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## *Agenda*

Tuesday, December 4, 2018

**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 October 23, 2018 regular meeting.
3. **CONSENT CALENDAR**
  - A. Consideration of Invoice request 18-06IR for US Bank fees.
  - B. Consideration of Invoice request 18-07IR for WIPFLi for financial statement audit June 30, 2018.
  - C. Consideration of approving resolution 18-01C approving the Authorized Signatories for California Public Finance Authority.
  - D. Consideration of approving inducement resolution 18-06I for:
    1. The Reliant Group (Willow Glen Apartments), City of Hercules, County of Contra Costa; up to \$28,000,000 in revenue bonds.
    2. The Reliant Group (Villa Medanos Apartments), City of Antioch, County of Contra Costa; up to \$31,000,000 in revenue bonds.
    3. The Reliant Group (Leisure Terrace Apartments), City of Hayward, County of Alameda; up to \$23,000,000 in revenue bonds.
4. **NEW BUSINESS**
  - A. Consideration of resolution approving local goals and policies concerning use of the Mello-Roos Community Facilities Act of 1982. (Staff – Mike LaPierre)
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. **STAFF UPDATES**
7. **ADJOURNMENT**  
*Adjourn as the California Public Finance Authority.*



**2. APPROVAL OF MINUTES**

Approval of the minutes from the October 23, 2018 regular meeting.



## *Action Summary*

Tuesday, October 23, 2018

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

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

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1. **CALL TO ORDER**  
ROLL CALL – Clerk to the Board  
MEMBERS PRESENT: JOE NEVES, RICHARD VALLE, RICHARD FAGUNDES  
MEMBERS ABSENT: DOUG VERBOON, CRAIG PEDERSEN

2. **APPROVAL OF MINUTES**  
Approval of the minutes from the September 11, 2018 regular meeting.  
ACTION: APPROVED AS PRESENTED (JN/RF/RV-Aye, DV/CP-Absent)

3. **CONSENT CALENDAR**  
A. Consideration of approving resolution 18-05M for the addition of program participants to the Authority.  
B. Consideration of MSRB Rule G-42 disclosure letter from GPM Municipal Advisors, LLC.  
ACTION: APPROVED CONSENT CALENDAR AS PRESENTED (RF/JN/RV-Aye, DV/CP-Absent)

4. **NEW BUSINESS**  
A. Consideration of approving resolution 18-11A for Baypoint Academy Properties, LLC, City of San Jacinto, County of Riverside; up to \$50,000,000 of revenue bonds. (Staff – Caitlin Lanctot)  
ACTION: APPROVED AS PRESENTED (JN/RF/RV-Aye, DV/CP-Absent)  
B. Consideration of approving deferral of GPM Municipal Advisors, LLC municipal advisory fee. (Staff – Caitlin Lanctot)  
ACTION: APPROVED AS PRESENTED (JN/RF/RV-Aye, DV/CP-Absent)

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. **STAFF UPDATES**  
Supervisor Valle gave information packets from the New Market Tax Credit Advisory Board to the Board members and staff and stated that he would get a copy to CalPFA staff.

7. **ADJOURNMENT**  
*The meeting was adjourned at 11:07 a.m.*



CALIFORNIA  
PUBLIC  
FINANCE  
AUTHORITY

3. **CONSENT CALENDAR**

A. Consideration of Invoice request 18-06IR for US Bank fees.



MK-WI-S300  
 1555 N. RiverCenter Dr. Ste 300  
 Milwaukee, WI 53212

Billing Period:	07/01/2018-09/30/2018
Invoice Number:	11272983
Account Number:	6745041900
Invoice Date:	10/25/2018
Direct Inquiries To:	FRANCISCO RODRIGUEZ
Phone:	213-443-1455

CALIFORNIA PUBLIC FINANCE AUTHORITY  
 ATTN: HUILING REN  
 2999 OAK ROAD, SUITE 710  
 WALNUT CREEK, CA 94597

CALPFA ANNUAL FEES

ENTERED OCT 25 2018

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

STATEMENT SUMMARY

Unpaid Balance from Prior Fee Statements	\$2,500.00
Payments through 10/04/2018	(\$2,500.00)
Current Invoice (for detail see attached)	\$1,250.00
Balance Due	<u>\$1,250.00</u>

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 PUBLIC FINANCE AUTHORITY  
 ANNUAL FEES

Invoice Number:	11272983
Account Number:	6745041900
Current Due:	\$1,250.00
Past Due:	\$0.00
<b>Total Due:</b>	<b>\$1,250.00</b>
Direct Inquiries To:	FRANCISCO RODRIGUEZ
Phone:	213-443-1455

Wire Instructions:

U.S. Bank  
 ABA # 091000022  
 Acct # 1-801-5013-5135  
 Trust Acct # 6745041900  
 Invoice # 11272983  
 Attn: Fee Dept St. Paul

Please mail payments to:

U.S. Bank  
 CM-9703  
 PO BOX 70870  
 St. Paul, MN 55170-9703



MK-WI-S300  
 1555 N. RiverCenter Dr. Ste 300  
 Milwaukee, WI 53212

Billing period: 07/01/2018 - 09/30/2018  
 Invoice Number: 11272983  
 Invoice Date: 10/25/2018  
 Account Number: 6745041900  
 Direct Inquiries To: FRANCISCO RODRIGUEZ  
 Phone: 213-443-1455

**CALPFA ANNUAL FEES**

Accounts Included 6745041900 6745041901 6745041902 6745041903 6745041904 6745041905  
 In This Relationship: 6745041906

**CURRENT CHARGES SUMMARIZED FOR ENTIRE RELATIONSHIP**

Detail of Current Charges	Volume	Rate	Portion of Year	Total Fees
FLT05 BASE FEE	5,000.00	1.00	25.00%	\$1,250.00
<b>Subtotal Flat Fees</b>				<b>\$1,250.00</b>
<b>TOTAL AMOUNT DUE</b>				<b>\$1,250.00</b>



CALIFORNIA  
PUBLIC  
FINANCE  
AUTHORITY

3. **CONSENT CALENDAR**

**B.** Consideration of Invoice request 18-07IR for WIPFLi for financial statement audit June 30, 2018.



CPAs and Consultants

2501 West Beltline Highway, Ste 401  
PO Box 8700  
Madison WI 53713  
Federal ID# 39-0758449

INVOICE

California Public Finance Authority  
2999 Oak Rd Ste 710  
Walnut Creek CA 94597

Date: 10/31/18  
Page: 1  
Client #: 425645  
Invoice #: 1329900  
Billor: Zachary Mayer  
Phone: (608) 270-2909  
Email: zmayer@wipfli.com

ACCOUNTS DUE AND PAYABLE WITHIN 30 DAYS

Progress billing for CalPFA June 30, 2018, financial statement audit	12,000.00
Total	<u>\$ 12,000.00</u>

\*\*\*\*\* Please return remittance coupon with payment \*\*\*\*\*

All business or commercial accounts will be charged interest at the lesser of one percent (1%) per month or the maximum rate permitted by law, except where prohibited by law.

Remit payment to:

WIPFLI LLP  
PO BOX 3160  
MILWAUKEE WI 53201-3160

California Public Finance Authority  
Client #: 425645  
Invoice #: 1329900  
Amount Due: \$12,000.00

0425645 1329900 00012000003





CALIFORNIA  
PUBLIC  
FINANCE  
AUTHORITY

3. **CONSENT CALENDAR**

- C. Consideration of approving resolution 18-01C approving the Authorized Signatories for California Public Finance Authority.

**RESOLUTION NO. 18-01C**

**A RESOLUTION OF THE CALIFORNIA PUBLIC FINANCE AUTHORITY AUTHORIZING, AMONG OTHER MATTERS, DESIGNEES THEREOF TO EXECUTE AND DELIVER ON BEHALF OF THE BOARD OF DIRECTORS OR THE AUTHORITY DOCUMENTS REQUIRING SIGNATURE BY A DIRECTOR OF THE BOARD OF DIRECTORS OR OFFICER OF THE AUTHORITY AND AUTHORIZED BY AUTHORITY RESOLUTION**

**WHEREAS**, pursuant to the provisions of the Joint Exercise of Powers Act, comprising Articles 1, 2, 3 and 4 of Chapter 5 of Division 7 of Title 1 (commencing with Section 6500) of the Government Code of the State of California (the “Act”), Kings County and the Housing Authority of Kings County entered into a joint exercise of powers agreement (the “Agreement”) pursuant to which the California Public Finance Authority (the “Authority”) was organized; and

**WHEREAS**, pursuant to the Agreement, the Authority is administered by a Board of Directors (the “Board of Directors”) of the California Public Finance Authority, a joint powers agency created pursuant to a Joint Exercise of Powers Agreement dated as of May 12, 2015 (the “CalPFA Agreement”); and

**WHEREAS**, pursuant to the Agreement, the Board of Directors has the power, by resolution, to the extent permitted by the Act and any other applicable law, to delegate any of its functions to one or more of the Directors, its officers or its agents and to cause such designees to take any actions and execute any documents or instruments for and in the name and on behalf of the Board of Directors; and

**WHEREAS**, the Board of Directors now desires to delegate certain agents the function of declaring the Authority’s official intent to reimburse and execution and delivery on behalf of the Authority of any documents, certificates or instruments requiring signature by any Director, including any Director acting as an officer of the Board of Directors, that are authorized for execution and delivery by adoption of a resolution of the Authority (each an “Authority Resolution”); and

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

Section 1. The Authority hereby finds and determines that the foregoing recitals are true and correct.

Section 2. The Authority hereby appoints Roger Bradley, and such other persons as may from time to time be appointed pursuant to a resolution of the Authority, as delegates of the Board of Directors with certain administrative duties as further specified in Sections 4 and 5 below.

Section 3. The Authority hereby confirms its appointment of Rebecca Campbell, originally appointed pursuant to Resolution No. 16-01C, adopted by the Authority on May 30, 2013, and Domingo Cruz, originally appointed pursuant to Resolution No. 17-01C, adopted by the Authority on April 25, 2017. Roger Bradley, Rebecca Campbell and Domingo Cruz, are each referred to herein as an “Authorized Signatory.” The delegation of administrative duties to Larry Spikes, originally appointed pursuant to Resolution No. 16-01C, is hereby revoked.

Section 4. To the extent permitted by the Act or any other applicable law, the Board of Directors hereby delegates to each Authorized Signatory, on behalf of a Director, the power to declare the official intent of the Authority to reimburse expenditures pursuant to Section 1.150-2 of the Treasury Regulations and administrative authority to execute and deliver any documents, certificates or instruments requiring signature by any Director, including any Director acting as an officer of the Board of Directors, that are authorized for execution and delivery by Authority Resolution, including, but not limited to, the execution and delivery of any bonds, notes or other evidences of indebtedness issued and/or delivered by the Authority.

Section 5. Any all amendments, consents, approvals, notices, orders, requests and other actions permitted or required by any of the documents executed in connection with bonds issued by the Authority, which may be necessary or desirable in connection with (i) any amendment of such documents requested by the provider of the credit enhancement for the bonds, which does not adversely affect the holders thereof, or by all of the then-existing holders, but which in either case does not adversely affect the Authority or its Members; (ii) any transfer or other disposition of the applicable project that complies with the conditions set forth in the documents authorized in connection with the approval of such project; (iii) any addition or substitution of security for bonds which has no adverse effect on the holders thereof, especially if a mandatory tender is required; or (iv) any redemption of the bonds in accordance with their terms, may be given or taken by any Director of this Board of Directors without further authorization by this Board of Directors, and such Director is hereby authorized and directed to execute such amendment or give any such consent, approval, notice, order or request and to take any such action that such Director may deem necessary to further the purposes of this resolution and the continued financing of the applicable project.

To the extent permitted by the Act or any other applicable law, the Board of Directors hereby delegates to each Authorized Signatory, on behalf of a Director, including a Director acting as an officer of the Authority, the administrative authority to execute and deliver, any amendments, waivers, consents, approvals, notices, orders, requests, entered into or given in accordance with the documents that are authorized for execution and delivery by Authority Resolution, as provided to such Authorized Signatory by staff to the Authority upon the advice of counsel to the Authority.

Section 6. All actions heretofore taken by any Director, Authorized Signatory and other appropriate officers and agents of the Authority with respect to the matters herein contained are hereby ratified, confirmed and approved.

Section 7. This resolution shall take effect immediately upon its passage.

**PASSED AND ADOPTED** by the California Public Finance Authority this December 4, 2018.

I, the undersigned, an Authorized Signatory of the California Public Finance Authority, DO HEREBY CERTIFY that the foregoing resolution was duly adopted by the Board of Directors of the Authority at a duly called meeting of the Board of Directors of the Authority held in accordance with law on December 4, 2018.

By \_\_\_\_\_  
Authorized Signatory  
California Public Finance Authority



CALIFORNIA  
PUBLIC  
FINANCE  
AUTHORITY

**3. CONSENT CALENDAR**

**D. Consideration of approving inducement resolution 18-06I for:**

1. The Reliant Group (Willow Glen Apartments), City of Hercules, County of Contra Costa; up to \$28,000,000 in revenue bonds.
2. The Reliant Group (Villa Medanos Apartments), City of Antioch, County of Contra Costa; up to \$31,000,000 in revenue bonds.
3. The Reliant Group (Leisure Terrace Apartments), City of Hayward, County of Alameda; up to \$23,000,000 in revenue bonds.

## **RESOLUTION NO. 18-06I**

### **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 4<sup>th</sup> day of December, 2018.

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 December 4, 2018.

By: \_\_\_\_\_  
Authorized Signatory



**EXHIBIT A**

<b>Project Name</b>	<b>Project Location</b>	<b>Project Description (units)</b>	<b>New Construction/ Acquisition and Rehabilitation</b>	<b>Legal Name of initial owner/operator</b>	<b>Bond Amount</b>
Willow Glen Apartments	City of Hercules, County of Contra Costa	84	Acquisition and Rehabilitation	The Reliant Group	\$28,000,000
Villa Medanos Apartments	City of Antioch, County of Contra Costa	112	Acquisition and Rehabilitation	The Reliant Group	\$31,000,000
Leisure Terrace Apartments	City of Hayward, County of Alameda	68	Acquisition and Rehabilitation	The Reliant Group	\$23,000,000



CALIFORNIA  
PUBLIC  
FINANCE  
AUTHORITY

4. **NEW BUSINESS**

A. Consideration of resolution approving local goals and policies concerning use of the Mello-Roos Community Facilities Act of 1982. (Staff – Mike LaPierre)



**DATE:** DECEMBER 4, 2018

**PURPOSE:** CONSIDERATION OF APPROVING LOCAL GOALS AND POLICIES  
CONCERNING USE OF THE MELLO-ROOS COMMUNITY FACILITIES ACT  
OF 1982

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**Background:**

The Mello-Roos Community Facilities Act of 1982 permits CalPFA to establish a Mello-Roos Community Facilities District (“CFD”) which allows for financing of public improvements and services. The services and improvements that Mello-Roos CFD’s can finance include streets, sewer systems and other basic infrastructure, fire protection, police protection, ambulance services, schools, parks, libraries, museums and other cultural facilities.

A CFD is created to finance public improvements and services when no other source of money is available. CFD’s are normally formed in undeveloped areas and are used to build roads and install water and sewer systems so that new homes or commercial space can be built. CFD’s are also used in older areas to finance new schools or other additions to the community.

**Recommendation:**

Approve the adoption of CalPFA’s Goals and Policies for CFD financing.

**RESOLUTION NO. 18-02C**

**A RESOLUTION OF THE CALIFORNIA PUBLIC FINANCE AUTHORITY APPROVING LOCAL GOALS AND POLICIES CONCERNING USE OF THE MELLO-ROOS COMMUNITY FACILITIES ACT OF 1982**

**WHEREAS**, the California Public Finance Authority wishes to give consideration to forming community facilities districts pursuant to the Mello-Roos Community Facilities Act of 1982 (Sections 53311 and following of the California Government Code) (the “Act”); and

**WHEREAS**, Section 53312.7 of the Act provides that proceedings to establish a community facilities district pursuant to the Act may be initiated by a local agency only after it has first considered and adopted local goals and policies and appraisal standards concerning use of the Act; and

**WHEREAS**, a proposed set of Local Goals and Policies Concerning Use of the Mello-Roos Community Facilities Act of 1982 (the “Local Goals and Policies”) has been prepared and submitted to the Secretary of the Board of Directors of the California Public Finance Authority for consideration by the Council in order to comply with Section 53312.7 of the Act; and

**WHEREAS**, the Board of Directors wishes to approve the Local Goals and Policies, a copy of which is attached to this resolution as Exhibit A; and

**WHEREAS**, the Board of Directors is fully advised in this matter;

**NOW, THEREFORE, BE IT RESOLVED** by the Board of Directors of the California Public Finance Authority as follows:

**Section 1.** The above recitals are true and correct, and the Board of Directors so finds and determines.

**Section 2.** The Board of Directors hereby approves the Local Goals and Policies in the form attached hereto as Exhibit A.

**Section 3.** The Board of Directors finds that the Local Goals and Policies approved by this Resolution contain the matters prescribed by Section 53312.7 of the Act and that adoption of the Local Goals and Policies enables the Board of Directors to initiate proceedings to establish community facilities districts pursuant to the Act.

**Section 4.** This Resolution shall take effect immediately upon its adoption.

**PASSED AND ADOPTED** by the California Public Finance Authority this December 4, 2018.

I, the undersigned, an Authorized Signatory of the California Public Finance Authority, DO HEREBY CERTIFY that the foregoing resolution was duly adopted by the Board of

Directors of the Authority at a duly called meeting of the Board of Directors of the Authority held in accordance with law on December 4, 2018.

By \_\_\_\_\_  
Authorized Signatory  
California Public Finance Authority

**EXHIBIT A**  
**LOCAL GOALS AND POLICIES**

**CALIFORNIA PUBLIC FINANCE AUTHORITY  
LOCAL GOALS AND POLICIES  
FOR  
MELLO-ROOS COMMUNITY FACILITIES DISTRICTS**

**INTRODUCTION**

Section 53312.7(a) of the California Government Code provides that, on and after January 1, 1994, a local agency may initiate proceedings to establish a communities facilities district (a “Community Facilities District”) pursuant to the Mello-Roos Community Facilities Act of 1982 (the “Act”) only if it has first considered and adopted local goals and policies concerning the use of the Act. The following goals and policies have been considered and adopted by the California Public Finance Authority (the “Authority”) and are intended to meet the requirements of the Act.

**PRIORITIES FOR FINANCING**

The priority that various kinds of public facilities and services will have for financing through the Authority’s use of the Act is as follows:

- (a) facilities needed to serve approved development which is deficient in infrastructure needed to accommodate the development of the area as planned;
- (b) other facilities for which there is a clearly demonstrated public benefit;
- (c) other facilities to be owned and operated by public agencies;
- (d) development impact fees, connection charges and other local government levies applicable to the new development that are to be used to fund public capital improvements by the local agency that levies such fee;
- (e) other facilities and improvements that are permitted by the Act; and
- (f) services to be provided by public agencies, provided that such public agencies must certify that the services comply with and are eligible under the provisions of the Act and the public agency shall be responsible for all budgets, expenditure controls and reporting requirements for any such services.

**CREDIT QUALITY REQUIREMENTS FOR COMMUNITY FACILITIES DISTRICT BOND ISSUES**

***Statutory Requirements.*** The Authority will require that the credit quality of any Community Facilities District bond issue be such that the requirements of Section 53345.8 of the Act will be met.

***Reserve Fund.*** In order to enhance the credit quality of bond issues, the Authority will generally require that each bond issue be secured by a reserve fund funded (with cash or an

acceptable reserve surety or other credit facility) in an amount no less than the least of (a) 10% of the original proceeds of the bond issue, (b) maximum annual debt service on the bonds of such issue, and (c) 125% of the average annual debt service on the bonds of such issue.

***Credit Enhancement.*** The Authority may require credit enhancement to increase the credit quality of a Community Facilities District bond issue, particularly where the value-to-lien ratio of a significant portion of the property in such Community Facilities District is less than three-to-one. Such credit enhancement will usually be the form of an irrevocable letter of credit, will be required to be in an amount not less than two times the amount of annual special taxes levied on such undeveloped property and will be required to remain in effect until such property is developed or the value thereof has otherwise been sufficiently increased. Such letter of credit will generally be required to be issued or guaranteed by an entity, the long term unsecured obligations of which are rated at least “A” by Moody’s Investors Service or Standard & Poor’s Ratings Service.

***Capitalized Interest.*** The amount of capitalized interest funded for an issue of Community Facilities District bonds may not exceed any maximum specified in the Act.

***Additional Measures.*** The Authority may require additional measures to increase the credit quality of a bond issue, or may require credit enhancement with respect thereto, in any particular case.

## **DISCLOSURE TO PROSPECTIVE PROPERTY PURCHASERS**

In order to ensure that prospective property purchasers are fully informed about their taxpaying obligations imposed under the Act, the Authority will require that the requirements of disclosure to prospective property purchasers contained in the Act, including, but not limited to, Sections 53328.3, 53328.5 (including the referenced sections of the California Streets and Highways Code), 53340.2 and 53341.5, be met.

## **EQUITY OF SPECIAL TAX FORMULAS AND MAXIMUM SPECIAL TAXES**

The Authority’s criteria for evaluating the equity of tax allocation formulas, and the desirable and maximum amounts of special taxes to be levied against any parcel pursuant to the Act, are set forth in this section.

***Reasonable Basis of Apportionment.*** Special taxes must be allocated and apportioned on a reasonable basis to all categories and classes of property (other than exempt property) within the Community Facilities District receiving general or special benefit from the public facilities financed through the Community Facilities District. Exemptions from the special tax may be given to parcels which are publicly-owned, are held by property owners associations, are used for a public purpose such as open space or wetlands, or are affected by public utility easements making impractical their utilization for other than the purposes set forth in the easement.

***Total Tax Burden.*** The total tax burden (that is, the maximum annual Community Facilities District special tax, together with *ad valorem* property taxes, special assessments, special taxes for any overlapping community facilities district, and any other taxes, fees and charges payable from and secured by the property) on any residential owner-occupied parcel in a Community Facilities



District shall not exceed 2% (the basic property tax levy of 1%, plus 1%) of the expected assessed value of such parcel upon completion of the public and private improvements relating thereto.

***Rate and Method of Apportionment.*** The rate and method of apportionment for Community Facilities District special taxes must be structured so as to annually produce special tax revenues sufficient to pay (a) annual debt service on all Community Facilities District bonds, and (b) reasonable and necessary annual administrative expenses of the Community Facilities District. Additionally, the rate and method of apportionment may be structured so as to produce amounts sufficient to fund (a) any amounts required to establish or replenish any reserve fund established for a Community Facilities District bond issue, (b) the accumulation of funds reasonably required for future debt service on a Community Facilities District bond issue, (c) amounts equal to projected delinquencies in special tax payments, (d) remarketing, credit enhancement or liquidity fees, and (e) any other costs or payments permitted by law. The rate and method of apportionment must be structured such that the projected maximum special tax that could be levied in any year would produce special tax revenues at least equal to (a) 110% of projected annual debt service on all Community Facilities District bonds for such year, plus (b) projected reasonable and necessary administrative expenses of the Community Facilities District for such year. Generally, the rate and method of apportionment for Community Facilities District special taxes will be required to include a back-up tax so that changes in development within the Community Facilities District would not result in the inability to levy special taxes that would produce special tax revenues in such amounts.

***Increases in Special Tax.*** The annual increase, if any, in the maximum special tax for any parcel may not exceed any maximum specified in the Act. The increase in the special tax levied on any parcel as a consequence of delinquency or default by the owner on any other parcel may not exceed any maximum specified in the Act.

***Prepayment of Special Tax.*** Generally, the special tax rate and method of apportionment for a Community Facilities District will be structured so as to allow the prepayment of special taxes by property owners.

## **APPRAISALS**

The definitions, standards and assumptions to be used in appraisals required in connection with the Authority's use of the Act are as set forth in the Appraisal Standards for Land Secured Financings published by the California Debt Advisory Commission and dated May 1994, with the following modifications:

- (a) the independent review appraiser is an option, and not a requirement;
- (b) the comparable sales method may be used whenever there is sufficient data available;
- (c) the appraiser should assume the presence of the public infrastructure to be financed with the bonds; and
- (d) the special tax lien need not be computed as the present value of the future tax payments if there is a pre-payment mechanism or other more appropriate measure.

## **DISCLOSURE FOR BOND ISSUES**

***Initial Disclosure.*** Each owner of property within a Community Facilities District that has not reached its planned development stage and that will be responsible for a substantial portion (as determined by the Authority) of annual debt service on an issue of Community Facilities District bonds will be required to provide for inclusion in the official statement or other offering materials distributed in connection with the offering and sale of such bonds such information as may be required for the Authority to comply with, satisfy any requirements of, or avoid any liability under, any applicable federal or state securities laws.

***Continuing Disclosure.*** Each owner of property within a Community Facilities District, and each subsequent owner of property therein, that has not reached its planned development stage and that will be responsible for a substantial portion (as determined by the underwriter of bonds) of annual debt service on an issue of Community Facilities District bonds will be required to provide such information, on an ongoing basis, as may be required by the underwriter of such bonds to satisfy the requirements imposed on the underwriter pursuant to Rule 15c2-12 promulgated under the Securities Exchange Act of 1934.

## **APPLICATION OF OWNER; DEPOSITS**

The owner or owners of the property the development of which is to be assisted through the Authority's proposed use of the Act, will be required to complete an application in such form as the Authority may prescribe. Any information provided in the application must be considered public information by California law. In addition, each landowner must sign initiate proceedings by petition to the Authority in form acceptable to the Authority.

The petitioner must have the approval of the city or the county in which the project is located. Such approval may be in the form of a letter from an appropriate city or county official supporting the project or in such other form as the Authority may approve.

Each petitioner will be required to provide an indemnity to the Authority, its members, officers, agents and employees for all costs, expenses and attorney fees, as well as any judgment or settlement costs arising out of or involved in the Community Facilities District financing, or in any of the documentation related thereto.

The costs of the proceedings for a Community Facilities District financing initiated by petition of landowners will be borne by the petitioners. No action will be taken on any petition unless and until a deposit of funds is made by the petitioners with the Authority. The deposit must be sufficient to cover the expense of Authority member staff time, the costs of non-contingent outside consultants retained for the financing and the costs of recordings, filings, duplication, mailings and deliveries. In general, the deposit will not be less than \$25,000, and may be more, as required by the Authority. The deposit must be increased upon demand of the Authority if at any time the Authority determines that the remaining amount is not sufficient to cover anticipated remaining expenses and costs. If the additional amount is not paid within ten business days of the mailing of a written demand by the Authority to the petitioners, the Authority will cease all activities with respect to the Community Facilities District financing until the additional amount is paid. The initial deposit and any additional amounts will be held by

the Authority and used only for the expenses and costs incurred in connection with the Community Facilities District proceedings. Any balance of such deposit remaining upon completion of the Community Facilities District proceedings, or the abandonment thereof, and not needed to pay expenses and costs relating thereto will be returned to the petitioner. The use of the deposit shall in no way be construed as requiring the Authority to issue Community Facilities District bonds or to provide reimbursement from the proceeds thereof for portions of the deposit that are expended.

If bonds are issued by a Community Facilities District, the petitioners will be reimbursed from net bond proceeds for the portion of such deposit that has been expended or encumbered.

## **CONSULTANTS**

The Authority will select all consultants to be retained by the Authority for a Community Facilities District financing, including, but not limited to, the financial advisor, special tax consultant, underwriter, market absorption analyst, engineer, appraiser, trustee, bond counsel and disclosure counsel. Providers of letters of credit, bond insurance policies, surety bonds or other credit enhancements are also subject to Authority approval. Consultants, including legal counsel, to the applicant or any financing team member other than the Authority, will be selected, retained and paid by the applicant or such member; such consultants will not be paid from the proceeds of the financing.

## **MINIMUM STANDARDS; WAIVERS AND AMENDMENT**

The policies set forth herein reflect the minimum standards under which the Authority will assist in the development of property through the use of the Act. The Authority may, in its discretion, require additional measures and procedures, enhanced security and higher standards in particular cases.

The Authority may, in limited and exceptional circumstances and to the extent permitted by law, in its discretion, waive any of the policies set forth herein in particular cases.

If so provided in a joint community facilities agreement entered into under the Act, the Authority may form a community facilities district based upon minimum standards set forth in the participating local agency's local goals and policies and need not comply with the policies set forth herein.

The goals and policies set forth herein may be amended at any time and from time to time by the Authority.