CALIFORNIA PUBLIC FINANCE AUTHORITY
CalPFA

Kings County Government Center
1400 W. Lacey Boulevard
Hanford, California 93230
☎ (559) 852- 2362 FAX (559) 585-8047

Agenda

Tuesday, September 1, 2015

Place: **County Board of Supervisors Chambers**
Kings County Government Center, Hanford, CA

Time: **11:00 a.m.**

1. **CALL TO ORDER**
ROLL CALL – Clerk to the Board

2. **APPROVAL OF MINUTES**
Approval of the minutes from the August 11, 2015 regular meeting.

3. **CONSENT CALENDAR**
A. Consideration of approving an inducement resolution for Pierce Park Apartment Associates, LP, City of Los Angeles, County of Los Angeles; up to $110 million of multifamily housing revenue bonds.

4. **NEW BUSINESS ACTION ITEMS**
A. Consideration of First Amendment to GPM Municipal Advisors Services Agreement.
B. Consideration of approving the CalPFA Investment Policy.
C. Consideration of establishing the CalPFA Asset Ownership Program.

5. **PUBLIC COMMENT**
Any person may directly address the Board at this time on any item on the agenda, or on any other items of interest to the public, that is within the subject matter jurisdiction of the Board. Five (5) minutes are allowed for each item.

6. **ADJOURNMENT**
Adjourn as the California Public Finance Authority.

2. **APPROVAL OF MINUTES**
Consideration of the Minutes of the August 11th, 2015 Regular Meeting**.**

CALIFORNIA PUBLIC FINANCE AUTHORITY

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Action Summary

Tuesday, August 11, 2015

Place: **County Board of Supervisors Chambers**
Kings County Government Center, Hanford, CA

Time: **11:00 a.m.**

1. **B 1** **CALL TO ORDER**
ROLL CALL – Clerk to the Board
ALL MEMBERS PRESENT

2. **B 2** **APPROVAL OF MINUTES**
Approval of the minutes from the July 14, 2015 regular meeting.
APPROVED AS PRESENTED (JN/DV/RV/CP/RF-Aye)

3. **B 3** **UNFINISHED BUSINESS**
A. Update of the California Public Finance Authority Solicitation for Audit Services.
INFORMATION ONLY - NOA

4. **B 4** **NEW BUSINESS ACTION ITEMS**
A. Consideration of proposed changes to the California Public Finance Authority Standard Document Provisions and Policies to recognize the inclusion of Additional Members as necessary.
APPROVED AS AMENDED (DV/JN/RV/CP/RF-Aye)
B. Consideration of a California Public Finance Authority Community Benefit Program.
APPROVED AS PRESENTED (DV/CP/JN/RV/RF-Aye)
C. Consideration of a proposal to cancel the next regularly scheduled meeting of the California Public Finance Authority on August 25, 2015, and hold the next regularly scheduled meeting on September 1, 2015.
APPROVED AS PRESENTED (JN/CP/RV/DV/RF-Aye)

5. **B 5** **PUBLIC COMMENT**
Any person may directly address the Board at this time on any item on the agenda, or on any other items of interest to the public, that is within the subject matter jurisdiction of the Board. Five (5) minutes are allowed for each item. **None**

6. **B 6** **ADJOURNMENT**
Adjourn as the California Public Finance Authority.

3. **CONSENT CALENDAR**
   A. Consideration of approving an inducement resolution for Pierce Park Apartment Associates, LP, City of Los Angeles, County of Los Angeles; up to $110 million of multifamily housing revenue bonds. (Scott Carper)

RESOLUTION NO. 15H-__

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

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

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

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

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

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

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

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

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

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

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

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

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

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

PASSED AND ADOPTED by the California Public Finance Authority this _______, 2015.

The undersigned, an Authorized Signatory of the California Public Finance Authority, DOES HEREBY CERTIFY that the foregoing resolution was duly adopted by the Board of Directors of said Authority at a duly called meeting of the Board of Directors of said Authority held in accordance with law on _______, 2015.

By: ____________________________________

Authorized Signatory

EXHIBIT A

Project Name	Project Location	Project Description (units)	New Construction/ Acquisition and Rehabilitation	Legal Name of initial owner/operator	Bond Amount
Pierce Park Apartments	City of Los Angeles, County of Los Angeles	430	Acquisition and Rehabilitation	Pierce Park Apartment Associates, L.P.	$110,000,000

4. **ITEMS NEW BUSINESS ACTION**

A. Consideration of First Amendment to GPM Municipal Advisors Services Agreement.

CALIFORNIA PUBLIC FINANCE AUTHORITY

SUMMARY AND APPROVALS

DATE:	**SEPTEMBER 1, 2015**
SUBJECT:	FIRST AMENDMENT TO THE GPM MUNICIPAL ADVISORS SERVICES AGREEMENT
PURPOSE:	**CONSIDERATION OF A PROPOSED AMENDMENT TO THE GPM SERVICES AGREEMENT TO ACCOMMODATE CALPFA COMMUNITY BENEFIT PROGRAM**

Background:

On August 11, 2015, the CalPFA Board adopted a Community Benefit Program to provide for the sharing of CalPFA annual administrative fees to offset the cost of public services to any respective CalPFA project over the life of the financing with each public agency who conducts a TEFRA hearing. The Community benefit Program states CalPFA will share 10% of its gross annual administrative fees collected for affordable housing, industrial development bond, or other exempt facility financings, and 15% of its gross annual administrative fees collected for 501(c)(3) nonprofit financings.

The share percentage will be made off the top from all Authority Program transactions prior to any fee distributions; therefore, the Services Agreement by and between the California Public Finance Authority, GPM Municipal Advisors, HB Bond Administration, and Compliance Services, LLC should be amended to reflect the contribution to the Community Benefit Reserve Account.

Recommendation:

It is recommended that this Board adopt the proposed first amendment to the Services Agreement by and between the California Public Finance Authority, GPM Municipal Advisors, HB Bond Administration, and Compliance Services, LLC (attached) to incorporate the contribution to the Community Benefit Reserve Account.

FIRST AMENDMENT TO SERVICES AGREEMENT

This **FIRST AMENDMENT TO SERVICES AGREEMENT** ("**First Amendment**") is entered into as of August __, 2015 (the "**Effective Date**"), by and between **GPM MUNICIPAL ADVISORS, LLC**, a California limited liability company ("**GPM**") **HB BOND ADMINISTRATION 1987, LLC**, a California limited liability company ("**HB**"), **COMPLIANCE SERVICES, LLC**, a California limited liability company ("**Compliance Services**") and **CALIFORNIA PUBLIC FINANCE AUTHORITY**, a California joint powers authority ("**Authority**") (collectively the "**Parties**" and each individually a "**Party**").

RECITALS

WHEREAS, GPM, HB, Compliance Services and Authority have entered into that certain Services Agreement dated as of July 7, 2015 (the "**Agreement**");

WHEREAS, HB collects Annual Administrative Fees and makes contributions to the Reserve Fund and the parties desire that HB perform the same function with respect to the Reserve Account (as defined below); and

WHEREAS, the Parties wish to amend the Agreement as more particularly described herein.

NOW, THEREFORE, in consideration of the foregoing and of the covenants, conditions, representations, and warranties contained herein, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Parties agree as follows:

AGREEMENT

1. **CAPITALIZED TERMS**. All capitalized terms used but not otherwise defined herein shall have the meanings ascribed to them in the Agreement.

2. **AMENDED TERMS AND CONDITIONS**.

(a) The following definitions are hereby added as new Sections 2.17 and 2.18:

""**Community Benefit Program**" shall mean those programs designed to offset the cost of public services to any Authority Program over the life of the financing and described in Sections 7.4(a) and 7.4(b).

"**Community Benefit Reserve Account**" shall mean a custody account owned by the Authority and maintained by HB for the benefit of the Authority with a financial institution acceptable to the Authority for the purpose of payment by HB of fees to public agencies as set forth in Section 7.4."

(b) The following is hereby added as a new Section 7.4

"7.4 **Community Benefit Reserve Account**. The Authority shall establish the Community Benefit Reserve Account (the "**Reserve Account**") with the assistance of HB. The Authority authorizes HB to manage the Reserve Account according to the terms of this Agreement, including, without limitation, making payments to public agencies. The Reserve Account shall be funded with ten percent (10%) or fifteen percent (15%) of the Annual Administrative Fees collected from Borrowers as more fully described below. Such contributions to the Reserve Account shall be made off the top from all Authority Program transactions prior to any fee distributions.

(a) Each public agency that conducts a TEFRA hearing for an Authority affordable housing, industrial development or other exempt facility shall receive ten percent (10%) of the Annual Administrative Fees collected by the Authority for the term of the respective bonds issued by the Authority.

(b) Each public agency that conducts a TEFRA hearing for an Authority 501(c)(3) nonprofit project shall receive fifteen percent (15%) of the Annual Administrative Fees collected by the Authority for the term of the respective bonds issued by the Authority.

(c) In the event an Authority bond financing encompasses multiple jurisdictions, each public agency that conducts the required TEFRA hearings will receive an equally divisible share of the Annual Administrative Fees detailed above, regardless of the amount of bond proceeds to be expended in each public agency. For example, if an Authority bond financing encompasses project locations requiring TEFRA in the jurisdictions of two public agencies, each public agency will receive one-half of the Community Benefit Program percentage of the Annual Administrative Fees collected for the entire project for the period the bonds remain outstanding.

(d) The Authority will remit payment to each respective public agency annually within forty five (45) days following the Authority's fiscal year end of June 30th. The portion of the Annual Administrative Fees collected by the Authority on behalf of each public agency under its Community Benefit Program is subject to the Authority's fee schedule and the amounts will vary from time to time based on fees assessed by insurance type, bond pay downs, or bond redemptions. The Authority will only be responsible for remitting to public agencies amounts determined from the above-noted percentages based on Annual Administrative Fees actually collected during the course of the fiscal year."

3. **MISCELLANEOUS**.

3.1 **Severability**. If any provision of this First Amendment is held unlawful or invalid by court or administrative decision, it shall be deemed severable and such unlawfulness or invalidity shall not in any way affect any other provision of this First Amendment which can be given effect without the unlawful or invalid provision.

3.2 **Waiver**. Any failure of a Party to enforce, for any period of time, any of the provisions under this First Amendment shall not be construed as a waiver of such provisions or of the right of said Party thereafter to enforce each and every provision under this First Amendment.

3.3 **Construction**. The language in and provisions of this First Amendment shall in all cases be simply construed according to their fair meaning and not strictly construed for or against any Party.

3.4 **Counterparts**. This First Amendment may be executed in two or more counterparts, each of which, when so executed, shall be deemed an original, but all of which counterparts together shall constitute one and the same document.

3.5 **Conflicts**. In the event of any conflict between the terms of the Agreement and the First Amendment, the terms of the First Amendment shall control.

3.6 **Entire Agreement; Amendments**. This First Amendment constitutes the entire understanding and agreement of the Parties respecting the subject matter of this Amendment and no modification, change, or amendment of this First Amendment shall be binding upon the Parties, except by mutual express consent in writing of subsequent date duly signed by the authorized representatives of each of the Parties. Except as modified by this First Amendment, the Agreement shall remain in full force and effect.

[Remainder of Page Left Intentionally Blank – Signatures Follow]

IN WITNESS WHEREOF, the Parties have executed this First Amendment as of the Effective Date by their duly authorized representatives as set forth below.

CALIFORNIA PUBLIC FINANCE AUTHORITY

By: ______________________________

Name: ______________________________

Title: ______________________________

GPM MUNICIPAL ADVISORS, LLC

By: ______________________________

Name: ______________________________

Title: ______________________________

HB BOND ADMINISTRATION 1987, LLC

By: ______________________________

Name: ______________________________

Title: ______________________________

COMPLIANCE SERVICES, LLC

By: ______________________________

Name: ______________________________

Title: ______________________________

B. Consideration of approving the CalPFA Investment Policy.

CALIFORNIA PUBLIC FINANCE AUTHORITY

SUMMARY AND APPROVALS

DATE:	**SEPTEMBER 1, 2015**
SUBJECT:	CALPFA INVESTMENT POLICY
PURPOSE:	**CONSIDERATION OF A PROPOSED INVESTMENT POLICY RELATED TO CALPFA TRANSACTION DEPOSITS AND PREPAID ADMINISTRATIVE FEES**

Background:

During the period of time when project applications are filed with the California Public Finance Authority prior to bond issuance, it is common the Authority will receive cash deposits to be applied towards closing costs or returned post issuance. In addition, the Authority may receive prepayments of its annual administrative fees for various reasons post bond issuance. Examples of possible cash deposits to be held by the Authority include:

- **CalPFA Application Fees**: Each project applicant is required to remit a $5,000 application fee to the Authority at the time of application. The $5,000 deposit will either be applied towards the CalPFA issuance cost when bonds are issued, retained by CalPFA if work is performed and bonds are not issued, or returned to the project applicant if bonds are not issued and the CalPFA Board agrees at its own discretion.

- **CDLAC Performance Deposits**: Each project that requires an allocation of state volume cap must receive an award from the California Debt Limit Allocation Committee (CDLAC) prior to issuance. CDLAC requires that each Applicant (i.e. CalPFA) must provide evidence of a performance deposit equal to .5% of the allocation requested (not to exceed $100,000) is made payable to the Applicant. To the extent CDLAC grants an award of allocation to CalPFA and all or more than 20% of the bond allocation is not used, CDLAC will require the Applicant to forfeit all of a portion of the performance deposit. CalPFA will collect and maintain the CDLAC performance deposit from each project applicant prior to submitting the CDLAC application.

- **Prepaid CalPFA Annual Administrative Fees:** From time to time certain projects for which the Authority has issued bonds may decide to prepay all or a portion of the Authority's annual administrative fees for various reasons. In each instance, the Board may decide to apply the prepaid funds towards the remainder of the bond compliance period.

Due to the expected amount and duration of cash deposits to be held by the Authority for project transactions both pre and post issuance, staff is proposing the Board consider an investment policy to provide parameters when such deposits are invested.

Recommendation:

It is recommended that this Board adopt the proposed Investment Policy to provide direction as to the type of acceptable debt instruments and authorize certain staff members to make such investment decisions as described on Exhibit A.

EXHIBIT A

California Public Finance Authority Investment Policy

All money in the custody of California Public Finance Authority ("CalPFA") shall be deposited for safekeeping in state or national banks in accordance with California Government Code sections 6509.5 and 53601.

Authorized Decision Makers:

- GPM Municipal Advisors Staff
    - President
- HB Bond Administration Staff
    - Chief Financial Officer
    - Treasury Manager

Frequency of Policy Review: Annual approval by CalPFA board

Note: For investment decisions outside of the guidelines above, the CalPFA board must approve the decision.

C. Consideration of establishing the CalPFA Asset Ownership Program.

CalPFA

CALIFORNIA PUBLIC FINANCE AUTHORITY

www.calpfa.org

COUNTY OF KINGS CALIFORNIA

Housing Authority of Kings County

CALIFORNIA PUBLIC FINANCE AUTHORITY

CalPFA

CalPFA Asset Ownership Program Review

- In its response to the Kings County RFP for Public Finance Authority Program Development and Management Services, GPM Municipal Advisors described a possible Asset Ownership Program based on GPM's experience and success with a similar program in serving as staff to another conduit issuer.
- An Asset Ownership Program may be of interest to higher education institutions, healthcare systems, and state and local governments, among others.
- An Asset Ownership Program would require CalPFA to issue governmental bonds and hold legal title to certain collateral assets. CalPFA's ownership as a governmental entity would likely provide property tax exemption on the acquired asset; however, CalPFA could look to minimize or increase revenue opportunities to those government agencies impacted through the CalPFA Community Benefit Program.

Benefits of the CalPFA Asset Ownership Program

- Furthers CalPFA's mission of creating economic development and offers a cost-effective, programmatic approach for prospective clients
- Allows prospective clients to focus on enhancing delivery of services instead of having to undertake construction, management, operation or financing of a particular project.
- Alleviates a prospective client's constraints on debt capacity by not taking on any debt obligations on its balance sheet or counting against its credit profile for rating purposes.
- Saves time, cost, and complexity for prospective clients in first establishing a separate nonprofit traditionally used to serve as a borrower, which could also affect the off balance sheet and off credit treatment of the financing.

Traditional CalPFA Conduit Bond Model

- CalPFA has no liability for repayment of the bonds, other than revenues of the project or, in the event of default, proceeds of the foreclosure or other disposition.
- Borrower provides full indemnification to CalPFA against any and all losses, damages, claims, actions, liabilities, costs and expenses of any conceivable nature, kind or character
- Default on the bonds results in no claim on any assets of CalPFA other than the project and its revenues from bondholders.
- CalPFA has no liability or obligation to spend any of its moneys in the event of any unexpected costs related to the project or the bonds. Such costs are addressed by cash flow and expense reserves from borrower operations and at the time of bond issuance.
- CalPFA's ongoing administrative responsibilities are focused on ensuring the bonds remain tax-exempt as opposed to operating or maintaining the project financed.

CALIFORNIA PUBLIC FINANCE AUTHORITY
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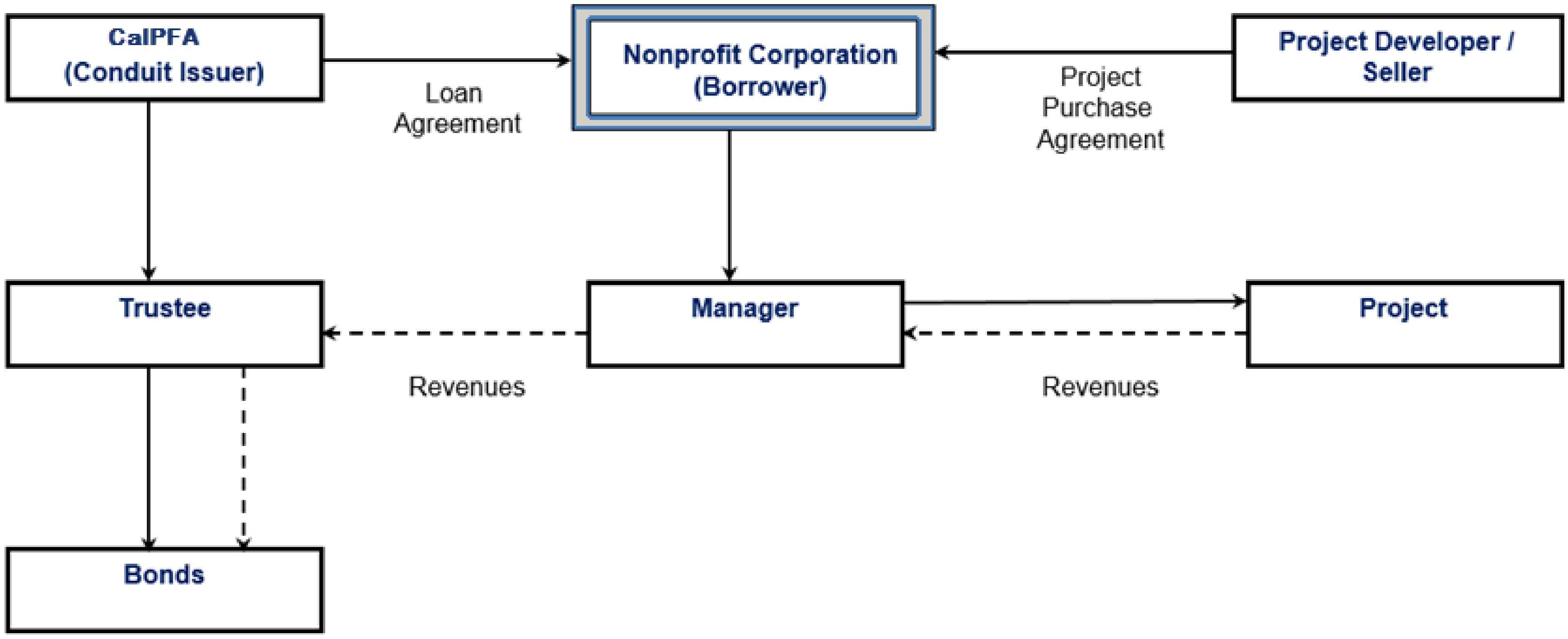
Traditional CalPFA Conduit Bond Model



What’s different about the CalPFA Asset Ownership Program?

- CalPFA is afforded the same protections under the traditional conduit model as previously described, including no greater operation or administrative duties with respect to the bonds.
- CalPFA owns the project and serves as both the issuer of bonds and the borrower.
- CalPFA would not receive a borrower indemnification so indemnity may come from the seller, property manager and / or cash flow and revenue accounts held under the indenture.
- CalPFA has potential tort liability related to personal or property damage caused by the project which can be addressed through insurance. CalPFA may look to engage an insurance consultant to address possible liabilities.
- CalPFA has operation and management responsibilities related to the project which be can be outsourced by way of management contract and other consultants.
- CalPFA must decide what to do with the land and asset when bonds are issued or once repaid, including a gift back to the prospective client or local agencies is whose jurisdiction the project resides.

Possible Partners of CalPFA for Asset Ownership Program

- To mitigate liabilities and preserve CalPFA's role as a traditional conduit issuer, CalPFA may align with strategic partners to assist in the financial and operational oversight of each projects including:
  - **Insurance Consultant** to solicit necessary insurance coverages on behalf of the project and CalPFA to protect each from tort liabilities related to harm to persons or property from the operation or condition of the project.
  - **Property Manager** to perform administrative and operational services of maintaining the project on behalf CalPFA.
  - **Financial Consultant** to oversee performance of the Property Manager, make sure the insurance was in place and timely renewed, and periodically report to the CalPFA on the financial status and operations of the project.
- Each transaction would be structured so that all partner costs would be paid from issuance costs and revenues generated by the asset - not CalPFA directly.

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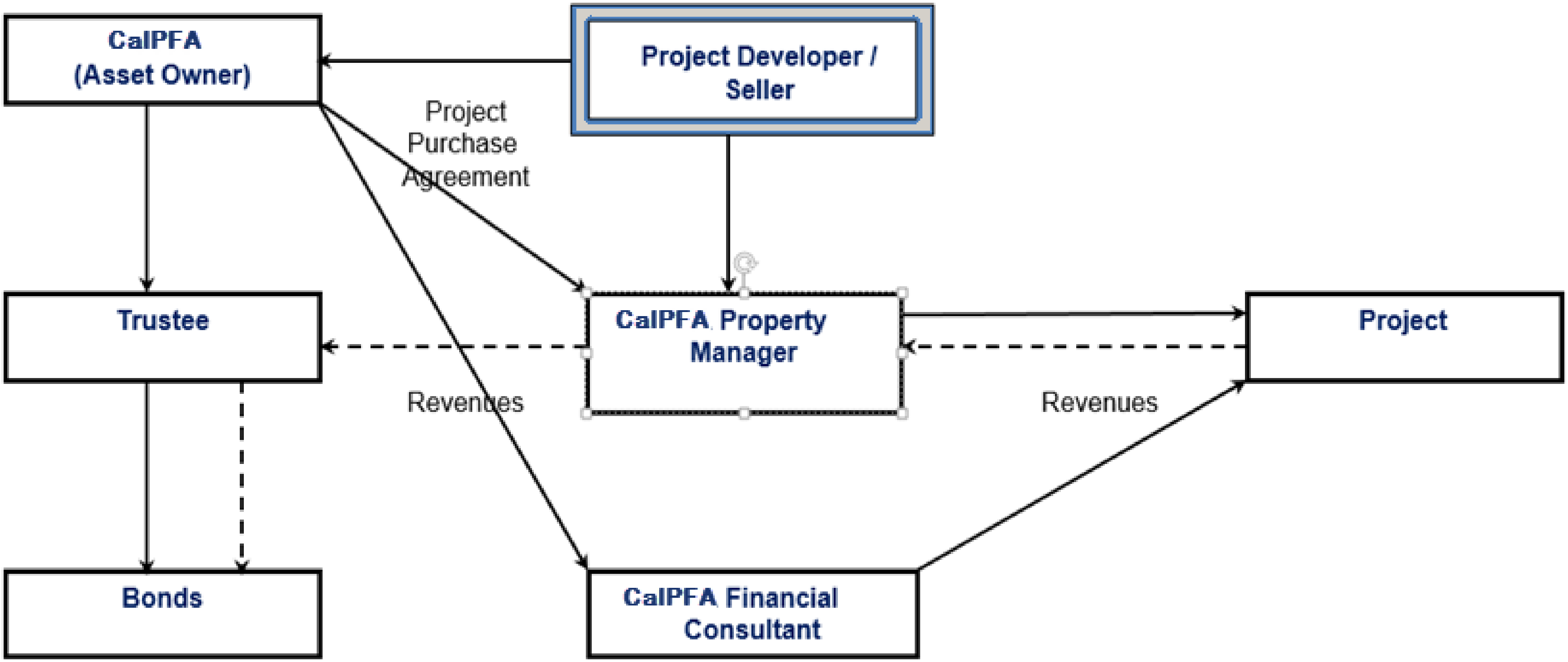
CalPFA Ownership Model



Consideration of Criteria for CalPFA Asset Ownership Program

In the interest of providing guidance to the public finance community relative to the process and requirements of an Asset Ownership Program, the CalPFA Board may consider one or all of the following criteria:

1. Sponsor would agree to include structural and document protections of CalPFA, including (a) Disclaimers of contractual liability of any kind with respect to the bonds and all the other agreements to which CalPFA is a party, (b) Disclaimer of responsibility for information contained in any disclosure document (other than the "Authority" and "Litigation" sections), (c) Adequate indemnifications or Indenture provisions for the funding of accounts with enough revenues from the project to cover any expenses the CalPFA may incur for any reason (budgeted and unbudgeted), and (d) Delegation as much as possible to the Bond Trustee, the Property Manager or the Financial Consultant of any additional responsibilities CalPFA might otherwise have as a result of its ownership of the project.

2. CalPFA will engage Bond Counsel, and in such capacity, Bond Counsel would report to the Board any material adverse deviations prior to authorization of bonds and documents by the Board.

3. The CalPFA will engage Issuer Counsel to ensure the finance terms are consistent with typical CalPFA guidelines and real estate and general counsel to ensure the asset ownership provisions are consistent with the CalPFA guidelines.

4. In the event a disclosure document is prepared, any opinion rendered by disclosure or underwriters counsel would also be addressed to CalPFA.

Consideration of Criteria for CalPFA Asset Ownership Program (continued)

5. In event of private placement or limited offering, an investor letter would be required in connection with the original sale in form satisfying #1 and #2 above.

6. CalPFA would select an Insurance Consultant, and the insurance required with respect to the project would meet or exceed the recommendations of the Insurance Consultant.

7. CalPFA would not select, but would review the qualifications and concur in the selection of, the Property Manager.

8. CalPFA would engage a Financial Consultant to act as PFA's fiduciary financial consultant on the transaction, and post-closing to oversee performance of the Property Manager, including formulation of budgets and approving disbursements, performing other tasks of the CalPFA as owner that are specified in accordance with #1 above, review post-issuance rebate and other tax and disclosure compliance, and report annually to the Board on the foregoing.

9. CalPFA will, at its discretion, annually review the Insurance Consultant, Property Manager and Financial Consultant, and make any changes it deems appropriate, including replacement of any such party if it is in default or otherwise not performing satisfactorily, provided that CalPFA will not seek to change the Property Manager without concurrence of the Bond Trustee and any ground lessor, donee of the project or other holder of residential interests in the project, and subject to any conditions set out in the bond documents.

10. The foregoing are in addition to the usual provisions and procedures the CalPFA applies to approving traditional conduit financings.