

- 6 Approval of resolution abandoning proceedings for proposed Assessment District No. 16-01 (City of Petaluma, County of Sonoma) relating to the Statewide Community Infrastructure Program (SCIP).

Executive Director Bando explained that on January 7, 2016, CSCDA commissioners adopted a resolution establishing a proposed Assessment District in the City of Petaluma. Subsequently, the developer determined that SCIP financing would not be advantageous for the project and requested withdrawal. Therefore, it is proposed to abandon the proceedings for the proposed Assessment District No. 16-01 (City of Petaluma).

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

- 7 Approve resolution increasing CaliforniaFIRST residential PACE authorization to \$400 million.

Executive Director Bando explained that due to the success and rapid growth of the CaliforniaFIRST residential PACE program, she recommends approval of this increase.

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

- 8 Approve resolution deeming special services covenant satisfied by Dignity Health.

Executive Director Bando explained that Dignity Health and Kaiser Foundation Hospitals have formed a new entity, Port City Operating Company LLC (Port City), which will now own St. Joseph's Medical Center of Stockton (Stockton facilities). The loan agreement for the Stockton facilities, from 2007 and 2008, contain a "special services covenant" which requires Dignity Health to maintain certain facilities and services within the City of Stockton. Dignity Health has requested that CSCDA deem the "special services covenant" satisfied.

Bond Counsel and Issuer Counsel have reviewed and approved the resolution. Executive Director Bando recommends approval.

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

9 Executive Director update.

Executive Director Bando reported that she had a good meeting today with CDLAC. CDLAC was interested in seeing Urban Futures' compliance system, and seemed impressed.

Also today, she and Chris McKenzie participated in a videotaped production, organized by CSCDA's new OpenPACE administrator. The purpose of the production is to help cities understand the advantages of OpenPACE as opposed to vetting various PACE administrators themselves.

10 Staff updates.

Jon Penkower shared that the first quarter of 2016 has been very busy for housing applications. CSCDA received CDLAC allocation awards for seven projects in yesterday's meeting, and ten more applications will be submitted tomorrow for the May allocation round.

11 Chair Dan Harrison adjourned the meeting at 2:15 pm.

Submitted by: Perry Stottlemeyer, League of California Cities staff

*The next regular meeting of the commission is scheduled for
Thursday, April 7, at 2:00 pm
in the League of California Cities' office at 1400 K Street, 3rd Floor, Sacramento, California.*

RESOLUTION NO. 16H-__

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

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

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

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

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

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

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

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

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

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

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

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

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

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

PASSED AND ADOPTED by the California Statewide Communities Development Authority this April 7, 2016.

The undersigned, an Authorized Signatory of the California Statewide Communities Development Authority, DOES HEREBY CERTIFY that the foregoing resolution was duly adopted by the Commission of said Authority at a duly called meeting of the Commission of said Authority held in accordance with law on April 7, 2016.

By: _____
Authorized Signatory

EXHIBIT A

Project Name	Project Location	Project Description (units)	New Construction/ Acquisition and Rehabilitation	Legal Name of initial owner/operator	Bond Amount
La Puente Park Apartments	City of La Puente, County of Los Angeles	132	Acquisition and Rehabilitation	La Puente Park Preservation LP	\$31,000,000
Hallmark House Apartments	City of Redwood City, County of San Mateo	72	Acquisition and Rehabilitation	KDF Hallmark, LP	\$15,000,000

RESOLUTION NO. 16R-24

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

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 April 7, 2016.

* * * * *

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 April 7, 2016.

By _____
Authorized Signatory

EXHIBIT A

**ADDITION OF NEW CALIFORNIA STATEWIDE
COMMUNITIES DEVELOPMENT AUTHORITY
PROGRAM PARTICIPANT(S)**

1. City of Highland

RESOLUTION NO. 16R-26

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

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 April 7, 2016.

* * * * *

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 April 7, 2016.

By _____
Authorized Signatory

EXHIBIT A

ADDITION OF NEW CALIFORNIA STATEWIDE COMMUNITIES DEVELOPMENT AUTHORITY PROGRAM PARTICIPANT(S)

1. Big Bear Lake



Agenda Item No. 5a

Agenda Report

DATE: April 7, 2016

TO: CSCDA COMMISSIONERS

FROM: Cathy Bando, Executive Director

PROJECT: Loma Linda University Medical Center

PURPOSE: Authorize the Issuance of Bonds to Finance and Refinance the Acquisition, Construction, Improvement, Renovation and Equipping of Healthcare Facilities located in the Cities of Loma Linda and Redlands, County of San Bernardino and City of Murrieta, County of Riverside

AMOUNT: Not to Exceed \$950,000,000

EXECUTIVE SUMMARY:

Loma Linda University Medical Center (LLUMC) intends to use the proceeds of the financing (the “Bonds”), together with other funds to finance the Campus Transformation Project (outlined below) and refinance certain outstanding obligations of related healthcare facilities.

PROJECT SUMMARY:

Campus Transformation Project

The Campus Transformation Project is the construction of a new health complex on the University Hospital and Children’s Hospital campus. In addition to bringing the University Hospital into compliance with required seismic safety standards, the Campus Transformation Project is designed to enhance the health and wellness resources available to the communities served by the University Hospital and the Children’s Hospital.

The Campus Transformation Project is multi-faceted and includes the following:

- Development, construction, equipping and furnishing of a new acute care facility that will replace the existing University Hospital.
- A new tower to be operated for children’s hospital exclusive uses, which will enhance the existing Children’s Hospital.
- The new acute care hospital facility that will replace the University Hospital is designed to comply with California’s seismic safety standards.

- The hospital facilities to be constructed as part of the Campus Transformation Project have been designed to provide flexibility and interchangeability to allow for separate and shared space to meet the specific needs of both adults and children. One significant improvement to the hospital facilities relates to patient rooms, all of which have been designed as private rooms.

Refinancing

In addition to funding a portion of the Campus Transformation Project, LLUMC will be refinancing existing indebtedness which was used to construct and equip the facilities of LLUMC and certain affiliates such as LLUMC – Murrieta and LLU Behavioral Medicine Center.

PROJECT ANALYSIS:

About LLUMC:

The present 11-story Loma Linda University Medical Center (LLUMC) opened on July 9, 1967. With the completion of the Loma Linda University Children's Hospital (LLUCH) in late 1993, nearly 900 beds are available for patient care, including at Loma Linda University Medical Center East Campus and Loma Linda University Behavioral Medicine Center (LLUBMC). LLUMC serves several outlying communities, including LLUMC-Murrieta and the Highland Springs Medical Plaza.

LLUMC operates some of the largest clinical programs in the United States in areas such as neonatal care and outpatient surgery and is recognized as the international leader in infant heart transplantation and proton treatments for cancer. Each year, the institution admits more than 33,000 inpatients and serves roughly half a million outpatients. LLUMC is the only level one regional trauma center for Inyo, Mono, Riverside, and San Bernardino counties.

Public Agency Approval:

TEFRA Hearing: TEFRA was held by the City of Murrieta on March 15, 2016 and unanimously approved. TEFRA was also held by the County of San Bernardino on March 22, 2016 and unanimously approved. The Cities of Loma Linda Redlands consented to the County of San Bernardino holding the TEFRA for facilities located within their jurisdictions.

Economic Development:

- LLUMC employs more than 13,000 staff throughout all of its facilities.
- LLUMC's role in the community has generated the establishment of medical clinics, pharmacies, rehabilitation centers and other medical related businesses to assist children in need of continued medical care. In addition, many LLUMC employees live, eat and shop within the community and support the local economy.

Public Benefit:

- In 2014, LLUMC contributed \$258,176,533 in total community benefits, including quantifiable benefits for the poor and broader community.

- Medi-Cal, Medicaid and Medicare acceptance – LLUMC provides healthcare and helps to subsidize the cost of service for patients that participate in government sponsored programs such as Medi-Cal, Medicaid and Medicare. In 2014, LLUMC subsidized more than \$183 million for the unpaid cost of federal, state, and local programs.
- Non-reimbursed community benefit costs – In 2014, LLUMC provided more than \$13 million in traditional charity care charges.
- LLUMC is the region's only Level 1 Trauma Center.

Sources and Uses:

Sources of Funds:

Series 2016 Par Amount:	<u>\$ 802,820,000</u>
Total Sources:	\$ 802,820,000

Uses of Funds:

Project Fund:	\$ 525,158,734
Debt Service Reserve Fund:	\$ 70,003,691
Capitalized Interest:	\$ 172,367,945
Refund Series 2014C:	\$ 13,244,475
Refund BMC AIG Bonds:	\$ 10,000,000
Bond Denomination Rounding:	\$ 2,855
Cost of Issuance	<u>\$ 12,042,300</u>
Total Uses:	\$ 802,820,000

Finance Partners:

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

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

Underwriter: Bank of America Merrill Lynch, San Francisco

Finance Terms:

Rating: Anticipated to be BB+ by S&P and Fitch.

Term: 40 years.

Structure: Public offering. The offering will be limited to qualified institutional buyers and accredited investors.

Estimated Closing: May 11, 2016

CSCDA Policy Compliance:

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

DOCUMENTS: (as attachments)

1. CSCDA Resolution (Attachment A)
2. Photos of Campus Transformation Project (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

RESOLUTION NO. 16NP-__

**CALIFORNIA STATEWIDE COMMUNITIES
DEVELOPMENT AUTHORITY**

**A RESOLUTION AUTHORIZING THE ISSUANCE OF REVENUE BONDS IN
ONE OR MORE SERIES IN AN AGGREGATE PRINCIPAL AMOUNT NOT TO
EXCEED \$950,000,000 TO FINANCE AND REFINANCE THE ACQUISITION,
CONSTRUCTION, IMPROVEMENT, RENOVATION AND/OR EQUIPPING OF
HEALTH CARE FACILITIES OWNED AND/OR OPERATED BY LOMA LINDA
UNIVERSITY MEDICAL CENTER AND OTHER MEMBERS OF AN
OBLIGATED GROUP, AND OTHER MATTERS RELATING THERETO**

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

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

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

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

WHEREAS, the County of San Bernardino, California (the "County"), is a Program Participant, and the County is authorized to acquire and dispose of property, both real and personal, pursuant to the provisions of Chapter 1, Division 1 of Title 3 of the Government Code of the State of California;

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

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

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

WHEREAS, each of Loma Linda University Medical Center (the "Corporation"), Loma Linda University Children's Hospital ("LLUCH"), Loma Linda University Behavioral Medicine Center, Inc. ("LLUBMC"), and Loma Linda University Medical Center – Murrieta ("LLUMC – Murrieta") is a California nonprofit religious corporation and, with respect to the Corporation, LLUCH and LLUMC – Murrieta, is, and, with respect to LLUBMC, will be, a member of an obligated group;

WHEREAS, the Authority previously issued its Federally Taxable Revenue Bonds (Loma Linda University Medical Center), Series 2014C (the "Prior Bonds"), the proceeds of which were loaned to the Corporation to refinance certain debt incurred in the construction, improvement, renovation and/or equipping of health care facilities owned by LLUBMC and operated by the Corporation, LLUBMC and certain other affiliates (the "LLUBMC Facilities");

WHEREAS, LLUBMC also previously incurred certain debt (the "LLUBMC Debt"), the proceeds of which were used to finance or refinance the construction, improvement, renovation and/or equipping of the LLUBMC Facilities;

WHEREAS, the LLUBMC Facilities are located in the County;

WHEREAS, LLUMC – Murrieta previously incurred certain debt (the "LLUMC – Murrieta Debt"), the proceeds of which were used to finance or refinance the construction, improvement, renovation and/or equipping of health care facilities owned and operated by LLUMC – Murrieta (the "LLUMC – Murrieta Facilities");

WHEREAS, the LLUMC – Murrieta Facilities are located in the City;

WHEREAS, the Corporation wishes to (i) finance the acquisition, construction, improvement, renovation and/or equipping of certain health care facilities owned or to be owned and/or operated by the Corporation and by LLUCH, which facilities are or will be located in the County (collectively, the "New Project"), and (ii) refinance all or a portion of the Prior Bonds, the LLUBMC Debt and the LLUMC – Murrieta Debt (collectively, the "Prior Project" and, together with the New Project, the "Project");

WHEREAS, the Corporation is requesting the assistance of the Authority to finance and refinance the Project;

WHEREAS, pursuant to one or more Bond Indentures (individually and collectively, the "Bond Indenture"), between the Authority and U.S. Bank National Association (the "Bond Trustee"), the Authority will issue one or more series of California Statewide Communities Development Authority Revenue Bonds (Loma Linda University

Medical Center), Series 2016 (the “Series 2016 Bonds”), for the purpose, among others, of financing and refinancing the Project;

WHEREAS, pursuant to one or more Loan Agreements (individually and collectively, the “Loan Agreement”), between the Authority and the Corporation, the Authority will loan the proceeds of the Series 2016 Bonds to the Corporation for the purpose, among others, of financing and refinancing the Project;

WHEREAS, pursuant to one or more Bond Purchase Agreements, to be dated the date of sale of the Series 2016 Bonds (individually and collectively, the “Bond Purchase Agreement”), executed by Merrill Lynch, Pierce, Fenner & Smith, Incorporated, as underwriter of the Series 2016 Bonds (the “Underwriter”), accepted and agreed to by the Authority and approved and accepted by the Corporation, for itself and as Obligated Group Representative (as defined in the Bond Purchase Agreement), the Series 2016 Bonds will be sold to the Underwriter, and the proceeds of such sale will be used as set forth in the Bond Indenture to finance and refinance the Project, to fund a debt service reserve fund under the Bond Indenture, to finance capitalized interest on the Series 2016 Bonds, and to pay costs incurred in connection with the issuance of the Series 2016 Bonds;

WHEREAS, the Bonds will be offered for sale to Qualified Institutional Buyers (as described in Rule 144A of the Securities Act of 1933) and Accredited Investors (as described in Regulation D of the Securities Act of 1933) through one or more official statements or offering memoranda (individually and collectively, the “Official Statement”) to be used by the Underwriter in connection with the offering and sale of the Series 2016 Bonds;

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

- (1) A proposed form of the Bond Indenture;
- (2) A proposed form of the Loan Agreement;
- (3) A proposed form of the Bond Purchase Agreement; and
- (4) A proposed form of the Official Statement;

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

Section 1. Pursuant to the Act and the Bond Indenture, the Authority is hereby authorized to issue its revenue bonds, in one or more series, designated as the “California Statewide Communities Development Authority Revenue Bonds (Loma Linda University Medical Center), Series 2016” in an aggregate principal amount not to exceed nine hundred and fifty million dollars (\$950,000,000). The Series 2016 Bonds shall be issued and secured in accordance with the terms of, and shall be in the form or forms set forth in, the Bond Indenture. The Series 2016 Bonds shall be executed on behalf of the Authority by the manual or facsimile signature of the Chair of the Authority or the manual signature of any member of the Commission of the Authority or their administrative delegates duly authorized pursuant to Resolution No. 15R-53 of the Authority, adopted on October 22, 2015 (each, an “Authorized Signatory”) and attested by the manual or facsimile

signature of the Secretary of the Authority or the Assistant to the Secretary of the Authority or the manual signature of any Authorized Signatory.

Section 2. The proposed form of Bond Indenture, as made available to the Commissioners, is hereby approved. Any Authorized Signatory is hereby authorized and directed, for and on behalf of the Authority, to execute and deliver the Bond Indenture in substantially said form, with such changes and insertions therein, including changes to the form of Bond Indenture made available to the Commissioners to provide for the issuance of taxable Series 2016 Bonds, as any Authorized Signatory, with the advice of counsel to the Authority, may approve, such approval to be conclusively evidenced by the execution and delivery thereof. The series designation, dated date, maturity date or dates, interest rate or rates, interest payment dates, denominations, forms, registration privileges, manner of execution, place or places of payment, terms of redemption, whether the particular series of Series 2016 Bonds will be issued as tax-exempt bonds or taxable bonds, whether a particular series of Series 2016 Bonds will be secured by a debt service reserve fund, and other terms of the Series 2016 Bonds shall be as provided in the Bond Indenture, as finally executed.

Section 3. The proposed form of Loan Agreement, as made available to the Commissioners, is hereby approved. Any Authorized Signatory is hereby authorized and directed, for and on behalf of the Authority, to execute and deliver the Loan Agreement in substantially said form, with such changes and insertions therein, including changes to the form of Loan Agreement made available to the Commissioners related to the loan of proceeds of Series 2016 Bonds issued as taxable bonds, as any Authorized Signatory, with the advice of counsel to the Authority, may approve, such approval to be conclusively evidenced by the execution and delivery thereof.

Section 4. The proposed form of the Bond Purchase Agreement as made available to the Commissioners, is hereby approved. Any Authorized Signatory is hereby authorized and directed, for and on behalf of the Authority, to execute and deliver the Bond Purchase Agreement, in substantially said form, with such changes and insertions therein, including changes to the form of Bond Purchase Agreement made available to the Commissioners related to the purchase of Series 2016 Bonds issued as taxable bonds, as any Authorized Signatory, with the advice of counsel to the Authority, may approve, such approval to be conclusively evidenced by the execution and delivery thereof.

Section 5. The proposed preliminary form of the Official Statement, as made available to the Commissioners, is hereby approved. The Underwriter is hereby authorized to distribute the Official Statement in preliminary form, to persons who may be interested in the purchase of the Series 2016 Bonds and to deliver the Official Statement in final form, in substantially the form of the preliminary Official Statement, to the purchasers of the Series 2016 Bonds.

Section 6. The Series 2016 Bonds, when executed as provided in Section 1, shall be delivered to the Bond Trustee for authentication by the Bond Trustee. The Bond Trustee is hereby requested and directed to authenticate the Series 2016 Bonds by executing the Bond Trustee's Certificate of Authentication and Registration appearing thereon, and to deliver the Series 2016 Bonds, when duly executed and authenticated, to the Underwriter in accordance with written instructions executed on behalf of the Authority by an Authorized Signatory, which any Authorized Signatory, acting alone, is authorized and directed, for and on behalf of the Authority, to execute and deliver to the Bond Trustee. Such instructions

shall provide for the delivery of the Series 2016 Bonds to the Underwriter, upon payment of the purchase price thereof.

Section 7. The Chair, the Vice Chair, the Secretary, the Treasurer, any other members of the Commission of the Authority and other appropriate officers and agents of the Authority are hereby authorized and directed, jointly and severally, for and in the name and on behalf of the Authority, to execute and deliver any and all documents, including, without limitation, any and all documents and certificates to be executed in connection with securing credit support, if any, for the Series 2016 Bonds, and to do any and all things and take any and all actions which may be necessary or advisable, in their discretion, to effectuate the actions which the Authority has approved in this Resolution and to consummate by the Authority the transactions contemplated by the documents approved hereby, including any subsequent amendments, waivers or consents entered into or given in accordance with such documents.

Section 8. All actions heretofore taken by the Chair, the Vice Chair, the Secretary, the Treasurer, any other members of the Commission of the Authority and other appropriate officers and agents of the Authority with respect to the issuance of the Series 2016 Bonds are hereby ratified, confirmed and approved.

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

PASSED AND ADOPTED by the California Statewide Communities Development Authority this 7th day of April, 2016.

I, the undersigned, an Authorized Signatory of the California Statewide Communities Development Authority, DO HEREBY CERTIFY that the foregoing resolution was duly adopted by the Commission of the Authority at a duly called meeting of the Commission of the Authority held in accordance with law on April 7, 2016

By: _____
Authorized Signatory
California Statewide Communities
Development Authority

ATTACHMENT B









Agenda Item No. 5b

Agenda Report

DATE: April 7, 2016

TO: CSCDA COMMISSIONERS

FROM: Cathy Bando, Executive Director

PROJECT: RCC Cadence Family Apartments

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

AMOUNT: Not to Exceed \$17,000,000

EXECUTIVE SUMMARY:

RCC Cadence Family Apartments (the “Project”) is the new construction of an 82-unit rental affordable housing project located in the City of Irvine. 100% of the units will be rent restricted for low-income tenants.

PROJECT DESCRIPTION:

- Construction of 82-unit affordable rental housing facility located at Cadence and Hamal in the City of Irvine.
- 5.35 acre site.
- Eight two-story residential buildings, a recreational building, two laundry facility buildings and a maintenance building.
- Consists of 56 two-bedroom units, 25 three-bedroom units and 1 manager’s unit.

PROJECT ANALYSIS:

Background on Applicant:

Related California (“Related”) is a fully-integrated real estate firm with a 25-year track record delivering top-quality, affordable and mixed-income housing across California. Related places a high priority on developing, acquiring and preserving housing for the affordable housing sector. Related’s broad portfolio of award-winning affordable and mixed-income developments demonstrates its continuing ability to create affordable housing opportunities in a variety of geographically, economically and socially diverse neighborhoods. This is Related’s fifth financing with CSCDA.

Public Agency Approval:

TEFRA Hearing: January 12, 2016 – City of Irvine – unanimous approval

CDLAC Approval: March 16, 2016

Public Benefits:

- 100% of the units will be rent restricted for 55 years.
 - 100% (81 units) restricted to 50% or less of area median income households.
- The Project is in walking distance to recreational facilities, grocery stores, and public K-12 schools.

Sources and Uses:

Sources of Funds:

Tax-Exempt Bonds:	\$ 13,776,316
Tax Credits:	\$ 2,219,927
Deferred Developer Fee	\$ 1,250,000
Residual Receipts Loan	<u>\$ 9,332,463</u>
Total Sources:	\$ 26,578,705

Uses of Funds:

Acquisition Costs:	\$ 10,501
Construction Costs:	\$ 17,023,579
Architecture & Engineering:	\$ 1,826,500
Fees & Permits:	\$ 2,420,065
FF&E:	\$ 305,000
Costs of Issuance:	\$ 350,000
Capitalized Interest/Loan Costs:	\$ 1,113,000
Developer Fee:	\$ 1,250,000
Developer Overhead:	\$ 1,250,000
Other Costs (Taxes, Marketing, Audit):	\$ 725,000
Reserves:	\$ 205,060
Soft Cost Contingency:	<u>\$ 100,000</u>
Total Uses:	\$ 26,578,705

Finance Partners:

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

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

Private Placement Purchaser: MUFG Union Bank, N.A.

Finance Terms:

Rating: Unrated

Term: 35 years
Structure: Private Placement
Estimated Closing: April 29, 2016

CSCDA Policy Compliance:

The financing for RCC Cadence Family Apartments complies with CSCDA's general and issuance policies.

DOCUMENTS: (as attachments)

1. CSCDA Resolution (Attachment A)

COMMISSION ACTION RECOMMENDED:

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

ATTACHMENT A

RESOLUTION NO. 16H-__

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 \$17,000,000 FOR THE FINANCING OF A MULTIFAMILY RENTAL HOUSING PROJECT TO BE GENERALLY KNOWN AS RCC CADENCE FAMILY 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, Cadence Family Irvine Housing Partners, L.P., 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 (RCC Cadence Family Apartments Project) 2016 Series D (the “Note”) to assist in the financing of the acquisition, construction and development of a 82-unit multifamily housing rental development located in the City of Irvine, California, and known as RCC Cadence Family Apartments (the “Project”);

WHEREAS, on March 16, 2016, the Authority received an allocation in the amount of \$17,000,000 (the “Allocation Amount”) from the California Debt Limit Allocation Committee in connection with the Project;

WHEREAS, the City of Irvine (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 \$17,000,000, 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 MUFG Union Bank, N.A. (the "Bank"), as the initial holder of the Note;

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

(1) Funding Loan Agreement (the "Funding Loan Agreement") to be entered into between the Bank and the Authority;

(2) Construction and Permanent Loan Agreement (Multifamily Housing Back to Back Loan Program) (the "Borrower Loan Agreement") to be entered into among the Authority, the Bank and Borrower; and

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

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

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

Section 2. Pursuant to the JPA Law and the 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 (RCC Cadence Family Apartments Project) 2016 Series D" 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 \$17,000,000; provided that the aggregate principal amount of any tax-exempt Notes executed and delivered shall not exceed the Allocation Amount. The Note shall be executed and delivered in the form set forth in and otherwise in accordance with the Funding Loan Agreement, and shall be executed on behalf of the Authority by the manual signature of any Authorized Signatory. The Note shall be secured in accordance with the terms of the Funding Loan Agreement presented to this meeting, as hereinafter approved. Payment of the principal and purchase price of, and prepayment premium, if any, and interest on, the Note shall be made solely from amounts pledged thereto under the Funding Loan Agreement, and the Note shall not be deemed to constitute a debt or liability of the Authority or any Program Participant or Member of the Commission of the Authority (each, a "Member").

Section 3. The Funding Loan Agreement in the form presented at this meeting is hereby approved. Any Member, or any other person as may be designated and authorized to sign for the Authority pursuant to a resolution adopted thereby (including, without limitation, the administrative delegates duly authorized pursuant to Resolution No. 15R-53 of the Authority, adopted on October 22, 2015) (together with the Members, each such person is referred to herein individually as an "Authorized Signatory"), acting alone, is authorized to

execute by manual signature and deliver the Funding Loan Agreement, with such changes and insertions therein as may be necessary to cause the same to carry out the intent of this Resolution and as are approved by counsel to the Authority, such approval to be conclusively evidenced by the delivery thereof. The date, maturity date or dates (which shall not extend beyond April 1, 2061), interest rate or rates (which shall not exceed 12%), interest payment dates, denominations, form, registration privileges, manner of execution, place of payment, terms of prepayment and other terms of the Note shall be as provided in the Funding Loan Agreement as finally executed.

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

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

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

Section 7. 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, any endorsement, allonge or assignment of any note and such other documents as described in the Funding Loan Agreement and the other documents herein approved, which they, or any of them, may deem necessary or advisable in order to consummate the lawful execution and delivery of the Note and to effectuate the purposes thereof and of the documents herein approved in accordance with this resolution and resolutions heretofore adopted by the Authority and otherwise in order to carry out the financing of the Project.

Section 8. 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 9. This Resolution shall take effect upon its adoption.

PASSED AND ADOPTED by the California Statewide Communities Development Authority this April 7, 2016.

The undersigned, an Authorized Signatory of the California Statewide Communities Development Authority, DOES HEREBY CERTIFY that the foregoing resolution was duly adopted by the Commission of the Authority at a duly called meeting of the Commission of the Authority held in accordance with law on April 7, 2016.

By _____
Authorized Signatory



Agenda Item No. 5c

Agenda Report

DATE: April 7, 2016

TO: CSCDA COMMISSIONERS

FROM: Cathy Bando, Executive Director

PROJECT: Stonehaven Apartments - University of California, Riverside

PURPOSE: Authorize the Issuance of Bonds to Refinance the Acquisition of a Student Housing Facility for Stonehaven Student Housing, Inc. located in the City of Riverside, County of Riverside

AMOUNT: Not to Exceed \$21,000,000

EXECUTIVE SUMMARY:

Stonehaven Student Housing, Inc. (Stonehaven), has requested that CSCDA issue nonprofit refunding bonds in an amount not to exceed \$21,000,000 (the “Bonds”) to refinance existing CSCDA bonds originally issued for the acquisition of student housing facilities located at the University of California, Riverside, known as Stonehaven Apartments.

PROJECT ANALYSIS:

About Stonehaven:

Stonehaven, a 501(c)(3) nonprofit corporation, is an affiliate of EAH Inc., a non-profit housing development corporation located in San Rafael, California. Established in 1968, EAH Inc. has become one of the largest and most respected nonprofit housing development and management organizations in the western United States. With a staff of over 450, EAH develops low-income housing, manages over 100 properties in California and Hawaii, and plays a leadership role in local, regional and national housing advocacy efforts.

About the Project:

Stonehaven Apartments is limited to occupancy by qualifying students at the University of California, Riverside. The project consists of eight two story buildings, includes 200 units (up to 600 beds), and was originally developed in 1999. It was financed, in part, by 501(c)(3) bonds issued by CSCDA in 2002 in the original amount of approximately \$25,135,000. The project improvements are on land leased from the University of California., a lease having an expiration date of July 14, 2034.

Public Agency Approval:

TEFRA Hearing: The Project is a current refunding of the 2002 Bonds and bond counsel has confirmed that a TEFRA hearing is not required.

Public Benefit:

Stonehaven provides housing to help the University of California, Riverside accomplish its educational purpose by, among other benefits, providing safe and well-maintained on-campus housing to students that is affordable. The negotiated true interest cost of the fixed rate bonds to be purchased is estimated at just over 4.56%, enabling the present value of savings which benefit the University of California, Riverside, the student occupants of the project, and the owner/borrower, to be approximately \$1,288,916. The final maturity date of the bonds is July 1, 2032.

Sources and Uses:**Sources of Funds:**

2016 Refunding Bonds:	\$ 20,225,000
Bond Fund Balance:	\$ 444,848
Release of Reserves:	<u>\$ 2,107,712</u>
Total Sources:	\$ 22,777,560

Uses of Funds:

Series 2002 Refunding:	\$ 20,572,352
Debt Service Reserve Fund:	\$ 1,796,863
Costs of Issuance:	\$ 404,500
Additional Proceeds:	<u>\$ 3,845</u>
Total Uses:	\$ 22,777,560

Finance Partners:

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

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

Private Placement Purchaser: Deutsche Bank, New York

Finance Terms:

Anticipated Rating: Unrated
Term: 16 years at a fixed interest rate
Structure: Private Placement
Estimated Closing: May 17, 2016

CSCDA Policy Compliance:

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

DOCUMENTS: (as attachments)

1. CSCDA Resolution (Attachment A)
2. Photographs of the Stonehaven Apartments

COMMISSION ACTION RECOMMENDED BY THE EXECUTIVE DIRECTOR:

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

ATTACHMENT A

RESOLUTION NO. 16NP-__

**CALIFORNIA STATEWIDE COMMUNITIES
DEVELOPMENT AUTHORITY**

**A RESOLUTION AUTHORIZING THE ISSUANCE OF REVENUE BONDS IN A
PRINCIPAL AMOUNT NOT TO EXCEED \$21,000,000 TO REFINANCE THE
ACQUISITION OF A STUDENT HOUSING FACILITY FOR STONEHAVEN
STUDENT HOUSING, INC. AND OTHER MATTERS RELATING THERETO**

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

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

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

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

WHEREAS, the County of Riverside (the "County") is a Program Participant, and such County is authorized to acquire and dispose of property, both real and personal, pursuant to the provisions of Chapter 1, Division 1 of Title 3 of the Government Code of the State of California;

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

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

WHEREAS, Stonehaven Student Housing, Inc., a California nonprofit public benefit corporation (the “Borrower”), wishes to refinance the acquisition of student housing facilities (the “Project”) owned and operated by the Borrower and located in the County;

WHEREAS, the Borrower is requesting the assistance of the Authority in refinancing the Project;

WHEREAS, pursuant to an Indenture (the “Indenture”), between the Authority and Wells Fargo Bank, National Association (the “Trustee”), the Authority will issue the California Statewide Communities Development Authority Student Housing Revenue Bonds (Stonehaven Apartments Project) Series 2016A (the “Bonds”) for the purpose of refinancing the Project;

WHEREAS, pursuant to a Loan Agreement (the “Loan Agreement”), among the Authority, the Trustee and the Borrower, the Authority will loan the proceeds of the Bonds to the Borrower for the purpose of refinancing the Project;

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

- (1) A proposed form of the Indenture; and
- (2) A proposed form of the Loan Agreement.

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

Section 1. Pursuant to the Act and the Indenture, the Authority is hereby authorized to issue its refunding revenue bonds designated as the “California Statewide Communities Development Authority Student Housing Revenue Bonds (Stonehaven Apartments Project) Series 2016A” in an aggregate principal amount not to exceed twenty-one million dollars (\$21,000,000). The Bonds shall be issued and secured in accordance with the terms of, and shall be in the form or forms set forth in, the Indenture. The Bonds shall be executed on behalf of the Authority by the manual or facsimile signature of the Chair of the Authority or the manual signature of any member of the Commission of the Authority or their administrative delegates duly authorized pursuant to Resolution No. 15R-53 of the Authority, adopted on October 22, 2015 (each, an “Authorized Signatory”), and attested by the manual or facsimile signature of the Secretary of the Authority or the Assistant to the Secretary of the Authority or the manual signature of any Authorized Signatory.

Section 2. The proposed form of Indenture, as made available to the Commissioners, is hereby approved. Any Authorized Signatory is hereby authorized and directed, for and on behalf of the Authority, to execute and deliver the Indenture in substantially said form, with such changes and insertions therein as any member of the Commission, with the advice of counsel to the Authority, may approve, such approval to be conclusively evidenced by the execution and delivery thereof. The dated date, maturity date or dates, interest rate or rates, interest payment dates, denominations, forms, registration privileges, manner of execution, place or places of payment, terms of redemption and other terms of the Bonds shall be as provided in the Indenture, as finally executed.

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

Section 4. The Bonds, when executed as provided in Section 1, shall be delivered to the Trustee for authentication by the Trustee. The Trustee is hereby requested and directed to authenticate the Bonds by executing the Trustee's Certificate of Authentication appearing thereon, and to deliver the Bonds, when duly executed and authenticated, to the purchaser or purchasers thereof in accordance with written instructions executed on behalf of the Authority by an Authorized Signatory, which any Authorized Signatory, acting alone, is authorized and directed, for and on behalf of the Authority, to execute and deliver to the Trustee. Such instructions shall provide for the delivery of the Bonds to the purchaser or purchasers thereof, upon payment of the purchase price thereof.

Section 5. The Chair, the Vice Chair, the Secretary, the Treasurer, any other members of the Commission of the Authority and other appropriate officers and agents of the Authority are hereby authorized and directed, jointly and severally, for and in the name and on behalf of the Authority, to execute and deliver any and all documents, including, without limitation, any and all documents and certificates to be executed in connection with securing credit support, if any, for the Bonds, and to do any and all things and take any and all actions which may be necessary or advisable, in their discretion, to effectuate the actions which the Authority has approved in this Resolution and to consummate by the Authority the transactions contemplated by the documents approved hereby, including any subsequent amendments, waivers or consents entered into or given in accordance with such documents.

Section 6. All actions heretofore taken by the Chair, the Vice Chair, the Secretary, the Treasurer, any other members of the Commission of the Authority and other appropriate officers and agents of the Authority with respect to the issuance of the Bonds are hereby ratified, confirmed and approved.

Section 7. This Resolution shall take effect from and after its adoption.

PASSED AND ADOPTED by the California Statewide Communities Development Authority this 7th day of April, 2016.

I, the undersigned, an Authorized Signatory of the California Statewide Communities Development Authority, DO HEREBY CERTIFY that the foregoing resolution was duly adopted by the Commission of the Authority at a duly called meeting of the Commission of the Authority held in accordance with law on April 7, 2016.

By: _____
Authorized Signatory
California Statewide Communities
Development Authority

ATTACHMENT B





Agenda Item No. 6

Agenda Report

DATE: April 7, 2016

TO: CSCDA COMMISSIONERS

FROM: Cathy Bando, Executive Director

PURPOSE: Consideration of Agreement with CleanFund Commercial PACE Capital for Services as an Administrator for CSCDA Open PACE Program.

EXECUTIVE SUMMARY:

On January 12, 2016 CSCDA approved CleanFund Commercial PACE Capital (Clean Fund) as a program administrator under the Open PACE Program.

Attached is a copy of the proposed agreement between Clean Fund and CSCDA for program administration services. Clean Fund as requested a self-insured retention in the amount of \$250,000 be approved by CSCDA under the following section the agreement:

M. Insurance

f. Deductibles and Self-Insured Retentions. Any deductibles or self-insured retentions must be approved by CSCDA. At CSCDA's option, Administrator shall either reduce or eliminate the deductibles or self-insured retentions with respect to CSCDA, or Administrator shall procure a bond guaranteeing payment of losses and expenses.

CSCDA's Executive Director recommends the self-insured retention as long as Clean Fund procures a bond guaranteeing payment.

The contract has been reviewed and approved by CSCDA General Counsel, Richards, Watson & Gershon.

RECOMMENDED ACTION:

CSCDA's Executive Director recommends approval of the Clean Fund contract with CSCDA for program administration services in conjunction with the Open PACE program. In addition, a self-insured retention in the amount of \$250,000 as long as a bond guaranteeing payment is procured.

ATTACHMENT A

CSCDA OPEN PACE PROGRAM ADMINISTRATOR PROFESSIONAL SERVICES AGREEMENT

This Professional Services Agreement (“Agreement”) is dated March ____, 2016 (“Effective Date”) and is between the California Statewide Communities Development Authority, a California joint powers authority (the “Authority” or “CSCDA”) and CleanFund Commercial PACE Capital, Inc., a Delaware corporation (“Administrator”). CSCDA and Administrator are sometimes individually referred to as “Party” and collectively as “Parties” in this Agreement.

RECITALS

A. On November 6, 2014, the Authority Commission adopted its resolution entitled “Resolution of Intention” to establish the CSCDA Open PACE Program (the “Program”) to finance the cost of installation of distributed generation renewable energy resources, energy efficiency, water conservation, and seismic strengthening improvements.

B. CSCDA desires to utilize the services of Administrator as an independent contractor to administer the Program.

C. Administrator represents that it is fully qualified to perform such services by virtue of its experience and the training, education and expertise of its principals and employees.

D. CSCDA desires to retain Administrator and Administrator desires to serve CSCDA to perform these services in accordance with the terms and conditions of this Agreement.

The parties therefore agree as follows:

D. Term of Agreement.

The term of this Agreement shall be from the Effective Date through March 31, 2019, unless sooner terminated as provided in Section 15 of this Agreement.

The Parties may, upon mutual, written agreement, extend the contract for two additional one year terms.

E. Administrator's Services.

a. Scope of Services. Administrator shall perform the services described in the Scope of Services, attached as **Exhibit A** (the "Services"). CSCDA may request, in writing, changes in the scope of services to be performed. Any changes mutually agreed upon by the parties, and changes in compensation, shall be incorporated by written amendments to this Agreement.

b. Non-Exclusivity. CSCDA has appointed and retains the right to appoint additional administrators for the Program. The Administrator has no rights to exclusivity in administering the Program. Administrator shall reimburse the existing administrators for the Program in an amount equal to \$30,000, being the amount that represents Administrator's share of the actual and reasonable costs associated with the Program's validation proceedings paid by the existing administrators for the Program.

c. Party Representatives. For the purposes of this Agreement, the CSCDA Representative shall be the CSCDA Executive Director, or such other person designated in writing by the CSCDA Executive Director (the "CSCDA Representative"). For the purposes of this Agreement, the Administrator Representative shall be Craig Hill, Managing Director (the "Administrator Representative"). The Administrator Representative shall directly manage Administrator's services under this Agreement. Administrator shall not change the Administrator Representative without CSCDA's prior written consent.

d. Standard of Performance. Administrator shall perform all services under this Agreement in accordance with the standard of care generally exercised by like professionals under similar circumstances and in a manner reasonably satisfactory to CSCDA.

e. Personnel. Administrator has, or will secure at its own expense, all personnel required to perform the services required under this Agreement. All of the services required under this Agreement shall be performed by Administrator or under its supervision, and all personnel engaged in the work shall be qualified to perform such services.

f. Compliance with Laws. The Administrator shall keep itself informed of all local, state and federal ordinances, laws and regulations which in any manner affect those employed by it or in any way affect the performance of its service pursuant to this Agreement. The Administrator shall at all times observe and comply with all such ordinances, laws and regulations. The CSCDA and its agents shall not be liable at law or in equity occasioned by failure of the Administrator to comply with this section.

g. Permits and Licenses. Administrator shall obtain and maintain during the Agreement term all necessary licenses, permits and certificates required by law for the provision of services under this Agreement.

H. Exclusivity. Administrator shall not enter into an agreement for services to administer a property assessed clean energy program with another joint powers authority or governmental agency that directly competes with the Program.

I. Green Attributes. Property owners or third party ownership leasing firms shall retain rights to any Federal Investment Tax Credit or State Incentives or Rebates related to renewable energy projects. The Authority shall retain rights to all of the green attributes that result from projects financed through the Program, including but not limited to Carbon Credits, Renewable Energy Certificates, Green Tags, Tradable Renewable Certificates, Renewable Energy Credits and Green House Gas offsets ("Carbon Credits").

F. Compensation.

A. Compensation. As full compensation for Administrator's services provided under this Agreement, CSCDA shall pay Administrator as set forth in the Approved Fee Schedule, attached hereto as **Exhibit B**. Any terms in Exhibit B, other than the payment rates and schedule of payment, are null and void. Notwithstanding any provision in this agreement to the contrary, neither CSCDA nor the participating municipalities will have any obligation to pay any fees to the Administrator for, or to reimburse Administrator for, expenses incurred by Administrator in connection with, providing, or causing to be provided, the Services except as earned from administration of the Program as described in Exhibit B. Such fees will be the Administrator's sole compensation for providing, or causing to be provided, the Services.

B. Additional Services. CSCDA shall not allow any claims for additional services performed by Administrator, unless the CSCDA Commission and the Administrator Representative authorize the additional services in writing prior to Administrator's performance of the additional services or incurrence of additional expenses. Any additional services or expenses authorized by the CSCDA Commission shall be compensated at the rates set forth in **Exhibit B**, or, if not specified, at a rate mutually agreed to by the parties.

G. Audit of Records.

Administrator shall make all records, invoices, time cards, cost control sheets and other records maintained by Administrator in connection with this agreement available during Administrator's regular working hours to CSCDA for review and audit by CSCDA.

H. Ownership of Documents. Upon completion of, or in the event of termination or suspension of this Agreement, all original documents, designs, drawings, maps, models, computer files containing data generated for the work, surveys, notes, and other documents prepared in the

course of providing the services to be performed (“written products”) pursuant to this Agreement shall become the sole property of the CSCDA without restriction or limitation upon its use and may be used, reused, disseminated or otherwise disposed of by the CSCDA without the permission of the Administrator. Written products shall not include files, documents, templates, software or other forms of tools that Administrator uses solely for its internal purposes and that are not required to be shared with CSCDA in connection with Administrator’s work performed under this Agreement. Administrator may take and retain copies of the written products as desired, but the written products shall not be the subject of a copyright application by Administrator. With respect to computer files containing data generated for the Services, if Administrator utilizes software (the “Software”) for purposes of storing and/or accessing such computer files, Administrator agrees to provide CSCDA with a revocable, non-transferable and non-exclusive account to access the Software and a revocable, non-sublicensable, non-transferable and non-exclusive right to use the Software. All Software is proprietary to Administrator and protected by intellectual property laws and international intellectual property treaties. Pursuant to this Agreement, CSCDA may use the Software to perform its own work and the work of its constituents. Termination of this Agreement will also result in the immediate termination of the CSCDA’s Software license as described in this section. Except for the license granted by this Agreement, Administrator retains all ownership and proprietary rights in and to the Software.

I. Independent Contractor.

A. Administrator is, and shall at all times remain as to CSCDA, a wholly independent contractor. The personnel performing the services under this Agreement on behalf of Administrator shall at all times be under Administrator's exclusive direction and control. Neither CSCDA nor any of its agents shall have control over the conduct of Administrator or any of Administrator’s employees, except as set forth in this Agreement. Administrator shall not, at any time, or in any manner, represent that it or any of its officers, agents or employees are in any manner employees of CSCDA.

B. No employee benefits shall be available to Administrator in connection with the performance of this Agreement. Except for the fees paid to Administrator as provided in the Agreement, CSCDA shall not pay salaries, wages, or other compensation to Administrator for performing services hereunder for CSCDA. CSCDA shall not be liable for compensation or indemnification to Administrator for injury or sickness arising out of performing services hereunder.

J. **Confidentiality.** The Administrator agrees to establish such systems and procedures as may be reasonable to maintain the confidentiality of non-public information relating to CSCDA and the Program which may be obtained by Administrator in connection with this Agreement; provided, however, that such information may be disclosed (i) as required by law or in connection with any legal proceeding, (ii) to governmental or regulatory authorities having jurisdiction over the Administrator (iii) to its legal counsel and auditors, (iv) if it has become publicly available other than as a result of a breach of this Section, (v) if such information was already in the possession of the Administrator prior to its becoming involved in this transaction, and (vi) to its

affiliates and its and their existing and future investors and funding sources and to the relevant rating agencies.

K. Conflicts of Interest. Administrator and its officers, employees, associates and subcontractors, if any, shall comply with all conflict of interest statutes of the State of California applicable to Administrator's services under this Agreement, including the Political Reform Act (Gov. Code, § 81000 *et seq.*) and Government Code Section 1090. During the term of this Agreement, Administrator may perform similar services for other clients, but Administrator and its officers, employees, associates and subcontractors shall not, without the CSCDA Representative's prior written approval, perform work for another person or entity for whom Administrator is not currently performing work that would require Administrator or one of its officers, employees, associates or subcontractors to abstain from a decision under this Agreement pursuant to a conflict of interest statute. Administrator shall incorporate a clause substantially similar to this Section 8 into any subcontract that Administrator executes in connection with the performance of this Agreement.

L. Indemnification.

A. Indemnities for Third Party Claims. Administrator shall defend, indemnify, and hold harmless CSCDA, its officers, commissioners, employees, representatives, attorneys and agents (collectively, the "Indemnified Parties") from and against any and all actions, suits, proceedings, claims, demands, losses, damages, and liabilities (collectively, "Covered Losses") to which the Indemnified Parties, or any of them, may become subject under or any statutory law (including federal or state securities laws) or at common law or otherwise, arising out of this Agreement to the extent not caused by the gross negligence of the Indemnified Parties, including but not limited to:

i. Transactions contemplated by this Agreement, including but not limited to, any assessment contract originated or proposed to be originated by Administrator ("Covered Assessment Contracts"), any property improved or proposed to be improved thereby ("Covered Property"), any owner of such property ("Covered Property Owners"), any improvements financed or proposed to be financed on such property ("Covered Improvements"), or any bonds or other financing, proposed or otherwise, in connection therewith ("Covered Financings");

ii. Negligence of Administrator or any of its licensees, agents, affiliates, contractors, vendors, servants, employees, owners, directors, representatives or consultants, including without limitation sales personnel and contractors selected, registered, or approved by Administrator to perform marketing and sales of the CSCDA Open PACE Program or to procure or install Improvements (the "Covered Parties") in connection with the CSCDA Open PACE Program including but not limited negligence of a Covered Party in connection with the condition, environmental or otherwise, occupancy, use, possession, conduct or management of work done in, on or about, or from the planning, design, acquisition, installation or construction of, any Covered Improvements or Covered Property;

iii. any lien or charge upon payments by Administrator to CSCDA, or any taxes (including, without limitation, all ad valorem taxes and sales taxes), assessments, impositions and other charges imposed on the Authority in respect of any portion of any Covered Improvements or Covered Property;

iv. any violation of any laws, regulations or orders with respect to, or the release of any hazardous substances from, any Covered Property or Covered Improvements or any part thereof;

v. the refinancing, reissuance, defeasance, redemption or prepayment, in whole or in part, of any Covered Financing;

vi. any untrue statement or misleading statement or alleged untrue statement or alleged misleading statement of a material fact contained in any offering statement or disclosure or continuing disclosure document for any Covered Financing or any of the documents relating to a Covered Financing, or any omission or alleged omission from any offering statement or disclosure or continuing disclosure document for a Covered Financing of any material fact necessary to be stated therein in order to make the statements made therein, in the light of the circumstances under which they were made, not misleading; or

vii. the trustee's acceptance or administration of the trust of any indenture or trust agreement in connection with a Covered Financing, or the exercise or performance of any of its powers or duties thereunder or under any of the documents relating to a Covered Financing to which it is a party; except to the extent such damages are caused by the gross negligence of such Indemnified Party or are otherwise not permitted to be the subject of this indemnification as a matter of law. In the event that any claim, action or proceeding is brought against any Indemnified Party with respect to which indemnity may be sought hereunder, Administrator, upon written notice from the Indemnified Party, shall assume the investigation and defense thereof, including the employment of counsel selected by the Indemnified Party, and shall assume the payment of all expenses related thereto, with full power to litigate, compromise or settle the same in its sole discretion; provided that the Indemnified Party shall have the right to review and approve or disapprove any such compromise or settlement. Each Indemnified Party shall have the right to employ separate counsel in any such action or proceeding and participate in the investigation and defense thereof, and Administrator shall pay the reasonable fees and expenses of such separate counsel; provided, however, that such Indemnified Party may only employ separate counsel at the expense of Administrator if in the judgment of such Indemnified Party a conflict of interest exists by reason of common representation or if all parties commonly represented do not agree as to the action (or inaction) of such counsel.

b. Independent Contractor Relationship. Administrator shall pay all required taxes on amounts paid to Administrator under this Agreement, and indemnify and hold CSCDA harmless from any and all taxes, assessments, penalties and interest asserted against CSCDA by reason of the independent contractor relationship created by this Agreement. Administrator shall fully

comply with the workers' compensation law regarding Administrator and Administrator's employees. Administrator shall indemnify and hold CSCDA harmless from any failure of Administrator to comply with applicable workers' compensation laws. CSCDA may offset against the amount of any fees due to Administrator under this Agreement any amount due to CSCDA from Administrator as a result of Administrator's failure to promptly pay to CSCDA any reimbursement or indemnification arising under this Subparagraph A. 2).

c. Subcontractors. Administrator shall obtain executed indemnity agreements with provisions identical to those in this Section from each and every subcontractor or any other person or entity involved by, for, with or on behalf of Administrator in the performance of this Agreement. If Administrator fails to obtain such indemnity obligations, Administrator shall be fully responsible and indemnify, hold harmless and defend the Indemnitees from and against any and all Liabilities in law or equity, whether actual, alleged or threatened, which arise out of, are claimed to arise out of, pertain to, or relate to the acts or omissions of Administrator's subcontractor, its officers, agents, servants, employees, subcontractors, materialmen, contractors or their officers, agents, servants or employees (or any entity or individual that Administrator's subcontractor shall bear the legal liability thereof) in the performance of this Agreement, including the Indemnitees' active or passive negligence, except for Liabilities arising from the sole negligence or willful misconduct of the Indemnitees, as determined by final arbitration or court decision or by the agreement of the parties.

B. Workers' Compensation Acts not Limiting. Administrator's indemnifications and obligations under this Section, or any other provision of this Agreement, shall not be limited by the provisions of any workers' compensation act or similar act. Administrator expressly waives its statutory immunity under such statutes or laws as to CSCDA, its officers, agents, employees and volunteers.

d. Insurance Requirements not Limiting. CSCDA does not, and shall not, waive any rights that it may possess against Administrator because of the acceptance by CSCDA, or the deposit with CSCDA, of any insurance policy or certificate required pursuant to this Agreement. The indemnities in this Section 9 shall apply regardless of whether or not any insurance policies are determined to be applicable to the Liability, tax, assessment, penalty or interest asserted against CSCDA.

e. Survival of Terms. Administrator's indemnifications and obligations under this Section 9 shall survive the expiration or termination of this Agreement.

M. Insurance.

a. Minimum Scope and Limits of Insurance. Administrator shall procure and at all times during the term of this Agreement carry, maintain, and keep in full force and effect, insurance as follows:

i. Commercial General Liability Insurance with a minimum limit of One Million Dollars (\$1,000,000) per occurrence for bodily injury, personal injury and property damage and a general aggregate limit of One Million Dollars (\$1,000,000) per project or location. If Administrator is a limited liability company, the commercial general liability coverage shall be amended so that Administrator and its managers, affiliates, employees, agents and other persons necessary or incidental to its operation are insureds.

ii. Automobile Liability Insurance for any owned, non-owned or hired vehicle used in connection with the performance of this Agreement with a combined single limit of Two Million Dollars (\$2,000,000) per accident for bodily injury and property damage. If Administrator does not use any owned, non-owned or hired vehicles in the performance of services under this Agreement, Administrator shall obtain a non-owned auto endorsement to the Commercial General Liability policy required under Subparagraph A. 1) of this Section 10.

iii. Workers' Compensation Insurance as required by the State of California and Employer's Liability Insurance with a minimum limit of One Million Dollars (\$1,000,000) per accident for bodily injury or disease. If Administrator has no employees while performing services under this Agreement, workers' compensation policy is not required, but Administrator shall provide an executed declaration that it has no employees.

iv. Professional Liability Insurance or Errors and Omissions Insurance with minimum limits of Two Million Dollars (\$2,000,000) per claim and in aggregate.

b. Acceptability of Insurers. The insurance policies required under this Section 10 shall be issued by an insurer authorized to transact business in the State of California with a rating of A:VII or better in the latest edition of the A.M. Best Insurance Rating Guide. Self insurance shall not be considered to comply with the insurance requirements under this Section 10.

c. Additional Insured. The commercial general and automobile liability policies shall contain an endorsement naming the CSCDA, its officers, employees, agents and volunteers as additional insureds.

d. Primary and Non-Contributing. The insurance policies required under this Section 10 shall apply on a primary non-contributing basis in relation to any other insurance or self-insurance available to CSCDA. Any insurance or self-insurance maintained by CSCDA, its officers, employees, agents or volunteers, shall be in excess of Administrator's insurance and shall not contribute with it.

e. Administrator's Waiver of Subrogation. The insurance policies required under this Section 10 shall not prohibit Administrator and Administrator's employees, agents or subcontractors from waiving the right of subrogation prior to a loss. Administrator hereby waives all rights of subrogation against CSCDA.

f. Deductibles and Self-Insured Retentions. Any deductibles or self-insured retentions must be approved by CSCDA. At CSCDA's option, Administrator shall either reduce or eliminate the deductibles or self-insured retentions with respect to CSCDA, or Administrator shall procure a bond guaranteeing payment of losses and expenses.

g. Cancellations or Modifications to Coverage. Administrator shall not cancel, reduce or otherwise modify the insurance policies required by this Section 10 during the term of this Agreement. The commercial general and automobile liability policies required under this Agreement shall be endorsed to state that should the issuing insurer cancel the policy before the expiration date, the issuing insurer will endeavor to mail thirty (30) calendar days' prior written notice to CSCDA. If any insurance policy required under this Section 10 is canceled or reduced in coverage or limits, Administrator shall, within two (2) business days of notice from the insurer, phone, fax or notify CSCDA via certified mail, return receipt requested, of the cancellation of or changes to the policy.

h. CSCDA Remedy for Noncompliance. If Administrator does not maintain the policies of insurance required under this Section 10 in full force and effect during the term of this Agreement, or in the event any of Administrator's policies do not comply with the requirements under this Section 10, CSCDA may either immediately terminate this Agreement or, if insurance is available at a reasonable cost, CSCDA may, but has no duty to, take out the necessary insurance and pay, at Administrator's expense, the premium thereon. Administrator shall promptly reimburse CSCDA for any premium paid by CSCDA or CSCDA may withhold amounts sufficient to pay the premiums from payments due to Administrator.

i. Evidence of Insurance. Prior to the performance of services under this Agreement, Administrator shall furnish CSCDA's Representative with a certificate or certificates of insurance and all original endorsements evidencing and effecting the coverages required under this Section 10. The endorsements are subject to CSCDA's approval. Administrator may provide complete, certified copies of all required insurance policies to CSCDA. Administrator shall maintain current endorsements on file with CSCDA's Representative. Administrator shall provide proof to CSCDA's Representative that insurance policies expiring during the term of this Agreement have been renewed or replaced with other policies providing at least the same coverage. Administrator shall furnish such proof at least two (2) weeks prior to the expiration of the coverages.

j. Indemnity Requirements not Limiting. Procurement of insurance by Administrator shall not be construed as a limitation of Administrator's liability or as full performance of Administrator's duty to indemnify CSCDA under Section 9 of this Agreement.

k. Subcontractor Insurance Requirements. Administrator shall require each of its subcontractors that perform services under this Agreement to maintain insurance coverage for general liability, automobile and workers' compensation with limits that are acceptable to Administrator, but otherwise that meets all of the requirements of this Section 10, provided that professional liability insurance will only be required to the extent a subcontractor performs professional services.

N. Mutual Cooperation.

a. CSCDA's Cooperation. CSCDA shall provide Administrator with all pertinent data, documents and other requested information as is reasonably available for Administrator's proper performance of the services required under this Agreement.

b. Administrator's Cooperation. In the event any claim or action is brought against the CSCDA relating to Administrator's performance or services rendered under this Agreement, Administrator shall render any reasonable assistance that CSCDA requires.

O. Intellectual Property. Administrator shall not obtain trademarks, copyrights or other intellectual property rights that contain or are reasonably likely to be confused with the California Statewide Communities Development Authority. CSCDA expressly acknowledges and agrees that any and all computer software and all source code thereof, developed by Administrator ("Proprietary Software") in performing the Services, including all intellectual property rights contained therein, is property of Administrator or its licensors.

Administrator acknowledges and agrees that all intellectual property rights to the name "CSCDA Open PACE Program" shall belong to CSCDA. Notwithstanding the foregoing, Administrator may market or brand its function or capability as an administrator of the Program so long as any marketing materials acknowledge such services are offered through or in association with the CSCDA Open PACE Program.

P. Records and Inspections. Administrator shall maintain full and accurate records with respect to all matters covered under this Agreement. Such records shall include, but not be limited to, a database of the financings under the Program including the property address, block and lot number, assessor's property number (APN), ownership information, original financing amount, annual assessment amount and related bond, and amortization schedules for each of the financings under the Program. Administrator shall, without charge, provide CSCDA with access to the records during normal business hours. CSCDA may examine and audit the records and make transcripts therefrom, and inspect all program data, documents, proceedings and activities.

Q. Reporting. Administrator shall provide funding reports for any projects funded under the Program to CSCDA on a quarterly basis, or as mutually agreed between the CSCDA Representative and Administrator Representative, with such information as may be reasonably be requested by CSCDA.

R. Termination or Suspension of Agreement.

a. Right to Terminate or Suspend. CSCDA may terminate or suspend this Agreement at any time, at will, for any reason or no reason, after giving written notice to Administrator at least thirty (30) calendar days before the termination or suspension is to be effective. Administrator may terminate this Agreement at any time, at will, for any reason or no

reason, after giving written notice to CSCDA at least sixty (60) calendar days before the termination is to be effective.

b. Obligations upon Termination. Administrator shall cease all work under this Agreement on or before the effective date of termination specified in the notice of termination. In the event of CSCDA's termination of this Agreement due to no fault or failure of performance by Administrator, CSCDA shall pay Administrator based on the percentage of work satisfactorily performed up to the effective date of termination. In no event shall Administrator be entitled to receive more than the amount that would be paid to Administrator for the full performance of the services required by this Agreement.

S. Force Majeure. Administrator shall not be liable for any failure to perform its obligations under this Agreement if Administrator presents acceptable evidence, in CSCDA's sole judgment, that such failure was due to strikes, lockouts, labor disputes, embargoes, acts of God, inability to obtain labor or materials or reasonable substitutes for labor or materials, governmental restrictions, governmental regulations, governmental controls, judicial orders, enemy or hostile governmental action, civil commotion, fire or other casualty, or other causes beyond Administrator's reasonable control and not due to any act by Administrator.

T. Notices. Any notices, consents, requests, demands, bills, invoices, reports or other communications which either party may desire to give to the other party under this Agreement must be in writing and conclusively deemed effective: (a) on personal delivery, (b) on confirmed delivery by reputable document delivery service or courier service during Administrator's and CSCDA's regular business hours, or (c) five business days after deposit in the United States mail, by first class mail, postage prepaid, and addressed to the party to be notified as set forth below:

If to CSCDA:
California Statewide Communities
Development Authority

Attn: _____

If to Administrator:
Clean Fund Commercial PACE Capital, Inc.
2330 Marinship Way, Suite 100
Sausalito, CA 94965
Attn: Greg Saunders, CEO

U. Non-Discrimination and Equal Employment Opportunity. In the performance of this Agreement, Administrator shall not discriminate against any employee, subcontractor or applicant for employment because of race, color, religious creed, sex, gender, gender identity, gender expression, marital status, national origin, ancestry, age, physical disability, mental disability, medical condition, genetic information, sexual orientation or other basis prohibited by law.

Administrator will take affirmative action to ensure that subcontractors and applicants are employed, and that employees are treated during employment, without regard to their race, color, religious creed, sex, gender, gender identity, gender expression, marital status, national origin, ancestry, age, physical disability, mental disability, medical condition, genetic information or sexual orientation.

V. Subcontracting. The Administrator shall not subcontract any portion of the work required by this Agreement without prior written approval of CSCDA, provided that Administrator shall remain primarily responsible for any work performed.

W. Prohibition of Assignment and Delegation. Administrator shall not assign any of its rights or delegate any of its duties under this Agreement, either in whole or in part, without CSCDA's prior written consent. CSCDA's consent to an assignment of rights under this Agreement shall not release Administrator from any of its obligations or alter any of its primary obligations to be performed under this Agreement. Any attempted assignment or delegation in violation of this Section 20 shall be void and of no effect and shall entitle CSCDA to terminate this Agreement. As used in this Section 20, "assignment" and "delegation" means any sale, gift, pledge, hypothecation, encumbrance or other transfer of all or any portion of the rights, obligations, or liabilities in or arising from this Agreement to any person or entity, whether by operation of law or otherwise, and regardless of the legal form of the transaction in which the attempted transfer occurs.

X. No Third Party Beneficiaries Intended. Except as otherwise provided in Section 9, this Agreement is made solely for the benefit of the parties to this Agreement and their respective successors and assigns, and no other person or entity may have or acquire a right by virtue of this Agreement.

Y. No Recourse Against Constituent Members Of CSCDA. CSCDA is organized as a Joint Powers Authority in accordance with the Joint Exercise of Powers Act of the State of California (Government Code Section 6500, et seq.) pursuant to the Joint Powers Agreement and is a public entity separate from its constituent members. CSCDA shall solely be responsible for all debts, obligations and liabilities accruing and arising out of this Agreement. Administrator shall have no rights and shall not make any claims, take any actions or assert any remedies against any of CSCDA's constituent members in connection with this Agreement.

Z. Waiver. No delay or omission to exercise any right, power or remedy accruing to CSCDA under this Agreement shall impair any right, power or remedy of CSCDA, nor shall it be construed as a waiver of, or consent to, any breach or default. No waiver of any breach, any failure of a condition, or any right or remedy under this Agreement shall be (1) effective unless it is in writing and signed by the party making the waiver, (2) deemed to be a waiver of, or consent to, any other breach, failure of a condition, or right or remedy, or (3) deemed to constitute a continuing waiver unless the writing expressly so states.

AA. Exhibits. Exhibits A and B constitute a part of this Agreement and are incorporated into this Agreement by this reference. If any inconsistency exists or arises between a provision of this Agreement and a provision of any exhibit, the provisions of this Agreement shall control.

BB. Entire Agreement. This Agreement and all exhibits referred to in this Agreement constitute the final, complete and exclusive statement of the terms of the agreement between the parties pertaining to the subject matter of this Agreement and supersede all other prior or contemporaneous oral or written understandings and agreements of the parties. No party has been induced to enter into this Agreement by, nor is any party relying on, any representation or warranty except those expressly set forth in this Agreement.

CC. Amendment of Agreement. This Agreement may be amended only by a writing signed by both parties. The CSCDA Executive Director is authorized to sign an amendment to this Agreement on the CSCDA Commission's behalf and without the CSCDA Commission's prior approval to make the following non-substantive modifications to the Agreement: (a) name changes; (b) extensions of time; (c) non-monetary changes in the scope of work; and (d) termination of the Agreement.

DD. Headings. The headings in this Agreement are included solely for convenience of reference and shall not affect the interpretation of any provision of this Agreement or any of the rights or obligations of the parties to this Agreement.

EE. Word Usage. Unless the context clearly requires otherwise, (a) the words "shall," "will" and "agrees" are mandatory and "may" is permissive; (b) "or" is not exclusive; and (c) "includes" or "including" are not limiting.

FF. Time of the Essence. Time is of the essence in respect to all provisions of this Agreement that specify a time for performance; provided, however, that the foregoing shall not be construed to limit or deprive a party of the benefits of any grace or use period allowed in this Agreement.

GG. Governing Law and Choice of Forum. This Agreement, and any dispute arising from the relationship between the parties to this Agreement, shall be governed by and construed in accordance with the laws of the State of California, except that any rule of construction to the effect that ambiguities are to be resolved against the drafting party shall not be applied in interpreting this Agreement. Any dispute that arises under or relates to this Agreement (whether contract, tort or both) shall be resolved in a municipal, superior or federal court with geographic jurisdiction over CSCDA.

HH. Attorneys' Fees. In any litigation or other proceeding by which one party seeks to enforce its rights under this Agreement (whether in contract, tort or both) or seeks a declaration of any rights or obligations under this Agreement, the prevailing party shall be awarded reasonable attorneys' fees together with any costs and expenses, to resolve the dispute and to enforce the final judgment.

II. **Severability.** If a court of competent jurisdiction holds any provision of this Agreement to be illegal, invalid or unenforceable for any reason, the validity of and enforceability of the remaining provisions of this Agreement shall not be affected and continue in full force and effect.

29. Authority to Execute Agreement. The person or persons executing this Agreement on behalf of Administrator warrants and represents that he or she has the authority to execute this Agreement on behalf of the Administrator and has the authority to bind Administrator to the performance of its obligations hereunder.

The parties, through their duly authorized representatives, are signing this Agreement on the date stated in the introductory clause.

CSCDA:

CSCDA,
a California joint powers authority

By: _____
Name: _____
Title: _____

ATTEST:

By: _____
Name: _____
Title: _____

APPROVED AS TO FORM:

By: _____
Name: _____
Title: _____

Administrator:

[Administrator's Legal Name],
a [Legal Form of Entity]

By: _____
Name: _____
Title: _____

By: _____
Name: _____
Title: _____

(Two signatures of corporate officers required for corporations under Corporations Code Section 313, unless corporate documents authorize only one person to sign this Agreement on behalf of the corporation.)

EXHIBIT A

SCOPE OF SERVICE

The scope of work for the Administrator is outlined below.

A. Document and Process Development

- a. Development of program reports, program handbook, application and all process-related materials.

B. Coordination of Local Governments

- a. Recruitment, support and management of local government activities to opt into the program.
- b. Reply to local government inquiries received from staff of participating or interested cities and counties, and provide updates on program activities (such as number of application from within a participating region or status of program formation in interested regions).
- c. Cooperation with other Open PACE Administrators for recruitment, support and management of local government.

C. Marketing and Outreach

- a. Development of marketing materials such as FAQs, flyers, brochures and digital media.
- b. Development and maintenance of Administrator's website that will be linked to the CSCDA Open PACE website.
- c. Outreach to program stakeholders such as contractors, property owners and bond investors.
- d. Education of property owners and other stakeholders through creation of a program website, which includes information on the program, financing terms and other details, and approved improvements.

D. Application Processing

- a. The Administrator will develop, implement and administer procedures that:
 - i. Process applications and funding requests
 - ii. Provide accurate loan repayment projections and bond
debt service schedules
 - iii. Provide real-time reports on the number of projects
financed and total amount financed through the program.
- b. Approve or deny applications based on eligibility requirements.

- c. Manage projects through reservation and installation period, including expiration and/or cancelation of applications.
- d. Manage funding requests and documentation as required in the Program Report and as set forth in Administrator's Program handbook.
- e. Coordinate program team for disbursement of bond proceeds throughout installation period.

E. Quality Assurance

- a. Create and implement a quality assurance protocol to ensure projects meet Program requirements.

F. Bond Document Coordination

- a. Intake of property owner-signed bond documents.
- b. Generate amortization schedule.
- c. Coordination with program team on lien recordation and bond closing documents.

G. Customer Service

- a. Provide website, email and phone support for interested property owners and stakeholders.
- b. Respond to emails and phone calls within 1 business day.
- c. Address and manage stakeholder issues associated with participation in the program in consultation with CSCDA staff.

I. Reporting

- a. Tracking and reporting to CSCDA of program progress such as applications received, executed assessment contracts, environmental benefits and participating local government participation.
- b. Reporting to participating local governments on program activity within its region

J. Team Coordination

- a. Oversight and facilitation of program team including CSCDA, Bond Counsel, Issuer's Counsel, Tax Administrator and Fund Trustee
- b. Coordination of intra-team processes such as bond closing and tax roll preparation.
- c. Review county records on each January 31st and March 31st to determine delinquencies.
- d. Begin delinquency control process including the commencement of the foreclosure of defaulting properties in consultation with CSCDA staff.

EXHIBIT B

FEE SCHEDULE

The Administrator will be paid a Fee computed as the amount of charges that the Administrator imposes on a property owner for each assessment contract that is funded, less an amount paid to the Authority based on the following schedule (expressed as a percentage of the project costs financed by the assessment contract):

At issuance of the Bond: 0.75%*

Alternatively, if an assignment structure is used at origination:

At initial assignment of the assessment, 0.25%; and at issuance thereafter of a Bond secured by such assessment, 0.50% with a minimum of \$10,000 and a maximum of \$250,000*

*Subject to change by resolution of CSCDA Commission.



Agenda Item No. 7

Agenda Report

DATE: April 7, 2016

TO: CSCDA COMMISSIONERS

FROM: Cathy Bando, Executive Director

PURPOSE: Consideration of a resolution ratifying and approving the forms of certain documents to be used in connection with the issuance of CSCDA Open Pace limited obligation improvement bonds not to exceed \$100 million for Commercial PACEDirect and approving related documents and actions.

BACKGROUND AND SUMMARY:

On December 4, 2014 the CSCDA Commission approved the form and content of documents related to the Open PACE program. One of Open PACE's new administrators, CleanFund Commercial PACE Capital (Clean Fund), has made some changes to the form documents to conform to the commercial PACE program it will be operating.

Clean Fund has requested the ratification and approval of the forms of Contract, Master Indenture, Issuance Certificate and Electronic Signature Agreement, which have been updated in connection with the establishment of Commercial PACEDirect, and remain substantially in the forms previously approved by the CSCDA. CSCDA PACE counsel, Jones Hall and CSCDA staff have reviewed and approved the proposed updated documents.

Clean Fund has also requested authorization to issue bonds in an amount not to exceed \$100 million, which is similar to prior Commission authorization under the CaliforniaFirst program.

RECOMMENDED ACTION:

CSCDA's Executive Director recommends approval of the resolution (in the form of Attachment A) ratifying and approving the forms of certain documents to be used in connection with the issuance of CSCDA Open Pace limited obligation improvement bonds not to exceed \$100 million for Commercial PACEDirect.

ATTACHMENT A

RESOLUTION NO. 16R-__

A RESOLUTION RATIFYING AND APPROVING THE FORMS OF CERTAIN DOCUMENTS TO BE USED IN CONNECTION WITH THE ISSUANCE OF CALIFORNIA STATEWIDE COMMUNITIES DEVELOPMENT AUTHORITY OPEN PACE LIMITED OBLIGATION IMPROVEMENT BONDS FOR COMMERCIAL PACEDIRECT, APPROVING THE ISSUANCE OF OPEN PACE LIMITED OBLIGATION IMPROVEMENT BONDS FOR COMMERCIAL PACEDIRECT AND APPROVING RELATED DOCUMENTS AND ACTIONS

I. Open PACE Program

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

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

WHEREAS, pursuant to the Program and Chapter 29 and subject to certain conditions set forth below, the Authority will enter into contractual assessments to finance or refinance the installation of Authorized Improvements in the Covered Jurisdictions; and

WHEREAS, the Resolution of Intention directed the Executive Director of the Authority or the designee thereof (the “Executive Director”) to prepare or cause to be prepared and to file with the Commission a report (the “Report”) addressing all of the matters set forth in Sections 5898.22 and 5898.23 of Chapter 29, including a draft contract (the “Contract”) between the Authority and property owners participating in the Program providing for payment of contractual assessments; and

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

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

WHEREAS, pursuant to Chapter 29 and the Resolution Confirming Report, the Authority is authorized to enter into contractual assessments to finance or refinance the installation of Authorized Improvements in the Covered Jurisdictions; and

WHEREAS, pursuant to the Resolution Confirming Report, the Commission of the Authority approved the form of Contract attached to the Report and authorized and directed any Authorized Signatory (as defined in Section 1 below) to execute Contracts with property owners in substantially said form, with such additions thereto and changes therein as the Authorized Signatory executing the same, in consultation with counsel to the Authority, deemed necessary, desirable or appropriate; and

WHEREAS, pursuant to the Resolution of Intention, the Commission of the Authority provided for the issuance of one or more series of improvement bonds pursuant to the Improvement Bond Act of 1915, Division 10 of the Streets and Highways Code of the State of California (the “Bond Law”); and

WHEREAS, on December 4, 2014, pursuant to Resolution No. 14R-67 (the “Bond Resolution”), the Commission of the Authority authorized the issuance of limited obligation improvement bonds in one or more series from time to time to be designated generally as “California Statewide Communities Development Authority Open PACE Limited Obligation Improvement Bonds” (the “Bonds”) for the purpose, among others, of financing or refinancing the installation of Authorized Improvements; and

WHEREAS, pursuant to the Bond Resolution, the Commission of the Authority approved the form of one or more Master Indentures (including the form of Issuance Certificate attached thereto) (each a “Master Indenture”) for the issuance of the Bonds and authorized any Authorized Signatory to execute and deliver one or more Master Indentures (including any Issuance Certificate (each an “Issuance Certificate”)) in substantially said form, with such changes and insertions therein as any member of the Commission, with advice of counsel to the Authority, may approve; and

WHEREAS, pursuant to the Bond Resolution, the Commission of the Authority approved the form of one or more Electronic Signature Agreements (each an “Electronic Signature Agreement”) to be entered into by the Authority in connection with the Bonds and authorized any Authorized Signatory to execute and deliver one or more Electronic Signature Agreements in substantially said form, with such changes and insertions therein as any member of the Commission, with advice of counsel to the Authority, may approve; and

WHEREAS, Section 5899.2 of Chapter 29 provides that, for the purpose of financing the installation of distributed generation renewable energy sources pursuant to Chapter 29, “permanently fixed” includes, but is not limited to, systems attached to a residential, commercial, industrial, agricultural, or other real property pursuant to a power purchase agreement or lease between the owner of the system and the owner of the assessed property, if the power purchase agreement or lease contains certain provisions, including, among other things, that after installation, the power purchase agreement or lease is paid, either partially or in full, using the funds from the contractual assessment program; and

WHEREAS, certain necessary, desirable and appropriate additions, changes and insertions to the forms of Contract (including changes to accommodate transactions involving a power purchase agreement, as contemplated under Section 5899.2 of Chapter 29), Master Indenture, Issuance Certificate and Electronic Signature Agreement previously approved by the Commission of the Authority pursuant to the Resolution Confirming Report and the Bond Resolution, respectively, have been made; and

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

WHEREAS, the Commission of the Authority now desires to ratify and approve the forms of the Contract, the Master Indenture, the Issuance Certificate and the Electronic Signature Agreement, which have been updated in connection with the establishment of Commercial PACEDirect, as being substantially in the forms previously approved by the Commission of the Authority pursuant to the Resolution Confirming Report and the Bond Resolution, respectively; and

WHEREAS, there have been made available to the Commission the following documents and agreements:

- (1) An updated form of Master Indenture;
- (2) An updated form of Issuance Certificate;
- (3) An updated form of Contract; and
- (4) An updated form Electronic Signature Agreement.

WHEREAS, this Commission wishes to authorize the Authority to issue Bonds in one or more series pursuant to the Master Indenture (collectively, the “Master Indenture Bonds”) in an aggregate principal amount not to exceed \$100,000,000 for the installation of Authorized Improvements on non-residential property (including residential property containing four or more units); and

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

Section 1. The updated forms of Master Indenture, Issuance Certificate, Contract and Electronic Signature Agreement, as made available to the Commissioners, are hereby ratified and approved. The Chair of the Authority or of any member of the Commission of the Authority or their administrative delegates duly authorized pursuant to resolution of the Authority (each, an “Authorized Signatory”), each acting alone, are hereby authorized and directed, for and on behalf of the Authority, to execute and deliver one or more Master Indentures, Issuance Certificates, Contracts and Electronic Signature Agreements in substantially said forms, with such changes and insertions therein as any member of the Commission, with advice of counsel to the Authority, may approve, such approval to be conclusively evidenced by the execution and delivery thereof. The dated date, maturity date or dates, interest rate or rates, interest payment dates, denominations, forms, registration privileges, manner of execution, place or places of payment, terms of redemption and other terms of the Master Indenture Bonds shall be as provided in the Master Indentures and Issuance Certificates, as finally executed.

Section 2. Pursuant to the Bond Law and the Bond Resolution as supplemented by this Resolution, and to provide financing for the installation of Authorized Improvements on non-residential property (including residential property containing four or more units), one or more series of Master Indenture Bonds are hereby authorized to be issued from time to time in an aggregate principal amount not to exceed \$100,000,000. The Master Indenture Bonds of each series shall be executed in the form, mature, and be payable in the priorities and bear

interest at the rates as provided in the related Indenture. The Commission finds that the issuance of the Master Indenture Bonds complies with Chapter 29, Bond Law and Original Resolutions of Issuance.

Section 3. Each Authorized Signatory of the Authority is hereby authorized and directed, for and in the name and on behalf of the Authority, to execute and direct recordation with the applicable county recorder all notices required by Chapter 29 and do any and all other things and take any and all other actions, including execution and delivery of any and all assignments, certificates, requisitions, agreements, notices, consents, instruments of conveyance, warrants and other documents, that they, or any of them, may deem necessary or advisable in order to consummate the issuance and sale of the Master Indenture Bonds and any of the other transactions contemplated by the documents approved pursuant to this Resolution. All actions heretofore taken by the officers and agents of the Authority with respect to the sale and issuance of the Master Indenture Bonds are hereby approved, confirmed and ratified.

Section 4. This Resolution shall take effect from and after its adoption.

PASSED AND ADOPTED by the California Statewide Communities Development Authority this 7th day of April 2016.

I, the undersigned, an Authorized Signatory of the California Statewide Communities Development Authority, DO HEREBY CERTIFY that the foregoing resolution was duly adopted by the Commission of the Authority at a duly called meeting of the Commission of the Authority held in accordance with law on April 7, 2016.

By:

Authorized Signatory
California Statewide Communities
Development Authority



Agenda Item No. 6

Agenda Report

DATE: April 7, 2016

TO: CSCDA COMMISSIONERS

FROM: Cathy Bando, Executive Director

PURPOSE: Consideration of a resolution ordering change and modification proceedings and approving an amended and restated engineer's report for SCIP 2016-02 (City of Santa Rosa, County of Sonoma)

BACKGROUND AND SUMMARY:

On March 3, 2016, the CSCDA Commission approved a final engineer's report for SCIP 2016-02 which included the Kawana Meadows (the "Project") in the City of Santa Rosa. The Project includes multifamily and single family housing units. The sole property owner of the Project has requested that the Commission conduct change and modification proceedings to adjust certain assessments related to the multifamily portion of the Project, resulting in a decrease in the assessments levied on the multifamily units.

The Assessment Engineer for CSCDA, David Taussig & Associates, has prepared an amended assessment roll in order to reflect the above-referenced changes, and such changes are reflected in the Amended and Restated Engineer's Report available in the Documents for Commissioner Review.

The sole owner of the Project has signed and submitted to CSCDA a "Consent and Waiver" form in which they consent to and requests the proposed changes and modifications.

RECOMMENDED ACTION:

CSCDA's Executive Director recommends adoption of a resolution (in the form of Attachment A) ordering change and modification proceedings and approving an amended and restated engineer's report for SCIP 2016-02 (City of Santa Rosa, County of Sonoma).

ATTACHMENT A

RESOLUTION NO. _____

**RESOLUTION OF THE COMMISSION OF THE CALIFORNIA
STATEWIDE COMMUNITIES DEVELOPMENT AUTHORITY
ORDERING CHANGE AND MODIFICATION PROCEEDINGS
PURSUANT TO WAIVER OF SOLE PROPERTY OWNER AND
APPROVING AN AMENDED AND RESTATED ENGINEER'S REPORT
FOR STATEWIDE COMMUNITY INFRASTRUCTURE PROGRAM
ASSESSMENT DISTRICT NO. 16-02 (CITY OF SANTA ROSA, COUNTY
OF SONOMA, CALIFORNIA)**

WHEREAS, the Commission (the "Commission") of the California Statewide Communities Development Authority (the "Authority"), by proceedings duly had and taken, previously provided for the formation of the Statewide Community Infrastructure Program Assessment District No. 16-02 (City of Santa Rosa, County of Sonoma, California) (the "Assessment District"), under and pursuant to the provisions of the Municipal Improvement Act of 1913 (Division 12, commencing with Section 10000 of the Streets and Highways Code of the State of California), and assessments were levied on the parcels with assessments remaining unpaid; and

WHEREAS, the Commission, pursuant to Resolution No. 16R-14, adopted January 7, 2016, declared its intention to provide for the issuance of bonds to finance capital improvements and the payment of development impact fees for public improvements; and

WHEREAS, the Commission, pursuant to Resolution 16R-18, adopted March 3, 2016, approved a final engineer's report for the Assessment District; and

WHEREAS, the sole property owner in the Assessment District has requested the Commission to conduct change and modification proceedings to adjust certain assessments, resulting in a decrease in the assessments levied on certain property owned by the sole property owner within the Assessment District; and

WHEREAS, the Commission has determined to adjust certain assessments included in the Assessment District; and

WHEREAS, the Commission has directed the Assessment Engineer of the Authority for SCIP, as Engineer of Work (the "Engineer of Work") to prepare an amended assessment roll in order to reflect the changes to the Assessment District described herein, which document is contained in an Amended and Restated Engineer's Report prepared by David Taussig & Associates, dated March 22, 2016 (the "Amended and Restated Engineer's Report"), and a copy of such Amended and Restated Engineer's Report is on file with the Secretary of the Authority; and

WHEREAS, the sole owner of the affected property within the Assessment District has signed and submitted to the Authority a "Consent and Waiver" form in which the sole owner

consents to and requests the proposed changes and modifications, and a copy of the signed Consent and Waiver form is on file with the Secretary of the Authority;

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

Section 1. The foregoing recitals are true and correct, and this Commission so finds and determines.

Section 2. This Commission hereby approves the Amended and Restated Engineer's Report and the component parts thereof, including each exhibit incorporated by reference in the report.

Section 3. The Commission finds that the Consent and Wavier form on file with the Secretary of the Authority is signed by the sole owner of the affected property, and constitutes a valid and knowing waiver of the rights accorded to said property owner by these proceedings and waived therein.

Section 4. The Commission finds that the assessment spread set forth in the amended assessment roll in the Amended and Restated Engineer's Report is commensurate with the special benefit accruing to the assessed parcels.

Section 5. Pursuant to Section 10352 of the Streets and Highways Code, the Commission hereby orders change and modification proceedings without notice or hearing and approves and confirms the changes and modifications to be made in the Assessment District as described in the Amended and Restated Engineer's Report on file with the Secretary of the Authority.

Section 6. The Program Administrator is hereby directed to record the Amended and Restated Engineer's Report with the Authority. The Program Administrator is hereby further directed to record the notice of amended assessment in the office of the County Recorder of the County of Sonoma in the time, form and manner as required by law.

Section 7. This Resolution shall take effect immediately upon its passage.

PASSED AND ADOPTED by the Commission of the California Statewide Communities Development Authority this April 7, 2016.

I, the undersigned, an Authorized Signatory of the California Statewide Communities Development Authority, DO HEREBY CERTIFY that the foregoing resolution was duly adopted by the Commission of the Authority at a duly called meeting of the Commission of the Authority held in accordance with law on April 7, 2016.

By: _____
Authorized Signatory
California Statewide Communities
Development Authority



Agenda Item No. 9

Agenda Report

DATE: April 7, 2016
TO: CSCDA COMMISSIONERS
FROM: Cathy Bando, Executive Director
PURPOSE: Consideration of CSCDA position related to AB 2693

BACKGROUND AND SUMMARY:

Recently Assemblyman Dababneh introduced AB 2693 which is a bill to amend how Property Assessed Clean Energy (PACE) programs operate. The bill is currently being supported by the California Bankers Association, California Association of Realtors and California Mortgage Bankers Association. Since the bill would affect how CSCDA operates its Open PACE program we wanted to bring this to the Commission's attention and recommend an approach to addressing the bill. Attached is a full copy of AB 2693 and the following is a brief summary of the key points:

1. Section 2(b)(1) would require local governments and PACE administrators to comply with Truth in Lending Act (TILA) and Real Estate Settlement Procedures Act (RESPA) disclosure requirements. This change would likely trigger underwriting to the homeowner's credit score -- which would require local governments and PACE administrators to gather FICO and other personal data on each homeowner. In doing so, AB 2693 would move PACE down the road to being a loan product similar to a mortgage rather than a special assessment levied by local governments for energy improvements, as originally intended in 2008 when the original PACE legislation was adopted.
2. Section 4 would change PACE from an "assessment lien" to a "judgment lien". PACE assessments are currently treated like all other local property tax assessments. This bill would not only make the PACE lien junior to the mortgage, but to all other liens and it would be extinguished upon sale, refinance and foreclosure. This would change the landscape of investors in PACE as the investment is not as secure as the original legislation was intended to provide.

RECOMMENDED ACTION:

CSCDA's contracted legislative representative has a conflict of interest and is not available to work on CSCDA's behalf on this matter. Legislative staff at CSAC and the League of California Cities are in the process of developing recommendations for a unified position on AB 2693. Because of the urgent timing of this matter, CSCDA's Executive Director recommends that the Commission direct the PACE ad-hoc committee to work with CSAC, the League of California Cities, the CSCDA Executive Director and staff to develop a unified position with regard to AB 2693. After the position is finalized it will be reported back to the Commission.

AMENDED IN ASSEMBLY MARCH 17, 2016

CALIFORNIA LEGISLATURE—2015–16 REGULAR SESSION

ASSEMBLY BILL

No. 2693

Introduced by Assembly Member Dababneh

February 19, 2016

An act to amend Section ~~167~~ 26054 of the Public Resources Code, and to amend Sections 5898.15, 5898.28, and 5898.30 of the Streets and Highways Code, relating to ~~transportation~~ contractual assessments.

LEGISLATIVE COUNSEL’S DIGEST

AB 2693, as amended, Dababneh. ~~Transportation funds. Contractual assessments: financing requirements: property improvements.~~

Existing law defines “property assessed clean energy bond,” commonly known as a PACE bond, to mean a bond that is secured by a voluntary contractual assessment or by certain special taxes on property, as specified.

This bill would delete the reference to bonds secured by special taxes.

Existing law authorizes the legislative body of a public agency, as defined, to determine that it would be convenient, advantageous, and in the public interest to designate an area within which authorized public agency officials and property owners may enter into voluntary contractual assessments to finance certain improvements, including the installation of distributed generation renewable energy sources or energy or water efficiency improvements that are permanently fixed to real property, as specified. Existing law authorizes the public agency to issue bonds to be repaid by voluntary contractual assessments, and to enter into a relationship with an underwriter or financial institution that allows the sequential issuance of a series of bonds as the need arises. Existing law requires the interest rate on bonds to be fixed at

the time each bond is issued, unless the bond is issued to finance improvements to nonresidential private property or residential private property with 4 or more units. Existing law also provides that certain provisions relating to redemption of bonds prior to their scheduled maturity date or refinance of outstanding bonds only apply to nonresidential private property or residential private property with 4 or more units.

This bill, with respect to residential private property, would instead require the interest rate on the bonds, when issued, to be fixed unless the property consists of 5 or more units. The bill would provide that the provisions relating to redemption of bonds prior to their scheduled maturity date, or refinance of outstanding bonds, with respect to residential private property, would apply to property that consists of 5 or more units.

Existing law provides that an assessment under these provisions, and any interest and penalties, until paid, constitute a lien against the property on which the assessment was made. Existing law provides that certain other provisions, including provisions relating to lien priority, apply to liens imposed relative to these assessments.

This bill would delete the reference to the other provisions relating to lien priority, and instead provide that an assessment under these provisions shall have the force, effect, and priority of a judgment lien as established by its date of recordation.

Existing law, if bonds have not been issued by a public agency, authorizes the public agency to transfer its right, title, and interest to voluntary contractual assessments to another party, as specified. Existing law, however, provides that initiation and prosecution of a foreclosure action from a delinquency in the payment of voluntary contractual assessments remains the responsibility of the public agency, which shall retain the sole right to enforce its senior lien status.

This bill would delete the provision that the public agency shall retain the sole right to enforce its senior lien status, and would instead provide that a foreclosure action by the public agency shall have the force, effect, and priority of a judgment lien as established by the date of its recordation.

Existing law prohibits a public agency from permitting a property owner to participate in any program established pursuant to these provisions if the owner's participation would result in the total amount of any annual property taxes and assessments exceeding 5% of the

property's market value, as determined at the time of approval of the owner's contractual assessment.

This bill would also prohibit a public agency from permitting a property owner to participate in a program pursuant to these provisions unless the property owner has been provided with a Truth in Lending Act- Real Estate Settlement Procedures Act Integrated Mortgage Disclosure for the obligation being incurred or if the total mortgage-related debt and contractual assessment-related debt on the underlying property exceeds the fair market value of the property at the time of the agreement.

The bill would provide that the failure of a public agency to comply with either of these 2 prohibitions voids the contractual obligations of the property owner for the contractual assessment.

~~Existing law requires funds in the State Highway Account to be programmed, budgeted, and expended to maximize the use of federal funds and according to a specified sequence of priorities. Existing law requires the Department of Transportation to provide certain information to the Legislature to substantiate the department's proposed capital outlay support budget.~~

~~This bill would make nonsubstantive changes to these provisions.~~

Vote: majority. Appropriation: no. Fiscal committee: no.
State-mandated local program: no.

The people of the State of California do enact as follows:

- 1 SECTION 1. Section 26054 of the Public Resources Code is
- 2 amended to read:
- 3 26054. "Property Assessed Clean Energy bond" or "PACE
- 4 bond" means a bond that is secured by ~~any~~ either of the following:
- 5 (a) A voluntary contractual assessment on property authorized
- 6 pursuant to paragraph (2) of subdivision (a) of Section 5898.20 of
- 7 the Streets and Highways Code.
- 8 (b) A voluntary contractual assessment ~~or a voluntary special~~
- 9 ~~tax~~ on property to finance the installation of distributed generation
- 10 renewable energy sources, electric vehicle charging infrastructure,
- 11 or energy or water efficiency ~~improvements that is levied pursuant~~
- 12 ~~to a chartered city's constitutional authority under Section 5 of~~
- 13 ~~Article XI of the California Constitution.~~ *improvements.*
- 14 (c) ~~A special tax on property authorized pursuant to subdivision~~
- 15 ~~(b) of Section 53328.1 of the Government Code.~~

1 *SEC. 2. Section 5898.15 of the Streets and Highways Code is*
2 *amended to read:*

3 5898.15. (a) A public agency shall not permit a property owner
4 to participate in any program established pursuant to this chapter
5 if the owner's participation would result in the total amount of any
6 annual property taxes and assessments exceeding 5 percent of the
7 property's market value, as determined at the time of approval of
8 the owner's contractual assessment.

9 (b) (1) *A public agency shall not permit a property owner to*
10 *participate in a program pursuant to this chapter unless the*
11 *property owner has been provided with a federal Truth in Lending*
12 *Act–Real Estate Settlement Procedures Act Integrated Mortgage*
13 *Disclosure for the obligation being incurred that is required for*
14 *mortgages by the federal Consumer Financial Protection Bureau.*

15 (2) *A public agency shall not permit the total mortgage-related*
16 *debt and contractual assessment-related debt on the underlying*
17 *property to exceed the fair market value of the property at the time*
18 *of the agreement.*

19 (3) *Failure to comply with the requirements of either paragraph*
20 *(1) or (2) voids the contractual obligations of a property owner*
21 *for a contractual assessment entered into pursuant to this chapter.*

22 ~~(b) Nothing~~

23 (c) *Except as provided in subdivision (b), nothing in this chapter*
24 *shall be construed to void or otherwise release a property owner*
25 *from the contractual obligations incurred by a contractual*
26 *assessment on a property, particularly in the event that the total*
27 *amount of annual property taxes and assessments exceeds 5 percent*
28 *of a property's market value after the property owner has entered*
29 *into a contractual assessment pursuant to this chapter. property*

30 *SEC. 3. Section 5898.28 of the Streets and Highways Code is*
31 *amended to read:*

32 5898.28. (a) A public agency may issue bonds pursuant to this
33 chapter, the principal and interest for which would be repaid by
34 voluntary contractual assessments. A public agency may advance
35 its own funds to finance work to be repaid through voluntary
36 contractual assessments, and may from time to time sell bonds to
37 reimburse itself for those advances. A public agency may enter
38 into a relationship with an underwriter or financial institution that
39 would allow the sequential issuance of a series of bonds, each bond
40 being issued as the need arose to finance work to be repaid through

voluntary contractual assessments. The interest rate of each bond may be determined by an appropriate index, but shall be fixed at the time each bond is issued unless the bond is issued to finance improvements to nonresidential private property or residential private property with ~~four~~ *five* or more units. Bond proceeds may be used to establish a reserve fund for debt service or paying the costs of foreclosure on properties participating in the program, to fund capitalized interest for a period up to two years from the date of issuance of the bonds, to fund the administrative fee required for participation in the PACE Reserve Program established pursuant to Chapter 4 (commencing with Section 26050) of Division 16 of the Public Resources Code, and to pay for expenses incidental to the issuance and sale of the bonds. Division 10 (commencing with Section 8500) shall apply to any bonds issued pursuant to this section, insofar as that division is not in conflict with this chapter.

(b) (1) Notwithstanding any provision of this division or the Improvement Act of 1915 (Division 10 (commencing with Section 8500)), a public agency may transfer its right, title, and interest in and to any voluntary contractual assessments, if bonds have not been issued pursuant to subdivision (a). The public agency and the transferee shall enter into an agreement that, among other things, identifies the specific period of time during which the transfer of voluntary contractual assessments will be operative, not to exceed three years. Except as provided in paragraph (2), a transfer of any voluntary contractual assessments under this subdivision shall be treated as a true and absolute transfer of the asset so transferred for the period of the transfer and not as a pledge or grant of a security interest by the public agency for any borrowing. The characterization of the transfer of any of those assets as an absolute transfer by the public agency shall not be negated or adversely affected by the fact that only a portion of any voluntary contractual assessment is transferred, nor by any characterization of the transferee for purposes of accounting, taxation, or securities regulation, nor by any other factor whatsoever. As used in this section, “transfer” means sale, assignment, or other transfer.

(2) Nothing in this subdivision shall be construed to authorize the transferee to initiate and prosecute a foreclosure action resulting from a delinquency in the payment of the voluntary contractual

1 assessment. Initiation and prosecution of a foreclosure action shall
2 remain the responsibility of the public agency, which shall ~~retain~~
3 ~~the sole right to enforce its senior lien status.~~ *have the force, effect,*
4 *and priority of a judgment lien as established by the date of its*
5 *recordation.*

6 (c) Division 10 (commencing with Section 8500) shall apply to
7 any bonds issued pursuant to this section, insofar as that division
8 is not in conflict with this chapter. Notwithstanding Part 16
9 (commencing with Section 8880) of Division 10, if any reserve
10 fund is established in whole or in part with legally available
11 moneys of one or more public agencies other than bond proceeds,
12 the public agency or agencies may provide that a property owner
13 who prepays all or a portion of the assessment shall not be credited
14 with the public agency moneys in the reserve fund and there shall
15 be no reduction in the assessment pursuant to Sections 8884 or
16 8881, and the public agency moneys in the reserve account shall
17 not be used to redeem bonds pursuant to Section 8885 and any
18 public agency moneys remaining in the reserve fund at the maturity
19 of the bonds shall be disbursed to the public agency free and clear
20 of the lien of the issuing instrument. Any excess bond proceeds
21 may be used to pay principal of and interest on the bonds in
22 addition to any other use permitted by Division 10 (commencing
23 with Section 8500).

24 (d) Notwithstanding any other law, the public agency may
25 conclude that it is in the public interest for bonds issued by the
26 public agency pursuant to this chapter to not be subject to
27 redemption prior to their scheduled maturity date except as a result
28 of the prepayment in whole or in part of contractual assessments.
29 Notwithstanding any other limitations set forth in law, and with
30 respect to bonds issued to finance improvements to nonresidential
31 property or residential property with ~~four~~ *five* or more units, the
32 redemption premium associated with a redemption of bonds as a
33 result of a contractual assessment prepayment shall be determined
34 by agreement of the public agency issuing the bonds, the property
35 owner, and the initial purchaser of the bonds.

36 (e) (1) Without the prior written approval of the property owner,
37 and notwithstanding any other law, a public agency may issue
38 bonds pursuant to this chapter to refinance outstanding bonds
39 payable from contractual assessments levied pursuant to this
40 chapter if all of the following are true:

1 (A) The total interest cost to maturity on the refunding bonds
2 is less than the total interest cost to maturity on the bonds to be
3 refunded.

4 (B) The final maturity date of the refunding bonds is not later
5 than the final maturity date of the refunded bonds, except that if
6 the bonds to be refunded are variable rate bonds, the final maturity
7 date of the refunding bonds may extend to, but not beyond, the
8 useful life of the financed improvements.

9 (C) The total interest component of the scheduled contractual
10 assessment installments to maturity, after issuance of the refunding
11 bonds, is less than the total interest component of the scheduled
12 contractual assessment installments to maturity prior to issuance
13 of the refunding bonds.

14 (2) For purposes of this section, in connection with the issuance
15 of fixed rate bonds to refinance variable rate bonds, the interest
16 rate on the refunded bonds for purpose of demonstrating
17 compliance with this section may be assumed to be the maximum
18 possible interest rate on the bonds to be refunded as long as the
19 legislative body concludes that the public interest will be served
20 by issuing fixed rate bonds to refinance the outstanding variable
21 rate bonds. In connection with an issuance of refunding bonds
22 under this chapter, the legislative body may direct that an
23 amendment to the document required by subdivision (d) of Section
24 5898.24 be recorded to reflect the revised contractual assessment
25 installment schedule.

26 (f) With the prior written approval of the owner of nonresidential
27 property or residential property with ~~four~~ five or more units, and
28 notwithstanding any other law, a public agency may issue bonds
29 pursuant to this chapter to refinance outstanding bonds payable
30 from contractual assessments levied pursuant to this chapter
31 without complying with subdivision (e). The final maturity date
32 of the refunding bonds issued pursuant to this subdivision may be
33 later than the final maturity date of the bonds being refunded as
34 long as the final maturity date of the refunding bonds does not
35 extend beyond the useful life of the financed improvements.

36 *SEC. 4. Section 5898.30 of the Streets and Highways Code is*
37 *amended to read:*

38 5898.30. Assessments levied pursuant to this chapter, and the
39 interest and any penalties thereon shall constitute a lien against
40 the lots and parcels of land on which they are made, until they are

1 paid. Division 10 (commencing with Section 8500), insofar as
2 those provisions are not in conflict with this chapter, Article 13
3 (commencing with Section 53930) of, and Article 13.5
4 (commencing with Section 53938) of, Chapter 4 of Part 1 of
5 Division 2 of Title 5 of the Government Code *shall only* apply to
6 the ~~imposition and~~ collection of assessments contracted for
7 pursuant to this chapter, ~~including, but not limited to, provisions~~
8 ~~related to lien priority, the collection of assessments which may~~
9 ~~be collected~~ in the same manner and at the same time as the general
10 taxes of the city or county on real ~~property, unless another~~
11 ~~procedure has been authorized by the legislative body or by statute,~~
12 ~~and any penalties and remedies in the event of delinquency and~~
13 ~~default.~~ *property. Any assessment levied pursuant to this chapter*
14 *shall have the force, effect, and priority of a judgment lien as*
15 *established by the date of its recordation.*

16 SECTION 1. ~~Section 167 of the Streets and Highways Code~~
17 ~~is amended to read:~~

18 ~~167. (a) Funds in the State Highway Account in the State~~
19 ~~Transportation Fund shall be programmed, budgeted subject to~~
20 ~~Section 163, and expended to maximize the use of federal funds~~
21 ~~and shall be based on the following sequence of priorities:~~

22 ~~(1) Operation, maintenance, and rehabilitation of the state~~
23 ~~highway system.~~

24 ~~(2) Safety improvements where physical changes, other than~~
25 ~~adding additional lanes, would reduce fatalities and the number~~
26 ~~and severity of injuries.~~

27 ~~(3) Transportation capital improvements that expand capacity~~
28 ~~or reduce congestion, or do both.~~

29 ~~(4) Environmental enhancement and mitigation programs.~~

30 ~~(b) With respect to the funds in the State Highway Account, in~~
31 ~~the Public Transportation Account, and in the Passenger Rail Bond~~
32 ~~Fund, the proposed budget shall be organized on a program basis.~~
33 ~~The proposed budget shall list the proposed expenditures for the~~
34 ~~transportation program under the following program elements:~~

35 ~~(1) Administration.~~

36 ~~(2) Program development.~~

37 ~~(3) Maintenance.~~

38 ~~(4) State highway operation and protection.~~

39 ~~(5) Local assistance.~~

40 ~~(6) Interregional improvements.~~

1 ~~(7) Regional improvements.~~

2 ~~(8) Environmental enhancement and mitigation programs.~~

3 ~~(e) State operations expenditure amounts of the department for~~
4 ~~interregional and regional transportation improvement projects~~
5 ~~shall be listed as required by subdivision (b) of Section 14529 of~~
6 ~~the Government Code, but those amounts other than those for the~~
7 ~~acquisition of rights-of-way, construction, and construction support~~
8 ~~shall not be subject to allocation by the commission.~~

9 ~~(d) To align the annual budget with the adopted state~~
10 ~~transportation improvement program, the department may submit~~
11 ~~to the Department of Finance revised capital outlay support and~~
12 ~~capital outlay budget estimates as part of its May Revision process.~~
13 ~~Budget proposals related to these changes shall be provided to the~~
14 ~~Legislature no later than May 1.~~

15 ~~(e) The budget shall not include specific appropriations for~~
16 ~~specific transportation improvement projects, and the Legislature~~
17 ~~shall not enact legislation containing specific individual~~
18 ~~transportation projects.~~

19 ~~(f) The basis for defining major and minor capital outlay projects~~
20 ~~shall be established by the commission.~~

21 ~~(g) The Legislative Analyst shall prepare an analysis of the~~
22 ~~proposed expenditures for each program element as a part of the~~
23 ~~budget analysis.~~

24 ~~(h) The department shall submit to the Legislative Analyst, the~~
25 ~~Senate Committee on Budget and Fiscal Review, and the Assembly~~
26 ~~Committee on Budget, on an annual basis, supplemental~~
27 ~~information to substantiate the department's proposed capital outlay~~
28 ~~support budget. The information shall be provided no later than~~
29 ~~May 1 of each year, and may be provided at an earlier date. The~~
30 ~~information shall include, but not be limited to, the following:~~

31 ~~(1) A list of projects for which the department will perform~~
32 ~~capital outlay support work in the budget year. For each project,~~
33 ~~the department shall include all of the following:~~

34 ~~(A) The planned project support budget for support of~~
35 ~~environmental, design, right-of-way, and construction phases.~~

36 ~~(B) The planned capital costs, including construction capital~~
37 ~~costs and right-of-way capital costs.~~

38 ~~(C) The estimated or actual construction start date and~~
39 ~~completion date.~~

1 ~~(D) The name and year of the state transportation program in~~
2 ~~which the project is programmed, if applicable.~~

3 ~~(E) Total prior fiscal year expenditures for capital outlay support.~~

4 ~~(F) The number of full-time equivalent positions requested to~~
5 ~~perform support of environmental, design, right-of-way, and~~
6 ~~construction work in the fiscal year of the budget request.~~

7 ~~(G) Milestones of project work by phases that are planned to~~
8 ~~be completed in the fiscal year of the budget request.~~

9 ~~(H) The ratio of support to capital costs based on current~~
10 ~~programming.~~

11 ~~(2) The capital-to-support ratio for all projects completed in the~~
12 ~~prior fiscal year in each program in each district.~~

13 ~~(3) The current total number of authorized and vacant positions~~
14 ~~in the capital outlay support program in headquarters and in each~~
15 ~~district.~~

16 ~~(4) A five-year projection of the department's staffing needs to~~
17 ~~support the state's transportation capital programs and any~~
18 ~~workload performed by the department related to federal or local~~
19 ~~funding for highway capital projects.~~

20 ~~(5) The average cost of a personnel-year equivalent in each~~
21 ~~district based on the department's existing contracts for capital~~
22 ~~outlay support work performed by a private company under~~
23 ~~contract with the department. For each average cost, the department~~
24 ~~shall provide a description of what factors are included in that cost.~~

25 ~~(6) The average cost of a state staff personnel-year in the capital~~
26 ~~outlay support program in each district and in headquarters. The~~
27 ~~cost shall include the salary and wages, benefits, program overhead,~~
28 ~~administrative overhead, and other associated costs. The~~
29 ~~department shall provide a description of each component of the~~
30 ~~average cost.~~

31 ~~(7) A summary of expected capital outlay support workload for~~
32 ~~the budget year that includes the following:~~

33 ~~(A) The total full-time equivalents requested for each type of~~
34 ~~the following activities: environmental, design, right-of-way, and~~
35 ~~construction.~~

36 ~~(B) The total full-time equivalents requested for each type of~~
37 ~~project, including, but not limited to, the state transportation~~
38 ~~improvement program, the state highway operation and protection~~
39 ~~program, bond programs, regional and local agency partnership~~
40 ~~workload, and any other program.~~

1 ~~(8) The total number of projects with requested resources, as~~
2 ~~well as the number of projects in which the department is limited~~
3 ~~to an oversight role.~~

4 ~~(9) The number of milestones scheduled, including~~
5 ~~environmental, design, right-of-way, and construction deliverables,~~
6 ~~as well as the number of projects expected to begin construction~~
7 ~~and reach completion.~~

8 ~~(10) A summary for the most recently completed fiscal year for~~
9 ~~the following:~~

10 ~~(A) Full-time equivalents and related funding expended,~~
11 ~~including support of environmental, design, right-of-way, and~~
12 ~~construction activities.~~

13 ~~(B) Approved and filled positions as of the end of the fiscal~~
14 ~~year.~~

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