



**CSCDA**  
CALIFORNIA STATEWIDE COMMUNITIES  
DEVELOPMENT AUTHORITY



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

**September 27, 2012**

**10:00 a.m.**

**California Statewide Association of Counties  
1100 K Street  
Sacramento, California**

**Teleconference Locations**

County of Butte  
7 County Center Drive  
Orville, CA 95965

County of Yuba  
915 8<sup>th</sup> Street, Suite 103  
Marysville, CA 95901

27788 Hidden Trail Road  
Laguna Hills, CA 92677

City of Roseville  
311 Vernon Street  
Roseville, CA 95678

- I. Call the Roll (alternates designate which member they are representing).
- II. Approve the Minutes of the September 13, 2012 Regular Meeting.
- III. Staff Updates.
- IV. Approve Consent Calendar.
- V. Approve the financing; all necessary actions; the execution and delivery of all necessary documents and authorize any member to sign all necessary financing documents for the following:

This \_\_\_ page agenda was posted at 1100 K Street, Sacramento, California on \_\_\_\_\_, 2012 at \_\_: \_\_ m,  
Signed \_\_\_\_\_. Please fax signed page to (925) 933-8457.

- a. Community Hospital of the Monterey Peninsula (CHOMP), City of Monterey, County of Monterey; up to \$35,000,000 in 501(c)(3) non-profit revenue bonds
  - b. AEALAS, Inc (Albert Einstein Academy for Letters, Arts, and Sciences), City of Santa Clarita, County of Los Angeles; up to \$6,500,000 in 501(c)(3) non-profit revenue bonds.
  - c. Total Road Improvement Program (TRIP) Approval, City of Barstow, County of San Bernardino; up to \$25,000,000 in Gas Excise Tax Securitization Bonds.
  - d. Total Road Improvement Program (TRIP) Approval, City of Chico, Butte County; up to \$7,000,000 in Gas Excise Tax Securitization Bonds.
- VI. Discuss and approve State Controller's Office Annual Report.
- VII. Discuss and approve proposed revision to the CSCDA issuance policies relating to the placement of non-rated securities within a professional investment management firm for Western University.
- VIII. Public Comment.
- IX. Adjourn.



**CALIFORNIA STATEWIDE COMMUNITIES DEVELOPMENT AUTHORITY  
CONSENT CALENDAR**

1. Induce the following projects:
  - a. Pacific Housing, Inc (Park Villas Apartments), City of National City, County of San Diego; issue up to \$34 million in multi-family housing debt obligations.
2. Approve the following invoice for payment:
  - a. Orrick, Herrington & Sutcliffe, L.L.P Invoice #1380070
  - b. Salinas Trustee Fee, US Bank Invoice #3132287

Thursday, September 27, 2012

**Note: Persons requiring disability-related modification or accommodation to participate in this public meeting should contact (925) 933-9229, extension 225.**

**Item II**

Approve the Minutes of the September 17, 2012 Regular Meeting.

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

League of California Cities  
1400 K Street, Sacramento, California

September 13, 2012

**MINUTES**

Commission Chair Larry Combs called the meeting to order at 10:02 a.m.

**I. Roll Call**

Commission members present: Larry Combs. Commission members participating by conference telephone: Kevin O'Rourke and Tim Snellings, Alternate Irwin Bornstein (sitting for Commissioner Russ Branson)

Others present included: Caitlin Lancot, CSCDA staff; Dan Harrison, League of California Cities; and Mark Paxson, State Treasurer's Office. Participating by conference telephone: Greg Stepanicich, Richards, Watson & Gershon; and Scott Carper, CSCDA staff.

**II. Approval of Minutes—August 23, 2012**

The commission approved the minutes of the regular meeting held August 23, 2012.

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

**III. Staff Updates**

Caitlin Lancot informed the commission that items V.d., V.e., and VI are removed from today's agenda and will be considered in a later meeting.

**IV. Approve Consent Calendar**

The commission approved the consent calendar consisting of the following items:

A. Inducement of the following projects:

1. Standard Property Company (Wong Center Apartments), City of Sacramento, County of Sacramento; issue up to \$34 million in multi-family housing debt obligations.

2. Category III Development (Park Village Apartments), City of Stockton, County of San Joaquin; issue up to \$12 million in multi-family housing debt obligations.

- B. Approval of an invoice for payment to Orrick, Herrington & Sutcliffe, L.L.P Invoice #1380070

Motion by Snellings; second by Bornstein; unanimously approved by roll-call vote.

## **V. Financing Approvals**

The commission approved resolutions approving the financing; all necessary actions; the execution and delivery of all necessary documents and authorized any member or authorized signatory to sign all necessary financing documents for the following projects:

- A. Morgan Hill Retirement Residence, L.P. (Morgan Hill Retirement Residence), City of Morgan Hill, County of Santa Clara; up to \$19 million in multi-family housing debt obligations.
- B. Villa Robles, L.P. (Villa Robles Apartments), City of Porterville, County of Tulare; up to \$4,984,000 in multi-family housing debt obligations.
- C. Casa Velasco Housing, L.P. (Casa Velasco Apartments), City of Fresno, County of Fresno; up to \$9 million in multi-family housing debt obligations.

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

Items V.d, and V.e. were delayed for consideration at a later meeting.

## **VI. CSCDA Financial Statements.** This item will be considered in a later meeting.

## **VII. Public Comment.** There were none.

## **VIII. Adjournment**

Commission Chair Larry Combs adjourned the meeting at 10:15 a.m.

Submitted by: Daniel B. Harrison, Assistant to the Secretary

*The next regular meeting of the commission is scheduled for  
**Thursday, September 27, at 10:00 a.m.**  
in the CSAC Office at 1100 K Street, Sacramento, CA.*

**Item IV**  
Approve Consent Calendar

Induce the following projects:

- a. Pacific Housing, Inc (Park Villas Apartments), City of National City, County of San Diego: issue up to \$34M in multi-family housing debt obligations



*Building Communities, Investing in Local Government Since 1988*

## Housing Bond Application

### APPLICANT INFORMATION

Application Number: **2012077**  
Name of Developer: **Pacific Housing, Inc**  
Primary Contact: **Mark Wiese**  
Title: **President**  
Address: **2115 J Street, Suite 201  
Sacramento, CA 95816**  
Telephone Number: **(916) 638-5200 Ext. 207**  
Fax Number: **(916) 325-1204**  
E-mail: **logancapital@gmail.com**

### BORROWER DESCRIPTION

Type of Entity: ☐ For-profit Corporation ☐ Non-profit Corporation  
☐ Municipality ☐ Partnership  
☒ Other (specify): **Limited Partnership**

For Non-profits only: Will you be applying for State Volume Cap? **Yes**

Name of Borrowing Entity: **TBD**

Date Established: **TBD**

Number of Multi-Family Housing Projects Completed in the Last 10 Years: **10**

Number of Low Income Multi-Family Housing Projects Completed in the Last 10 Years: **10**

### PRINCIPAL FINANCE TEAM INFORMATION

#### UNDERWRITER/PLACEMENT AGENT

Firm: **Dougherty & Dougherty**

Contact: **Paul Weissman**

Address: **90 S. 7th Street, Suite 4300  
Minneapolis, MN 55402**

Telephone: **(303) 504-6239**

Fax: **(612) 317-2125**

E-mail: **pweissman@doughertymarkets.com**

#### BOND COUNSEL

Firm: **Orrick, Herrington & Sutcliffe LLP**

Contact: **Tom Downey**

Address: **405 Howard Street  
San Francisco, CA 94105**

Telephone: **(415) 773-5965**

Fax: **(415) 773-5759**

E-mail: **tdowney@orrick.com**



Application Number: **2012077 - Park Villas Apartments**

Name of Borrower: **Pacific Housing, Inc**

### PROJECT DESCRIPTION

Current Project Name: **Park Villas Apartments**

New Project Name:

Project Street Address: **817 Eta Street**

City: **National City** State: **CA** Zip Code: **91915**

County: **San Diego**

Is Project located in unincorporated part of the County? **No**

Total Number of Units: Market: **0** Restricted: **268** Total Units: **268**

Lot Size: **13.49 acres**

Amenities: **Property has Swimming Pool, Playground, BBQ/Picnic area, Laundry Rooms, Gated Access. Units have, AC, Dishwasher, Walk-In Closets, Linen Closet and Pantry**

Type of Construction (i.e., Wood Frame, 2 Story, 10 Buildings): **Concrete Foundation, Wood Frame, 2 Story, 34 Buildings**

Type of Housing: ☐ New Construction ☒ Family  
☒ Acq/Rehab ☐ Senior Is this an Assisted Living Facility? \_\_\_\_\_

City or county contact information:

Contact Name: \_\_\_\_\_

Title: \_\_\_\_\_

Phone Number: \_\_\_\_\_ Ext. \_\_\_\_\_

Fax Number: \_\_\_\_\_

E-mail: \_\_\_\_\_

### PUBLIC BENEFIT

Percentage of Units in Low Income Housing: **100%**

Percentage of Area Median Income(AMI) for Low Income Housing Units: **10% at 50%, 90% at 60%**

Total Number of Management Units: **1**

Unit Size	% AMI	# of Restricted Units	Restricted Rent	Market Rent	Expected Savings
2 Bedrooms	50	18	\$928	\$1,406	\$478
2 Bedrooms	60	54	\$981	\$1,406	\$425
2 Bedrooms	60	100	\$987	\$1,406	\$419
3 Bedrooms	50	10	\$1,032	\$1,999	\$967
3 Bedrooms	60	28	\$1,135	\$1,999	\$864
3 Bedrooms	60	58	\$1,135	\$1,999	\$864

Remarks:

**OTHER PUBLIC BENEFIT****SERVICES PROVIDED**

- ☐ High-speed internet service in each affordable unit of an on-going nature for a minimum of 10 years.
- ☐ After school program of an on going nature for the minimum of 10 years.
- ☐ Educational classes (which are not the same as the after school program) for a minimum of 10 years.
- ☐ Licensed childcare providing 20 hours or more per week(Monday through Friday) to residents of the development.
- ☐ Contract for services, such as assistance with the daily living activities, or provision of senior counseling services.

**ENVIRONMENT****Energy**

Does the facility exceed Title 24 Standards? ☐ Yes ☒ No ☐ N/A

If Yes, by what percent? \_\_\_\_\_%

Does the facility have solar(PV) panels? ☒ Yes ☐ No ☐ N/A

If Yes, what is the size in kWh? **464.40**

Does the facility purchase carbon credits? ☐ Yes ☒ No ☐ N/A

If Yes, what is the annual consumption? \_\_\_\_\_

**Water**

Does the facility provide any of the following:

Efficient Toilets? ☐ Yes ☒ No ☐ N/A

Water-saving showerheads? ☐ Yes ☒ No ☐ N/A

Drought tolerant landscaping? ☐ Yes ☒ No ☐ N/A

Other, specify: \_\_\_\_\_

**Transportation**

Does the entity provide carpooling or mass-transit subsidies? ☐ Yes ☒ No ☐ N/A

Does the entity maintain a fuel efficient fleet? ☐ Yes ☒ No ☐ N/A

**Waste**

Does the project provide recycling facilities? ☐ Yes ☒ No ☐ N/A

**WORKFORCE****Employment Creation**

Job Type/Description	During Construction	Post Construction
None	0	0

**GOVERNMENTAL INFORMATION**

Congressional District #	State Senate District #	State Assembly District #
	40	78

Application Number: **2012077 - Park Villas Apartments**

Name of Borrower: **Pacific Housing, Inc**

### FINANCING STRUCTURE

Type of Financing: ☒ Public Sale ☐ Private Placement ☐ Refunding

For Refundings only: Will you be applying for State Volume Cap? **No**

For Refundings only: Is this a transfer of property to a new owner? \_\_\_\_\_

Maturity: **40 Years**

Interest Rate Mode: ☒ Fixed ☐ Variable

#### CONSTRUCTION FINANCING:

Credit Enhancement: ☐ None ☐ Letter of Credit  
☐ FNMA(Fannie Mae) ☒ Freddie Mac  
☐ Bond Insurance ☒ Other (specify): **FHA insured**

Name of Credit Enhancement Provider or Private Placement Purchaser: **FHA Insured**

#### PERMANENT FINANCING:

Credit Enhancement: ☐ None ☐ Letter of Credit  
☐ FNMA(Fannie Mae) ☒ Freddie Mac  
☐ Bond Insurance ☒ Other (specify): **FHA Insured**

Name of Credit Enhancement Provider or Private Placement Purchaser: **FHA insured**

Expected Rating: ☒ Unrated ☐ S & P \_\_\_\_\_  
☐ Moody's \_\_\_\_\_ ☐ Fitch \_\_\_\_\_

Projected State Allocation Pool: ☒ General ☐ Mixed Income ☐ Rural

Will the project use Tax-Credit as a source of funding?: **Yes**

### SOURCES & USES

#### CONSTRUCTION SOURCES

Tax-Exempt Bond Proceeds:	<b>\$28,000,000</b>
Taxable Bond Proceeds:	
Tax Credits:	<b>\$11,772,000</b>
Developer Equity:	
Other Funds(Describe):	
Developer Fee	<b>\$648,443</b>
_____	_____
_____	_____
_____	_____
_____	_____
<b>TOTAL:</b>	<b>\$40,420,443</b>

#### USES

Land Acquisition:	<b>\$2,710,000</b>
Building Acquisition:	<b>\$24,390,000</b>
Construction or Remodel:	<b>\$8,130,016</b>
Cost of Issuance:	<b>\$1,356,148</b>
Capitalized Interest:	<b>\$620,000</b>
Reserves:	<b>\$714,279</b>
Other Funds(Describe):	
Developer Fee	<b>\$2,500,000</b>
_____	_____
_____	_____
_____	_____
<b>TOTAL:</b>	<b>\$40,420,443</b>

Application Number: **2012077 - Park Villas Apartments**

Name of Borrower: **Pacific Housing, Inc**

**PRINCIPAL FINANCE TEAM INFORMATION (continued)**

<b>FINANCIAL ADVISOR</b>	<b>REBATE ANALYST</b>
Firm: <b>N/A</b>	Firm: <b>TBD</b>
Contact:	Contact:
Address:	Address:
Telephone:	Telephone:
Fax:	Fax:
E-mail:	E-mail:

**ADDITIONAL REQUIREMENT**

Please provide the following as an additional attachment:

<u>Attachment</u>	<u>Description of Information</u>
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A	\$5,000 non-refundable* issuance fee deposit payable to "California Communities."
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\*Refundable only if financing not approved.

**MAILING ADDRESS**

California Communities®  
2033 N. Main St., Suite 700  
Walnut Creek, CA 94596

Item IV  
Approve Consent Calendar

Approve the following invoice for payment:

- a. Orrick, Harrington, & Sutcliffe, L.L.P Invoice #1381582



ORRICK, HERRINGTON & SUTCLIFFE LLP  
THE ORRICK BUILDING  
405 HOWARD STREET  
SAN FRANCISCO, CALIFORNIA 94105-2669  
tel +1-415-773-5700  
fax +1-415-773-5759  
WWW.ORRICK.COM

September 10, 2012

John H. Knox  
(415) 773-5626  
jknox@orrick.com

VIA Email and First-Class Mail

California Statewide Communities Development Authority  
Attn: James Hamill  
1100 K Street, Suite 101  
Sacramento, CA 95814  
[jhamill@cacommunities.org](mailto:jhamill@cacommunities.org)

Re: California Statewide Communities Development Authority – SCIP – Fancher Creek

Dear James:

Enclosed is our initial invoice regarding Fancher Creek through August 31. Please let me know if you have any questions regarding this matter.

Best regards,

John H. Knox

JHK\cks

Enclosure



California Statewide Communities Development  
Authority  
1100 K Street, Suite 101  
Sacramento, CA 95814

September 7, 2012  
Client No. 40929  
Invoice No. 1381582

Orrick Contact: John H. Knox

FOR SERVICES RENDERED through August 31, 2012 in connection  
with the matters described on the attached pages:

\$ 5,547.50

DISBURSEMENTS as per attached pages:

0.65

**TOTAL CURRENT FEES & DISBURSEMENTS (Pay this Amount):**

\$ 5,548.15

Matter(s): 40929/632 – SCIP - Fancher Creek

### DUE UPON RECEIPT

The following is for information only:

Previous Balance not included in this invoice:

\$9,843.20

If this amount has already been paid, please disregard.

In order to ensure proper credit to your account,  
please reference your **INVOICE** and **CLIENT** numbers on your remittance.  
For inquiries, call: (304) 231-2701. Fax (304) 231-2501.

### REMITTANCE COPY - PLEASE RETURN WITH PAYMENT

#### REMITTANCE ADDRESS:

Orrick, Herrington & Sutcliffe LLP  
Dept 34461  
P.O. Box 39000  
San Francisco, CA 94139  
Reference: 40929/ Invoice: 1381582

#### ELECTRONIC FUNDS TRANSFERS:

**ACH & Wire Transfers:**  
**ABA Number 121000248**  
**SWIFT CODE: WFBIUS6S**  
**Account Number: 4123701088**  
Wells Fargo  
420 Montgomery Street  
San Francisco, CA 94104  
Account of  
Orrick, Herrington & Sutcliffe LLP  
Reference: 40929/ Invoice: 1381582  
E.I.N. 94-2952627

#### OVERNIGHT DELIVERY:

Orrick, Herrington & Sutcliffe LLP  
c/o Wells Fargo Lockbox  
Attn: Dept 34461  
3440 Walnut Avenue  
Building A, Window H  
Fremont, CA 94538  
(213) 614-3248  
Reference: 40929/ Invoice: 1381582



California Statewide Communities Development  
Authority  
1100 K Street, Suite 101  
Sacramento, CA 95814

September 7, 2012  
Client No. 40929  
Invoice No. 1381582

Orrick Contact: John H. Knox

#### BILLING SUMMARY

**Client:** California Statewide Communities Development Authority  
**Matter:** 632 - SCIP - Fancher Creek

<u>Timekeeper Summary</u>	<u>Hours</u>	<u>Rate</u>	<u>Amount</u>
Daniel C. Bort	3.55	450.00	1,597.50
Patricia Lynn Eichar	4.00	550.00	2,200.00
John H. Knox	2.00	875.00	1,750.00
Total All Timekeepers	9.55	\$580.89	\$5,547.50

Disbursements  
Postage

0.65	
Total Disbursements	\$0.65

**Total For This Matter** **\$5,548.15**





California Statewide Communities Development  
Authority  
1100 K Street, Suite 101  
Sacramento, CA 95814

September 7, 2012  
Client No. 40929  
Invoice No. 1381582

Orrick Contact: John H. Knox

For Legal Services Rendered Through August 31, 2012 in Connection With:

**Matter: 632 - SCIP - Fancher Creek**

08/17/12	D. Bort	E-mail exchange with David Taussig re formation of CFD; e-mails from James Hamill re August 23 meeting; e-mail from David; send resolutions to James; e-mail from James re agenda; e-mail to team re same; e-mail exchange with Trish Eichar re resolutions; e-mails from david and Scott Wilson; e-mail exchanges with Trish; e-mail exchange with James re agenda; responses from David and James; e-mail exchange with John Knox; e-mail to James with revised resolutions; scan and send City Resolution; e-mail from David Taussig with data; respond; insert data into resolutions; revise Resolution of Intention re Future Annexation Area; send final resolutions to James; copies to John Knox and Trish.	1.50
08/17/12	P. Eichar	Review, analyze and revise resolutions; attend to email correspondence.	1.25
08/19/12	D. Bort	E-mails from David Taussig and James Hamill; send e-mail to correct boundary line on map; response from David; e-mail from James with draft staff report; review and send suggestions.	0.60
08/23/12	D. Bort	E-mails from Nathan Perez re Commission meeting today.	0.05
08/23/12	P. Eichar	Prepare developer questionnaire.	1.00
08/24/12	D. Bort	E-mail from Nathan Perez with agenda for conference call; print, review, and make calendar entries.	0.05



California Statewide Communities Development Authority - 40929  
page 2

September 7, 2012  
Invoice No. 1381582

08/27/12	D. Bort	E-mail exchange with Nathan Perez re designation of CFD as 2012-1; conference call with all hands; receive draft developer questionnaire from Trish Eichar; review and revise; send redline to John Knox and Trish; e-mail exchange with Nathan re call on September 18; receive and review John's comments on developer questionnaire; e-mail exchange with Trish; Nathan's follow up e-mail; e-mail exchange with Trish and John re developer questionnaire and its distribution.	1.35
08/27/12	P. Eichar	Prepare and send developer questionnaire; attend conference call.	1.75
08/27/12	J. Knox	Conference call and follow up; review and revise developer questionnaire.	2.00

Total Hours	9.55	
Total For Services		\$5,547.50

<u>Timekeeper Summary</u>	<u>Hours</u>	<u>Rate</u>	<u>Amount</u>
Daniel C. Bort	3.55	450.00	1,597.50
Patricia Lynn Eichar	4.00	550.00	2,200.00
John H. Knox	2.00	875.00	1,750.00
Total All Timekeepers	9.55	\$580.89	\$5,547.50

Disbursements		
Postage	0.65	
	Total Disbursements	\$0.65

<b>Total For This Matter</b>	<b>\$5,548.15</b>
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**Item IV**  
Approve Consent Calendar

Approve the following invoice for payment:

- b. Salinas Trustee Fee, US Bank Invoice #3132287



Corporate Trust Services  
EP-MN-WN3L  
60 Livingston Ave.  
St. Paul, MN 55107

Copy of Previously Printed Invoice

Invoice Number: 3132287  
Account Number: 95436330  
Invoice Date: 05/25/2012  
Direct Inquiries To: ASHRAF ALMURDAAH  
Phone: 213-615-6002

CALIFORNIA STATEWIDE COMM DEV AUTH  
CALIFORNIA COMMUNITIES  
MR JAMES HAMILL  
2033 N MAIN STREET SUITE 700  
WALNUT CREEK, CA 94596-3713

CALIFORNIA STATEWIDE COMM DEV AUTH  
MULTIFAM COMM FAC DIST 97-1 SALINAS PLAZ

The following is a statement of transactions pertaining to your account. For further information, please review the attached.

STATEMENT SUMMARY

**PLEASE REMIT BOTTOM COUPON PORTION OF THIS PAGE WITH CHECK PAYMENT OF INVOICE.**

TOTAL AMOUNT DUE

\$2,300.00

All invoices are due upon receipt.

Please detach at perforation and return bottom portion of the statement with your check, payable to U.S. Bank.

CALIFORNIA STATEWIDE COMM DEV AUTH  
MULTIFAM COMM FAC DIST 97-1 SALINAS PLAZ

Invoice Number: 3132287  
Account Number: 95436330  
Current Due: \$2,300.00

Direct Inquiries To: ASHRAF ALMURDAAH  
Phone: 213-615-6002

Wire Instructions:

U.S. Bank  
ABA # 091000022  
Acct # 1-801-5013-5135  
Trust Acct # 95436330  
Invoice # 3132287  
Attn: Fee Dept St. Paul

Please mail payments to:

U.S. Bank  
CM-9690  
PO BOX 70870  
St. Paul, MN 55170-9690



Corporate Trust Services  
EP-MN-WN3L  
60 Livingston Ave.  
St. Paul, MN 55101  
Copy of Previously Issued Invoice

Invoice Number: 3132287  
Invoice Date: 05/25/2012  
Account Number: 95436330  
Direct Inquiries To: ASHRAF ALMURDAAH  
Phone: 213-615-6002

CALIFORNIA STATEWIDE COMM DEV AUTH  
MULTIFAM COMM FAC DIST 97-1 SALINAS PLAZ

Accounts Included	95436330	95436331	95436332	95436334	95436335	95436339
In This Relationship:	95436341	95436342	95436343	95436344	95436345	

**CURRENT CHARGES SUMMARIZED FOR ENTIRE RELATIONSHIP**

Detail of Current Charges	Volume	Rate	Portion of Year	Total Fees
04200 Trustee	1.00	2,000.00	100.00%	\$2,000.00
04170 Registrar/Transfer Agent	1.00	250.00	100.00%	\$250.00
<b>Subtotal Administration Fees - In Advance 05/01/2012 - 04/30/2013</b>				<b>\$2,250.00</b>
10880 Disbursement/Draw	2.00	25.00		\$50.00
<b>Subtotal Transaction Fees - In Arrears 05/01/2011 - 04/30/2012</b>				<b>\$50.00</b>
<b>TOTAL AMOUNT DUE</b>				<b>\$2,300.00</b>

The fees shown on this invoice are reflective of the most recent fee schedule or notice of fee adjustment provided by U.S. Bank.

## Item V

Approve the financing; all necessary actions; the execution and delivery of all necessary documents and authorize any member to sign all necessary financing documents for the following:

- a. Community Hospital of the Monterey Peninsula (CHOMP), City of Monterey, County of Monterey; up to \$35,000,000 in 501(c)(3) non-profit revenue bonds

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## SUMMARY AND APPROVALS

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<b>DATE:</b>	SEPTEMBER 27, 2012
<b>APPLICANT:</b>	COMMUNITY HOSPITAL OF THE MONTEREY PENINSULA
<b>AMOUNT:</b>	UP TO \$35 MILLION OF NONPROFIT REVENUE BONDS
<b>PURPOSE:</b>	REFINANCE THE CSCDA SERIES 2003B BONDS
<b>PRIMARY ACTIVITY:</b>	MEDICAL HOSPITAL
<b>LEGAL STRUCTURE:</b>	501(C)(3) CORPORATION

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### Background:

Community Hospital of the Monterey Peninsula (“CHOMP”) is the primary provider of acute care services on the Monterey Peninsula. CHOMP, a California nonprofit public benefit corporation, owns and operates a 259 licensed-bed acute care hospital (the “Hospital”) located in the Carmel Hill area of the Monterey Peninsula in Northern California. CHOMP also owns and operates a 28-bed skilled nursing and hospice facility (the Westland House) and an outpatient hospice facility located in Monterey, California, as well as provides outpatient healthcare services at various outpatient facilities throughout Monterey County.

CHOMP provides a comprehensive range of generalized and specialized healthcare services at the Hospital, including: intensive and acute care, newborn care, chemical dependency detoxification and rehabilitation, psychiatric, obstetric, surgery, laboratory, diagnostic imaging, diagnostic/therapeutic, renal dialysis, clinical, ambulatory, community outreach and education programs, social work and emergency services. CHOMP is also approved to provide outpatient healthcare services, including basic emergency, home health, lithotripsy, respiratory care, radiation therapy, physical therapy and nuclear medicine at various outpatient service clinics throughout Monterey County, and is licensed to provide skilled nursing and inpatient and outpatient hospice services through the Westland House.

The Hospital was relocated from downtown Carmel to its present site in 1962, and commenced operations on Carmel Hill with 100 beds. Several expansion projects have taken place over the years increasing the hospital’s bed capacity to its current 259 beds. The early expansion projects include the construction of a mental health center, outpatient ancillary services, a rehabilitation services department and a family birth center, renovation and reconfiguration of several Hospital outpatient ancillary service areas, including a cardiopulmonary wellness center, behavioral medicine (chemical dependency and outpatient mental health) center and clinical laboratory and the development of an approximately 20,000 square foot cancer center.

CHOMP is seeking up to \$35 million in nonprofit revenue bonds (the “Bonds”) to refinance the CSCDA Series 2003B Bonds (“2003B Bonds”) which financed an expansion project at the main hospital campus in Monterey, including Emergency Department expansion, replacement of Intensive Care/Coronary Care Unit, and replacement/expansion of operating rooms. Additionally, funds contributed to the purchase of a fully-integrated clinical and financial information system. The

refinancing is expected to save CHOMP approximately \$400,000 annually until 2023, or \$4.8 million total.

CHOMP's application was submitted to CSCDA on August 25, 2012. CSCDA has issued bonds for CHOMP in the approximate amount of \$200 million over 3 prior transactions.

**Financing Approval:**

Based on the overall Project meeting the Benefit Guidelines for 501(c)(3) Healthcare Facilities detailed on Attachment 1 and CSCDA's issuance guidelines, the Commission shall approve the Resolution as submitted to the Commission, which:

1. Approves the issuance of the Bonds;
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 1**

### **CSCDA Benefit Guidelines for 501(c)(3) Healthcare Facilities**

#### **Economic Development:**

- CHOMP employs over 2,200 medical staff and employees at their facility in Monterey. CHOMP employees live, eat, and shop within the community and support the local economy.
- Education – CHOMP offers education and wellness programs to train health professionals, such as radiology technology and rehabilitation therapy students, firefighters, paramedics, and emergency medical training students. Additional educational classes and support groups are provided to the community at no charge or for a nominal fee. Educational subjects include Alzheimer's, arthritis, bereavement, cancer, chronic pain, diabetes, mood management, smoking cessation, substance abuse and weight loss surgery.

#### **Public Benefit:**

- Health care resource – CHOMP is the primary provider of acute care services on the Monterey Peninsula, with an approximate 78% market share in 2010.
- Community benefit – In 2011, CHOMP provided nearly \$146 million in services to persons who could not afford healthcare because of inadequate resources or who were uninsured. The community benefit cost equates to approximately 37% of CHOMP's total operating expenses.
- Emergency care – CHOMP provides 24-hour emergency care to all individuals, regardless of their ability to pay.
- Community outreach – CHOMP provides family counseling, group therapy and free educational lectures for the community. The hospital also provides substance abuse, HIV/AIDS care, behavioral medicine services, hospice, skilled nursing, and cardio-pulmonary wellness services.
- Medi-Cal and Medicare acceptance – CHOMP provides health care and helps to subsidize the cost of service for patients who participate in government sponsored programs such as Medi-Cal and Medicare. For 2011, CHOMP subsidized more than \$80 million for the unpaid cost of government programs.

#### **Agency Approvals:**

A TEFRA hearing was held by the County of Monterey on September 18, 2012, and the Board of Supervisors unanimously approved the issuance of the bonds.

**Estimated Sources and Uses:**

## Sources:

Bonds Proceeds	\$	34,955,000	100.00%
Prior Bond Funds	\$	<u>7</u>	<u>0.00%</u>
Total Sources:	\$	34,955,007	100.00%

## Uses:

Refunding Escrow Deposits	\$	34,485,105	98.66%
Cost of Issuance	\$	469,278	1.34%
Additional Proceeds	\$	<u>624</u>	<u>0.00%</u>
Total Uses:	\$	34,955,007	100.00%

**Finance Team:**

- Bond Counsel: Sidley Austin, LLP, San Francisco
- Authority Counsel: Orrick, Herrington & Sutcliffe, LLP, Sacramento
- Lender: Siemens Financial Services, Inc., Chicago
- Placement Agent: Piper Jaffray & Co., Seattle

**Financing Structure:**

The unrated Bonds will mature in no more than 30 years and bear a fixed interest rate. The Bonds will be privately placed with Siemens Financial Services, Inc. The proposed issuance is in accordance with CSCDA's issuance guidelines.

**Attachments:**

1. Original Application
2. Benefit Guidelines for 501(c)(3) Nonprofit Healthcare Facilities



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## 501(c)(3) Nonprofit Bond Application

### APPLICANT INFORMATION

Application Number: **2012069**  
Name of Borrower: **Community Hospital of the Monterey Peninsula**  
Primary Contact: **Matt Morgan**  
Title: **Director, Financial Services**  
Street Address: **23625 Holman Highway** Suite: \_\_\_\_\_  
City: **Monterey** State: **CA** Zip Code: **93940**  
Telephone Number: **(831) 625-4965**  
Fax Number: **(831) 624-7130**  
E-mail: **matthew.morgan@chomp.org**  
Type of Entity: ☐ For-profit Corporation ☒ Non-profit Corporation  
☐ Municipality ☐ Partnership  
☐ Other (specify): \_\_\_\_\_  
Date Organized: **1934**

### PROJECT INFORMATION

**Type of Project:** ☐ Small Issue Public Benefit Project  
Health Care: ☐ Continuing Care ☐ Clinic ☒ Hospital ☐ Assisted Living  
☐ Skilled Nursing ☐ Other (specify): \_\_\_\_\_  
Education: ☐ K-12 ☐ Colleges/Universities  
Other: ☐ Museum/Cultural ☐ Other (specify): \_\_\_\_\_

Project/Facility Name: **Community Hospital of the Monterey Peninsula**  
Street Address: **23625 Holman Highway**  
City: **Monterey** State: **CA** Zip Code: **93940**  
County: **Monterey**

Is Project located in unincorporated part of the County? **No**

Has the city or county in which the project is located been contacted? If so, please provide name, title, telephone number and e-mail address of the person contacted:

Contact Name: **Ron Holly**  
Title: **Chief Deputy Auditor Controller**  
Phone Number: **(831) 755-5493**  
Fax Number: \_\_\_\_\_  
E-mail: **HollyR@co.monterey.ca.us**



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## 501(c)(3) Nonprofit Bond Application

### FINANCING INFORMATION

Principal Amount: **\$34,945,000**  
Tax-exempt Amount: **\$34,945,000**  
Taxable Amount: **\$0**

Proposed Closing Date: **09/28/2012**

Maturity: **11 Years** Interest Rate Mode: ☒ Fixed ☐ Variable

Type of Offering: ☐ Public Offering ☒ Private Placement  
Denominations: **100,000**

Type of Financing: ☐ Acquisition of Existing Facility ☐ New Construction  
☒ Refunding

Credit Enhancement: ☒ None ☐ Letter of Credit  
☐ FNMA(Fannie Mae) ☐ Freddie Mac  
☐ Bond Insurance ☐ Other (specify): \_\_\_\_\_

Name of Credit Enhancement Provider or Private Placement Purchaser: **N/A**

Expected Rating: ☒ Unrated ☐ S & P \_\_\_\_\_  
☐ Moody's \_\_\_\_\_ ☐ Fitch \_\_\_\_\_

### PRINCIPAL FINANCE TEAM INFORMATION

#### UNDERWRITER/PLACEMENT AGENT

Firm: **Piper Jaffray & Co**

Contact: **Sarkis Garabedian**

Address: **601 Union Street, Suite 5010  
Seattle, WA 98101**

Telephone: **(206) 254-7223**

Fax: **(206) 254-7227**

E-mail: **sarkis.m.garabedian@pjc.com**

#### BOND COUNSEL

Firm: **Sidley Austin LLP**

Contact: **Gerald McGovern**

Address: **555 California Street, Suite 2000  
San Francisco, CA 94104**

Telephone: **(415) 772-1215**

Fax: **(415) 772-7400**

E-mail: **gmcgovern@sidley.com**



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## 501(c)(3) Nonprofit Bond Application

### PRINCIPAL FINANCE TEAM INFORMATION (continued)

FINANCIAL ADVISOR	REBATE ANALYST
Firm: <b>Kaufman Hall</b>	Firm: <b>TBD</b>
Contact: <b>Jody Hill-Mischel</b>	Contact:
Address: <b>909 Sepulveda Blvd., Suite 960 El Segundo, CA 90245</b>	Address:
Telephone: <b>(818) 430-9425</b>	Telephone:
Fax: <b>(847) 441-4092</b>	Fax:
E-mail: <b>jhillmischel@kaufmanhall.com</b>	E-mail:

### ADDITIONAL INFORMATION REQUIRED

Please provide the following information as additional attachments:

Attachment	Description of Information
A	\$5,000 non-refundable* issuance fee deposit payable to "California Communities."
B	Detailed Applicant History.
C	Description of project or each facility to be financed or refinanced.
D	Address of each facility to be financed or refinanced. <a href="#">Please click on this link to download the CSCDA 501(c)(3) Nonprofit Healthcare Finance Benefit Guidelines.</a>
E	Evidence of credit enhancement or intent to purchase bonds.
F	List of outstanding tax-exempt debt.
G	Financial statements for last complete fiscal year.
H	Project Costs (Sources and Uses of Proceeds).
I	Interested Parties List.

\*Refundable only if financing not approved. Small Issue Program issuance fee deposit is \$2,500.

### MAILING ADDRESS

California Communities®  
2033 N. Main St., Suite 700  
Walnut Creek, CA 94596



## 501(c)(3) Nonprofit Bond Application Attachment D

Application: **2012069 - Community Hospital of the Monterey Peninsula**  
Borrower: **Community Hospital of the Monterey Peninsula**  
Facility #1: **Community Hospital of the Monterey Peninsula**

### PUBLIC BENEFITS

#### FOR HEALTH CARE FACILITY ONLY

New Beds:      Accute: 0      Emergency: 0      Other: 0

SB 1953(Hospital Facilities Seismic Safety Act) Compliance? No

#### Non-Reimbursed Community Benefits:

Traditional Charity Care:	<u>\$0</u>
Unpaid Costs of Medicare:	<u>\$0</u>
Unpaid Costs of Medi-Cal:	<u>\$0</u>
Non-billed Community Outreach:	<u>\$0</u>
Other:	<u>\$0</u>

#### FOR PRIVATE SCHOOL FACILITY ONLY

##### Use of Bond Proceeds

No. of Classrooms:	<u>0</u>
No. of Libraries:	<u>0</u>
No. of Athletic Fields:	<u>0</u>
No. of Administrative Facilities:	<u>0</u>
Other	<u>0</u>

##### Tuition Assistance:

	K-8	9-12
Current Tuition:	<u>0</u>	<u>0</u>
Total Tuition Assistance Provided:	<u>0</u>	<u>0</u>
% of students receiving at least 50% tuition assistance:	<u>0</u>	<u>0</u>

#### ENVIRONMENT

##### Energy

Does the facility exceed Title 24 Standards? ☐ Yes ☐ No ☒ N/A  
If Yes, by what percent?      %  
Does the facility have solar(PV) panels? ☐ Yes ☐ No ☒ N/A  
If Yes, what is the size in kWh?       
Does the facility purchase carbon credits? ☐ Yes ☐ No ☒ N/A  
If Yes, what is the annual consumption?     

##### Water

Does the facility provide any of the following:

Efficient Toilets?	<input type="checkbox"/> Yes	<input type="checkbox"/> No	<input checked="" type="checkbox"/> N/A
Water-saving showerheads?	<input type="checkbox"/> Yes	<input type="checkbox"/> No	<input checked="" type="checkbox"/> N/A
Drought tolerant landscaping?	<input type="checkbox"/> Yes	<input type="checkbox"/> No	<input checked="" type="checkbox"/> N/A

Other, specify:     

##### Transportation

Does the entity provide carpooling or mass-transit subsidies?	<input type="checkbox"/> Yes	<input type="checkbox"/> No	<input checked="" type="checkbox"/> N/A
Does the entity maintain a fuel efficient fleet?	<input type="checkbox"/> Yes	<input type="checkbox"/> No	<input checked="" type="checkbox"/> N/A

##### Waste

Does the project provide recycling facilities?	<input type="checkbox"/> Yes	<input type="checkbox"/> No	<input checked="" type="checkbox"/> N/A
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Application Number: **2012069 - Community Hospital of the Monterey Peninsula**

Name of Borrower: **Community Hospital of the Monterey Peninsula**

Facility/Project #1: **Community Hospital of the Monterey Peninsula**

**PUBLIC BENEFITS (continued)**

**WORKFORCE**

Employment Creation

Job Type/Description

**None**

During  
Construction  
**0**

Post  
Construction  
**0**

**GOVERNMENTAL INFORMATION**

Congressional District #  
**17**

State Senate District #  
**15**

State Assembly District #  
**27**

**Benefit Guidelines for 501(c)(3) Nonprofit Healthcare Facilities**

In 1991, CSCDA adopted economic development benefit guidelines based upon the finding that the nonprofit facility promotes economic development within the jurisdiction of a CSCDA Program Participant. Effective March 1, 2006, the CSCDA Commission adopted health care benefit guidelines to be considered in conjunction with the CSCDA economic development guidelines with respect to proposed bond issues for 501(c)(3) nonprofit healthcare facilities.

**Economic Development Benefit\***

A significant and growing opportunity for the creation and retention of employment to the California economy and the enhancement of the quality of life of local Program Participant residents;

The facility being a significant factor in the economic development of an area, promoting residential, commercial and industrial development and increasing the tax base; or

The facility providing the educational background and vocational training which is a necessary element to the development and retention of a capable work force.

**Health Care Benefit\***

Health care resource – consideration given to quality of life for Program Participant and other area residents for access to quality medical care in general;

Emergency care – consideration given to quality of life for Program Participant and other area residents; whether the health care facility provides 24-hour emergency care to all individuals, regardless of ability to pay;

Facility upgrades and increased patient capacity - consideration given to quality of life for Program Participant patients, health facility employees, physicians and staff for new, improved or expanded medical facilities;

SB1953 compliance - consideration given to quality of life for Program Participant patients, health facility employees, physicians and staff for medical facilities being rehabilitated or constructed in compliance with SB1953 and that provide a safer acute health care environment;

Public health facility assistance - consideration given to quality of life for Program Participant owned or operated public health facilities for healthcare applicants that identify programs, contracts or practices where facilities link with or otherwise assist or ease the burden on area public health facilities;

Community outreach – consideration given to quality of life for Program Participant residents from efforts of health facility physicians and staff (such as free health screenings, immunizations for the elderly and disadvantaged, toy drives, holiday events, etc.);



## Attachment 2

Research – consideration given to medical advancements by way of research that benefit Program Participant residents and others;

Medi-Cal and Medicare acceptance - consideration given to quality of life for Program Participant residents for health care providers that serve Medi-Cal and / or Medicare patients; special consideration should be given to disproportionate share hospitals (a government measure for how much care hospitals provide to designated low-income patients);

Non-reimbursed community benefit costs for the poor and the broader community - consideration given to quality of life for Program Participant and other area residents that include:

- a. Charity care and uncompensated care
- b. Unpaid cost of Medi-Cal services
- c. Unpaid cost of Medicare services
- d. Education
- e. Research
- f. Low or negative margin services
- g. Nonbilled services
- h. Cash and in-kind donations
- i. Other benefits to the poor or broader community, as defined by the applicant

\* Although any one of these listed benefits may demonstrate a clear public benefit, the absence of other benefits does not mean that there is a lack of public benefit associated with a project. There may be other benefits not listed which can also be considered to demonstrate public benefit.

Effective March 1, 2006.

## Item V

Approve the financing; all necessary actions; the execution and delivery of all necessary documents and authorize any member to sign all necessary financing documents for the following:

- b. AEALAS, Inc (Albert Einstein Academy for Letters, Arts, and Sciences), City of Santa Clarita, County of Los Angeles; up to \$6,500,000 in 501(c)(3) non-profit revenue bonds.

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## SUMMARY AND APPROVALS

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<b>DATE:</b>	SEPTEMBER 27, 2012
<b>APPLICANT:</b>	AEALAS, INC./ALBERT EINSTEIN ACADEMY FOR LETTERS, ARTS AND SCIENCES
<b>AMOUNT:</b>	UP TO \$6.5 MILLION OF TAX-EXEMPT NONPROFIT BONDS
<b>PURPOSE:</b>	FINANCE THE ACQUISITION, IMPROVEMENT AND EQUIPPING OF EDUCATIONAL FACILITIES
<b>PRIMARY ACTIVITY:</b>	K THROUGH 12TH GRADE EDUCATION
<b>LEGAL STRUCTURE:</b>	501(C)(3) CORPORATION

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### Background:

Albert Einstein Academy for Letters, Arts and Sciences (“AEALAS”) is a nonprofit, coeducational, public charter school that serves grades seven through ten in the Santa Clarita Valley. AEALAS strives to prepare students for both knowledge-based careers and lives as members of a democratic society through class work that emphasizes global awareness and continual enrollment in foreign language classes. The curriculum requires all students to take four years of foreign language instruction in one of the following languages: Spanish, Hebrew, Arabic, Greek, Latin or Mandarin.

AEALAS was founded in 2010 on the principles that success in this interconnected world requires an education that provides each individual with critical thinking skills, excellent academic preparation, and comprehensive cross cultural awareness. AEALAS’ current enrollment is approximately 270 boys and girls who live in Northern Los Angeles County.

AEALAS is seeking up to \$6.5 million in tax-exempt nonprofit bonds (the “Bonds”) to finance the improvement of facilities and the acquisition of the existing school campus located at 28141 Kelly Johnson Parkway in Santa Clarita, California (the “Project”). AEALAS currently leases the Project from Willgro Properties and will be using bond proceeds to purchase the building. The Project was originally constructed in 2006 and improvements were made during 2012, including: new asphalt in parking lots, new concrete, updated landscaping, new perimeter fencing and courts, and exterior painting. The remaining bond proceeds will be used to reimburse the school for rehabilitation expenses.

The Borrower’s application was submitted to CSCDA on August 16, 2012. This is the Borrower’s first financing with CSCDA.

## **Attachment 1**

### **Benefits:**

- AEALAS does not discriminate on the basis of national or ethnic origin, disability, race, creed, color, sexual preference or religion in the administration of its admission policies.
- AEALAS graduation requirements meet or exceed the UC a-g requirements. The a-g requirements are subject requirements put in place by the University of California system to ensure that students are prepared and can participate fully in the first-year program at the University.
- All students are required to complete community service hours each year that they attend the school.
- AEALAS has created a curriculum with an eye on greater cultural diversity and a practical “real world” application.

### **TEFRA Information:**

A TEFRA hearing was held by the City of Santa Clarita on September 24, 2012 and unanimously approved by the City Council.

### **Finance Team:**

- Bond Counsel: Orrick, Herrington & Sutcliffe, San Francisco
- Authority Counsel: Orrick, Herrington & Sutcliffe, LLP, Sacramento
- Underwriter: Piper Jaffray & Co., Minneapolis

### **Financing Structure:**

The unrated Bonds will mature in no more than 30 years and bear a fixed interest rate. The Bonds will be sold to Piper Jaffray & Co. The proposed issuance is in accordance with CSCDA’s issuance guidelines.

### **Estimated Sources and Uses:**

#### Sources:

Series 2012 A Bonds	\$	5,485,000	94.73%
Series 2012 B Bonds - Taxable	\$	<u>305,000</u>	<u>5.27%</u>
Total Sources:	\$	5,790,000	100.00%

#### Uses:

Acquisition	\$	4,000,000	69.08%
Renovation Fund/Real Estate Costs	\$	905,000	15.63%

Debt Service Reserve Fund	\$	497,063	8.58%
Cost of Issuance	\$	225,000	3.89%
Underwriter's Discount	\$	159,225	2.75%
Additional Proceeds	<u>\$</u>	<u>3,713</u>	<u>0.06%</u>
Total Uses:	\$	5,790,000	100.00%

**Attachments:**

1. Original application

**Financing Approval:**

Based on the overall Project public benefit and finance related considerations detailed on Attachment 1 and CSCDA's issuance guidelines, the Commission shall approve the Resolution as submitted to the Commission, which:

1. Approves the issuance of the Bonds;
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.



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## 501(c)(3) Nonprofit Bond Application

### APPLICANT INFORMATION

Application Number: **2012068**  
Name of Borrower: **AEALAS, Inc.**  
Primary Contact: **Mark Blazer**  
Title: **Founder**  
Street Address: **28141 Kelly Johnson Parkway** Suite: \_\_\_\_\_  
City: **Santa Clarita** State: **CA** Zip Code: **91355**  
Telephone Number: **(661) 702-0755**  
Fax Number: **(661) 775-0321**  
E-mail: **mike.mcdonnell@ealas.org**  
Type of Entity: ☐ For-profit Corporation ☒ Non-profit Corporation  
☐ Municipality ☐ Partnership  
☐ Other (specify): \_\_\_\_\_  
Date Organized: **11/17/09**

### PROJECT INFORMATION

Type of Project: ☐ Small Issue Public Benefit Project  
Health Care: ☐ Continuing Care ☐ Clinic ☐ Hospital ☐ Assisted Living  
☐ Skilled Nursing ☐ Other (specify): \_\_\_\_\_  
Education: ☒ K-12 ☐ Colleges/Universities  
Other: ☐ Museum/Cultural ☐ Other (specify): \_\_\_\_\_

Project/Facility Name: **Albert Einstein Academy for Letters, Arts and Sciences**

Street Address: **28141 Kelly Johnson Parkway**

City: **Santa Clarita** State: **CA** Zip Code: **91355**

County: **Los Angeles**

Is Project located in unincorporated part of the County? **No**

Has the city or county in which the project is located been contacted? If so, please provide name, title, telephone number and e-mail address of the person contacted:

Contact Name: \_\_\_\_\_  
Title: \_\_\_\_\_  
Phone Number: \_\_\_\_\_ Ext. \_\_\_\_\_  
Fax Number: \_\_\_\_\_  
E-mail: \_\_\_\_\_



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## 501(c)(3) Nonprofit Bond Application

### FINANCING INFORMATION

Principal Amount: **\$5,280,000**  
Tax-exempt Amount: **\$5,005,000**  
Taxable Amount: **\$275,000**

Proposed Closing Date: **11/01/2012**

Maturity: **30 Years** Interest Rate Mode: ☒ Fixed ☐ Variable

Type of Offering: ☒ Public Offering ☐ Private Placement  
Denominations: **25,000**

Type of Financing: ☒ Acquisition of Existing Facility ☐ New Construction  
☐ Refunding

Credit Enhancement: ☒ None ☐ Letter of Credit  
☐ FNMA(Fannie Mae) ☐ Freddie Mac  
☐ Bond Insurance ☐ Other (specify): \_\_\_\_\_

Name of Credit Enhancement Provider or Private Placement Purchaser: **N/A**

Expected Rating: ☒ Unrated ☐ S & P \_\_\_\_\_  
☐ Moody's \_\_\_\_\_ ☐ Fitch \_\_\_\_\_

### PRINCIPAL FINANCE TEAM INFORMATION

#### UNDERWRITER/PLACEMENT AGENT

Firm: **Piper Jaffray & Co.**

Contact: **Bruce Sorensen**

Address: **800 Nicollet Mall, Mail Station J12NPF  
Minneapolis, MN 55402**

Telephone: **(612) 303-1776**

Fax: **(612) 303-6966**

E-mail: **bruce.e.sorensen@pjc.com**

#### BOND COUNSEL

Firm: **Orrick Herrington & Sutcliffe**

Contact: **Eugene Clark-Herrera**

Address: **405 Howard Street  
San Francisco, CA 94105**

Telephone: **(415) 773-5911**

Fax: **(415) 773-5759**

E-mail: **ehc@orrick.com**





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## 501(c)(3) Nonprofit Bond Application

### PRINCIPAL FINANCE TEAM INFORMATION (continued)

FINANCIAL ADVISOR	REBATE ANALYST
Firm: <b>N/A</b>	Firm: <b>TBD</b>
Contact:	Contact:
Address:	Address:
Telephone:	Telephone:
Fax:	Fax:
E-mail:	E-mail:

### ADDITIONAL INFORMATION REQUIRED

Please provide the following information as additional attachments:

<u>Attachment</u>	<u>Description of Information</u>
-------------------	-----------------------------------

- |   |   |
|---|---|
| A | \$5,000 non-refundable* issuance fee deposit payable to "California Communities." |
| B | Detailed Applicant History.   |
| C | Description of project or each facility to be financed or refinanced.             |
| D | Address of each facility to be financed or refinanced.                            |
| E | Evidence of credit enhancement or intent to purchase bonds.                       |
| F | List of outstanding tax-exempt debt.  |
| G | Financial statements for last complete fiscal year.                               |
| H | Project Costs (Sources and Uses of Proceeds).                                     |
| I | Interested Parties List.  |

\*Refundable only if financing not approved. Small Issue Program issuance fee deposit is \$2,500.

### MAILING ADDRESS

California Communities®  
2033 N. Main St., Suite 700  
Walnut Creek, CA 94596



## 501(c)(3) Nonprofit Bond Application Attachment D

Application: **2012068 - AEALAS, Inc.**  
 Borrower: **AEALAS, Inc.**  
 Facility #1: **Albert Einstein Academy for Letters, Arts and Sciences**

### PUBLIC BENEFITS

#### FOR HEALTH CARE FACILITY ONLY

New Beds:      Accute: 0      Emergency: 0      Other: 0  
 SB 1953(Hospital Facilities Seismic Safety Act) Compliance? No  
 Non-Reimbursed Community Benefits:  
     Traditional Charity Care: \$0  
     Unpaid Costs of Medicare: \$0  
     Unpaid Costs of Medi-Cal: \$0  
     Non-billed Community Outreach: \$0  
     Other: \$0

#### FOR PRIVATE SCHOOL FACILITY ONLY

Use of Bond Proceeds  
     No. of Classrooms: 0  
     No. of Libraries: 0  
     No. of Athletic Fields: 0  
     No. of Administrative Facilities: 0  
     Other: 0

Tuition Assistance:      K-8      9-12  
     Current Tuition: 0      0  
     Total Tuition Assistance Provided: 0      0  
     % of students receiving at least 50% tuition assistance: 0      0

#### ENVIRONMENT

Energy  
     Does the facility exceed Title 24 Standards? ☒ Yes ☐ No ☐ N/A  
     If Yes, by what percent?      %  
     Does the facility have solar(PV) panels? ☐ Yes ☒ No ☐ N/A  
     If Yes, what is the size in kWh?       
     Does the facility purchase carbon credits? ☐ Yes ☒ No ☐ N/A  
     If Yes, what is the annual consumption?     

#### Water

Does the facility provide any of the following:  
     Efficient Toilets? ☒ Yes ☐ No ☐ N/A  
     Water-saving showerheads? ☐ Yes ☒ No ☐ N/A  
     Drought tolerant landscaping? ☒ Yes ☐ No ☐ N/A  
     Other, specify:     

#### Transportation

Does the entity provide carpooling or mass-transit subsidies? ☐ Yes ☒ No ☐ N/A  
 Does the entity maintain a fuel efficient fleet? ☐ Yes ☒ No ☐ N/A

#### Waste

Does the project provide recycling facilities? ☒ Yes ☐ No ☐ N/A

Application Number: **2012068 - AEALAS, Inc.**  
Name of Borrower: **AEALAS, Inc.**  
Facility/Project #1: **Albert Einstein Academy for Letters, Arts and Sciences**

**PUBLIC BENEFITS (continued)**

**WORKFORCE**

**Employment Creation**

Job Type/Description	During Construction	Post Construction
<b>Teachers</b>	<b>0</b>	<b>25</b>
<b>School Administrators</b>	<b>0</b>	<b>3</b>
<b>Staff</b>	<b>0</b>	<b>4</b>

**GOVERNMENTAL INFORMATION**

Congressional District #	State Senate District #	State Assembly District #
<b>25</b>	<b>19</b>	<b>38</b>

## Item V

Approve the financing; all necessary actions; the execution and delivery of all necessary documents and authorize any member to sign all necessary financing documents for the following:

- c. Total Road Improvement Program (TRIP) Approval, City of Barstow, County of San Bernardino; up to \$25,000,000 in Gas Excise Tax Securitization Bonds.

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## SUMMARY AND APPROVALS

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**DATE:** SEPTEMBER 7, 2012  
**APPLICANT:** CITY OF BARSTOW  
**AMOUNT:** UP TO \$25,000,000 OF TRANSPORTATION REVENUE CERTIFICATES OF PARTICIPATION  
**PURPOSE:** FINANCE THE IMPROVEMENT OF STREET INFRASTRUCTURE  
**PROGRAM:** TOTAL ROAD IMPROVEMENT PROGRAM (TRIP)

---

### Background:

In 2008 the Commission approved the ability of the Authority to offer a program to cities and counties to finance street improvement projects by a pledge of gas tax revenues and other transportation-related funding, with the Authority entering into Installment Sale Agreements with such cities and counties which are members of the Authority. The payments under which would represent payments on Certificates of Participation (“COPs”) to be executed and delivered on a pooled or stand-alone basis.

An eighteen cent state fuel excise tax is collected on all gasoline, diesel and other fuel sales, and distributed by the State Controller on a monthly basis to cities and counties. This fuel excise tax was further increased in March 2010 by state legislation which swapped former gasoline sales taxes (Prop. 42 funds) for an increase in fuel excise taxes. The State reaffirmed this fuel excise tax – gasoline sales tax swap through the passage of AB105 in March 2011.

Gas Tax funds are apportioned by population and by the number of registered vehicles. Article XIX of the State Constitution restricts use of the Gas Tax funds to maintenance/construction of public streets and highways. Most cities and counties use Gas Tax revenues for operations and maintenance.

The Original Measure I Ordinance imposed the Measure I Sales Tax, which is a tax of one-half of one percent (0.5%) of the gross receipts of retailers from the sale of tangible personal property sold at retail in the County of San Bernardino and a use tax at the same rate upon the storage, use, or other consumption in the County of San Bernardino of such property purchased from any retailer for storage, use, or other consumption in the County of San Bernardino, subject to certain limited exceptions. As approved by the voters in 1989, the Measure I Sales Tax was limited to 30 years in duration. On June 2, 2004, the San Bernardino County Transportation Authority adopted the Measure I Ordinance, which extended the imposition of the Measure I Sales Tax until March 31, 2040. The Measure I Ordinance was submitted to the electors of the County of San Bernardino and approved at an election held in November 2004, by more than two-thirds of the voters. The Measure I revenue pledge for the TRIP COPs was approved by the San Bernardino Associated Government Board on September 5, 2012. This represents the first time a city within San Bernardino County will pledge their Measure I revenues to a TRIP COPs.

**Summary:**

The City of Barstow (the “City”) received initial approval of the issuance a not-to-exceed amount of \$25 million of Transportation Revenue Certificates of Participation (COPs) on April 16, 2012 through CSCDA’s TRIP Program. The COPs are scheduled to be issued in fall 2012.

***Revenues for FY 2010/11***

	\$562,382	Gas Tax Revenues (collected under the Streets & Highways Code).
	<u>\$1,488,242</u>	Local Measure I revenues from San Bernardino County Transportation Authority
Total:	\$2,050,624	

The proposed COPs will be secured solely by a pledge of Barstow’s Gas Tax Revenues and its apportionment of Local Measure I revenues. Based on current interest rates, the maximum annual COP payment will be approximately \$1,360,000. The all-in interest rate is currently estimated to be 5.25%. Based on Barstow’s FY2010/11 Transportation Revenues, the COPs will have maximum annual payment coverage of over 1.50 times the debt.

The City of Barstow is undertaking the financing as part of the City’s ongoing effort to accelerate street system improvements within its jurisdiction. The financing is comprised of facilities that are eligible for expenditure of Gas Tax Revenues and Measure I Receipts under applicable laws of the State.

**Public Benefit:**

- The issuance of the certificates on behalf of the City of Barstow will allow the City to make much needed improvements to their street infrastructure that would otherwise have been deferred due to lack of sufficient funds.
- The program will provide the ability to catch up on backlog repairs; increase the service level of the street network; and lower maintenance costs long term.
- The issuance will call for Certificates of Participation under an installment sale structure. No lease of assets would be required, wherein past transactions of this nature have required a lease of city/county assets.

**Approvals:**

Based on the overall public benefit, conformance to the California Communities Issuance Policies, and the City of Barstow’s approval of the financing the Commission shall approve the Resolution which:

1. Approves the issuance of the certificates of participation through the Total Road Improvement Program;
2. Approves all necessary actions and documents for the financing; and
3. Authorizes any member of the Commission or Authorized Signatory to sign all necessary documents.

## **Attachment A – Total Road Improvement Program**

### **Local Approval Information and Projects:**

On April 16, 2012, the City of Barstow approved a resolution authorizing the issuance of Gas Tax Revenue COPs TRIP Program. The following projects are those anticipated to be funded by the financing:

<b><u>Name of Project Component</u></b>	<b><u>Description of Project Component</u></b>	<b><u>Estimated Cost</u></b>
Street Reconstruction	Approximately 37.42 miles of streets located in the City of Barstow, which are in need of reconstruction.	\$20,953,000

### **Validation:**

City of Barstow Validation. The City of Barstow filed a complaint in the Superior Court of the State of California for the County of San Bernardino (the “San Bernardino County Superior Court”) pursuant to California Government Code Section 53510 et seq. and California Code of Civil Procedure Section 860 et seq. (collectively, the “Validation Law”) seeking to validate certain issues raised by the proposed execution and delivery of the Certificates.

The City has judicially validated the Certificates’ use of a Special Fund (gas tax revenues) allowing exclusion to the California Constitutional debt limit. The San Bernardino County Superior Court entered a default judgment to the effect that the Certificates are valid, legal, binding obligations of the City and the City has the legal ability to pledge gas tax revenues toward the repayment of the Certificates

### **Finance Team:**

- Bond Counsel: Orrick, Herrington & Sutcliffe, LLP, Los Angeles
- Authority Counsel: Orrick, Herrington & Sutcliffe, LLP, Sacramento
- Underwriter: De La Rosa & Co., Los Angeles
- Underwriter’s Counsel: Goodwin Proctor LLP, Los Angeles
- Financial Advisor: Urban Futures, Inc, Orange
- Trustee: Wells Fargo Bank, Los Angeles

### **Financing Structure:**

The COPs will mature in no more than thirty years and will be issued as fixed rate tax-exempt obligations. The COPs will be publicly offered by the Underwriter in minimum denominations of \$5,000. The COPs are expected to receive an “A” rating from Standard & Poor’s. If the COPs qualify for Assured Guaranty COP insurance (“Aa3/AA-” rating, Moody’s negative outlook) and there is an economic benefit, the COPs may be issued with Assured Guaranty insurance. The proposed sale of COPs will comply with the Authority’s policies for the issuance of publicly offered securities.

The City of Barstow is currently considering issuing \$17,135,000. However, if interest rates improve or if the City's funding needs change, the City may consider issuing up to \$25,000,000 to fund other street projects.

**Estimated Sources and Uses:**

Sources:

COP Proceeds	\$ <u>17,135,000</u>
Total Sources	\$ 17,135,000

Uses:

Project Fund	\$ 15,463,974
Debt Service Reserve Fund	\$ 1,365,000
Cost of Issuance	\$ <u>306,026</u>
Total Uses	\$ 17,135,000





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## TRIP Bond Application

### APPLICANT INFORMATION

Application Number: **2012075**

Name of Borrower: **City of Barstow**

Primary Contact: **Oliver Chi**

Title: **Assistant City Manger**

Street Address: **220 E Mountain View Street** Suite: **A**

City: **Barstow** State: **CA** Zip Code: **92311**

Telephone Number: **(760) 577-4510**

Fax Number: **(760) 577-4510**

E-mail: **bshumey@cacommunities.org**

Type of Entity: ☐ For-profit Corporation ☐ Non-profit Corporation  
☒ Municipality ☐ Partnership  
☐ Special District ☐ Other (specify): \_\_\_\_\_

Date Organized: **09/30/1947**

### PROJECT INFORMATION

Project Name: **TRIP 2012 - City of Barstow**

Facility Name: **City of Barstow**

Street Address: **220 E Mountain View St**

City: **Barstow** State: **CA** Zip Code: **92311**

County: **San Bernardino**

Is Project located in unincorporated part of the County? **No**

Has the city or county in which the project is located been contacted? If so, please provide name, title, telephone number and e-mail address of the person contacted:

Contact Name: \_\_\_\_\_

Title: \_\_\_\_\_

Phone Number: \_\_\_\_\_ Ext. \_\_\_\_\_

Fax Number: \_\_\_\_\_

E-mail: \_\_\_\_\_



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## TRIP Bond Application

### FINANCING INFORMATION

Principal Amount: **\$25,000,000**  
Tax-exempt Amount: **\$25,000,000**  
Taxable Amount: **\$0**

Proposed Closing Date: **10/30/2012**

Maturity: **30 Years** Interest Rate Mode: ☒ Fixed ☐ Variable

Type of Offering: ☒ Public Offering ☐ Private Placement  
Denominations: **5,000**

Type of Financing: ☐ Acquisition of Existing Facility ☒ New Construction  
☐ Refunding

Credit Enhancement: ☒ None ☐ Letter of Credit  
☐ Bond Insurance ☐ Other (specify): \_\_\_\_\_

Name of Credit Enhancement Provider or Private Placement Purchaser: **N/A**

Expected Rating: ☐ Unrated ☒ S & P A-  
☐ Moody's \_\_\_\_\_ ☐ Fitch \_\_\_\_\_

### PRINCIPAL FINANCE TEAM INFORMATION

#### UNDERWRITER/PLACEMENT AGENT

Firm: **De La Rosa and Company**

Contact: **John Kim**

Address: **10866 Wilshire Blvd, Suite 1650  
Los Angeles, CA 90024**

Telephone: **(310) 207-1975**

Fax: **(310) 207-1995**

E-mail: **jkim@ejdelarosa.com**

#### BOND COUNSEL

Firm: **Orrick, Herrington & Sutcliffe, LLP**

Contact: **Bill Bothwell**

Address: **777 S Figueroa St, Suite 3200  
Los Angeles, CA 90017**

Telephone: **(213) 612-2403**

Fax: **(213) 612-2020**

E-mail: **wbothwell@orrick.com**



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## TRIP Bond Application

### PRINCIPAL FINANCE TEAM INFORMATION (continued)

FINANCIAL ADVISOR	REBATE ANALYST
Firm: <b>N/A</b>	Firm: <b>TBD</b>
Contact:	Contact:
Address:	Address:
Telephone:	Telephone:
Fax:	Fax:
E-mail:	E-mail:

### ADDITIONAL INFORMATION REQUIRED

Please provide the following information as additional attachments:

<u>Attachment</u>	<u>Description of Information</u>
	No Additional Requirement

### MAILING ADDRESS

California Communities®  
2033 N. Main St., Suite 700  
Walnut Creek, CA 94596



# TRIP Bond Application Attachment D

Application: **2012075 - TRIP 2012 - City of Barstow**  
 Borrower: **City of Barstow**  
 Facility #1: **City of Barstow**

## PUBLIC BENEFITS

### ENVIRONMENT

#### Energy

- Does the facility exceed Title 24 Standards? ☐ Yes ☐ No ☒ N/A  
 If Yes, by what percent? \_\_\_\_\_ %  
 Does the facility have solar(PV) panels? ☐ Yes ☐ No ☒ N/A  
 If Yes, what is the size in kWh? \_\_\_\_\_  
 Does the facility purchase carbon credits? ☐ Yes ☐ No ☒ N/A  
 If Yes, what is the annual consumption? \_\_\_\_\_

#### Water

- Does the facility provide any of the following:  
 Efficient Toilets? ☐ Yes ☐ No ☒ N/A  
 Water-saving showerheads? ☐ Yes ☐ No ☒ N/A  
 Drought tolerant landscaping? ☐ Yes ☐ No ☒ N/A  
 Other, specify: \_\_\_\_\_

#### Transportation

- Does the entity provide carpooling or mass-transit subsidies? ☐ Yes ☐ No ☒ N/A  
 Does the entity maintain a fuel efficient fleet? ☐ Yes ☐ No ☒ N/A

#### Waste

- Does the project provide recycling facilities? ☐ Yes ☐ No ☒ N/A

### WORKFORCE

#### Employment Creation

Job Type/Description

None

	During Construction	Post Construction
	<u>0</u>	<u>0</u>

### GOVERNMENTAL INFORMATION

Congressional District #

\_\_\_\_\_

State Senate District #

18

State Assembly District #

34

## RESOLUTION NO. 4660-2012

**RESOLUTION APPROVING THE EXECUTION AND DELIVERY OF CALIFORNIA COMMUNITIES TRANSPORTATION REVENUE (INSTALLMENT SALE) CERTIFICATES OF PARTICIPATION, SERIES 2012C (T.R.I.P. – TOTAL ROAD IMPROVEMENT PROGRAM) PURSUANT TO A TRUST AGREEMENT, AUTHORIZING THE EXECUTION AND DELIVERY OF A TRUST AGREEMENT, CERTIFICATE PURCHASE AGREEMENT AND AN INSTALLMENT SALE AGREEMENT, AUTHORIZING THE DISTRIBUTION OF AN OFFICIAL STATEMENT IN CONNECTION WITH THE OFFERING AND SALE OF SUCH CERTIFICATES, AND AUTHORIZING THE FILING OF A VALIDATION ACTION AND OTHER MATTERS RELATING THERETO**

**WHEREAS**, the California Statewide Communities Development Authority (the "Authority") is empowered to assist the City of Barstow (the "City") in financing certain public capital improvements pursuant to Article 4 of Chapter 5 of Division 7 of Title 1 of the Government Code of the State of California (the "Act") and pursuant to that certain Amended and Restated Joint Exercise of Powers Agreement among a number of California cities, counties and special districts, including the City of Barstow, dated June 1, 1988;

**WHEREAS**, the legislative body (the "Legislative Body") of the City has determined that the design, acquisition and construction of certain roadway improvements and street resurfacing, (as more fully described in the herein defined Installment Sale Agreement, the "Project") is necessary and proper for, and for the common benefit of, the City, and under the terms of applicable law, the payment for such Project may be made from motor vehicle fuel tax revenues received by the City from the State of California, and deposited into the Gas Tax Fund, as defined in the Installment Sale Agreement;

**WHEREAS**, in order to achieve a lower net interest cost and lower costs of issuance in connection with financing the acquisition of the Project, the City has determined to participate with certain other local agencies which are also members of the Authority (collectively, the "Local Agencies") in the California Communities Total Road Improvement Program (TRIP) (the "Program") established by the Authority to finance street improvement projects, such as the Project;

**WHEREAS**, pursuant to the Program the Authority will acquire and construct the Project for, and sell the Project to, the City, pursuant to an Installment Sale Agreement by and between the City and the Authority, in the form presented to this meeting (with such changes, insertions and omissions as are made pursuant to this Resolution, being referred to herein as the "Installment Sale Agreement");

**WHEREAS**, the City desires to authorize the execution and delivery of additional Contracts, as defined in the Installment Sale Agreement, in the future from time to time for the purpose of financing the design, acquisition and construction of additional

roadway improvements and street resurfacing, which are necessary and proper for, and for the common benefit of, the City, the payment for which may be made from motor vehicle fuel tax revenues received by the City from the State of California, and deposited into the Gas Tax Fund;

**WHEREAS**, installment sale payments payable in connection with the installment sale agreement of each local agency participating in the Program will be combined, and Wells Fargo Bank, National Association, as trustee (the "Trustee"), pursuant to a Trust Agreement, among the Authority, the Trustee and the Local Agencies (such Trust Agreement, in the form presented to this meeting, with such changes, insertions and omissions as are made pursuant to this Resolution, being referred to herein as the "Trust Agreement"), will execute and deliver California Communities Transportation Revenue (Installment Sale) Certificates of Participation, Series 2012C (or such other subseries to be designated) (T.R.I.P. – Total Road Improvement Program) (the "Certificates"), which evidence and represent proportionate and undivided interests in such combined installment sale payments;

**WHEREAS**, the Authority may determine that securing the timely payment of the principal and interest evidenced by the Certificates by obtaining a bond insurance policy (a "Certificate Insurance Policy") with respect thereto issued by a municipal bond insurer (a "Certificate Insurer") could be economically advantageous to the Local Agencies;

**WHEREAS**, E. J. De La Rosa & Co., Inc., or such other investment banking firm as may be selected in the sole discretion of the Authority (the "Underwriter"), has submitted to the Local Agencies and the Authority a proposed form of an agreement to purchase the Certificates in the form of a Certificate Purchase Agreement (the "Certificate Purchase Agreement");

**WHEREAS**, a form of the Preliminary Official Statement (the "Preliminary Official Statement") to be distributed in connection with the public offering of the Certificates has been prepared;

**WHEREAS**, the City is a member of the Authority and the Project is to be located within the boundaries of the City;

**WHEREAS**, the improvement and reconstruction of the Project will provide additional life and more efficient fuel consumption on the streets resulting in significant public benefit;

**WHEREAS**, the City hereby finds that the financing of such public capital improvements within the City will result in significant public benefits in the form of a safe and reliable transportation network, demonstrable savings in effective interest rates, and the more efficient delivery of City services to residential and commercial development;

**WHEREAS**, on this date, the City held a public hearing on the financing of such public capital improvements within the City in accordance with Section 6586.5 of the Act;

**WHEREAS**, in accordance with Section 6586.5 of the Act, notice of such hearing was published once at least five days prior to the hearing in a newspaper of general circulation in the City of Barstow; and

**WHEREAS**, all acts, conditions and things required by the laws of the State of California to exist, to have happened and to have been performed precedent to and in connection with the consummation of such financing authorized hereby do exist, have happened and have been performed in regular and due time, form and manner as required by law, and the City is now duly authorized and empowered, pursuant to each and every requirement of law, to consummate such financing for the purpose, in the manner and upon the terms herein provided;

**NOW, THEREFORE, BE IT RESOLVED BY THE LEGISLATIVE BODY OF THE CITY OF BARSTOW**, as follows:

**Section 1.** The foregoing recitals herein contained are true and correct and the Legislative Body so finds.

**Section 2.** The Project is hereby approved. Any of the Authorized Officers designated in Section 9 hereof (the "Authorized Officers") are authorized to implement the Project in accordance with the provisions of the Installment Sale Agreement and this Resolution.

**Section 3.** The form of the Installment Sale Agreement, on file with the Clerk of the Legislative Body, is hereby approved, and the Authorized Officers, are each hereby authorized and directed, for and in the name and on behalf of the City, to execute and deliver the Installment Sale Agreement in substantially said form, with such changes, insertions and omissions therein as the Authorized Officer executing the same may require or approve, such approval to be conclusively evidenced by the execution and delivery thereof; provided, however, that the aggregate amount of the principal components of the installment sale payments shall not exceed \$25,000,000, the true interest cost applicable to the interest components of the installment payments shall not exceed 7.00% per annum and the final principal installment due on the Installment Agreement shall be no later than June 1, 2042. Pursuant to the terms of the Installment Sale Agreement, the Legislative Body further authorizes the execution and delivery of additional Contracts in the future from time to time for the purpose of financing the design, acquisition and construction of additional roadway improvements and street resurfacing, which are necessary and proper for, and for the common benefit of, the City, the payment for which may be made from motor vehicle fuel tax revenues received by the City from the State of California, and deposited into the Gas Tax Fund, and/or Measure I Revenues.

**Section 4.** The form of Trust Agreement, on file with the Clerk of the Legislative Body, is hereby approved, and the Authorized Officers, are each hereby authorized and directed, for and in the name and on behalf of the City, to execute and deliver the Trust Agreement in substantially said form, with such changes, insertions

and omissions therein as the Authorized Officer executing the same may require or approve, such approval to be conclusively evidenced by the execution and delivery thereof. The execution and delivery of the Certificates, on the terms and conditions set forth in, and subject to the limitations specified in, the Trust Agreement and the Installment Sale Agreement, is hereby authorized and approved. The Certificates shall be dated, shall bear interest at the rates, shall mature on the dates, shall be subject to call and redemption, shall be issued in the form and shall be as otherwise provided in the Trust Agreement, as the same shall be completed.

**Section 5.** The form of Certificate Purchase Agreement, on file with the Clerk of the Legislative Body, including the form of the Pricing Confirmation set forth as an exhibit thereto (the "Pricing Confirmation") is hereby approved, and the Authorized Officers are each hereby authorized and directed, for and in the name and on behalf of the City, to execute and deliver the Certificate Purchase Agreement in substantially said form, with such changes therein as the Authorized Officer executing the same may require or approve, such approval to be conclusively evidenced by the execution and delivery thereof; provided, however, that the underwriter's discount for the sale of the Certificates shall not exceed 1.25% of the aggregate principal amount of the principal components of the installment sale payments payable under the Installment Sale Agreement. Delivery of an executed copy of the Pricing Confirmation by fax or telecopy shall be deemed effective execution and delivery for all purposes.

**Section 6.** The form of Preliminary Official Statement, on file with the Clerk of the Legislative Body, with such changes, insertions and omissions therein as may be approved by an Authorized Officer, is hereby approved, and the use of the Preliminary Official Statement in connection with the offering and sale of the Certificates is hereby authorized and approved. Any one of the Authorized Officers is hereby authorized and directed to provide the Underwriter with such information relating to the City as they shall reasonably request for inclusion in the Preliminary Official Statement and Official Statement. Upon inclusion of the information relating to the City therein, the Preliminary Official Statement is, except for certain omissions permitted by Rule 15c2-12 of the Securities Exchange Act of 1934, as amended (the "Rule"), hereby deemed final within the meaning of the Rule; *provided* that no representation is made as to the information contained in the Preliminary Official Statement relating to the other Local Agencies or any Certificate Insurer or Certificate Insurance Policy. If, at any time prior to the end of the underwriting period, as defined in the Rule, any event occurs as a result of which the information contained in the Preliminary Official Statement relating to the City might include an untrue statement of a material fact or omit to state any material fact necessary to make the statements therein, in light of the circumstances under which they were made, not misleading, the City shall promptly notify the Underwriter. The Authority is hereby authorized and directed, at or after the time of the sale of the Certificates, for and in the name and on behalf of the City, to execute a final Official Statement in substantially the form of the Preliminary Official Statement presented to this meeting, with such additions thereto or changes therein as the Authority may approve, such approval to be conclusively evidenced by the execution and delivery thereof.



**Section 7.** The Authority is hereby authorized to apply for a Certificate Insurance Policy for the Certificates and to obtain such insurance if the present value cost of such insurance is less than the present value of the estimated interest savings with respect to the Certificates.

**Section 8.** The form of Installment Sale Agreement provides that Measure I Revenues, as a category of Other Available Revenues, as those terms are respectively defined in the Installment Sale Agreement, may be used to make 2012 Installment Sale Payments. Prior to the execution and delivery of the Installment Sale Agreement, the Authorized Officers, in consultation with the City's Financial Advisor for the Program, shall determine if significant interest rate savings could be achieved through a formal pledge of Measure I Revenues to the payment of 2012 Installment Sale Payments; and if so determined, the Installment Sale Agreement may be amended to reflect such pledge, subject to any then outstanding commitment or pledge of Measure I Revenues, such amendment to be conclusively evidenced by the execution and delivery of the Installment Sale Agreement.

**Section 9.** The Authorized Officers are, and each of them is, authorized and directed, for and in the name of the City, to instruct Orrick, Herrington & Sutcliffe LLP, as special counsel to the Program to bring a validation action under Section 860 of the California Code of Civil Procedure to determine the legality and validity of the Installment Sale Agreement, the Trust Agreement, the Certificates and the other documents and proceedings authorized pursuant to this Resolution and to execute and return the fee agreement for such services on file with the Clerk.

**Section 10.** The Authorized Officer designated below and any and all other officers, agents and employees of the City are hereby authorized and directed to take any and all actions and execute and deliver any and all documents necessary or convenient to accomplish the purposes of this Resolution.

Authorized Officers:

TITLE

- (1) Mayor
- (2) City Manager
- (3) Assistant City Manager

**Section 11.** All actions heretofore taken by the officers, employees and agents of the City with respect to the transactions set forth above are hereby approved, confirmed and ratified.

**Section 12.** This Resolution shall be in full force and effect upon its adoption.

PASSED, APPROVED and ADOPTED this 16<sup>th</sup> day of April, 2012.

  
Julie Hackbarth-McIntyre, Mayor Pro Tem

ATTEST:

  
JoAnne V. Cousino, City Clerk



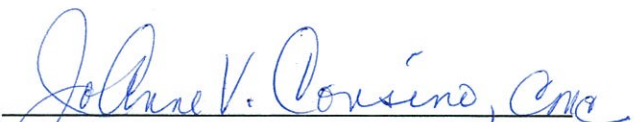
I, JoAnne V. Cousino, City Clerk of the City of Barstow and ex-officio Clerk of the Council, DO HEREBY CERTIFY UNDER PENALTY OF PERJURY that the foregoing is a true and correct copy of Resolution No. 4660-2012 of said Council which was adopted at its regular meeting of April 16, 2012, by the following vote:

AYES: Council Members Saenz, Silva and Mayor Pro Tem  
Hackbarth-McIntyre

NOES: Council Member Hailey and Mayor Gomez

ABSENT: None

ABSTAINED: None

  
JoAnne V. Cousino, City Clerk

**AGENDA MATTER:****CONSIDERATION OF PARTICIPATION IN THE CALIFORNIA COMMUNITIES  
FINANCING POOL PROGRAM TO FUND STREET RECONSTRUCTION PROJECTS****EXECUTIVE SUMMARY:**

During the past several years, the City has spent considerable energy and resources to coordinate a program to reconstruct failing streets in the community. In fact, the City has rebuilt around 6.98 miles of streets during the last two years. Furthermore, the City is currently working to complete the reconstruction of the streets located in the projects known as Section I, Section II, Section III, and the Hospital Streets Reconstruction Project. These additional street segments constitute an additional 2.92 miles of streets being rebuilt.

Concurrent to executing our current street reconstruction projects, City staff has been working to complete a comprehensive Pavement Management Study (PMS). That review was recently finished (Attachment A) and it has been determined that around 37.42 miles of City streets are failing and in need of reconstruction. All of the failing streets that are in need of reconstruction were identified in the PMS as being located in seventeen (17) different sections of the City and all told, it is estimated that the cost to reconstruct the failing streets will be \$20.953 million.

Staff has invested a significant amount of time analyzing different options to address the backlog of failing streets in town. Of the alternatives analyzed, staff believes that the City Council should give strong consideration to joining the statewide street financing program called the Total Road Improvement Program (TRIP) offered by the California Statewide Communities Development Authority (California Communities).

**DISCUSSION:**

As the City Council is well aware, the City currently rebuilds and maintains streets utilizing funding from Measure I Local Transportation Sales Tax funds and Gas Tax funds. Each year, the City receives around \$1.8 million in Measure I dollars and \$650,000 in Gas Tax monies. While these funding sources allow the City to make a significant annual investment to meet street infrastructure needs, the PMS demonstrated that the cost to repair all of the failing streets in Barstow greatly outweighs currently available resources.

If the City were to rely solely on current funding sources, it is anticipated that over the course of the next several years, the City will only be able to reconstruct a small portion of the streets that have been identified as failing in the PMS report.

(continued on Page 2)

**RECOMMENDED ACTION:**

Staff recommends that the City Council take the following actions:

1. Review the TRIP pooled financing plan and provide staff with comments regarding the City's potential participation in the program.
2. If the City Council determines that the City would like to maintain the option of participating in the TRIP program's August 2012 financing pool, staff recommends the following:
  - a. Adopt Resolution No. \_\_\_\_\_ (Attachment C) approving the execution and delivery of California Communities Transportation Revenue Certificates of Participation, Series 2012C, approving the form of all financing documents, and authorizing filing of a legal validation action on behalf of the City of Barstow in the San Bernardino Superior Courts.

PROPOSED BY	FUNDS BUDGETED	FUNDS AVAILABLE	MEETING DATE
Oliver Chi <i>OC</i>	N/A	N/A	April 16, 2012
C.M. APPROVAL	AMOUNT REQUIRED	CATEGORY	ITEM NUMBER
Charles C. Mitchell <i>CCM</i>	N/A	City Manager	16

## **DISCUSSION (CONTINUED):**

### California Communities Overview

Given the overall situation facing the City, staff has been analyzing a variety of different options to make significant improvements in Barstow's street infrastructure system. Staff believes that one fiscally responsible method through which funding could be raised to pay for reconstructing City streets is the TRIP program offered by California Communities.

California Communities is a joint powers authority (JPA) that was co-founded by the League of California Cities and California State Association of Counties to provide cities and counties access to low-cost, tax-exempt financing programs. Since 2007, California Communities has offered the TRIP program to assist individual cities in the issuance of Certificates of Participation (COPs) that are backed by Gas Tax and / or transportation sales tax in a pooled financing manner.

### TRIP Program Overview

Through the TRIP program, Barstow can pledge up to two-thirds (2/3) of future Gas Tax and Measure I revenues through an installment sale agreement with California Communities. California Communities would then issue COPs to raise the funding necessary to reconstruct City streets.

One of the reasons that staff recommends consideration of the TRIP program is due to the fact that the City would have full flexibility under the initiative at anytime to:

1. Downsize or change the COP financing terms
2. Participate in a later financing pool
3. Not issue COPs at all

This means that even if the City Council decided to participate in the program now and then at a later date prior to the issuance of the COPs determined that the City should not participate in the program, Barstow would have the ability to withdraw. Since all the financing costs are contingent on the COPs being issued, the only liability that the City would be exposing itself to by participating in the TRIP program now would be a \$15,000 legal validation fee payable to Orrick, Herrington & Sutcliffe.

In addition to the flexibility of the program, there are several other reasons why staff believes that the City should consider engaging the TRIP financing program, including:

- Current market environment offers outstanding interest rates which would provide more capital funding for the City
  - The most recent TRIP financing program sold COPs on January 31, 2012 and was able to achieve a 4.51% interest rate
- Construction costs are anticipated to increase in the future
  - According to the State Department of General Services, since 2007, construction costs have increased an average of 2.62% annually
- In particular, with the current cost of gas increasing, it is expected that street reconstruction costs will increase even more rapidly than overall construction costs

- With funding raised through the TRIP program, staff will be able to bid out a larger and more comprehensive street reconstruction project
  - The larger project should result in more competitive construction bid responses

**Funding Amount That Could Be Raised**

If the City Council were to participate in the TRIP financing program, staff would recommend that the City make a commitment of between 15 years and 20 years. Given those timeframes, the City could raise the following amounts for street reconstruction projects:

- With a 15-year commitment at a projected interest rate of 5.25%, the City could raise an estimated \$16,780,000 for use towards street reconstruction projects
- With a 20-year commitment at a projected interest rate of 5.5%, the City could raise an estimated \$19,660,000 for use towards street reconstruction projects

Additional preliminary financing details are included for review as Attachment B.

Under either the 15-year or 20-year scenario, the City would have to pledge two-thirds (2/3) of its Measure I and Gas Tax revenues (approximately \$1,633,333) each year towards financing costs. It is important to note, however, that under either scenario, the City would still have around \$816,667 per year of Measure I and Gas Tax funds for use towards other priority street maintenance / project costs. Table 1 below illustrates these figures in greater detail.

**Table 1**

<b>Funding Sources</b>	<b>Annual Funding Amount</b>
Gas Tax Revenues	\$650,000
Measure I	\$1,800,000
<b>TOTAL</b>	<b>\$2,450,000</b>

<b>TRIP Pledged Amount - 2/3 of Total</b>	<b>\$ 1,633,333</b>
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<b>Annual Remaining City Funds For Street Projects</b>	<b>\$ 816,667</b>
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**Pavement Preservation Program to be Developed**

It is worth noting that staff has been working on the development of a comprehensive pavement preservation system to maintain the City streets that have been reconstructed. If the City Council were to participate in the TRIP program to accelerate the reconstruction of failing street infrastructure, staff would simultaneously coordinate a process to implement an overall pavement preservation program based on the principles of the 7-14-21 road maintenance philosophy.

Under this proposed concept, the City would adopt a preventative street maintenance strategy whereby a pavement preservation technique (such as a slurry seal) would be applied to all newly constructed streets roughly every seventh year. As part of this program, staff would also analyze the best way to program future City monies (including Gas Tax, Measure I, and other funding sources) to fully implement a comprehensive pavement preservation system.



#### Issuance Costs Reduced & Process Streamlined Through TRIP

By coordinating a process through which multiple agencies combine and “pool” their Gas Tax and local transportation sales tax dollars, participants in the TRIP program can achieve economies of scale in financing the cost to repair streets.

Some of the advantages of a pooled financing structure include the following:

- More attractive interest rates based on a larger offering size
- Shared financing costs
- Streamlined documentation
- Being part of a statewide pooled program
- Flexibility to set terms & timing

Also, it is worth noting that California Communities selected all of the financing professionals in the TRIP program via a competitive RFP process and negotiated reduced fees on behalf of its member agencies.

#### Next Steps

The next TRIP pool is scheduled for August 2012 which will include the cities of Chico and Lynwood. Barstow would have the opportunity to join these two cities in issuing COPs jointly under the TRIP financing program. Of course, no city would be responsible for any other city's obligation under the program.

In order for the City to participate in the August 2012 pool, the City Council would have to authorize Barstow's participation in the program tonight. The primary driver of the timeframe for participating in the August 2012 pool is due to the fact that the financing structure and pledge of Measure I and Gas Tax revenues must be judicially validated pursuant to proceedings commenced in the Superior Court of the County of San Bernardino. That validation process takes 90 days. Therefore, in order for participation in the August 2012 pool to be available as an option for City Council consideration, staff would need authorization to proceed this evening.

#### **STREET COMMITTEE REVIEW:**

This item was discussed at the Street Committee meeting held on April 4, 2012. The Committee agreed that the City Council should consider participating in the TRIP program and noted that the City should simultaneously coordinate a comprehensive pavement preservation management program.

#### **FISCAL IMPACT:**

##### 15-Year Commitment

Assuming a commitment of 15-years, the City could issue \$16.78 million of COPs. That financing would generate about \$14.85 million in proceeds for street projects, \$1.63 million to establish a reserve fund, and around \$297,889 to pay for financing fees. The \$16.78 million of COPs would be repaid over 15 years with annual payments of about \$1.63 million. It is projected that the annual payments will be paid from Measure I and Gas Tax revenues. Combined, the City currently collects about \$2.45 million from these two local funding sources. These revenues are expected to grow steadily over time based on population and sales tax growth in the City and San Bernardino County.

**20-Year Commitment**

Assuming a commitment of 20-years, the City could issue \$19.66 million of COPs. That financing would generate about \$17.71 million in proceeds for street projects, \$1.63 million to establish a reserve fund, and around \$323,330 to pay for financing fees. The \$19.66 million of COPs would be repaid over 20 years with annual payments of about \$1.63 million. It is projected that the annual payments will be paid from Measure I and Gas Tax revenues. Combined, the City currently collects about \$2.45 million from these two local funding sources. These revenues are expected to grow steadily over time based on population and sales tax growth in the City and San Bernardino County.

It is important to note that under either the 15-year or 20-year scenario, the City would still have \$816,667 per year of Measure I and Gas Tax funds for use towards other street maintenance / project costs.

In addition, as noted above in the report, the TRIP program gives the City Council full flexibility in determining Barstow's participation in the program. This means that the City Council could decide to move forward tonight and still at a later date, prior to the issuance of the COPs, withdraw the City's participation from the program. If that scenario were to occur, the only cost that City would be responsible for would be a \$15,000 legal validation fee.



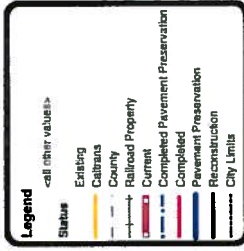
# PAVEMENT MANAGEMENT SYSTEM

**T.R.I.P. – TOTAL ROAD IMPROVEMENT POOLED FINANCING PROGRAM**

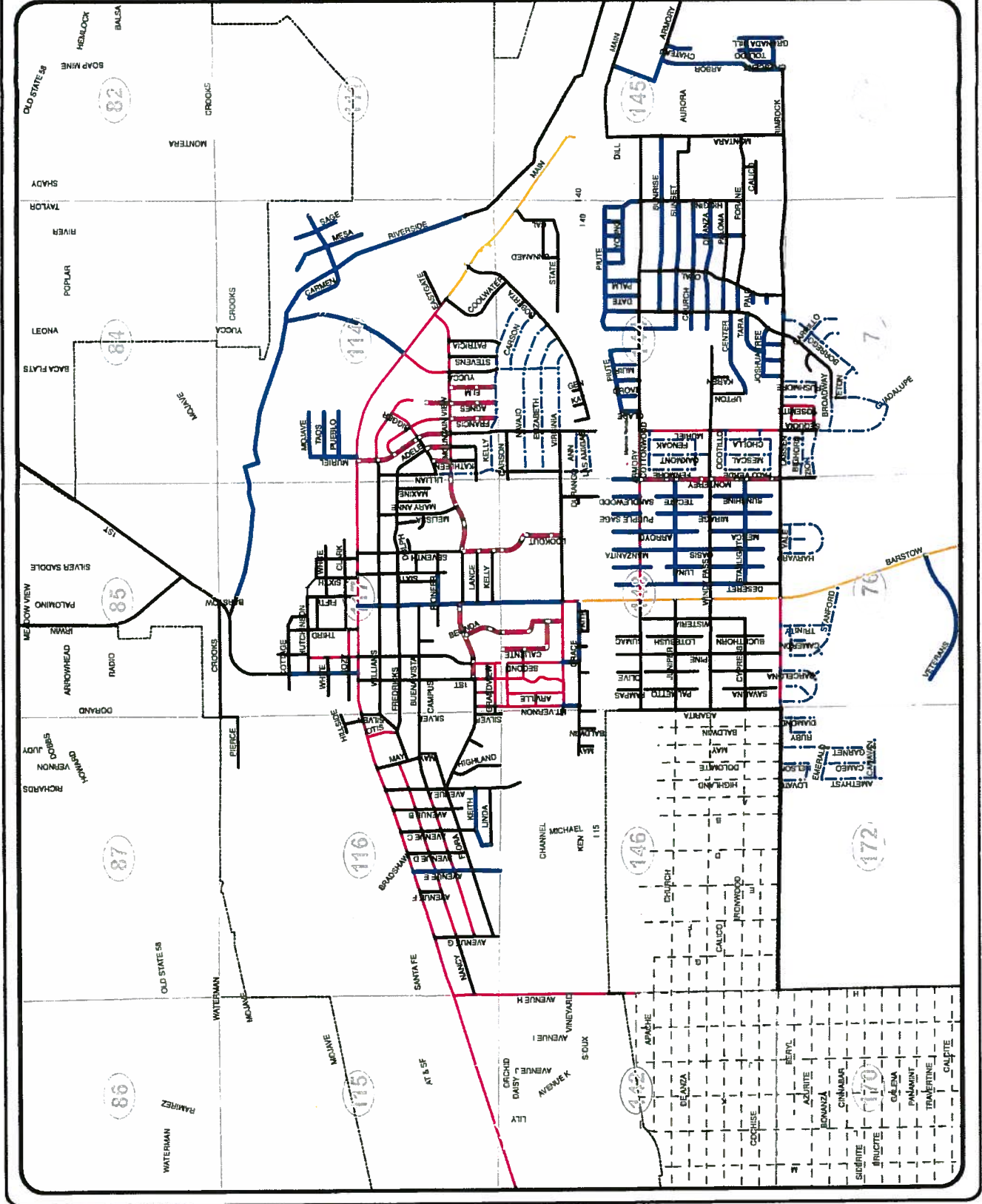


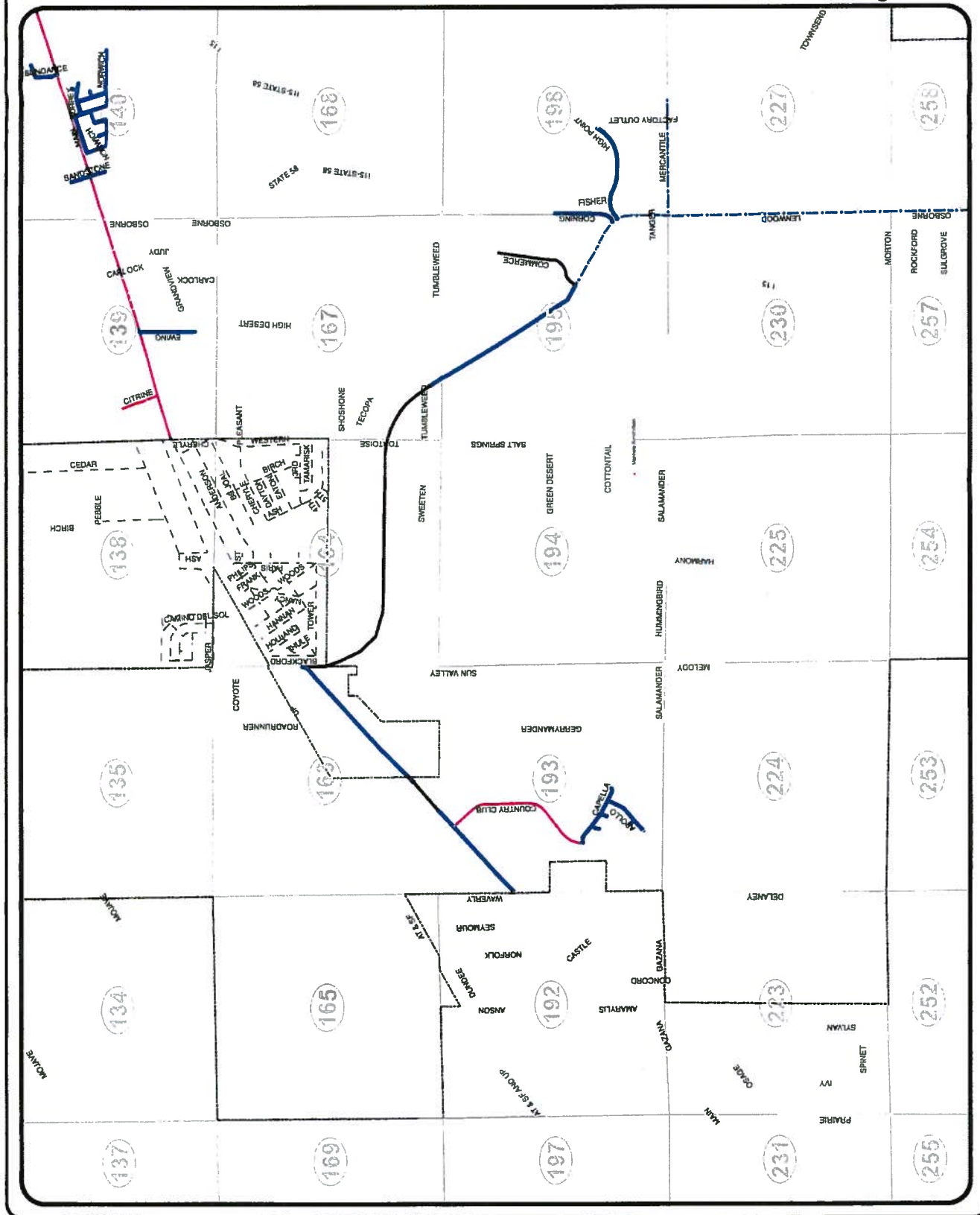
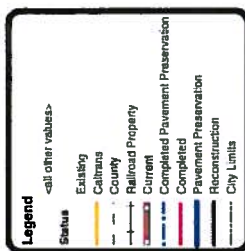


# Pavement Management System



Engineering Division  
Enterprise GIS Data





# PAVEMENT MANAGEMENT SYSTEM Reconstruction

MAP SECTION: 114

STREET NAME:	FROM:	TO:	LENGTH:	WIDTH:	METHOD:	MILES:	COST:
ADELE DR	MTN VIEW ST	LANCE DR	445	32	Reconstruction	0.08	\$47,196.97
BIGGER ST	ADELE DR	KATHLEEN DR	244	30	Reconstruction	0.05	\$25,878.79
BIGGER ST	KATHLEEN DR	LILLIAN DR	248	30	Reconstruction	0.05	\$26,303.03
BIGGER ST	ADELE DR	MURIEL DR	217	38	Reconstruction	0.04	\$23,015.15
COOLWATER LN	MAIN ST	ROBERTA ST	1495	37	Reconstruction	0.28	\$158,560.61
EASTGATE RD	MAIN ST	EASTGATE END	645	50	Reconstruction	0.12	\$68,409.09
KATHLEEN DR	MTN VIEW ST	LANCE DR	445	28	Reconstruction	0.08	\$47,196.97
KELLY DR	LILLIAN DR	MURIEL DR	670	37	Reconstruction	0.13	\$71,060.61
LANCE DR	ADELE DR	KATHLEEN DR	289	29	Reconstruction	0.05	\$30,651.52
LANCE DR	LILLIAN DR	LILLIAN END	115	29	Reconstruction	0.02	\$12,196.97
LANCE DR	KATHLEEN DR	LILLIAN DR	234	29	Reconstruction	0.04	\$24,818.18
PATRICIA AVE	MTN VIEW ST	KELLY DR	920	37	Reconstruction	0.17	\$97,575.76
STEVENS AVE	MTN VIEW ST	KELLY DR	842	37	Reconstruction	0.16	\$89,303.03
SECTION 114 TOTAL:						1.29	\$722,166.67

# MAP SECTION: 116

STREET NAME:	FROM:	TO:	LENGTH:	WIDTH:	METHOD:	MILES:	COST:
ALLEY BTWN NANCY S	MAY AVE	AVE A	538	16	Reconstruction	0.10	\$57,060.61
ALLEY BTWN W. MAIN	MAY AVE	AVE A	445	15	Reconstruction	0.08	\$47,196.97
ALLEY BTWN W. MAIN	AVE F	AVE F END	673	17	Reconstruction	0.13	\$71,378.79
ALLEY BTWN W. MAIN	AVE E	AVE F	358	16	Reconstruction	0.07	\$37,969.70
ALLEY BTWN W. MAIN	AVE C	AVE D	364	18	Reconstruction	0.07	\$38,606.06
ALLEY BTWN W. MAIN	AVE B	AVE C	367	18	Reconstruction	0.07	\$38,924.24
ALLEY BTWN W. MAIN	AVE G	AVE H	1091	18	Reconstruction	0.21	\$115,712.12
ALLEY BTWN W. MAIN	AVE A	AVE B	348	18	Reconstruction	0.07	\$36,909.09
AVE C	NANCY ST	MAIN ST	355	39	Reconstruction	0.07	\$37,651.52
AVE C	BUENA VISTA ST	NANCY ST	313	39	Reconstruction	0.06	\$33,196.97
AVE C	FLORA ST	BUENA VISTA ST	313	39	Reconstruction	0.06	\$33,196.97
AVE C	KEITH ST	FLORA ST	262	39	Reconstruction	0.05	\$27,787.88
AVE A	LINDA LN	A AVE CUL-DE-SAC	585	45	Reconstruction	0.11	\$62,045.45
AVE A	KEITH ST	LINDA LN	285	37	Reconstruction	0.05	\$30,227.27
AVE A	FLORA ST	KEITH ST	515	37	Reconstruction	0.10	\$54,621.21
AVE A	MAIN ST	NANCY ST	401	37	Reconstruction	0.08	\$42,530.30
AVE A	NANCY ST	BUENA VISTA ST	347	37	Reconstruction	0.07	\$36,803.03
AVE A	BUENA VISTA ST	FLORA ST	420	37	Reconstruction	0.08	\$44,545.45
AVE B	FLORA ST	AVE B CUL-DE-SAC	153	40	Reconstruction	0.03	\$16,227.27
AVE B	BUENA VISTA ST	FLORA ST	315	40	Reconstruction	0.06	\$33,409.09
AVE B	MAIN ST	NANCY ST	367	40	Reconstruction	0.07	\$38,924.24
AVE B	NANCY ST	BUENA VISTA ST	367	40	Reconstruction	0.07	\$38,924.24
AVE D	NANCY ST	MAIN ST	355	37	Reconstruction	0.07	\$37,651.52
AVE D	BUENA VISTA ST	NANCY ST	315	37	Reconstruction	0.06	\$33,409.09
AVE D	FLORA ST	BUENA VISTA ST	318	37	Reconstruction	0.06	\$33,727.27
AVE F	NANCY ST	MAIN ST	354	39	Reconstruction	0.07	\$37,545.45
AVE G	FLORA ST	BUENA VISTA ST	373	41	Reconstruction	0.07	\$39,560.61
AVE G	BUENA VISTA ST	NANCY ST	348	41	Reconstruction	0.07	\$36,909.09
AVE G	NANCY ST	MAIN ST	373	41	Reconstruction	0.07	\$39,560.61
AVE G	FLORA ST	AVE G CUL-DE-SAC	160	38	Reconstruction	0.03	\$16,969.70
BRADSHAW DR	MAIN ST	SANTA FE DR	645	30	Reconstruction	0.12	\$68,409.09
BUENA VISTA ST	1ST AVE	MAY AVE	1455	39	Reconstruction	0.28	\$154,318.18
BUENA VISTA ST	MAY AVE	AVE A	590	39	Reconstruction	0.11	\$62,575.76

DILLINGHAM DR	MAIN ST	HILLSIDE	278	25	Reconstruction	0.05	\$29,484.85
FLORA ST	AVE D	AVE C	412	37	Reconstruction	0.08	\$43,696.97
FLORA ST	AVE A	MAY ST	630	37	Reconstruction	0.12	\$66,818.18
FLORA ST	AVE B	AVE A	400	37	Reconstruction	0.08	\$42,424.24
FLORA ST	AVE C	AVE B	421	37	Reconstruction	0.08	\$44,651.52
FLORA ST	AVE G	AVE E	1255	35	Reconstruction	0.24	\$133,106.06
FLORA ST	AVE E	AVE D	335	37	Reconstruction	0.06	\$35,530.30
FREDRICKS ST	OTIS AVE	1ST AVE	975	34	Reconstruction	0.18	\$103,409.09
FREDRICKS ST	MAY ST	OTIS AVE	556	34	Reconstruction	0.11	\$58,969.70
H ST	MAIN ST	SANTA FE YARD	555	40	Reconstruction	0.11	\$58,863.64
HIGHLAND AVE	MTN VIEW ST	HIGHLAND CUL-DE-SAC	1020	27	Reconstruction	0.19	\$108,181.82
LINDA LN	AVE A	KEITH ST	1185	37	Reconstruction	0.22	\$125,681.82
MAY AVE	FLORA ST	BUENA VISTA ST	283	37	Reconstruction	0.05	\$30,015.15
MAY ST	NANCY ST	MAIN ST	398	29	Reconstruction	0.08	\$42,212.12
MAY ST	FREDRICKS ST	NANCY ST	158	29	Reconstruction	0.03	\$16,757.58
MAY ST	BUENA VISTA ST	FREDRICKS ST	215	29	Reconstruction	0.04	\$22,803.03
MTN VIEW ST	SILVER LN	HIGHLAND AVE	1190	37	Reconstruction	0.23	\$126,212.12
MTN VIEW ST	HIGHLAND AVE	AVE A	280	37	Reconstruction	0.05	\$29,696.97
NANCY ST	AVE H	AVE G	1081	37	Reconstruction	0.20	\$114,651.52
PIERCE ST	CROOKS ST	PIERCE ST END	1110	30	Reconstruction	0.21	\$117,727.27
SANTA FE DR	BRADSHAW DR	SANTA FE END	2010	31	Reconstruction	0.38	\$213,181.82
SILVER LN	WILLIAMS ST	SILVER LN END	160	19	Reconstruction	0.03	\$16,969.70
WILLIAMS ST	SILVER LN	FREDRICKS ST	385	33	Reconstruction	0.07	\$40,833.33
<b>SECTION 116 TOTAL:</b>							<b>\$3,156,363.64</b>



# MAP SECTION: 117

STREET NAME:	FROM:	TO:	LENGTH:	WIDTH:	METHOD:	MILES:	COST:
1ST AVE	HUTCHINSON ST	IRWIN RD	3480	37	Reconstruction	0.66	\$369,090.91
1ST AVE	MAIN ST	WILLIAMS ST	380	39	Reconstruction	0.07	\$40,303.03
1ST AVE	OLD HWY 58	IRWIN RD	4135	37	Reconstruction	0.78	\$438,560.61
1ST AVE	BUENA VISTA ST	MTN VIEW ST	1010	39	Reconstruction	0.19	\$107,121.21
1ST AVE	FREDRICKS ST	BUENA VISTA ST	367	39	Reconstruction	0.07	\$38,924.24
1ST AVE	WILLIAMS ST	FREDRICKS ST	375	39	Reconstruction	0.07	\$39,772.73
2ND AVE	MAIN ST	WILLIAMS ST	365	35	Reconstruction	0.07	\$38,712.12
2ND AVE	MAIN ST	COZY LANE	125	44	Reconstruction	0.02	\$13,257.58
2ND AVE	WHITE ST	HUTCHINSON ST	345	44	Reconstruction	0.07	\$36,590.91
2ND AVE	COZY LANE	WHITE ST	412	44	Reconstruction	0.08	\$43,696.97
2ND AVE	WILLIAMS ST	FREDRICKS ST	363	35	Reconstruction	0.07	\$38,500.00
2ND AVE	HUTCHINSON ST	COTTAGE ST	319	44	Reconstruction	0.06	\$33,833.33
2ND AVE	MTN VIEW ST	BUENA VISTA ST	1025	36	Reconstruction	0.19	\$108,712.12
2ND AVE	BUENA VISTA ST	FREDRICKS ST	373	36	Reconstruction	0.07	\$39,560.61
2ND AVE	COTTAGE ST	ROAD END N/O	122	44	Reconstruction	0.02	\$12,939.39
3RD AVE	MAIN ST	CLARK ST	185	31	Reconstruction	0.04	\$19,621.21
3RD AVE	CLARK ST	HUTCHINSON ST	705	31	Reconstruction	0.13	\$74,772.73
3RD AVE	COTTAGE ST	HUTCHINSON ST	325	29	Reconstruction	0.06	\$34,469.70
4TH AVE	HUTCHINSON ST	CUL-DE-SAC N/O	170	36	Reconstruction	0.03	\$18,030.30
5TH AVE	CLARK ST	WHITE ST	366	37	Reconstruction	0.07	\$38,818.18
5TH AVE	WHITE ST	HUTCHINSON ST	342	37	Reconstruction	0.06	\$36,272.73
5TH AVE	MAIN ST	CLARK ST	201	37	Reconstruction	0.04	\$21,318.18
6TH AVE	CLARK ST	WHITE ST	337	37	Reconstruction	0.06	\$35,742.42
6TH AVE	WHITE ST	HUTCHINSON ST	178	37	Reconstruction	0.03	\$18,878.79
6TH AVE	BUENA VISTA ST	PIONEER ST	385	37	Reconstruction	0.07	\$40,833.33
6TH AVE	FREDRICKS ST	BUENA VISTA ST	353	37	Reconstruction	0.07	\$37,439.39
6TH AVE	WILLIAMS ST	FREDRICKS ST	353	37	Reconstruction	0.07	\$37,439.39
6TH AVE	MAIN ST	WILLIAMS ST	375	37	Reconstruction	0.07	\$39,772.73
6TH AVE	FREDRICKS ST	BUENA VISTA ST	353	37	Reconstruction	0.07	\$37,439.39
6TH AVE	PIONEER ST	6TH AVE CUL-DE-SAC	116	37	Reconstruction	0.02	\$12,303.03
6TH AVE	MAIN ST	CLARK ST	205	37	Reconstruction	0.04	\$21,742.42
7TH AVE	CLARK ST	WHITE ST	182	37	Reconstruction	0.03	\$19,303.03
7TH AVE	MTN VIEW ST	LANCE DR	260	37	Reconstruction	0.05	\$27,575.76

7TH AVE	WILLIAMS ST	MAIN ST	376	37	Reconstruction	0.07	\$39,878.79
7TH AVE	WHITE ST	HUTCHINSON ST	215	37	Reconstruction	0.04	\$22,803.03
7TH AVE	MTN VIEW ST	PIONEER ST	445	37	Reconstruction	0.08	\$47,196.97
7TH AVE	PIONEER ST	BUENA VISTA ST	405	37	Reconstruction	0.08	\$42,954.55
7TH AVE	MAIN ST	CLARK ST	205	37	Reconstruction	0.04	\$21,742.42
7TH AVE	BUENA VISTA ST	FREDRICKS ST	350	37	Reconstruction	0.07	\$37,121.21
7TH AVE	FREDRICKS ST	WILLIAMS ST	350	37	Reconstruction	0.07	\$37,121.21
ALLEY BTWN FREDRICK	1ST AVE	1ST AVE END	775	18	Reconstruction	0.15	\$82,196.97
ALLEY BTWN MAIN ST	1ST AVE	SILVER LN	611	15	Reconstruction	0.12	\$64,803.03
ALLEY BTWN WILLIAM	1ST AVE	1ST AVE END	550	15	Reconstruction	0.10	\$58,333.33
ALLEY BTWN 1ST AV &	COZY LANE	WHITE ST	368	17	Reconstruction	0.07	\$39,030.30
ALLEY BTWN 1ST AVE	WHITE ST	HUTCHINSON ST	303	17	Reconstruction	0.06	\$32,136.36
ALLEY BTWN CLARK ST	FIFTH ST	SIXTH ST	305	18	Reconstruction	0.06	\$32,348.48
ALLEY BTWN E. MAIN S	BARSTOW RD	SECOND AVE	893	30	Reconstruction	0.17	\$94,712.12
ALLEY BTWN E. MAIN S	SIXTH ST	SEVENTH ST	328	20	Reconstruction	0.06	\$34,787.88
ALLEY BTWN FREDRICK	BARSTOW RD	SECOND AVE	915	18	Reconstruction	0.17	\$97,045.45
ALLEY BTWN FREDRICK	1ST AVE	2ND AVE	400	18	Reconstruction	0.08	\$42,424.24
ALLEY BTWN WHITE ST	FIFTH ST	SIXTH ST	310	15	Reconstruction	0.06	\$32,878.79
ALLEY BTWN WILLIAMS	MELISSA AVE	WILLIAMS ST	721	21	Reconstruction	0.14	\$76,469.70
ALLEY BTWN WILLIAMS	BARSTOW RD	SECOND AVE	910	18	Reconstruction	0.17	\$96,515.15
ALLEY BTWN. FREDRIC	1ST AVE	2ND AVE	400	15	Reconstruction	0.08	\$42,424.24
ALLEY N/O HUTCHINSON	1ST AVE	2ND AVE	315	18	Reconstruction	0.06	\$33,409.09
BUENA VISTA ST	PORTALES CT	BARSTOW RD	648	37	Reconstruction	0.12	\$68,727.27
BUENA VISTA ST	2ND AVE	PORTALES CT	281	37	Reconstruction	0.05	\$29,803.03
BUENA VISTA ST	6TH AVE	7TH AVE	343	35	Reconstruction	0.06	\$36,378.79
BUENA VISTA ST	1ST AVE	2ND AVE	400	39	Reconstruction	0.08	\$42,424.24
CLARK ST	3RD AVE	5TH AVE	572	37	Reconstruction	0.11	\$60,666.67
CLARK ST	5TH AVE	6TH AVE	320	37	Reconstruction	0.06	\$33,939.39
CLARK ST	6TH AVE	7TH AVE	313	37	Reconstruction	0.06	\$33,196.97
CLARK ST	7TH AVE	CLARK END	17	37	Reconstruction	0.00	\$1,803.03
COLLINS CT	FREDRICKS ST	COLLINS CUL-DE-SAC	350	35	Reconstruction	0.07	\$37,121.21
COTTAGE ST	2ND AVE	COTTAGE ST END	312	36	Reconstruction	0.06	\$33,090.91
COTTAGE ST	2ND AVE	3RD AVE	570	35	Reconstruction	0.11	\$60,454.55
COZY LANE	2ND AVE	1ST AVE	264	18	Reconstruction	0.05	\$28,000.00
COZY LANE	1ST AVE	COZY LANE END	363	18	Reconstruction	0.07	\$38,500.00

CROOKS ST	CROOKS ST	1ST AVE	170	30	Reconstruction	0.03	\$18,030.30
CROOKS ST	RIVERSIDE DR	PIERCE ST	2440	37	Reconstruction	0.46	\$258,787.88
DOLPH CT	7TH AVE	DOLPH CUL-DE-SAC	246	35	Reconstruction	0.05	\$26,090.91
FREDRICKS ST	WILSHIRE	6TH AVE	139	38	Reconstruction	0.03	\$14,742.42
FREDRICKS ST	BARSTOW RD	2ND AVE	920	37	Reconstruction	0.17	\$97,575.76
FREDRICKS ST	6TH AVE	7TH AVE	343	38	Reconstruction	0.06	\$36,378.79
FREDRICKS ST	MELISSA AVE	COLLINS CT	135	38	Reconstruction	0.03	\$14,318.18
FREDRICKS ST	COLLINS CT	7TH AVE	525	38	Reconstruction	0.10	\$55,681.82
FREDRICKS ST	MAXINE	MARY ANNE	248	37	Reconstruction	0.05	\$26,303.03
FREDRICKS ST	LILLIAN DR	MAXINE	253	27	Reconstruction	0.05	\$26,833.33
FREDRICKS ST	MARY ANNE	LILLIAN DR	231	37	Reconstruction	0.04	\$24,500.00
FREDRICKS ST	BARSTOW RD	WILSHIRE	412	38	Reconstruction	0.08	\$43,696.97
FREDRICKS ST	2ND AVE	1ST AVE	404	34	Reconstruction	0.08	\$42,848.48
GRANDVIEW DR	MT VERNON AVE	SILVER LN	100	28	Reconstruction	0.02	\$10,606.06
HUTCHINSON ST	3RD AVE	4TH AVE	258	36	Reconstruction	0.05	\$27,363.64
HUTCHINSON ST	2ND AVE	3RD AVE	481	36	Reconstruction	0.09	\$51,015.15
HUTCHINSON ST	4TH AVE	5TH AVE	360	36	Reconstruction	0.07	\$38,181.82
HUTCHINSON ST	5TH AVE	6TH AVE	420	37	Reconstruction	0.08	\$44,545.45
HUTCHINSON ST	6TH AVE	7TH AVE	413	37	Reconstruction	0.08	\$43,803.03
HUTCHINSON ST	1ST AVE	2ND AVE	319	36	Reconstruction	0.06	\$33,833.33
KELLY DR	BARSTOW RD	7TH AVE	936	37	Reconstruction	0.18	\$99,272.73
LANCE DR	BARSTOW RD	7TH AVE	936	37	Reconstruction	0.18	\$99,272.73
MARY ANNE	FREDRICKS ST	MARY ANNE CUL-DE-SAC	590	37	Reconstruction	0.11	\$62,575.76
MAXINE	FREDRICKS ST	MAXINE CUL-DE-SAC	282	38	Reconstruction	0.05	\$29,909.09
MELISSA CT	MELISSA AVE	MELISSA CT CUL-DE-SAC	314	37	Reconstruction	0.06	\$33,303.03
MELISSA AVE	MELISSA CT	FREDRICKS ST	502	37	Reconstruction	0.10	\$53,242.42
MELISSA AVE	FREDRICKS ST	WILLIAMS ST	317	37	Reconstruction	0.06	\$33,621.21
MELISSA AVE	MTN VIEW ST	MELISSA CT	633	37	Reconstruction	0.12	\$67,136.36
MTN VIEW ST	ARVILLE AVE	MT VERNON AVE	252	37	Reconstruction	0.05	\$26,727.27
MTN VIEW ST	1ST AVE	ARVILLE AVE	230	37	Reconstruction	0.04	\$24,393.94
MTN VIEW ST	2ND AVE	1ST AVE	252	37	Reconstruction	0.05	\$26,727.27
MTN VIEW ST	MT VERNON AVE	SILVER LN	146	37	Reconstruction	0.03	\$15,484.85
PALLESI	3RD AVE	5TH AVE	575	25	Reconstruction	0.11	\$60,984.85
PORTALES CT	BUENA VISTA ST	PORTALES CUL-DE-SAC	275	66	Reconstruction	0.05	\$29,166.67
POWELL CT	7TH AVE	POWELL CUL-DE-SAC	196	35	Reconstruction	0.04	\$20,787.88



SILVER LN	GRANDVIEW DR	MTN VIEW ST	455	30	Reconstruction	0.09	\$48,257.58
WHITE ST	5TH AVE	6TH AVE	320	37	Reconstruction	0.06	\$33,939.39
WHITE ST	2ND AVE	1ST AVE	259	35	Reconstruction	0.05	\$27,469.70
WHITE ST	6TH AVE	7TH AVE	300	20	Reconstruction	0.06	\$31,818.18
WHITE ST	1ST AVE	WHITE ST END	505	25	Reconstruction	0.10	\$53,560.61
WILLIAMS ST	2ND AVE	BARSTOW RD	912	37	Reconstruction	0.17	\$96,727.27
WILLIAMS ST	2ND AVE	1ST AVE	407	33	Reconstruction	0.08	\$43,166.67
WILLIAMS ST	6TH AVE	7TH AVE	343	38	Reconstruction	0.06	\$36,378.79
WILLIAMS ST	LILLIAN DR	MURIEL DR	260	34	Reconstruction	0.05	\$27,575.76
WILLIAMS ST	7TH AVE	MELISSA AVE	669	38	Reconstruction	0.13	\$70,954.55
WILLIAMS ST	BARSTOW RD	6TH AVE	552	38	Reconstruction	0.10	\$58,545.45
WILLIAMS ST	1ST AVE	SILVER LN	645	33	Reconstruction	0.12	\$68,409.09
WILLIAMS ST	MELISSA AVE	LILLIAN DR	777	38	Reconstruction	0.15	\$82,409.09
WILSHIRE	FREDRICKS ST	WILSHIRE CUL-DE-SAC	545	33	Reconstruction	0.10	\$57,803.03

**SECTION 117 TOTAL: 10.60 \$5,938,545.45**

MAP SECTION: 139							
STREET NAME:	FROM:	TO:	LENGTH:	WIDTH:	METHOD:	MILES:	COST:
CARLOCK RD	FRONTAGE RD	CARLOCK RD END	105	40	Reconstruction	0.02	\$11,136.36
ELKS LN	MAIN ST	ELKS LN END	340	40	Reconstruction	0.06	\$36,060.61

**SECTION 139 TOTAL: 0.08 \$47,196.97**

MAP SECTION: 140							
STREET NAME:	FROM:	TO:	LENGTH:	WIDTH:	METHOD:	MILES:	COST:
SOLAR WAY	SUNDANCE LN	SOLAR WAY END	384	37	Reconstruction	0.07	\$40,727.27

**SECTION 140 TOTAL: 0.07 \$40,727.27**

MAP SECTION: 142							
STREET NAME:	FROM:	TO:	LENGTH:	WIDTH:	METHOD:	MILES:	COST:
AVE J	MAIN ST	AVE J END	230	36	Reconstruction	0.04	\$24,393.94
LAVERNE AVE	MAIN ST	LAVERNE AVE END	175	37	Reconstruction	0.03	\$18,560.61
VINEYARD ST	H ST	AVE I	600	37	Reconstruction	0.11	\$63,636.36

**SECTION 142 TOTAL: 0.19 \$106,590.91**

# MAP SECTION: 144

STREET NAME:	FROM:	TO:	LENGTH:	WIDTH:	METHOD:	MILES:	COST:
ARMORY RD	OPAL AVE	BROADWAY AVE	758	61	Reconstruction	0.14	\$80,393.94
ARMORY RD	OPAL AVE	HIGGINS RD	1312	56	Reconstruction	0.25	\$139,151.52
ARMORY RD	BROADWAY AVE	MCBROOM AVE	334	61	Reconstruction	0.06	\$35,424.24
ARMORY RD	MCBROOM AVE	FOREST AVE	401	61	Reconstruction	0.08	\$42,530.30
ARMORY RD	FOREST AVE	MOSS AVE	580	61	Reconstruction	0.11	\$61,515.15
ARMORY RD	GLADE AVE	MURIEL DR	343	61	Reconstruction	0.06	\$36,378.79
ARMORY RD	MOSS AVE	GLADE AVE	582	61	Reconstruction	0.11	\$61,727.27
AURORA WAY	MONTARA RD	SUNSET ST	281	37	Reconstruction	0.05	\$29,803.03
BROADWAY AVE	PALOMA ST	DE ANZA ST	305	60	Reconstruction	0.06	\$32,348.48
BROADWAY AVE	CHURCH ST	SUNSET ST	293	60	Reconstruction	0.06	\$31,075.76
BROADWAY AVE	SUNRISE RD	ARMORY RD	345	60	Reconstruction	0.07	\$36,590.91
BROADWAY AVE	TARA ST	FORANE ST	150	60	Reconstruction	0.03	\$15,909.09
BROADWAY AVE	DE ANZA ST	CHURCH ST	293	60	Reconstruction	0.06	\$31,075.76
BROADWAY AVE	RIMROCK RD	JOSHUA TREE DR	276	43	Reconstruction	0.05	\$29,272.73
BROADWAY AVE	SUNSET ST	SUNRISE RD	301	60	Reconstruction	0.06	\$31,924.24
BROADWAY AVE	FORANE ST	PALOMA ST	287	60	Reconstruction	0.05	\$30,439.39
CAL AVE	MAIN ST	STATE ST	722	35	Reconstruction	0.14	\$76,575.76
CENTER LN	STATE ST	CENTER ST	295	19	Reconstruction	0.06	\$31,287.88
CENTER ST	CENTER LN	CAL AVE	888	20	Reconstruction	0.17	\$94,181.82
CENTER ST	BROADWAY AVE	UPTON DR	1593	37	Reconstruction	0.30	\$168,954.55
CHURCH ST	HIGGINS RD	OPAL AVE	1273	37	Reconstruction	0.24	\$135,015.15
DE ANZA ST	HIGGINS RD	OPAL AVE	1282	37	Reconstruction	0.24	\$135,969.70
FORANE ST	HIGGINS RD	OPAL AVE	1565	37	Reconstruction	0.30	\$165,984.85
GEN CT	ROBERTA ST	GEN CT CUL-DE-SAC	159	37	Reconstruction	0.03	\$16,863.64
KAREN CT	WINDY PASS	KAREN CT CUL-DE-SAC	268	37	Reconstruction	0.05	\$28,424.24
KAY CT	ROBERTA ST	KAY CT CUL-DE-SAC	206	37	Reconstruction	0.04	\$21,848.48
MURIEL DR	ZION DR	RIMROCK RD	558	55	Reconstruction	0.11	\$59,181.82
MURIEL DR	NAVAJO ST	ELIZABETH ST	328	37	Reconstruction	0.06	\$34,787.88
MURIEL DR	CARSON ST	NAVAJO ST	332	37	Reconstruction	0.06	\$35,212.12
MURIEL DR	ARMORY RD	VIRGINIA WAY	1545	37	Reconstruction	0.29	\$163,863.64
MURIEL DR	KELLY DR	CARSON ST	304	37	Reconstruction	0.06	\$32,242.42
MURIEL DR	ELIZABETH ST	VIRGINIA WAY	314	37	Reconstruction	0.06	\$33,303.03
MURIEL DR	BROADWAY AVE	ZION DR	305	55	Reconstruction	0.06	\$32,348.48

MURIEL DR	KELLY DR	MTN VIEW ST	742	37	Reconstruction	0.14	\$78,696.97
RIMROCK RD	OPAL AVE	BROADWAY AVE	750	60	Reconstruction	0.14	\$79,545.45
RIMROCK RD	MONTARA RD	OPAL AVE	3055	50	Reconstruction	0.58	\$324,015.15
ROBERTA CT	ROBERTA ST	ROBERTA CT CUL-DE-SAC	269	37	Reconstruction	0.05	\$28,530.30
ROBERTA ST	KELLY DR	CARSON ST	291	37	Reconstruction	0.06	\$30,863.64
ROBERTA ST	COOLWATER LN	KELLY DR	536	37	Reconstruction	0.10	\$56,848.48
ROBERTA ST	CARSON ST	NAVAJO ST	315	37	Reconstruction	0.06	\$33,409.09
ROBERTA ST	NAVAJO ST	ELIZABETH ST	318	37	Reconstruction	0.06	\$33,727.27
ROBERTA ST	ELIZABETH ST	VIRGINIA WAY	324	37	Reconstruction	0.06	\$34,363.64
ROBERTA ST	VIRGINIA WAY	GEN CT	740	37	Reconstruction	0.14	\$78,484.85
ROBERTA ST	GEN CT	KAY CT	283	37	Reconstruction	0.05	\$30,015.15
ROBERTA ST	KAY CT	ROBERTA CT	308	37	Reconstruction	0.06	\$32,666.67
ROBERTA ST	MAIN ST	COOLWATER LN	708	37	Reconstruction	0.13	\$75,090.91
STATE ST	CAL AVE	STATE ST CUL-DE-SAC	1783	45	Reconstruction	0.34	\$189,106.06
UPTON DR	CENTER ST	WINDY PASS	591	37	Reconstruction	0.11	\$62,681.82
WINDY PASS	MURIEL DR	OAKMONT DR	417	37	Reconstruction	0.08	\$44,227.27
WINDY PASS	MURIEL DR	UPTON DR	647	37	Reconstruction	0.12	\$68,621.21
WINDY PASS	UPTON DR	KAREN CT	322	37	Reconstruction	0.06	\$34,151.52
WINDY PASS	KAREN CT	WINDY PASS CUL-DE-SAC	447	37	Reconstruction	0.08	\$47,409.09
YUCCA AVE	CARSON ST	NAVAJO ST	218	37	Reconstruction	0.04	\$23,121.21
YUCCA AVE	ELIZABETH ST	VIRGINIA WAY	290	37	Reconstruction	0.05	\$30,757.58
YUCCA AVE	KELLY DR	MTN VIEW ST	864	37	Reconstruction	0.16	\$91,636.36
YUCCA AVE	KELLY DR	CARSON ST	248	37	Reconstruction	0.05	\$26,303.03
YUCCA AVE	NAVAJO ST	ELIZABETH ST	266	37	Reconstruction	0.05	\$28,212.12
<b>SECTION 144 TOTAL:</b>						<b>6.35</b>	<b>\$3,554,090.91</b>

# MAP SECTION: 145

STREET NAME:	FROM:	TO:	LENGTH:	WIDTH:	METHOD:	MILES:	COST:
ARMORY RD	MONTARA RD	HIGGINS RD	1190	37	Reconstruction	0.23	\$126,212.12
CALICO DR	HIGGINS RD	CALICO DR END	727	37	Reconstruction	0.14	\$77,106.06
DILL RD	MONTARA RD	DILL RD CUL-DE-SAC	670	37	Reconstruction	0.13	\$71,060.61
FORANE ST	MONTARA RD	HIGGINS RD	1214	37	Reconstruction	0.23	\$128,757.58
FRONTAGE RD	ELKS LN	FRONTAGE RD END	2494	40	Reconstruction	0.47	\$264,515.15
GUACO AV	ARBOR WAY	GUACO AV END	109	33	Reconstruction	0.02	\$11,560.61
HALLENMAR AV	FORANE ST	CALICO DR	258	37	Reconstruction	0.05	\$27,363.64
HIGGINS RD	SUNRISE RD	SUNSET ST	299	37	Reconstruction	0.06	\$31,712.12
HIGGINS RD	PALOMA ST	FORANE ST	272	37	Reconstruction	0.05	\$28,848.48
HIGGINS RD	ARMORY RD	SUNRISE RD	333	37	Reconstruction	0.06	\$35,318.18
HIGGINS RD	DE ANZA ST	PALOMA ST	297	37	Reconstruction	0.06	\$31,500.00
HIGGINS RD	CHURCH ST	DE ANZA ST	301	37	Reconstruction	0.06	\$31,924.24
HIGGINS RD	SUNSET ST	CHURCH ST	301	37	Reconstruction	0.06	\$31,924.24
HIGGINS RD	FORANE ST	CALICO DR	295	37	Reconstruction	0.06	\$31,287.88
MAIN ST	CHATEAU WAY	LAVERNE AVE	1810	60	Reconstruction	0.34	\$191,969.70
MONTARA RD	AURORA WAY	SUNRISE RD	602	79	Reconstruction	0.11	\$63,848.48
MONTARA RD	RIMROCK RD	FORANE ST	824	79	Reconstruction	0.16	\$87,393.94
MONTARA RD	ARMORY RD	EAST MAIN ST	555	79	Reconstruction	0.11	\$58,863.64
MONTARA RD	SUNRISE RD	ARMORY RD	381	79	Reconstruction	0.07	\$40,409.09
MONTARA RD	FORANE ST	AURORA WAY	844	79	Reconstruction	0.16	\$89,515.15
PROSPECTOR ST	ARBOR WAY	PROSPECTOR ST EAST EN	125	33	Reconstruction	0.02	\$13,257.58
PROSPECTOR ST	ARBOR WAY	PROSPECTOR ST WEST EN	129	33	Reconstruction	0.02	\$13,681.82
RIMROCK RD	MONTARA RD	GRANADA HILL AV	1855	38	Reconstruction	0.35	\$196,742.42
SUNSET CT	AURORA WAY	SUNSET ST	263	37	Reconstruction	0.05	\$27,893.94

SECTION 145 TOTAL: 3.06 \$1,712,666.67

# MAP SECTION: 146

STREET NAME:	FROM:	TO:	LENGTH:	WIDTH:	METHOD:	MILES:	COST:
BALDWIN LN	GRACE ST	BALDWIN CUL-DE-SAC	300	37	Reconstruction	0.06	\$31,818.18
GRACE ST	BALDWIN LN	MAY AVE	335	37	Reconstruction	0.06	\$35,530.30
GRACE ST	MT VERNON AVE	MT VERNON AVE	115	37	Reconstruction	0.02	\$12,196.97
GRACE ST	MAY AVE	GRACE CUL-DE-SAC	194	37	Reconstruction	0.04	\$20,575.76
GRACE ST	MT VERNON AVE	BALDWIN LN	335	37	Reconstruction	0.06	\$35,530.30
MAY AVE	GRACE ST	MAY CUL-DE-SAC	260	37	Reconstruction	0.05	\$27,575.76
SECTION 146 TOTAL:						0.29	\$163,227.27



# MAP SECTION: 148

STREET NAME:	FROM:	TO:	LENGTH:	WIDTH:	METHOD:	MILES:	COST:
AGARITA AVE	ARMORY RD	AGARITA AVE END	419	24	Reconstruction	0.08	\$44,439.39
AGARITA AVE	JUNIPER ST	ARMORY RD	625	24	Reconstruction	0.12	\$66,287.88
AGARITA AVE	WINDY PASS	JUNIPER ST	638	24	Reconstruction	0.12	\$67,666.67
AGARITA AVE	CYPRESS DR	WINDY PASS	624	24	Reconstruction	0.12	\$66,181.82
AGARITA AVE	RIMROCK RD	CYPRESS DR	615	24	Reconstruction	0.12	\$65,227.27
ALTA VISTA LN	GRACE ST	ALTA VISTA CUL-DE-SAC	378	37	Reconstruction	0.07	\$40,090.91
ANTELOPE	GRACE ST	FAITH	168	37	Reconstruction	0.03	\$17,818.18
ARMORY RD	SUMAC CT	WISTERIA AVE	329	24	Reconstruction	0.06	\$34,893.94
ARMORY RD	PINE AVE	SUMAC CT	324	24	Reconstruction	0.06	\$34,363.64
ARMORY RD	OLIVE CT	PINE AVE	343	24	Reconstruction	0.06	\$36,378.79
ARMORY RD	PAMPAS CT	OLIVE CT	333	24	Reconstruction	0.06	\$35,318.18
ARMORY RD	WISTERIA AVE	BARSTOW RD	312	35	Reconstruction	0.06	\$33,090.91
ARMORY RD	AGARITA AVE	PAMPAS CT	423	30	Reconstruction	0.08	\$44,863.64
BUCKTHORN DR	CYPRESS DR	BUCKTHORN DR END	306	30	Reconstruction	0.06	\$32,454.55
BUCKTHORN DR	CYPRESS DR	SOUTH					
BUCKTHORN DR	CYPRESS DR	BUCKTHORN DR END	411	24	Reconstruction	0.08	\$43,590.91
CANDLELIGHT ST	TECATE DR	MIRAGE DR	336	37	Reconstruction	0.06	\$35,636.36
CANDLELIGHT ST	MONTEREY AVE	TECATE DR	304	37	Reconstruction	0.06	\$32,242.42
CANDLELIGHT ST	MIRAGE DR	ARROYO DR	329	37	Reconstruction	0.06	\$34,893.94
CANDLELIGHT ST	ARROYO DR	OASIS DR	330	37	Reconstruction	0.06	\$35,000.00
CANDLELIGHT ST	OASIS DR	LUNA DR	330	37	Reconstruction	0.06	\$35,000.00
CANDLELIGHT ST	LUNA DR	DESERET AVE	305	37	Reconstruction	0.06	\$32,348.48
COYOTE LN	GRACE ST	COYOTE CUL-DE-SAC	187	37	Reconstruction	0.04	\$19,833.33
CYPRESS DR	WISTERIA AVE	BUCKTHORN DR	355	30	Reconstruction	0.07	\$37,651.52
CYPRESS DR	PRAIRIE DR	SAVANNA DR	330	24	Reconstruction	0.06	\$35,000.00
CYPRESS DR	SAVANNA DR	AGARITA AVE	376	24	Reconstruction	0.07	\$39,878.79
CYPRESS DR	BUCKTHORN DR	PINE AVE	319	24	Reconstruction	0.06	\$33,833.33
CYPRESS DR	PINE AVE	PRAIRIE DR	309	24	Reconstruction	0.06	\$32,772.73
DESERET AVE	STARLIGHT ST	RIMROCK RD	624	37	Reconstruction	0.12	\$66,181.82
DURANGO	WESTERN WHIP	DURANGO CUL-DE-SAC	278	35	Reconstruction	0.05	\$29,484.85
FAITH	ANTELOPE	GRACE ST	405	18	Reconstruction	0.08	\$42,954.55
JUNIPER ST	PINE AVE	MADRONA DR	332	24	Reconstruction	0.06	\$35,212.12

JUNIPER ST	WISTERIA AVE	LOBEBUSH LN	332	24	Reconstruction	0.06	\$35,212.12
JUNIPER ST	MADRONA DR	PALEMETTO DR	332	24	Reconstruction	0.06	\$35,212.12
JUNIPER ST	LOBEBUSH LN	PINE AVE	332	30	Reconstruction	0.06	\$35,212.12
JUNIPER ST	PALEMETTO DR	AGARITA AVE	380	24	Reconstruction	0.07	\$40,303.03
JUNIPER ST	BARSTOW RD	WISTERIA AVE	312	36	Reconstruction	0.06	\$33,090.91
LOBEBUSH LN	JUNIPER ST	LOBEBUSH LN END NORTH	508	24	Reconstruction	0.10	\$53,878.79
LOBEBUSH LN	JUNIPER ST	LOBEBUSH LN END	461	24	Reconstruction	0.09	\$48,893.94
OLIVE CT	ARMORY RD	OLIVE CT END	464	24	Reconstruction	0.09	\$49,212.12
PALMETTO DR	ARMORY RD	PALMETTO DR END	383	24	Reconstruction	0.07	\$40,621.21
PALMETTO DR	ARMORY RD	PALMETTO DR CUL-DE-SAC	385	24	Reconstruction	0.07	\$40,833.33
PAMPAS CT	ARMORY RD	PAMPAS CT CUL-DE-SAC	419	24	Reconstruction	0.08	\$44,439.39
PINE AVE	ARMORY RD	JUNIPER ST	630	24	Reconstruction	0.12	\$66,818.18
PINE AVE	JUNIPER ST	WINDY PASS	630	24	Reconstruction	0.12	\$66,818.18
PINE AVE	ARMORY RD	PINE AVE END	410	24	Reconstruction	0.08	\$43,484.85
PINE AVE	CYPRESS DR	RIMROCK RD	618	24	Reconstruction	0.12	\$65,545.45
PINE AVE	WINDY PASS	CYPRESS DR	640	24	Reconstruction	0.12	\$67,878.79
PRAIRIE DR	CYPRESS DR	PRAIRIE DR END	490	24	Reconstruction	0.09	\$51,969.70
PRAIRIE DR	CYPRESS DR	WINDY PASS	612	24	Reconstruction	0.12	\$64,909.09
SAVANNA DR	CYPRESS DR	SAVANNA DR END SOUTH	506	24	Reconstruction	0.10	\$53,666.67
SAVANNA DR	CYPRESS DR	SAVANNA DR END NORTH	405	24	Reconstruction	0.08	\$42,954.55
STARLIGHT ST	ASTRAL DR	OASIS DR	328	37	Reconstruction	0.06	\$34,787.88
STARLIGHT ST	OASIS DR	MECCA DR	329	37	Reconstruction	0.06	\$34,893.94
STARLIGHT ST	MECCA DR	MIRAGE DR	328	37	Reconstruction	0.06	\$34,787.88
STARLIGHT ST	MIRAGE DR	SUNSHINE DR	330	37	Reconstruction	0.06	\$35,000.00
STARLIGHT ST	DESERET AVE	ASTRAL DR	305	37	Reconstruction	0.06	\$32,348.48
STARLIGHT ST	SUNSHINE DR	MONTEREY AVE	309	37	Reconstruction	0.06	\$32,772.73
SUMAC CT	ARMORY RD	SUMAC CT END	315	24	Reconstruction	0.06	\$33,409.09
WESTERN WHIP	VIRGINIA WAY	WESTERN WHIP END	144	37	Reconstruction	0.03	\$15,272.73
WINDY PASS	DESERET AVE	BARSTOW RD	242	37	Reconstruction	0.05	\$25,666.67
WINDY PASS	OAKMONT DR	MONTEREY AVE	472	37	Reconstruction	0.09	\$50,060.61
WINDY PASS	MIRAGE DR	MECCA DR	328	37	Reconstruction	0.06	\$34,787.88
WINDY PASS	MECCA DR	OASIS DR	321	37	Reconstruction	0.06	\$34,045.45
WINDY PASS	MONTEREY AVE	MIRAGE DR	661	37	Reconstruction	0.13	\$70,106.06
WINDY PASS	ASTRAL DR	DESERET AVE	330	37	Reconstruction	0.06	\$35,000.00
WINDY PASS	AGARITA AVE	PRAIRIE DR	741	24	Reconstruction	0.14	\$78,590.91

WINDY PASS	WISTERIA AVE	BARSTOW RD	324	30	Reconstruction	0.06	\$34,363.64
WINDY PASS	PINE AVE	WISTERIA AVE	662	24	Reconstruction	0.13	\$70,212.12
WINDY PASS	PRAIRIE DR	PINE AVE	331	24	Reconstruction	0.06	\$35,106.06
WINDY PASS	OASIS DR	ASTRAL DR	340	37	Reconstruction	0.06	\$36,060.61
<b>SECTION 148 TOTAL:</b>						<b>5.32</b>	<b>\$2,978,818.18</b>

MAP SECTION: 172							
STREET NAME:	FROM:	TO:	LENGTH:	WIDTH:	METHOD:	MILES:	COST:
RIMROCK RD	D ST	E ST	635	12	Reconstruction	0.12	\$67,348.48
RIMROCK RD	E ST	F ST	650	12	Reconstruction	0.12	\$68,939.39
RIMROCK RD	F ST	AVE G	650	12	Reconstruction	0.12	\$68,939.39
RIMROCK RD	AVE G	H ST	635	12	Reconstruction	0.12	\$67,348.48
<b>SECTION 172 TOTAL:</b>						<b>0.49</b>	<b>\$272,575.76</b>

MAP SECTION: 176							
STREET NAME:	FROM:	TO:	LENGTH:	WIDTH:	METHOD:	MILES:	COST:
MONTEREY AVE	BIGHORN DR	RIMROCK RD	342	37	Reconstruction	0.06	\$36,272.73
MONTEREY AVE	ZION DR	BIGHORN DR	308	37	Reconstruction	0.06	\$32,666.67
RIMROCK RD	MECCA DR	HARVARD DR	412	80	Reconstruction	0.08	\$43,696.97
RIMROCK RD	HARVARD DR	BARSTOW RD	815	80	Reconstruction	0.15	\$86,439.39
<b>SECTION 176 TOTAL:</b>						<b>0.36</b>	<b>\$199,075.76</b>



### MAP SECTION: 178

STREET NAME:	FROM:	TO:	LENGTH:	WIDTH:	METHOD:	MILES:	COST:
BIGHORN CT	LASSEN DR	BIGHORN DR	198	37	Reconstruction	0.04	\$21,000.00
BIGHORN DR	MONTEREY AVE	MURIEL DR	833	37	Reconstruction	0.16	\$88,348.48
BROADWAY AVE	RIMROCK RD	CABRILLO DR	355	37	Reconstruction	0.07	\$37,651.52
BROADWAY AVE	GUADALUPE DR	MURIEL DR	602	37	Reconstruction	0.11	\$63,848.48
BROADWAY AVE	CABRILLO DR	BROADWAY CT	232	37	Reconstruction	0.04	\$24,606.06
BROADWAY AVE	BROADWAY CT	GUADALUPE DR	1014	37	Reconstruction	0.19	\$107,545.45
BROADWAY CT	BROADWAY AVE	BROADWAY CT CUL-DE-SAC	414	37	Reconstruction	0.08	\$43,909.09
BRYCE LN	YELLOWSTONE LN	RUSHMORE DR	255	27	Reconstruction	0.05	\$27,045.45
RIMROCK RD	MONTEREY AVE	MURIEL DR	919	80	Reconstruction	0.17	\$97,469.70
RIMROCK RD	MONTEREY AVE	MECCA DR	1004	80	Reconstruction	0.19	\$106,484.85
RIMROCK RD	MURIEL DR	YOSEMITE CT	472	80	Reconstruction	0.09	\$50,060.61
RIMROCK RD	YOSEMITE CT	RUSHMORE DR	439	80	Reconstruction	0.08	\$46,560.61
RIMROCK RD	BROADWAY AVE	RUSHMORE DR	877	60	Reconstruction	0.17	\$93,015.15
<b>SECTION 178 TOTAL:</b>						<b>1.44</b>	<b>\$807,545.45</b>

### MAP SECTION: 195

STREET NAME:	FROM:	TO:	LENGTH:	WIDTH:	METHOD:	MILES:	COST:
COMMERCE PKWY	LENWOOD RD	COMMERCE PKWY END	1239	84	Reconstruction	0.23	\$131,409.09
<b>SECTION 195 TOTAL:</b>						<b>0.23</b>	<b>\$131,409.09</b>

### MAP SECTION: 82

STREET NAME:	FROM:	TO:	LENGTH:	WIDTH:	METHOD:	MILES:	COST:
SOAPMINE RD	FWY OVERPASS	WEBSTER RD	2640	30	Reconstruction	0.50	\$280,000.00
SOAPMINE RD	IRWIN BENCH RD	SOAPMINE RD END	1076	30	Reconstruction	0.20	\$114,121.21
<b>SECTION 82 TOTAL:</b>						<b>0.70</b>	<b>\$394,121.21</b>

### MAP SECTION: 84

STREET NAME:	FROM:	TO:	LENGTH:	WIDTH:	METHOD:	MILES:	COST:
OLD HWY 58	OLD HWY 58	1ST AVE	3323	35	Reconstruction	0.63	\$352,439.39
<b>SECTION 84 TOTAL:</b>						<b>0.63</b>	<b>\$352,439.39</b>

**MAP SECTION: 85**

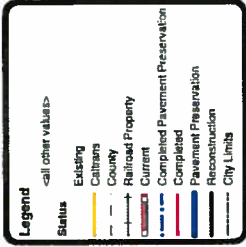
STREET NAME:	FROM:	TO:	LENGTH:	WIDTH:	METHOD:	MILES:	COST:
IRWIN RD	1ST AVE	RADIO RD	1470	35	Reconstruction	0.28	\$155,909.09
IRWIN RD	RADIO RD	HWY 58	1320	35	Reconstruction	0.25	\$140,000.00
IRWIN RD	HWY 58	OLD HWY 58	750	25	Reconstruction	0.14	\$79,545.45
<b>SECTION 85 TOTAL:</b>						<b>0.67</b>	<b>\$375,454.55</b>

**RECONSTRUCTION TOTAL: \$20,953,015.15**

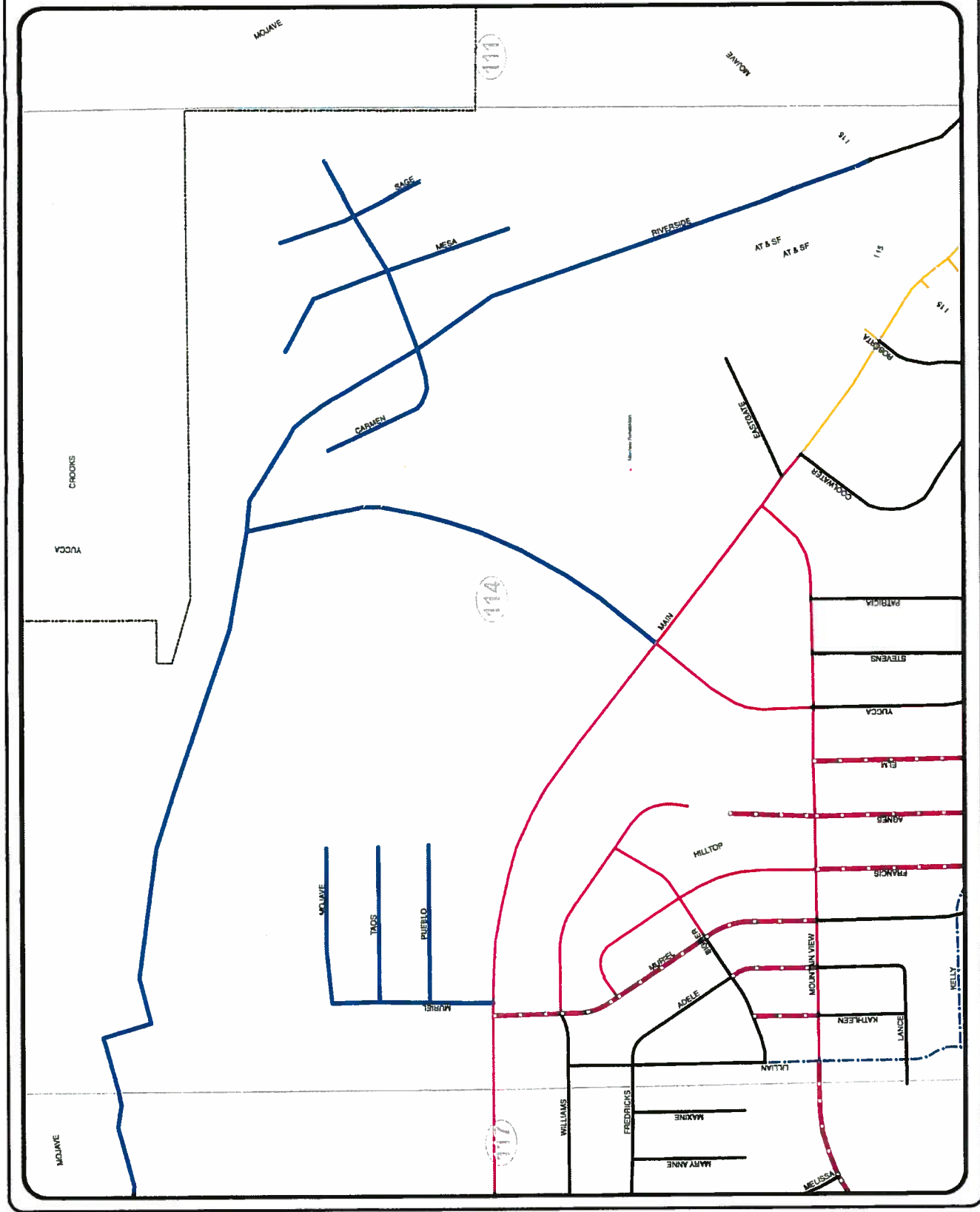
**TOTAL MILES : 37.42**

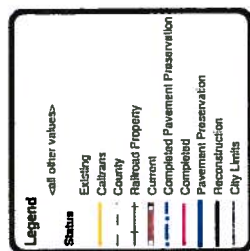


# Pavement Management System



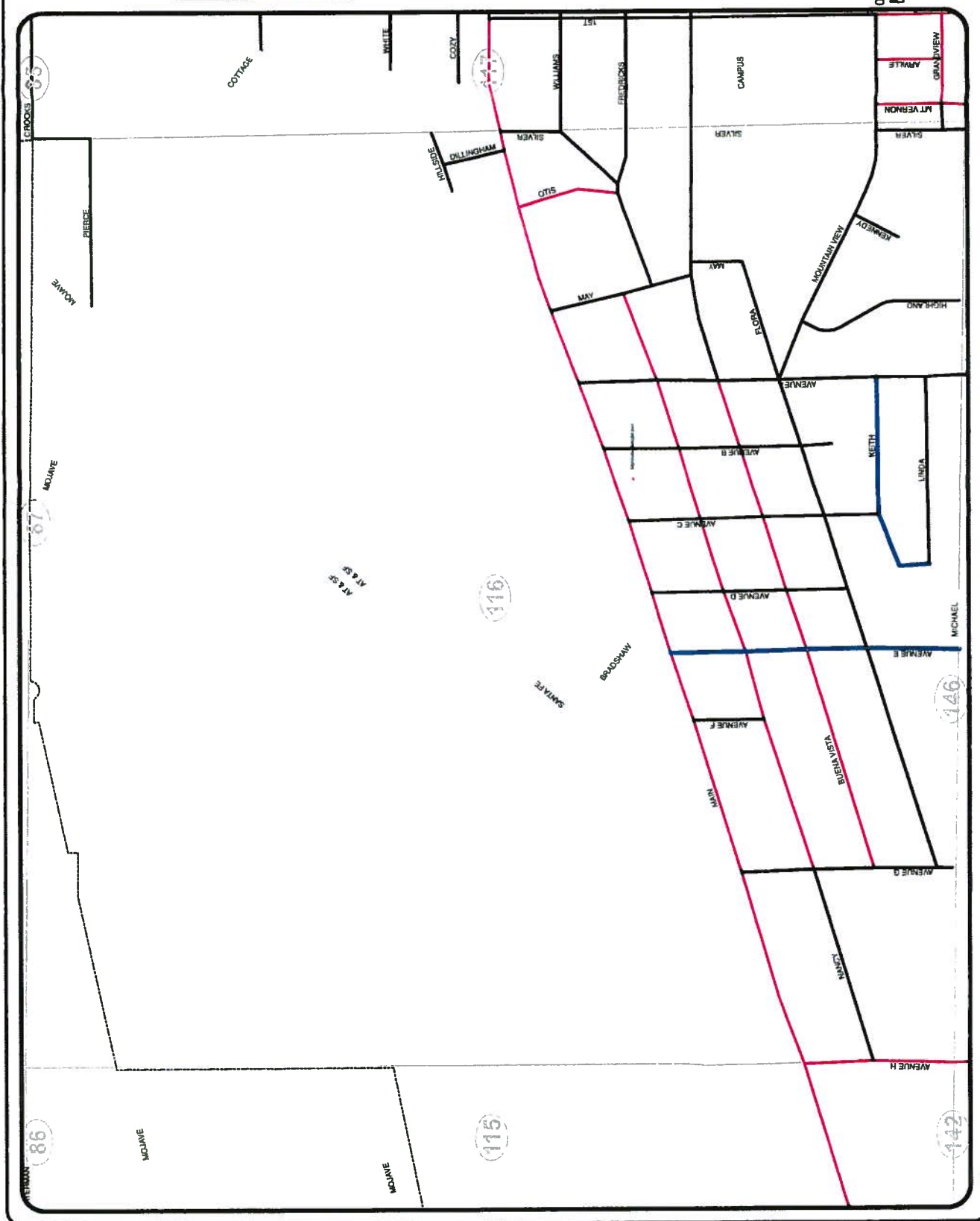
Engineering Division  
Enterprise GIS Data

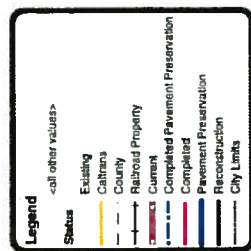




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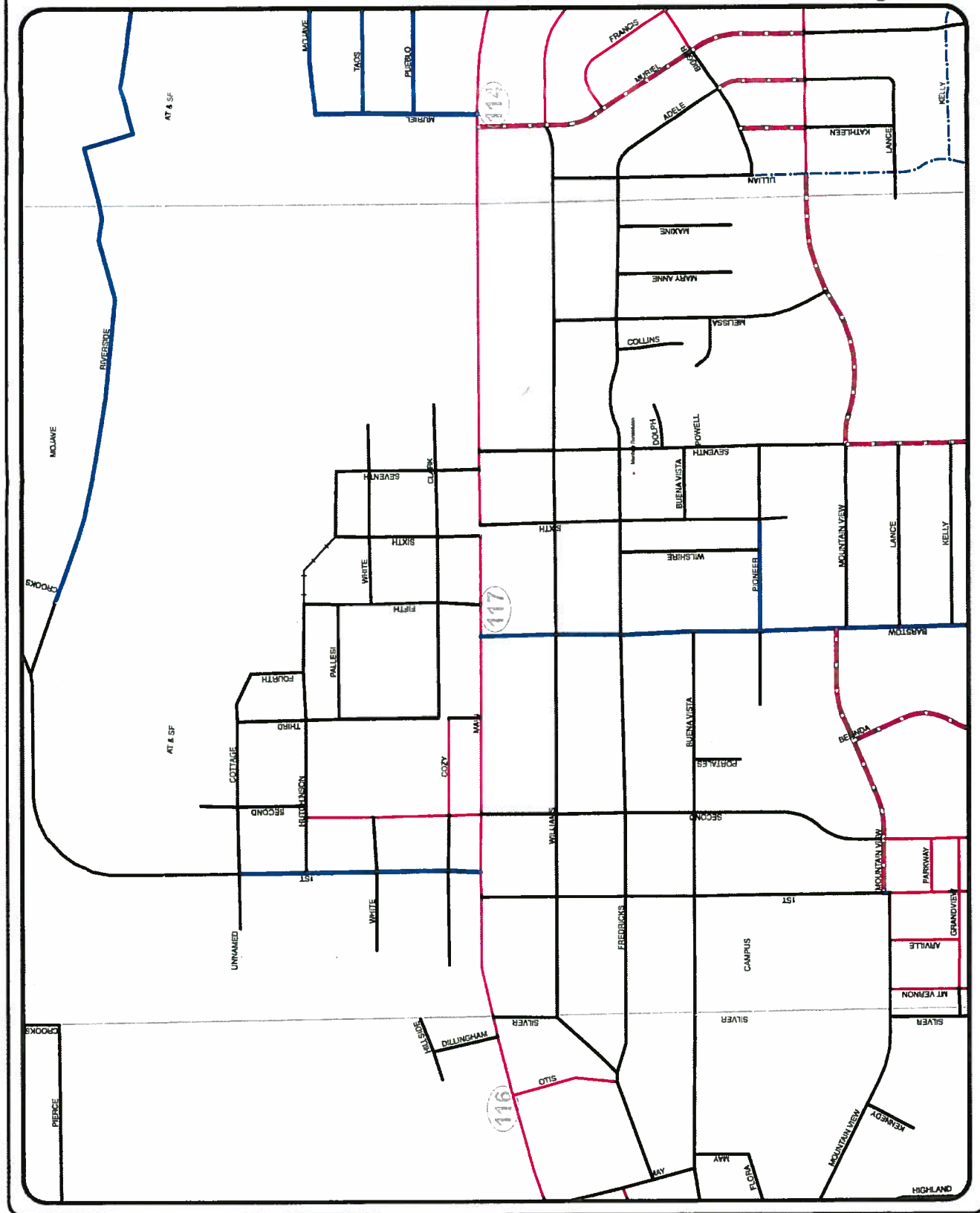
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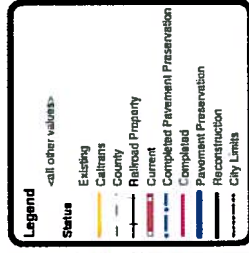
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Engineering Division  
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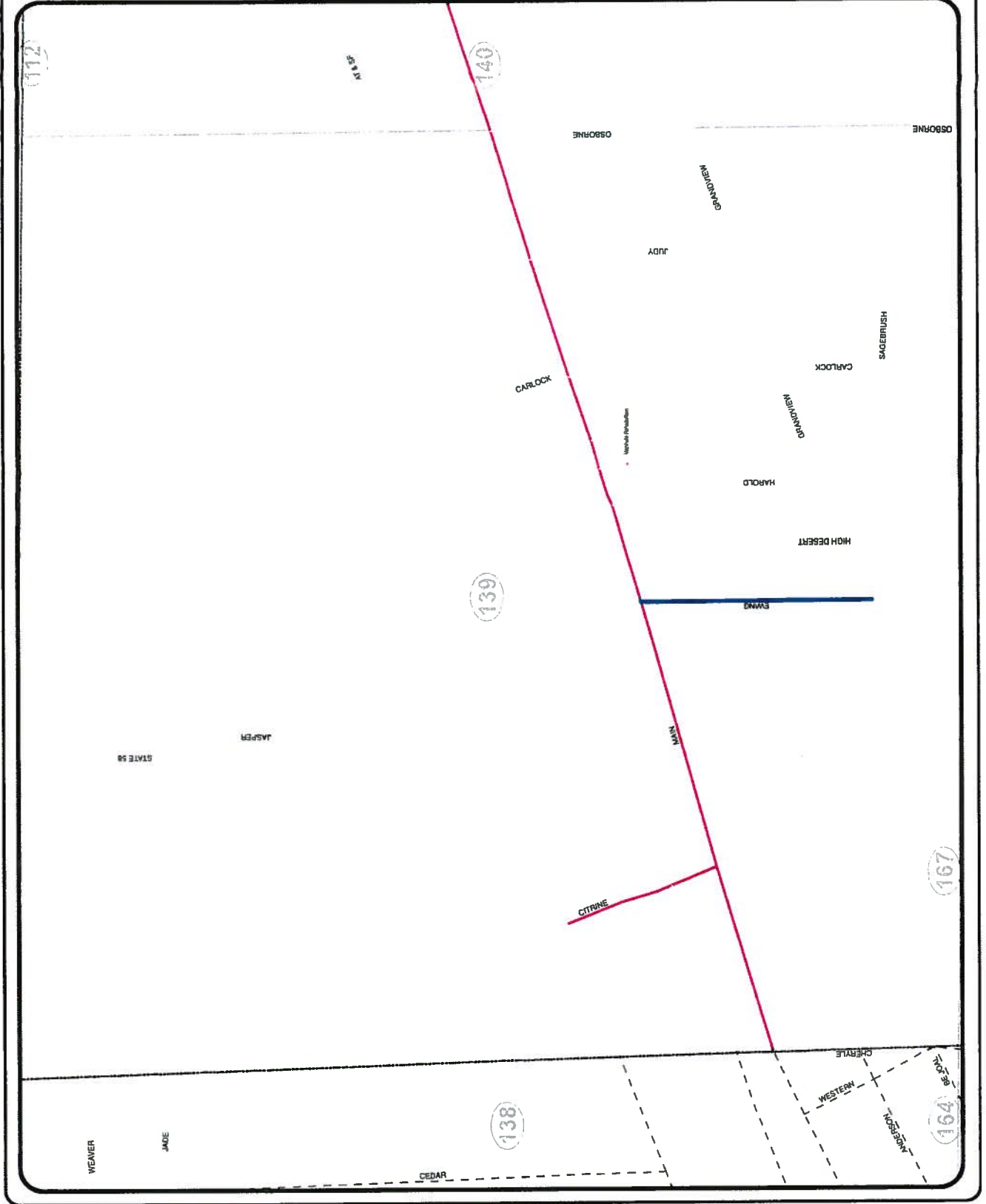




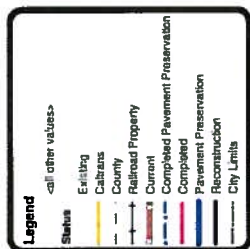
# Pavement Management System



Engineering Division  
Enterprise GIS Data







Engineering Division  
Enterprise GIS Data





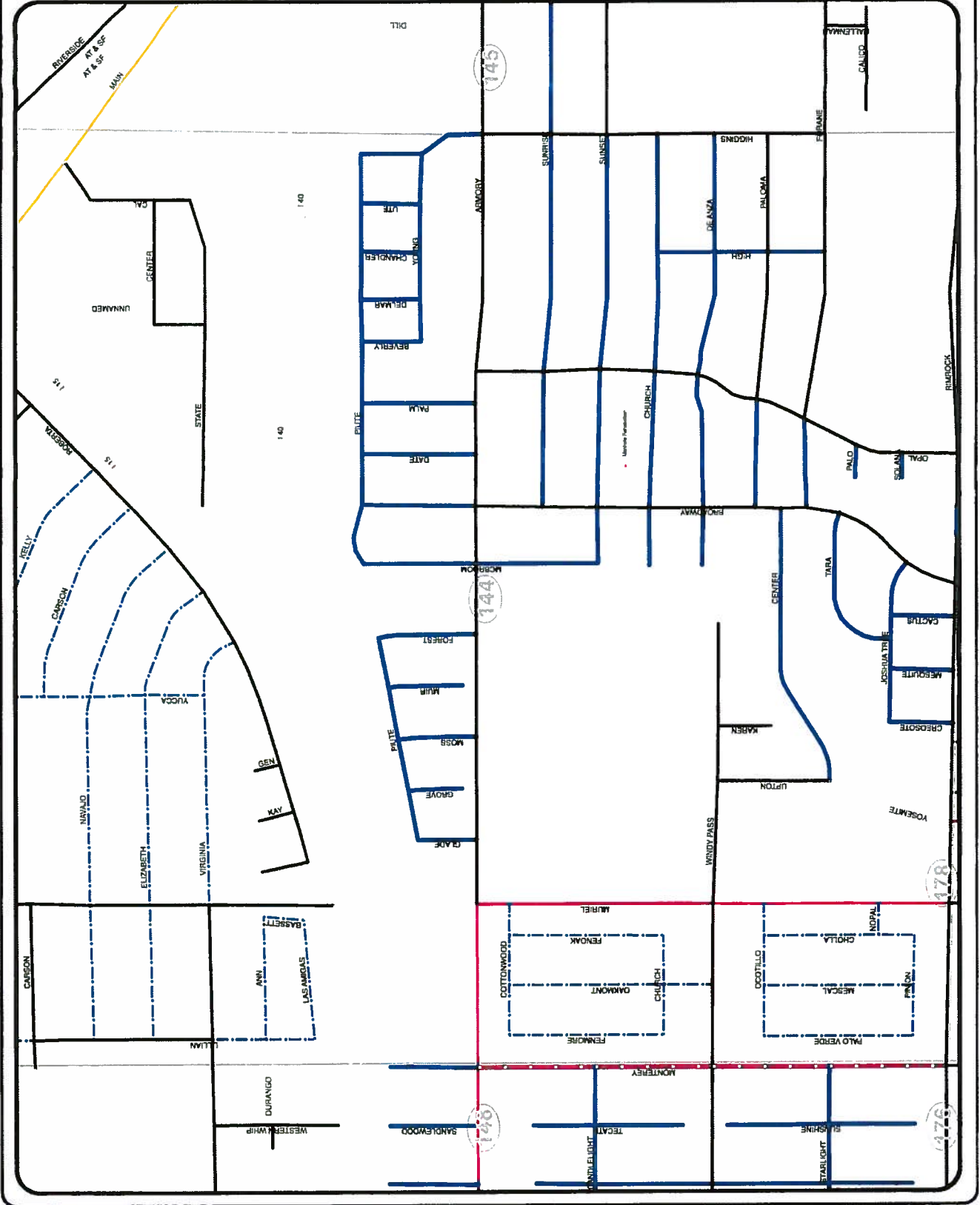
# Pavement Management System

**Legend**  
<all other values>

Status	Existing	Caltrans	County	Railroad Property	Current	Completed	Pavement Preservation	Reconstruction	City Limits
	—	—	—	—	—	—	—	—	—



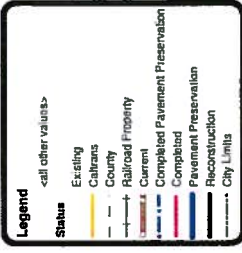
Engineering Division  
Enterprise GIS Data



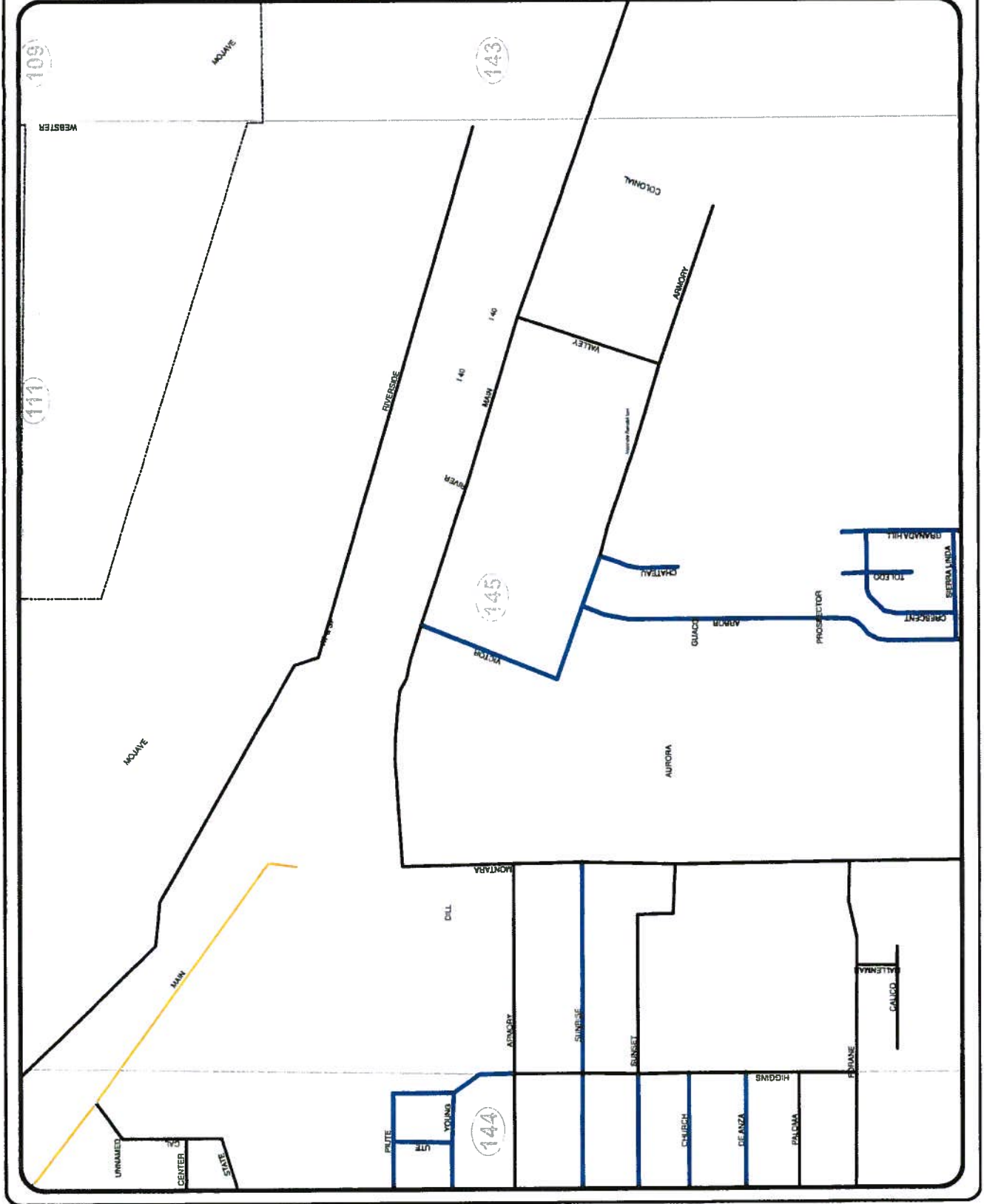




# Pavement Management System



Engineering Division  
Enterprise GIS Data



Engineering Division  
Enterprise GIS Data



# Pavement Management System

**Legend**  
<all other values>

Status

Existing

Caltrans

County

Railroad Property

Current

Completed Pavement Preservation

Completed

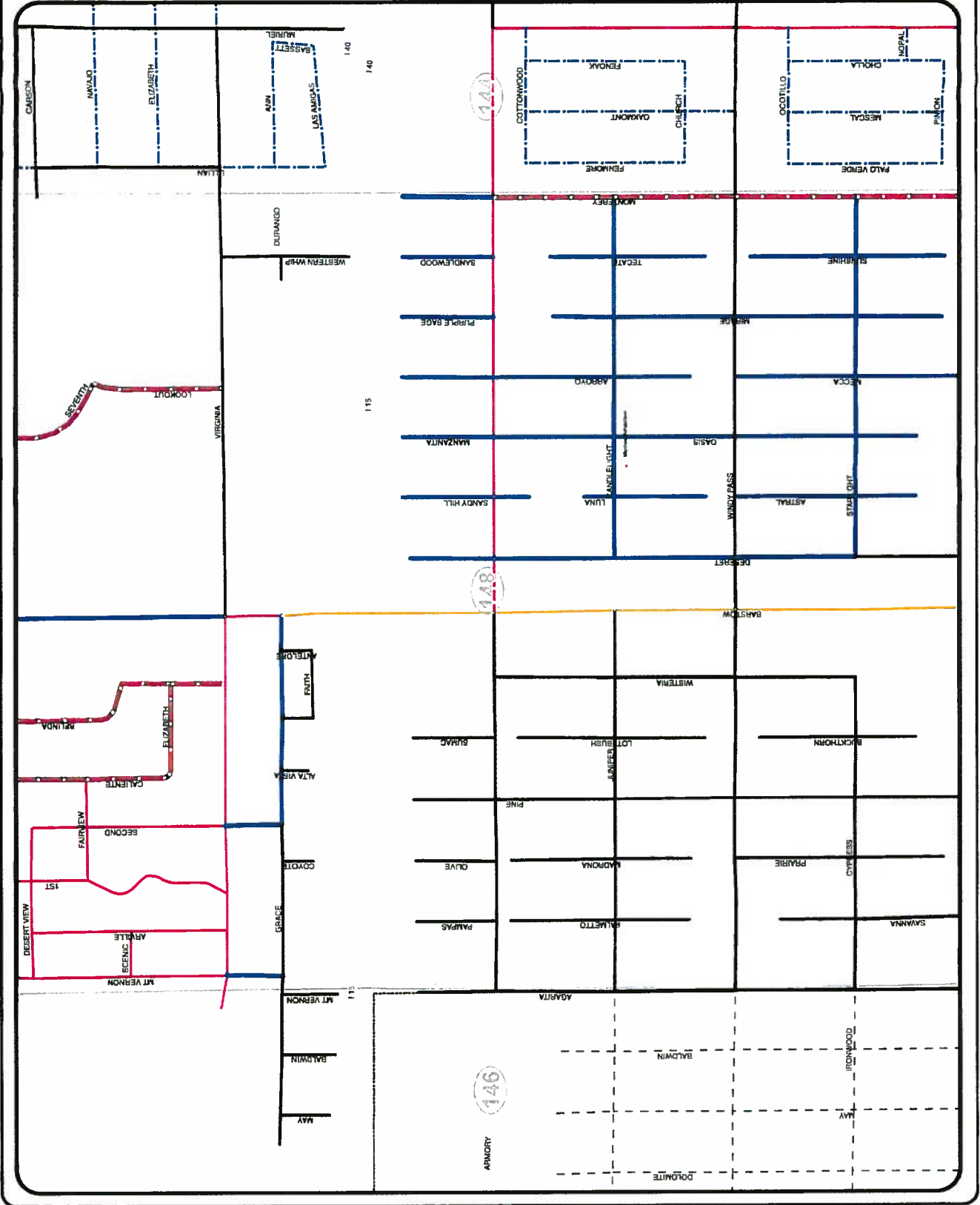
Pavement Preservation

Reconstruction

City Limits

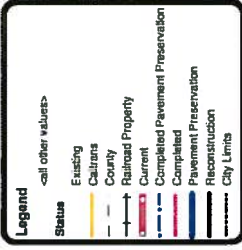


Engineering Division  
Enterprise GIS Data

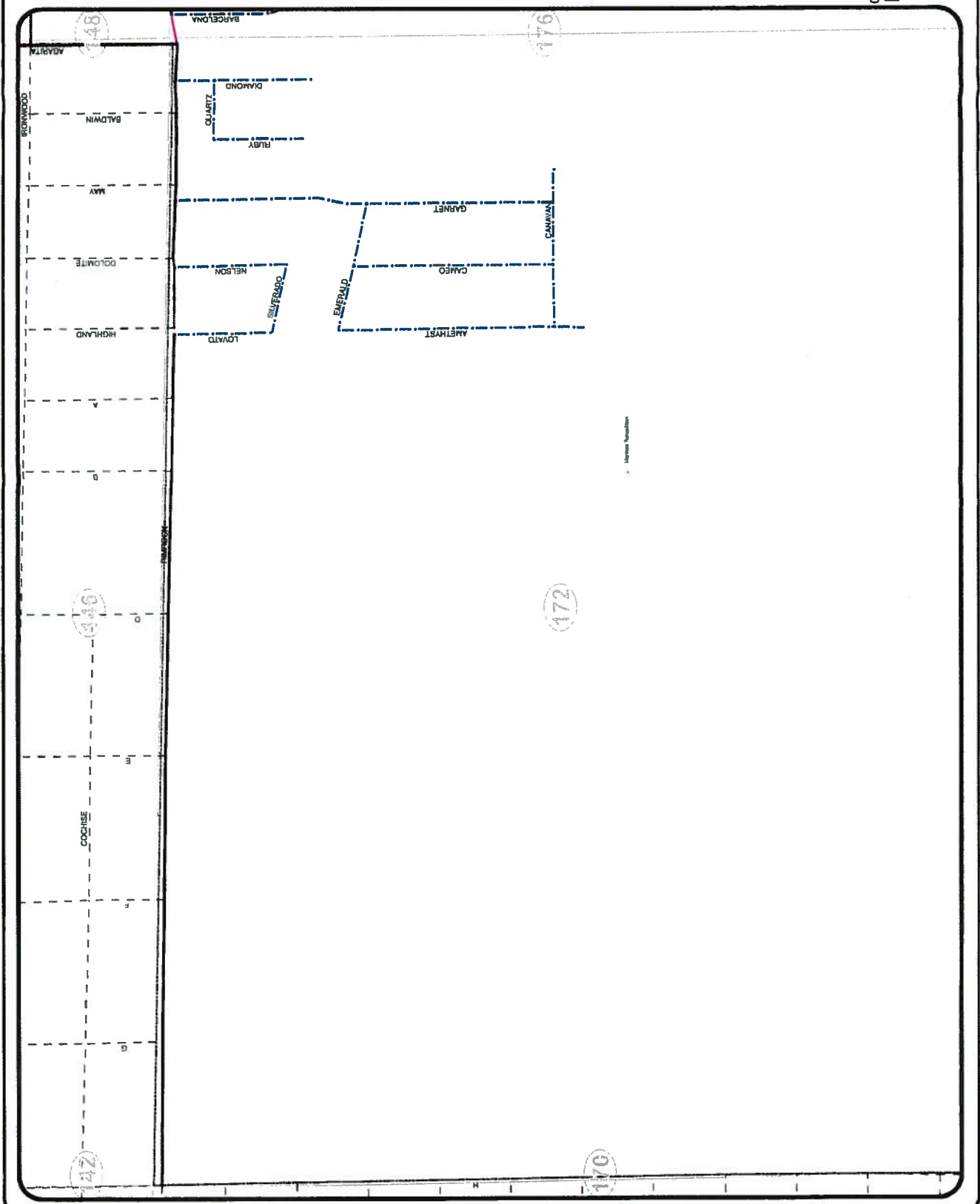




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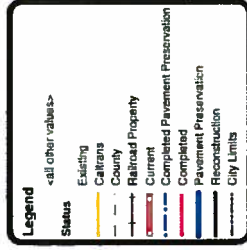


Engineering Division  
Enterprise GIS Data

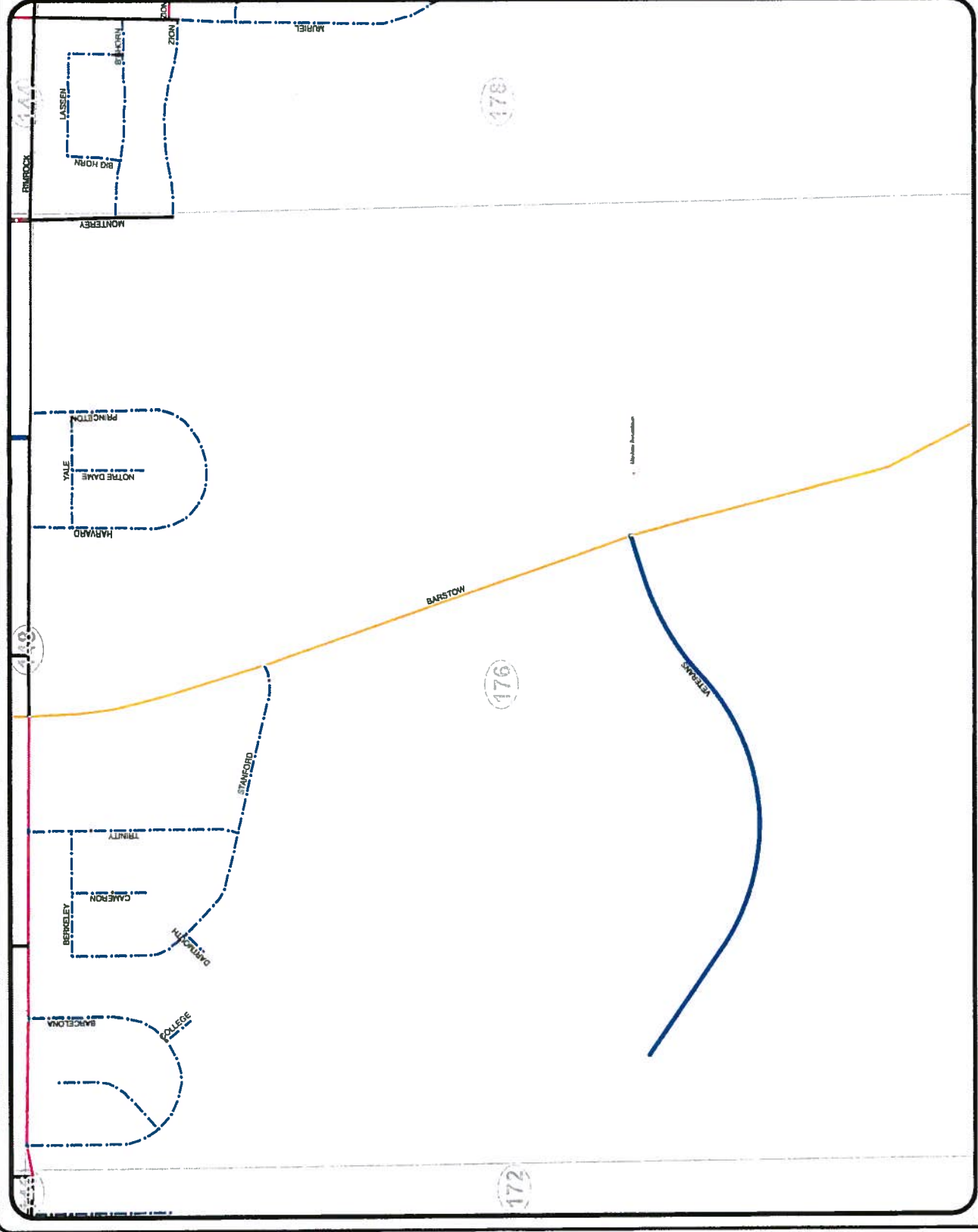




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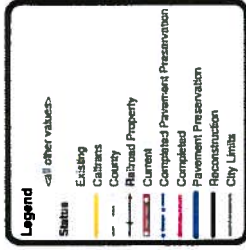


Engineering Division  
Enterprise GIS Data

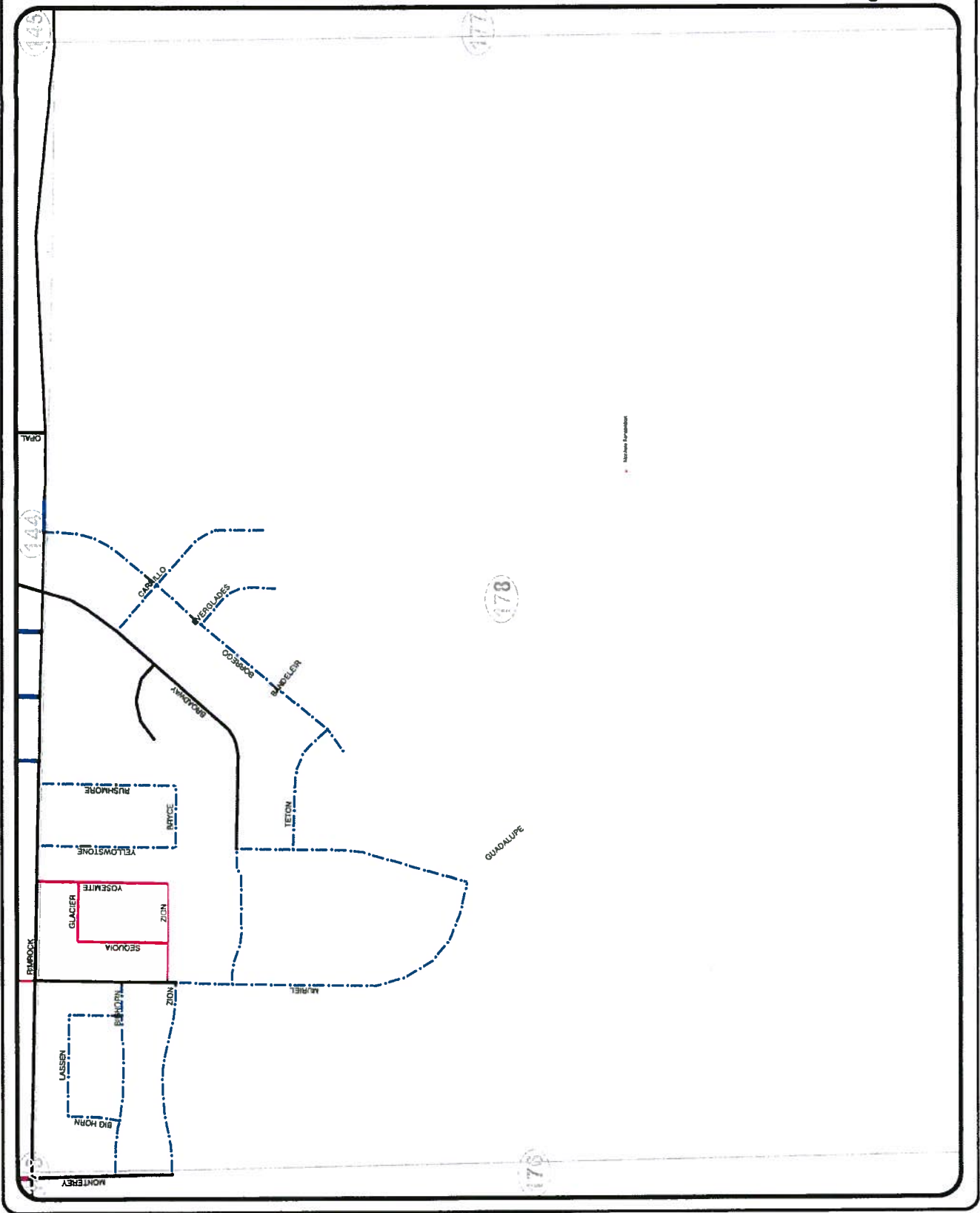




# Pavement Management System



Engineering Division  
Enterprise GIS Data







# Pavement Management System

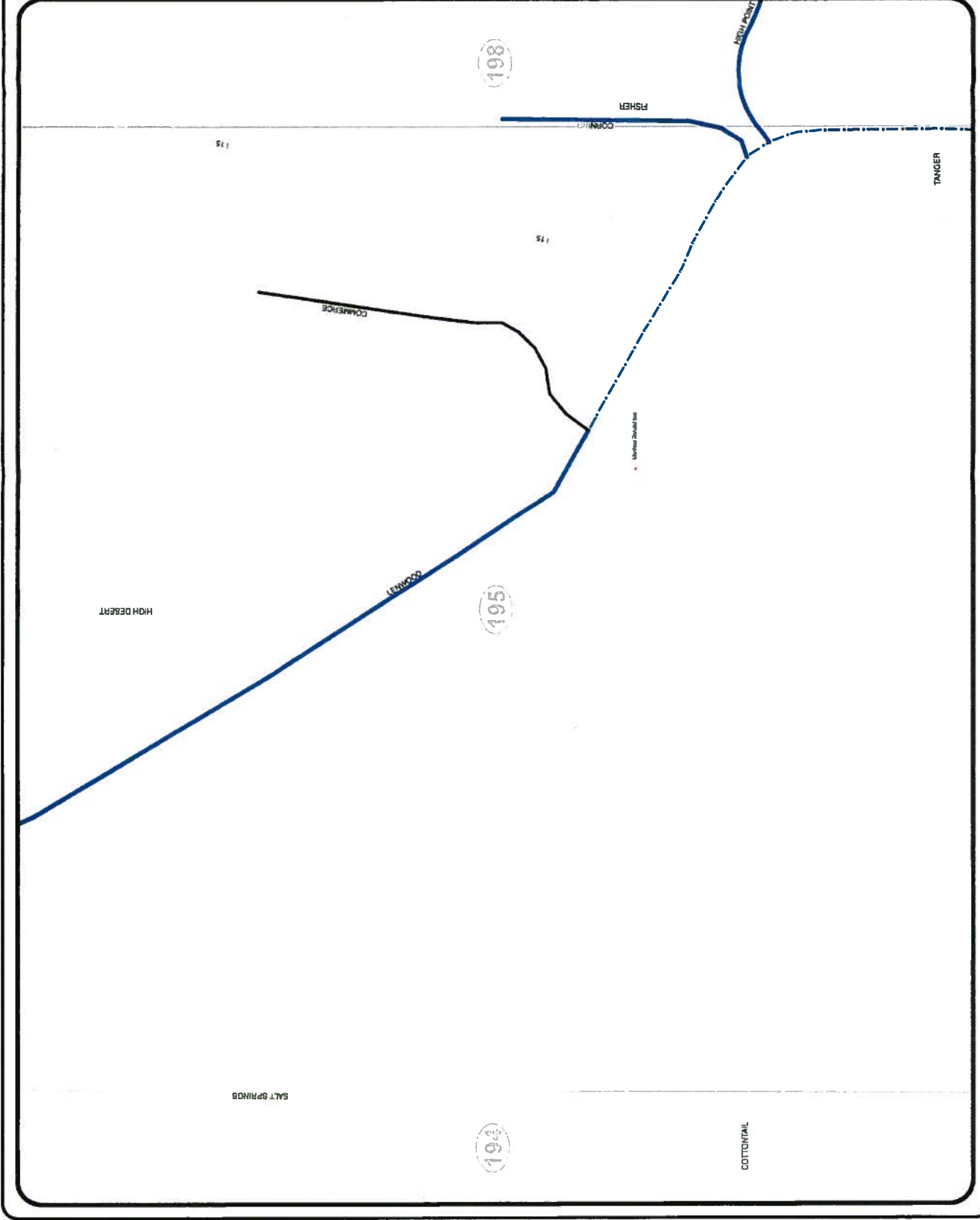
Legend

<all other values>

Status	Existing
Caltrans	County
Railroad Property	Current
Completed Pavement Preservation	Completed
Pavement Preservation	Reconstruction
City Limits	

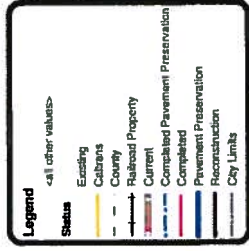


Engineering Division  
Enterprise GIS Data



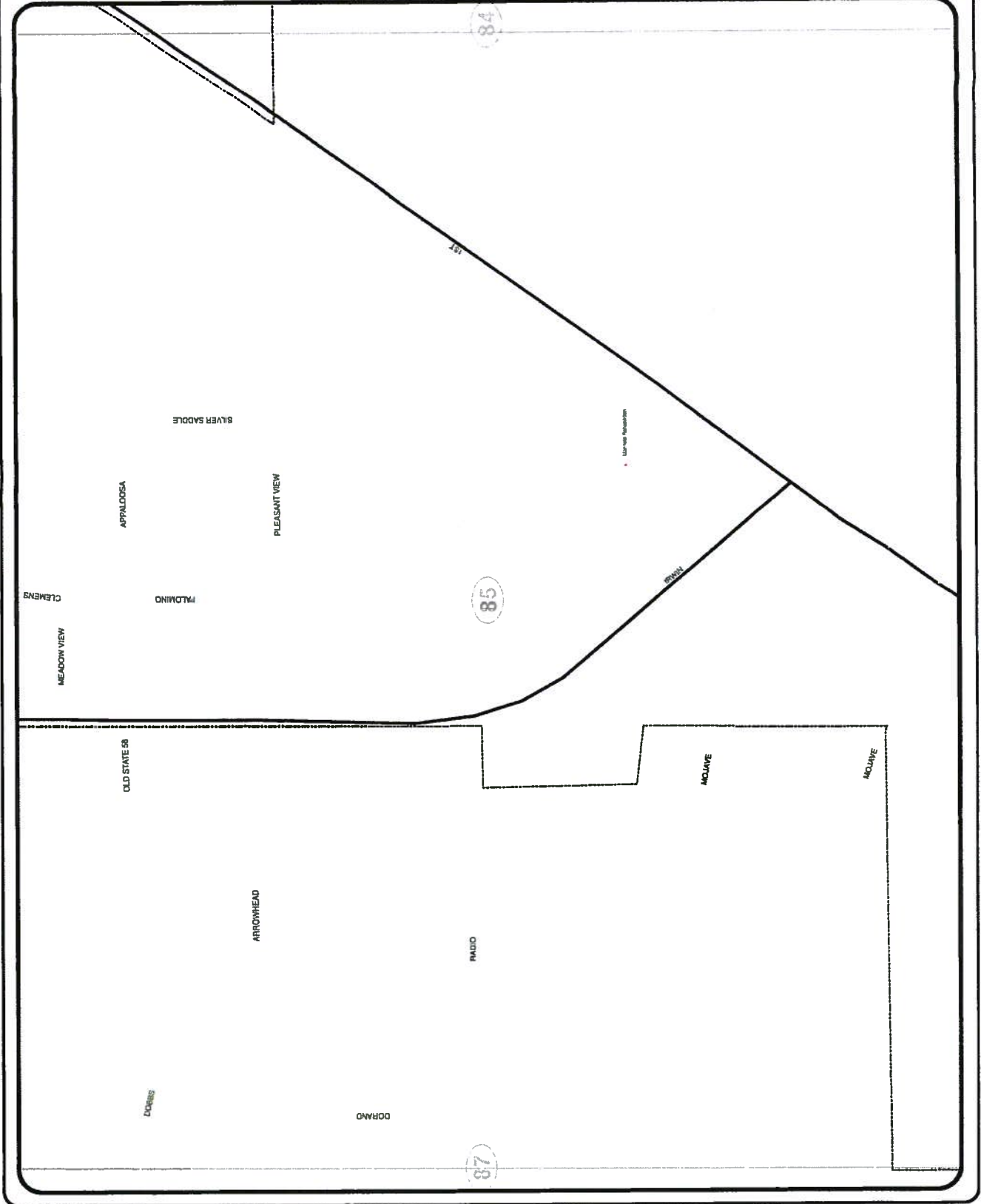


# Pavement Management System



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Engineering Division  
Enterprise GIS Data





## Item V

Approve the financing; all necessary actions; the execution and delivery of all necessary documents and authorize any member to sign all necessary financing documents for the following:

- d. Total Road Improvement Program (TRIP) Approval, City of Chico, Butte County; up to \$7,000,000 in Gas Excise Tax Securitization Bonds.

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## SUMMARY AND APPROVALS

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**DATE:** SEPTEMBER 27, 2012  
**APPLICANT:** CITY OF CHICO  
**AMOUNT:** UP TO \$7,000,000 OF TRANSPORTATION REVENUE CERTIFICATES OF PARTICIPATION  
**PURPOSE:** FINANCE THE IMPROVEMENT OF STREET INFRASTRUCTURE  
**PROGRAM:** TOTAL ROAD IMPROVEMENT PROGRAM (TRIP)

---

### **Background:**

In 2008 the Commission approved the ability of the Authority to offer a program to cities and counties to finance street improvement projects by a pledge of gas tax revenues and other transportation-related funding, with the Authority entering into Installment Sale Agreements with such cities and counties which are members of the Authority. The payments under which would represent payments on Certificates of Participation (“COPs”) to be executed and delivered on a pooled or stand-alone basis.

An eighteen cent state fuel excise tax is collected on all gasoline, diesel and other fuel sales, and distributed by the State Controller on a monthly basis to cities and counties. This fuel excise tax was further increased in March 2010 by state legislation which swapped former gasoline sales taxes (Prop. 42 funds) for an increase in fuel excise taxes. The State reaffirmed this fuel excise tax – gasoline sales tax swap through the passage of AB105 in March 2011.

Gas Tax funds are apportioned by population and by the number of registered vehicles. Article XIX of the State Constitution restricts use of the Gas Tax funds to maintenance/construction of public streets and highways. Most cities and counties use Gas Tax revenues for operations and maintenance.

### **Summary:**

The City of Chico (the “City”) approved the issuance of approximately \$7 million of Transportation Revenue Certificates of Participation (COPs) on May 1, 2012 through CSCDA’s TRIP Program. The COPs are scheduled to issue in fall 2012.

### ***Revenues for FY 2010/11***

\$2,096,559 Gas Tax Revenues (collected under the Streets & Highways Code).

The proposed COPs will be secured solely by a pledge of Chico’s Gas Tax Revenues. Based on current interest rates, the maximum annual COP payment will be approximately \$300,000. The all-in interest rate is currently estimated to be 5.30%. Based on Chico’s FY2010/11 Gas Tax Revenues, the COPs will have maximum annual payment coverage of over 6.95 times the debt.

The City of Chico is undertaking the financing to construct SR 32 widening (Phase I) and potentially other street-related projects. The SR 32 widening project has qualified for \$3.3 million in state grants which must be matched with local match dollars. The City had originally planned to utilize redevelopment funds to meet the

local funding match in April 2012, which are no longer available. The City of Chico will now use the TRIP COP proceeds to provide the local match funds and must do so before these grant funds expire at the end of 2012. The state grants must be applied soon or the City may lose the grant funding to other local projects which have local match funds ready today. The financing is comprised of facilities that are eligible for expenditure of Gas Tax Revenues under applicable laws of the State.

**Public Benefit:**

- The issuance of the certificates on behalf of the City of Chico will allow the City to make much needed improvements to their street infrastructure that would otherwise have been deferred due to lack of sufficient funds.
- The issuance of the certificates will also enable the City to provide local match funds to qualify for up to \$3.3 million in state grants which will help pay for the projects.
- The issuance will call for Certificates of Participation under an installment sale structure. No lease of assets would be required, wherein past transactions of this nature have required a lease of city/county assets.

**Approvals:**

Based on the overall public benefit, conformance to the California Communities Issuance Policies, and the City of Chico's approval of the financing the Commission shall approve the Resolution which:

1. Approves the issuance of the certificates of participation through the Total Road Improvement Program;
2. Approves all necessary actions and documents for the financing; and
3. Authorizes any member of the Commission or Authorized Signatory to sign all necessary documents.

**Attachment A – Total Road Improvement Program**

**Local Approval Information and Projects:**

On May 1, 2012, the City of Chico approved a resolution authorizing the issuance of Gas Tax Revenue COPs TRIP Program. The following projects are those anticipated to be funded by the financing:

<u>Name of Project Component</u>	<u>Description of Project Component</u>	<u>Estimated Cost</u>
Street Improvements	Multi-modal, public street improvements on State Route 32 (from State Route 99 to El Monte Avenue)	\$4,400,000

In addition to the funds provided by the COPs, a portion of the street improvements will be funded from the Corridor Mobility Improvement Act Grant.

**Validation:**

The City of Chico filed a complaint in the Butte County Superior Court pursuant to the Validation Law seeking to validate certain issues raised with the issuance of the Certificates. The City of Chico filed its complaint on May 4, 2012. There was no answering party in the action and, on August 21, 2012, the City of Chico obtained a judgment in its favor that enjoins any action or proceeding raising any issue as to which such judgment is binding and conclusive. An appeal of such judgment could only be filed with the Butte County Superior Court within 30 days after the entry of such judgment and, since there was no answering party in the action, only issues related to the jurisdiction of the Butte County Superior Court to enter a judgment in the action may be raised during such period.

**Finance Team:**

- Bond Counsel: Orrick, Herrington & Sutcliffe, LLP, Los Angeles
- Authority Counsel: Orrick, Herrington & Sutcliffe, LLP, Sacramento
- Underwriter: De La Rosa & Co., Los Angeles
- Underwriter's Counsel: Goodwin Proctor LLP, Los Angeles
- Financial Advisor: Urban Futures, Inc, Orange
- Trustee: Wells Fargo Bank, Los Angeles

**Financing Structure:**

The COPs will mature in no more than thirty years and will be issued as fixed rate tax-exempt obligations. The COPs will be publicly offered by the Underwriter in minimum denominations of \$5,000. The COPs are expected to receive an "A-" rating from Standard & Poor's. If the COPs qualify for Assured Guaranty COP insurance ("Aa3/AA-" rating, Moody's negative outlook) and there is an economic benefit, the COPs may be issued with Assured Guaranty insurance. The proposed sale of COPs will comply with the Authority's policies for the issuance of publicly offered securities.

**Estimated Sources and Uses:**

The City of Chico is currently considering issuing \$4,625,000. However, if interest rates improve, the City may consider issuing up to \$7,000,000 to fund other street projects.

**Sources:**

COP Proceeds	\$ 4,625,000
Total Sources	\$ 4,625,000

**Uses:**

Project Fund	\$ 4,100,000
Debt Service Reserve Fund	\$ 303,750
Cost of Issuance	\$ 221,350
Total Uses	\$ 4,625,000



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## TRIP Bond Application

### APPLICANT INFORMATION

Application Number: **2012076**

Name of Borrower: **City of Chico**

Primary Contact: **Tom Varga**

Title: **Capital Projects Service Director**

Street Address: **411 Main St** Suite: \_\_\_\_\_

City: **Chico** State: **CA** Zip Code: **95928**

Telephone Number: **(530) 879-6902**

Fax Number: **(530) 879-6902**

E-mail: **bshumey@cacommunities.org**

Type of Entity: ☐ For-profit Corporation ☐ Non-profit Corporation  
☒ Municipality ☐ Partnership  
☐ Special District ☐ Other (specify): \_\_\_\_\_

Date Organized: **01/08/1872**

### PROJECT INFORMATION

Project Name: **TRIP 2012 - City of Chico**

Facility Name: **City of Chico**

Street Address: **411 Main St**

City: **Chico** State: **CA** Zip Code: **95928**

County: **Butte**

Is Project located in unincorporated part of the County? **No**

Has the city or county in which the project is located been contacted? If so, please provide name, title, telephone number and e-mail address of the person contacted:

Contact Name: \_\_\_\_\_

Title: \_\_\_\_\_

Phone Number: \_\_\_\_\_ Ext. \_\_\_\_\_

Fax Number: \_\_\_\_\_

E-mail: \_\_\_\_\_



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## TRIP Bond Application

### FINANCING INFORMATION

Principal Amount: **\$7,000,000**  
Tax-exempt Amount: **\$7,000,000**  
Taxable Amount: **\$0**

Proposed Closing Date: **10/30/2012**

Maturity: **30 Years** Interest Rate Mode: ☒ Fixed ☐ Variable

Type of Offering: ☒ Public Offering ☐ Private Placement  
Denominations: **5,000**

Type of Financing: ☐ Acquisition of Existing Facility ☒ New Construction  
☐ Refunding

Credit Enhancement: ☒ None ☐ Letter of Credit  
☐ Bond Insurance ☐ Other (specify): \_\_\_\_\_

Name of Credit Enhancement Provider or Private Placement Purchaser: **N/A**

Expected Rating: ☐ Unrated ☒ S & P A-  
☐ Moody's \_\_\_\_\_ ☐ Fitch \_\_\_\_\_

### PRINCIPAL FINANCE TEAM INFORMATION

#### UNDERWRITER/PLACEMENT AGENT

Firm: **De La Rosa and Company**

Contact: **John Kim**

Address: **10866 Wilshire Blvd, Suite 1650  
Los Angeles, CA 90024**

Telephone: **(310) 207-1975**

Fax: **(310) 207-1995**

E-mail: **jkim@ejdelarosa.com**

#### BOND COUNSEL

Firm: **Orrick, Herrington & Sutcliffe, LLP**

Contact: **Bill Bothwell**

Address: **777 S Figueroa St, Suite 3200  
Los Angeles, CA 90017**

Telephone: **(213) 612-2403**

Fax: **(213) 629-2020**

E-mail: **wbothwell@orrick.com**



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## TRIP Bond Application

### PRINCIPAL FINANCE TEAM INFORMATION (continued)

FINANCIAL ADVISOR	REBATE ANALYST
Firm: <b>N/A</b>	Firm: <b>TBD</b>
Contact:	Contact:
Address:	Address:
Telephone:	Telephone:
Fax:	Fax:
E-mail:	E-mail:

### ADDITIONAL INFORMATION REQUIRED

Please provide the following information as additional attachments:

<u>Attachment</u>	<u>Description of Information</u>
	No Additional Requirement

### MAILING ADDRESS

California Communities®  
2033 N. Main St., Suite 700  
Walnut Creek, CA 94596



# TRIP Bond Application Attachment D

Application: **2012076 - TRIP 2012 - City of Chico**  
 Borrower: **City of Chico**  
 Facility #1: **City of Chico**

## PUBLIC BENEFITS

### ENVIRONMENT

#### Energy

- Does the facility exceed Title 24 Standards? ☐ Yes ☐ No ☒ N/A  
 If Yes, by what percent? \_\_\_\_\_ %  
 Does the facility have solar(PV) panels? ☐ Yes ☐ No ☒ N/A  
 If Yes, what is the size in kWh? \_\_\_\_\_  
 Does the facility purchase carbon credits? ☐ Yes ☐ No ☒ N/A  
 If Yes, what is the annual consumption? \_\_\_\_\_

#### Water

- Does the facility provide any of the following:  
 Efficient Toilets? ☐ Yes ☐ No ☒ N/A  
 Water-saving showerheads? ☐ Yes ☐ No ☒ N/A  
 Drought tolerant landscaping? ☐ Yes ☐ No ☒ N/A  
 Other, specify: \_\_\_\_\_

#### Transportation

- Does the entity provide carpooling or mass-transit subsidies? ☐ Yes ☐ No ☒ N/A  
 Does the entity maintain a fuel efficient fleet? ☐ Yes ☐ No ☒ N/A

#### Waste

- Does the project provide recycling facilities? ☐ Yes ☐ No ☒ N/A

### WORKFORCE

#### Employment Creation

Job Type/Description

None

	During Construction	Post Construction
	<u>0</u>	<u>0</u>

### GOVERNMENTAL INFORMATION

Congressional District #

\_\_\_\_\_

State Senate District #

4

State Assembly District #

3



CITY OF CHICO

RESOLUTION NO. 22-12

RESOLUTION APPROVING THE EXECUTION AND DELIVERY OF CALIFORNIA COMMUNITIES TRANSPORTATION REVENUE (INSTALLMENT SALE) CERTIFICATES OF PARTICIPATION, SERIES 2012C (T.R.I.P. - TOTAL ROAD IMPROVEMENT PROGRAM) PURSUANT TO A TRUST AGREEMENT, AUTHORIZING THE EXECUTION AND DELIVERY OF A TRUST AGREEMENT, CERTIFICATE PURCHASE AGREEMENT AND AN INSTALLMENT SALE AGREEMENT, AUTHORIZING THE DISTRIBUTION OF AN OFFICIAL STATEMENT IN CONNECTION WITH THE OFFERING AND SALE OF SUCH CERTIFICATES, AND AUTHORIZING THE FILING OF A VALIDATION ACTION AND OTHER MATTERS RELATING THERETO

WHEREAS, the California Statewide Communities Development Authority (the "Authority") is empowered to assist the City of Chico (the "City") in financing certain public capital improvements pursuant to Article 4 of Chapter 5 of Division 7 of Title 1 of the Government Code of the State of California (the "Act") and pursuant to that certain Amended and Restated Joint Exercise of Powers Agreement among a number of California cities, counties and special districts, including the City of Chico, dated June 1, 1988;

WHEREAS, the legislative body (the "Legislative Body") of the City has determined that the design, acquisition and construction of certain roadway improvements and street resurfacing, (as more fully described in the herein defined Installment Sale Agreement, the "Project") is necessary and proper for, and for the common benefit of, the City, and under the terms of applicable law, the payment for such Project may be made from motor vehicle fuel tax revenues received by the City from the State of California, and deposited into the Gas Tax Fund, as defined in the Installment Sale Agreement;

WHEREAS, in order to achieve a lower net interest cost and lower costs of issuance in connection with financing the acquisition of the Project, the City has determined to participate with certain other local agencies which are also members of the Authority (collectively, the "Local Agencies") in the California Communities Total Road Improvement Program (TRIP) (the "Program") established by the Authority to finance street improvement projects, such as the Project;

WHEREAS, pursuant to the Program the Authority will acquire and construct the Project for, and sell the Project to, the City, pursuant to an Installment Sale Agreement by and between the City and the Authority, in the form presented to this meeting (with such changes, insertions and omissions as are made pursuant to this Resolution, being referred to herein as the "Installment Sale Agreement");

WHEREAS, the City desires to authorize the execution and delivery of additional Contracts, as defined in the Installment Sale Agreement, in the future from time to time for the

purpose of financing the design, acquisition and construction of additional roadway improvements and street resurfacing, which are necessary and proper for, and for the common benefit of, the City, the payment for which may be made from motor vehicle fuel tax revenues received by the City from the State of California, and deposited into the Gas Tax Fund;

**WHEREAS**, installment sale payments payable in connection with the installment sale agreement of each local agency participating in the Program will be combined, and Wells Fargo Bank, National Association, as trustee (the "Trustee"), pursuant to a Trust Agreement, among the Authority, the Trustee and the Local Agencies (such Trust Agreement, in the form presented to this meeting, with such changes, insertions and omissions as are made pursuant to this Resolution, being referred to herein as the "Trust Agreement"), will execute and deliver California Communities Transportation Revenue (Installment Sale) Certificates of Participation, Series 2012C (or such other subseries to be designated) (T.R.I.P. – Total Road Improvement Program) (the "Certificates"), which evidence and represent proportionate and undivided interests in such combined installment sale payments;

**WHEREAS**, the Authority may determine that securing the timely payment of the principal and interest evidenced by the Certificates by obtaining a bond insurance policy (a "Certificate Insurance Policy") with respect thereto issued by a municipal bond insurer (a "Certificate Insurer") could be economically advantageous to the Local Agencies;

**WHEREAS**, E. J. De La Rosa & Co., Inc., or such other investment banking firm as may be selected in the sole discretion of the Authority (the "Underwriter"), has submitted to the Local Agencies and the Authority a proposed form of an agreement to purchase the Certificates in the form of a Certificate Purchase Agreement (the "Certificate Purchase Agreement");

**WHEREAS**, a form of the Preliminary Official Statement (the "Preliminary Official Statement") to be distributed in connection with the public offering of the Certificates has been prepared;

**WHEREAS**, the City is a member of the Authority;

**WHEREAS**, the improvement and reconstruction of the Project will provide additional life and more efficient fuel consumption on the streets resulting in significant public benefit;

**WHEREAS**, the City hereby finds that the financing of such public capital improvements will result in significant public benefits in the form of a safe and reliable transportation network, demonstrable savings in effective interest rates, and the more efficient delivery of services to residential and commercial development;

**WHEREAS**, on this date, the City held a public hearing on the financing of such public capital improvements in accordance with Section 6586.5 of the Act;

**WHEREAS**, in accordance with Section 6586.5 of the Act, notice of such hearing was published once at least five days prior to the hearing in a newspaper of general circulation in the City of Chico; and

**WHEREAS**, all acts, conditions and things required by the laws of the State of California to exist, to have happened and to have been performed precedent to and in connection with the consummation of such financing authorized hereby do exist, have happened and have been performed in regular and due time, form and manner as required by law, and the City is now duly authorized and empowered, pursuant to each and every requirement of law, to consummate such financing for the purpose, in the manner and upon the terms herein provided;

**NOW, THEREFORE, BE IT RESOLVED BY THE LEGISLATIVE BODY OF THE CITY OF CHICO**, as follows:

**Section 1.** The foregoing recitals herein contained are true and correct and the Legislative Body so finds.

**Section 2.** The Project is hereby approved. Any of the Authorized Officers designated in Section 9 hereof (the "Authorized Officers") are authorized to implement the Project in accordance with the provisions of the Installment Sale Agreement and this Resolution.

**Section 3.** The form of the Installment Sale Agreement, on file with the Clerk of the Legislative Body, is hereby approved, and the Authorized Officers, are each hereby authorized and directed, for and in the name and on behalf of the City, to execute and deliver the Installment Sale Agreement in substantially said form, with such changes, insertions and omissions therein as the Authorized Officer executing the same may require or approve, such approval to be conclusively evidenced by the execution and delivery thereof; provided, however, that the aggregate amount of the principal components of the installment sale payments shall not exceed \$7,000,000, the true interest cost applicable to the interest components of the installment payments shall not exceed 7.50% per annum and the final principal installment due on the Installment Agreement shall be no later than June 1, 2042. Pursuant to the terms of the Installment Sale Agreement, the Legislative Body further authorizes the execution and delivery of additional Contracts in the future from time to time for the purpose of financing the design, acquisition and construction of additional roadway improvements and street resurfacing, which are necessary and proper for, and for the common benefit of, the City, the payment for which may be made from motor vehicle fuel tax revenues received by the City from the State of California, and deposited into the Gas Tax Fund.

**Section 4.** The form of Trust Agreement, on file with the Clerk of the Legislative Body, is hereby approved, and the Authorized Officers, are each hereby authorized and directed, for and in the name and on behalf of the City, to execute and deliver the Trust Agreement in substantially said form, with such changes, insertions and omissions therein as the Authorized Officer executing the same may require or approve, such approval to be conclusively evidenced by the execution and delivery thereof. The execution and delivery of the Certificates, on the terms and conditions set forth in, and subject to the limitations specified in, the Trust Agreement and the Installment Sale Agreement, is hereby authorized and approved. The Certificates shall be dated, shall bear interest at the rates, shall mature on the dates, shall be subject to call and redemption, shall be issued in the form and shall be as otherwise provided in the Trust Agreement, as the same shall be completed.

**Section 5.** The form of Certificate Purchase Agreement, on file with the Clerk of the Legislative Body, including the form of the Pricing Confirmation set forth as an exhibit thereto (the "Pricing Confirmation") is hereby approved, and the Authorized Officers are each hereby authorized and directed, for and in the name and on behalf of the City, to execute and deliver the Certificate Purchase Agreement in substantially said form, with such changes therein as the Authorized Officer executing the same may require or approve, such approval to be conclusively evidenced by the execution and delivery thereof; provided, however, that the underwriter's discount for the sale of the Certificates shall not exceed 1.25% of the aggregate principal amount of the principal components of the installment sale payments payable under the Installment Sale Agreement. Delivery of an executed copy of the Pricing Confirmation by fax or telecopy shall be deemed effective execution and delivery for all purposes.

**Section 6.** The form of Preliminary Official Statement, on file with the Clerk of the Legislative Body, with such changes, insertions and omissions therein as may be approved by an Authorized Officer, is hereby approved, and the use of the Preliminary Official Statement in connection with the offering and sale of the Certificates is hereby authorized and approved. Any one of the Authorized Officers is hereby authorized and directed to provide the Underwriter with such information relating to the City as they shall reasonably request for inclusion in the Preliminary Official Statement and Official Statement. Upon inclusion of the information relating to the City therein, the Preliminary Official Statement is, except for certain omissions permitted by Rule 15c2-12 of the Securities Exchange Act of 1934, as amended (the "Rule"), hereby deemed final within the meaning of the Rule; *provided* that no representation is made as to the information contained in the Preliminary Official Statement relating to the other Local Agencies or any Certificate Insurer or Certificate Insurance Policy. If, at any time prior to the end of the underwriting period, as defined in the Rule, any event occurs as a result of which the information contained in the Preliminary Official Statement relating to the City might include an untrue statement of a material fact or omit to state any material fact necessary to make the statements therein, in light of the circumstances under which they were made, not misleading, the City shall promptly notify the Underwriter. The Authority is hereby authorized and directed, at or after the time of the sale of the Certificates, for and in the name and on behalf of the City, to execute a final Official Statement in substantially the form of the Preliminary Official Statement presented to this meeting, with such additions thereto or changes therein as the Authority may approve, such approval to be conclusively evidenced by the execution and delivery thereof.

**Section 7.** The Authority is hereby authorized to apply for a Certificate Insurance Policy for the Certificates and to obtain such insurance if the present value cost of such insurance is less than the present value of the estimated interest savings with respect to the Certificates.

**Section 8.** The Authorized Officers are, and each of them is, authorized and directed, for and in the name of the City, to instruct Orrick, Herrington & Sutcliffe LLP, as special counsel to the Program to bring a validation action under Section 860 of the California Code of Civil Procedure to determine the legality and validity of the Installment Sale Agreement, the Trust Agreement, the Certificates and the other documents and proceedings authorized pursuant to this Resolution and to execute and return the fee agreement for such services on file with the Clerk.

**Section 9.** The Authorized Officer designated below and any and all other officers, agents and employees of the City are hereby authorized and directed to take any and all actions

and execute and deliver any and all documents necessary or convenient to accomplish the purposes of this Resolution.

Authorized Officers:

TITLE

- (1) City Manager
- (2) Assistant City Manager
- (3) Finance Director

**Section 10.** All actions heretofore taken by the officers, employees and agents of the City with respect to the transactions set forth above are hereby approved, confirmed and ratified.

**Section 11.** This Resolution shall be in full force and effect upon its adoption.

THE FOREGOING RESOLUTION WAS ADOPTED at a meeting of the City Council of the City of Chico held on May 1, 2012, by the following vote:

AYES: Gruendl, Holcombe, Walker


NOES: Sorensen

ABSENT: Goloff

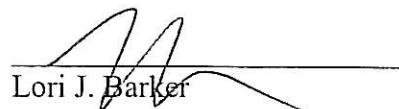
ABSTAIN: None

DISQUALIFIED: Evans, Schwab

ATTEST:

  
Deborah R. Presson  
City Clerk

APPROVED AS TO FORM:

  
Lori J. Barker  
City Attorney





## City Council Agenda Report

Meeting Date: May 1, 2012

TO: City Council  
FROM: CPSD - VARGA (879-6902)  
RE: TRIP Financing

### REPORT IN BRIEF:

The dissolution of Chico's Redevelopment Agency (RDA) and the potential loss of RDA bond proceeds programmed to provide local matching funds has put \$5,700,000 in grant funding for capital projects on hold. Two major projects that will be affected by the loss of this funding are (1) State Route 32 Widening, Phase 1 (from the Park-N-Ride lot to El Monte Avenue), and (2) the 1st/2nd Streets Couplet (Downtown).

Staff is proposing that the Council consider as an alternative funding option a street financing pool program known as the Total Road Improvement Program (TRIP) to replace the lost RDA bond proceeds. This will preserve the grants and allow these projects to continue. Borrowing from the TRIP pool will be secured by a portion of the City's Gas Tax revenues.

TRIP and the projects proposed for funding by this program will come to Council in two steps. The initial recommended Council action will authorize the City of Chico to participate in the TRIP program and initiate the required judicial validation process. On May 2, the RDA Dissolution Oversight Board will consider the disposition of the remaining RDA bond proceeds. Once the Board's action is known, staff will return to Council to request the borrowing of funds through the TRIP program for any projects excluded from RDA bond proceeds.

Positives of participating in TRIP include:

- Leveraging \$5,700,000 in grants
- Creating approximately 135 jobs during construction
- Future revenues can be put to work today with potential savings of up to \$2,300,000 (see **Exhibit B**)
- Indirect benefits. An example is the more than \$2,000,000 presently being spent by PG&E to upgrade the electrical grid Downtown in anticipation of the 1st/2nd Street Couplet project. This upgrade would not have been built without the associated public improvements and is roughly of equal value to the City's project.

Negatives of participating in TRIP include:

- Debt financing in a challenging economy
- No new revenue sources are being created

The \$5,700,000 in grants are at risk of being lost this summer without replacement of local matching funds. They would be de-obligated and the monies re-obligated to other communities. Given a typical street's life cycle, at least 10 years of low maintenance use of major City arterials can be enjoyed by leveraging future funding with today's grants. Another perspective is that \$12,000,000 in public improvements can be built at a maximum cost to the local taxpayers of \$7,750,000. The \$7,750,000 of borrowing expenses breakdown as follows.

Interest Payments (5.5% over 30-years)	\$ 7,000,000
Reserve Fund	\$ 500,000
Bond Financing Costs	\$ 250,000
Total	\$ 7,750,000

This compares to \$5,700,000 in grants plus over \$2,000,000 in bidding environment savings for a total of \$8,000,000.

Recommendation:

The Capital Projects Services Director recommends that the City Council conduct a public hearing on the City of Chico's participation in the Total Road Improvement Program (TRIP) and adopt the following Resolution:

**RESOLUTION APPROVING THE EXECUTION AND DELIVERY OF CALIFORNIA COMMUNITIES TRANSPORTATION REVENUE (INSTALLMENT SALE) CERTIFICATES OF PARTICIPATION, SERIES 2012C (T.R.I.P. - TOTAL ROAD IMPROVEMENT PROGRAM) PURSUANT TO A TRUST AGREEMENT, AUTHORIZING THE EXECUTION AND DELIVERY OF A TRUST AGREEMENT, CERTIFICATE PURCHASE AGREEMENT AND AN INSTALLMENT SALE AGREEMENT, AUTHORIZING THE DISTRIBUTION OF AN OFFICIAL STATEMENT IN CONNECTION WITH THE OFFERING AND SALE OF SUCH CERTIFICATES, AND AUTHORIZING THE FILING OF A VALIDATION ACTION AND OTHER MATTERS RELATING THERETO**

Authorizing and approving the following:

- 1) Appropriate funding for the COP Series 2012C Principal and Interest Payment Account expense budget for installment payments;
- 2) Direct staff to initiate the judicial validation process through the TRIP legal team and file validation motion in the Butte County Superior Court.

The recommendation is further detailed in **Exhibit A**.

**FISCAL IMPACT:**

There is a \$15,000 fee to pay for the judicial validation process. This amount can be recovered if the City chooses to participate in a TRIP funding pool.

If Council authorizes the borrowing of funds, there will be a corresponding impact to gas tax funds and other transportation funds. Capital projects typically rely on \$500,000 to \$1,000,000 per year of Gas Tax revenues. Maximum possible authorized debt payments for TRIP will be approximately \$500,000. Capital projects previously programmed to receive Gas Tax monies will be rescheduled until alternate funds are secured. Gas taxes used for street maintenance and related work will be unaffected.

There is no impact to the General Fund.

**BACKGROUND:**

TRIP is a financing pool that can be used to backfill the loss of RDA funds. In 2008, California Communities implemented a street financing pool program known as the Total Road Improvement Program ("TRIP" or "Program") to assist cities and counties in their efforts to finance larger scale street improvement projects. The California Statewide Communities Development Authority (California Communities) is a joint powers authority sponsored by the California State Association of Counties and the League of California Cities. The City of Chico is a member of California Communities.

TRIP issues Certificates of Participation (COPs) that are secured by the City's Gas Tax revenues. Documentation is standardized making the overall process very efficient, cost effective, and timely. Timeliness is crucial to keeping the grants available for the SR 32 Widening and 1st/2nd Street Couplet projects. Local agency payments are made under individual Installment Sale Agreements.

No agency is responsible for any other agency's obligations under the Program; each local agency participant is only responsible for installment payments relating to its pro-rata share of the Certificates.

The COPs will be sold under an "installment sale agreement" (see **Exhibit A**). This is a common legal structure enabling public agencies to finance projects using their power to sell and purchase property under State law. Under this structure, California Communities acquires and constructs the street improvements to be funded by the COPs and then sells them to the City of Chico who makes installment payments over time. The installment payments are pledged toward the repayment on the Certificates sold by California Communities on behalf of the City. This structure is an alternative to the financing and other limitations imposed by the State Streets and Highways Code. With the \$5,700,000 in grants at risk of de-obligation, a timely financing tool is essential.

The City's use of TRIP is intended to help finish projects that have spent years in preparation and are ready to be constructed. Tonight's actions authorize initiation of the required judicial validation to use this financing tool and provide initial authorization for the City to participate in the TRIP funding pool. Once authorized, any amount borrowed would be subject to the maximum borrowing cap and maximum possible interest rate. The amount actually borrowed may be less than the authorized amount, and would require a separate Council action; however, the authorized maximum cap would permit the City to participate in the funding pool again in the future without undergoing another judicial validation process. Staff recommends that the Council address the funding of specific projects after the RDA Oversight Board has made a determination regarding use of the remaining RDA bond proceeds.

At the June budget meeting, staff will be presenting to Council some additional long-term funding alternatives. These include alternate tax increment methods such as Infrastructure Financing Districts, a variety of assessments districts (Mello-Roos, 1911-Act, etc.), revenue pledged bonds, private/public partnerships (e.g., P3, Owner Participation Agreements), as well as other methods.

To meet immediate funding needs, there are few options available that will allow us to be flexible and react in the time available. One such option is use of the remaining RDA bond proceeds; however, there is no certainty that the Oversight Board and State Department of Finance will agree. The only other possible option is to join a funding pool such as TRIP. Time is of the essence to keep the leveraged grant funds available for the City's use, and Staff believes it is the City's best interest to aggressively pursue both options.

#### History

During the summer of 2011, the California State Legislature passed, and the Governor subsequently signed into law, AB1X 26 and AB1X 27. AB1X 26 eliminated the RDAs. AB1X 27 provided an alternative, voluntary opt-in program that would preserve tax increment financing. Shortly afterward, the California Redevelopment Association (CRA) requested that the State Supreme Court rule on the constitutionality of these two new laws in *CRA v. Matosantos*. Given the importance of this issue, the Court agreed to an expedited review and ruled on the matter on December 29, 2011. The Court upheld AB1X 26 but struck down AB1X 27. As a result, RDAs were eliminated and no alternative program was available. RDAs across California ceased to exist as of February 1, 2012, and their activities were turned over to Successor Agencies, in our case the City of Chico. The Successor Agencies have been directed to wrap up the activities of the former RDAs.

#### Impacts

These unexpected and unprecedented actions by the State of California have done significant harm to the City's highly successful Capital Improvement Program (CIP). RDA bond proceeds were traditionally a stable and very reliable tool for building infrastructure throughout the Chico community. These monies not only funded the City's own infrastructure priorities, but they were used extensively to leverage tens of millions of dollars in grant funding, thereby greatly extending the value and impact of our local funds.



Some recent examples of completed projects funded in whole or in part with RDA dollars include:

SR 99/The Skyway Interchange Expansion  
Manzanita Avenue Corridor Improvements  
E. 5th Avenue Reconstruction

E. 8th Street Reconstruction  
Nitrate Compliance Plan  
CMA Apron Reconstruction

Until long-term funding sources to permanently replace RDA dollars are secured, the overall CIP project schedule will be delayed and extended into the future as necessary.

#### Explanation of Recommended Actions

Attached **Exhibit A** lists and describes in greater detail the TRIP authorization documents.

#### TRIP Projects

Attached **Exhibit B** summarizes major projects affected by the loss of RDA funds and provides an analysis of whether TRIP funding should be used to replace them.

#### **DISCUSSION:**

##### Financing Plan

Attached **Exhibit C** explains in greater detail how the TRIP financing plan works.

##### The Judicial Validation Process

For more detail about the required judicial validation process to participate in TRIP financing, please see **Exhibit D**, attached.

#### **ENVIRONMENTAL REVIEW:**

Project level environmental review has already been completed for the projects proposed to receive TRIP funding.

#### **PUBLIC CONTACT:**

No public contact or review has occurred at this time. Public comments will be solicited during the public hearing associated with this action.

Reviewed by:

  
Tom Varga, Capital Project Services Director

Approved by:

 For  
David Burkland, City Manager

#### **DISTRIBUTION:**

City Clerk (8)  
ACM - Rucker  
Fin Dir - Hennessy  
CA - Barker  
GSD - Martinez  
BDSD - McKinley  
Sr Plnr - Tillman  
Sr Egnr - Greenlaw  
CPSD - Varga

**EXHIBITS:**

- A. Explanation of Recommended Actions
- B. TRIP Projects
- C. Financing Plan
- D. The Judicial Validation Process

**ATTACHMENTS:**

- 1. Resolution
- 2. Installment Sale Agreement
- 3. Trust Agreement
- 4. Preliminary Official Statement
- 5. Certificate Purchase Agreement

Explanation of Recommended Actions:

**Resolution (Attachment 1)** will accomplish the following:

- Approves the form of the following documents:
  - o Installment Sale Agreement (Exhibit No. 2)
  - o Trust Agreement (Exhibit No. 3)
  - o Preliminary Official Statement (Exhibit No. 4)
  - o Certificate Purchase Agreement (Exhibit No. 5)
- Approves the sale of the Certificates in an amount not to exceed \$7,000,000.
- Authorizes the City Manager, Assistant City Manager and Finance Director, as applicable, to execute all of the above documents, and such other documents and certifications that may be necessary to consummate the transaction.
- Approves the sale of the Certificates to the underwriter, E. J. De La Rosa & Co., Inc. on a pooled or stand-alone basis at a net interest cost of not more than 8.00 percent and an underwriter's discount of not more than 1.00 percent.
- Authorizes the commencement and completion of proceedings required for the judicial validation of the validity of the foregoing documents and the pledge of Gas Tax revenues to the payment of Installment Payments (as defined below).

The documents presented for approval pursuant to the attached resolution are as follows:

**Installment Sale Agreement (Attachment 2).** The Installment Purchase Agreement between the City and California Communities to transfer the Project to the City, in consideration of which the City will obligate itself to make installment payments for the Project to California Communities in the amounts and on the dates set forth in the Installment Purchase Agreement (the "Installment Payments").

**Trust Agreement (Attachment 3).** The Trust Agreement defines the terms and conditions of the Certificates, the rights and obligations of the City, California Communities, the municipal bond insurer, if any, the trustee (Wells Fargo Bank, N.A.), and the certificate holders.

**Preliminary Official Statement (Attachment 4).** The Preliminary Official Statement provides disclosure on California Communities, the Certificates, the City and other pertinent information to potential investors needed prior to making an investment decision. The Preliminary Official Statement will also provide disclosure on other participants which may become part of the offering of the Series 2012C Gas Tax Revenue COPs.

**Certificate Purchase Agreement (Attachment 5).** The Certificate Purchase Agreement among California Communities, E. J. De La Rosa & Co. and the City defines the terms and conditions under which the Certificates will be purchased by the underwriter.

Estimated Financing Schedule:

The following is the anticipated financing schedule. Dates are subject to change.

<u>Date</u>	<u>Description of Activity</u>
May 1, 2012	City Council adopts Resolution Approving Execution and Delivery of California Communities Gas Tax Revenue Certificates of Participation, Series 2011B
May 4, 2012	Judicial validation filed with Superior Court
August 17, 2012	End of validation proceedings and appeal period
August 2012	Print and mail Preliminary Official Statement
September 2012	Sale of Certificates through California Communities
September 2012	Certificate closing; funds available to City

Benefits of Historically Low Construction Environment:

2% Inflation estimate	Construction Cost	Difference from Today's Cost	20% Discount for Competitive Bidding Environment	Potential Cost Savings
Today	\$6,000,000	---	---	
5 years from now	\$6,600,000	\$ 600,000	\$1,200,000	\$1,800,000
10 years from now	\$7,300,000	\$1,300,000	\$1,200,000	\$2,500,000

TRIP Projects:

Project	Regional Significance	Costs			Economic Benefit	Participate in TRIP Program
		TRIP funding	Grants	Total		
Cohasset Rd Widening	Serves CMA and adjacent industrial /commercial areas	\$2,500,000	\$2,500,000	\$5,000,000	Complete 4-lane arterial connecting City's largest industrial area with SR 99 (freeway) - <i>65 jobs</i>	No (1)
SR 32 Widening, Phase 1	Regional arterial	<b>\$4,100,000</b>	<b>\$3,400,000</b>	<b>\$7,500,000</b>	Connects east side of City and Butte County with City largest commercial area and SR 99 (freeway) - <i>90 jobs</i>	<b>Yes (2)</b>
1st/2nd Street Couplet (Downtown)	Downtown is a regional retail center	<b>\$1,300,000</b>	<b>\$2,300,000</b>	<b>\$3,600,000</b>	Improve circulation/safety/parking and reduce congestion in Downtown - <i>45 jobs</i>	<b>Yes (3)</b>
Contingency		<b>\$ 600,000</b>				
Total Recommended		<b>\$6,000,000</b>	<b>\$5,700,000</b>	<b>\$11,700,000</b>	<i>Approximately 135 jobs</i>	

Notes: (1) Economic Development Administration (EDA) grant being revisited to update what fulfills \$2,500,000 local match.

(2) In addition, this project fulfills City environmental mitigation obligations as committed to in the Nexus study and General Plan.

(3) TRIP funding will include rehabilitating old street pavement Downtown thereby relieving substantial maintenance costs.

#### Financing Plan:

Conservatively, expected average annual installment payments will be approximately \$465,000 assuming payments obligated over a maximum 30-year period at a 5.5% annual interest rate. While future fund streams cannot be predicted, staff believes paying off this obligation in less than 30 years will reduce impacts to the City's funding sources. Installment payments will be obligated to be paid solely from Gas Tax revenues, but other transportation revenues as available, will be used to supplant the Gas Tax fund to minimize impacts to this fund and ensure that street maintenance uses are not affected. In addition, the use of Gas Tax funding for street improvements recognizes that capital projects funded through the TRIP program will result in reduced street maintenance costs. Proceeds from the sale of the Certificates will fund the projects described herein in the amount of approximately \$6,000,000. Total payments for interest and principle over the 30 year period will be an estimated \$13,500,000. The amounts presented are estimates but reflect a close approximation of what will be provided by the market once the bonds are sold.

Article 19 of the California Constitution authorizes the collection of the Motor Vehicle Fuel Tax (the "Gas Tax") to be used for operation, construction, or maintenance of public streets and highways. The Gas Tax is an 18 cent per gallon state fuel excise tax. The City of Chico is estimated to collect about \$2,100,000 of gas tax revenue for FY2011-12 and projected to collect about \$2,200,000 in FY 2012-13. Therefore, less than 25% of the City's Gas Tax revenues would be needed for annual debt payments.

Staff is proposing the execution and delivery of the Gas Tax Revenue Certificates of Participation in an amount not to exceed \$7,000,000 for the initial Certificate series. The Certificates will be secured solely by Gas Tax revenues that the City receives from the State of California. The proposed not-to-exceed amount of this series of certificates to be allocated to the City conservatively provides the City flexibility to take advantage of favorable interest rates and raise additional proceeds at the same level of Certificate payments or modify the plan of finance prior to the pricing

In the past, there has been a certain degree of risk that the State could delay the payment of Gas Tax revenues - which it has done twice in the last three years (April-August 2008 payments were delayed until September 2008; and January-April 2009 payments were delayed until May 2009). The passage of Proposition 22 in November 2010 currently prohibits the State from borrowing transportation funds from Local Agencies which mitigates risks associated with further payment delays by the State.

## Item VI

- I. Discuss and approve State Controller's Office Annual Report.

## Special Districts Financial Transactions Report

Conduit Financing Provider

### Cover Page

Agency Name California Statewide Communities Development Authority  
(CSCDA)

Submitted by the Reporting Entity

SCO Reporting Year 2012

ID Number 68-0164610

Fiscal Year Ended 6/30/2012 (MM/DD/YY)

Signature

Title

Name (Please Print)

Date

The Statement of Net Assets and the Statement of Revenues, Expenditures and Changes

### To File Your Report

1. Complete all forms as necessary
2. A responsible member of the agency must sign this cover and mail it to either address below.

#### Mailing Address:

State Controller's Office Changes in Net Assets.  
Division of Accounting and Reporting  
P.O. Box 942850  
Sacramento, CA 94250

#### Express Mailing Address:

State Controller's Office  
Division of Accounting and Reporting  
3301 C Streets, Suite 700  
Sacramento, CA 95816

# Special Districts Financial Transactions Report

Conduit Financing Provider

Fiscal Year 2012

## General Information

Agency Name CSCDA

Address Change? YES ☒ NO

Mailing Address  
 Street 1 1100 K Street Street 2 Ste 101  
 State CA Zip 95814  
 City Sacramento

### Members of Governing Body

Member	First Name	Middle Initial	Last Name	Title	Fiscal Year of most recent audit available
Member	Kevin		O'Rourke	Vice Chair	6/30/2012
Member	Russ		Branson	Secretary	
Member	Robert		Leland	Committee Chair	
Member	Tim		Snellings	Committee Chair	
Member					
Member					

Estimated Date for completion of FY 2011 Audit

### Agency Officials

Executive Director	First Name	Middle Initial	Last Name	Title	Phone	email
	Larry		Combs	Chair		
			Shutten	Treasurer		
Fiscal Officer						

### Report Prepared By

First Name Denisa Middle Initial  Last Name Fedderson Title Program Mgr  
 Street 1  Street 2  City  Phone 925-280-4389 email dfedderson@uscommfin.org

### Independent Auditor

First Name Scott Middle Initial  Last Name Brunner Title Director  
 Street 1  Street 2  City  Phone 916-642-7047 email sbrunner@mgspa.com



# Special Districts Financial Transactions Report

Page 3

## Conduit Financing Provider

Agency Name

CSCDA

## Statement of Net Assets

Fiscal Year 2012

### Assets

#### Current assets

Cash  
Investments  
Lease Payments Receivable Net  
Mortgages Receivable  
Other Loans Receivable  
Interest Receivable  
Other Receivables  
Due From Other funds  
Due From Other Agencies  
Deferred Charges  
Other Assets  
Total Current Assets

\$	
\$	

#### Noncurrent Assets

Restricted Cash  
Other Noncurrent Assets  
Total Noncurrent Assets

\$

t of Net Assets and the Statement of Revenues, Expenditu

### Liabilities

#### Current Liabilities

Accounts Payable  
Interest Payable  
Due to Other Funds  
Due to Other Agencies  
Refundable Deposits  
Current Portion of Long-Term Debt  
Other Liabilities  
Total Current Liabilities

\$	

#### Noncurrent Liabilities

Deferred Revenues  
Long-Term Debt  
All Other Non-Current Liabilities  
Total Noncurrent Liabilities  
Total Liabilities

\$

### Net Assets

Restricted  
Unrestricted  
Total Net Assets

\$
\$

Total Liabilities and Net Assets

# Special Districts Financial Transactions Report

Conduit Financing Provider

Page 4

Agency Name

CSCDA

## Statement of Revenues, Expenditures and Changes in Net Assets

Fiscal Year 2012

### Operating revenues

Financial Service Fees  
Application Fees  
Issuance Fees  
Closing Fees  
Monitoring Fees  
Annual Administration Fees  
Lease Program Fees  
Other Fees and Charges  
Lease Rental Payments  
State Grants  
Federal Grants  
Other Governmental Agencies  
Other Revenues

\$	
\$	

**Total operating revenues**

### Operating expenses

Salaries, Wages and Benefits  
Services and Supplies  
Consultant Services

\$	

The Statement of Net Assets and the Statement of Revenues, Expenditures and Changes

Trustee Fees  
Underwriter's Fees  
Other Agent Fees  
Insurance  
Project Costs  
Debt Issuance Costs  
Distributions to Outside Agencies  
Other Expenses

\$	

**Total expenses**

**Operating Income (loss)**

### Nonoperating Revenues (Expenses)

Interest and Investment Income  
Miscellaneous revenues  
Interest expense  
Miscellaneous expenses

\$	

**Total Nonoperating revenues (expenses)**

**Income (loss) before contributions and transfers**

\$	
----	--

Capital Contributions

Transfers in

Transfers out


**Changes in net assets**

\$	
----	--

Total Net Assets, Beginning of Year

**Total Net Assets, End of Year**

\$	
----	--

# Special Districts Financial Transactions Report

Page 5

## Conduit Financing Provider

Agency Name CSCDA

## Statement of Fiduciary Net Assets

Fiscal Year 2012

### Assets

Cash	\$ 2,647,394
Investments	6,135,758
Interest Receivable	
Other Receivables	48,718
Due From Other Funds	
Due From Other Agencies	
Other Assets	
Total Assets	\$ 8,831,870

### Liabilities

Accounts Payable	\$
Agency Obligations	8,831,870
Other Liabilities	
Total Liabilities	\$ 8,831,870

The Statement of Net Assets and the Statement of Revenues, Expenditures and Changes

### Net Assets

Held in Trust	\$ 8,831,870
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# Special Districts Financial Transactions Report

Page 6

## Conduit Financing Provider

Agency Name

CSCDA

## Statement of Changes in Fiduciary Net Assets Fiduciary Funds

Fiscal Year 2012

### Additions

Financial Service Fees	\$	
Application Fees		
Issuance Fees		2,450,872
Closing Fees		
Monitoring Fees		
Annual Administration Fees		12,661,866
Other Fees and Charges		2,048,939
Other Revenues		
Interest and Investment Income		1,102,773
<b>Total Additions</b>	\$	18,264,450

### Deductions

Administration Expense	\$	760,385
The Statement of Net Assets and the Statement of Revenues, Expenditures and Changes		
Services and Supplies		14,903,479
Consultant Fees		
Legal Fees		
Trustee Fees		
Underwriter's Fees		
Other Agent's Fees		
Debt Issuance Costs		
Distributions to Outside Agencies		
Deposits Returned		2,897,507
Other Deductions		86,104
<b>Total Deductions</b>	\$	18,647,475

Net Increase (Decrease)

\$ (383,025)

Net Assets, Beginning of the Year

\$ 9,214,895

Net Assets, End of the Year

\$ 8,831,870

# Special Districts Financial Transactions Report

Page 7

## Conduit Financing Provider

Agency Name

CSCDA

## Summary of Conduit and Public Agency Debt Issued and Outstanding

Fiscal Year 2012

### Types of Conduit Financing Debt and Public Agency Debt Issues

Debt Issued  
During Fiscal Year  
2011

Total Debt  
Outstanding as of  
Fiscal Year 2011

#### Qualified Private Activity Debt

Industrial Development Bonds	\$		\$ 116,570,742
Enterprise Zone Bonds			
Empowerment Zone Bonds			
Qualified 501(c)(3) Nonprofit - Educational Facility Bonds		268,600,000	1,522,263,011
Qualified Public Educational Facilities Bonds			
Qualified Student Loan Bonds			
Qualified 501(c)(3) Nonprofit - Hospital and Health Care Bonds		1,261,020,000	13,637,377,834
Qualified 501(c)(3) - Other Bonds			1,052,964,018
Qualified Residential Rental Projects Bonds		498,586,610	5,463,913,952
Qualified Single Family Mortgage Revenue Bonds			
Solid Waste Disposal Facilities Bonds			928,432,800
Other Exempt Facilities Bonds (attach explanation)			12,000,000
Other Qu The Statement of Net Assets and the Statement of Revenues, Expenditures and Changes			70,145,000
<b>Total Conduit Debt Issued and Outstanding</b>	\$	2,028,206,610	\$ 22,803,667,377

#### Public Agency Debt Issues

Revenue Bonds	\$		\$ 349,685,000
Tax Allocation Redevelopment Bonds			
Certificates of Participation			
Assessment Bonds 1911 Act			
Assessment Bonds 1915 Act		9,190,000	135,675,000
Marks-Roos Bonds			
Mello-Roos Bonds			
Sales Tax Bonds			
Financial Leases			
Pension Obligation Bonds			358,486,360
Tax and Revenue Anticipation Notes		77,520,000	1,645,695,000
Commercial Paper			
Other (attach explanation)		61,555,000	3,583,873,890
<b>Total Public Agency Debt Issued and Outstanding</b>	\$	148,265,000	\$ 6,073,415,250

#### Total Debt Issued and Outstanding

\$ 2,176,471,610 \$ 28,877,082,627

# Special Districts Financial Transactions Report

Conduit Financing Provider

Agency Name

## Conduit Debt Fee Schedule

You may provide the State Controller's Office a copy of your current Fee Schedule rather than completing this form.

Fiscal Year 2012

### Bond programs

### Type of Fees

Types of Debt

Application fees Issuance fees Closing Fees Annual administration fees Project monitoring fees

Industrial Development Bonds

Enterprise Zone Bonds

Empowerment Zone Bonds

Qualified 501(c)(3) Nonprofit - Educational Facility Bonds

Qualified Public Educational Facilities Bonds

Qualified Student Loan Bonds

The Statement of Net Assets and the Statement of Revenues, Expenditures and Changes

Qualified 501(c)(3) Nonprofit - Hospital and Health Care Bonds

Qualified 501(c)(3) - Other Bonds

Qualified Residential Rental Projects Bonds

Qualified Single Family Mortgage Revenue Bonds

Solid Waste Disposal Facilities Bonds

Other Exempt Facilities Bonds (attach explanation)

Other Qualified Private Activity Debt (attach explanation)

## Page 8(b)

## Fiscal Year 2012

## Types of Debt

### The Statement of Net Assets and the Statement of Revenues, Expenditures and Changes

Other (attach explanation)

# **California Statewide Communities Development Authority (CSCDA)** **Fee Schedule**

Bond Program	Issuance Fee		Annual Administration Fee	Assessed Against
	Up to \$20 Million	Over \$20 Million	Fee	
Housing <sup>1</sup>	0.20% (Min \$15,000)	\$40,000 + 0.125% over \$20 M	0.05%	Aggregate Principal O/S on interest payment date <sup>2</sup>
501(c)(3) Nonprofit Housing <sup>1</sup>	0.20% (Min \$15,000)	\$40,000 + 0.05% over \$20 M	0.05%	Aggregate Principal O/S on interest payment date <sup>2</sup>
501(c)(3) Nonprofit	0.20% (Min \$15,000)	\$40,000 + 0.05% over \$20 M	0.015%	Aggregate Principal O/S on interest payment date <sup>3</sup>
Municipal	0.15% (Min \$7,500)	\$30,000 + 0.025% over \$20 M	0.015%	Aggregate Principal O/S on interest payment date
Airports/Solid Waste/Exempt Facilities	0.25% (Min \$25,000)	\$50,000 + 0.125% over \$20 M	0.05%	Aggregate Principal O/S on interest payment date
Taxable	0.25% (Min \$25,000)	\$50,000 + 0.125% over \$20 M	0.015%	Aggregate Principal O/S on interest payment date
Mello Roos <sup>4</sup>	0.25% (Min \$30,000)	\$50,000 + 0.25% over \$20 M	0.25% + Actual Costs	Aggregate Issuance Amount
Industrial Development Bonds	\$25,000	N/A	0.10%	Aggregate Principal O/S on interest payment date

Note: Bond Programs require one \$5,000 Fee Deposit, per borrower, per calendar year which is applied to the issuance fee at closing.

Bond Program	Issuance Fee		Annual Administration Fee
	Up to \$3 Million	Over \$3 Million	
IDB LBP & EP, Solid Waste EP, Nonprofit	3.00% (Min \$60,000)	2.00%	None

Note: Small Issue Public Benefit Bond Programs require one \$2,500 Issuance Fee Deposit, per borrower, per calendar year which is applied to the issuance fee at closing.

<sup>1</sup> One-half of the Annual Administration Fee for Housing Bond issuances will be collected at the time of issuance.

In addition, CSCDA reserves the right to collect all issuance fees upfront as a deposit for any bond issuance requiring volume cap allocation.

<sup>2</sup> Minimum Annual Administration Fee for Housing bond issuances is \$5,000 per project (a \$1,000 annual compliance monitoring fee will replace the existing Annual Administration Fee throughout the CDLAC Compliance Period after the Qualified Project Period has expired).

Projects requiring IRP monitoring will be charged: \$10,000 (in addition to the Annual Administration Fee) for CSCDA issued projects or \$15,000 for non-CSCDA issued projects.

<sup>3</sup> Health Facility Financials: Issuance Fee will be capped at \$100,000 and the Annual Administration Fee capped at \$150,000.

<sup>4</sup> Mello Roos issues require all fees + \$20,000 upfront as a deposit.



## Item VII

Discuss and approve proposed revision to the CSCDA issuance policies relating to the placement of non-rated securities within a professional investment management firm for Western University.

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## SUMMARY AND RECOMMENDATIONS

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<b>REQUEST:</b>	DISCUSS AND APPROVE PROPOSED REVISION TO CSCDA'S ISSUANCE POLICIES RELATING TO THE PLACEMENT OF NON-RATED SECURITIES WITHIN A PROFESSIONAL INVESTMENT MANAGEMENT FIRM
<b>PURPOSE:</b>	PROVIDE GREATER FLEXIBILITY AND PRICING TO UNDERWRITERS AND BORROWERS
<b>DATE:</b>	SEPTEMBER 27, 2012

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### **Background:**

Throughout CSCDA's history, the Commission and staff have looked at ways to enhance CSCDA's issuance policies to align borrowers' and underwriters' needs in the sale of rated and non-rated securities while ensuring prospective bondholders are equipped to assess the risks involved. As a result, CSCDA enforces limited sale restrictions for securities rated "BBB-" or better but restricts the sale of CSCDA securities rated less than "BBB-" or non-rated to (1) qualified institutional buyers in minimum denominations of \$25,000, or (2) accredited investors willing to execute a traveling investor letter in minimum denominations of \$100,000.

Recently, staff was approached by Southwest Securities ("SWS"), the underwriter for the Western University of Health Sciences Student Housing Revenue Bonds, Series B (University Village). There are two series of bonds to be issued for the student housing project, Series A (Senior Lien) and the Series B (Subordinate Lien). SWS has identified an investor for the Series B bonds to be placed as a limited public offering. The investor, RPM Capital Management LLC ("RPM") has requested that SWS approach CSCDA regarding the possibility of lessening the CSCDA denomination requirement for securities sold only to RPM clients. Moreover, RPM is requesting an ability to execute a master traveling investor letter on behalf of all RPM clients for which it holds power of attorney status.

### **About RPM Capital Management LLC:**

RPM is a privately owned registered investment advisor located in Greenwich, Connecticut. RPM specializes in the analysis, acquisition, and management of high yield, tax advantaged securities. RPM's experience, strategy, and methodology allow RPM to provide its clients with higher yielding securities while substantially minimizing the risk associated with the ownership of such securities. RPM believes in the compounding of income to preserve and create wealth.

RPM's Chief Investment Officer has decades of success in the management of high yield, not-rated tax exempt bonds and targets industry sectors in which RPM possesses a great deal of institutional knowledge and history, including continuing care facilities, educational facilities and housing facilities.

The RPM team have decades of success in the high yield tax-exempt space with no late payment or defaults over the last 15 years, including origination, due diligence, and structuring in excess of \$300 million.

RPM's Chief Credit Officer was the Chief Credit Officer and General Counsel to an investment management firm known as Greenwich Investment Management ("GIM"), which purchased the CSCDA bond issues for the Sonoma Country Day School and the CSCDA obligations for the Airport Facilities at the City of Hayward. CSCDA was approached back in November, 2009 with the same request to lower the denominations and to allow the firm to provide a master traveling letter for GIM clients, and such request was approved by the Commission on November 24, 2009.

**Discussion:**

SWS and RPM have approached CSCDA staff regarding the opportunity to purchase (1) the CSCDA Western University Student Housing Revenue Series B Bonds that were approved by the Commission on January 5, 2012. The bonds will be issued on behalf of the Provident Group, a qualified 501(c)(3) corporation.

As a consideration to purchasing the CSCDA bonds, RPM has requested a revision to the CSCDA issuance policy to allow for greater flexibility in subscribing interest from its numerous high net worth investor clients. Current CSCDA issuance policies would require each RPM accredited investor to (1) purchase CSCDA bonds in minimum denominations of \$100,000, and (2) execute a traveling investor letter.

RPM has requested flexibility in the CSCDA policy to allow RPM an ability to (1) allocate CSCDA bonds in minimum denominations of \$25,000 to RPM investor clients, and (2) execute one stand alone traveling investor letter on behalf of its investor clients for which RPM has been assigned power of attorney.

**Recommendation:**

Based on RPM Capital Management's investment strategy and experience in the purchase of non-rated tax-exempt bonds on behalf its sophisticated investor clients, CSCDA staff, in consultation with Orrick, Herrington & Sutcliffe, is recommending the following:

- CSCDA will allow for the allocation of its non-rated debt obligations in minimum denominations of \$25,000 to investor clients of RPM
- CSCDA will allow for the stand alone execution of a traveling investor letter by RPM on behalf of its accredited investor clients for which RPM has been assigned power of attorney
- To the extent RPM or any of its investor clients looks to sell or transfer all or a portion of its CSCDA debt obligation holdings, CSCDA will require RPM and its investor clients to adhere to the current CSCDA transfer restrictions, including (1) the sale to qualified institutional buyers in minimum denominations of \$25,000, and / or (2) the sale to accredited investors in minimum denominations of \$100,000 along with a traveling investor letter