



**Economic Innovation and Sustainability Committee
MEETING AGENDA
June 17, 2021
Upon Adjournment of Regular CSCDA Meeting**

Pursuant to Governor Newsom's Executive Order, Commissioners of the California Statewide Communities Development Authority or staff may participate in this meeting via a teleconference. In the interest of maintaining appropriate social distancing, members of the public may participate in the meeting telephonically. Members of the public may observe and offer comment at this meeting telephonically by dialing 623-404-9000, Meeting ID 240 338 9861 Passcode 747188. If you are an individual with a disability and need a reasonable modification or accommodation pursuant to the Americans with Disabilities Act ("ADA") please contact info@cscda.org or 1-800-531-7476 prior to the meeting for assistance.

A. OPENING AND PROCEDURAL ITEMS

1. Roll Call.

 ___ Brian Stiger, Member
 ___ Tim Snellings, Member
 ___ Brian Moura, Member
2. Consideration of Minutes from April 15, 2021 Meeting.
3. Public Comment.

B. ITEMS FOR CONSIDERATION AND ACTION

4. Consideration of lender consent policy for commercial PACE.
5. Consideration of PACE policy related to state and federal securities laws.
6. Discuss commercial PACE related to cannabis facilities.

C. STAFF ANNOUNCEMENTS, REPORTS ON ACTIVITIES OR REQUESTS

7. Staff Updates.
8. Adjourn.

NEXT MEETING: Thursday, July 15, 2021 upon adjournment of CSCDA Regular Meeting.

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MINUTES

MEETING OF THE CALIFORNIA STATEWIDE COMMUNITIES DEVELOPMENT AUTHORITY ECONOMIC INNOVATION & SUSTAINABILITY COMMITTEE

April 15, 2021

1. Roll Call.

Committee members participating via teleconference: Tim Snellings, Brian Moura and Brian Stiger.

Others participating via teleconference: Cathy Bando, CSCDA Executive Director; James Hamill, Bridge Strategic Partners.

2. Consideration of the February 18, 2021 Minutes

The Committee unanimously approved the minutes.

3. Public Comment.

There were no public comments.

4. Consideration of Payment Penalty Prevention Program.

Alan Fernandes, CEO of the CSAC Finance Corporation presented to the Committee a new program for delinquent property tax payments for property owners. The program is still in the formation stages. Information only item and no action was taken by the Committee.

5. Consideration of PACENation Diverse, Equitable and Inclusive Marketplace.

The Committee unanimously approved presenting the Diverse, Equitable and Inclusive Marketplace policy from PACENation to the CSCDA Commission.

6. Consideration of updates to PACE Administrator Form Contract.

The Committee approved the updated PACE Administrator contract for residential PACE, and directed staff to work with the administrators to bring back to the Commission.

7. Consideration of updated refinancing lookback qualifications for commercial PACE.

The Committee unanimously approved keeping the refinancing lookback for commercial PACE to 3 years.

8. Staff Updates.

None.

The meeting was adjourned at 2:42 p.m.

Submitted by: James Hamill, Managing Director

NEXT MEETING: Thursday, May 20, 2021 after the regular CSCDA meeting.



Agenda Item No. 4

Agenda Report

DATE: June 17, 2021
TO: Committee Members
FROM: James Hamill, Managing Director
PURPOSE: Consideration of lender consent policy for commercial PACE.

EXECUTIVE SUMMARY:

Under the current requirements of the CSCDA Open PACE commercial program lender consent by a mortgage holder is required at the discretion of the property owner and administrator. Some mortgage documents include provisions that the placement of a voluntary loan that is in a senior position to its loan triggers a default of the loan. PACE is senior to any mortgage on a property. The PACE statutes are silent as to the requirement of lender consent, leaving it to CSCDA to make the determination such requirement.

ANALYSIS:

As the Committee is aware the volume of commercial PACE transactions has steadily increased over the past two years. As a matter of public policy, CSCDA should not knowingly violate mortgage documents even if a property owner and/or administrator are willing to take the risk. In addition, other state commercial PACE programs including Texas, Florida, Connecticut, Colorado and Wisconsin all require lender consent for the above referenced reasons. Therefore, establishing a policy requiring lender consent for commercial PACE projects will maintain the integrity of the program and CSCDA.

RECOMMENDED ACTION:

Staff is recommending lender consent be required for all commercial PACE financings.



Agenda Item No. 5

Agenda Report

DATE: June 17, 2021
TO: Committee Members
FROM: James Hamill, Managing Director
PURPOSE: Consideration of PACE policy related to state and federal securities laws.

EXECUTIVE SUMMARY:

In consultation with CSCDA's PACE counsels including Orrick, Herrington & Sutcliffe; Jones Hall and Stradling, Yocca, Carlson & Rauth it is recommended that the Commission add a policy relating to PACE financings and state and federal securities laws. This is to ensure if a program administrator is not an initial purchaser of the PACE bonds, they have complied with all securities laws.

ANALYSIS:

The above-referenced PACE counsels drafted the following policy for consideration:

VI. PACE FINANCINGS

In general, the initial purchasers of PACE bonds should be the applicable program administrator or an affiliate of the applicable program administrator. In those financings where that is not the case, the applicable program administrator will ensure that it has complied with state and federal securities laws and provide acceptable representations to CSCDA. For purposes of this Section VI, "affiliate" means any entity or person that directly, or indirectly through one or more intermediaries, owns, is owned by or is under common ownership with the applicable program administrator, in whole or in part, and any entity or person that directly, or indirectly through one or more intermediaries, controls, is controlled by or is under common control with the applicable program administrator by contract or otherwise.

RECOMMENDED ACTION:

Staff recommends presenting the above-referenced PACE policy to the Commission.



Agenda Item No. 5

Agenda Report

DATE: June 17, 2021
TO: Committee Members
FROM: James Hamill, Managing Director
PURPOSE: Discuss commercial PACE related to cannabis facilities.

EXECUTIVE SUMMARY:

Staff has received inquiries regarding PACE financing for cannabis production and related facilities. CSCDA does not have a policy related to such facilities. On a state level, cannabis is legal. On the federal level, cannabis remains illegal. The federal government classifies marijuana, along with heroin and cocaine, as a Schedule I drug with a high potential for abuse and little to no medical benefit.

However, 18 U.S. states and the District of Columbia have made marijuana legal for all adults, and a total of 36 states and the District of Columbia allow for comprehensive public medical marijuana programs.

ANALYSIS:

In discussions with PACE counsel there would not be a legal issue associated with the financing of cannabis related facilities. However, due to the differences in state and federal law, and certain local policy issues the question becomes should CSCDA establish policies to enable such financings. These could include, but not be limited to confirming CSCDA's member agency allowing the facilities, indemnifications and release of liabilities, etc.

RECOMMENDED ACTION:

Staff is seeking input on this type of financing, and if the direction is to move forward bringing back a policy related to cannabis financings.