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October 15, 2020

CSCDA Community Improvement Authority  
1100 K Street  
Sacramento, CA 95814

Re: CSCDA Community Improvement Authority

The CSCDA Community Improvement Authority (“CSCDA CIA”) has been formed pursuant to a Joint Exercise of Powers Agreement, dated as of October 15, 2020 (the “Agreement”), between two original members, Yolo County and the City of Woodland (the “Charter Members”). In accordance with Section 12 of the Agreement, additional cities, counties and other local government entities may join CSCDA CIA (each a Non-Charter Member or “Additional Member” and, together with the Charter Members, the “Members”). You have asked whether an Additional Member is exposed to liability by virtue of its decision to become a Member of CSCDA CIA and/or its approval of bonds proposed to be issued by CSCDA CIA.

CSCDA CIA is a political subdivision of the State of California created under the California Joint Powers Act (California Government Code Section 6500 and following) (the “Act”) and the Agreement. Pursuant to the Act (Section 6503.5), a joint powers agreement may, and the Agreement in Section 3A does, create an entity, CSCDA CIA, that is separate from the parties to the agreement.

CSCDA CIA has adopted a policy to not issue bonds or other forms of indebtedness for certain types of projects, including workforce housing, unless a public entity in which the proposed Project (“the Project”) is located is a Member and the governing body of such Additional Member (or Charter Member, as the case may be) approves the issuance of bonds for the Project.

The Act (Section 6508.1) provides that a joint powers agreement may, and the Agreement in Section 3A does, specify that the bonds and other debts, liabilities or obligations of CSCDA CIA do not constitute debts, liabilities or obligations of any Members.



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Pursuant to applicable state law, CSCDA CIA policies, and the documents providing for the issuance of bonds, the bonds will be issued as limited obligations of CSCDA CIA, not of any Charter Member or Additional Member, and payable solely out of the revenues derived from the Project being financed. Specifically, Section 8 of the Agreement provides that “[t]he Bonds, together with the interest and premium, if any, thereon, shall *not* be deemed to constitute a debt of any Member or pledge of the faith and credit of the Members...Neither the Members nor...shall be obligated to pay the principal of, premium, if any, or interest on the Bonds, or other costs incidental thereto...” (emphasis added).

Accordingly, bonds issued for a Project located in the jurisdiction of a public entity that is or becomes a Member and approves issuance of the bonds by CSCDA CIA will not be a debt, liability or obligation of the Member but solely indebtedness of CSCDA CIA, limited to revenues from that Project which are pledged and available therefore.

Please do not hesitate to contact me if you have further questions with respect to this matter.

Sincerely yours,

  
Roger L. Davis