



Dee Andrews
City of Long Beach
Councilmember, Sixth District

Date: March 8, 2016
To: Honorable Mayor and Members of the City Council
From: Councilmember Dee Andrews, Sixth District ~~AA~~
Subject: Resolutions Consenting to Inclusion of the City of Long Beach Properties in the California Home Finance Authority PACE Programs and Associate Membership in California Home Finance Authority

RECOMMENDATION:

Recommendation for the City Attorney to draft the following resolution:

1. Review and adopt a resolution consenting to Inclusion of Properties within the City's Incorporated Area in CHF Community Facilities District No. 2014-1 (Clean Energy) to Finance Renewable Energy Generation, Energy Efficiency, Water Conservation and Electric Vehicle Charging Infrastructure Improvements and approving associate membership in CHF.
2. Review and adopt a resolution consenting to Inclusion of Properties within the City's Incorporated Area in the CHF PACE Program to Finance Renewable Energy Generation, Energy and Water Efficiency Improvements and Electric Vehicle Charging Infrastructure and approving associate membership in CHF.

DISCUSSION:

California Home Finance Authority ("CHF"), which is in the process of formally changing its name to Golden State Finance Authority, is a joint exercise of powers authority established pursuant to Chapter 5 of Division 7, Title 1 of the Government Code of the State of California (Section 6500 and following) (the "Act") and the Joint Powers Agreement entered into on July 1, 1993, as amended from time to time (the "Authority JPA").

CHF has established two Property Assessed Clean Energy ("PACE") financing programs for residential, commercial, industrial and agricultural properties to address high up-front costs for property owners who wish to improve their properties through installation of measures that will generate renewable energy or reduce their energy and water use. By offering low cost financing, the CHF PACE programs allow construction of these projects to proceed and, in the process, stimulate building activity and the overall local economy, reduce peak energy demand, increase property values, and generate savings on utility bills for property owners.

CHF contracts with Ygrene Energy Fund CA LLC (Ygrene) to serve as the program administrator and to operate the Ygrene Works for California PACE financing program.

PACE Financing Programs

CHF has established two PACE programs under the legislative authority of two separate California PACE laws:

- **SB 555 PACE Community Facilities District:** Senate Bill 555 amended the Mello-Roos Community Facilities Act, set forth in sections 53311 through 53368.3 of the California Government Code and particularly in accordance with sections 53313.5(l) and 53328.1(a) ("Mello-Roos Act"), to allow for the creation of Community Facilities Districts ("CFDs") for the purpose of financing or refinancing the acquisition, installation, and improvement of energy efficiency, water conservation, renewable energy and electric vehicle charging infrastructure improvements permanently affixed to private or publicly-owned real property.

Individual properties can be annexed into the district and be subject to the special tax that is imposed to repay project financing only if (i) the Council adopts a resolution consenting to the inclusion of parcels in the incorporated areas of the City within the CFD and (ii) each participating owner provides its unanimous written approval for annexation of its property into the PACE CFD.

- **AB 811 PACE Contractual Assessment Program:** By the passage of Assembly Bill 811, the California State Legislature added Chapter 29 to the Improvement Bond Act of 1911, being Division 7 of the California Streets and Highways Code. This legislation authorized cities and counties to establish voluntary contractual assessment programs for the purpose financing private property improvements that promote renewable energy generation, energy and water efficiency, electric vehicle charging infrastructure, and seismic strengthening improvements.

As with the SB 555 CFD, properties can be annexed into the AB 811 PACE program and be subject to the property tax assessment that is imposed to repay project financing only if (i) the Council adopts a resolution consenting to the inclusion of parcels in the incorporated areas of the City within the program and (ii) each participating owner consents in writing to the annexation of its property into the PACE program.

JPA ASSOCIATE MEMBERSHIP

To participate in the PACE programs, the City must become an Associate Member of CHF (JPA Agreement attached). Associate membership requires no dues or other costs to the City but permits participation in all CHF programs including the PACE programs. The attached resolutions approve joining the JPA as an Associate Member. Pursuant to the JPA Agreement and CHF Board Resolution 15-01, the Executive Director has the authority to approve the addition of new Associate Members to the JPA.

PROGRAM AUTHORIZATION BEING SOUGHT

CHF sought and has completed the process of validation for both the SB 555 and the AB 811 programs in the Superior Court for the County of Sacramento. As of August

25, 2015, the CHF SB 555 PACE program is fully operational. CHF's AB 811 program will be operational in the near future and will be used for financing seismic strengthening improvements. CHF chose to form, validate and maintain both the SB 555 and AB 811 programs offerings to ensure that the "Ygrene Works for California" program remains the most innovative, cost effective and most secure PACE program in the state.

Should market conditions, consumer demand and/or legislative changes affect one PACE program more than another, CHF has the flexibility to offer the program that best supports the CHF vision of service without any interruption to participating counties and cities and their property owners. CHF intends to maximize the benefits of both program offerings.

In support of CHF's approach, the Council is being asked to pass two resolutions that would approve the following actions:

1. The first resolution authorizes the City to join the JPA as an Associate Member and permits property owners within the incorporated areas of the City to participate in the CHF SB 555 Community Facilities District.
2. The second resolution authorizes the City to join the JPA as an Associate Member and permits property owners within the incorporated areas of the City to participate in the CHF AB 811 Authority PACE Program.

Each resolution also authorizes CHF (1) to accept applications from property owners within the City's incorporated area to finance authorized improvements; and (2) to conduct proceedings and levy special taxes or contractual assessments, as applicable, on the property of participating owners.

Cities and counties that have approved the Ygrene Works program to date have adopted both resolutions. Authorizing both programs ensures that no matter the market or legislative environment for PACE, the Ygrene Works Program will be established and able to operate successfully in your city without the need for additional review or the need for the City Council to consider approving another resolution thereby saving valuable staff time and resources.

Following are additional PACE program considerations:

- Supports development of renewable energy sources, installation of energy and water efficiency improvements, reduction of greenhouse gases, and protection of the environment.
- Only property owners who voluntarily choose to participate in the program will be subject either to assessments or special taxes, depending on which program CHF decides to implement.
- Program financing provides for an affordable method for many property owners to reduce their energy costs and improve their properties.
- Because program financing can be readily transferred upon sale, even owners who are planning to sell have the ability to make responsible and beneficial improvements to their property.

- While early payment premiums may apply in some circumstances, property owners can choose to pay off the program financing at any time.
- The City incurs no financial obligations as a result of program participation.
- Once the Council passes the resolutions, the City will incur no costs, and no staff time is required for administration or funding of the PACE program.

FISCAL IMPACT:

There are no fiscal impacts associated with the recommended actions. There is no cost to the City to become an associate member of the JPA or by opting into the PACE programs described in this report. The City will have no administrative responsibilities, marketing obligations, or financial obligations associated with the PACE program.

ATTACHMENTS

**Ygrene Energy Fund
Ygrene Consumer Protection Policy
California Home Finance Authority Amended and Restated Joint Exercise of Powers Agreement**



Why both SB 555 & AB 811 resolutions?

Ygrene Energy Fund (Ygrene) and Golden State Finance Authority (GSFA) fully intend and expect to operate the SB 555 version of the PACE program once the validation suit is completed. However, there are a number of important reasons why Ygrene and GSFA have chosen to establish, validate, and maintain both the SB 555 and AB 811 program offerings including ensuring that the "Ygrene Works for California" program remains the most innovative, cost effective and most secure PACE program in the state.

Additional reasons include:

1. Should market conditions, consumer demand and/or legislative changes effect one PACE program more than another, Ygrene and GSFA will have the flexibility to convert without any service interruption to participating counties and cities and their property owners. Having the ability to offer either program model best supports this vision of service.
2. Offering both AB 811 and SB 555 from the outset also ensures that the Ygrene Works program remains flexible, innovative and able to meet market demands should one program better suit a given measure or set of measures over the other. Ygrene and GSFA intend to maximize the benefits of both program offerings.
3. Providing this breadth of service ensures that no matter the market or legislative environment for PACE, the Ygrene Works program will be established and able to operate successfully without the need for additional review or the need for the City Council or Board of Supervisors, as applicable, to consider approving another resolution thereby saving valuable staff time and resources.

SB 555

Senate Bill 555 (2011) ("SB 555") amended the Mello-Roos Community Facilities Act of 1982 and authorizes a jurisdiction to form a voluntary special-use community facilities district to finance (or re-finance) the acquisition, installation, and improvement of energy efficiency, water conservation, renewable energy and other improvements to or on real property and in buildings, whether the real property or buildings are privately or publicly owned. Property owners within the district, by executing program financing agreements, effectively vote to

annex their properties into the district, authorize levy of a special tax and approve recordation of a special tax lien. Financing is repaid through biannual imposition of special tax levies on the improved property for terms not to exceed the useful life of the improvements or 40 years (30 years in the case of the Ygrene Works program), whichever is less.

AB 811

Assembly Bill 811 (2008) ("AB 811") amended Chapter 29 of the Streets and Highways Code and allows a jurisdiction to form a voluntary contractual assessment district to finance energy-efficiency, water conservation, renewable energy generation and electric vehicle charging infrastructure improvements that are permanently attached to private real property. Amortized repayment of the funding for these projects is secured by property tax assessments authorized by the owners of the improved properties. Liens remain with the property upon change of ownership unless paid. Property owners voluntarily enter into a program financing agreement that authorizes recording of an assessment and tax lien on their property to secure project financing. Assessments are repaid through biannual, non ad valorem property tax installments at fully amortized fixed interest rates for terms approved by the jurisdiction.

SB 555 Advantages

Districts formed under both Assembly Bill 811 and Senate Bill 555 are authorized to finance energy efficiency, water conservation and renewable energy improvements. However, programs established in Mello-Roos community facilities districts formed under SB 555 have a number of important advantages:

- Since owners vote to annex their properties into the district, and because the special taxes are imposed without recordation of an assessment, the tax status of the levies is established and the potential for complaints by mortgage lenders is reduced.
- Whereas AB 811 authorizes only the installation of improvements on existing private buildings, SB 555 districts can fund projects on public as well as private property, refinance existing improvements, and offer funding for projects on both existing buildings and new construction.
- Under AB 811, financing terms are limited to 20 years. Mello-Roos special tax levies may be imposed for longer terms based on the life of the improvements resulting in lower annual payments for property owners.
- Mello-Roos community facilities districts are well established in law and widely understood in financial markets offering the potential for better bond ratings and lower interest rates for programs.

Consumer Protections



Consumer Protections

Consumer Protection Policy

Ygrene Energy Fund Inc. (Ygrene) strives to do what is right for property owners and is committed to ensuring the highest level of consumer protections and lending practices in the industry. Our Consumer Protection Policy includes the following information:

- Contractor Registration, Training and Certification
- Payment Protection for Property Owners
- Safer, More Flexible Financing Platform
- Consumer Disclosures
- Three-day Right to Cancel
- Energy-efficient Measure Verification
- Pricing Controls
- Permit Verification
- Consumer Identity Confirmation
- Protections for Seniors and ESL
- Privacy
- Dispute Resolution

Consumer Disclosures

We have established policies and procedures to ensure property owners are fully informed and educated as to the nature of the financial transaction they are entering into. We disclose all costs and, unlike many other forms of consumer financing, do not charge "hidden" fees.

The following are examples of special disclosures provided to help inform property owners about their legal rights and obligations every step of the way, some of which may not be applicable to all programs:

- Property Owner's Acknowledgment of Sole Responsibility to Deal with Lenders
- Disclosures in Financing Agreement/Unanimous Approval Agreement
- Closing Statement (includes all fees, APR/APY and capitalized interest table)
- Assignment of Rights to Receive Proceeds

Quality Assurance and Control

Ygrene actively manages its internal processes and protocols to maintain the integrity of our Program and provide property owners with high levels of oversight and protection.

We have incorporated a layered review system to support the financing of energy efficiency, renewable energy, hurricane protection, seismic and water conservation projects through the use of licensed contractors within our Programs. This process begins with an evaluation of each contractor's company and licensure, extends to transaction-level due diligence, and is followed by post-closing quality control. Our goal is to mitigate risks that could affect property owners or our government partners.

Contractor Approval and Training

Before contractors can become active within the Program, they must apply, register and comply with all Program requirements before receiving Ygrene Certified Contractor status. This process includes a review of current and historical information on the individual contractor's company and key employees, adherence to industry standards and practices, and validation of licensure.

Ygrene reviews the status of the contractor's state licensing classifications, bonding information, and workers' compensation, and reviews other related, active licenses. Ygrene also reviews the posted list of contractor employees to ensure that all active personnel working on behalf of the contractor company are registered and in good standing. Any issues identified on the California State Licensing Board (CSLB) website, including complaints and sanctions, are reviewed for status and resolution.

The existence of active CSLB complaints or sanctions can prevent contractors from Program activation and certification.

Contractors and affiliated personnel undergo Ygrene Certified Training to ensure they are able to accurately support and represent the Program to property owners. Post approval, we periodically review the status of all Certified Contractors and personnel to determine they remain in good standing.

Project Assurance

Contract Eligibility Review After a property owner has decided to go ahead with a project but before Ygrene has authorized a Notice to Proceed, our Operations Team obtains, reviews and approves the contract for measures under application for financing.

The contract (signed by the property owner) must contain the scope of work to be completed, including the specific improvement and its related components, requirements, specifications and associated costs. During the project review and underwriting process, a number of data points are collected for several purposes:

- a. Determining eligibility of project measures
- b. Confirming generally appropriate pricing (based on industry comparable ranges)
- c. Reporting to local government partners, state agencies and other parties

Once a contract is reviewed to ensure it meets acceptable guidelines for energy efficiency, renewable energy, water conservation, seismic or hurricane protection, the project scope and eligibility can be approved and a Notice to Proceed issued to the property owner and the contractor.

Change Orders If improvement measures or costs are changed after a Notice to Proceed has been issued, the contractor must submit a change order to Ygrene for review. Our Operations team will conduct a second contract review to ensure the project remains in compliance with Program eligibility requirements and that the property owner has approved all subsequent measures ahead of the project completion.

Phased (Large/ Complex) Projects

Ygrene provides phased payment funding for large, complex projects holding multiple measures and/or requiring multiple contractors. All commercial phased payment projects require an inspection by a third party consultant or inspector to ensure that the scope of contracted work was completed as represented, and that the measure or amount of work completed was performed to the agreement and satisfaction of the property owner.

The inspector reviews the signed contract and scope of work, using this information to assess each proposed phase, and monitors the progression of the project to completion. At each inspection point, the inspector provides Ygrene with a report (complete with photos) that details the status of the project and each phased improvement. Our Operations team reviews this information, supports completion of the project, and proceeds to funding of each approved project phase as all requirements are met.

Property Owner Approval

When the work is complete and the contractor submits a payment request, Ygrene provides the property owner with an Estimated Settlement Statement. The property owner acknowledges her approval of completion and acceptance of the financing by electronic signature and authorizes Ygrene to pay the contractor.

Funding Review and Approval

The Ygrene Funding team conducts a final review of all contract documents, site inspections and property owner payment authorizations before proceeding with funding of contractor payment.

Post-Close Audit

Ygrene has developed a post closing quality assurance process with a consulting company that specializes in quality control within the consumer finance, mortgage and banking industries. Our customized quality assurance process requires monthly audits of a randomized sampling of funded projects to identify potential associated risks to our customers and our business.

During the monthly audit we conduct a complete review to revalidate the accuracy and integrity of system, contract, contractor, underwriting, financing, processes and data.

At the conclusion of each monthly audit, a comprehensive report and summary of recommendations is developed and shared with senior Operations, Sales, Compliance and Executive team members.

Our Quality Assurance Team meets regularly to discuss and develop a complete understanding of each month's audit results and to create additional recommendations and action items for follow up. The purpose of this process is to achieve continuous improvement of standards and processes internally, as well as externally, with our partners, vendors and customers.

For More Information

Contact us at protect@ygrene.us
or call **707.236.6655**.



energy efficiency financing made easy



YgreneWorks.com | 877.819.4736

© 2015 Ygrene Energy Fund Inc. All rights reserved.

40011-A 10/15

CALIFORNIA HOME FINANCE AUTHORITY

AMENDED AND RESTATED JOINT EXERCISE OF POWERS AGREEMENT

(Original date July 1, 1993 and as last amended and restated December 10, 2014)

THIS AMENDED AND RESTATED JOINT EXERCISE OF POWERS AGREEMENT ("Agreement") is entered into by and among the counties listed on Attachment 1 hereof and incorporated herein by reference. All such counties are referred to herein as "Members" with the respective powers, privileges and restrictions provided herein.

RECITALS

A. WHEREAS, the California Rural Home Mortgage Finance Authority ("CRHMFA") was created by a Joint Exercise of Powers Agreement dated July 1, 1993 pursuant to the Joint Exercise of Powers Act (commencing with Article 1 of Chapter 5 of Division 7 of Title 1 of the Government Code of the State of California (the "Act"). By Resolution 2003-02, adopted on January 15, 2003, the name of the authority was changed to CRHMFA Homebuyers Fund. The most recent amendment to the Joint Exercise of Powers Agreement was on January 28, 2004.

B. WHEREAS, the Members of CRHMFA Homebuyers Fund desire to update, reaffirm, clarify and revise certain provisions of the joint powers agreement, including the renaming of the joint powers authority, as set forth herein.

C. WHEREAS, the Members are each empowered by law to finance the construction, acquisition, improvement and rehabilitation of real property.

D. WHEREAS, by this Agreement, the Members desire to create and establish a joint powers authority to exercise their respective powers for the purpose of financing the construction, acquisition, improvement and rehabilitation of real property within the jurisdiction of the Authority as authorized by the Act.

NOW, THEREFORE, in consideration of the mutual covenants contained herein, the Members individually and collectively agree as follows:

1. Definitions

Unless the context otherwise requires, the following terms shall for purposes of this Agreement have the meanings specified below:

"Act" means the Joint Exercise of Powers Act, commencing with Article 1 of Chapter 5 of Division 7 of Title 1 of the Government Code of the State of California, including the Marks-Roos Local Bond Pooling Act of 1985, as amended.

"Agreement" means this Joint Exercise of Powers Agreement, as the same now exists or as it may from time to time be amended as provided herein.

"Associate Member" means a county, city or other public agency which is not a voting member of the Rural County Representatives of California, a California nonprofit corporation ("RCRC"), with legal power and authority similar to that of the Members, admitted pursuant to paragraph 4.d. below to associate membership herein by vote of the Board.

"Audit Committee" means a committee made up of the nine-member Executive Committee.

"Authority" means California Home Finance Authority ("CHF"), formerly known as CRHMFA Homebuyers Fund or California Rural Home Mortgage Finance Authority.

"Board" means the governing board of the Authority as described in Section 7 below.

"Bonds" means bonds, notes, warrants, leases, certificates of participation, installment purchase agreements, loan agreements and other securities or obligations issued by the Authority, or financing agreements entered into by the Authority pursuant to the Act and any other obligation within the meaning of the term "Bonds" under the Act.

"Delegate" means the Supervisor designated by the governing board of each Member to serve on the Board of the Authority.

"Executive Committee" means the nine-member Executive Committee of the Board established pursuant to Section 10 hereof.

"Member" means any county which is a member of RCRC, has executed this Agreement and has become a member of the Authority.

"Obligations" means bonds, notes, warrants, leases, certificates of participation, installment purchase agreements, loan agreements and other securities or obligations issued by the Authority, or financing agreements entered into by the Authority pursuant to the Act and any other financial or legal obligation of the Authority under the Act.

"Program" or "Project" means any work, improvement, program, project or service undertaken by the Authority.

"Rural County Representatives of California" or "RCRC" means the nonprofit entity incorporated under that name in the State of California.

"Supervisor" means an elected County Supervisor from an RCRC member county.

2. Purpose

The purpose of the Authority is to provide financing for the acquisition, construction, , improvement and rehabilitation of real property in accordance with applicable provisions of law for the benefit of residents and communities. In pursuit of this purpose, this Agreement provides for the joint exercise of powers common to any of its Members and Associate Members as provided herein, or otherwise authorized by the Act and other applicable laws, including assisting

in financing as authorized herein, jointly exercised in the manner set forth herein.

3. Principal Place of Business

The principal office of the Authority shall be 1215 K Street, Suite 1650, Sacramento, California 95814.

4. Creation of Authority; Addition of Members or Associate Members

a. The Authority is hereby created pursuant to the Act. As provided in the Act, the Authority shall be a public entity separate and distinct from the Members or Associate Members.

b. The Authority will cause a notice of this Agreement or any amendment hereto to be prepared and filed with the office of the Secretary of State of California in a timely fashion in the manner set forth in Section 6503.3 of the Act.

c. A county that is a member of RCRC may petition to become a member of the Authority by submitting to the Board a resolution or evidence of other formal action taken by its governing body adopting this Agreement. The Board shall review the petition for membership and shall vote to approve or disapprove the petition. If the petition is approved by a majority of the Board, such county shall immediately become a Member of the Authority.

d. An Associate Member may be added to the Authority upon the affirmative approval of its respective governing board and pursuant to action by the Authority Board upon such terms and conditions, and with such rights, privileges and responsibilities, as may be established from time to time by the Board. Such terms and conditions, and rights, privileges and responsibilities may vary among the Associate Members. Associate Members shall be entitled to participate in one or more programs of the Authority as determined by the Board, but shall not be voting members of the Board. The Executive Director of the Authority shall enforce the terms and conditions for prospective Associate Members to the Authority as provided by resolution of the Board and as amended from time to time by the Board. Changes in the terms and conditions for Associate Membership by the Board will not constitute an amendment of this Agreement.

5. Term and Termination of Powers

This Agreement shall become effective from the date hereof until the earlier of the time when all Bonds and any interest thereon shall have been paid in full, or provision for such payment shall have been made, or when the Authority shall no longer own or hold any interest in a public capital improvement or program. The Authority shall continue to exercise the powers herein conferred upon it until termination of this Agreement, except that if any Bonds are issued and delivered, in no event shall the exercise of the powers herein granted be terminated until all Bonds so issued and delivered and the interest thereon shall have been paid or provision for such payment shall have been made and any other debt incurred with respect to any other financing program established or administered by the Authority has been repaid in full and is no longer outstanding.

6. Powers; Restriction upon Exercise

a. To effectuate its purpose, the Authority shall have the power to exercise any and all powers of the Members or of a joint powers authority under the Act and other applicable provisions of law, subject, however, to the conditions and restrictions herein contained. Each Member or Associate Member may also separately exercise any and all such powers. The powers of the Authority are limited to those of a general law county.

b. The Authority may adopt, from time to time, such resolutions, guidelines, rules and regulations for the conduct of its meetings and the activities of the Authority as it deems necessary or desirable to accomplish its purpose.

c. The Authority shall have the power to finance the construction, acquisition, improvement and rehabilitation of real property, including the power to purchase, with the amounts received or to be received by it pursuant to a bond purchase agreement, bonds issued by any of its Members or Associate Members and other local agencies at public or negotiated sale, for the purpose set forth herein and in accordance with the Act. All or any part of such bonds so purchased may be held by the Authority or resold to public or private purchasers at public or negotiated sale. The Authority shall set any other terms and conditions of any purchase or sale contemplated herein as it deems necessary or convenient and in furtherance of the Act. The Authority may issue or cause to be issued Bonds or other indebtedness, and pledge any of its property or revenues as security to the extent permitted by resolution of the Board under any applicable provision of law. The Authority may issue Bonds in accordance with the Act in order to raise funds necessary to effectuate its purpose hereunder and may enter into agreements to secure such Bonds. The Authority may issue other forms of indebtedness authorized by the Act, and to secure such debt, to further such purpose. The Authority may utilize other forms of capital, including, but not limited to, the Authority's internal resources, capital markets and other forms of private capital investment authorized by the Act.

d. The Authority is hereby authorized to do all acts necessary for the exercise of its powers, including, but not limited to:

- (1) executing contracts,
- (2) employing agents, consultants and employees,
- (3) acquiring, constructing or providing for maintenance and operation of any building, work or improvement,
- (4) acquiring, holding or disposing of real or personal property wherever located, including property subject to mortgage,
- (5) incurring debts, liabilities or obligations,
- (6) receiving gifts, contributions and donations of property, funds, services and any other forms of assistance from persons, firms, corporations or governmental entities,
- (7) suing and being sued in its own name, and litigating or settling any suits or claims,
- (8) doing any and all things necessary or convenient to the exercise of its specific powers and to accomplishing its purpose
- (9) establishing and/or administering districts to finance and refinance the acquisition, installation and improvement of energy efficiency, water

conservation and renewable energy improvements to or on real property and in buildings. The Authority may enter into one or more agreements, including without limitation, participation agreements and implementation agreements to implement such programs.

e. Subject to the applicable provisions of any indenture or resolution providing for the investment of monies held thereunder, the Authority shall have the power to invest any of its funds as the Board deems advisable, in the same manner and upon the same conditions as local agencies pursuant to Section 53601 of the Government Code of the State of California.

f. All property, equipment, supplies, funds and records of the Authority shall be owned by the Authority, except as may be provided otherwise herein or by resolution of the Board.

g. Pursuant to the provisions of Section 6508.1 of the Act, the debts, liabilities and obligations of the Authority shall not be debts, liabilities and obligations of the Members or Associate Members. Any Bonds, together with any interest and premium thereon, shall not constitute debts, liabilities or obligations of any Member. The Members or Associate Members hereby agree that any such Bonds issued by the Authority shall not constitute general obligations of the Authority but shall be payable solely from the moneys pledged to the repayment of principal or interest on such Bonds under the terms of the resolution, indenture, trust, agreement or other instrument pursuant to which such Bonds are issued. Neither the Members or Associate Members nor the Authority shall be obligated to pay the principal of or premium, if any, or interest on the Bonds, or other costs incidental thereto, except from the revenues and funds pledged therefor, and neither the faith and credit nor the taxing power of the Members or Associate Members or the Authority shall be pledged to the payment of the principal of or premium, if any, or interest on the Bonds, nor shall the Members or Associate Members of the Authority be obligated in any manner to make any appropriation for such payment. No covenant or agreement contained in any Bond shall be deemed to be a covenant or agreement of any Delegate, or any officer, agent or employee of the Authority in an individual capacity, and neither the Board nor any officer thereof executing the Bonds or any document related thereto shall be liable personally on any Bond or be subject to any personal liability or accountability by reason of the issuance of any Bonds.

7. Governing Board

a. The Board shall consist of the number of Delegates equal to one representative from each Member.

b. The governing body of each Member shall appoint one of its Supervisors to serve as a Delegate on the Board. A Member's appointment of its Delegate shall be delivered in writing (which may be by electronic mail) to the Authority and shall be effective until he or she is replaced by such governing body or no longer a Supervisor; any vacancy shall be filled by the governing body of the Member in the same manner provided in this paragraph b..

c. The governing body of each Member of the Board shall appoint a Supervisor as an alternate to serve on the Board in the absence of the Delegate; the alternate may exercise all the

rights and privileges of the Delegate, including the right to be counted in constituting a quorum, to participate in the proceedings of the Board, and to vote upon any and all matters. No alternate may have more than one vote at any meeting of the Board, and any Member's designation of an alternate shall be delivered in writing (which may be by electronic mail) to the Authority and shall be effective until such alternate is replaced by his or her governing body or is no longer a Supervisor, unless otherwise specified in such appointment. Any vacancy shall be filled by the governing body of the Member in the same manner provided in this paragraph c..

d. Any person who is not a member of the governing body of a Member and who attends a meeting on behalf of such Member may not vote or be counted toward a quorum but may, at the discretion of the Chair, participate in open meetings he or she attends.

e. Each Associate Member may designate a non-voting representative to the Board who may not be counted toward a quorum but who may attend open meetings, propose agenda items and otherwise participate in Board Meetings.

f. Delegates shall not receive compensation for serving as Delegates, but may claim and receive reimbursement for expenses actually incurred in connection with such service pursuant to rules approved by the Board and subject to the availability of funds.

g. The Board shall have the power, by resolution, to the extent permitted by the Act or any other applicable law, to exercise any powers of the Authority and to delegate any of its functions to the Executive Committee or one or more Delegates, officers or agents of the Authority, and to cause any authorized Delegate, officer or agent to take any actions and execute any documents for and in the name and on behalf of the Board or the Authority.

h. The Board may establish such committees as it deems necessary for any lawful purpose; such committees are advisory only and may not act or purport to act on behalf of the Board or the Authority.

i. The Board shall develop, or cause to be developed, and review, modify as necessary, and adopt each Program.

8. Meetings of the Board

a. The Board shall meet at least once annually, but may meet more frequently upon call of any officer or as provided by resolution of the Board.

b. Meetings of the Board shall be called, noticed, held and conducted pursuant to the provisions of the Ralph M. Brown Act, Chapter 9 (commencing with Section 54950) of Part I of Division 2 of Title 5 of the Government Code of the State of California.

c. The Secretary of the Authority shall cause minutes of all meetings of the Board to be taken and distributed to each Member as soon as possible after each meeting.

d. The lesser of twelve (12) Delegates or a majority of the number of current Delegates shall constitute a quorum for transacting business at any meeting of the Board, except

that less than a quorum may act to adjourn a meeting. Each Delegate shall have one vote.

c. Meetings may be held at any location designated in notice properly given for a meeting and may be conducted by telephonic or similar means in any manner otherwise allowed by law.

9. Officers; Duties; Official Bonds

a. The Board shall elect a chair and vice chair from among the Delegates at the Board's annual meeting who shall serve a term of one (1) year or until their respective successor is elected. The chair shall conduct the meetings of the Board and perform such other duties as may be specified by resolution of the Board. The vice chair shall perform such duties in the absence or in the event of the unavailability of the chair.

b. The Board shall contract annually with RCRC to administer the Agreement and to provide administrative services to the Authority, and the President and Chief Executive Officer of RCRC shall serve *ex officio* as Executive Director, Secretary, Treasurer, and Auditor of the Authority. As chief executive of the Authority, the Executive Director is authorized to execute contracts and other obligations of the Authority, unless prior Board approval is required by a third party, by law or by Board specification, and to perform other duties specified by the Board. The Executive Director may appoint such other officers as may be required for the orderly conduct of the Authority's business and affairs who shall serve at the pleasure of the Executive Director. Subject to the applicable provisions of any indenture or resolution providing for a trustee or other fiscal agent, the Executive Director, as Treasurer, is designated as the custodian of the Authority's funds, from whatever source, and, as such, shall have the powers, duties and responsibilities specified in Section 6505.5 of the Act. The Executive Director, as Auditor, shall have the powers, duties and responsibilities specified in Section 6505.5 of the Act.

c. The Legislative Advocate for the Authority shall be the Rural County Representatives of California.

d. The Treasurer and Auditor are public officers who have charge of, handle, or have access to all property of the Authority, and a bond for such officer in the amount of at least one hundred thousand dollars (\$100,000.00) shall be obtained at the expense of the Authority and filed with the Executive Director. Such bond may secure the faithful performance of such officer's duties with respect to another public office if such bond in at least the same amount specifically mentions the office of the Authority as required herein. The Treasurer and Auditor shall cause periodic independent audits to be made of the Authority's books by a certified public accountant, or public accountant, in compliance with Section 6505 of the Act.

e. The business of the Authority shall be conducted under the supervision of the Executive Director by RCRC personnel.

10. Executive Committee of the Authority

a. Composition

The Authority shall appoint nine (9) members of its Board to serve on an Executive Committee.

b. Powers and Limitations

The Executive Committee shall act in an advisory capacity and make recommendations to the Authority Board. Duties will include, but not be limited to, review of the quarterly and annual budgets, service as the Audit Committee for the Authority, periodically review this Agreement; and complete any other tasks as may be assigned by the Board. The Executive Committee shall be subject to all limitations imposed by this Agreement, other applicable law, and resolutions of the Board.

c. Quorum

A majority of the Executive Committee shall constitute a quorum for transacting business of the Executive Committee.

11. Disposition of Assets

Upon termination of this Agreement, all remaining assets and liabilities of the Authority shall be distributed to the respective Members in such manner as shall be determined by the Board and in accordance with the law.

12. Agreement Not Exclusive; Operation in Jurisdiction of Member

This Agreement shall not be exclusive, and each Member expressly reserves its rights to carry out other public capital improvements and programs as provided for by law and to issue other obligations for those purposes. This Agreement shall not be deemed to amend or alter the terms of other agreements among the Members or Associate Members.

13. Conflict of Interest Code

The Authority shall by resolution adopt a Conflict of Interest Code as required by law.

14. Contributions and Advances

Contributions or advances of public funds and of personnel, equipment or property may be made to the Authority by any Member, Associate Member or any other public agency to further the purpose of this Agreement. Payment of public funds may be made to defray the cost of any contribution. Any advance may be made subject to repayment, and in that case shall be repaid in the manner agreed upon by the advancing Member, Associate Member or other public agency and the Authority at the time of making the advance.

15. Fiscal Year; Accounts; Reports; Annual Budget; Administrative Expenses

a. The fiscal year of the Authority shall be the period from January 1 of each year to and including the following December 31, except for any partial fiscal year resulting from a change

in accounting based on a different fiscal year previously.

b. Prior to the beginning of each fiscal year, the Board shall adopt a budget for the succeeding fiscal year.

c. The Authority shall establish and maintain such funds and accounts as may be required by generally accepted accounting principles. The books and records of the Authority are public records and shall be open to inspection at all reasonable times by each Member and its representatives.

d. The Auditor shall either make, or contract with a certified public accountant or public accountant to make, an annual audit of the accounts and records of the Authority. The minimum requirements of the audit shall be those prescribed by the State Controller for special districts under Section 26909 of the Government Code of the State of California, and shall conform to generally accepted auditing standards. When an audit of accounts and records is made by a certified public accountant or public accountant, a report thereof shall be filed as a public record with each Member (and also with the auditor of Sacramento County as the county in which the Authority's office is located) within 12 months after the end of the fiscal year.

e. In any year in which the annual budget of the Authority does not exceed five thousand dollars (\$5,000.00), the Board may, upon unanimous approval of the Board, replace the annual audit with an ensuing one-year period, but in no event for a period longer than two fiscal years.

16. Duties of Members or Associate Members; Breach

If any Member or Associate Member shall default in performing any covenant contained herein, such default shall not excuse that Member or Associate Member from fulfilling its other obligations hereunder, and such defaulting Member or Associate Member shall remain liable for the performance of all covenants hereof. Each Member or Associate Member hereby declares that this Agreement is entered into for the benefit of the Authority created hereby, and each Member or Associate Member hereby grants to the Authority the right to enforce, by whatever lawful means the Authority deems appropriate, all of the obligations of each of the parties hereunder. Each and all of the remedies given to the Authority hereunder or by any law now or hereafter enacted are cumulative, and the exercise of one right or remedy shall not impair the right of the Authority to any or all other remedies.

17. Indemnification

To the full extent permitted by law, the Board may authorize indemnification by the Authority of any person who is or was a Board Delegate, alternate, officer, consultant, employee or other agent of the Authority, and who was or is a party or is threatened to be made a party to a proceeding by reason of the fact that such person is or was such a Delegate, alternate, officer, consultant, employee or other agent of the Authority. Such indemnification may be made against expenses, judgments, fines, settlements and other amounts actually and reasonably incurred in connection with such proceeding, if such person acted in good faith and in a manner such person reasonably believed to be in the best interests of the Authority and, in the case of a criminal

proceeding, had no reasonable cause to believe his or her conduct was unlawful and, in the case of an action by or in the right of the Authority, acted with such care, including reasonable inquiry, as an ordinarily prudent person in a like position would use under similar circumstances.

18. Immunities

All of the privileges and immunities from liabilities, exemptions from law, ordinances and rules, all pension, relief, disability, workers' compensation and other benefits which apply to the activity of officers, agents or employees of any of the Members or Associate Members when performing their respective functions, shall apply to them to the same degree and extent while engaged as Delegates or otherwise as an officer, agent or other representative of the Authority or while engaged in the performance of any of their functions or duties under the provisions of this Agreement.

19. Amendment

This Agreement may be amended by the adoption of the amendment by the governing bodies of a majority of the Members. The amendment shall become effective on the first day of the month following the last required member agency approval. An amendment may be initiated by the Board, upon approval by a majority of the Board. Any proposed amendment, including the text of the proposed change, shall be given by the Board to each Member's Delegate for presentation and action by each Member's board within 60 days, which time may be extended by the Board.

The list of Members, Attachment 1, may be updated to reflect new and/or withdrawn Members without requiring formal amendment of the Agreement by the Authority Board of Directors.

20. Withdrawal of Member or Associate Member

If a Member withdraws as member of RCRC, its membership in the Authority shall automatically terminate. A Member or Associate Member may withdraw from this Agreement upon written notice to the Board; provided however, that no such withdrawal shall result in the dissolution of the Authority as long as any Bonds or other obligations of the Authority remain outstanding. Any such withdrawal shall become effective thirty (30) days after a resolution adopted by the Member's governing body which authorizes withdrawal is received by the Authority. Notwithstanding the foregoing, any termination of membership or withdrawal from the Authority shall not operate to relieve any terminated or withdrawing Member or Associate Member from Obligations incurred by such terminated or withdrawing Member or Associate Member prior to the time of its termination or withdrawal.

20. Miscellaneous

a. **Counterparts.** This Agreement may be executed in several counterparts, each of which shall be an original and all of which shall constitute but one and the same instrument.

b. **Construction.** The section headings herein are for convenience only and are not to

be construed as modifying or governing the language in the section referred to.

c. **Approvals.** Wherever in this Agreement any consent or approval is required, the same shall not be unreasonably withheld.

d. **Jurisdiction; Venue.** This Agreement is made in the State of California, under the Constitution and laws of such State and is to be so construed; any action to enforce or interpret its terms shall be brought in Sacramento County, California.

e. **Integration.** This Agreement is the complete and exclusive statement of the agreement among the parties hereto, and it supersedes and merges all prior proposals, understandings, and other agreements, whether oral, written, or implied in conduct, between and among the parties relating to the subject matter of this Agreement.

f. **Successors; Assignment.** This Agreement shall be binding upon and shall inure to the benefit of the successors of the parties hereto. Except to the extent expressly provided herein, no Member may assign any right or obligation hereunder without the consent of the Board.

g. **Severability.** Should any part, term or provision of this Agreement be decided by the courts to be illegal or in conflict with any law of the State of California, or otherwise be rendered unenforceable or ineffectual, the validity of the remaining parts, terms or provisions hereof shall not be affected thereby.

The parties hereto have caused this Agreement to be executed and attested by their properly authorized officers.

AS ADOPTED BY THE MEMBERS:

Originally dated July 1, 1993
Amended and restated December 10, 1998
Amended and restated February 18, 1999
Amended and restated September 18, 2002
Amended and restated January 28, 2004
Amended and restated December 10, 2014

{SIGNATURES ON FOLLOWING PAGES}

ATTACHMENT 1
CALIFORNIA HOME FINANCE AUTHORITY MEMBERS

As of December 10, 2014

Alpine County
Amador County
Butte County
Calaveras County
Colusa County
Del Norte County
El Dorado County
Glenn County
Humboldt County
Imperial County
Inyo County
Lake County
Lassen County
Madera County
Mariposa County
Mendocino County
Merced County
Modoc County
Mono County
Napa County
Nevada County
Placer County
Plumas County
San Benito County
Shasta County
Sierra County
Siskiyou County
Sutter County
Tehama County
Trinity County
Tuolumne County
Yolo County
Yuba County

SIGNATURE PAGE FOR NEW ASSOCIATE MEMBERS

NAME OF COUNTY OR CITY:

Dated: _____

By: _____

Name: _____

Title: _____

Attest:

By _____
[Clerk of the Board Supervisors or City Clerk]