



**California Home Finance Authority
Board of Directors Meeting
December 10, 2014
8:30 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 8:35 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
Michael Kelley	Imperial
Linda Arcularius	Inyo
Aaron Albaugh	Lassen
Kevin Cann	Mariposa
David Rogers	Madera
John Pedrozo	Merced
Carre Brown	Mendocino
Geri Byrne	Modoc
Tim Fesko	Mono
Diane Dillon	Napa
Nate Beason	Nevada
Jim Holmes	Placer
Les Baugh	Shasta
Lee Adams	Sierra
Michael Kobseff	Siskiyou
Larry Munger	Sutter
Bob Williams	Tehama
Randy Hanvelt	Tuolumne
Roger Abe	Yuba

Absent

Brian Veerkamp	El Dorado
Anthony Farrington	Lake
Terry Swofford	Plumas
Anthony Botelho	San Benito
Debra Chapman	Trinity
Jim Provenza	Yolo

Others in Attendance

Iris Yang, Best, Best & Kreiger LLP
Supervisor Brian Oneto, Amador County
Supervisor John Fenley, Trinity County
Mike Lemyre, VP District Development, Ygrene Energy Fund
Bart Van Voorhis, SVP Corporate Development, Ygrene Energy Fund
Crystal Crawford, Regional Director, Ygrene Energy Fund
Justin Caporusso, RCRC Public Affairs Specialist
Paul A. Smith, RCRC Senior Legislative Advocate
Lisa McCargar, RCRC Chief Financial Officer
Anthony Rahill, Data and Program Development Manager
Howard Arcularius
Les Cohen
Marcia Basque

Staff in Attendance

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

Approval of Minutes – November 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 November 12, 2014 CHF Board of Directors Meeting. Supervisor Michael Kobseff, Siskiyou County, seconded the motion. Motion unanimously passed.

Abstaining:

Supervisor Kim Dolbow Vann, Colusa County; Supervisor Doug Teeter, Butte County; Supervisor Dave Finigan, Del Norte County; Supervisor Michael Kelly, Imperial County; Supervisor Linda Arcularius, Inyo County; Supervisor Aaron Albaugh, Lassen County; Supervisor Kevin Cann, Mariposa County; Supervisor John Pedrozo, Merced County; Supervisor Carre Brown, Mendocino County; Supervisor Tim Fesko, Mono County

Member County Concerns

None

Public Testimony

None

Item No. 5: Public Hearing: Consideration of the Formation of the California Home Finance Authority Community Facilities District No. 2014-1 (Clean Energy) and Levy of a Special Tax Thereon. Continued Public Hearing (Continued from November 12, 2014):

Resolution 14-07: Establishing California Home Finance Authority Community Facilities District No 2014-1 (Clean Energy) and Providing for the Levy of a Special Tax Therein to Finance or Refinance the Acquisition, Installation, and Improvement of Energy Efficiency, Water Conservation, Renewable Energy and Electric Vehicle Charging Infrastructure Improvements Permanently Affixed to or on Real Property or in Buildings and Authorizing Filing of Validation Action

Greg Norton, Executive Director, explained to the CHF Board of Directors that the proposed establishment of a Community Facilities District (CFD) would provide for a Property Assessed Clean Energy (PACE) program. Mr. Norton gave a brief history of Senate Bill 555 which was enacted in 2011, and allows cities, counties and Joint Powers Authorities such as CHF, to establish a CFD to assist property owners with the financing of energy efficiency and/or water conservation improvements as well as renewable energy or electric vehicle charging infrastructure improvements. Mr. Norton also explained that this item and the following item both implement similar programs under two different structures, but that while the CHF Board was being asked to approve both programs, only one will be implemented. On September 26, 2014, the CHF Board of Directors adopted Resolution 2014-04 noting CHF's intent to establish a community's facility district No. 2014-01 (Clean Energy) and set a public hearing date. Mr. Norton presented Resolution 2014-07 and the program Hearing Report as well as the residential and commercial handbooks that were prepared for the program. Mr. Norton explained that the local governments' and the property owner(s) participation in the program are both voluntary. The property owner(s) who enter into a unanimous approval agreement authorize a lien to be recorded on the property in order to secure payment for the improvements on the property. Mr. Norton introduced Iris Yang, Counsel from Best Best Krieger, and staff from Ygrene Energy Fund CA LLC (Ygrene), which were present. Ygrene will serve as the CHF PACE program administrator.

Chair, Supervisor Forster asked if there were any questions from Board Members and subsequently whether there were any questions or comments from the public. CHF staff, Iris Yang and staff from Ygrene answered questions from Board members regarding various related matters including the requirement to file a validation action. There were no questions or comments from the public.

Staff Recommendation

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

1. Review and adopt Resolution 2014-07, which among other necessary actions and authorizations is:

- a. Establishing the California Home Finance Authority Community Facilities District No 2014-1 (Clean Energy) and Providing for the Levy of a Special Tax Therein to Finance or Refinance the Acquisition, Installation, and Improvement of Energy Efficiency, Water Conservation, Renewable Energy Improvements and Electric Vehicle Charging Infrastructure Improvements Permanently Affixed to or on Real Property or in Buildings;
 - b. Authorizing Filing of a Validation Action;
 - c. Approving necessary documents in substantially said form; and
 - d. Designating the Executive Director, or designee, to perform or cause to be performed various actions including required changes to documents and the execution of said documents; and
2. Authorize the Authority's Executive Director to establish the CHF Community Facilities District No. 2014-1 (Clean Energy), including the signing of necessary agreements and other documents, as well as well as other actions necessary to establish and implement the District.

Chair, Supervisor Richard Forster, Amador County called for a motion to close the Public Hearing.

Supervisor David Rogers, Madera County, motioned to close the public hearing. Supervisor Randy Hanvelt, Tuolumne County, seconded the motion. Motion passed.

Supervisor Tim Fesko, Mono County, motioned to approve staff recommendations as presented. Supervisor Michael Kobseff, Siskiyou County, seconded the motion. Motion passed.

Item No. 6: Public Hearing: Consideration of Establishment of CHF Property-Assessed Clean Energy (PACE) Program to Authorize Voluntary Contractual Assessments to Finance the Installation of Certain Authorized Improvements.

Resolution 14-08: Confirming the Report Relating to the Financing of the Installation of Distributed Generation Renewable Energy Sources, Energy Efficiency and Water Efficiency Improvements and Electric Vehicle Charging Infrastructure and Approving and Ordering Other Related Matters

Resolution 14-09: Authorizing Issuance of the Limited Obligation Improvement Bonds, Approving and Directing the Execution of Related Documents and Approving Related Actions

Greg Norton explained to the CHF Board of Directors that the establishment of the proposed Assessment District would provide for a Property Assessed Clean Energy (PACE) program. Mr. Norton gave a summary of Assembly Bill 811, enacted in 2008, which allows cities, counties and Joint Powers Authorities such as CHF, to create programs that assist property owners with the costs associated with installing energy efficiency and/or water efficiency improvements as well as renewable energy or

electric vehicle charging infrastructure improvements. On September 26, 2014, the CHF Board of Directors adopted Resolution 2014-05 noting CHF's intent to establish a contractual assessment program and set a public hearing date. The property-assessed contractual assessment (PACE) program allows CHF to finance the construction and installation of these energy improvements on properties. Mr. Norton presented Resolutions 2014-08 and 2014-09 including the Program Report, the residential and commercial handbooks that were prepared for the program and the required bond documents. Resolution 2014-08 also provides authorization to file a civil validation action. Resolution 2014-09 authorizes the issuance of limited obligation improvement bonds. Mr. Norton explained that all current and future members of CHF are eligible to participate in the program and explained that the local governments' and the property owner(s) participation in the program are both voluntary. The property owner(s) who enter in to an assessment contract authorize the levy of a voluntary contractual assessment to finance installation of authorized improvements on the property.

Chair, Supervisor Forster asked if there were any questions from Board Members and subsequently whether there were any questions or comments from the public. CHF staff, Iris Yang and staff from Ygrene answered questions from Board members regarding various related matters including the recommendation to file a validation action. There were no questions or comments from the public.

Staff Recommendations

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

1. Review and adopt Resolution 14-08 which among other necessary actions and authorizations is:
 - a. Confirming the Report Relating to the Financing of the Installation of Distributed Generation Renewable Energy Sources, Energy Efficiency and Water Efficiency Improvements and Electric Vehicle Charging Infrastructure;
 - b. Authorizing filing of a validation action;
 - c. Approving necessary documents in substantially said form; and
 - d. Designating the Executive Director, or designee. To perform or cause to be performed various actions including required changes to documents and the execution of said documents;

2. Review and adopt Resolution 14-09 which among other necessary actions and authorizations is:
 - a. Authorizing Issuance of the Limited Obligation Improvement Bonds,
 - b. Approving the Trust Indenture and Bond Purchase and Draw-Down Agreement substantially in said form;
 - c. Authorizing filing of a validation action;
 - d. Designating the Executive Director, or designee. To perform or cause to be performed various actions including required changes to documents and the execution of said documents; and
 - e. Approving and Directing the Execution of Related Documents and Approving Related Actions

3. Authorize the Authority's Executive Director to establish the CHF PACE Program including the signing of necessary agreements and other documents, as well as other actions necessary to establish and implement the PACE Program

Chair, Supervisor Richard Forster, Amador County called for a motion to close the Public Hearing.

Supervisor Rex Bohn, Humboldt County, motioned to close the public hearing. Supervisor Carre Brown, Mendocino County, seconded the motion. Motion passed

Supervisor Diane Dillon, Napa County, motioned to approve staff recommendations as presented. Supervisor Les Baugh, Shasta County, seconded the motion. Motion passed.

Investment Policy Renewal 2015

Greg Norton informed the Board of Directors that the 2015 Investment Policy Renewal was reviewed and approved by the RCRC Executive Committee at their November 12, 2014 meeting. The only revision besides applicable date changes is clarification that the review of security brokers/dealers will only be performed on those that are utilized.

Staff Recommendation

Staff recommends that the CHF Board of Directors review and approve the attached 2015 Investment Policy.

Supervisor Nate Beason, Nevada County, motioned to approve the 2015 Investment Policy as presented. Supervisor Diane Dillon, Napa County, seconded the motion. Motion passed.

CHF Joint Powers Authority Revisions Update

Greg Norton gave an update on the CHF JPA agreement. To date staff has received 31 signed agreements as well as 31 Board of Supervisor approved Resolutions. Only two counties have not approved the agreement to date. Mr. Norton announced that at this time the revised CHF JPA Agreement is officially active. Mr. Norton reviewed the primary revisions that have been approved, which include the formation of a CHF Executive Committee, as well as the changing of the Quorum from 10 individuals to 12 individuals.

Mr. Norton addressed with the CHF Board of Directors a legal issue taking place with state agency CalHFA in regards to CHF's name and logo.

CHF 2015 Proposed Budget

Greg Norton, Executive Director, provided an overview of the 2015 CHF proposed Budget and significant expenditure changes.

Staff Recommendations

The proposed budget was presented to the RCRC Executive Committee on November 12, 2014. The RCRC Executive Committee directed the CHF Executive Director to present the following recommendations to the CHF Board of Directors.

1. Approve the attached proposed 2015 CHF Operating Budget.
2. Grant the CHF Executive Director the authority to make necessary business decisions and utilize up to \$500,000 per decision outside of the approved operating budget when necessary. Such decisions will be made in consultation with the Vice President, the CHF Board Chair and Vice Chair and reported back to the CHF Board at the next available Board meeting.
3. Grant the CHF Executive Director the authority to proceed with necessary operating decisions due to changes in opportunities, the market, the economy or changing transactional requirements to provide necessary flexibility to effectively and timely implement programs. Such decisions to be made in consultation with the Vice President, CHF Chair and CHF Vice Chair with subsequent ratification by the Board of Directors as necessary.
4. Approve the contract service fee to RCRC in the amount of \$1,461,275 and the contract performance fee of \$1,150,000. These fees contribute to a portion of the compensation for all RCRC employees, including the RCRC President/CEO, Executive Vice President and Chief Financial Officer.

Supervisor Michael Kobseff, Siskiyou County, motioned to approve the 2015 CHF Proposed Budget as presented. Supervisor Les Baugh, Shasta County, seconded the motion. Motion passed.

Multi-Family Program Investment

Craig Ferguson, Vice President, reported that staff continues to review opportunities in multifamily housing financing in California. Mr. Ferguson informed the CHF Board of Directors that additional financing is requested by developers from time to time on certain projects as a subsidy to assist with debt service of the project. Mr. Ferguson recommended that the CHF Board of Directors approve a commitment of up to \$5,000,000 for investment in subsidy loans for certain qualified multifamily projects to be issued through CHF with rates and terms to be determined by staff.

Staff Recommendation:

Staff recommends that the CHF Board of Directors approve a commitment of up to \$5,000,000 for investment in subsidy loans for certain qualified multifamily projects to be issued through CHF with rates and terms to be determined by staff.

Supervisor John Viegas, Glenn County, motioned to approve staff recommendations as presented. Supervisor Kim Dolbow Vann, Colusa County, seconded the motion. Motion passed.

Pace Course of Construction Financing Commitment

Greg Norton reminded the CHF Board of Directors that at the March 26, 2014 Board meeting, the Board approved continued efforts of staff to move forward with the establishment a JPA wide PACE program, complete with a program administrator. Mr. Norton informed the Board on the progress that staff has made. Staff also has continued to evaluate the cost and benefit of providing course of construction financing – should CHF provide such financing in conjunction with the PACE program, it would provide CHF with a competitive edge over existing programs as well as generate additional revenue. Mr. Norton explained that the course of construction financing would support job creation, and, although every investment includes a level of risk, it also is a very secure investment with a reasonable rate of return.

Staff Recommendation:

Staff recommends that the CHF Board of Directors approve a commitment of up to \$10,000,000 for investment in a facility to provide course of construction financing for certain qualified energy program projects with rates and terms to be determined by staff.

Supervisor Randy Hanvelt, Tuolumne County, motioned to approve staff recommendations as presented. Supervisor John Pedrozo, Merced County, seconded the motion. Motion passed.

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 9:35 a.m.