



**California Home Finance Authority (CHF)
Board of Directors Meeting
Friday, September 26, 2014
11:00 a.m.
The Resort at Squaw Creek, Grand Sierra Ballroom
400 Squaw Creek Road
Olympic Valley, CA 96146**

AGENDA

- 1. Call to Order & Determination of Quorum**
*Chair, Supervisor Richard Forster, Amador County
Vice Chair, Supervisor Kevin Cann, Mariposa County*

- 2. Approval of Minutes – August 13, 2014 Board Meeting** **Page 1**
*Board Members absent from the meeting will be recorded as abstained unless
the Board Member indicates otherwise*

- 3. Member County Concerns**

- 4. Public Testimony**
Presentation only of any matters of concern to the general public

- 5. Resolution 14-04: Declaring CHF's Intention to Establish the** **Page 5**
**California Home Finance Authority ("CHF") Community
Facilities District N0. 2014-1 (Clean Energy) and to Levy Special
Taxes Therein to Finance or Refinance the Acquisition, Installation,
and Improvement of Energy Efficiency, Water Conservation, and
Renewable Energy Improvements Permanently Affixed to or on
Real Property or in Buildings**

**Resolution 14-05: Declaring CHF's Intention to Finance Distributed
Generation Renewable Energy Sources and Energy Efficiency
Improvements Through the use of Voluntary Contractual Assessments
Pursuant to Chapter 29 of Part 3 of Division 7 of the California Streets and
Highways Code and Setting a Public Hearing Thereon**
*Greg Norton, Executive Director
Craig Ferguson, Vice President*

6. Resolution 14-06: Authorizing Application to the California Debt Limit Allocation Committee to Permit the Issuance of Qualified Mortgage Bonds and/or Mortgage Credit Certificates for up to \$200.0 Million in Mortgage Credit Certificate Tax Exempt Allocation Authority

*Greg Norton
Craig Ferguson*

7. Program Updates

*Greg Norton
Craig Ferguson*

8. Adjournment

Meeting facilities are accessible to persons with disabilities. By request, alternative agenda document formats are available to persons with disabilities. To arrange an alternative agenda document format or to arrange aid or services to modify or accommodate persons with a disability to participate in a public meeting, please call Sarah Bolnik at (916) 447-4806 at least 48 hours before the meeting.

Agenda items will be taken as close as possible to the schedule indicated. Any member of the general public may comment on agenda items at the time of discussion. In order to facilitate public comment, please let staff know if you would like to speak on a specific agenda item.



**California Home Finance Authority
 Board of Directors Meeting
 August 13, 2014
 11:45 a.m.
 1215 K Street, Suite 1650
 Sacramento CA 95814
 916-447-4806**

MINUTES

Call to Order & Determination of Quorum

Chair, Supervisor Richard Forster, Amador County, called the meeting to order at 11:51 a.m. A quorum was determined at that time. Those present:

<u>Supervisor</u>	<u>County</u>
Mary Rawson	Alpine
Richard Forster	Amador
Doug Teeter	Butte
Merita Callaway	Calaveras
Kim Dolbow Vann	Colusa
Dave Finigan	Del Norte
John Viegas	Glenn
Rex Bohn	Humboldt
Aaron Albaugh	Lassen
David Rogers	Madera
Carre Brown	Mendocino
John Pedrozo	Merced
Geri Byrne	Modoc
Tim Fesko	Mono
Nate Beason	Nevada
Les Baugh	Shasta
Lee Adams	Sierra
Michael Kobseff	Siskiyou
Larry Munger	Sutter
Bob Williams	Tehama
Randy Hanvelt	Tuolumne
Roger Abe	Yuba

<u>Absent</u>	
Brian Veerkamp	El Dorado
Michael Kelley	Imperial
Linda Arcularius	Inyo
Anthony Farrington	Lake

Kevin Cann	Mariposa
Diane Dillon	Napa
Jim Holmes	Placer
Terry Swofford	Plumas
Anthony Botelho	San Benito
Debra Chapman	Trinity
Jim Provenza	Yolo

Others in Attendance

Supervisor Brian Oneto, Amador County
Supervisor Allen Ishida, Tulare County

Staff in Attendance

Greg Norton, Executive Director
Patricia Megason, Deputy Director
Craig Ferguson, Vice President
Sarah Bolnik, RCRC Office Manager, Executive Assistant

Approval of Minutes – June 12, 2014 Board Meeting

Board Members absent from the meeting will be recorded as abstained unless the Board Member indicates otherwise

Supervisor David Rogers, Madera County, motioned to approve the minutes of the June 12, 2014 CHF Board of Directors Meeting. Supervisor John Viegas, Glenn County, seconded the motion. Motion unanimously passed.

Abstaining:

Supervisor Merita Callaway, Calaveras County; Supervisor Dave Finigan, Del Norte County; Supervisor John Pedrozo, Merced County; Supervisor Tim Fesko, Mono County

Member County Concerns

None

Public Testimony

None

CHF Joint Powers Authority Agreement Revisions - ACTION

Greg Norton, Executive Director, discussed the need to update the CHF Joint Powers Agreement which was last amended January 28, 2004. The revisions bring the agreement up to date and provide administrative clarity on a variety of issues. Mr. Norton reviewed the prominent changes with the Board of Directors.

Staff Recommendation:

Staff recommends that the CHF Board of Directors review and approve the proposed revisions to the CHF Joint Powers Authority Agreement and direct staff to distribute the proposed revisions for review and approval by the Board of Supervisors of each Member.

Supervisor David Rogers, Madera County, motioned to approve staff recommendations as presented. Supervisor Les Baugh, Shasta County, seconded the motion. Motion unanimously passed.

Energy & Housing Program Update

Craig Ferguson, Vice President, provided an update on the existing Housing and Energy Retrofit Programs

Adjournment

Supervisor Richard Forster, Amador County, adjourned the meeting of the CHF Board of Directors at 12:01 p.m.



To: CHF Board of Directors

From: Greg Norton, Executive Director
Craig Ferguson, Vice President

Date: September 16, 2014

Re: **Resolution 14-04:** Declaring CHF's Intention to Establish the California Home Finance Authority ("CHF") Community Facilities District NO. 2014-1 (Clean Energy) and to Levy Special Taxes Therein to Finance or Refinance the Acquisition, Installation, and Improvement of Energy Efficiency, Water Conservation, and Renewable Energy Improvements Permanently Affixed to or on Real Property or in Buildings

Resolution 14-05: Declaring CHF's Intention to Finance Distributed Generation Renewable Energy Sources and Energy Efficiency Improvements Through the use of Voluntary Contractual Assessments Pursuant to Chapter 29 of Part 3 of Division 7 of the California Streets and Highways Code and Setting a Public Hearing Thereon

Background

Recent changes to state law (AB 811 (2008) and SB 555 (2011)) enable cities, counties, and a joint powers authority like CHF to set up property supported financing programs in which property owners may obtain financing for the acquisition, installation and improvement of energy efficiency, water conservation and renewable energy improvements to or on their real property, including homes, commercial buildings and other eligible properties. Property owners who choose to obtain such financing would repay it through assessments or special taxes on their property tax bills over a set period of time. This type of program is often referred to as "Property Assessed Clean Energy" (PACE) financing.

Resolutions 14-04 (SB 555 Community Facilities Districts) and 14-05 (AB 811 Contractual Assessment Program) authorize CHF to move forward with the flexibility to implement either or both programs as opportunities and circumstances may direct. The proposed actions contained in these Resolutions are non-binding and the ability of CHF to execute financing agreements as described will require additional steps (votes) in addition to approval by the CHF Board of Directors. Member and Associate Member jurisdictions desiring to participate, as well as additional local jurisdictions within CHF Membership, will each need to approve participation by their local jurisdiction. These Resolutions signal the intent of the CHF Board to complete the formation proceedings but not an obligation to do so. They are a first step to notify the public and various interested parties of a full hearing on the matters in the Resolutions.

PACE financing and program participation is completely voluntary. CHF Members and Associate Members are not automatically participants in either program by virtue of their membership in CHF. Rather, each jurisdiction's governing body must individually approve/consent to participate in either or both programs. Further, even in jurisdictions that approve participation in a PACE program, property owners must voluntarily approve participation for their property to be included.

Under the SB 555 framework, only property owners who choose to seek financing through the community facilities district (CFD) for energy- and water-related improvements to their property *and* vote to annex their property into the CFD will be subject to this program. No property will be annexed into the CFD or subject to any part of this program without the express willing unanimous consent of the property owner(s), who will enter an agreement with the CFD to pay a special tax on their property. Under the AB 811 framework, property owners enter into voluntary contractual assessments under the special assessment district formed.

PACE financing addresses two major financial hurdles to capital-intensive energy efficiency and renewable energy projects: the high up-front cost and the potential that those costs will not be recovered upon sale of the property. With PACE financing, there is little or no up-front cost to the property owner, and if the property is sold before the investors are repaid, the new owner will, unless a prepayment is arranged, assume responsibility for the remaining assessments or special taxes as part of the property's annual tax bill. By overcoming these barriers, PACE financing presents an unparalleled opportunity to stimulate construction and building activity, reduce peak energy demand, increase property values, and generate savings on utility bills for property owners.

Each of these programs requires a public hearing to permit comment and input on various aspects of the program(s). Staff suggests that the public hearings be scheduled for December 10, 2014 prior to the scheduled Board meeting of the same date.

Staff Recommendation

Staff recommends that the CHF Board of Directors approve the following:

1. Review and adopt Resolution 14-04 as the Resolution of Intent to create a Community Facilities District (SB 555), setting of a public hearing and approve all other items included in the resolution;
2. Review and adopt Resolution 14-05 as the Resolution of Intent to create a Contractual Assessment Program (AB 811), setting of a public hearing and approve all other items included in the resolution; and
3. Authorize CHF management to take the actions necessary for the public hearing and to establish the program(s) including the signing of necessary agreements and other documents to establish the district, initiate the program(s) and establish the program administration.

Attachment(s)

- Resolution 14-04
- Resolution 14-05

CALIFORNIA HOME FINANCE AUTHORITY

RESOLUTION NO. 2014-04

RESOLUTION OF THE BOARD OF DIRECTORS OF THE CALIFORNIA HOME FINANCE AUTHORITY DECLARING ITS INTENTION TO ESTABLISH THE CALIFORNIA HOME FINANCE AUTHORITY (“CHF”) COMMUNITY FACILITIES DISTRICT NO. 2014-1 (CLEAN ENERGY) AND TO LEVY SPECIAL TAXES THEREIN TO FINANCE OR REFINANCE THE ACQUISITION, INSTALLATION, AND IMPROVEMENT OF ENERGY EFFICIENCY, WATER CONSERVATION AND RENEWABLE ENERGY IMPROVEMENTS PERMANENTLY AFFIXED TO OR ON REAL PROPERTY OR IN BUILDINGS

WHEREAS, the Board of Directors (the “Board”) of the California Home Finance Authority (“CHF”) has duly considered the advisability and necessity of establishing a community facilities district within its jurisdictional boundaries and levying special taxes therein to finance the acquisition, installation and improvement of energy efficiency, water conservation and renewable energy improvements permanently to or on real property and in buildings, whether the real property or buildings are privately or publicly owned (the “Authorized Improvements”), all in accordance with the Mello-Roos Community Facilities Act of 1982 as amended by Senate Bill 555 (Statutes 2011, chapter 493) (the “Act”) as set forth in chapter 2.5 (beginning with section 53311) of part 1 in division 2 of title 5 of the California Government Code; and

WHEREAS, in section 8 of Senate Bill No. 555, the California Legislature made the following findings, in part:

[T]he Legislature declares that a public purpose will be served by providing the legislative body of a local agency with the authority to use special taxes pursuant to the Mello-Roos Community Facilities Act of 1982 to finance the installation of energy efficiency and renewable energy improvements that are affixed, as specified in Section 660 of the Civil Code, to residential, commercial, industrial, or other property.

The Legislature also declares that a public purpose will be served by providing the legislative body of a local agency with the authority to use special taxes pursuant to the Mello-Roos Community Facilities Act of 1982 to finance the installation of water conservation improvements that are attached to residential, commercial, industrial, or other property.

WHEREAS, the proposed community facilities district includes the entire territory within the current jurisdictional boundaries of CHF that is also within the current jurisdictional boundaries of the counties that are currently members (Full and/or Associate Member Counties) of CHF; and

WHEREAS, the Board has determined that establishing such a community facilities district is consistent with and follows the local goals and polices concerning the use of the Act and the JPA Agreement;

NOW, THEREFORE, BE IT RESOLVED BY THE BOARD OF THE CALIFORNIA HOME FINANCE AUTHORITY AS FOLLOWS:

Section 1. The Board intends, and hereby proposes, to establish a community facilities district in accordance with section 53328.1 of the Act, to be known and designated as “CHF Community Facilities District No. 2014-1 (Clean Energy)” (the Community Facilities District”).

Section 2. As authorized by section 53328.1 of the Act, the Community Facilities District will initially contain only territory proposed for annexation to the Community Facilities District in the future (the “Territory”). The Territory includes the entire current jurisdictional boundaries of CHF (Full and/or Associate Member Counties) that is also within the current jurisdictional boundaries of the public agencies that are parties to the JPA Agreement. The Territory is more particularly described and shown on a map entitled “Proposed Boundaries of Territory Proposed for Annexation in the Future to CHF Community Facilities District No. 2014-1 (Clean Energy)” now on file in the office of the Secretary of CHF (the “Secretary”), which map is hereby approved by the Board. A reduced copy of the map is attached here to as Exhibit A. The Board finds that the map is in the form and contains the matters prescribed by section 3110 of the California Streets and Highways Code. The Board hereby authorizes and directs the Secretary to certify the adoption of this resolution on the face of the map. The Territory includes territory within the jurisdictional boundaries of certain cities located within the jurisdictional boundaries of the County members of CHF. Any portion of the Territory located within the jurisdictional boundaries of any incorporated city shall only be annexed to the Community Facilities District after the consent of the legislative body of such city has been obtained by CHF as required by Section 53315.8 of the Act.

Section 3. The Board intends, in accordance with the Act, to facilitate the financing on a parcel-by-parcel basis of the acquisition, installation, and improvement of the Authorized Improvements to be part of the Program Hearing Report and as may be approved, in any particular instance by CHF or CHF’s authorized program administrator.

Section 4. The Board hereby finds that any property included within the Territory that is currently in agricultural use will, if annexed into the Community Facilities District, nonetheless benefit by the Authorized Improvements.

Section 5. The cost of financing the acquisition, installation, and improvement of the Authorized Improvements includes all expenses incidental to the acquisition, installation, and improvement, including but not limited to the following: the costs of planning and designing the Authorized Improvements, together with the costs of any environmental evaluations thereof; a proportionate share of the costs associated with the creation of the Community Facilities District, the issuance of bonds or the making of alternative financing arrangements; the determination of the amount of any special taxes,, or the collection or payment of any special taxes; and any costs otherwise incurred to carry out the authorized purposes of the Community Facilities District. A

representative list of incidental expenses proposed to be incurred will be included in the Program Hearing Report.

Section 6. The Board intends (a) that a parcel within the Territory may be annexed to the Community Facilities District and subjected to the special tax only with the unanimous written approval of the owner or owners of the parcel when it is annexed (the "Unanimous Approval Agreement"); (b) that the rate of special tax for each parcel will be established in an amount required to finance or refinance (including the payment of interest and the funding and replenishment of any reserve fund for debt) the Authorized Improvements approved for the parcel and to pay the parcel's appropriate share of the Community Facilities District's administrative expenses; (c) that the maximum annual rate, method of apportionment, and manner of collection of the special tax will be specified in the Unanimous Approval Agreement for each parcel; (d) that the maximum principal amount of the debt to be incurred to finance or refinance the Authorized Improvements for the parcel will be the amount approved in the Unanimous Approval Agreement for each parcel and (e) that the special tax revenues may also be used to repay the appropriate portion of any funds CHF advances for the Community Facilities District and to repay under any agreement (which will not constitute a CHF debt or liability) any advances of funds or reimbursements for the lesser of the value or cost of work in-kind provided by any person for the purposes of the Community Facilities District.

Section 7. Upon recordation of a Notice of Special Tax Lien in accordance with sections 53328.1(a)(5) and 53328.3 of the Act and section 3114.5 of the California Streets and Highways Code, a continuing lien to secure each levy of the special tax will attach to each parcel annexed to the Community Facilities District, and this lien will continue in effect until the special tax obligation is prepaid and permanently satisfied and the lien is cancelled in accordance with law or until the participating county no longer levies the special tax. The method of prepayment of the special tax obligation, if any, will be as set forth in the Unanimous Approval Agreement.

Section 8. The Board intends that the proposed special tax will be collected through the regular secured property tax bills for the county in which each parcel annexed to the Community Facilities District is located. The Board further intends that the proposed special tax will be subject to the same enforcement mechanism and the same penalties and interest for late payment as regular ad valorem property taxes, although the Board reserves the right but has no obligation hereunder, to use any other lawful means of billing, collecting, and enforcing the special tax, including direct billing, supplemental billing, and when lawfully available, judicial foreclosure of the special tax lien.

Section 9. As required by the Act, (a) the maximum authorized special tax for financing the acquisition, installation, and improvement of the Authorized Improvements that may be levied against any parcel used for private residential purposes (which use begins when a certificate of occupancy or final inspection for private residential use is issued) will be specified as a dollar amount and may not increase by more than 2% each year; (b) the special tax may not be levied against such a parcel after the last tax date set forth in the Unanimous Approval Agreement; and (c) the special tax may not be increased on such a parcel, as a consequence of delinquency or default by the owner of any other parcel or parcels within the Community

Facilities District, by more than 10% or by the amount specified in the Unanimous Approval Agreement, whichever is less.

Section 10. In accordance with sections 53325.7 and 53328.1(a) (3) of the Act, the Board intends to establish the appropriations limit (as defined by section 8(h) of Article XIII B of the California Constitution) for the Community Facilities District for the 2014-2015 fiscal year and for subsequent fiscal years as the sum of the amounts stated as the appropriations limit in each approved Unanimous Approval Agreement. The amount contributing toward the appropriations limit of the Community Facilities District in each Unanimous Approval Agreement will be subject to adjustment following the fiscal year in which the Unanimous Approval Agreement is fully executed, as provided in Section 53325.7 of the Act.

Section 11. At 8:30 a.m. on December 10, 2014, in the regular meeting place of the Board of CHF, 1215 K Street, Suite 1650, Sacramento, CA 95814, the Board will hold a public hearing to consider the establishment of the Community Facilities District, the designation of the Authorized Improvements, and all other matters set forth in this resolution. At the public hearing, any interested persons may appear and be heard, and the testimony of all interested persons for or against the establishment of the Community Facilities District, the specification of the Authorized Improvements, the extent of the Territory, the establishment of the appropriations limit, the incurrence of debt to finance or refinance the Authorized Improvements, or any other matter set forth in this resolution will be heard and considered.

Section 12. Any protests to the proposals in this resolution may be made orally or in writing by any interested persons, except that any protests pertaining to the regularity or sufficiency of these proceedings must be in writing and must clearly set forth the irregularities and defects to which objection is made. The Board may waive any irregularities in the form or content of any written protest and at the public hearing may correct any minor defects in the proceedings. Any written protest not personally presented at the public hearing by the author of the protest must be filed with the Secretary at or before the time fixed for the public hearing in order to be received and considered. Any written protest may be withdrawn in writing at any time before the conclusion of the public hearing.

Section 13. After the conclusion of the public hearing, if written protests by 50% or more of the registered voters residing and registered within the Territory have been filed and not withdrawn, or if written protests have been filed and not withdrawn by the owners of one-half or more of the land area that is within the Territory and not exempt from the special tax, then no further proceedings to form the Community Facilities District may be undertaken for at least one year from the date of the Board's determination that a majority protest exists. If the majority protest is only against the furnishing of a specified type or types of Authorized Improvements, or against levying a specified special tax, or against any aspect of the incurrence of debt, then only those elements need be eliminated from the proceedings.

Section 14. The public hearing may be continued from time to time but must be completed within 30 days. If, however, the Board finds that the complexity of the Community Facilities District or the need for public participation requires additional time, then the public hearing may be continued from time to time for a period not to exceed six months.

Section 15. At the public hearing, the Board may modify this resolution by eliminating any of the Authorized Improvements, by reducing the Territory, or by making any other changes that reduce the authorizations proposed by this resolution.

Section 16. At the conclusion of the public hearing, the Board may abandon these proceedings or may, after passing upon all protests, determine to proceed with establishing the Community Facilities District and the incurrence of debt. If the Board determines to proceed with establishment and incurrence of debt, then the election procedure will consist of the execution of Unanimous Approval Agreements as provided in Sections 53328.1, 53329.6 and 53355.5 of the Act.

Section 17. The Executive Director of CHF or such officer's designee (the "Executive Director") is hereby directed to study the Community Facilities District and, at or before the time of the public hearing, to cause to be prepared and filed with the Secretary a report that contains the following: a list of Authorized Improvements; a representative listing of incidental expenses;; a recommended form of Unanimous Approval Agreement; recommendations for appropriate procedures and criteria for processing and evaluating applications for participation and inclusion in the Community Facilities District from the owners of property within the Territory; recommended forms for members of CHF to annex to the Community Facilities District; and an estimate of the related incidental expenses. The Secretary shall submit the report to the Board for review and shall make it available for inspection by the public. In addition, the Secretary shall make the report part of the record of the public hearing. The Executive Director may retain consultants to prepare the report.

Section 18. The Secretary shall give notice of the time and place of the public hearing by publishing a Notice of Public Hearing in the form required by the Act once in each newspaper of general circulation published in the jurisdiction of each member county of CHF, in accordance with Section 6061 of the California Government Code and publication must be completed at least seven days before the date of the public hearing.

Section 19. This resolution shall take effect immediately upon its passage and adoption.

ON A MOTION by _____, _____, County, seconded by _____, _____ County, the foregoing resolution was passed an adopted by the Board of the California Home Finance Authority this _____ day of _____, 2014, by the following vote:

AYES: Supervisors

NOES: Supervisors

ABSENT: Supervisors

ABSTAIN: Supervisors

Chair of the Board

ATTEST: _____

CHF Secretary

EXHIBIT A

**PROPOSED BOUNDARIES OF TERRITORY PROPOSED FOR FUTURE ANNEXATION
TO COMMUNITY FACILITIES DISTRICT NO. 2014-1 (CLEAN ENERGY)**

[to be inserted]

RESOLUTION NO. 2014-05

RESOLUTION OF THE BOARD OF THE CALIFORNIA HOME FINANCE AUTHORITY DECLARING ITS INTENTION TO FINANCE DISTRIBUTED GENERATION RENEWABLE ENERGY SOURCES AND ENERGY EFFICIENCY IMPROVEMENTS THROUGH THE USE OF VOLUNTARY CONTRACTUAL ASSESSMENTS PURSUANT TO CHAPTER 29 OF PART 3 OF DIVISION 7 OF THE CALIFORNIA STREETS AND HIGHWAYS CODE AND SETTING A PUBLIC HEARING THEREON

WHEREAS, pursuant to Chapter 29 of Part 3 of Division 7 of the California Streets and Highways Code (the "Act"), the Board of the California Home Finance Authority ("CHF") proposes to establish a voluntary contractual assessment program to assist property owners with the cost of installing distributed generation renewable energy sources or making energy or water efficiency improvements that are permanently fixed to their property ("Program"); and

WHEREAS, in the opinion of the California Home Finance Authority, property in the unincorporated and incorporated areas within the Authority membership (Full and/or Associate Member Counties) would be benefitted by including such properties in the Program, subject to the approval and consent of the governing body of the county or city, as applicable;

NOW THEREFORE, THE BOARD OF THE CALIFORNIA HOME FINANCE AUTHORITY HEREBY RESOLVES AS FOLLOWS:

Section 1. The CHF Board hereby finds and declares as follows:

- a. All of the above recitals are true and correct.
- b. Energy conservation efforts, including the promotion of energy and water efficiency improvements to residential, commercial, industrial, or other real property, are necessary and beneficial;
- c. The upfront cost of making residential, commercial, industrial or other real property more energy efficient prevents many property owners from making those improvements. To make those improvements more affordable and to promote the installation of those improvements, the Legislature has authorized an alternative procedure pursuant to the Act for authorizing voluntary contractual assessment to finance the cost of such improvements;
- d. It would be convenient, advantageous and in the public interest to implement a program whereby CHF is authorized to finance the installation of distributed generation renewable energy sources and energy efficiency improvements that are permanently fixed to residential, commercial, industrial and other real property.
- e. Property located in the unincorporated and incorporated areas within the boundaries of the CHF Members and Associate Members will benefit from inclusion in the program, and subject to the approval and consent of the governing body of any participating county or city, including such property in the program will serve the public purpose of promoting conservation efforts.

Section 2. The Board of Directors hereby determines that it would be convenient, advantageous and in the public interest to designate the entire Membership (Full and Associate Member Counties), unincorporated and incorporated, as an area within which authorized Authority officials and property owners may enter into contractual assessments pursuant to the Act to finance the installation of authorized improvements that are permanently fixed to real property.

Section 3. The Board of Directors hereby declares that financing the proposed distributed generation renewable energy sources and energy efficiency improvements in both the unincorporated and incorporated areas of the CHF Members and Associate Members can best be accomplished by a single, comprehensive program. Therefore, CHF proposes to make contractual assessment financing available to the owners of property in the Authority Membership, unincorporated and incorporated, to finance authorized improvements that are permanently fixed to real property.

Section 4. The Executive Director (the "Authorized Officer") shall prepare or direct the preparation of, as part of the report required in Section 8 of this Resolution, and update, as the Authorized Officer deems necessary, a list of the distributed generation renewable energy sources or energy efficiency improvements that may be financed through the Authority's contractual assessment financing program. The types of distributed generation renewable energy sources or energy efficiency improvements eligible for financing through contractual assessments will be included in the report required in Section 8 of this Resolution, and include, but are not limited to,; high efficiency air conditioning and ventilation systems, high performance windows, high efficiency and tankless water heating equipment photovoltaic and thermal solar energy systems, cool roof systems, geothermal exchange heat pumps, zoning control and energy management control systems, high efficiency irrigation pumps and controls, natural gas fuel cells, wind and geothermal energy systems, wall, ceiling and roof insulation upgrades, and electric vehicle charging infrastructure.

Section 5. The area within which contractual assessments may be entered into pursuant to the Act is all land within the defined boundaries of the Authority Members and Associate Members.

Section 6. No contractual assessment will be levied on a parcel situated within any area and no assessment contract will be entered into with the owner(s) of any such parcel unless and until (1) the legislative body of the respective county or city has adopted a resolution consenting to inclusion of parcels within its jurisdiction in the contractual assessment program and authorizing CHF to levy assessments, to impose the contractual assessment liens and to finance the eligible improvement on such parcels; and (2) the legislative body of such county or city has entered into an agreement with the Authority addressing issues such as liability for loss, and any conditions the county or city wishes to impose on participating properties in its jurisdiction.

Section 7. The proposed arrangements for financing the contractual assessment financing program are briefly described as follows: The Authority or its contracted Third Party Administrator may issue, or cause to be issued, bonds, notes, receive lines of credit, and enter into other financing instruments or relationships pursuant to the Act, the principal and interest of which would be repaid by contractual assessments. Alternatively or in the interim, the Authority may

enter into agreements with other public entities, including but not limited to the jurisdictions within the Authority Membership, to advance their funds to the Authority to finance work. Such advances shall be repaid through contractual assessments and the Authority may sell, or cause to be sold, bonds or other forms of indebtedness to reimburse such advances.

In the event improvement bonds will be issued pursuant to Streets and Highways Code Section 5898.28 to represent assessments, all of the following will apply to the extent not in conflict with the Act:

- (a) Provision is hereby made for the issuance of improvement bonds, in one or more series;
- (b) Notice is hereby given that serial bonds or term bonds or both to represent unpaid assessments, and to bear interest at a rate authorized by law; payable semiannually, shall be issued hereunder in one or more series in the manner provided by the Division 10 (to the extent not in conflict with the Act), and the last installment of bonds shall mature a maximum of 39 years from the second day of September next succeeding 12 months from their date.
- (c) The Authority hereby determines that the principal amount of bonds maturing or becoming subject to mandatory prior redemption each year shall be other than an amount equal to an even annual proportion of the aggregate principal amount of the bonds, and the amount of principal maturing or becoming subject to mandatory prior redemption in each year plus the amount of interest payable in that year shall be an aggregate amount that is substantially equal each year, except for the moneys falling due on the first maturity or mandatory prior redemption date of the bonds which shall be adjusted to reflect the amount of interest earned from the date when the bonds bear interest to the date when the first interest is payable on the bonds.
- (d) With respect to the procedures for collection of assessments and the advance retirement of bonds, the Authority proposes to proceed under the provisions of part 11.1 of Division 10 (commencing with Section 8760 of the Streets and Highways Code).

Section 8. The Board of Directors hereby directs the Authorized Officer to prepare, or direct the preparation of, and file with the Board of Directors a report pursuant to Section 5898.22 of the California Streets and Highways Code at or before the time of the public hearing described in Section 9 hereof (the "Report"). The Report shall contain all of the following:

- (a) A map showing the boundaries of the territory within which contractual assessments are proposed to be offered.
- (b) A draft contract specifying the terms and conditions that would be agreed to by a property owner within the contractual assessment area and the Authority.
- (c) A statement of Authority policies concerning contractual assessments including all of the following:

(i) Identification of types of facilities, distributed generation renewable energy sources, or energy efficiency improvements that may be financed through the use of contractual assessments;

(ii) Identification of an Authority official authorized to enter into contractual assessments on behalf of the Authority;

(iii) A maximum aggregate dollar amount of contractual assessments;

(iv) A method of settling requests from property owners for financing through contractual assessments in priority order in the event that requests appear likely to exceed the authorization amount;

(v) Parameters for extending the Program into unincorporated and incorporated areas

(d) A plan for raising a capital amount required to pay for work performed pursuant to contractual assessments. The plan may include amounts to be advanced by the Authority through funds available to it from any source. The plan may include the sale of a bond or bonds or other financing relationship pursuant to Streets and Highways Code Section 5898.28. The plan shall include a statement of or method for determining the interest rate and time period during which contracting property owners would pay any assessment. The plan shall provide for any reserve fund or funds. The plan shall provide for the apportionment of all or any portion of the costs incidental to financing, administration, and collection of the contractual assessment program among the consenting property owners and the Authority.

(e) A report on the results of the consultations with the county auditors or county controllers concerning the additional fees, if any, that will be charged for incorporating the proposed voluntary contractual assessments into the assessments of the general taxes of the city or county on real property, and a plan for financing the payment of those fees.

Section 9. The Board of Directors hereby calls a public hearing to be held on December 10, 2014 at 8:30 a.m., or as soon thereafter as feasible, in the Board Room, 1215 K Street, Suite 1650, Sacramento, CA 95814, on the proposed Report and the contractual assessment financing program. At the public hearing all interested persons may appear and hear and be heard and object to or inquire about the proposed contractual assessment financing program or any of its particulars.

Section 10. The Executive Director of the Authority is hereby directed to provide notice of the public hearing by publishing once a week for two weeks, pursuant to Section 6066 of the California Government Code, in a newspaper of general circulation published in each county and city that is a Member or Associate Member of CHF, and the first publication shall not occur later than 20 days before the date of such hearing.

Section 11. The assessments levied pursuant to the Act, and the interest and any penalties thereon, shall constitute a lien against the lots and parcels of land on which they are made, until

they are paid. The assessments shall be collected in the same manner and at the same time as the general taxes of the enforcing jurisdiction on real property are payable and shall be subject to the same penalties, remedies and lien priorities in the event of delinquency and default. As a cumulative remedy, if any assessment or installment thereof, or of any interest thereon, together with any penalties, costs, fees, and other accrued charges are not paid when due, the Board of Directors may order that the same be collected by an action brought in superior court to foreclose the lien thereof as provided in Division 10 of the California Streets and Highways Code.

Section 12. The Board of Directors hereby directs the Authorized Officer to determine and discuss in the report what additional fees, if any, will be charged, annually, by the enforcing jurisdiction for incorporating the proposed contractual assessments on the tax roll.

ON A MOTION BY _____, _____ County,
seconded by _____, _____ County, the foregoing
resolution was passed and adopted by the Board of Directors of the California Home Finance
Authority this ___ day of _____, 2014, by the following vote:

AYES: Supervisors

NOES: Supervisors

ABSENT: Supervisors

ABSTAIN: Supervisors

Chair of the Board

ATTEST:

CHF Secretary



To: CHF Board of Directors
From: Greg Norton, Executive Director
Craig Ferguson, Vice President
Date: September 16, 2014
Re: **Resolution 14-06:** Authorizing Application to the California Debt Limit Allocation Committee to Permit the Issuance of Qualified Mortgage Bonds and/or Mortgage Credit Certificates for up to \$200.0 Million in Mortgage Credit Certificate Tax Exempt Allocation Authority

Summary

CHF intends to make an application to the California Debt Limit Allocation Committee (CDLAC) for allocation of a portion of the State ceiling in an aggregate amount not to exceed \$200,000,000 toward the issuance of mortgage credit certificates, in order for CHF to continue sponsoring its Mortgage Credit Certificate (MCC) Program in 2015 and beyond.

CDLAC procedures require an applicant for a portion of the State ceiling to certify having on deposit an amount equal to one-half of one percent of the amount of allocation requested (not to exceed \$100,000). The deposit will be held until receipt of a written notification from CDLAC that the deposit is authorized to be released or forfeited, in whole or in part. Deposit will be forfeited to CDLAC if the allocation is not used for the purpose for which it was granted.

This resolution authorizes CHF to apply for allocation not to exceed \$200,000,000 for the issuance of mortgage credit certificates and this resolution authorizes CHF to fund the CDLAC required deposit not to exceed \$100,000.

Staff Recommendation

Staff recommends approval of Resolution No. 14-06.

Attachment(s)

Resolution 14-06

RESOLUTION NO. 14-06

RESOLUTION AUTHORIZING APPLICATION TO THE CALIFORNIA DEBT LIMIT ALLOCATION COMMITTEE TO PERMIT THE ISSUANCE OF QUALIFIED MORTGAGE BONDS AND/OR MORTGAGE CREDIT CERTIFICATES

WHEREAS, Chapters 1-5 of Part 5 of Division 31 of the Health and Safety Code of the State of California (the "Act") authorize joint powers agencies established by cities and counties to incur indebtedness for the purpose of financing home mortgages authorized by the Act, and the Act provides a completed additional and alternative method for doing the things authorized thereby; and

WHEREAS, the Governing Board (the "Board") of the California Home Finance Authority (formally California Rural Home Mortgage Finance Authority or CRHMFA Homebuyers Fund) ("CHF") hereby finds and declares that it is necessary, essential and a public purpose for CHF to finance home mortgages pursuant to the Act, in order to increase the housing supply within the geographical boundaries of CHF for persons and families within the income limitations established by the Act; and

WHEREAS, Section 146 of the Internal Revenue Code of 1986, as amended (the "Code"), limits the amount of private activity bonds that may be issued in any calendar year by entities within a state and authorizes the legislature of such state to provide the method of allocating authority to issue private activity bonds within such state; and

WHEREAS, Chapter 11.8 of Division 1 of Title 2 of the Government Code of the State of California governs the allocation in the State of California of the State ceiling established by Section 146 of the Code among governmental units in the State having the authority to issue private activity bonds; and

WHEREAS, Section 8869.85 of the Government Code requires a local agency to file an application for a portion of the State ceiling with or upon the direction of the California Debt Limit Allocation Committee ("CDLAC") prior to the issuance of private activity bonds; and

WHEREAS, CDLAC procedures require an applicant for a portion of the State ceiling to certify to CDLAC that the applicant has on deposit an amount equal to one-half of one percent of the amount of allocation requested (not to exceed \$100,000); and

WHEREAS, CHF desires to request an allocation of state ceiling from CDLAC;

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

1. The Executive Director or any Assistant Secretary of CHF is hereby authorized, on behalf of CHF, to make an application or applications to CDLAC for allocation of a portion of the State ceiling (as that term is defined in the Government Code) in an aggregate amount not to exceed \$200,000,000 for application toward the issuance of qualified mortgage bonds and/or mortgage credit certificates by CHF. The Executive Director or any Assistant Secretary of CHF is hereby authorized, on behalf of CHF, to submit all such documents and to pay the filing fees

as may be required to CDLAC pursuant to Government Code Section 8869.85 in furtherance of the application(s).

2. An amount equal to one-half of one percent of the amount of each allocation requested (not to exceed \$100,000 per authorization) is hereby authorized to be placed into an escrow account, and the Executive Director or any Assistant Secretary of CHF is authorized to certify to CDLAC that such funds are available.

3. This Resolution shall take effect from and after its adoption.

PASSED, APPROVED AND ADOPTED by the Governing Board of California Home Finance Authority the 26th day of September, 2014.

California Home Finance Authority

Designated Officer

I certify that the foregoing Resolution is a true and accurate copy of Resolution 14-06 approved by the governing board of California Home Finance Authority on September 26, 2014 in Sacramento, California.

Date: _____

Assistant Secretary

