



SPECIAL MEETING AGENDA

January 21, 2025 at 2:00 PM

**California State Association of Counties
1100 K Street, 1st Floor
Sacramento, CA 95814**

Telephonic Locations:

3252 Southern Hills Drive
Fairfield, CA 94534

City of Lafayette
3675 Mt. Diablo Blvd., Room 210
Lafayette, CA 94549

15465 Vantage Point
Redding, CA 96001

451 Trotter Drive
Vallejo, CA 94591

32920 Road 140
Visalia, CA 93292

709 Portwalk Place
Redwood City, CA 94065

3124 Chesapeake Bay Avenue
Davis, CA 95616

1010 10th Street, 6th Floor
Modesto, CA 95354

Members of the public may also observe and offer comment at this meeting telephonically by dialing 669-900-9128, Meeting ID 259-798-2423, Passcode 129070.

A. OPENING AND PROCEDURAL ITEMS

1. Roll Call.

____ Brian Moura, Chair
____ Niroop Srivatsa, Member
____ Kevin O'Rourke, Secretary
____ Brian Stiger, Treasurer

____ Vito Chiesa, Member
____ Leonard Moty, Member
____ Erin Hannigan Andrews, Member
____ Norman Coppinger, Alt. Member
____ Jim Erb, Alt. Member

2. Public Comment

B. AGENDA ITEMS

3. CSCDA Program Management Study Session.
4. Adjourn.

NEXT MEETING: Thursday, January 23, 2025 at 2:00 pm



Agenda Item No. 3

Agenda Report

DATE: January 21, 2025
TO: CSCDA COMMISSIONERS
FROM: Cathy Barna, Executive Director
PURPOSE: Program Management Study Session

Introduction

The CSCDA Program Administration Ad Hoc Committee has scheduled a Study Session for the CSCDA Board of Commissioners to facilitate an in-depth discussion about CSCDA's history, governance, finances, and next steps regarding CSCDA's program management. The session is designed to provide an overview of past milestones, current operations, and potential pathways forward for the organization.

Overview

I. Study Session Guidelines

- **Guidelines:** The Study Session is intended to encourage open dialogue and facilitate an exploratory discussion *without* the need for immediate decision-making. Staff direction may be provided where appropriate, but no formal decisions will be made during the session.

II. History of CSCDA

- **Successor to CSAC Finance Corporation:** CSCDA was established in 1988 as the successor to the CSAC Finance Corporation.
- **Founded in 1988 under the Marks-Roos Local Bond Pooling Act:** CSCDA was established by the City of Sacramento and the County of Sacramento in 1988 under the Marks-Roos Local Bond Pooling Act to support local governments and public agencies by facilitating bond issuances.
- **Broader Authority:** The Joint Powers Authority (JPA) can issue all types of debt and expanded the limited offerings of the finance corporation. Bond issuance services were extended from offerings to counties only, to include cities and other local governments.

- **Sponsorship:** The sponsorship base of CSCDA was broadened to include both CSAC and the League of California Cities in 1988.
- **Expansion of Services over Time:**
 - Initially issued Industrial Development Bonds (IDBs).
 - In **1993**, CSCDA expanded its services to include public agency bonds, followed by the issuance of low-income housing and nonprofit bonds in **1996**.
 - In **2003**, CSCDA began supporting infrastructure for new developments through the Statewide California Infrastructure Program (SCIP), and in **2009**, it introduced clean energy programs through Open Property Assessed Clean Energy (Open PACE).
 - In **2011**, CSCDA launched the California Statewide Communities Development Corporation (CSCDC) offering New Markets Tax Credits (NMTC), and in **2019**, it introduced Workforce Housing Bonds through the CSCDA Community Improvement Authority (CSCDA-CIA).

III. State Treasurer Intervention (2008–2013)

- **Governance and Transparency Concerns:** From 2008 to 2013, then California State Treasurer Bill Lockyer raised concerns regarding the independence of CSCDA’s governance, the value of sponsorship fees, and its transparency practices.
- **Governance Reforms:** In response, independent Commissioners, General Counsel, and Executive Director were appointed to eliminate conflicts of interest.
- **Sponsorship Agreements:** New sponsorship agreements were implemented to ensure public value for the fees paid to Cal Cities and CSAC.
- **Increased Accountability:** Professional service and financial management policies were introduced, including a Professional Services Contract Policy originally adopted in 2012 and revised in 2018 that capped contract terms to a maximum initial duration of three years with longer term extensions thereafter.

IV. 2014–15 Program Management RFP and Transition

- **Transition of Program Management:** In 2015, Program Management was transitioned from HB Capital to Bridge Strategic Partners (BSP) following an RFP process. BSP’s partners are former HB Capital Employees.
- **BSP’s Contributions:**
 - BSP introduced competitive fee structures and fostered significant growth in CSCDA programs.
 - Notable expansions included infrastructure and clean energy financing, along with the launch of a workforce housing program.

V. Other Statewide Financing JPAs

- **Comparison with other Entities:**
 - **CMFA:** Established in 2004 by former HB Capital Employees, CMFA pays sponsorship fees to the local government agency where the program is located.
 - **CalPFA:** Established in 2015, also by former HB Capital employees, with sponsorship fees paid to Kings County Community Foundation.
- **CSCDA’s Leadership:** CSCDA continues to lead in terms of program diversity, transparency, compliance, and issuance fees when compared to other entities.

VI. CSCDA Revenues

- **Sources of Revenue:** CSCDA's primary revenues come from private developers and nonprofits who pay fees for the issuance of bonds and bond administration.
 - **Issuance Fees:** Paid at the time of bond issuance.
 - **Bond Administration Fees:** Paid annually for the entire life of the bonds, except for PACE programs.

VII. Accomplishments under BSP

- **Notable Growth:** Under BSP's management, CSCDA has issued \$13.5 billion in bonds, demonstrating substantial program growth.
- **Open PACE Program:** The Open PACE program has grown to be the largest in the nation with 40% of the national volume, and has expanded from 1 administrator to 15, with a 22x revenue growth since 2015.
- **SCIP Program:** Threefold growth since 2015 now including 140 participating local agencies.
- **Housing Units:** CSCDA financings have led to the creation of more than 40,000 new housing units during BSP's tenure as program administrator.
- **New Markets Tax Credit (NMTC):** Fourfold growth in the NMTC program, closing 18 projects since 2016.
- **Workforce Housing:** 7,702 units have been acquired and restricted for low- to middle-income residents.
- **Sponsorship Fee Growth:** A 3.6x increase in sponsorship fees.

Conclusion

CSCDA has experienced significant growth and development over the past 36 years, with particularly notable progress in the last decade. The programs, management, and governance structures have evolved to meet changing needs, ensuring reliable and transparent public service.

As CSCDA looks to the future, strategic partnerships and the retention of seasoned professionals will remain essential to its stability and continued growth.

The Study Session will provide an important opportunity for the Board to assess current operations and to discuss options to support CSCDA's long-term success.